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SEVENTY-THIRD CONGRESS, SECOND SESSION

SENATE

THURSDAY, MARCH 1, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day of Wednesday, February 28, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes; that the House receded from its disagreement to the amendment of the Senate no. 3 to the said bill and concurred therein; and that the House insisted upon its disagreement to the amendments of the Senate nos. 31, 32, 33, and 34 to the said bill.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Robinson, Ind.
Austin	Dickinson	La Follette	Russell
Bachman	Dieterich	Lewis	Schall
Bailey	Dill	Logan	Sheppard
Bankhead	Duffy	Lonergan	Shipstead
Barbour	Erickson	Long	Steiwer
Barkley	Fess	McAdoo	Stephens
Black	Fletcher	McCarran	Thomas, Okla.
Bone	Frazier	McGill	Thomas, Utah
Borah	George	McKellar	Thompson
Brown	Gibson	McNary	Townsend
Bulkley	Glass	Metcalf	Trammell
Bulow	Goldsborough	Murphy	Tydings
Byrd	Gore	Neely	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hatch	O'Mahoney	Walcott
Carey	Hatfield	Overton	Walsh
Clark	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	White
Coolidge	Johnson	Pope	
Copeland	Kean	Reynolds	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from South Carolina [Mr. SMITH] is detained from the Senate because of a death in his family.

Mr. VANDENBERG. I should like to announce the necessary absence of my colleague, the senior Senator from Michigan [Mr. COUZENS] on account of illness. I ask that this announcement stand for the day.

Mr. TOWNSEND. I wish to announce the unavoidable absence of my colleague, the senior Senator from Delaware [Mr. HASTINGS], occasioned by a death in his family.

Mr. HEBERT. I desire to announce that the senior Senator from Pennsylvania [Mr. REED] is absent on account of illness, and that the junior Senator from Pennsylvania [Mr. DAVIS] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by New Deal Local No. 272, International Brotherhood of Paper Makers, of Bastrop, La., endorsing Hon. HUEY P. LONG, senior Senator from the State of Louisiana, and opposing attempts to deprive him of his seat in the Senate, which were referred to the Committee on Privileges and Elections.

Mr. KING presented memorials of sundry citizens of Blanding and Monticello, in the State of Utah, remonstrating against the passage of legislation tending to nullify the homestead laws, specifically the so-called "Taylor grazing bill", which were referred to the Committee on Public Lands and Surveys.

Mr. CAPPER presented memorials, numerously signed, of sundry citizens of Abilene, Caldwell, Chanute, Colby, Emporia, Eskridge, Fredonia, Hiawatha, Hutchinson, Independence, Jennings, Kinsley, McPherson, Manhattan, Medicine Lodge, Newton, Oberline, Ottawa, Plainville, Pittsburg, Pratt, Salina, Sharon Springs, Stafford, Wamego, Wichita, Winfield, and Topeka, all in the State of Kansas, remonstrating against the passage of the so-called "Tugwell bill", to prevent the manufacture, shipment, or sale of adulterated or misbranded foods and drugs and to prevent the false advertisement of such commodities, which were referred to the Committee on Commerce.

Mr. WALSH presented a memorial of sundry citizens of Malden, Natick, and Quincy, all in the State of Massachusetts, remonstrating against the passage of Senate bills 885 and 2258, to regulate commerce in firearms, which was referred to the Committee on Commerce.

He also presented a petition of sundry citizens of New Bedford, Mass., praying for the adoption of measures for the restoration of silver to be used as money along with gold, and also the issuance of adequate new currency to be used to cancel interest-bearing war bonds, which was referred to the Committee on Banking and Currency.

FEDERAL EMERGENCY AID FOR EDUCATION

Mr. WALSH. Mr. President, I present petitions from the principals and teachers of the Horace Mann School and the Liberty Junior High School, urging favorable consideration of Senate bill 2402, providing aid by the Federal Government to the States and Territories for the relief of education, which I ask to have printed in the RECORD, without the signatures, and appropriately referred.

There being no objection, the petitions were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, without the signatures, as follows:

PITTSBURGH, PA., *February 15, 1934.*

Hon. DAVID I. WALSH,
United States Senator, Washington, D.C.

DEAR SIR: We, the undersigned, members of the faculty of the Liberty Junior High School, Pittsburgh, Pa., and voters in our respective districts, are keenly interested in the success of Senate bill 2402, providing that the Federal Government aid the States in the present education emergency.

We are writing to Senators REED and DAVIS of our State asking that they support this measure.

Because of the influence that you wield as Chairman of the Committee on Education and knowing that you have the best interests of education at heart, we are asking that you likewise give your whole-hearted support and influence to the end that this humane measure may be enacted by the Congress.

Respectfully yours,

We, the undersigned, principal and teachers of Horace Mann School in the city of Pittsburgh, Pa., recognizing the fact that

education is the very life of democracy and that no moratorium can be declared in the matter of public education without jeopardizing the safety of our Government, urge you to support legislation which provides for Federal emergency aid for public education so that no school will need be closed and that existing standards for education will not need to be lowered.

THE WORLD COURT

Mr. WALSH. Mr. President, I present and ask that there be printed in the RECORD and appropriately referred a resolution adopted by the Woman's Union of Prospect Hill Congregational Church, Somerville, Mass., urging the ratification of the World Court protocols.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas the Permanent Court of International Justice has for more than 100 years been an ideal supported by the best American sentiment; and

Whereas adherence to the Court now actually established has been advocated by leaders and platforms of both political parties; and

Whereas ratification by the Senate has been long delayed, causing world-wide uncertainty regarding America's real intentions; and

Whereas such an agency is logically required by the Paris Treaty to "settle all disputes by pacific means", which the United States led the world in adopting: Therefore be it

Resolved, That the Woman's Union of Prospect Hill Congregational Church, Somerville, Mass., at its regular monthly meeting, February 21, 1934, earnestly petition our Senators, Hon. DAVID I. WALSH and Hon. MARCUS COOLIDGE, to give their hearty support to prompt ratification of the pending treaties for adherence to the World Court.

REGULATION OF MOTION PICTURES

Mr. WALSH. Mr. President, I present and ask that there be printed in the RECORD and appropriately referred a letter, together with a resolution adopted by the Women's Home Missionary Society of St. Luke's Church of East Lynn, Mass., urging favorable consideration of the Patman motion-picture bill, and also endorsing the so-called "Copeland food and drug bill."

There being no objection, the letter and resolution were referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

FEBRUARY 25, 1934.

Senator D. I. WALSH,
Senate Office Building, Washington, D.C.

DEAR SIR: I am enclosing a copy of the resolution in regard to the Patman motion-picture bill, which has been considered and signed by our society.

We sincerely hope that you will give this your serious consideration and act favorably upon it.

We also wish to ask your favorable action on the new food and drug bill called the "Copeland bill." We believe this bill is a very important one and worth your special notice.

Very truly yours,

Mrs. D. E. SHEARER.

Whereas it has been shown by recent scientific tests that the motion picture is probably the strongest educational force we have; and

Whereas the makers of commercial films have broken repeated promises to improve the moral tone and atmosphere of their productions; and

Whereas it seems possible to do away with the pernicious practices of blind- and block-booking only by Federal regulation: Therefore be it

Resolved, That we urge our Senators and Representatives in Congress to do all in their power to obtain early and favorable hearings on the Patman motion-picture bill (H.R. 6097) providing means for higher moral standards for films entering interstate and international commerce.

Mrs. W. F. KOONSEN,
President.
DOROTHY E. SHEARER,
Secretary.

Name of organization, Women's Home Missionary Society of St. Luke's Church.

Address of secretary, 15 Bulfinch Terrace, East Lynn, Mass.

CARRIAGE OF AIR MAIL BY ARMY OR NAVY PILOTS

Mr. GIBSON presented a memorial of sundry citizens of Chester and Springfield, Vt., remonstrating against the use of Army or Navy pilots and airplanes for the carriage of the mail, which was referred to the Committee on Post Offices and Post Roads and ordered to be printed in the RECORD, without the signatures, as follows:

PETITION OF PROTEST

We, the undersigned, citizens of the United States of America, urgently protest against the continuance of the use of Army and/or Navy pilots and planes for the carriage of United States mail and ask that this practice be immediately discontinued. We feel that this practice has already proven itself impractical and is an unnecessary and unwarranted hazard to the lives of our men in the service, to Government equipment, and to the mail matter for which we pay for transportation.

LONG- AND SHORT-HAUL CLAUSE

Mr. HAYDEN. Mr. President, I have received from constituents of mine a large number of letters for and against the repeal of the fourth section of the act to regulate commerce, commonly known as the "long- and short-haul clause." With my limited office force it is impossible to personally answer each one of these communications. I therefore ask unanimous consent to have printed in the RECORD a letter I have written to Mr. Leroy Magers, of Tucson, Ariz., and further request that the letter be referred to the Committee on Interstate Commerce.

The statute now provides that it shall be unlawful for any rail carrier to charge a higher freight or passenger rate for a shorter than for a longer distance over the same route in the same direction. However, the Interstate Commerce Commission may, upon application, relieve the railroads from the strict enforcement of this rule where it is shown that, to meet actual water competition, it is necessary to make a lower rate for the longer haul. But the rate to the more distant point must be reasonably compensatory. My letter relates to the proposal to entirely repeal this provision of existing law.

There being no objection, the letter was ordered to be printed in the RECORD, and referred to the Committee on Interstate Commerce, as follows:

UNITED STATES SENATE,
Washington, D.C., February 28, 1934.

Mr. LEROY MAGERS,
Secretary Arizona State Committee, Western Conference Committee of Standard Railroad Labor Organizations, Tucson, Ariz.

MY DEAR MR. MAGERS: Your letter of January 29 was duly received and I want you to know that I have not and do not question the sincerity upon which the resolution adopted by your committee is predicated. My contacts with the Standard Railroad Labor organizations have long ago convinced me that they do their own thinking without instruction from any source. I hope you will credit me with equal integrity when I state why I am not convinced that the repeal of the long- and short-haul section of the act to regulate commerce will be of benefit either to railroad employees or to the States of the intermountain region.

Since my letter to you of January 20, I have made a rather extensive examination into the major issue raised in your resolution, namely:

"* * * Under restrictions of the fourth section of the Interstate Commerce Act, as amended, February 28, 1920, railroads have lost to the steamship lines comparatively all of the transcontinental nonperishable traffic they formerly handled, with the result that thousands of members of our brotherhood have been forced out of employment, and * * * that we do hereby urge repeal or modification of the fourth section of the Interstate Commerce Act to permit of fair competition and the reestablishment of thousands of railroad employees to their former employment * * *."

In that connection permit me to direct your attention to the following excerpt from a brief submitted to the Interstate Commerce Commission by J. R. Bell, attorney for the Southern Pacific Co. and allied lines on September 22, 1930, in support of fourth-section applications 13638 and 13639 for relief from the long- and short-haul provision of section 4 with respect to rates from eastern territory to the Pacific coast ports via Southern Pacific, Steamship Lines, Galveston, Tex., and Southern Pacific Rail Lines beyond:

"Protestant contends that the only out-of-pocket cost study respecting rail operations which should be given consideration in disposing of the applications is that computed on a basis of added train mileage. This likewise finds no support in what is contrary to undisputed facts of record. Locomotives hauling westbound trains have a potential hauling capacity of 2,300 tons, whereas the actual load was only 1,757 tons. Eastbound the potential hauling capacity was 2,300 and the actual load 2,087 tons, showing that a share, at least, of the eastbound traffic might also be used to fill out existing trains to their ratings * * *" (pp. 56, 57.)

It will be observed that the attorney for the Southern Pacific Co. contends that an increase of approximately one third in westbound tonnage could be handled without any increase in train mileage; that is, without adding any additional trains, and that the eastbound tonnage could be increased approximately 15 percent without requiring increased train mileage. Obviously if

there is no gain in train mileage and additional trains are not operated, there can be no increased employment for train crews.

Mr. Bell's brief was undoubtedly based on the testimony of Mr. W. A. Worthington, vice president of the Southern Pacific Co., at a hearing held in the same proceedings in Phoenix, Ariz., on May 10, 1929, from which the following extract is taken:

"In the present case, applications have been made for rates upon both east- and west-bound business, thus preserving the balance of traffic and minimizing empty haul. * * *

"If the traffic gained should be greater west-bound than east-bound, as is probable, as like commodities moving through the Canal preponderate largely west-bound, a very large part of it can be accommodated in trains now operated to fill them up from 1,757 tons to 2,087 tons or more, causing no increase in train mileage, and such traffic can be moved at the very low cost estimated for added traffic where increased train mileage is not involved. After filling up the west-bound trains to the tonnage of the east-bound trains, further increases in west-bound traffic would require the higher cost stated where pro rate increase in train mileage is necessary.

"For the 2 years 1926 and 1927, for every hundred gross tons moved west-bound there was a movement of 125 gross tons east-bound. Therefore, particularly as to west-bound traffic, there is great opportunity to fill out trains at very little additional expense for movement. In fact, I would estimate that we can accommodate in such trains, without increased train mileage, a large share of the volume of traffic now moving west from the Atlantic coast to California. Locomotives hauling west-bound trains had in 1927 a potential hauling capacity of 2,300 tons, whereas the actual load was only 1,757 tons.

"There is also some unused capacity with respect to east-bound trains, which addition to traffic volume in that direction would permit of utilizing, through the well-known rule, that as traffic volume is increased opportunities for maximum train loading are more frequent and there is less necessity for sending out underloaded trains to complete movement of traffic offered. In the east-bound direction potential capacity of locomotives was 2,300 tons and actual load 2,087 tons, in both cases gross tons, showing that a share, at least, of the east-bound traffic also might be used to fill out existing trains to their locomotive ratings" (transcript, pp. 293–301).

It is clearly evident from these expressions by representatives of the Southern Pacific Co. that they do not believe that it would be necessary to increase train mileage, or certainly not to any considerable extent, to enable the railroad to handle such transcontinental traffic as might be obtained in competition with the Panama Canal steamship lines, even though they could publish rates to and from the Pacific coast without restriction and without regard to a long and short haul such as is now precluded by section 4.

You state that transcontinental freight through the Panama Canal has grown to 10,120,000 tons, much of which would have moved by rail had there been no canal. In the last annual report of the Governor of the Panama Canal are certain statistics published under the heading:

United States intercoastal traffic for calendar year 1933

	Tons of cargo
Atlantic to Pacific	1,595,087
Pacific to Atlantic	4,831,521
	6,426,608

Out of the total cargo of 1,595,087 tons moving west-bound through the Canal, 482,622 tons of iron and steel manufactures were included therein. Out of the total cargo of 4,831,521 tons moving east-bound through the Canal, 2,539,593 tons of oil and 1,289,908 tons of lumber were shipped in tankers and lumber ships.

It is my understanding that there is no possibility of the railroads competing with the steamship lines on lumber and oil because of the low water rate and the fact that oil and lumber producers to a large extent use their own ships. I am also informed that iron and steel represent a major portion of the tonnage which moves west-bound in intercoastal traffic at such exceptionally low rates that this business could not be taken away from the water carriers by the railroads.

After deducting the tonnage of the three noncompetitive commodities—oil, lumber, and iron and steel—the total remaining annual cargo from the Atlantic to the Pacific is 1,112,465 and from the Pacific to the Atlantic, 1,002,020, which might be classified as potentially competitive with the railroads. Since we are told that the railroads do not intend to compete with the water carriers by making equal rates and are seeking to secure, at higher than water rates, only about 25 percent of the obtainable intercoastal traffic (which they feel is sufficient justification for the repeal of the fourth section), it would appear that the total amount of tonnage involved, after eliminating the four noncompetitive commodities, would be 278,117 tons from the Atlantic to the Pacific and 250,500 tons from the Pacific to the Atlantic.

The evidence is that the excess potential hauling capacity of Southern Pacific locomotives west-bound is 543 tons, which, based on one train per day for a year, would be approximately 200,000 tons. Vice President Worthington and Attorney Bell must have been correct when they said that their company could take care of its anticipated share of the traffic to be diverted from the Panama Canal without increased train mileage.

But it must not be overlooked that this total potentially competitive Canal tonnage, both east- and west-bound, would necessarily have to be divided among the seven transcontinental carriers. It is not to be expected that the Southern Pacific Co. would be able to absorb the entire 25 percent of the potentially available Canal tonnage, even if it could be diverted to the railroads. While it probably would not be divided that way, if all of the seven transcontinental lines shared equally in this new tonnage, the proportion of each carrier would be less than 4 percent of the total desired new business.

At a hearing before a subcommittee of the Senate Committee on Interstate Commerce on S. 563, a bill to amend section 4 of the Interstate Commerce Act, held in May and June of 1930, the following colloquy took place:

"Senator PITTMAN. How do you account for the fact that the men who have been working for the Southern Pacific 12 years have suffered as you say, when the traffic of the railroads has increased 60 percent in that time? Ought not the employment to increase proportionately?

"Mr. MORGAN. Well, for instance, we used to have an orange rush in the orange season, in the wintertime. We have lost that.

"Senator PITTMAN. However, the traffic of the railroads has increased 60 percent in 12 years.

"Mr. MORGAN. Decreased?

"Senator PITTMAN. Increased. The Southern Pacific increased 60 percent in 12 years. Even if the number of employees did not increase proportionately, you would think that the oldtimers would not suffer any in that kind of an increase."

If a 60-percent increase in railroad business failed to provide a proportionate increase in employment, how could less than 4 percent of the potentially competitive Panama Canal traffic, or (if the Southern Pacific Co. obtained all of the anticipated increase of business) even 25 percent of the available Canal traffic, give work to thousands of railroad employees?

I ask that this question be considered in the light of the fact that the attorney for the Southern Pacific Co., in support of its application for fourth-section relief in 1930, stated that an increase of approximately 33⅓ percent in west-bound tonnage and approximately 15 percent of the east-bound tonnage could be handled without any increase in train mileage and without requiring any additional trains. This contention was substantiated by testimony under oath by Mr. W. A. Worthington, vice president of the Southern Pacific Co., at the hearing held in Phoenix on May 10, 1929.

At that hearing a large number of responsible merchants and business men from all sections of Arizona appeared. Their testimony reflects the experience of what actually existed in the intermountain territory for a period of 25 years and the handicaps and difficulties with which they were confronted before the elimination of discriminatory rates and charges in 1918. It was consistently stated by these witnesses that after the menace of fourth-section relief was removed our State began to develop distributing agencies and wholesale establishments, and that to return to the conditions which prevailed prior to that time would mean a great loss, not only to the merchants of Arizona but to the people of the entire State.

At that time one prominent merchant of Phoenix testified that the wholesale business of his firm had been built up since fourth-section relief was denied to the carriers. He stated that prior to 1918 his company was in the retail business but since that time it has carried on a wholesale business entirely. It should be remembered that the testimony of these Arizona business men was not challenged by the railroad representatives who were in attendance at the Phoenix hearing. Would not a reduction in the Arizona wholesale business inevitably throw men out of work in our State?

It is nothing new for the Chicago Tribune to advocate repeal of the fourth section. That newspaper has been printing similar editorials for more than 20 years.

As to your quotation from the address of Chairman Farrell of the Interstate Commerce Commission, I am in accord with his view that something should be done to remove the unfair competition which the railroads suffer from the truck and bus lines. But Mr. Farrell does not have to go away from Washington to make suggestions about fourth section relief. Whenever applications are submitted, he is at liberty to advance the same arguments to persuade the other Commissioners to grant relief to the railroads under what he calls "changed competitive conditions." Existing law now permits the Commission to waive the fourth section rule where such action can be properly justified.

I agree that it is unjust to require the railroads to compete, under strict Federal regulation, with busses, trucks, and steamship lines who are free to engage in such unfair competitive practices as expediency may dictate. I believe that the solution of this problem is to be found, not in the lessening of railroad regulation, but in the extension of similar regulation to all competing carriers. The first step in this direction has been initiated by the introduction of H.R. 6836, by Congressman RAYBURN, of Texas, to regulate motor vehicles engaged in interstate commerce.

Mr. Roosevelt said at Salt Lake City on September 18, 1932, "I advocate the regulation by the Interstate Commerce Commission of competing motor carriers." In view of the record he has made in redeeming his campaign pledges we may expect that under his leadership it will not be long before such legislation is enacted into law. I hope that similar legislation can be perfected for the regulation of freight rates on intercoastal steamship lines.

Nothing is more cruel than to hold out a false hope. It is equally bad to practice any deception where the welfare of one's

friends is at stake. I would betray the trust you have imposed in me if I should tell you that by the repeal of the fourth section any large number of brotherhood men will be given employment when I have before me facts which strongly indicate that such is not the case. I know you want me to tell you the truth as I see it, and that is what I have done in writing you this letter.

In conclusion let me repeat, with respect to the entire matter, that:

1. Sworn testimony of railroad officials shows that the total expected increase in tonnage from competitive Panama Canal freight would not result in any additional trains or employment of train crews.

2. Sworn testimony of responsible merchants and business men discloses that before 1918 there were practically no wholesale or jobbing businesses conducted in Arizona because of the discriminatory rail rates then existing.

3. The solution of the problem is to be found not in the repeal of the fourth section or the relaxation of railroad regulation but in the extension of similar regulation to all competing carriers.

With cordial good wishes, I remain,

Yours very sincerely,

CARL HAYDEN.

Mr. KING. Mr. President, I have received a number of petitions and communications relative to the repeal of the fourth section of the Transportation Act, which deals with the long- and short-haul clause. One of these resolutions was adopted by the Chamber of Commerce of Ogden, Utah. I ask that it be printed in the RECORD and referred to the Committee on Interstate Commerce.

There being no objection, the resolution was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

Whereas the Ogden Chamber of Commerce has had under consideration the question of the repeal of the fourth section of the Transportation Act, which deals with the long- and short-haul clause; and

Whereas this investigation has brought up the question as to the advantages and disadvantages to this section of the intermountain territory of such a repeal; and

Whereas it appears to the board of directors of the Ogden Chamber of Commerce that the advantages of such repeal are greater than the disadvantages and that the railroads would be allowed to compete and secure greater transcontinental tonnage and that such tonnage would increase the railroad activity at this point; and

Whereas such increase in activity would tend to greater employment of railroad men; and

Whereas Ogden is a railroad and transportation center and vitally interested in the stabilization of railroad transportation systems; and

Whereas any increased tonnage that would be received by the railroad transportation companies would of necessity increase the general business of this intermountain territory and other methods of transportation at the present time would present sufficient competition to prevent any unfair discrimination in transportation rates against the intermountain territory: Therefore be it

Resolved, That the board of directors of the Ogden Chamber of Commerce in session this 19th day of February 1934 do respectfully request our congressional delegation to use their best efforts in securing the repeal of the fourth section of the Transportation Act; be it further

Resolved, That this resolution be spread upon the minutes of this meeting and copies sent to Utah's congressional delegation and to the press.

[SEAL] L. W. NIMS,
President Ogden Chamber of Commerce.

Attest:

E. J. FJELDSTED,
Secretary.

REPORTS OF COMMITTEES

Mr. PITTMAN, from the Committee on Foreign Relations, to which was referred the joint resolution (S.J Res. 83) amending Public Resolution No. 118, Seventy-first Congress, approved February 14, 1931, providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts, reported it without amendment and submitted a report (No. 386) thereon.

He also, from the same committee, to which was referred the bill (H.R. 7808) to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes, reported it with an amendment and submitted a report (No. 387) thereon.

Mr. GIBSON, from the Committee on Claims, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 1072. An act for the relief of Rufus J. Davis (Rept. No. 388); and

S. 1232. An act for the relief of George Voeltz (Rept. No. 389).

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 826) for the relief of Tampa Marine Co., a corporation, of Tampa, Fla., reported it with an amendment and submitted a report (No. 390) thereon.

Mr. BORAH, from the Committee on the Judiciary, to which was referred the bill (S. 2018) relative to Members of Congress acting as attorneys in matters where the United States has an interest, reported it with amendments and submitted a report (No. 391) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1657. An act to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", approved May 10, 1928 (45 Stat.L. 496), as amended by the act of February 14, 1931 (46 Stat.L. 1108) (Rept. No. 392); and

S. 1874. An act relative to leasing restricted lands of Indians of the Five Civilized Tribes of Oklahoma, and for other purposes (Rept. No. 393).

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (S. 2508) authorizing the Secretary of the Interior, with the approval of the National Capital Park and Planning Commission and the Attorney General of the United States, to make equitable adjustments of conflicting claims between the United States and other claimants of lands along the shores of the Potomac River, Anacostia River, and Rock Creek in the District of Columbia reported it with an amendment and submitted a report (No. 394) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 195. An act respecting contracts of industrial life insurance in the District of Columbia (Rept. No. 395); and

H.R. 6228. An act to provide for the appointment of a commission to establish the boundary line between the District of Columbia and the Commonwealth of Virginia (Rept. No. 396).

EXPENSES OF INVESTIGATION OF SENATORIAL CAMPAIGN EXPENDITURES

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably, with an amendment, Senate Resolution 174, submitted by Mr. CONNALLY on February 6, 1934, and I ask unanimous consent for its present consideration.

There being no objection, the Senate proceeded to consider the resolution.

The amendment of the Committee to Audit and Control the Contingent Expenses of the Senate was, in line 7, after the words "sum of", to strike out "$6,000" and insert "$5,000".

The amendment was agreed to.

The resolution, as amended, was agreed to, as follows:

Resolved, That the special committee authorized and directed to investigate the campaign expenditures of the various Presidential and Vice-Presidential candidates and candidates for the United States Senate, and other matters thereto related, in primaries, conventions, and general elections in 1932, is hereby authorized to expend from the contingent fund of the Senate the sum of $5,000, or so much thereof as may be found necessary, in addition to the amount heretofore authorized for said purpose.

ENROLLED JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on February 27, 1934, that committee presented to the President of the United States the enrolled joint resolution (S.J.Res. 80) authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 12 to May 19, 1934, inclusive.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 2924) to include within the Deschutes National Forest, in the State of Oregon, certain public lands within the exchange boundaries thereof; to the Committee on Agriculture and Forestry.

By Mr. KING:

A bill (S. 2925) to amend the act entitled "An act to establish a code of law for the District of Columbia, approved March 3, 1901", and the acts amendatory thereof and supplemental thereto; to the Committee on the District of Columbia.

(Mr. WAGNER introduced Senate bill 2926, which appears under a separate heading.)

By Mr. PITTMAN:

A bill (S. 2927) for the relief of Las Vegas Hospital Association, Las Vegas, Nev.; to the Committee on Claims.

By Mr. HAYDEN:

A bill (S. 2928) to amend the act of Congress approved June 7, 1924, commonly called the "San Carlos Act", and acts supplementary thereto; to the Committee on Indian Affairs.

(Mr. WALSH introduced Senate bill 2929, which appears under a separate heading.)

By Mr. JOHNSON:

A bill (S. 2930) to authorize a lower rate of interest under certain circumstances for construction loans in the case of vessels built on the Pacific coast; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 2931) for the relief of the heirs of Frank Boddeker; to the Committee on Claims.

(Mr. FLETCHER introduced Senate bill 2932, which appears under a separate heading.)

AMENDMENT OF NATIONAL RECOVERY ACT—NATIONAL LABOR BOARD

Mr. WAGNER. Mr. President, I desire to introduce a bill and to make a brief statement in explanation of it.

The bill which I am introducing is designed to clarify and fortify the provisions of section 7 (a) of the National Industrial Recovery Act, and to provide means of administering them through the legislative establishment of a national labor board with adequate enforcement powers.

The keynote of the recovery program is organization and cooperation. Employers are allowed to unite in trade associations in order to pool their information and experience and make a concerted drive upon the problems of modern industrialism. If properly directed, this united strength will result in unalloyed good to the Nation. But it is fraught with great danger to workers and consumers if it is not counterbalanced by the equal organization and equal bargaining power of employees. Such equality is the central need of the economic world today. It is necessary to insure a wise distribution of wealth between management and labor, to maintain a full flow of purchasing power, and to prevent recurrent depressions.

Genuine collective bargaining is the only way to attain equality of bargaining power. By section 7 (a) of the Recovery Act, Congress attempted to open the avenues to collective bargaining by restating the right of employees to act through representatives of their own choosing, free from the influence of employers. But section 7 (a) did not outlaw the specific practices by which some employers set up insuperable obstacles to genuine collective bargaining.

The greatest obstacles to collective bargaining are employer-dominated unions, which have multiplied with amazing rapidity since the enactment of the recovery law. Such a union makes a sham of equal bargaining power by restricting employee cooperation to a single employer unit at a time when business men are allowed to band together in large groups. It deprives workers of the wider cooperation which is necessary, not only to uphold their own end of the labor bargain but to stabilize and standardize wage levels, to cope with the sweatshop and the exploiter, and to exercise their proper voice in economic affairs.

Under the employer-dominated union, the worker, who cannot select an outside representative to bargain for him, suffers two fatal handicaps. In the first place, he has only slight knowledge of the labor market, or of general business conditions. His trade is tending a machine. If forbidden to hire an expert in industrial relationships, he is entirely ineffectual in his attempts to take advantage of legitimate opportunities.

No one would suggest that employers should not be allowed to employ outside lawyers, financial experts, or advisers. Secondly, only representatives who are not subservient to the employer with whom they deal can act freely in the interest of employees. Simple, common sense tells us that a man does not possess this freedom when he bargains with those who control his source of livelihood.

For these reasons the very first step toward genuine collective bargaining is the abolition of the employer-dominated union as an agency for dealing with grievances, labor disputes, wages, rules, or hours of employment.

The bill which I am introducing today forbids any employer to foster or participate in or influence any organization which deals with problems that should be covered by a genuine labor union. At the same time it does not prevent employers from forming or assisting associations which exist to promote the health or general welfare of workers, to provide group insurance, or for other similar purposes. Employer-controlled organizations should be allowed to serve their proper function of supplementing trade unionism, but they should not be allowed to supplant or destroy it.

Failure to meet the problem of employer domination over employee organizations has not been the only defect of section 7 (a) of the Recovery Act. This section provides that employees shall be free to choose their own representatives. It has been interpreted repeatedly to mean that any employee at any time may choose his own representative or may elect to deal individually with his employer. Such an interpretation, which illegalizes the closed union shop, strikes a death blow at the practice and theory of collective bargaining. It allows the unscrupulous employer to divide the workers against themselves. No real advocate of collective bargaining would argue that a worker should be free to bargain individually even after the overwhelming majority of his coworkers desire an agreement covering all.

The new legislation which I am proposing does not dictate any policy as to the closed union shop. That is a problem which labor must work out for itself. But the bill does make it clear that section 7 (a) was not intended to ban the closed union shop, and that Congress never intended to place employees in a worse position than they were before the Recovery Act was passed.

The third major defect of section 7 (a) is that it guarantees employees the right to organize, but not the right to recognition. My 6 months' experience as chairman of the National Labor Board has proved conclusively to me that the second guaranty should be firmly established by Congress. Over 70 percent of the disputes coming before the Labor Board have been caused by the refusal of employers to deal with representatives chosen by their workers.

The new bill, if enacted into law, will remedy this evil. It is modeled upon the successful experience of the Railway Labor Act, which provides that employers shall actually recognize duly chosen representatives and make a reasonable effort to deal with them and to reach satisfactory collective agreements.

The new bill sets up a permanent National Labor Board, with 2 representatives of employers, 2 of employees, and 3 of the general public; and there are provisions for the establishment of regional or local boards. The board will have power to prevent violations of the substantive features of the law by restraining orders, enforced through the courts in the same manner as the orders of the Federal Trade Commission.

In addition, the National Labor Board is given the powers of subpena and investigation necessary for the proper exercise of its various functions.

The National Labor Board, under the new legislation, is not designed to act chiefly as a policeman or a judge. Its

chief function will be to mediate and conciliate industrial disputes, and to offer its services as an arbitrator whenever the parties so desire. It will continue to promote peace rather than strife, and to appeal primarily to the better judgment and good intentions of industry and labor. My experience as chairman of the National Labor Board has confirmed my belief that most employers and employees desire to obey the law. But safeguards must be set up against the devastating effects of unfair minorities who force almost all to follow similar tactics.

The recovery program has achieved remarkable results in increasing employment, swelling the volume of industrial activity, and promoting confidence. It has made relatively slow progress in affecting that fair distribution of purchasing power upon which permanent prosperity must rest. Today, despite the minimum-wage provisions of the codes, the purchasing power of the individual employee working full time is less than it was during March of last year. This situation cannot be remedied by new codes or by general exhortations. It can be remedied only when there is genuine cooperation between employers and employees, on a basis of equal bargaining power. The only road to this goal is the free and unhampered development of real employee organizations and their complete recognition. Such development was promised by the Recovery Act. It should be guaranteed by enactment of the new legislation which is being proposed today.

Mr. President, I desire to state that this proposed legislation reflects only my own views. It does not reflect the views of the National Labor Board, because I have not submitted the bill to that Board for consideration, nor does it reflect the views of any other public official.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, was read twice by its title, and was referred to the Committee on Education and Labor.

Mr. WAGNER subsequently said: Mr. President, this morning I introduced a bill upon which I made a short statement explanatory of its provisions. I ask unanimous consent that in conjunction with my remarks the bill may be printed in full in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted, etc.—

TITLE I

SECTION 1. This act may be cited as the "Labor Disputes Act."

SEC. 2. The tendency of modern economic life toward integration and centralized control has long since destroyed the balance of bargaining power between the individual employer and the individual employee, and has rendered the individual, unorganized worker helpless to exercise actual liberty of contract, to secure a just reward for his services, and to preserve a decent standard of living, with consequent detriment to the general welfare and the free flow of commerce. Inadequate recognition of the right of employees to bargain collectively through representatives of their own choosing has been one of the causes of strikes, lock-outs, and similar manifestations of economic strife, obstructing commerce and imperiling the general welfare. It is hereby declared to be the policy of Congress to remove obstructions to the free flow of commerce, to encourage the establishment of uniform labor standards, and to provide for the general welfare, by removing the obstacles which prevent the organization of labor for the purpose of cooperative action in maintaining its standards of living, by encouraging the equalization of the bargaining power of employers and employees, and by providing agencies for the peaceful settlement of disputes.

SEC. 3. When used in this act—

(1) The term "person" includes individual, partnership, association, corporation, and the legal representative, trustee in bankruptcy, receiver, or trustee thereof, or the legal representative of a deceased person.

(2) The term "employer" means a person who has one or more employees, except that the term "employer" shall not include the United States, or any State, municipal corporation, or other governmental instrumentality, or any person subject to the Railway Labor Act, as amended from time to time, or any labor organization, or anyone acting in the capacity of officer or agent of such labor organization.

(3) The term "employee" means any individual employed by an employer under any contract of hire, oral or written, express or implied (including any contract entered into by any helper or assistant of any such individual, whether paid by him or his employer, if such assistant or helper is employed with the knowledge, actual or constructive, of the employer), or any individual formerly so employed whose work has ceased as a consequence of, or in connection with, any current labor dispute or because of any unfair labor practice: *Provided*, That the term "employee" shall not include an individual who has replaced a striking employee. Wherever the term "employee" is used, it shall not be limited to mean the employee of a particular employer, but shall embrace any employee, unless the act explicitly states otherwise.

(4) The term "representatives" includes any individual or labor organization.

(5) The term "labor organization" means any organization, labor union, association, corporation, or society of any kind in which employees participate to any degree whatsoever, which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, or hours of employment.

(6) The term "commerce" means trade or commerce, or any transportation or communication relating thereto, among the several States, or between the District of Columbia or any Territory of the United States and any State or other Territory, or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia or any Territory, or between points in the same State, but through any other State or any Territory or the District of Columbia or any foreign country.

(7) The term "unfair labor practice" means any unfair labor practice listed in section 5.

(8) The term "National Labor Board" means the National Labor Board created by section 201 of this act.

SEC. 4. Employees shall have the right to organize and join labor organizations, and to engage in concerted activities, either in labor organizations or otherwise, for the purposes of organizing and bargaining collectively through representatives of their own choosing or for other purposes of mutual aid or protection.

SEC. 5. It shall be an unfair labor practice for an employer, or anyone acting in his interest, directly or indirectly—

(1) To attempt, by interference, influence, restraint, favor, coercion, or lock-out, or by any other means, to impair the right of employees guaranteed in section 4.

(2) To refuse to recognize and/or deal with representatives of his employees, or to fail to exert every reasonable effort to make and maintain agreements with such representatives concerning wages, hours, and other conditions of employment.

(3) To initiate, participate in, supervise, or influence the formation, constitution, bylaws, other governing rules, operations, policies, or elections of any labor organization.

(4) To contribute financial or other material support to any labor organization by compensating anyone for services performed in behalf of any labor organization, or by any other means whatsoever.

(5) To fail to notify employees in accordance with the provisions of section 304 (b).

(6) To engage in any discriminatory practice as to wage or hour differentials, advancement, demotion, hire, tenure of employment, reinstatement, or any other condition of employment which encourages membership or nonmembership in any labor organization: *Provided*, That where a contract or agreement of any kind is or shall be in force between an employer and a group of employees, the provisions of such contract or agreement regarding conditions of employment shall not, because of anything contained in this paragraph, compel an employer to observe similar conditions of employment in his relations with all his employees: *Provided further*, That nothing in this act shall preclude an employer and a labor organization from agreeing that a person seeking employment shall be required, as a condition of employment, to join such labor organization, if no attempt is made to influence such labor organization by any unfair labor practice, if such labor organization is composed of at least a majority of such employers' employees, and if the said agreement does not cover a period in excess of 1 year.

SEC. 6. The several district courts of the United States are hereby invested with jurisdiction to prevent and restrain any unfair labor practice that burdens or affects commerce or obstructs the free flow of commerce, or has led or tends to lead to a labor dispute that might affect or burden commerce or obstruct the free flow of commerce, and it shall be the duty of the several district attorneys of the United States, but solely at the request of the National Labor Board, in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain any such unfair labor practices.

TITLE II

SEC. 201. There is hereby created a Board, to be known as the "National Labor Board" (hereinafter referred to as the "Board"), which shall be composed of seven members, to be appointed by the President, by and with the advice and consent of the Senate. Two of such members shall, at the time of nomination, be designated as representatives of employers, 2 as representatives of employees, and 3 as representatives of the general public. The members representing the general public shall be appointed for terms of 5 years each, and the other members shall be appointed for terms of 1 year each, and all members shall be eligible for reappointment. Any person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he

shall succeed. The President shall designate one of the members representing the general public as Chairman of the Board. No member representing the general public shall engage in any other business, vocation, or employment. A vacancy in the Board shall not impair the right of the remaining members to exercise all the powers of the Board. The Board shall have an official seal, which shall be judicially noticed.

SEC. 202. (a) Each member representing the general public shall receive a salary of $10,000 a year. The other members shall each receive $25 per diem and necessary traveling and subsistence expenses when attending meetings of the Board. The Board shall appoint and fix the compensation of an executive secretary, and it shall have authority to appoint and fix the compensation of such attorneys, special experts, examiners, mediators, clerks, and other employees, and to establish such regional or local boards as it may from time to time find necessary for the proper performance of its duties and as may be from time to time appropriated for by Congress. The Board may make such appointments without regard to the civil service laws or the Classification Act of 1923, as amended. The Board is directed to retain the officers and employees of the National Labor Board created by the President on August 5, 1933, to the fullest extent consistent with the efficient functioning of the Board.

(b) All the expenses of the Board, including all necessary traveling expenses outside the District of Columbia incurred by the members or employees of the Board under its orders, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the Board or by any individual it designates for that purpose.

SEC. 203. The principal office of the Board shall be in the District of Columbia, but it may meet and exercise all its powers at any other place. The Board may, by one or more of its members or by such employees as it may designate, prosecute any inquiry necessary to its duties in any part of the United States. A member who participates in such an inquiry shall not be disqualified from subsequently participating in a decision of the Board in the same case.

SEC. 204. The Board may, either by itself or through its agents, offer its services to the parties to any labor dispute as conciliator or mediator in such dispute, and may act as conciliator or mediator for the parties who accept such offer.

SEC. 205. (a) The Board is empowered to prevent any person from engaging in any unfair labor practice that burdens or affects commerce or obstructs the free flow of commerce, or has led or tends to lead to a labor dispute that might burden or affect commerce or obstruct the free flow of commerce.

(b) Whenever any member of the Board, or the executive secretary, or any person designated for such purpose by the Board, shall have reason to believe, from information acquired from any source whatsoever, that any person has engaged in or is engaging in any such unfair labor practice, he shall in his discretion issue and cause to be served upon such person a complaint stating the general nature of the charges in that respect, and containing a notice of hearing before either an examiner or the Board at a place therein fixed, not less than 24 hours after the service of said complaint, but the examiner or the Board shall have discretion to continue or adjourn such hearing from time to time. Any such complaint may be amended by any member of the Board or by any person designated for that purpose by the Board at any time prior to the issuance of an order based thereon; and the original complaint shall not be regarded as limiting the scope of the inquiry. The person so complained of shall have the right to file an answer, to appear and give testimony at the place and time fixed in the complaint, and to avail himself of the compulsory process of the Board in summoning witnesses in his behalf. In the discretion of the examiner or the Board, any other person shall be allowed to appear in the said proceeding by counsel or in person to present testimony. In any such proceeding, the examiner or the Board shall not be bound by the rules of evidence prevailing in courts of law or equity.

(c) The testimony taken by an examiner or the Board shall be reduced to writing and filed in the office of the executive secretary. Thereafter, in its discretion, the Board may itself take further testimony and/or hear argument. If upon all the testimony taken, the Board shall be of the opinion that any person named in the complaint has engaged in or is engaging in any such unfair labor practice, then the Board shall state its findings of fact and shall issue an appropriate order directed to such person. The order may require such person to cease and desist from such unfair labor practice, or to take affirmative action, or to pay damages, or to reinstate employees, or to perform any other acts that will achieve substantial justice under the circumstances. Such order may further require such person to make a report from time to time showing the extent to which he has complied with the order. Until a transcript of the record in a case shall have been filed in a court, as hereinafter provided, the Board may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any finding or order made or issued by it.

(d) If such person fails or neglects to obey such order of the Board while the same is in effect, the Board may petition any district court of the United States within any district wherein the labor practice in question was engaged in or wherein such person resides or carries on business, or the Supreme Court of the District of Columbia, for the enforcement of the order of the Board, and shall certify and file in the court a transcript of the record upon which such order was entered, together with a copy of the findings and the order of the Board. Upon such filing of the petition and transcript, the court shall place such petition upon its motion or equity calendar and shall cause notice thereof to be served upon such person, and thereupon shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, testimony, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside in whole or in part the order of the Board. No objection to the order of the Board shall be considered by the court unless such objection shall have been urged before the Board. The findings of the Board as to the facts, if supported by evidence, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the hearing before the Board, the court may order such additional evidence to be taken before the Board and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Board may modify its findings as to the facts, or make new findings, by reason of additional evidence so taken, and it shall file such modified or new findings, which, if supported by evidence, shall be conclusive, and shall file its recommendations, if any, for the modification or setting aside of its original order. The jurisdiction of the court shall be exclusive and its judgment and decree, affirming, modifying, or setting aside, in whole or in part, any order of the Board, shall be final, except that the same shall be subject to review by the appropriate Circuit Court of Appeals or the Court of Appeals of the District of Columbia, and by the Supreme Court of the United States upon writ of certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 346 and 347). The commencement of proceedings under this subsection shall not, unless specifically ordered by the court, operate as a stay of the Board's order.

(e) Any person aggrieved by an order of the Board may obtain a review of such order in any district court of the United States in the district wherein the unfair labor practice in question was engaged in or wherein such person resides or carries on business, or in the Supreme Court of the District of Columbia, by filing in such court, within 10 days after the entry of such order, a written petition praying that the order of the Board be modified or be set aside in whole or in part. A copy of such petition shall be forthwith served upon the Board, and thereupon the aggrieved party shall file in the court a transcript of the record, certified by the Board, upon which the order complained of was entered, together with a copy of the findings and order of the Board. No objection to the order of the Board shall be considered by the court unless such objections shall have been urged before the Board. The findings of the Board as to the facts, if supported by evidence, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the hearing before the Board, the court may order such additional evidence to be taken before the Board and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Board may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by evidence, shall be conclusive, and shall file its recommendations, if any, for the modification or setting aside of its original order. The jurisdiction of the court shall be exclusive and its judgment and decree, affirming, modifying, or setting aside, in whole or in part, any order of the Board, shall be final, except that the same shall be subject to review by the appropriate circuit court of appeals or the Court of Appeals of the District of Columbia, and by the Supreme Court of the United States upon writ of certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 346 and 347). The commencement of proceedings under this subsection shall not, unless specifically ordered by the court, operate as a stay of the Board's order.

(f) No court shall have any jurisdiction to enjoin the Board or an examiner from taking action or holding hearings under a complaint.

(g) Petitions filed under this act shall be heard expeditiously, and if possible within 10 days after they have been docketed.

(h) Complaints, orders, and other process of the Board and its agents may be served by anyone duly authorized by the Board, either (1) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer, or a director of the corporation to be served; or (2) by leaving a copy thereof at the principal office or place of business of such person, partnership, or corporation; or (3) by registering and mailing a copy thereof addressed to such person, partnership, or corporation at his or its principal office or place of business; or (4) by sending a telegraphic copy thereof addressed to such person, partnership, or corporation at his or its principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth the manner of said service shall be proof of the same, and the return post-office receipt or telegraph receipt for said complaint, order, or other process registered and mailed or telegraphed as aforesaid shall be proof at the service of the same.

SEC. 206. (a) The Board shall have power to act as arbitrator in labor disputes. When any of the parties to a labor dispute agree to submit the whole or any part thereof to the arbitration of the

Board, and the Board accepts such submission, the agreement shall be valid, irrevocable, and enforceable as to the submitting parties save upon such grounds as exist at law or in equity for the revocation of any contract. In any case accepted by it for arbitration the Board shall have power to issue an award applicable to the submitting parties.

(b) Unless a party to the arbitration has otherwise stipulated at the time of the submission of the case to the Board, any party to the arbitration, or the Board itself, may within 1 month after the award is made, apply to the Supreme Court of the District of Columbia for an order confirming the award, and thereupon the court shall grant such an order unless the award is vacated, modified, or corrected as hereinafter prescribed. Notice of the application shall be served upon the other parties to the arbitration by the marshal of any district within which they may be found, in like manner as any other process of such court, and thereupon such court shall have jurisdiction of such parties as though they had appeared generally in the proceeding.

(c) The court may make an order vacating the award upon the application of any party to the arbitration if the Board exceeded its powers or executed them so imperfectly that a mutual and definite award upon the subject matter was not made. The court may make an order modifying or correcting the award upon the application of any party to the arbitration if (1) the award covers a matter not submitted to the Board (unless the award upon such matter does not affect the merits of the decision upon the matter submitted) or (2) the award is imperfect in matter of form not affecting the merits of the controversy. The order may modify or correct the award so as to effect the intention thereof and promote justice between the parties. A party to the arbitration, claiming to be aggrieved by the award, may apply to the court, within 1 week after the award is made, for an order vacating, modifying, or correcting the award. Notice of such application shall be served upon all other parties to the arbitration proceeding or their attorneys, by the marshals of the respective districts within which such parties may be found. For the purposes of the application, any judge who might make an order to stay the proceedings in any action brought in the same court may make an order, to be served with the notice of the application, staying the enforcement of the award.

(d) The party applying for an order confirming, modifying, or correcting an award shall, at the time the application is filed, also file the following pages with the clerk of the court: (1) An agreement to arbitrate; (2) the award of the Board; and (3) each notice, affidavit, or other paper used upon an application to confirm, modify, or correct the award, and a copy of each order of the court upon any such application. The order shall be docketed as if it were rendered in a suit in equity and shall have the same force and effect, in all respects, as, and be subject to all the provisions of law relating to, a decree in a suit in the court in which it is entered; and it may be enforced as if it had been rendered in a suit in the court in which it is entered.

SEC. 207. (a) In any dispute as to who are the representatives of employees, the Board, if the dispute might burden or affect commerce or obstruct the free flow of commerce, may investigate such dispute and certify to the parties, in writing, the name or names of the individuals or labor organizations that have been designated and authorized to represent employees. In any such investigation the Board shall be authorized to take a secret ballot of employees, or to utilize any other appropriate method to ascertain their representatives. The Board shall decide whether eligibility to participate in elections shall be determined on the basis of employer unit, craft unit, plant unit, or other appropriate grouping.

(b) In any dispute not of the character described in subsection (a), as to who are the representatives of employees, the Board may offer its services to aid in determining who are employees' representatives.

SEC. 208. For the purpose of all hearings and investigations which, in the opinion of the Board, are necessary and proper for the exercise of the powers vested in it by sections 205 and 207 (a)—

(1) Any member of the Board, or any agent designated by it for such purposes, is empowered to administer oaths and affirmations, to take depositions, subpena witnesses, take evidence, and require the production of any books, papers, or other documents which the Board deems relevant or material to the inquiry. Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States or any Territory or possession thereof at any designated place of hearing.

(2) In case of contumacy or refusal to obey a subpena issued to any person, any district court of the United States, the United States courts of any Territory or possession, and the Supreme Court of the District of Columbia, within the jurisdiction of which said person guilty of contumacy or refusal to obey is found or resides, upon application by the Board, shall issue to such person an order requiring such person to appear before the Board, or an examiner designated by it, there to produce documentary evidence, if so ordered, or there to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by said court as a contempt thereof.

(3) No person shall be excused from attending and testifying or from producing books, papers, contracts, agreements, and other documents before the Board, or in obedience to the subpena of the Board or any member thereof or any agent designated by it, or in any cause, proceeding, or investigation instituted by the Board, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

(4) Witnesses summoned before the Board or any of its examiners shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

(5) The several departments and agencies of the Government, when directed by the President, shall furnish the Board, upon its request, all records, papers, and information in their possession relating to any matter before the Board.

SEC. 209. The Board shall have authority from time to time to make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of this act. Such rules and regulations shall be effective upon publication in the manner which the Board shall prescribe.

SEC. 210. Any person who shall willfully assault, resist, prevent, impede, or interfere with any member of the Board or any of its agents in the performance of his duties pursuant to section 205 or section 207 (a), shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 1 year, or both.

TITLE III

SEC. 301. There is hereby created in the Department of Labor the United States Conciliation Service, under the direction of a Director of Conciliation. The Secretary of Labor shall appoint and fix the compensation of such Director, and shall have authority to appoint and fix the compensation of such commissioners of conciliation, clerks, and other officers and employees as he may from time to time find necessary for the proper performance of the duties of the Service, and as may from time to time be appropriated for by Congress. The Secretary of Labor may make such appointments without regard to the provisions of the civil-service laws or the Classification Act of 1923, as amended.

SEC. 302. It shall be the duty of the United States Conciliation Service, whenever the Director deems it desirable, to offer its services to the parties to any labor dispute, and to attempt to adjust such dispute by conciliation or mediation, or by arranging for voluntary arbitration. Nothing in this title shall limit the power given to the Secretary of Labor under section 8 of the act of March 4, 1913 (U.S.C., title 5, sec. 619).

SEC. 303. Nothing in this act shall be construed so as to interfere with or impede or diminish in any way the right to strike.

SEC. 304. (a) Wherever the application of the provisions of section 7 (a) of the National Industrial Recovery Act and/or of the act entitled "An act to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes", approved March 23, 1932 (U.S.C., title 29, secs. 101–115), conflicts with the application of the provisions of this act, the provisions of this act shall prevail: *Provided*, That in any situation where the provisions of this act cannot be validly enforced the provisions of section 7 (a) of the National Industrial Recovery Act and/or of such act of March 23, 1932, shall apply.

(b) Any term of a contract or agreement of any kind which conflicts with the provisions of this act is hereby abrogated, and every employer who is a party to such contract or agreement shall immediately so notify his employees by appropriate action.

SEC. 305. If any provision of this act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

EMERGENCY FINANCIAL FACILITIES FOR MUNICIPALITIES

Mr. WALSH. Mr. President, I ask leave to introduce a bill to amend the Reconstruction Finance Corporation Act so as to extend the provisions thereof to provide emergency financial facilities for the municipalities of the Nation.

In brief, the measure is similar to House bill no. 3082, introduced in the House of Representatives by Representative EDWARD A. KENNEY, of New Jersey, which has for its purpose the extension of authority to the Reconstruction Finance Corporation to make loans to municipalities upon the pledge of their tax anticipation warrants.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2929) to amend the Reconstruction Finance Corporation Act so as to extend the provisions thereof to provide emergency financial facilities for the municipalities of the Nation was read twice by its title and referred to the Committee on Banking and Currency.

AMENDMENTS TO REVENUE BILL

Mr. BORAH submitted amendments intended to be proposed by him to the bill (H.R. 7835) to provide revenue,

equalize taxation, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

ACTIVITIES OF DEALERS IN ARMS AND MUNITIONS—CHANGE OF REFERENCE

Mr. PITTMAN. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be discharged from the further consideration of the resolution (S.Res. 179) directing an investigation into the activities of manufacturers of and dealers in war munitions, and that the resolution be referred to the Committee on Military Affairs, which committee should have jurisdiction over the proposed investigation.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

CONSTRUCTION OF DAMS AND DIKES IN OREGON

Mr. McNARY. Mr. President, I submit a concurrent resolution, which involves the changing of a date, and after it shall have been read by the clerk I will ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The clerk will read the concurrent resolution for the information of the Senate.

The concurrent resolution (S.Con.Res. 10) was read, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby, authorized and directed, in the enrollment of the bill (S. 1759) to extend the time for the construction of dams and dikes in Lincoln County, Oreg., to prevent the flow of waters of Yaquina Bay and River into Nute's Slough, Boones Slough, and sloughs connected therewith, to correct an error by striking out, in line 1 of the House engrossed amendment, the words "June 13" and inserting in lieu thereof "June 17."

Mr. McNARY. I ask unanimous consent for the present consideration of the resolution.

There being no objection, the concurrent resolution was considered and agreed to.

FEDERAL EMERGENCY RELIEF FUNDS

Mr. ASHURST. Mr. President, I am in receipt of the following letter from Aubrey Williams, Assistant Administrator of the Federal Emergency Relief Administration:

FEDERAL EMERGENCY RELIEF ADMINISTRATION,
Washington, February 28, 1934.

Hon. HENRY F. ASHURST,
United States Senate, Washington, D.C.

MY DEAR SENATOR ASHURST: I am in receipt of your letter of February 24. We are putting into Arizona for transient care something like $250,000 per month, more than in any other State in the Union, more than we are putting into Mississippi, Arkansas, Louisiana, Tennessee, and Missouri combined.

Very truly yours,

AUBREY WILLIAMS,
Assistant Administrator.

OUR TRANSPORTATION PUZZLE—CAN IT BE SOLVED?—ADDRESS BY M. J. GORMLEY

Mr. WALSH. Mr. President, I ask unanimous consent to have printed in the RECORD an address by M. J. Gormley, president of the American Railway Association, on the subject, "Our Transportation Puzzle—Can It Be Solved?" The address was delivered before the Traffic Club of New England in Boston, Mass., on February 19, 1934. Mr. Gormley received high praise for his address. Among those who considered it one of the ablest discourses on the subject is Representative HAROLD KNUTSON, of Minnesota.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

In selecting for my subject, Our Transportation Puzzle—Can It Be Solved? I feel that a word of explanation is necessary. There are all kinds of puzzles. Some of them, such as, for instance, a jig saw, with 1,500 to 2,000 pieces, can be worked only with much painstaking effort and require the expenditure of much time. If, after successfully putting one of these together, one breaks it up and endeavors to do it again, it is just as difficult a process as the first time. This type of puzzle can be solved only by trial and error, and very little knowledge can be gained in solving it once which is of any value in a second attempt.

Other puzzles, while seemingly intricate, are simple of solution if they are approached from the standpoint of a sound foundation and a real desire to solve them correctly. I believe our transportation puzzle is of this type. If this be true, it follows that now is the time when it should be solved, beginning with the foundation of a correct mental attitude on the part of all, to produce a national transportation machine adapted to the needs of commerce as well as to national defense, rather than to deal with the problem from the standpoint of a time-consuming and laborious trial-and-error method. Too much is involved, and too many people are dependent upon the railroads and transportation in general, both for service and livelihood, for us to continue to risk the hit-or-miss effort such as is ultimately successful in solving a jig-saw puzzle.

In reviewing our present transportation problem it is necessary to divide it into several parts, or shall we say puzzles. As to one of these, the resolution is principally in the hands of railroad officers; and the public, while having a decided interest in the first puzzle, must largely assume the responsibility for the solution of the others.

1. Are radical changes necessary in methods of railroad operation or in railroad facilities? The answer to this should lie with the railroads in the final analysis, but their answer must necessarily have as its basis the requirements of the public which they serve.

2. Should all forms of transportation be regulated; should any form of transportation receive Government aid in the form of subsidies to enable it to compete with any other form of transportation not subsidized? The public alone can solve this puzzle.

3. What is the proper relationship between railroad management and railroad labor? The public, to a very large extent, can determine this.

With respect to puzzle no. 1: There have been radical changes in methods of railroad operation and in railroad facilities in the past 10 years. With the adoption by the railroads in 1923 of their program for rehabilitation to meet the increasing demands of transportation, after the return of the railroads to their owners following Government operation, there has been constant change and improvement since that time, principally the result of large expenditures made for new equipment and facilities, roadways, including signals, and many innovations too numerous to mention. During this period we have seen the adoption of the air-conditioned train, and more recently the streamlined train, and various other improvements in passenger service. Even the humble iron horse has shown improvement in the past 10 years far beyond the dreams of a few short years ago.

We have also seen during this period the placing in service of 898,241 freight cars, and the retirement of greater numbers of old and obsolete cars; 15,466 new locomotives have been placed in service. We have seen an increased speed in the movement of freight trains between terminals of more than 40 percent. We have seen greater cooperation on the part of shippers, through advisory boards and otherwise, in the loading and unloading of equipment more promptly. But the money which was put into these new cars and locomotives was not spent for expansion of the railroad plant. Retirements were made in greater number than additions, with the result that the railroads now own, not including private refrigerator cars, approximately 375,000 less cars and 15,000 less locomotives than at the high point of ownership. No one can say definitely what this reduction in the ownership of cars and locomotives has meant in the annual reduction of operating expenses of the railroads, but we are on the safe side in saying that it means more than $100,000,000 per year.

Railroad progress and development, in the final analysis, can be judged by two things:

Is the service to the public improved, and has the cost of transportation been reduced?

A brief answer to these two questions, without going into all of the details, is as follows: In 1929 the railroads handled the heaviest freight traffic in their history. If the unit cost of operation had been the same during 1929 as it was in 1920, it would have cost the railroads $1,212,899,000 more to handle the 1929 traffic than it actually did cost. Even making the comparison with a more recent year than 1920, and taking a year which represented the peak of freight traffic at that time, we find that if there had been no reduction in the unit cost of railroad operation between 1923 and 1929, it would have cost the railroads $521,003,000 more to handle the 1929 traffic than it actually did cost.

The unfortunate part of this picture, however, is that we believe the public and the regulating bodies forgot the statement in the program which the railroads adopted in 1923, reading:

"The railroads of the country are raising this enormous amount of additional capital largely through borrowed money on the abiding faith in the fairness of the American people and reliance on the continuance of the policy announced in the Transportation Act, 1920, as a measure of reasonable protection to investment in railroad property."

I believe it will be recalled that there was something in that act with reference to a fair return. I believe that, if this had not been forgotten and the entire transportation situation had been considered in its true light, the railroads would not have been forced to take a 10-percent reduction in freight rates back in 1922, at a time when industry was on the upgrade and when sound economic judgment should have dictated that there be no wholesale reduction in freight rates. Here again, we find that if the reduction referred to had not been made the net return of the railroads in 1929 would have been $454,793,000 greater than it was.

Our memories are short, but I hope, nevertheless, that some of us will remember the old-time car shortages, and particularly those which occurred in the agricultural sections of the West prior to 1923. These shortages were eliminated with that year and have never since recurred. Shippers, as well as those in pub-

lic authority, commended the railroads very freely for their accomplishment in handling the peak traffic of 1929 to the entire satisfaction of all interested. While there must be a continuing improvement in the railroads, just as in any other business, and large amounts of money spent for the elimination of obsolete equipment and other facilities from year to year, I have no patience whatever with some individuals who seem to think today that the entire railroad machine is obsolete. Upon any possible basis of reasoning, how could it become obsolete at this date, hardly 4 years after it handled the largest business ever moved, and with first-class service?

We hear a great deal today about the failure of the railroads to work together, and that is one of their difficulties. I am glad to say, gentlemen, that the railroads of the country are unanimous on their legislative program. There is not a dissent among them. Does that indicate any failure to get together? They have provided the best transportation that has ever been provided in this or any other country since they got together on their program in 1923. They have unselfishly contributed to the elimination of car shortages through a high degree of cooperation with the Car Service Division of the American Railway Association. I challenge any industry in the country to show a degree of cooperation between competing units such as that given by the railroads which enabled the abolition of car shortage. The Car Service Division was given power to take cars of any road and arbitrarily divert them to territories where car shortage threatened. This was done whenever necessary, and in no other manner could the heavy grain crops of past years have been handled without car shortage and congestion. Possibly the railroads' managers do not always agree, but why should we expect them to be a different class of human nature than we find among other people and other industries. The Interstate Commerce Commission has only 11 members, yet, as I recall, there are frequently dissenting votes in their decisions. The Supreme Court of the United States, for whom we all have the greatest respect, with only nine members, does not always agree. Yet the general public seems to think that the railroads, composed of approximately 165 class I companies, not counting the numerous short lines, should always agree.

We believe today that the railroads show as great a degree of resourcefulness and cooperation with each other as industry generally.

Another so-called "railroad evil", and one which is criticized perhaps even more than the alleged failure of the railroads to act together on matters of common interest, relates to competition between railroads. Our critics may speak loudly of the wastefulness and extravagance of competition, and admittedly there have been in the past some things which they might fairly classify in that manner. But why is so little said of the other side of of the story? Why do our friends not remember that competition between railroads has not only been encouraged in the past but has in fact been forced on the railroads by law? Why is nothing said of the benefits which have come from this now so much lamented competition? Certainly it cannot be that everyone feels there have been no benefits.

The fact of the matter is that regardless of all that has been said as to competition for the acquisition of traffic, there has been just as large an amount of competition between railroads in the cutting of costs. Rates between common points naturally find the same level as between competing railroads. If one railroad can handle the traffic more cheaply than another, that is their competitive edge, and it is one which the other road will strive to overcome, and which the first road will struggle to maintain. I think everyone will admit that there is nothing wasteful or extravagant in this type of competition; it is just the opposite. We must not forget either the very real competition which exists between officers on an individual railroad, and between divisions of the road, each striving to show the greatest efficiency and to reduce operating costs.

After all, competition exists in everything we do. We have it as between individuals and as between people in all sorts of businesses. There is only one thing which can remove it, and that is communism in its most pure form. I have never thought for one minute that the American public would ever agree to surrender the competitive rights which they have always had, and which have done more than anything else to make our country the leader in every respect which it is, and I am frank to say also that I do not expect to see this competition removed as between railroads. If there is anything wrong with it as it exists today, that can be corrected, but it is certainly not necessary to sacrifice its benefits in accomplishing this. We do not shoot a man because he has a broken arm; we correct the difficulty.

No. 2. Should all forms of transportation be regulated; should any form of transportation receive Government aid in the form of subsidies to enable it to compete with any other form of transportation not subsidized?

Now, as to puzzle no. 2: There is not much question about this being a puzzle, but it would not be if it were approached by the general public and regulatory authorities solely on the basis of the country's interest in a national transportation system adequate to the needs of commerce and national defense. It never has been approached from that standpoint. In this respect we must say, however, that the various States have made greater progress in this direction than has the Federal Government. If there has been any failure as to State regulation of means of transportation other than the railroads it has been due to the lack of Federal regulation covering interstate highway transport. Without any doubt, sound thought must finally come to the conclusion that all forms of transportation should be regulated.

The railroads were regulated originally because of their failure to avoid discrimination between shippers, communities, and otherwise. We are confronted with exactly the same discrimination today in highway and waterway transportation that confronted the public in the days when the railroads were free to make rates at will, and rebates with pleasure, or otherwise (possibly otherwise). If we found it necessary to regulate it at one time in the interest of stabilized rates, so that one shipper could know what the other was paying, there is all the more reason for doing the same thing today with respect to water and highway transportation.

In the same way the question arises as to whether the Government should subsidize any form of transportation unless it subsidizes all forms. If a highway of a certain class is adequate to take care of the needs of private automobiles, which is a social problem, why should the Government expend added money in order to provide a means of transportation for use of heavier vehicles without calling upon such vehicles to pay the added cost? The latter is an economic problem, as distinguished from the social problem involved in providing highways for the private automobile.

We believe that there is only one answer to this problem, and that is that all forms of transportation should be treated alike; in brief, all should be regulated and none should be subsidized. In other words, provide an equal opportunity for all to compete for the traffic available.

In this connection, we meet with a very peculiar situation in that the principle opponents of the suggested regulation are those who manufacture the vehicles used in transportation. I think Congress and the State legislatures would be very much shocked today if the large locomotive manufacturing companies and railroad car building companies should attempt to influence the trend of regulation so far as the railroads are concerned. If this is true, why should we permit such interference on the part of the manufacturers of motor vehicles? To my mind they have no place in the question of regulation, and should eliminate themselves from that picture.

It may also well be time for the motor group to wonder whether they are serving their own best interests by opposing proper regulation of highway transport. I believe their principal revenue comes from the sale of private cars, and while I do not know where the saturation point may be, beyond which the roads may not be used by trucks without affecting the sale of private cars, I do know that the operator of the private automobile is frequently heard to criticize the number of trucks met upon the highway and their size.

Another vital question in this connection is that of expanding the transportation machine far beyond the traffic necessities. We have a law today that prevents railroad building, except with a certificate of convenience and necessity from the Interstate Commerce Commission. They have in some cases, I am glad to say, denied such applications, and I am also sorry to know that in other cases they have not, but nevertheless the law is there to prevent overexpansion. Competitive means of transportation, however, can go merrily on extending their facilities by means other than railroad, without any regard to the fact that overexpansion of transportation ultimately is of no benefit to anyone. Here again the States have been in advance of the Federal Government, but their regulation is not as effective as it would be if there were interstate regulation of highway transport.

We also go rapidly ahead with the expansion of waterway transportation, apparently with total disregard of whether it is necessary or otherwise, and also without any definite idea as to whether or not its development is economically sound. All this seems to be done with the idea that if you provide a lot of water transportation you can force down the cost of transportation by rail. The waterways can freeze up and be inoperative for 5 or 6 months a year, but the railroad must always be available to handle all traffic under any and all conditions. Therefore, why not at least give the railroads an even break with all other means of transportation? Is anything else sound from a national transportation viewpoint?

Anything that is right, I believe, will prevail in the end. Regulation of all means of transportation, including their expansion, will some day come; the sooner the better for all interested, regardless of the railroad position with respect to these matters. Approaching this problem from its purely economic standpoint, divesting it of all political considerations, most of which are local this puzzle will be solved. It will not be solved in the interest of the railroads or in the interest of the highways or waterways but solely in the interest of the public.

Now, just a word to the traffic manager: He should be classed as a part of the public. We believe that he must look at this picture from an entirely different standpoint than he has in the past, and we believe that, instead of reporting to his boss today that he has been able to chisel a few cents off the rate and thereby save his company some money, possibly by playing the truck against the railroad, that he should be able to say to his boss that "railroad transportation has increased so much, that employment in railroad shops in our town is now 1,000 instead of 500 men, as a result of which we have a greater sale for our products than before. That is more important to us than decreased freight rates."

The Government in its wisdom and as an aid to increased employment appropriated $3,300,000,000 for public works. It might surprise some people here to know that railway expenditures for materials and supplies, capital improvements, and maintenance wages for the years 1931 to 1933, inclusive, were below the average of the preceding 8 years by over $2,000,000,000 per annum. This means that the railways' contribution to economic activity and

employment was curtailed by over $6,000,000,000 during the past 3 years. This will give you some idea as to how the railroads contribute to employment under normal conditions. Depression, of course, is responsible for the major part of the reduction, but it is certainly safe to say that if the Government regulatory bodies and others had taken seriously the statement made by the railroads in connection with their famous 1923 program that it was adopted with an abiding faith in the fairness of the American people, that at least half of this expenditure would have been made through these years, and added just as much to employment, and possibly more, as did the appropriation made by the Government for public works. I merely mention these figures as indicating the importance of the railroads to the country from the standpoint of their purchasing power. Shippers, agricultural interests, and others, in viewing this transportation situation, should take into consideration that at least 60 to 80 cents out of every dollar spent for operation or materials on the railroad goes to labor directly and indirectly.

No. 3. What is the proper relationship between railroad management and railroad labor?

Now we come to the third puzzle, and this is some puzzle. Here we find ourselves confronted with the stated position of the railroad labor organizations that there should be a reduction in the bonded indebtedness of the railroads. This is a very popular idea today. Possibly it is correct, but I would not attempt at this early age of that baby to predict where it might land on its feet finally. But I would like to have someone tell me how you are going to do it unless you have the earnings necessary to bring it about. Furthermore, how can you accomplish it, when it is considered along with the other proposals with which the railroads are confronted in Congress today, with the demands of labor for a 6-hour day, full-crew law, a pension law, and train-limit law, all of which would increase operating expenses of the railroads enormously. These are the principal bills which were pending when this was written. There is no telling how many more there are by now.

It might be sufficient to say that the 6-hour law alone (and this 6-hour day, of course, with 8 hours' pay) according to the Interstate Commerce Commission, would cost the railroads between five and six hundred million dollars annually. That is the estimate of the Interstate Commerce Commission, not that of the railroads. The latter is much higher, and we believe, correctly so. What the various other things mentioned would cost is not definitely known, but we are safe in saying that the railroad bill by these various measures would be increased at least a billion dollars a year. Now, if it is difficult under present conditions to find money with which to retire bonds, where, in heaven's name, can it ever be found to pay the bill for all these things if they ever became laws?

We believe in this respect that the employees of the railroads should approach these matters from an economic standpoint which ultimately will be in their own interest, and that is that the cost of transportation must continually be reduced to the greatest possible extent, first, to retain to the railroads such of the traffic of the country as belongs to the railroads, and secondly, by reduced costs, create necessity for increased transportation. If transportation demands increase, employment will increase, and that should be the principal interest of the railroad employees from a long-time standpoint and that is the standpoint from which they should approach it, instead of striving for possible temporary benefits.

There should be no question about the policy of permitting the railroads to lay up reserves, or in other words, "put on a little fat", during times of prosperity, in order that they may maintain a more reasonable degree of employment during periods of depression. A recognition of these facts on the part of all interested will some day, we hope, soon solve this railroad puzzle.

Give the railroads today an equality in transportation regulation with other forms of transportation, and increase their traffic by 20 to 25 percent and all other major problems relating to the railroads will disappear into thin air.

The railroads have a hard route ahead of them, but they are profiting by adversity, just as did the pioneers of this country who followed the railroads in their development of the great agricultural country of the West. In other words, they can "take it on the chin", and if the referee will give them a fair deal they will resume their rightful position in the sun.

THE N.R.A.

Mr. DUFFY. Mr. President, in connection with the discussion of the N.R.A. and small industry, I ask unanimous consent to have printed in the RECORD a short letter from a prominent manufacturer of my State.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARSHFIELD, WIS., *February 26, 1934.*

Hon. F. RYAN DUFFY,
United States Senate, Washington, D.C.

DEAR SENATOR: Certain Chicago newspapers, also a few radio speakers, are misrepresenting the N.R.A. and its codes, especially as regards what they term the ill effects on small industry.

Very much contrary to the criticism indicated above, we find our industry, which is a small one, very favorably affected by the two codes of the N.R.A. under which we are operating. Just wanted you to know that we are on the side of the N.R.A. and its codes and are pulling strongly for the President and his preponderance of loyal supporters in Washington and back home. We wish him and the administration, including your good self, every success.

Yours very truly,

FELKER BROS. MFG. CO.,
A. G. FELKER, *President.*

REGULATION OF STOCK EXCHANGES

Mr. METCALF. Mr. President, by request, I ask to have printed in the RECORD an article appearing in the Washington Post on February 24, 1934, which I think will be of interest.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Feb. 24, 1934]

WHITNEY DENIES SENATE CHARGE OF PROPAGANDA—SAYS WARNINGS AGAINST CONTROL BILL WERE HIS DUTY

In one of the few interviews he has ever granted, Richard Whitney, president of the New York Stock Exchange, said last night that the right of free discussion of public questions has gone, and the constitutional right of free speech no longer exists in this country, if recent charges of propagandizing hurled at him were sustained by public opinion.

The charges were made by members of the Senate Banking and Currency Committee. Whitney said they were occasioned by letters addressed by him to heads of corporations whose securities were listed on the New York exchange, calling their attention to the provisions of the pending securities bill which directly affected them and their securities.

"I think the charge is unfounded," said Whitney. "I summarized the provisions of the bill and asked the presidents of corporations having stock listed on the New York Stock Exchange to give the matter their personal consideration.

SAYS ALL BUSINESS HIT

"I think every citizen has the right to call to the attention of other citizens the provisions of pending legislation which would affect them. In this case I feel the exchange was under a duty to do so.

"The corporations listed on the exchange had paid a fee to secure a public market for their securities. The pending bill would destroy this public market and would force many corporations to withdraw from listing. I think we would have been derelict in our duty if we had not called the bill to their attention. If this is propaganda, then the right of free discussion of public questions has gone and the constitutional right of free speech no longer exists."

Whitney said the proposed bill would hurt not only the business of brokers but all American industry and business as well.

"The bill", he said, "although it purports to regulate stock exchanges, is actually cleverly devised to allow the Federal Trade Commission to dominate and regulate all American business and industry and to allow the Federal Trade Commission to dictate the credit policy of our banking system with regard to security loans, which the Glass-Steagall bill vested in the Federal Reserve Board."

DENIES CRASH BLAME

Whitney said the collapse of 1933 was not due to the speculation in one or two alcohol stocks but to other more important factors. He said security and commodity prices started to rise in April as a result of abandonment of the gold standard. The fear of an inflation of our currency stimulated business, and the earnings of corporations started to rise for the first time in nearly 3 years, he added.

"Naturally", he continued, "security prices likewise rose, but the increase in the security market was as nothing compared to the rise in commodity prices. Wheat sold at more than $1.20 a bushel, and other grains rose to equivalent levels. The stock exchange was not responsible for this.

"The collapse in July did not start in the stock market but started in the grain market, where prices had reached an unsound level. The decline in commodity prices unsettled the stock market. It is to be noted that security prices have again returned to the level reached in July, whereas grain prices are still far below the peak reached in the July movement."

THE BEET-SUGAR INDUSTRY

Mr. METCALF. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Journal of Commerce, which I think is very interesting.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Journal of Commerce]

SUGAR BLOC CARRIES FIGHT TO ROOSEVELT; ASSURED OF SUPPORT—MEMBERS OF CONGRESS FROM BEET STATES LAY THREE-POINT PROGRAM BEFORE HIM—QUOTA REMOVAL URGED, BASIC COMMODITY RATING—ALSO WANT $25,000,000 FOR BENEFIT PAYMENTS ON 1933 CROP—WALLACE AIDS STIR THE PROTEST

By Clarence L. Linz

WASHINGTON, February 20.—A better deal for the domestic beet-sugar industry was promised a congressional delegation tonight by

President Roosevelt, who gave assurances that inferences that the administration was hostile to the maintenance of this industry in the United States were not based on fact.

Aroused over the utterances before the House Agriculture Committee by A. J. S. Weaver, sugar expert of the A.A.A., and apprehensive of what was said by Assistant Secretary of Agriculture Rexford G. Tugwell, Agricultural Adjustment Administrator Chester Davis, and Dr. Mordecai Ezekial, economic adviser to the Secretary of Agriculture, the beet-sugar bloc carried to the White House the industry's three-point program.

WEAVER CENTER OF FIGHT

Disclosures made before the committee yesterday by Mr. Weaver, in effect that Agricultural Department officials believe that the beet-sugar crop should be done away with, was pretty generally confirmed today by the officials named, although the latter endeavored to reassure committee members that the present control program does not contemplate such step.

The delegation carrying the protest to the White House included Senators ALVA B. ADAMS, of Colorado, and JOSEPH C. O'MAHONEY, of Wyoming, and Representatives EDWARD T. TAYLOR of Colorado, and J. W. ROBINSON, of Utah, all Democrats.

The three-point program of the sugar-beet industry is as follows:

1. Removal of quota restrictions upon domestic sugar production and authorizing the Secretary of Agriculture to determine the volume thereof annually and then allocate to other producing sections under the American flag and Cuba quotas sufficient to equal the spread between production and consumption.

2. Denomination of sugar beets as a basic commodity with the imposition of processing taxes as well as directions to the Secretary of Agriculture to see to it that processing cannot pass back to the farmers levies to be provided through marking down contract prices paid for beet production.

$25,000,000 FUND SOUGHT

3. Appropriation of $25,000,000 for the payment of benefits to beet growers, applicable to the 1933 crop, the theory being that other crops have had the benefits provided under the law and beet farmers are in need of this financing.

Beet-sugar companies, it was explained, are able to advise the A.A.A. as to from whom and in what quantities beets were procured.

In a conference which lasted for an hour and a quarter, the congressional delegation went over the general situation with the President, protesting against the declarations of Government officials indicative of the policy heretofore attributed to the Roosevelt administration of abandonment or sharp reduction of tariff protection for industries which have not shown themselves as well suited to American economic environment, sugar being in this category.

Following the conference the delegation issued the following formal statement:

"The President made it clear to us that any inferences that might have been drawn from the testimony of Mr. Weaver, of the Department of Agriculture, before the House Committee on Agriculture that the administration was hostile to the beet-sugar industry were without foundation.

TAKES ISSUE WITH WEAVER

"He assured us that Mr. Weaver did not express his sentiment and that only he, the President, and the Secretary of Agriculture were authorized to define administration policies.

"The President displayed a sympathetic attitude toward the sugar States and at the conclusion of our conference personally telephoned to the Department of Agriculture suggestions for modifications of the pending legislation designed to meet some of the conditions which we described. Amendments to the pending legislation will be drafted after conferences between representatives of sugar-producing States and the Secretary of Agriculture which are hopeful will meet the problem that confronts us."

Except that President Roosevelt has announced on numerous occasions his determination to send to Congress a request for broad authority to deal with the tariff as an incident to reciprocal trade agreements with foreign nations, he has refrained from discussing details of his policy.

However, the report of the experts of the commercial policy committee, of which Assistant Secretary of State Sayre is chairman, which has been accepted in many quarters as more or less the viewpoint of the administration, included sugar as one of the commodities that have some foothold in this country, but which, on the whole, are a burden because they possess so weak an economic basis or because they have exhausted that basis.

HIGH-TARIFF STATUS CITED

It is averred that these industries at the present time often have the highest rates of duty and despite that fact are only struggling along.

"If it were not for long tradition", continued the report, "through which the sugar industry has established so strong a place for itself that industry would probably come in this classification. In this would probably come minor or luxury branches of industry requiring large amounts of hand labor and employing only small numbers of workers."

Appearing before the committee today, Chester Davis conceded that sugar beets might be driven out of the domestic program under our long-range program, but promised that producers would be given time to find another crop to replace beets, whatever that crop may be.

Called upon by Representative HOPE (Republican, Kansas) if he agreed with Weaver's statements that Agriculture Department officials are determined to wipe out the domestic sugar industry, Assistant Secretary Tugwell said:

"I believe Mr. Weaver is a better Democrat than most of us. He believes no industry is entitled to tariff protection or to any protection unless it can stand on its own feet. I must admit that personally I agree with him.

CALLS SELF BETTER DEMOCRAT

"I believe I, too, am a better Democrat than most of the Department officials. My feeling is that the industry should be continued in sections where it cannot be supplanted by other industries."

It is understood that Mr. Tugwell collaborated with State Department experts in the preparation of the report presented to the Commercial Policy Committee.

In explaining the granting of a quota of 300,000 short tons under the 1933 production of beet sugar, he said that "this is nothing more than a compromise between conflicting interests", adding, "it is a mistake to dwell too much on the ultimate aspects of what is involved."

Throughout his testimony before the committee he referred to domestic sugar production as an expensive industry. He denied that the quota plan set forth in the President's message to Congress on that subject entails any reduction, claiming that last year's production was abnormal. He later corrected this statement, saying there would be some reduction in the normal beet-sugar output, but not in the same proportion as in the case of wheat, corn, and hogs.

EXPANSION BROUGHT UP

"Isn't it advantageous for us to increase rather than reduce acreage in view of the large areas of idle lands in the country?" Representative BOILEAU (Republican, Wisconsin) asked.

"It seems logical to us to prevent expansion until production of beets is profitable to the grower", Tugwell replied. "This bill does not make production of sugar profitable to the farmer It only makes it possible. The reason for not permitting expansion on the same basis is that the more it expands, the more expensive it becomes to the consumer. Every additional ton of beets would cost the consumer so much more."

"It does not do the farmers of the United States any good when we buy so little sugar from Cuba that they cannot buy our farm products", Dr. Ezekial contended. "The farm products we used to sell to Cuba represent more acres than are devoted to sugar production.

"If we expand our production of sugar, we go that much further toward cutting off our foreign market for farm products."

"We feel that the fact that the administration has been willing to sponsor a quota of 1,450,000 tons, which is the average of the last 3 years' production, and which is more than the continental United States ever produced except for last year", said Senator O'MAHONEY following the White House conference, "is a very good indication that there is no hostility toward the beet-sugar industry.

UNDERSTANDS PRESIDENT'S VIEWS

"We realize that the President naturally must take into consideration the national problem, and from this interview today we recognize his sympathetic understanding and that he is willing to entertain suggestions for improving the legislation from the viewpoint of sugar-producing States."

Senator ADAMS went much further than did his colleague, for he holds that the "beet-sugar industry should be encouraged to expand."

"I think it is an essential industry from the standpoint of national defense", he added.

Many members of the sugar bloc are far less tractable than Senator O'MAHONEY and are not inclined to pass the matter off so easily. They will direct their efforts, it was indicated, to substitute the beet-sugar industry's program for the Costigan bill, and President Roosevelt assured the delegation tonight that he would direct agricultural officials "to look further into the matter."

EVERY MAN A KING—ADDRESS BY SENATOR LONG

Mr. OVERTON. Mr. President, I ask unanimous consent to have printed in the RECORD an address by Senator HUEY P. LONG, of Louisiana, over the National Broadcasting System, on February 23, 1934, on the subject Every Man a King.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Is that a right of life, when the young children of this country are being reared into a sphere which is more owned by 12 men than it is by 120,000,000 people?

Ladies and gentlemen, I have only 30 minutes in which to speak to you this evening, and I, therefore, will not be able to discuss in detail so much as I can write when I have all of the time and space that is allowed me for the subjects, but I will undertake to sketch them very briefly without manuscript or preparation, so that you can understand them so well as I can tell them to you tonight.

I contend, my friends, that we have no difficult problem to solve in America, and that is the view of nearly everyone with whom I have discussed the matter here in Washington and elsewhere throughout the United States—that we have no very difficult problem to solve.

It is not the difficulty of the problem which we have; it is the fact that the rich people of this country—and by rich people I mean the super-rich—will not allow us to solve the problems, or rather the one little problem that is afflicting this country, because in order to cure all of our woes it is necessary to scale down the big fortunes, that we may scatter the wealth to be shared by all of the people.

We have a marvelous love for this Government of ours; in fact, it is almost a religion, and it is well that it should be, because we have a splendid form of government and we have a splendid set of laws. We have everything here that we need, except that we have neglected the fundamentals upon which the American Government was principally predicated.

How many of you remember the first thing that the Declaration of Independence said? It said, "We hold these truths to be self-evident, that there are certain inalienable rights for the people, and among them are life, liberty, and the pursuit of happiness"; and it said, further, "We hold the view that all men are created equal."

Now, what did they mean by that? Did they mean, my friends, to say that all men were created equal and that that meant that any one man was born to inherit $10,000,000,000 and that another child was to be born to inherit nothing?

Did that mean, my friends, that someone would come into this world without having had an opportunity, of course, to have hit one lick of work, should be born with more than it and all of its children and children's children could ever dispose of, but that another one would have to be born into a life of starvation?

That was not the meaning of the Declaration of Independence when it said that all men are created equal or "That we hold that all men are created equal."

Nor was it the meaning of the Declaration of Independence when it said that they held that there were certain rights that were inalienable—the right of life, liberty, and the pursuit of happiness.

Is that right of life, my friends, when the young children of this country are being reared into a sphere which is more owned by 12 men than it is by 120,000,000 people?

Is that, my friends, giving them a fair shake of the dice or anything like the inalienable right of life, liberty, and the pursuit of happiness, or anything resembling the fact that all people are created equal; when we have today in America thousands and hundreds of thousands and millions of children on the verge of starvation in a land that is overflowing with too much to eat and too much to wear?

I do not think you will contend that, and I do not think for a moment that they will contend it.

Now let us see if we cannot return this Government to the Declaration of Independence and see if we are going to do anything regarding it. Why should we hesitate or why should we quibble or why should we quarrel with one another to find out what the difficulty is, when we know what the Lord told us what the difficulty is, and Moses wrote it out so a blind man could see it, then Jesus told us all about it, and it was later written in the Book of James, where everyone could read it?

I refer to the Scriptures, now, my friends, and give you what it says not for the purpose of convincing you of the wisdom of myself, not for the purpose, ladies and gentlemen, of convincing you of the fact that I am quoting the Scripture means that I am to be more believed than someone else; but I quote you the Scripture, or rather refer you to the Scripture, because whatever you see there you may rely upon will never be disproved so long as you or your children or anyone may live; and you may further depend upon the fact that not one historical fact that the Bible has ever contained has ever yet been disproved by any scientific discovery or by reason of anything that has been disclosed to man through his own individual mind or through the wisdom of the Lord which the Lord has allowed him to have.

But the Scripture says, ladies and gentlemen, that no country can survive, or for a country to survive it is necessary that we keep the wealth scattered among the people, that nothing should be held permanently by any one person, and that 50 years seems to be the year of jubilee in which all property would be scattered about and returned to the sources from which it originally came, and every seventh year debt should be remitted.

Those two things the Almighty said to be necessary—I should say He knew to be necessary, or else He would not have so prescribed that the property would be kept among the general run of the people, and that everyone would continue to share in it; so that no one man would get half of it and hand it down to a son, who takes half of what was left, and that son hand it down to another one, who would take half of what was left, until, like a snowball going downhill, all of the snow was off of the ground except what the snowball had.

I believe that was the judgment and the view and the law of the Lord, that we would have to distribute wealth ever so often, in order that there could not be people starving to death in a land of plenty, as there is in America today.

We have in America today more wealth, more goods, more food, more clothing, more houses than we have ever had. We have everything in abundance here.

We have the farm problem, my friends, because we have too much cotton, because we have too much wheat, and have too much corn, and too much potatoes.

We have a home-loan problem because we have too many houses, and yet nobody can buy them and live in them.

We have trouble, my friends, in the country, because we have too much money owing, the greatest indebtedness that has ever been given to civilization, where it has been shown that we are incapable of distributing the actual things that are here, because the people have not money enough to supply themselves with them, and because the greed of a few men is such that they think it is necessary that they own everything, and their pleasure consists in the starvation of the masses, and in their possessing things they cannot use, and their children cannot use, but who bask in the splendor of sunlight and wealth, casting darkness and despair and impressing it on everyone else.

"So, therefore", said the Lord, in effect, "if you see these things that now have occurred and exist in this and other countries, there must be a constant scattering of wealth in any country if this country is to survive."

"Then", said the Lord, in effect, "every seventh year there shall be a remission of debts; there will be no debts after 7 years." That was the law.

Now, let us take America today. We have in America today, ladies and gentlemen, $272,000,000,000 of debt. Two hundred and seventy-two thousand millions of dollars of debts are owed by the various people of this country today. Why, my friends, that cannot be paid. It is not possible for that kind of debt to be paid.

The entire currency of the United States is only $6,000,000,000. That is all of the money that we have got in America today. All the actual money you have got in all of your banks, all that you have got in the Government Treasury, is $6,000,000,000; and if you took all that money and paid it out today you would still owe $266,000,000,000; and if you took all that money and paid again you would still owe $260,000,000,000; and if you took it, my friends, 20 times and paid it you would still owe $150,000,000,000.

You would have to have 45 times the entire money supply of the United States today to pay the debts of the people of America and then they would just have to start out from scratch, without a dime to go on with.

So, my friends, it is impossible to pay all of these debts, and you might as well find out that it cannot be done. The United States Supreme Court has definitely found out that it could not be done, because, in a Minnesota case, it held that when a State has postponed the evil day of collecting a debt it was a valid and constitutional exercise of legislative power.

Now, ladies and gentlemen, if I may proceed to give you some other words that I think you can understand—I am not going to belabor you by quoting tonight—I am going to tell you what the wise men of all ages and all times, down even to the present day, have all said: That you must keep the wealth of the country scattered, and you must limit the amount that any one man can own. You cannot let any man own $300,000,000,000 or $400,000,000,000. If you do, one man can own all of the wealth that the United States has in it.

Now, my friends, if you were off on an island where there were 100 lunches, you could not let one man eat up the hundred lunches, or take the hundred lunches and not let anybody else eat any of them. If you did, there would not be anything else for the balance of the people to consume.

So, we have in America today, my friends, a condition by which about 10 men dominate the means of activity in at least 85 percent of the activities that you own. They either own directly everything or they have got some kind of mortgage on it, with a very small percentage to be excepted. They own the banks, they own the steel mills, they own the railroads, they own the bonds, they own the mortgages, they own the stores, and they have chained the country from one end to the other until there is not any kind of business that a small, independent man could go into today and make a living, and there is not any kind of business that an independent man can go into and make any money to buy an automobile with; and they have finally and gradually and steadily eliminated everybody from the fields in which there is a living to be made, and still they have got little enough sense to think they ought to be able to get more business out of it anyway.

If you reduce a man to the point where he is starving to death and bleeding and dying, how do you expect that man to get hold of any money to spend with you? It is not possible.

Then, ladies and gentlemen, how do you expect people to live, when the wherewith cannot be had by the people?

In the beginning I quoted from the Scriptures. I hope you will understand that I am not quoting Scripture to you to convince you of my goodness personally, because that is a thing between me and my Maker, that is something as to how I stand with my Maker and as to how you stand with your Maker. That is not concerned with this issue, except and unless there are those of you who would be so good as to pray for the souls of some of us. But the Lord gave his law, and in the Book of James they said so, that the rich should weep and howl for the miseries that had come upon them; and, therefore, it was written that when the rich hold goods they could not use and could not consume, you will inflict punishment on them, and nothing but days of woe ahead of them.

Then we have heard of the great Greek philosopher, Socrates, and the greater Greek philosopher, Plato, and we have read the dialog between Plato and Socrates, in which one said that great riches brought on great poverty, and would be destructive of a country. Read what they said. Read what Plato said; that you must not let any one man be too poor, and you must not let any one man be too rich; that the same mill that grinds out the extra rich is the mill that will grind out the extra poor, because, in order that the extra rich can become so affluent, they must necessarily take more of what ordinarily would belong to the average man.

It is a very simple process of mathematics that you do not have to study, and that no one is going to discuss with you.

So that was the view of Socrates and Plato. That was the view of the English statesmen. That was the view of American statesmen. That was the view of American statesmen like Daniel Webster, Thomas Jefferson, Abraham Lincoln, William Jennings Bryan, and Theodore Roosevelt, and even as late as Herbert Hoover and Franklin D. Roosevelt.

Both of these men, Mr. Hoover and Mr. Roosevelt, came out and said there had to be a decentralization of wealth, but neither one of them did anything about it. But, nevertheless, they recognized the principle. The fact that neither one of them ever did anything about it is their own problem that I am not undertaking to criticize; but had Mr. Hoover carried out what he says ought to be done, he would be retiring from the President's office, very probably, 3 years from now, instead of 1 year ago; and had Mr. Roosevelt proceeded along the lines that he stated were necessary for the decentralization of wealth, he would have gone, my friends, a long way already, and within a few months he would have probably reached a solution of all of the problems that afflict this country today.

But I wish to warn you now that nothing that has been done up to this date has taken one dime away from these big-fortune holders; they own just as much as they did, and probably a little bit more; they hold just as many of the debts of the common people as they ever held, and probably a little bit more; and unless we, my friends, are going to give the people of this country a fair shake of the dice, by which they will all get something out of the funds of this land, there is not a chance on the topside of this God's eternal earth by which we can rescue this country and rescue the people of this country.

It is necessary to save the Government of the country, but is much more necessary to save the people of America. We love this country. We love this Government. It is a religion, I say. It is a kind of religion people have read of when women, in the name of religion, would take their infant babes and throw them into the burning flame, where they would be instantly devoured by the all-consuming fire, in days gone by; and there probably are some people of the world even today, who, in the name of religion, throw their own babes to destruction; but in the name of our good Government people today are seeing their own children hungry, tired, half-naked, lifting their tear-dimmed eyes into the sad faces of their fathers and mothers, who cannot give them food and clothing they both needed, and which is necessary to sustain them, and that goes on day after day, and night after night, when day gets into darkness and blackness, knowing those children would arise in the morning without being fed, and probably go to bed at night without being fed.

Yet in the name of our Government, and all alone, those people undertake and strive as hard as they can to keep a good government alive, and how long they can stand that no one knows. If I were in their place tonight, the place where millions are, I hope that I would have what I might say—I cannot give you the word to express the kind of fortitude they have; that is the word—I hope that I might have the fortitude to praise and honor my Government that had allowed me here in this land, where there is too much to eat and too much to wear, to starve in order that a handful of men can have so much more than they can ever eat or they can ever wear.

Now, we have organized a society, and we call it "Share Our Wealth Society", a society with the motto "every man a king."

Every man a king, so there would be no such thing as a man or woman who did not have the necessities of life, who would not be dependent upon the whims and caprices and ipsi dixit of the financial martyrs for a living. What do we propose by this society? We propose to limit the wealth of big men in the country. There is an average of $15,000 in wealth to every family in America. That is right here today.

We do not propose to divide it up equally. We do not propose a division of wealth, but we propose to limit poverty that we will allow to be inflicted upon any man's family. We will not say we are going to try to guarantee any equality, or $15,000 to families. No; but we do say that one third of the average is low enough for any one family to hold, that there should be a guaranty of a family wealth of around $5,000; enough for a home, an automobile, a radio, and the ordinary conveniences, and the opportunity to educate their children; a fair share of the income of this land thereafter to that family so there will be no such thing as merely the select to have those things, and so there will be no such thing as a family living in poverty and distress.

We have to limit fortunes. Our present plan is that we will allow no one man to own more than $50,000,000. We think that with that limit we will be able to carry out the balance of the program. It may be necessary that we limit it to less than $50,000,000. It may be necessary, in working out of the plans, that no man's fortune would be more than $10,000,000 or $15,000,000. But be that as it may, it will still be more than any one man, or any one man and his children and their children, will be able to spend in their lifetimes; and it is not necessary or reasonable to have wealth piled up beyond that point where we cannot prevent poverty among the masses.

Another thing we propose is old-age pension of $30 a month for everyone that is 60 years old. Now, we do not give this pension to a man making $1,000 a year, and we do not give it to him if he has $10,000 in property, but outside of that we do.

We will limit hours of work. There is not any necessity of having overproduction. I think all you have got to do, ladies and gentlemen, is just limit the hours of work to such an extent as people will work only so long as is necessary to produce enough for all of the people to have what they need. Why, ladies and gentlemen, let us say that all of these labor-saving devices reduce hours down to where you do not have to work but 4 hours a day; that is enough for these people, and then praise be the name of the Lord, if it gets that good. Let it be good and not a curse, and then we will have 5 hours a day and 5 days a week, or even less than that, and we might give a man a whole month off during a year, or give him 2 months; and we might do what other countries have seen fit to do, and what I did in Louisiana, by having schools by which adults could go back and learn the things that have been discovered since they went to school.

We will not have any trouble taking care of the agricultural situation. All you have to do is balance your production with your consumption. You simply have to abandon a particular crop that you have too much of, and all you have to do is store the surplus for the next year, and the Government will take it over. When you have good crops in the area in which the crops that have been planted are sufficient for another year, put in your public works in the particular year when you do not need to raise any more, and by that means you get everybody employed. When the Government has enough of any particular crop to take care of all of the people, that will be all that is necessary; and in order to do all of this, our taxation is going to be to take the billion-dollar fortunes and strip them down to frying size, not to exceed $50,000,000, and if it is necessary to come to $10,000,000, we will come to $10,000,000. We have worked the proposition out to guarantee a limit upon property (and no man will own less than one third the average), and guarantee a reduction of fortunes and a reduction of hours to spread wealth throughout this country. We would care for the old people above 60 and take them away from this thriving industry and give them a chance to enjoy the necessities and live in ease, and thereby lift from the market the labor which would probably create a surplus of commodities.

Those are the things we propose to do. "Every man a king." Every man to eat when there is something to eat; all to wear something when there is something to wear. That makes us all a sovereign.

You cannot solve these things through these various and sundry alphabetical codes. You can have the N.R.A. and P.W.A. and C.W.A. and the U.U.G. and G.I.N. and any other kind of "dadgummed" lettered code. You can wait until doomsday and see 25 more alphabets, but that is not going to solve this proposition. Why hide? Why quibble? You know what the trouble is. The man that says he does not know what the trouble is is just hiding his face to keep from seeing the sunlight.

God told you what the trouble was. The philosophers told you what the trouble was; and when you have a country where one man owns more than 100,000 people, or a million people, and when you have a country where there are four men, as in America, that have got more control over things than all the 120,000,000 people together, you know what the trouble is.

We had these great incomes in this country; but the farmer, who plowed from sunup to sundown, who labored here from sunup to sundown for 6 days a week, wound up at the end of the time with practically nothing.

And we ought to take care of the veterans of the wars in this program. That is a small matter. Suppose it does cost a billion dollars a year—that means that the money will be scattered throughout this country. We ought to pay them a bonus. We can do it. We ought to take care of every single one of the sick and disabled veterans. I do not care whether a man got sick on the battlefield or did not; every man that wore the uniform of this country is entitled to be taken care of, and there is money enough to do it; and we need to spread the wealth of the country, which you did not do in what you call the N.R.A.

If the N.R.A. has done any good, I can put it all in my eye without having it hurt. All I can see that the N.R.A. has done is to put the little man out of business—the little merchant in his store, the little Dago that is running a fruit stand, or the Greek shoe-shining stand, who has to take hold of a code of 275 pages and study it with a spirit level and compass and looking-glass; he has to hire a Philadelphia lawyer to tell him what is in the code; and by the time he learns what the code is, he is in jail or out of business; and they have got a chain code system that has already put him out of business. The N.R.A. is not worth anything, and I said so when they put it through.

Now, my friends, we have got to hit the root with the ax. Centralized power in the hands of a few, with centralized credit in the hands of a few, is the trouble.

Get together in your community tonight or tomorrow and organize one of our Share Our Wealth societies. If you do not understand it, write me and let me send you the platform; let me give you the proof of it.

This is HUEY P. LONG talking, United States Senator, Washington, D.C. Write me and let me send you the data on this proposition. Enroll with us. Let us make known to the people what we are going to do. I will send you a button, if I have got enough of them left. We have got a little button that some of our friends designed, with our message around the rim of the button, and in the center "Every man a king." Many thousands of them are meeting through the United States, and every day we are getting hundreds and hundreds of letters. Share Our Wealth societies are now being organized, and people have it within their power to relieve themselves from this terrible situation.

Look at what the Mayo brothers announced this week, these greatest scientists of all the world today, who are entitled to have more money than all the Morgans and the Rockefellers, or anyone else, and yet the Mayos turn back their big fortunes to be used for treating the sick, and said they did not want to lay up fortunes in this earth, but wanted to turn them back where they would do some good; but the other big capitalists are not willing to do that, are not willing to do what these men, 10 times more worthy, have already done, and it is going to take a law to require them to do it.

Organize your Share Our Wealth Society and get your people to meet with you, and make known your wishes to your Senators and Representatives in Congress.

Now, my friends, I am going to stop. I thank you for this opportunity to talk to you. I am having to talk under the auspices and by the grace and permission of the National Broadcasting System tonight, and they are letting me talk free. If I had the money, and I wish I had the money, I would like to talk to you more often on this line, but I have not got it, and I cannot expect these people to give it to me free except on some rare instance. But, my friends, I hope to have the opportunity to talk with you, and I am writing to you, and I hope that you will get up and help in the work, because the resolutions and bills are before Congress, and we hope to have your help in getting together and organizing your Share Our Wealth society.

Now, that I have but a minute left, I want to say that I suppose my family is listening in on the radio in New Orleans, and I will say to my wife and three children that I am entirely well and hope to be home before many more days, and I hope they have listened to my speech tonight, and I wish them and all of their neighbors and friends everything good that may be had.

I thank you, my friends, for your kind attention, and I hope you will enroll with us, take care of your own work in the work of this Government, and share or help in our Share Our Wealth society.

I thank you.

COMPENSATION OF GOVERNMENT EMPLOYEES

Mr. HATFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an address by E. Claude Babcock, president of the American Federation of Government Employees, delivered over radio station WRC today, March 1, concerning the present status of pay-cut legislation.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

PAY-CUT PIGEONHOLE VETO

This evening it seems appropriate to say a few words about the action of the House of Representatives in administering a pigeonhole veto of the independent offices appropriation bill which contains the Government pay-cut provision.

Before Congress met work was started on the supply measure for the independent offices which was again chosen as the vehicle for the so-called "economy legislation." The pay-cut advocates marched up the hill with their troops gagged and bound. The measure went through committee action and then action in the House of Representatives, Senate committee action, and then Senate floor action. After this was over it was discovered there was not any pay-cut legislation for the next fiscal year left in the bill; so the pay-cut advocates marched right down the hill again by sending the bill back to the House Appropriations Committee, which according to the statements of some people is not going to take any action at all, at least for sometime. This vetoes the bill, at least for the time being, and it is appropriate to see just where we stand.

The House bill, as introduced by the Appropriations Committee, contained the following provisions detrimental to the service in the higher sense and injurious to the Government employees:

1. Ten percent pay cut for the next fiscal year.
2. Prohibition on promotions, both automatic and administrative.
3. Maintenance of over charges for Q.S.L.
4. Prohibition against reallocations, as required by the Classification Act.
5. Prohibition on the filling of vacancies.
6. Reductions in travel allowances.
7. Restrictions on transfers of noncivilian personnel.
8. Suspension of reenlistment allowances.

As before stated, all of these provisions and some other restrictions were included in the House committee's bill. None of them are desirable, and insofar as this House text is concerned, a pigeonhole veto is highly advantageous to the Government employee.

When the Senate was through with the bill, some of these unfavorable provisions were stricken out, for example, the pay cut for 1935 was eliminated, the prohibition on promotions was eliminated, and provision was made for adjustment of charges for Q.S.L. under the Hatfield amendment. Thus far, the Senate as to those provisions simply went back to the status of no legislation on the subject, so that as to these provisions the House pigeonhole veto has the same effect as the Senate action. Stated in other words, under the House pigeonhole veto, there may be no pay cut for 1935; there will be no restriction on promotions and adjustment of Q.S.L. may be made.

There are two affirmative actions, however, which were taken by the Senate, which are favorable to the employees and which would not go into effect under the pigeonhole veto. These are:

1. The reduction of this year's pay cut from 15 to 10 percent, starting February 1; and

2. The Thomas amendment, with the following three provisions:

(a) Establishment as minima of salaries for wage-board positions the wages in effect on June 1, 1932.

(b) Establishment of 40-hour week for these positions.

(c) Provision for time and a half for overtime for these positions.

So that, in summary, the effect of the pigeonhole veto by the House is to remove all of the temporary economy provisions, including the complete restoration of pay as of July 1, on the one hand, and the loss of the partial restoration as of February 1 and the Thomas amendment, on the other hand.

Whether it will be the intention of those in authority to try later to reenact some of the so-called "temporary economy provisions" is not known. However that may be, it is thought that there is high prospect for the complete elimination of the pay cut as of July 1 and a return to the normal Government standard of pay as of that date.

It may be said in passing, since there has been discussion of the effects of the Executive veto, that they would be identical with the effects discussed above of the suspending pigeonhole House veto.

The American Federation of Government Employees has been working for months to forward the President's recovery program by having governmental salaries alined with that program by having them restored to normal levels. The pay restoration, which simply means return to the Government standard, will continue to be the prime objective of the American Federation of Government Employees. Whether this objective is obtained by positive legislation, by House pigeonhole veto, or by Executive veto is comparatively unimportant. Of course, we would prefer to have the bill as passed by the Senate become law by Presidential signature, because that would entail the benefits to be derived from reduction of the pay cut in this fiscal year and from the Thomas amendment. However, we would prefer to have no legislation, and as a result the repeal of the pay cut, rather than any compromise which would continue it, the pay cut, into the next fiscal year.

For this reason, the present situation is highly acceptable to the American Federation of Government Employees and the thousands of Government employees it represents.

Thank you very much.

LET'S TALK COMMON SENSE—ADDRESS BY WILLIAM S. BENNET

Mr. HATFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD a speech by William S. Bennet, a former Member of the House of Representatives, before the James G. Blaine Club, of New York City, February 8, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

There are many reasons why it is a pleasure to be here tonight. First, my friendship of nearly 30 years with Mr. Levinson. Second, the opportunity, at a time when serious questions must be seriously considered, to appeal before this particular group, which has demonstrated by its loyal adherence to the Republican Party in this heavily Democratic section, that it adheres to principles rather than self-interest. Third, the feeling that those of us who in this generation have had a sustained interest in American governmental questions, should, for the common good, and regardless of whether our views are either popular or agreed to, or even entirely correct, nevertheless contribute those views for the common consideration, even if for no other purpose than to form a basis of discussion.

My theme for this evening is "Let's Talk Common Sense." While you are my sole audience, I shall paraphrase the expression often used by those speaking over the radio. I, too, have an invisible audience, although of another sort—4 men: 2 Democrats and 2 Republicans. The two Democrats, respectively, my maternal great-grandfather, who cast his first vote for the second election of Thomas Jefferson in 1804, and thereafter voted the Democratic ticket exclusively until his death, in 1868; and his son, my grandfather, who during his entire life also voted the straight Democratic ticket. The other two are my paternal grandfather, first a Whig, then, with William H. Seward, one of the founders of the Republican Party in the State and Nation; and his son, my father, also a lifelong Republican. All 4 are long since dead, but I never prepare a talk of any moment on governmental subjects without bearing in mind these 4 men, differing in politics but equal in their Americanism. It has never seemed to me that any political party was worth while except one founded upon principles, and that to discuss great questions from the standpoint of party advantage was not rising to the fullest sense of responsibility. While I am a loyal Republican, addressing loyal Republicans, I shall therefore ask you to consider what I have to say from a purely American standpoint and without reference to the duty, the responsibility, the advantage, the position, or even the future of our party.

Many of the questions before us are new, and some can be described by no other term than revolutionary. For the first time in our history, persons in governmental positions in Washington,

and with access to the President of the United States, are taking the position that government under our form has failed, either in whole or in part, that the provisions of our Constitution are not wholesome and healthy safeguards of the rights of the people and a firm foundation for a proper system of government, but are bonds under which we should chafe, and that the governmental structure is antiquated and outgrown. We are actually taught that in the winter of 1933–34 chaos prevailed, and that our generation had proved itself a complete failure. This teaching has had a more far-reaching effect than those who indulged in it anticipated, and has engendered beliefs which the teachers themselves do not share. As an example—some weeks ago there sat on opposite sides of the same desk, in the N.R.A. two men, one in his late fifties, a business success, although not in the multi-millionaire class; the other, a young man of possibly 30, who one day said to his older colleague, "You ought not to be here", and in answer to the question "Why?"—"For two reasons. First, you are 20 years too old; second, you belong to a generation which has made a failure of everything." This young man believes that those who have lived and worked during the last 30 to 40 years have failed in everything, and he is typical of the school of thought which has been founded by the somewhat careless talk of some of those at present holding public office in Washington—in different ranks and in various departments. Our generation has not failed. My experience in New York City commenced in March 1893, so I can speak with the personal knowledge of an adult for a period of over 40 years. I make this challenge: If anyone will state any respect in which he thinks there has been retrogression in the last 40 years, I shall undertake to demonstrate from records that there is no aspect of our country, material or spiritual, in which there has not been improvement during those 40 years.

President Roosevelt does not believe that we have failed. In his inaugural address he said, "The people of the United States have not failed."

Two things, however, are quite true. First, some of the problems which our predecessors were unable to solve we also have been unable to solve. Second, our very material successes have created material problems not yet settled, but neither of these indicates failure.

I imagine that the young man, when he said that our generation had made a failure of everything, had in mind material things. Statistics show that we have not failed there. In 1900 our national wealth was estimated at $88,517,000,000, and our per capita wealth at $1,165. These figures had increased in 1920 to totals, respectively, of $488,700,000,000 and $4,586, and decreased in 1932 to $247,300,000,000 and $1,981, respectively. The figures for 1900 are from the Statistical Abstract of the United States, and those for 1920 and 1932 from the computations of the National Industrial Conference Board. They speak for themselves, and, on the basis of that substantial wealth, the President of the United States is confident of being able, between now and June 30, to refund $4,000,000,000 of outstanding indebtedness and borrow an additional six billions. Certainly a country which, after 5 winters of depression, can look forward confidently to increasing its indebtedness from $25,000,000,000 to $31,000,000,000, has not failed materially, even though at the close of the World War our aggregate national wealth was far higher than it is today.

History will record that the depression from which we are still suffering was world-wide, commencing in some countries before it was felt here, and in other countries later. It is useless to speak of the causes, because we do not fully know all of them. In a general way the world-wide depression hooks up with the World War, although the rapid advance in production by machinery has its place also. In our country the fall in commodity prices was the first step in the depression, and that occurred months before the stock-market crash, which was both a symptom of the depression and its great acceleration. History will also record that the world-wide rise from the depression commenced in the latter part of 1932, so that the burden of coping with the depression itself all fell upon Mr. Hoover, while the problems in relation to our emergence from the depression belong to Mr. Roosevelt. Our country has had many depressions. Those of 1837, 1857, 1873, and 1893 are probably the outstanding ones, although we had sharp panics and some liquidations in 1907 and 1921.

It is worthy of note that during no depression prior to the present one was it considered that the Federal administration had any general duty in the premises. It is true that Mr. Cleveland acted vigorously and successfully to preserve the gold standard, but that was distinctly a governmental duty and not one pertaining to the general economic welfare. It is not of record that Theodore Roosevelt, in 1907, or Mr. Wilson or Mr. Harding, in the latter part of 1920 or the early part of 1921, attempted other than strictly governmental duties. Mr. Hoover, however, was an experienced organizer. We are all familiar with his work first in Belgian relief and his post-war work in various European countries. Later, while Secretary of Commerce, he took charge of flood relief in Arkansas, Mississippi, and Louisiana in connection with the work both of the Government and of the National Red Cross. For this work he was highly commended by resolutions of the Legislatures of Mississippi and Louisiana. Still later, and in the early days of his own administration, he directed the organization of the relief work in connection with the great drought in the Middle West. His fame as an organizer of work of relief against famine, flood, and drought is securely established. With this proved ability and special training, and possibly broader world views than those who had occupied the Presidency during preceding depressions, it was but natural that Mr. Hoover should, in 1930 and subsequent years, act promptly and effectively. Under his leadership employers and labor leaders agreed, the employers not to reduce wages, the labor leaders to discourage strikes; industry agreed to expand purchases and to spread employment; community welfare organizations were formed into a national organization, which still continues under the leadership of Mr. Roosevelt, with Newton D. Baker in direct charge; the National Credit Corporation was organized and performed useful and necessary service, and, with the cooperation of the Congress, appropriations for $2,358,430,000 were made for Government public works and $1,177,500,000 for agricultural relief and loans for and to agriculture, making a stupendous total of $3,535,930,000 recommended by Mr. Hoover and appropriated by Congress during the depression period with the idea in view of minimizing unemployment; the Reconstruction Finance Corporation was organized, largely on the lines which have proved successful in the conduct of the War Finance Corporation; the hearings before the Senate Committee on Banking and Currency, culminating in the Glass-Steagall banking bill, were commenced, as was also, at the direct request of Mr. Hoover, the investigation by the Banking and Currency Committee of the Senate into security and financial conditions, which investigation has already brought about many important reforms and still continues; laws relating to farm-loan banks were amended and liberalized; and statutes permitting the organization of home-loan banks and agricultural-credit associations were passed.

Mr. Hoover was able to report, in his annual message to the Congress, on December 6, 1932, that the rise from the depression had commenced. Practically all economists and students of government now agree that the world-wide rise from the depression commenced in 1932 and still continues, although, possibly, the majority place it at a later month than July 1932, which is the month which Mr. Hoover's figures show that conditions commenced to improve in the United States. The exact minute, however, is unimportant and possibly differs in different countries of the world.

The Farm Board was not organized because of the depression but as the result of a plank in the Republican platform. Its cooperative marketing provisions remain unrepealed and are of beneficial effect to those farmers who have availed themselves of them. Its price-fixing feature unquestionably benefited individual farmers, but the service was costly. That provision was repealed, but to some extent it has been revived and continues in the work of the Agricultural Adjustment Administration.

Mr. Hoover and the two Congresses of his administration were able to accomplish all this and at the same time maintain the historic reputation of our Government for honor and integrity in all its financial dealings. Every obligation of the United States was met when due, both at home and abroad, and strictly in accordance with the terms of each agreement. Our sound-money system retained its integrity and reliability.

Our system of banking, however, proved unable to meet fully the demands of the crisis.

There has been some unjust criticism of the Democrats in the Senate and House during the Seventy-first and Seventy-second Congresses. As to the Seventy-first Congress, it is sufficient to say that there was legislation of an effective kind on every character of legislation promised by the Republican platform of 1928, except as to the antilynching bill, and the failure of that legislation was not due to Democratic opposition but to the serious doubt as to its constitutionality.

In the Seventy-second Congress the House was Democratic and the Senate, although nominally Republican with a reduced majority, was anti-Hoover. Nevertheless, Mr. Hoover was able to say in his message of December 6, 1932, "The unprecedented emergency measures enacted and policies adopted undoubtedly saved the country from economic disaster."

It is true that the Democratic House, in the short session of the Seventy-second Congress, refused to cooperate with Mr. Hoover's plan for consolidation of some 50 governmental commissions and independent agencies; but Mr. Roop, the Director of the Budget, appointed by Mr. Hoover, testifying before the Special Economy Committee of that session, when asked the question whether, in his individual judgment, it would not be better to let this matter go over to the newly elected administration, so soon to come in, said that in his opinion it would. He may have been wrong in his judgment, but one can scarcely blame a Democratic majority for believing that the incoming President of their own faith would accept at least those suggestions of Mr. Hoover which Senator KING, of Utah, a veteran Democrat and a student of Government, said, on March 12, "I heartily approve."

That session also removed the limitations which, in the prior session, it had placed on the President's exercise of the power of consolidation and reorganization, and gave Mr. Roosevelt much wider powers. For a 2-year period, Mr. Roosevelt can make any reorganizations or consolidations which he thinks will be beneficial, and such reorganizations or consolidations go into effect 61 days after they are reported to Congress, and whether Congress is in session or not during the entire 60-day period. All that Congress can do, if it does not like the President's Executive orders, is to repeal the law. It can also make his actions effective prior to the expiration of the 60-day period. Mr. Roosevelt has not taken much advantage of this statute. On June 10, 1933, he notified Congress of Executive orders which he said would effect economies of $25,000,000 annually. As the effective date of some, if not all, of these Executive orders was subsequently ex-

tended by Mr. Roosevelt, it is impossible to state the precise effect of his orders under this statute, but it is evident that the savings under them were not great.

While, as I have said, much of the criticism of the Democrats in the Seventy-first and Seventy-second Congresses was unjust and unmerited, and while in both Congresses Mr. Hoover was given a large measure of cooperation when national conditions demanded it, they undoubtedly could have given Mr. Hoover a far larger measure of cooperation with benefit to the country, and it is generally accepted as a fact that the reputation of the Seventy-second Congress for efficiency and successful legislation is not especially high.

History will record it to Mr. Hoover's credit that his defeat in November 1932 caused no abatement in either the quality or quantity of the service which he gave to the country as President between election day and March 4, 1933. In his annual message on December 6, already before referred to, after reciting the appropriations, also already mentioned, and noting that the appropriations for expenditures for Government public works in the fiscal years 1930, 1931, 1932, and 1933 were approximately eight times the cost of building the Panama Canal, he made and renewed certain recommendations: A reduction of expenses sufficient to balance the Budget; increased taxation to bring about increased income and also to take the place of certain taxation authorized in the first session of the Seventy-second Congress, which taxation had not proved either efficient or profitable. He also pointed out the defects in our banking system in some detail, and recommended its reorganization, and spoke of plans for cooperation with other governments. Later, on February 20, 1933, he recommended to the Congress Secretary Hyde's plan for the leasing of marginal lands with the expense defrayed by what we now know as processing taxes.

The defects in the banking system to which Mr. Hoover alluded are well known. On the face of it a system under which a banker accepts deposits payable on demand, and then, in order to meet the expenses of the business, loans those deposits to others at interest, but for varying periods of time, is impossible. Everyone recognizes that there are practically no banks and never have been which could or can stand a 100-percent run. I personally know of three—the First National Bank of Englewood, Cook County, Ill.; the Capital State National Bank, of Jackson, Miss.; and the Market Square National Bank, of Philadelphia, Pa. These banks have the total amount of their deposits either in their vaults in cash or in Government or other securities which could be almost instantaneously converted into cash and to an amount sufficient to pay their depositors in full. None of these banks makes very much money, but the respective depositors have an assurance of practically absolute security. I do not say that there are no other banks equally as liquid. I happen to know of these three.

While the National Credit Corporation saved many banks, and the Reconstruction Finance Corporation, between the period of its organization and December 1, 1932, made over 6,000 loans, each one of which was beneficial directly or indirectly to some bank or banks, it was inevitable that weaker units in the banking system would break down, and that, where they broke down in considerable numbers, their fall would be followed by the closing of banks which normally would have withstood the strain of the situation. In February 1933 the bank failures in Michigan were so large in amount that the Governor of that State, after a consultation with officials of the Treasury Department of the United States, issued an order closing every bank in that State, and the Congress of the United States promptly passed an act authorizing the Comptroller of the Currency to close National banks in States where the Governor had, by proclamation, closed State and private banks.

On the night before Mr. Roosevelt's inauguration, the Governors of the States of New York and Illinois, on the recommendation of the leading bankers of those States, closed every bank in those States, and the Comptroller of the Currency issued the cooperative orders to national banks, under the authority of the then recently enacted law. The closing of the remaining banks was inevitable. It is not necessary to go into the reasons. It is sufficient to say that a breathing spell was required by the banks; appreciation of the situation was necessary to the country, and the Reconstruction Finance Corporation and other agencies required a short period in which to make the proper and necessary plans for the support of the sound banks, which constituted all but a very small fraction of the entire number. Mr. Roosevelt met the banking situation courageously. He issued the necessary order for the closing of the banks, and his radio message to the people of the country, was, in my opinion, the best and most timely radio talk that any President of the United States has yet made. The closing of the banks made the immediate calling together of Congress necessary.

Mr. Roosevelt had no legislative program. In his message of March 9 he said: "In the short space of 5 days it is impossible for us to formulate completed measures to prevent the recurrence of the evils of the past." However, he had at hand Mr. Hoover's program, and his second legislative recommendation was the economy bill, embracing two of Mr. Hoover's recommendations—those permitting reduction of Government salaries and pensions and allowances to soldiers. This bill passed the House of Representatives with the aid of the recommendations of the Republican leaders there and of the votes of the majority of the Republican Members. Without that Republican support the bill would have failed, as the revolt against it amongst the Democrats was large. In putting the bill into effect Mr. Roosevelt somewhat modified Mr. Hoover's suggestions. Mr. Hoover had already secured legislation under which Government salaries had been reduced 8½ percent, and in his message of December 6 had recommended a modification of his policy and further reductions. He recommended that Government employees receiving $1,000 annually or less should not be reduced at all, and that the reduction of the salaries of others should be increased 11 percent, making an average reduction of Government salaries of 14.8 percent. Senator BORAH made a vigorous, although unsuccessful, fight in the Senate to secure this exemption of those receiving $1,000 or less. Mr. Roosevelt made a horizontal deduction of 15 percent, or only one fifth of 1 percent different from Mr. Hoover's recommendation.

As to the veterans, Mr. Hoover had recommended that the allowances to veterans of the World War whose disability was service connected and those who had become incapacitated through disability since the war should not be touched, but that allowances to others should be reexamined. Mr. Roosevelt, acting rather quickly, made deep cuts in all classes, so deep as later to bring about a reexamination in the Senate, bipartisan in its leadership, as the result of which reexamination many of those first stricken from the rolls have been restored. Restorations involving about $21,000,000 annually have been made since the 1st of January. These restorations have reduced the amount of the economies which Mr. Roosevelt promised and planned.

As the result of the organization by Mr. Hoover of the President's Organization on Unemployment Relief more than 5,000 representative enterprises in all lines of industry and commerce had adopted some plan of spreading employment—either reduced days per week, or reduced hours per day, or shortened shifts of continuous operation, or alternated shifts for individuals, or rotated days off. Some of these enterprises employed more than 1 of these 5 methods simultaneously. In August 1932 these movements were consolidated into the share-the-work movement, originated by the National Conference of Federal Reserve, Business, and Industrial Committees at a meeting held during that month in Washington, D.C. By March 4, 1933, under the energetic leadership of Walter C. Teagle, the plan was well under way.

Mr. Hoover had repeatedly recommended the suspension of the antitrust laws so far as the operations of the basic natural-resource industries were concerned.

Mr. Roosevelt called together the representatives of industry to assist in the drafting of a statute having for its purpose the assistance of industrial recovery. These representatives worked day and night for weeks, in conjunction with representatives of the administration, and drafted what afterward became, and now is, the National Industrial Recovery Act. As they drafted it, it embraced the principles of the share-the-work movement and the suspension of the antitrust laws under certain conditions, which suspension made possible agreements not only for the shortening of hours but for the increasing of wages, with the consequent increase of prices. They also worked out a plan for the necessary machinery of operation. To these two elements the Congress added, in modified form, an amendment presented prior thereto by Senator HATFIELD, of West Virginia, on three different occasions, modifying it so as to permit the President not only to increase tariffs but to impose embargoes, and limiting its operation to those cases where the increases or the embargoes would be of assistance to industry under the codes adopted under the provisions of the Recovery Act.

Mr. Hoover's agricultural recommendation of February 20 became the basis for the act under which the Agricultural Adjustment Administration is set up.

Mr. Hoover's remaining major recommendation was cooperation with foreign governments. He had agreed that our country should meet the representatives of 65 other nations in an international economic conference. He had made the necessary recommendation as to appropriations for expenses and had received the cooperation of Congress. He had not, however, agreed with the other nations as to the date. Mr. Roosevelt took up this recommendation with the ardor, the zeal, and the enthusiasm which characterize his advocacy of those matters in which he is interested. We all remember the visits to this country of the representatives of England, France, Germany, Italy, Japan, and other countries preparatory to the conference, the date of which was quickly fixed for June 1933.

The conference unfortunately proved to be a complete failure, and well-informed people assert that the silver agreement arrived at is so framed as to place most of the burdens on the United States, give most of the benefits to other signatory powers, and to cause us an expense of $90,000,000. I have not personally investigated this situation. I merely report the opinion of others.

While advocating and securing the legislation in line with Mr. Hoover's recommendations, and acting under the legislation after its adoption, Mr. Roosevelt and his advisers were also putting their own ideas into form for legislative recommendations.

So far those recommendations have related largely to legislation affecting our national currency and credit, although the Securities Act, which it is now admitted requires amendment before it can become operative and which has very slight beneficial possibilities, was the result of one of Mr. Roosevelt's recommendations. His friend and supporter, Walter Lippmann, describes it as a "naive" act, while others, both friendly and unfriendly to Mr. Roosevelt, use other and stronger terms.

As to Mr. Roosevelt's recommendations, independent of those based on Mr. Hoover's, it is sufficient to say that they have raised in the minds of the majority of our citizens serious questions as to whether the present administration prefers the Constitution as it is, or some other form of government. They have cast on our national honor the permanent blemish of repudiation of our

promise to pay the interest and principal of certain of our Government obligations in gold of the standard of weight and fineness which had existed in this country continuously since 1834. They have made both our exports and our imports more difficult, and have changed our currency system from stability to instability. They seem rapidly tending toward taking from banking, agriculture, and industry the control of their own affairs, and the creation of a condition where not only Government operation, Government supervision, and Government direction will ensue, but Government ownership must inevitably follow, and citizens now owning and controlling their own property must shortly relinquish that ownership, and, if they continue in that same business must do so as agents or employees of the Government. The only alternative is cancelation by the Government of hundreds of millions of dollars of indebtedness due the Government from private sources.

There is a widely prevalent fear that this undermining of private control of banking, agriculture, and industry must inevitably lead to changes in our Constitution, dangerous to the individual liberty of our citizens.

A sound, stable, and certain currency system is essential to our national economic life.

The maintenance of the integrity and honor of our Government in its financial operations is the desire of every good citizen, as is the keeping of our national promises as made.

Under these principles of government, the growth of our country has been steadily maintained until, even after 5 years of this great depression, our national wealth per capita stands well above that of any other of the principal nations of the world.

Without compelling necessity, and at a time when our holdings of gold were larger than those of any other one nation, we have gone off the gold standard, repudiated our obligations to holders of our bonds payable in gold, abolished any fixed standard for our currency, hampered our foreign trade by subjecting both exports and imports to the fluctuating uncertainty of our unstable dollar, made difficult and hazardous all long-term undertakings and cooperate financing, introduced a new and unnecessary risk into every American investment, thus halting that flow of capital into business necessary to continued recovery, and driving hundreds of millions of such capital into foreign investments and depositories. The full measure of business recovery cannot come so long as these grave menaces continue.

The asserted purpose of all these revolutionary changes was to bring about a rise in commodity prices, and that rise has not come. And, if the experience of other countries—Great Britain, Sweden, Japan, France, and Italy—is a guide, and there is no reason why it should not be, such increases will not come to us, as they did not come to them or to any of them through either depreciated currency, going off the gold standard, or revaluing the unit of currency.

Mr. Roosevelt's other major legislative suggestions have been the loaning and giving of money to States and municipalities for relief work, the C.C.C., the P.W.A., and the C.W.A. These are frankly measures designed to give unemployed people work and therefore should be judged with leniency.

Building unproductive public buildings is a thing to be avoided, if possible. Pericles tried it, in ancient Greece, during a depression and found that it worked all right during the construction period but that the maintenance cost thereafter was disastrous.

The most pronounced criticisms of the C.W.A. have been voiced by Gen. Hugh S. Johnson to the effect that the wages paid were badly considered and too high, that a whole lot of unnecessary work is being done, and recently, by Mr. Hopkins himself, as well as others, that graft is creeping in and that the various units are being utilized for political purposes.

The C.C.C. is subject to the least criticism. The wages paid, while high by comparison, go pretty directly to persons who need relief. The work is not competitive. It serves some useful purposes, and its long-range benefit will probably repay its entire cost.

Another project, the T.V.A., is frankly a project for the future, and has little effect on the present emergency.

Unquestionably, all these enormous expenditures of Government money have given employment to many who otherwise would have been on the straight dole; but we are faced with the question of how long we can afford to keep them up and whether we will not have to come to the dole anyway. Certainly, American citizens are not going to be allowed to die for want of food, shelter, and clothing; and if to provide these the dole is necessary, we will have to have a dole, either municipal, State, or Federal.

The question of maintaining a man's self-respect is important. I should think that employment at unnecessary work at higher than the prevailing wage, and on the recommendation of a minor political leader, would undermine self-respect quicker than maintenance by a dole, which a citizen could demand as a right under a statute. In England they have had the dole, and are now reducing unemployment. Of course, those who have had to accept the dole will have some deterioration of mental efficiency. That is, the power of initiative will be diminished. But our C.W.A. people are being affected that way also. In a small city recently the chief of police inspected the shovels being used by a C.W.A. unit and found that the blades had been reduced in size by the workers, thus making the work easier and the job longer. That unit had already lost its self-respect. On the other hand, the Emanuel Baptist Church, in Chicago, for many years has had, and still has, a one-meal-a-day bread line, at which all comers are given just enough food to maintain them until the next day. They sometimes feed 3,000 men a day. The significant fact, for our purpose, is that this service is supported by voluntary contributions, more than one half of the amount of which come from men who themselves at some time in the past have stood in that or some other bread line. Certainly the fact that these men now have incomes sufficient to permit them to contribute to the support of others is conclusive proof that they did not lose their earning capacity by themselves standing at one time in a bread line.

The most ominous fact which we have to face in the situation is that both Mr. Hoover's recommendations, as carried out by Mr. Roosevelt, and Mr. Roosevelt's recommendations, as carried out by himself and the Congress, have left 10,000,000 of our people still unemployed.

It is unquestionably true that the N.R.A. has put some people back to work. It is also true that the South, which received $160,000,000 for plowing under certain portions of its cotton crop and then produced more cotton than it had the previous year, has felt beneficially the effect of the distribution of Government moneys.

The farmers are debating the effect of the A.A.A.

Business is unquestionably better in this country, but our advance does not seem to have been as pronounced as in England, Canada, or Mexico. League of Nations figures as to England and Canada support this view. England, in particular, which has stuck to the policy of paying its way by high taxation, now has not only a balanced budget but a surplus, greatly reduced unemployment, and a national outlook of a far more cheerful character than ours, and this, although she met greater shocks and has far less substantial natural resources and less national per capita wealth than we.

We are all thankful that the automobile people in Detroit are employing twice the people in February 1934 than they did in 1933; that the business of the chain stores is greatly increased; and for every other unquestionable sign that things are better.

Nevertheless, with all this, the statistics of the Department of Labor, adjusted by the Federal Reserve Board, show employment figures as follows: September 1933, 74.3 percent of normal; October, 73.9; November, 72.4; December, 71.8. As to wages, the statistics of the same Department, not adjusted for seasonal variations, show the factory pay rolls in September at 57.6 of normal; October, 57.4; November, 53.6; December, 53.1. Production during the same period also fell from 84 percent of normal in September to 74 percent in December—a larger relative decline.

The American Federation of Labor, in the American Federationist, January 1934, page 41, said:

UNEMPLOYMENT ON THE INCREASE AGAIN—BOTH IN NOVEMBER AND THE FIRST PART OF DECEMBER UNEMPLOYMENT HAS INCREASED

"It is quite normal at this time of year for men to be laid off, both from farms and industries, but labor had hoped that this year, with all the emphasis placed by the administration on creating jobs, lay-offs at the year end would be much less severe than usual. Instead, more were laid off from mid-October to mid-November this year than last year, and trade-union figures for the first half of December show that again in December unemployment has increased slightly more than last year. These figures give the impression that industry is slackening in its efforts to create jobs and put men to work * * *.

"The worst lay-offs in November were in manufacturing, where 330,000 lost their jobs. These factory lay-offs are much larger than in any normal year for which we have records; larger also than in any year since depression."

In this connection, it is gravely important to recall that the Brookings Institute, in Current Monetary Issues, by Leo Pasvolsky, published in December 1933, points out that a country always brings about a decrease of production by creating an uncertainty as to its money.

These questions arise: Can we prosper if our 200,000 factories do not prosper? If all our efforts and the expenditure of billions of dollars during the last 5 years find us in a position where agriculture may have increased some, but not greatly, and factory employment, factory pay rolls, and factory production are now decreasing, ought we not to look for some additional remedy? How long can we continue to pay out billions of dollars a year annually for C.W.A., C.C.C., and A.A.A. if everything that we have done during the last 5 years leaves us with 10,000,000 still unemployed? Is there anything else that we can try with some chance of success?

In a talk that I made in this city on January 11, 1933, in the course of which I said, in relation to Mr. Roosevelt:

"President-elect Roosevelt has not only been intrusted by the people with the greatest public office on earth but he shares with President Hoover the period of the greatest responsibility, in our country, since Lincoln. We should not raise against his administration mere partisan obstruction. His suggestions should receive not only careful but considerate attention and be honestly, frankly, and temperately discussed. It should be kept in mind that, speaking generally, Republicans and Democrats are affected alike by the acts of Government. By captious criticism and willful misrepresentation we can hamper Mr. Roosevelt, but such means will hurt Republicans even more than Democrats. As the present minority party, we owe the country and Mr. Roosevelt's administration the duty of just, candid, and honest criticisms, when criticisms are justified; but a 'smear-Roosevelt' campaign for party advantage is not justified, would do our country no good, and might do it some harm. We cannot hurt our country to help our party."

I also said at that time the situation as to manufacturing industries in 1932, as compared with 1929, was as follows:

Summaries of totals for all manufacturing industries, 1931 and 1929

	1929	1931	Percent
Number of establishments	210,959	174,135	−17.5
Wage earners (average for year)	8,838,743	6,511,647	−26.3
Wages	$11,620,973,254	$7,225,587,464	−37.8
Cost of materials, containers for products, fuel, and purchase of electric energy	$38,549,579,732	$21,420,124,017	−44.4
Value of products	$70,464,863,443	$41,333,108,998	−41.3
Value added by manufacturer	$31,885,283,711	$19,912,984,981	−37.5

That situation has not improved. Why not use common sense? We know that from 1897 to 1909, 12 years, we were substantially prosperous, although we did have a short, sharp currency panic in 1907. We hear a good deal of talk about reciprocity and lowered tariffs. As to lower tariffs we know definitely that prosperity in this country has never increased during a period of lowered tariffs. As to reciprocal tariffs, none of the advocates of those has, so far, gone beyond the statement of generalities when there is something specific that can be discussed. Reciprocal tariffs cannot very well be discussed from the standpoint of admitting to this country, free, those things which we do not produce, upon the condition that the country exporting them, such, for instance, as Brazil in relation to coffee, should admit some of our products free, because we have already put on the free list all such articles as coffee that we do not produce, and about 65 percent of our imports, therefore, come in duty free. A reciprocal proposition consequently would have to mean that some industry now existing in our country would have to be sacrificed to permit the products of a similar foreign industry to come in. Personally, I have never been able to see how that would help anyone in our country, except those few persons employed in importing. It would not help sell our farm products abroad, because every other country is interested, as we are, in increasing the domestic markets for its own farm products, and is doing it by some form of tariff which keeps out the product of ours and all other countries. Italy, for instance, has just succeeded in creating a condition where the wheat consumed in Italy is grown in Italy. As a practical matter, it seems to me much easier to revive our own dwindling factories, and thus create a market for our farm products, than it is to attempt to get foreign countries to lower their tariffs so that their own agricultural industry can be ruined in order to help ours. Why would a wheat grower in England, France, Germany, or Italy advocate the destruction of his own farm values to benefit us so that some manufacturer in his country could ship goods to our country to injure some factory here?

A defect of our tariff system is pointed out by Dr. Arthur L. Faubel in an address before the National Association of Manufacturers, at New York City, on December 8, last. He said:

"For years we have needed a new deal on the tariff—a new deal which means a complete overhauling of our tariff policy and a scrapping of the whole tariff programs of both our major political parties. Our tariff policy has needed this overhauling for years past, during which years, by the way, we were supposed to be moving toward a so-called "scientific tariff"—not scientific in the pure laboratory sense, but scientific in the sense of recognizing, and being based on, facts. Art is supposed to create, and science to discover, but we do not yet seem to have discovered that England is not Czechoslovakia, Germany is not Japan, and France is not China.

"For a century and a half, we have enacted tariff law after tariff law with one rate per commodity regardless of the country from which the commodity comes and with a total disregard for the viciousness of the competition we ourselves foster in our markets by such a blind procedure. And we are doing this today, in the year of grace, 1933. We do it in order that we may piously advertise that we accord identical tariff treatment to all nations; and until we stop doing it, we shall be as far removed from a scientific tariff and as far removed from a new deal on the tariff as we are today.

"By our unscientific, single-rate tariff policy we penalize our import trade from the very foreign countries with which we should attempt most to stimulate it, and at the same time we give an unfair advantage to the imports from those foreign countries which economically merit the least consideration from us. Assume for the purpose of illustration that the value of a set of tableware produced in England for export to the United States is $10, that of a competing set of Czechoslovakian tableware is $8, while the value for a competing set from Japan is $6. These value figures—the $10 for England, $8 for Czechoslovakia, and $6 for Japan—are, in my opinion, very good indices of the economic status and standards of the country to which each applies. The chinaware paragraph in the present American tariff law assesses all three sets at the same ad valorem rate—70 percent. The ad valorem duty on the English set is thus $7, on the set from Czechoslovakia, $5.60, and on the Japanese set, $4.20. By our single-rate tariff policy we have increased Czechoslovakia's competitive advantage in our markets over England from $2 to $3.40, and we have increased Japan's competitive advantage over England in our markets from $4 to $6.80. In such figures as these lies the proof of the statement that our single-rate tariff policy results in our penalizing our import trade from countries whose economic standards and cost levels most nearly approach our own, at the same time that we aid and abet competition in our markets from the lower- and lowest-cost countries throughout the world. That our tariff policy actually is doing this can be shown statistically."

Possibly the situation which Dr. Faubel describes could also be met by American valuations instead of foreign valuations. This was recommended by the late Honorable Joseph W. Fordney, Chairman of the Ways and Means Committee, when the 1922 act was enacted, but rejected by the Congress.

It will be noted that I am far from giving the Republican Party a clean bill of health. I think that unquestionably they have allowed the low tariff wing of the party and the Democrats to influence them far too much. In my talk on January 11, already referred to, I also said:

"The fact is that we have not had a really adequate tariff act from a protective standpoint since the Dingley bill of 1897. That act came at the end of the depression of 1893. During that depression the evils of low-tariff rates were made apparent. The Republicans in 1896 elected William McKinley, a pronounced protectionist, and a Senate and House of protectionists. The Dingley tariff act that that Congress passed and that William McKinley signed was a real protective tariff act. Under it the country, except for the brief currency panic of 1907, prospered. No succeeding act has carried as effective protection to American industries as did that act. Each succeeding Republican act has felt, especially in the Senate, the effect of a combination of Democrats and low-tariff Republicans, which kept down rates and put on the free list the products of American factories, while the Democratic act of 1913 put even agricultural products on the free list.

"The World War prevented us from feeling fully the effect of the 1913 act. When the depression struck us in full force in 1929, we were under the tariff act of 1922, containing many rates which had been placed too low, over the voice and vote of Republican leaders who were stanch protectionists. The same influence in the Tariff Act of 1930 kept some of the rates in that law too low. For this short-sightedness we have been paying the penalty for 10 years and are now daily paying it, in increased unemployment and lowered wages.

"This situation it may require a Republican Congress and a Republican President to remedy. Still, if conditions continue bad, the Roosevelt administration may act. No more ardent low-tariff President ever went into that office than James Buchanan. But because the condition of the country demanded it, he signed, on March 3, 1861, the Morrill bill, the first Republican tariff act. History, slightly varied, may repeat itself before the close of Mr. Roosevelt's term."

As the Democratic Party, in its stated principles, has always been wrong on the tariff issue, and still is wrong, there is no use discussing it.

Under the system of foreign values permitted by the Hawley-Smoot bill, this is an illustration as to what is happening. When that act was passed, the Japanese yen was worth 50 cents in gold, and, therefore, a 40-percent tariff meant 20 cents revenue and a landed cost of 70 cents. The Japanese yen is now worth about 25 cents in gold, so that a 40-percenet tariff means 10 cents instead of 20 cents revenue and a landed price of 35 cents instead of 70 cents. Mr. Roosevelt, by his devaluation of our dollar, has disorganized our import situation in relation to the rates under the same bill, which is still the law. For instance, when he took office $1,000 would buy 25,500 francs' worth of merchandise in France. At a recent rate of exchange it required $1,560 to buy 25,500 francs' worth of merchandise in France. Using a 40-percent rate as an illustration, the duty on the $1,000 value before we went off the gold standard was $400. Using the same rate on the same article, same amount of goods purchased in France, the duty would be $624, so that for the goods that an American could buy on March 4, 1933, in France for $1,400 landed, duty paid, in our country, he now pays $2,184, or an increase of $784. The only practical way how this situation can be met is by the Frenchman's reducing his price in francs, which he may or may not be able to do, or by our abstaining from the import of those French goods, which we can do, but may not like to do. Otherwise we shall continue to pay a higher price for French goods.

It is not yet realized that the decrease in the gold content of our dollar by substantially 40 percent has tremendously increased the number of dollars which we have to pay for those things which we import. An illustration from France has already been given. Our major noncompetitive imports are coffee, raw silk, crude rubber, bananas, and tea. The devaluation of our dollar means that we have increased the amount of dollars necessary to buy these things 66⅔ percent. We once took a 5-percent tax off coffee because we did not want to tax the breakfast table, and now we impose, by a wave of the hand, a tax of 66⅔ percent. As to crude rubber, the price of that in this country went up from an index number of 100 in April 1933 to an index number of 275 in August 1933, and was about 265 in November 1933. From April to November the price of gold advanced only from 100 to about 155, so our recent legislation has made, or will make, the price of automobile tires much higher, to say nothing of coffee, tea, raw silk, and other things which we do not ourselves produce. In the meantime, our low tariffs on manufactured products—not high enough since 1909, levied on foreign values instead of American values, and affected to our detriment by the depreciated currencies of other countries—have either closed the factories or reduced their output or lowered the wages of American factories engaged in the production of about 200 different articles. Having tried a whole lot of new things, of which we knew very little, is it not about time that we tried a proper tariff, which worked well for a 12-year period so recently as 1897 to 1909. Is not that talking common sense?

"THOSE FIFTY-CENT DOLLARS"—ARTICLE BY NEIL CAROTHERS

Mr. FESS. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Washington Sunday Star on February 25, 1934, by Neil Carothers, professor of economics and director of the College of Business Administration at Lehigh University, on Those Fifty-Cent Dollars, What Is Devaluation? What Will the New Plan Mean to America? What the Financial Experts Think.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Sunday Star, Washington, D.C., Feb. 25, 1934]

THOSE 50-CENT DOLLARS—WHAT IS DEVALUATION—WHAT WILL THE NEW PLAN MEAN TO AMERICA—WHAT THE FINANCIAL EXPERTS THINK

(By Neil Carothers, professor of economics and director of the College of Business Administration at Lehigh University)

In Germany the government temporarily in control has inaugurated a novel plan for mass sterilization. In Italy, on the contrary, the ruling power has instituted an idyllic program of mass marriages. In the United States so far the theories of legislative and executive authority have crystallized only in the form of operative experiments on the economic framework, although in justice to our administrative genius it should be mentioned that last fall the N.R.A. reported that it was seriously considering a plan to stimulate marriages, the idea being to buttress that now-forgotten failure, the buy-now campaign, with an enlargement of consumer power in the markets for wedding rings, gardenias, and striped trousers.

Dispatches from Germany indicate that any citizen who questions the Government's program of persecution and physical violence is regarded as an unpatriotic obstructionist, blind to the emergency needs of his country. So also in our own Nation there is extant the curious doctrine that the ordinary citizen must submit, without even a timid question as to the purposes of the operation, to vivisections on his money, savings, life insurance, and income. Here and there some hardy soul has called this bizarre doctrine un-American. It is much more than that; it is Russian. The implications here are somber indeed, for it is a fact of history that a democratic government that is sure of itself and its policies welcomes discussion and criticism. The savage attacks by administration officials on those who, like Alfred E. Smith and Professor Sprague, have honestly and courageously questioned Government policies give the thoughtful observer pause.

This writer, for one, does not believe that there is a present necessity for the subdued tones, the cautious indirections, and the secret discussion that veil the critical attitude toward our present monetary policy of millions of intelligent and patriotic citizens. The program is admittedly experimental, and any citizen is entitled to voice his protests against experiments that may have very tangible adverse effects on his well-being. Some day a cloistered historian exempt from mob influence and official epithet will analyze with mordant pen the administrative psychology of our time. But we are concerned here with examining the direction of the experiments in the field of American currency.

ENACTMENTS NOT UNDERSTOOD

The Congress of the United States is now 145 years old. In that long space of years, with a consistency bordering on the incredible, it has failed to understand the monetary measures it has passed. Many persons have been distressed by the ludicrous spectacle the House presented when it passed the devaluation law. That was merely history proverbially repeating itself.

But only twice in its history has Congress debased the standard gold coin it had previously established—once in 1834 and once again, 100 years later, in 1934. Those editorial savants who have been referring to the unique and unprecedented character of the devaluation law have not explored among the dry bones of monetary history. Congress devalued the standard gold dollar in 1834. The reduction was small—something over 6 percent.

The ostensible purpose was a readjustment of the bimetallic monetary system. The real purpose was somewhat different. Some trivial gold deposits had been discovered in Georgia and North Carolina. Friends of these mines concocted the measure and slipped it through Congress. They were "doing something for gold." Curious readers who want the story's ending must be told that this law, long after the Georgia mines were forgotten, destroyed the coinage system of the country. It was ultimately responsible for the gold standard, whose establishment was later so bitterly reviled by the very party responsible for the law of 1834.

But there is no analogy between the law of 1834 and the law of 1934. Our present descent down the golden stairs is less by design than by accident, although it is a natural denouement of all that has preceded. Everyday persons who are mystified by the measure are not seeking to answer the question, How did we get this way? They are much more concerned with the question, Where are we now?

A brief and summary review of the successive steps to the bottom stair of devaluation will help to answer the second question. In making this review let us weigh briefly the aims and the merits of each procedure, not with the inconsequential judgment of one critic without pretension to the role of financial oracle but with the composite view of an overwhelming majority of international monetary authorities, qualified bankers, and unbiased academic experts. Even the balanced judgment of these competent authorities may be in error, but a consensus of opinion among them is probably a better guide than the categorical last word on these issues from the radio clerics, ex-professors of sociology, silver dealers, and machinery manufacturers who are now so widely broadcasting.

BANK MORATORIUM UNNECESSARY

The bank moratorium of early March was probably an avoidable calamity; but it certainly was not avoided, and it created an imperative need for drastic emergency action. One of the first measures was an embargo on gold exports. It was probably unnecessary. The country held more than $4,000,000,000 in gold. It had withstood a loss of $700,000,000 in the fall of 1931, and later on, in the summer of 1932, another draining away of more than $400,000,000. The gold holdings in March were far in excess of our economic needs.

At the same time the redemption of paper money in gold was suspended. The gold standard was, for the time being, abandoned. Here a temporary suspension of the gold standard was harmless and possibly desirable. A week after the suspension the Government sold $750,000,000 worth of its obligations to the general public, all of them promising payment in gold. This was, of course, a prize boner, but it was accepted as a routine error which confirmed the administration's intention to return to the gold standard.

It was not to be. In April the Government prohibited the hoarding of gold, and a few days later all the gold in private hands was confiscated. An official communication from the Treasury made it clear that the gold clause in Government bonds would not be honored. Subsequently this action was confirmed by a resolution of Congress which formally abrogated the gold clause in all contracts, public or private.

These measures profoundly stirred not only America but the world. At home they breached a contract between the Government and millions of its citizens. They forced our domestic corporations to break their outstanding contracts. Abroad they shocked and distressed thousands of holders of American securities. At once the dollar of the United States went to a discount in the markets of the world, and thrifty Dutch and English and French investors in our securities learned a painful lesson.

Early in May the Thomas Inflation Act was passed, with its provisions permitting inflation of the currency by every device known to monetary practice. At the same time it was announced by radio that the administration intended to use these powers to force a rise of prices. At last the financial world had a key to the extraordinary measures instituted up to that time. The objective of these measures was an artificial stimulation of the price level.

WORLD RECOVERY CONFERENCE

Last June the representatives of a harried and weary world assembled in London to devise ways to hasten world recovery. There were two possible means to this precious end. One was the stabilization of the disorganized currencies in a score of leading nations. The other was the tearing-down of the trade barriers that have so long blocked normal international commerce. The first was essential to the second. Our emphatic rejection of all stabilization discussion killed the conference. Out of the wreckage Senator PITTMAN triumphantly pulled a floating plank that did a little something for that shabby camp follower—silver.

The exchange value of the dollar steadily declined, but our domestic prices stubbornly refused to move upward. In October a new program was announced. Newly mined American gold was to be bought at artificial prices with American funds derived from the R.F.C. If necessary, foreign gold would likewise be purchased. It was made clear by public announcement that after this new program had raised prices, the price level would be kept stable by Government action.

Nothing like this gold-purchase plan for undermining a nation's currency had ever been tried in the history of the world. Informed experts were divided between amazement and levity. The scheme proved in practice to be a grand flop. It did lead speculators to sell American dollars short, thus driving the exchanges down and causing further losses to foreign holders of American securities. It penalized the buyers of imported European goods, the innocent employees of the Government in foreign service, and American expatriates. That was all. Domestic prices did go up somewhat, but rather from the natural process of recovery and the pouring out of the alphabetical soup at Washington.

Some astute observer recently called attention to a passage in Machiavelli's Prince, that cynical work that tells monarchs how to maintain prestige. This passage urges upon princes a policy of executive action so rapid and kaleidoscopic that their subjects have no time to consider any measure before another bursts upon them. Even Machiavelli was ignorant of a highly technical law of psychology that declares that for continuous mental stimulation a constantly increasing stimulus is required.

DEVALUATION LAW PASSED

With Congress' arriving and prices still lagging, a new plan was necessary. The devaluation law was presented and passed.

In brief summary, the law provides that our standard of value shall be a unit somewhere between 60 percent and 50 percent of our ancient legal dollar; that all the gold held by the Federal Reserve banks be commandeered; that the gold be paid for with paper certificates at the old value; that the profit accruing from commandeering this gold at the old value and carrying it on the books at the higher dollar value be taken by the Government; that $2,000,000,000 of this profit be used by the Treasury in stabilization operations, at home or abroad, and that the Treasury be

empowered to administer the currency so that a stable price level is maintained within the limits of the new dollar.

The Treasury immediately issued regulations establishing a new dollar standard with a bullion value of 59.06 cents in terms of the old dollar. The people retired on January 31 with a dollar unit of 23.22 grains and arose on February 1 with a dollar unit of 13.7 grains.

Reader, if you have been restive under a humiliating consciousness of your utter inability to understand this new law, take heart. Nobody else understands it. In the raucous ululation of praise of the monetary program there is occasionally a voice declaring that our program merely follows that of other countries—France in 1928 or England in 1931, for example. Not so. The eccentric gold-purchase plan and the devaluation law are without precedent in history or recognition in theory.

Like a three-legged calf, or any other lusus naturae, the devaluation law defies explanation. It is to be administered in secret. Some authorities say that it establishes a "modified gold-bullion standard", others that it is a kind of commodity standard. The fact is that it leaves the country where it has been since last March—on an irredeemable paper-money standard subject to unpredictable and unannounced administrative operations, although under the law it is easily possible to establish a genuine gold-bullion standard, and the first steps taken have been distinctly in that direction.

LIMIT ON MANIPULATIONS

Admittedly it does give some fixed limitations to the range of manipulation. It does give promise of warding off the dreaded resort to paper-money inflation. In it there are undoubtedly indications that we are reaching the beginning of the end of currency uncertainty and disorganization. The reaction of relief evident in financial circles suggests the feelings of the Kansas farmer who emerges from his cyclone cellar to discover that part of his farm still remains.

What will happen under the law is beyond prediction. The devaluation level selected by the Tresaury—59 cents—is out of line with the actual value of the dollar at home or abroad, and this condition pulls gold away from the already harassed nations of Europe to be added to our swollen accumulations from war devaluation and nonpayment of gold obligations abroad.

Able authorities have thought that it would immediately drive France off the gold standard and force England to sue for a currency truce. The general economic effect will be to encourage exports, reduce imports, and raise the costs of imported goods to American consumers. How this pressure on burdened nations and this reduction of an already debilitated foreign trade are going to aid a stricken world is not apparent. The only immediate effects at home will be a stimulation of gold mining and a higher price for wedding rings and gold watches.

Ultimately, however, the effect of devaluation will be an artificial increase in the domestic price level, to what point no man knows. The law authorizes the use of the stabilization fund in domestic credit operations, and one critic after another has pointed out the possibilities of dangerous inflation in this power. But it is a possibility only, and there is reason to hope that the authority will be wisely exercised.

One curious development is possible. If prices do not rise rapidly, the huge stabilization fund may be expended in exchange operations abroad. If prices do rise rapidly, there inevitably, in time, will be a marked flow of gold out of this country. There is an excellent prospect that this new law will—not immediately but in due time—force a reduction of our abnormal accumulations. The framers of the measure may have provided a mechanism for a redistribution of gold that will permit the reestablishment everywhere of the gold standard they have been regarding as a failure. The President himself has commented on the possibility of a redistribution of monetary gold.

The repeal of the devaluation law, the stabilization of the American dollar at its natural unmanipulated value, and the restoration of the gold standard at that value would probably offer the best program for business recovery. But that is out of the question. Devaluation is a fait accompli. The final selection of some value within the 50–60 limits and the restoration of the gold standard at that value as soon as it is practicable would be the next best procedure under present conditions.

PRICE-RAISING PROGRAM

But the Government is committed to a program of price raising, and it has repeatedly declared its intention to keep prices stable. The devaluation law permits Treasury activities with this latter objective in view, and for months to come there may be all sorts of Treasury activities aimed at an adjustment of the price level to an arbitrary devaluation of the dollar. Whether by the time the price levels are satisfactory to the administration the plans for a stabilized dollar or a commodity dollar or a compensated dollar will be forgotten is in the lap of the gods.

The monetary program of the last year has been consistently based on assumptions that the monetary tail can wag the monetary dog. It starts with the assumption that a rise of prices is an essential cause of recovery, whereas recovery is an essential cause of a rise of prices. The gold-purchase plan was the offspring of this assumption. Business conditions determine prices at home and the value of the dollar in foreign markets, but the gold-buying program assumed that an artificial lowering of the foreign value of the dollar would change business conditions at home.

A casual inspection of works on money would reveal the defects in this theory, and a cursory glance at the experience of France, Sweden, England, or Japan would show that in practice it does not work that way. The devaluation law is predicated on the theory that a fictitious valuation of gold coin will depress the purchasing power of paper money, even though by the act itself gold is deprived of its power to influence credit and paper-money issues.

The ultimate fact is that this is a rich and powerful country, slowly but surely recovering from depression. Devaluation may not contribute to this recovery process, but it cannot greatly retard it. A rising price level derived from returning confidence and reviving industry will adjust itself to devaluation.

HUMOROUS DEVELOPMENTS

Recent developments have had their humorous aspects. The House committee's conference with Reverend Coughlin was the high point in that body's deliberations. He did not repeat his earlier proposal to issue $25,000,000,000 in paper money, a suggestion that had merit in that if a nation wishes to commit economic suicide a quick death is to be preferred. Another feature was the Senate's distress when Senator BORAH insisted, in the midst of assurances on all sides of the anti-inflation character of the bill, on quoting Prof. J. H. Rogers' official statement that the law might bring about a huge inflation. A Senator's explanation that Professor Rogers had not had time to revise his testimony lent a final touch.

But the last word goes to Prof. Irving Fisher, whose advocacy of a compensated dollar and a large-scale reflation has done so much to encourage that strange organization, the Committee for the Nation, and to promote the cause of currency tinkering. At the meeting of the economists in Philadelphia at Christmas time he said: "We should be farther on the road toward recovery today had there been no election last year."

NAVAL CONSTRUCTION

The Senate resumed the consideration of the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

Mr. KING resumed and concluded the speech begun by him on February 9, 1934.

The speech is herewith printed entire.

Friday, February 9, 1934

Mr. KING. Mr. President, the unfinished business before the Senate, as I understand, is the so-called "Vinson naval bill", the object of which is to obtain authorization for the construction of a large number of war vessels at a cost variously estimated from seven hundred and fifty million to more than one billion dollars. The measure contains many hidden and indefinite implications as well as obligations, and prevents definite statements as to what the final commitments upon the part of our Government may be.

Of one thing we are certain: that it embarks the United States upon an enormous naval program which will impose upon the taxpayers of the United States a very heavy burden, and which will result—and of that we may be certain—in demands in other countries for increases in their naval and military strength. It must be obvious to every person who has any knowledge of history or of world conditions today that, if the most powerful Nation in the world, with a Navy second to none, enacts a measure calling for the construction of perhaps a hundred war vessels at a cost of hundreds of millions of dollars—indeed, of perhaps more than a billion dollars—other nations will feel constrained to increase their military strength and to impose additional taxes upon their people necessary to accomplish that end. In my opinion this is a most inopportune time to pass a measure such as the one under consideration. It is bound to arouse apprehensions and resentments in all parts of the world. It will arrest movements seeking international cooperation and improved world conditions and will tend to arouse latent forces hostile to world peace.

As I understand the Vinson bill, it is in contravention of at least one existing treaty. It certainly is not in harmony with the Washington Treaty of 1922 insofar as that treaty deals with capital ships. I repeat, it will have serious repurcussions not favorable to the maintenance of peace and harmonious relations among the nations of the earth. However, it is not my intention to discuss the Vinson bill upon this occasion but to call the attention of the Senate to the Philippine question. In my opinion it is germane to a dis-

cussion of the naval bill now before us for the reason, among others, that it is urged that we must have a poweful Navy for the protection of our Territories and possessions far beyond the boundaries of continental United States.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Utah yield to the Senator from Michigan?

Mr. KING. I yield.

Mr. VANDENBERG. Before he leaves the other subject will the Senator amplify for me just one statement that he made, namely, that the bill is in contravention of existing treaties?

Mr. KING. If I properly interpret the Vinson bill, our Government is committed to the formulation of a plan for the construction of capital ships prior to the termination of the Washington Treaty which limits naval armaments. As the Senator knows, under the terms of the Washington Treaty, there was to be no capital-ship construction until the expiration of the treaty; and indeed, the treaty provides, as I recall, that it may be continued in force beyond 1936. Certainly the spirit if not the letter of the treaty prohibits the formulation of plans for the construction of battleships until after the expiration of the treaty.

The treaty means that the signatories to the same shall not formulate plans for the building of capital ships until after the treaty has expired and until it shall be definitely determined that it is not to be continued for a further period provided for under the terms of the treaty. Any law passed by this or other signatories to the treaty, indicating a purpose to enter upon the construction of capital ships or to prepare plans for the capital ships before the expiration of the treaty, would, in my opinion, be in contravention of its terms.

The bill before us authorizes, if I properly interpret it, the preparation of plans now or within the immediate future for the building of capital ships, construction to commence, if not before, certainly within a few hours or a day after the treaty has expired. If our Government now enters upon the preparation of plans for battleships or battle cruisers, though it says it will not lay down a keel until the next day after the treaty expires, it is manifest that such a policy would provoke fears and resentments and lead the other nations, signatory to the treaty, to prepare plans for the building of battleships before the treaty is terminated.

I was observing when the Senator propounded his question, that a discussion of the Philippine question is pertinent at this time, when naval bills are under consideration and enormous appropriations are being authorized for war vessels which, it is alleged, are necessary for the protection and defense of the United States and its territorial possessions. When our naval experts are preparing plans for naval construction, they contemplate such as will attempt the protection of the Philippine Islands. They frequently talk about Hawaii and Guam and the Canal Zone and the Philippine Archipelago, and indicate that our naval policy must envision the protection of these outlying possessions. Perhaps they do not indicate how much larger the Navy should be because of these possessions than if our country consisted only of the territory lying between the Atlantic and Pacific Oceans and the Canadian line upon the north and Mexico and the Gulf of Mexico upon the south.

It is certain, however, that a considerable part of appropriations sought for naval purposes is based upon the assumption that these territorial possessions must be defended, and that our naval strength must therefore be greater than if we were required to defend only continental United States. Therefore, in a discussion of naval appropriations, the Philippine question or the Philippine problem, or the protection of the Philippines, is brought forcibly to our attention.

I have heard the suggestion that the retention of the Philippines furnishes a pretext for increased naval appropriations. At any rate we hear discussions as to the necessity of building a Navy sufficiently powerful for the protection of our outlying possessions, including the Philippine Islands.

Mr. President, if we had respected the solemn promises made to the Filipinos and given them political independence, we would have been relieved of the necessity of formulating a naval policy of the magnitude demanded by naval authorities as well as by many of our citizens. However, it should be said that no matter how large our Navy might be, our Government would experience difficulty in protecting the Philippine Islands from any great naval power. Theodore Roosevelt, as I shall point out later, stated that the Philippine Archipelago was an "Achilles Heel", and he indicated that it would be difficult to protect those far-off islands. Mr. Roosevelt also stated that there was a moral obligation resting upon us, growing out of the provisions of the Jones Act of 1916—wherein we solemnly promised the Filipinos freedom as soon as they could establish a "stable government"—to carry out that promise.

Senators will recall that President Wilson in his last message to Congress stated that we had promised independence to the Filipinos, and that they had established a stable form of government, and it was therefore our duty, as it should be our pleasure, to grant to them the independence which they covet. Notwithstanding the promises made by Presidents of the United States and various officials speaking for the Government, we have refused to grant to the Filipinos independence. For a number of years, measures have been introduced in both branches of Congress providing for Philippine independence, but they have failed of passage. Delegations have repeatedly visited the United States representing the unanimous sentiment of the Philippine people, and they have petitioned and implored Congress to enact measures providing for Philippine independence.

It has been my pleasure upon a number of occasions during the past 10 years to offer bills in this body under the terms of which the Filipinos were authorized to form a constitution and to set up a government of their own choosing. I have also offered resolutions requesting the President of the United States to enter into negotiations with governments having interests in the Pacific for the purpose of obtaining a treaty which would neutralize the Philippines and recognize their territorial integrity and political independence. In my opinion, no sufficient reasons have been submitted in justification of the refusal of Congress to grant the petitions and pleas of the Filipinos for independence.

At the last session of Congress the so-called "Hawes-Cutting-Hare bill" was passed. It was not a measure that met the solemn promises made by our Government to the Filipinos, nor did it meet their desires or aspirations. President Hoover vetoed the measure and assigned a number of reasons, some of which, in my opinion, justified his action.

Before the Senate acted upon the measure last referred to, I tendered a bill which would have permitted the Filipinos their independence within a short time. It met the approval of substantially all Filipinos, but unfortunately the Senate rejected it, and, as indicated, gave support to the Hawes-Cutting-Hare bill, which the Filipinos promptly rejected.

With respect to the measure which I offered, it not only had the approval of substantially all, if not all, of the Provinces and municipalities of the Philippines, but also of all civic, educational, and political organizations. They regarded it as a measure which would fully redeem the promises made that when a stable government was established the sovereignty of the United States would be withdrawn from the Philippines, and the Filipinos would have a government of their own choosing. The Filipinos quite naturally approved the measure which I offered or one containing similar provisions.

The American Federation of Labor gave its approval, declaring in favor of the absolute and immediate independence of the Philippines. Leading farm organizations of the United States and various agricultural and other associations over and over again recorded their views in favor of

independence for the Philippines. Notwithstanding the unanimous sentiment of the Filipinos and the almost unanimous approval of the American people, Congress refused to pass a measure granting independence.

I have insisted that the wishes of the Filipinos should be the paramount consideration; that when they demanded independence and when they had met every requirement made of them by our Government, their demands and petitions should be granted.

Mr. President, immediately after we had conquered the Philippine Islands it was declared by the President of the United States and others that we held them as a trustee, and repeatedly declarations were made by the Chief Executives of the United States that it was not the purpose of our Government to retain control over the Philippine Islands indefinitely, but that when a stable government was established we would withdraw from the archipelago and leave the control of the islands in the hands of the Philippine people. Our duty is to execute the trust in behalf of the cestui que trust. We are not to be the beneficiaries, and our duty is to consider their interests and their desires and to surrender control when they have established a stable government.

May I state that there must be no technical or equivocal meaning ascribed to the words "stable government." It has been argued by some officials of the United States that a stable government implies a government that has all the elements of permanent, political, economic, and industrial stability; that political stability or an orderly government with law-abiding citizens would not alone meet the requirements of a "stable government."

In opposing measures for independence some officials of our Government have declared that it must be demonstrated beyond question that the Filipinos must have not only law and order and stability in their governmental operations but that looking over a long period of years it must be apparent and indeed certain that economic and industrial conditions will be such as to insure and guarantee economic and industrial stability.

Various reasons have usually been found by governments for their control over alien races and colonies and territorial possessions.

Often it has been claimed in behalf of the assertion of authority and power over alien races and conquered peoples that they were unable to govern themselves or that the control by a powerful nation would be promotive of their welfare and best interests. Mr. President, many excuses have been offered for imperialistic policies, but history has not infrequently challenged the justice and wisdom of such policies whether political or economic. It is true that benefits may sometimes result to backward peoples from control by powerful and enlightened nations; nevertheless, many wrongs have been committed against helpless people by powerful nations under this and other pretexts.

The law of evolution finds exemplification among peoples. The progress of peoples may be slow, requiring decades, and indeed centuries, for backward races to raise themselves to the level of enlightened and progressive nations. Under imperialistic policies serious wrongs, and indeed crimes, have been committed. Peoples have been held in slavery, physical and economic, as well as mental. Self-determination is the right of small states. As I have indicated, the Filipinos did not invite us to their shores. For 200 years they had sought independence and had engaged in many conflicts with Spain in order that they might be free. They had set up a government before we conquered them and had adopted a constitution republican in form, a constitution which contained in spirit, if not in letter, many of the provisions found in our Constitution. They opposed our military adventure which landed thousands of American soldiers upon their shores. They fought with courage our military advances, and for nearly 2 years resisted our military and naval forces. At last they were defeated and submitted to American rule; but though they have benefited in many ways under American occupation, they have never lost their desire for independence, and their aspirations and ideals have rather grown in strength and intensity as the years have passed.

There has been established a stable government in the Philippines and its economic stability compares favorably with that which exists in many countries of the world.

Recurring for a moment to the conflict to which I referred, the Filipinos under General Aguinaldo had control of the entire archipelago, except the city of Manila, when American troops were landed upon their shores. The control of the Philippine government extended over the islands and the people were giving generous and loyal support to the new republic which they had set up. After the overthrow of the Aguinaldo government, the Filipinos adjusted themselves as rapidly as possible to American control, and joined hands with American officials and representatives in an endeavor to bring about harmonious relations and to promote the economic and political well-being of the people. The progress of the Filipinos has been not only satisfactory but quite extraordinary. They have demonstrated their capacity for self-government and enlightened progress. They have developed industries, advanced in education, and established schools and hospitals. They have enacted laws which are fair and just and established a judicial system under which order prevails and justice is administered. Their agrarian policies have been wise and under them most of the people have their own homes and farms. While not wholly self-contained they have many natural resources and advantages which insure economic stability and growth. Certainly they provide concrete evidence of their ability to maintain liberal political institutions and sound economic policies.

There are 13,000,000 Filipinos, more than 90 percent of whom are Christian. There is homogeneity and racial solidarity. There are, of course, some disturbing factors as there are in every country; but speaking generally, I think it must be said that, compared with many other countries, they have resources, achievements, material and moral strength, that justify their demands for independence and their faith in their own future.

Mr. President, I protest against holding indefinitely under the control of the United States these far-off islands. They have rejected the bill which we attempted to foist upon them. and it is our duty to pass a measure before we adjourn that will give to them their freedom.

(At this point Mr. KING yielded the floor to Mr. BLACK.)

Tuesday, February 27, 1934

Mr. KING. Mr. President, a few days ago, when the so-called "Vinson bill" was under discussion, I obtained the floor for the purpose of discussing a pertinent matter, to wit, the Philippine question. After having spoken for a short time, I was required to yield the floor because a matter of great importance, involving, it was claimed, the power of the Senate to conduct investigations in the interest of the public, was presented for consideration.

In the observations which I submitted I attempted to show that the Filipinos have established a stable government and were entitled to the independence which had been solemnly promised them by our Government. I referred to measures which I had from time to time offered in the Senate during the past 10 years which provided for their independence. Among the bills to which I referred was one presented to the Senate on the 4th day of January of this year. A similar measure had been offered by me during the last session of Congress as well as preceding sessions. I invite the attention of the Senate to the bill which I offered on the 4th day of January of this year, which I send to the desk and request that it be read.

The PRESIDING OFFICER. The clerk will read as requested.

The Chief Clerk read as follows:

A bill (S. 2064) to enable the people of the Philippine Islands to adopt a constitution for a free and independent government, and for other purposes

Whereas the act entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autono-

mous government for those islands", approved August 29, 1916, declared it to be the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

Whereas a stable government has been established and is being maintained in the Philippine Islands; and

Whereas the Filipino people have petitioned the Government and people of the United States to declare the Philippine Islands free and independent: Therefore

Be it enacted, etc., That the Philippine Legislature is hereby authorized to provide for the election of delegates to a constitutional convention, which shall meet in the hall of the house of representatives in the capital of the Philippine Islands at such time as the Philippine Legislature may fix, not earlier than 8 months and not later than 1 year after the enactment of this act, to formulate and draft a constitution for a free and independent government of the Philippine Islands. The Philippine Legislature shall provide for the necessary expenses of such convention.

SEC. 2. The constitution formulated and drafted by the constitutional convention shall, either as a part thereof or in an ordinance appended thereto, provide substantially as follows:

(1) That the property rights of the United States in the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

(2) That the debts and liabilities of the Philippine Islands, its Provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the approval of the proposed constitution, shall be assumed by the government established thereunder; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands or any Province, city, or municipality therein, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

(3) That the officials elected pursuant to the provisions of this act for the Philippine government to be formed under the constitution thereof shall be constitutional officers of said government and qualified to function in all respects as if elected directly pursuant to the provisions of the constitution and shall serve their full terms of office as prescribed in the constitution.

(4) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except par. 3) in a permanent treaty with the United States.

SEC. 3. If a constitution is formed in compliance with the provisions of this act, the said constitution shall be submitted to the people of the Philippine Islands for their ratification or rejection, at an election to be held within 6 months after the completion of the constitution, on a date fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed constitution, or for or against any proposition separately submitted. Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made. The Philippine Legislature shall by law provide for the canvassing of the return and if a majority of the votes cast on that question shall be for the constitution, shall certify the result to the Governor General of the Philippine Islands, together with a statement of the votes cast thereon, and upon separate propositions, and a copy of said constitution, propositions, and ordinances.

SEC. 4. The Governor General of the Philippine Islands shall, within 6 months after the receipt of such certification, issue a proclamation for the election of the officials provided for in the constitution, such election to take place not earlier than 6 months nor later than 8 months from the date of the proclamation of the Governor General. The election of such officials shall be held in such manner as may be prescribed by the Philippine Legislature.

SEC. 5. The returns of the election of the officials for the independent government of the Philippine Islands shall be certified by the Governor General of the Philippine Islands to the President of the United States, who shall, within 3 months after the receipt of such certification, issue a proclamation reciting the facts of the formation of the constitution for the Philippine Islands and the election of the officials provided for in such constitution as hereinbefore provided, announcing the results of such election and designating a time, not earlier than 4 months and not later than 6 months after the date of the issuance of such proclamation, when the government of the Philippine Islands will be turned over to the duly elected officers, and such officers will begin to function under the constitution. At the time designated in such proclamation the President of the United States shall withdraw and surrender all rights of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof.

SEC. 6. The President is requested, at the earliest practicable date, to enter into negotiations with foreign powers with a view to the conclusion of a treaty for the perpetual neutralization of the Philippine Islands, after Philippine independence shall have been achieved.

SEC. 7. Upon the proclamation and recognition of the independence of the Philippine Islands under their constitution, the President shall notify the governments with which the United States is in diplomatic correspondence thereof and invite said governments to recognize the independence of the Philippine Islands.

SEC. 8. At least 1 year prior to the date fixed in this act for the independence of the Philippine Islands, there shall be held a conference of representatives of the Government of the United States and a committee designated by the Philippine Legislature, such representatives to be appointed by the President of the United States and the Chief Executive of the Commonwealth of the Philippine Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands, the time, place, and manner of holding such conference to be determined by the President of the United States.

SEC. 9. Upon the final and complete withdrawal of American sovereignty over the Philippine Islands the immigration laws of the United States (including all the provisions thereof relating to persons ineligible to citizenship) shall apply to persons who were born in the Philippine Islands to the same extent as in the case of other foreign countries.

SEC. 10. This act shall take effect upon its passage.

Mr. KING. I shall not take the time of the Senate to analyze all of the provisions of this measure. From a reading of the same, Senators will perceive that it is a comprehensive measure and, if enacted into law, would enable the Filipinos to achieve their independence within 2 years. If they availed themselves of the flexible provisions of the bill with reference to the calling of conventions, voting upon the constitution formed, the election of officers, and so forth, a period of 3½ years would elapse before the sovereignty of the United States would be withdrawn and an independent government, provided for in the measure, established. The bill authorizes the Philippine Legislature to provide for a constitutional convention at which a constitution for a free and independent government of the Philippine Islands is to be prepared. The constitution so formulated shall contain provisions calling for the adjustment and settlement of existing property rights of citizens or corporations of the United States and also provisions that will safeguard the rights of the citizens of the Philippine Islands to the same extent as the rights of the citizens of the Philippine Islands are protected. The constitution shall contain provisions recognizing the debts and liabilities of the islands, together with their Provinces and municipalities, all of which are to be assumed by the government established under the constitution. These and other provisions are to be embodied in a permanent treaty with the United States.

The constitution is to be submitted to the people, and, if approved, elections are to be held for choosing the officials provided for in the constitution. After the constitution is adopted and the constitutional officers are chosen the President of the United States is required to withdraw and surrender jurisdiction, control, or sovereignty existing and exercised by the United States, and, in behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation.

An important provision of the bill provides that the President shall enter into negotiations with foreign powers to conclude a treaty for the perpetual neutralization of the Philippine Islands. Another important provision of the bill requires that a conference shall be held at least 1 year prior to the date fixed for the independence of the Philippine Islands to which representatives of the United States and a committee designated by the Philippine Legislature shall meet for the purpose of formulating recommendations as to future trade relations between our Government and the Philippine government when its independence is achieved.

Mr. President, in my opinion a majority of the Members of Congress favor the measure which I have offered or one containing similar provisions; but I appreciate the fact that sufficient opposition will be encountered in the Senate to prevent its passage. There seems to be a plan on foot to revive the rejected and dead Hawes-Cutting-Hare bill and, with but slight and unimportant modifications, to force it through Congress in order that it may be resubmitted to the Filipinos. I do not understand the reasons which prompt this course. This rejected measure was presented to the

Filipinos and thoroughly discussed and canvassed in all parts of the archipelago.

When the measure passed the Congress over the veto of President Hoover and its provisions were made known to the Filipinos there was manifested profound disappointment and a spirit of resentment. The Filipinos believed that our Government had failed in its promise to give them independence, and some of the Filipinos did not hesitate to charge that they had been betrayed. The Hawes-Cutting-Hare bill was not an independence bill. It was a hybrid measure and contained the seeds of discord, distrust, disappointment, and perhaps consequences of a serious character.

Certainly under the terms of the bill contingencies might arise and conditions might develop which would deny the Filipinos independence for an indefinite period and at the same time require of the United States the assertion of authority and control under circumstances that might be highly disadvantageous if not dangerous to the Republic.

Some of the dangers, open and hidden in the bill, were discussed in the Senate when it was under consideration and were discussed by the Filipinos in various parts of the archipelago. General Aguinaldo, Mr. Quezon, and many leading Filipinos perceived the dangers in the measure and likewise its failure to provide for the independence of the Filipinos, at least under the most favorable conditions, for 15 to 17 years.

I repeat when I say that the measure was wholly unacceptable to the Filipinos, and when its provisions became known, was rejected; and I emphasize the statement that I am unable to understand the reason why the administration and the Congress do not immediately pass a measure that will provide for the independence of the Filipinos.

Mr. President, I appreciate the fact that the bill which has just been read is not formally before the Senate and that many of the Senators are eager to pass the so-called "Vinson bill", which, as I have heretofore stated, would authorize an enormous sum, perhaps exceeding a billion dollars, for the construction of vessels of war. We refuse to pass a bill giving freedom and independence to 13,000,000 people, who for years have been pleading for that boon, but demand the speedy passage of a bill which will increase the burdens of taxation resting upon the American people and arouse fears and apprehensions in the minds of millions of people beyond our shores. The Vinson bill is avowedly a military measure. It calls for enormous appropriations of a military and naval character. At a time when our Nation should assert itself in an irresistible movement for reduction of armaments, demands are made in the Senate, and, for that matter, in other parts of our country, that our military and naval burdens be increased and that this democratic Republic establish itself as the unchallenged naval power of the world. Our military burdens, as I have had occasion heretofore to remark, exceed those of any nation and our annual expenditures for our Army and Navy are greater than those of any nation, exceeding the largest appropriation of any other nation by, perhaps, $200,000,000.

It is obvious that this naval bill, authorizing a sum so stupendous to be expended in the construction of war vessels, will arouse, as I have stated, fears and, indeed, resentments in other nations.

We could render important service to our country and to world peace and fellowship by materially limiting expenditures for military purposes and inviting all nations to join in reducing military appropriations and adopting measures that would result in world disarmament. In my opinion it is most unfortunate for the advancement of world peace that this naval bill should be before Congress at this time. We are confronted with important, if not serious, economic and industrial questions. They should engage our attention and we should not be distracted by the consideration of measures which relate to war and provide for large increases in our naval armaments. We should now substitute for the naval bill under consideration the measure which has been read at the desk providing for the freedom of a liberty-loving people. The passage of a Philippine bill would not only be a redemption of solemn promises but it would create a new star in the firmament of nations; it would liberate 13,000,000 people and confer upon them the right to shape their own destiny, to live their own lives, and to take their place among the free peoples of the earth. It would demonstrate that this Republic is free from imperialistic designs and refuses to enter upon imperialistic policies.

Mr. President, I return to a thought I was discussing a few moments ago to the effect that I was unable to understand the reason for an attempt to revive the discredited and rejected Hawes-Cutting-Hare bill and to force it again through the Senate. I cannot help but believe that if this measure is revived, many of the Filipinos will regard the action of our Government as an attempt to coerce them into the acceptance of a measure which they had rejected.

The Filipinos had fully discussed this law. A few able Filipinos had eloquently urged their countrymen to accept it. It was discussed in the Philippine Legislature and every argument that could be adduced in justification for its adoption by the Filipinos was presented. The Philippine people rejected it. They believed that their rejection of the bill was final; and they believed, as they had a right to believe, that the American Congress would promptly enact a measure that would permit them to set up a government of their own choosing. The Hawes-Cutting-Hare bill they regarded as a hybrid measure, a measure that neither granted liberty nor provided for their economic freedom. I find no justification in support of a plan to reenact the rejected bill and to further attempt to secure its approval by the Filipinos.

The Hawes-Cutting-Hare bill was vetoed by President Hoover, but Congress passed it over his veto. He stated in his veto message that—

> The American people consider that they have discharged the responsibilities to the Philippine people and have carried out the altruistic mission which we undertook. If we have no further national stake in the islands, if the Philippine people are not prepared for self-government, if they cannot maintain order in their institutions, if they cannot defend their independence, we should say so frankly on both sides.

In my opinion we have met the suggestions made by President Hoover, and should frankly declare our purpose to grant them immediate independence. I have argued that they have a stable government that was the sine qua non provided in the Jones Act of 1916.

President Wilson declared that they had met the requirements made of them, that they had a stable government and were entitled to the independence which they coveted.

That declaration by the President was made, as I recall, in 1919. Since then further tests have been applied to the Filipinos which they have met. They have proven that the statement of President Wilson was justified; they have law and order; courts which administer the law with celerity and justice. There is abundant evidence of the fact that they have a stable government, and orderly and law-abiding people; and political institutions under which individual liberty may be enjoyed and democratic institutions maintained.

Perhaps technically few nations are stable—politically or economically. Nations and governments rise and fall and people reach a high stage of civilization and then waste away. If a stable government means one susceptible of no change then no government is stable. Indeed growth, development, and progress must come to nations as well as to individuals. Many people believe that our Government is undergoing radical changes. There are some who believe that these changes are indicative of a lack of stability and presage most serious and disastrous consequences. But the Filipinos, as I have indicated, possess those institutions indicative of economic and political stability. Certainly their government is more stable than that of many governments throughout the world. As stated, they have just laws and impartial courts, presided over by jurists of ability and integrity. Their judicial system, indeed, is one which calls for commendation. I invite attention again to the fact that

they have developed a most excellent educational system. They have a large number of schools attended by more than 1,000,000 students.

The overwhelming majority of the people have their own homes, and the government and the people are comparatively free from debt and certainly are freer from the serious economic problems that confront many of the peoples of the world. They have a fair and just system of taxation; they have a balanced budget, and their government and the municipalities and provinces meet their obligations. There is less of a spirit of unrest or discontent than is found in many of the most powerful nations in the world.

Senators will recall that in the hearings before the Senate Committee on Territories and Insular Affairs, under the previous administration, the then Secretary of War, Mr. Hurley, contended that stable government meant economic stability, and the inference was drawn that if economic stability was lacking, political independence was not possible. Mr. President, if I properly interpret the position of some of those who appeared before the committee, it was to the effect that a people that had political stability and maintained law and order were not entitled to the claim of possessing a stable form of government if there were economic problems and difficulties either imminent or possible. It has been contended by some who appeared before the committees of the House and the Senate, when the Philippine question was under consideration, that if the Filipinos were granted independence, within a few years thereafter, the economic situation would be such as to create revolutions, with the possible and indeed probable overthrow of their government. Those dire prophecies, Mr. President, in my opinion, do not rest upon a proper interpretation of realities. By that I do not mean that if the Filipinos were granted their independence within the next 2 or 3 years they would be free from economic difficulties.

I think it quite probable that they would have problems of more or less seriousness to meet and to solve. That, however, is the case of all governments today, and that will be the case so long as human governments exist. The solution of one problem today, whether it be economic, political, or industrial, will be met by another problem upon the morrow. There is confusion in the economic and political systems of the world. There are disturbances and dislocations, some of which may eventuate in more serious conditions, and the possible, indeed, probable important modifications of governmental structures and political institutions.

The Philippine Republic, when it shall be established, will, like all governments, have its problems, but the solution of problems is one of the responsibilities resting upon individuals, communities, and governments. There are some persons who contend that our economic situation is unsatisfactory, and it is evident that the economic condition of many countries is unstable. Economic disturbances, resulting from the World War and from other causes, are found in most nations. Industrial revolutions are threatening the peace and stability of some governments, and certainly such disturbances interfere with the cordial international relations which should exist among civilized nations.

Referring to President Hoover's veto message, I think we "have discharged our responsibilities" to the Filipinos and they are grateful for the contribution which this Republic has made to their political and economic growth and progress. I think it will be conceded that we have "carried out the altruistic mission which we undertook." Many believe, I might say in passing, that altruistic purposes were not primarily the reason for our seizure of the Philippine Archipelago and the superimposition upon the Filipinos at the point of the sword the authority of the United States.

Mr. Hoover used the words, "If we have no further national stake in the islands." Whatever those words imply, I have no hesitancy in stating that our Government has no further national stake in the Philippines. The retention of the Philippines is of no national advantage; indeed, by many it is believed that their retention is a distinct national disadvantage. Certain military experts have insisted that in the event of international conflicts the Philippine Archipelago is a liability rather than an asset to this Republic.

I have referred to the statement made by Theodore Roosevelt to the effect that from a military point of view the Philippines are an embarrassment rather than an advantage. I repeat, therefore, Mr. President, that we have no national stake in the sense that we will enjoy any advantage by retaining jurisdiction over the Philippine Islands.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. VANDENBERG. Certainly the situation is hazardous under the terms of the Hawes-Cutting Act if we are to be left in the Far East with serious responsibilities for what may happen, and a total lack of authority under the terms of the Hawes-Cutting Act to administer that responsibility.

As I conceive the situation, there could not be created a more desperately dangerous situation than is created by the Hawes-Cutting Act, which precipitates us into a responsibility which we can in no sense forfend, in no sense defend, in no sense protect against a calamitous crisis until the actual crisis shall have come upon us. It seems to me what the Senator says is utterly justified in view of the formula that has been written.

Mr. KING. The Senator from Michigan now, as always, speaks forcefully and eloquently, and I am in substantial agreement with the statement just made by him. May I add that the Senator from Michigan, when the Hawes-Cutting-Hare bill was under discussion at the last session of Congress, submitted it to a most deadly and devastating analysis. He demonstrated that it did not measure up to the promises which had been made by our Government and that it would be highly disadvantageous to the Filipinos as well as to this Republic. I should be glad if Senators and those who have not made a study of the provisions of the Hawes-Cutting-Hare bill would read the address delivered by the Senator. I am sure if they did, they would reach the conclusion that the measure referred to and which, as I understand, is to be revived in this body, did not meet the promises made by our Government to the Filipinos and if carried into effect would result in most serious difficulties.

Mr. President, again referring to the sentence in President Hoover's veto message, I submit that if we have no national stake in the Philippines, our primary concern should be to enact a measure under which independence may be obtained by the Filipinos and withdraw from the islands at as early a date as possible and surrender control over the islands to the government which the Filipinos may establish. In my opinion it would be a great object lesson to the world if this Republic should withdraw its sovereignty over those distant isles, and bid Godspeed to the free and independent government there set up, as it assumed an honored place among the nations of the earth. To have contributed to the establishment of a free and independent government would be an honor of which this Nation now and in all future times might be proud.

Again referring to President Hoover's veto message, it would be a necessary implication therefrom that if the Philippine people are prepared for self-government and can maintain order, then the duty would rest upon the United States to grant them independence. Perhaps I am repeating when I refer to the fact that they give evidence of greater ability to maintain a stable government than many of the governments of the world.

Without desiring to make invidious comparisons, I think it may be truthfully said that the conditions in the Philippine Islands warrant the conclusion that a government there by the Filipinos would possess many advantages over those found in some other countries. In the first place, they have a homogeneous people, 13,000,000 in number. They have a larger population than many countries and the area of their territory likewise exceeds that of many other nations. There are more than 12,000,000 Christian people in the Philippine Islands, and approximately 400,000 Mohammedans. The

overwhelming majority of the people are imbued with the same religious sentiments and influenced by the same political ideals. This was demonstrated when a constitution was prepared under the Aguinaldo regime. It contained some of the provisions found in our Constitution and indicated that the people desired a liberal and progressive government resting upon democratic principles.

I referred a few moments ago to the great interest which the people have taken in education. With more than 8,000 public schools and more than 30,000 teachers, to say nothing of their universities and higher institutions of learning, they give evidence of their desire to occupy a high place among the civilized nations of the world. Their schools and educational institutions are far more numerous than those found in many other countries. Art and culture were brought to them by Spain, and they have, under the years of American occupancy, absorbed a political philosophy emphasized in the Declaration of Independence, and expressed in the political institutions of this Republic. The younger generation of Filipinos find much of their inspiration in the teachings of Washington and Jefferson, Lincoln and Wilson, and the great leaders of public thought in America.

Perhaps it is repetition, but I desire to again refer to the constitution prepared by the Filipinos under the Aguinaldo regime. The Mololas constitution was republican in form. It contained a tripartite division of power patterned along the lines of our own Constitution. It contained in substantial form the Bill of Rights with its restraints upon the central authority and its protection of individual rights and liberties. The Filipinos desired a republican form of government, and the Mololas constitution proved that they were not unacquainted with the liberal forms of government existing in the world.

I have no doubt, if we shall afford them an opportunity, the Filipinos will draft a constitution—liberal and progressive—that will embody within it many, if not most, of the important provisions found in the Constitution of the United States.

Mr. President, I appeal to the Senate to turn from the consideration of military and naval measures for the purpose of considering a measure dealing with the liberty and freedom of 13,000,000 people, a people who want liberty, a people who can maintain law and order and liberal institutions.

If our Government shall retain control over the Filipinos for an indefinite period, will they be better prepared for self-government than they are now? Can we assure them and the world that at the expiration of that period the government which they may set up will be immune from difficulties, domestic and international? No guaranty of that character may be made in behalf of any nation. The convulsions in Latin America, Spain, and other European countries during the past century furnish evidence of the fact that political institutions, economic conditions, governmental structures will be subjected to strains and assaults and earthquakes, producing serious and doubtless, in some instances, disastrous results.

The Filipinos do not favor Nazi philosophy or Fascist programs or monarchial institutions. There are many persons who believe that there are only three democratic governments in the world today. That number, however, is too small, but unfortunately it is true that in many countries there is a subsidence of true and genuine democratic spirit, and an inclination to create powerful bureaucracies and executive authority of almost unlimited power. I contrast this tendency with the spirit of the Filipinos and reach the conclusion from this comparison that the Filipinos possess characteristics and qualities justifying the belief that they are capable of self-government and are able to maintain democratic institutions and a liberal and progressive government even in this confused transitional and tempestuous period. Of course, with the passage of the years any government that the Filipinos may establish, as well as governments now existing or hereafter developed, will undergo change. Society and peoples are in a condition of flux and static, and stagnate conditions must yield to evolutionary, not to say dynamic, forces. There is an analogy between the development in biological fields and the evolutionary changes in social and political institutions. Herbert Spencer's philosophy demonstrates that we must be prepared to witness evolutionary development in human institutions. Undoubtedly human institutions tend toward heterogeneity as in the biological field the homeogeneous yields to the heterogeneous.

Mr. President, I cannot refrain from again referring to the eloquent passage in President Hoover's veto message, in which he said:

> • • • We are here dealing with one of the most precious rights of man—national independence interpreted as separate nationality. It is the national independence of 13,000,000 human beings. We have here a specific duty. The ideals under which we undertook this responsibility, our own national instincts, and our institutions which we have implanted on these islands breathes with these desires.
>
> It is a goal not to be reached by yielding to selfish interests, to resentments, or to abstractions, but with full recognition of our responsibilities and all their implications and all the forces which would destroy the boon we seek to confer and the dangers to our own freedom from entanglements which our actions may bring. Neither our successors nor history will discharge us of responsibility for actions which diminish the liberty we seek to confer nor for dangers which we create for ourselves as a consequence of our acts.

I desire to emphasize the statement which I have just read from President Hoover's message.

> • • • We are here dealing with one of the most precious rights of man—national independence interpreted as separate nationality. • • •

Mr. President, we are dealing with precious rights of man and yet we have denied the Filipinos these precious rights—national independence interpreted as separate nationality. President Hoover links the precious rights of man with the national independence of 13,000,000 human beings. I challenge attention to the fact that we have a specific duty and that is to recognize the precious rights of 13,000,000 people now and to grant them now their independence.

President Hoover made a further statement, referring to the Hawes-Cutting-Hare bill:

> • • • This legislation puts both our people and the Philippines people not on the road to liberty and safety, which we desire, but on the path leading to new and enlarged dangers to liberty and freedom itself. • • •

The Senator from Michigan, in the great speech to which I have referred, pointed out the dangers to the Filipinos, as well as the dangers to our Government, under the provisions of the Hawes-Cutting-Hare bill if it should be put into operation. Some of the dangers to which he referred were those undoubtedly in the mind of President Hoover and to which he adverts in his veto message. They were dangers which the Filipinos themselves recognized when they rejected the measure; they were dangers and disadvantages recognized by the Philippine veterans in the series of resolutions which they adopted, condemning the Hawes-Cutting-Hare bill, and by Mr. Quezon, one of the Philippine leaders in an address immediately after its enactment, and in resolutions adopted by the Philippine Legislature when its members rejected the Hawes-Cutting-Hare bill.

Mr. President, may I say to my Democratic associates that we are not following pledges in Democratic platforms, when and if we give support to measures containing provisions such as found in the Hawes-Cutting-Hare bill. The Democratic Party followed the recommendations of President Wilson in the last message which he delivered to Congress where he, in effect, declared it to be the duty of Congress to give immediate independence to the Filipinos.

As a member of the Democratic Convention of 1920, I had the honor to draft the plank which in effect called for the independence of the Philippines. In 1924, I was a delegate to the Democratic Convention in New York and prepared the plank appearing in the platform which reads as follows:

> The Filipino people have succeeded in maintaining a stable government and have thus fulfilled the only condition laid down

by Congress as a prerequisite to the granting of independence. We declare that it is now our liberty and our duty to keep our promise to these people by granting them immediately the independence which they so honorably covet.

This plank is substantially the statement contained in President Wilson's message to Congress. Senators will observe that the Democratic Party in its platform declared it to be "our duty to keep our promise to the Filipinos by granting them immediately the independence which they so honorably covet." Neither Mr. Wilson nor the Democratic convention declared in favor of a hybrid measure such as the Hawes-Cutting-Hare bill. On the contrary, they declared for the immediate independence of the Filipinos. In view of this promise, as well as others made by Democratic leaders and by Democratic National Conventions, there can be no excuse for this Congress to deny immediate independence to the Filipino people. These platform declarations are a condemnation of the Hawes-Cutting-Hare bill or any measure similar to it. I insist, Mr. President, that we redeem this promise, as well as others made, and pass the measure which I have introduced or one containing like provisions.

In 1928 the Democratic Party again spoke upon this question, and declared in its platform that—

The Philippine people have succeeded in maintaining a stable government and have thus fulfilled the only condition laid down by the Congress as a prerequisite to the granting of independence. We declare that it is now our duty to keep our promise to those people by granting them immediately the independence which they so honorably covet.

May I add by way of parenthesis that I was a delegate to the convention in 1928 and joined in endorsing this plank. It will be observed that the same pledge is there made, "That it is our duty to keep our promise to the Filipino people and to grant them immediately the independence which they so honorably covet."

In the light of these declarations, as well as others made by Democratic leaders, I repeat, there can be found no excuse for violating these promises and for refusing promptly to pass legislation granting the Filipinos their independence.

I protest against the efforts which are being made to bludgeon the Filipinos into an acceptance of the Hawes-Cutting-Hare bill. As stated, they rejected this measure, and to now revive it would be regarded as a coercive effort upon the part of our Government to compel its acceptance.

If Congress should pass the discredited and rejected Hawes-Cutting-Hare bill, the Filipinos could not regard it otherwise than as a threat that if they did not accept it they would obtain nothing better.

Mr. President, I would regard such a course as unworthy of this Republic. Let us say to the Filipinos that we will redeem promises which have been made; that we will respond to their desires and give to them a fair and just measure under which they may set up a government which meets their desires and aspirations. Let us not say to them when they ask for bread, "You shall have only stone."

Mr. President, I understand that it is desired that adjournment be taken at this time. I will therefore yield the floor.

Wednesday, February 28, 1934

Mr. KING. Mr. President, at the hour of adjournment yesterday I was discussing some questions pertinent to the Philippine problem. I understand that today the Senator from Louisiana [Mr. LONG] suggested that the measure offered by me granting independence to the Filipinos be taken up for consideration and passed; and, as I understand, he made the suggestion that if that were done it would relieve us of some responsibilities in the Orient which now rest upon us and which may be provocative of national, if not international controversies. I shall be happy if the Senate would put aside the pending bill and promptly pass the Philippine bill, which I had the honor to offer. But I fear all appeals to pursue that course will be unavailing.

Mr. President, at the last session of Congress there was forced through the Senate over the protests of the Filipinos and objections of many Senators, and, I believe, over the objection of a majority of the American people, a bill which it was alleged would give independence to the Filipinos and take that question out of the domain of national and international concern.

That measure was an apple of discord. It provoked resentments and animosities in the Philippine Islands, and in a way drove a wedge, though a rather small one, between various elements in the Philippine Islands.

Mr. President, I think that measure was calculated to do harm rather than to promote the welfare of the Filipinos. I regarded it as a most unwise, not to say unfair and unjust, law; and the results have vindicated the prophecies made by some of us at the time the measure was under consideration in this Chamber.

Quite recently I have received a number of telegrams and messages from the Philippines condemnatory of that measure, some of them, incidentally, condemning the efforts which, I understand, are being made to revive and revitalize the dead Hawes-Cutting-Hare law. One of the telegrams, dated the 22d of February, reads as follows:

Tell Gabaldon he is the representative here sent by the Philippine Legislature for the purpose of conveying to the American people, to the President of the United States, and the American Congress the views of the legislature and the Filipinos, particularly the views of the Philippine Legislature, in rejecting the so-called "Hawes-Cutting bill."

Mr. LONG. Mr. President, I do not like to disturb the Senator, but what has been the last position of the Filipinos as expressed from Manila?

Mr. KING. In opposition.

Mr. LONG. They do not want the Hawes-Cutting law?

Mr. KING. They rejected it and are still opposed to it.

Mr. LONG. Have they not asked for more immediate independence?

Mr. KING. They have repeatedly during the past 10 years demanded immediate and absolute independence. They have endorsed a measure, the so-called "King bill", which is pending in the Senate.

Mr. LONG. How long would they have to wait for independence under the King bill?

Mr. KING. Under the King bill, if the Filipinos avail themselves of the minimum provision, they would have their independence in less than 30 months; and if they avail themselves of the flexible provision of the bill, it would be 38 months. The minimum and flexible provisions relate to the time within which conventions may be called and plebiscites held.

Mr. LONG. I do not want to interrupt the Senator again, but, if he will permit me, I should like to ask one question. While I voted for the Hawes-Cutting bill, because it was the only thing we could get a vote on at the time, if we cannot free those people in 2 or 3 years, I cannot see how we are ever going to free them.

Mr. KING. I think the suggestion of the Senator is pertinent. So many contingencies may arise under the Hawes-Cutting measure that the United States might remain in control for years if not indefinitely.

Another cablegram sent by a Filipino organization is as follows:

JANUARY 22, 1934.

Tell Gabaldon convey President Roosevelt, Presiding Officers of Congress, Senator KING, American Press Civic Union mass meeting held today. Thousands attended. Different political, religious creeds unanimously adopted resolution supporting immediate approval Congress King bill granting Philippines complete, absolute independence 24 to 40 months; elimination naval military coaling reservations; discussions economic, immigration, neutralization treaties should not block proclamation date independence. Mailing resolutions.

UNION.

On February 3, the following cablegram was sent to Hon. Manuel Quezon, head of the Philippine delegation, now in Washington for the purpose of obtaining legislation granting independence to the Philippines:

MANILA, *February 3, 1934.*

President QUEZON,
Washington, D.C.:

Following resolutions unanimously adopted at mass meeting composed of more than 30,000 persons after torch parade from Azcarraga to Luneta about 3 miles long held this evening:

"Whereas during the present session of the Congress of the United States Senator KING has presented a bill providing for the granting of independence to the Philippines after the time absolutely necessary to effect the orderly transfer of the sovereignty of the United States to the people of these islands, a period which is estimated to be not more than 3 years;

"Whereas the said King bill does not provide for the retention by the United States of military reservations after the recognition and proclamation of independence;

"Whereas according to said bill the present trade relations between the United States and the Philippines will not be altered and the American immigration laws will not be applied to Filipinos before the recognition of independence;

"Whereas the King bill, of all the various bills pending before the Congress, including the Hare-Hawes-Cutting law, is the one which is most similar in its fundamental provisions to the plan submitted by the Quezon delegation now in the United States and is the one most in consonance with the historic aspirations of the Filipino people for the enjoyment of immediate, complete, and absolute independence solemnly embodied and formulated in various resolutions of the legislature and the commission of independence and in the platforms of all political parties in the Philippines;

"Whereas the Philippine Legislature, in keeping with section 17 of the act of Congress commonly known as the "Hare-Hawes-Cutting law", and voicing the genuine sentiment of an overwhelming majority of the Filipino people, has rejected said law;

"Whereas the movement in the United States to extend the period for acceptance of the Hare-Hawes-Cutting law in its present form is contrary to the principles of a representative government, inasmuch as the Philippine Legislature has already taken action in accordance with section 17 declining to accept the said law:

"Now, therefore, this popular mass meeting, called by the Association of Veterans of the Revolution, the Labor Congress, the Federation of Labor of the Philippines, the Anticoalition of the Democrata Nacionalista Consolidado, and the Radical Parties, resolves, as it does hereby resolve, to endorse and support the bill presented by Senator KING, and hereby petitions Congress to enact the same during the present session; and, if this be not possible, that it enact any other independence law which does not contain the provisions of the Hare-Hawes-Cutting law objected to by the Philippine Legislature, thereby giving a noble and glorious consummation of the unselfish and altruistic task which America has undertaken in these islands."

"Whereas the King bill, providing for independence in 3 years and without American military reservations, is pending before the Congress of the United States;

"Whereas the movement now organized by certain elements in the United States to review the Hare-Hawes-Cutting law, which has been rejected by the Filipino people through their constitutional representatives, is designed to block the King bill;

"Whereas there is urgent need of union and solidarity among all Filipinos, regardless of party affiliations, to obtain immediate, complete, and absolute independence: Now, therefore, be it

"*Resolved*, That this mass meeting of Filipinos opposed to the Hare-Hawes-Cutting law hereby appeals to our countrymen who are in favor of the Hare-Hawes-Cutting law to forget partisan differences for the sake of our beloved country and to join in endorsing and supporting the King bill, which provides for immediate, absolute, and complete independence.

"*Resolved further*, That a certified copy of this resolution be personally delivered to the presidents of all the political parties in the Philippines."

Mass meeting requests you kindly transmit above resolutions to President and Congress.

Similar resolutions received from Philippine Civic Union, Cagayan Labor Union, Provincial Board Pangasinan, Presidents' Assembly, Rizal Guerra Patriotica, and Democratas Capiz.

PAREDES RECTO.

Mr. President, my information is that many mass meetings were held in various parts of the Philippines, at which resolutions were adopted condemning the Hare-Hawes-Cutting bill and protesting against any effort to revive it. These resolutions also endorsed the bill which I introduced and which is now pending in the Senate.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. VANDENBERG. Does the Senator interpret these resolutions as also meaning an acquiesence in complete, immediate, and absolute abandonment of all market advantages in the United States under the tariff?

Mr. KING. Yes. That is to say—and I shall supplement the resolutions just submitted by communications which I have received from the Philippine Islands—the Filipinos are willing to meet whatever disadvantages, and there will be some, may arise by reason of independence within 3 years, in order to have the boon of independence.

Mr. VANDENBERG. What I had in mind was this. I had understood that the thought in the islands which was favorable to what we will call immediate independence, in 2 or 3 years, also contemplated a post-independence period of economic readjustment, and I was wondering whether these resolutions embraced some such subsequent period of tariff advantage, or whether the phrase "immediate, complete, and absolute independence" means what it says.

Mr. KING. I have no doubt but what the resolutions mean what they say. Undoubtedly some Filipinos would like an understanding or arrangement with the United States, under the terms of which, after independence is obtained, there might be some reciprocity, some reciprocal trade relations mutually beneficial to the two countries; but rather than have the Hawes-Cutting measure imposed upon them or have independence postponed for an indefinite period, they prefer absolute and immediate independence, as provided in the so-called "King bill."

Mr. VANDENBERG. And the Senator thinks that these native Filipinos, in passing upon these resolutions, did so with an understanding that it might cost them their complete free markets in the United States?

Mr. KING. Undoubtedly.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. TYDINGS. What I say has no reference to the Senator, but it is also fair to say that the sugar interests in the United States are very much in favor of complete, absolute, and unconditional independence immediately.

Mr. KING. So far as I am advised, the agricultural interests in continental United States, including the producers of sugar, believe that the Filipinos should be permitted to set up their own government. I might add that the labor organizations also have joined in demanding independence for the Philippines.

The Senator's remarks have no relation to the question under discussion.

Permit me to read another cablegram received on the 3d of this month, addressed to Commissioner GUEVARA:

Following resolving clause was adopted at a mass meeting composed of more than 30,000 people—

And so on. It is substantially the same resolution as that which I read a moment ago. I call attention to it because it was sent to Commissioner GUEVARA, who is here in Washington, whereas the other was sent to Mr. Quezon and Mr. Gabaldon, two of the representatives sent here by the Philippine Legislature to present to the President of the United States and to the Congress the views of the legislature in opposition to the Hawes-Cutting-Hare bill and to petition for the enactment of legislation that will give independence to the Philippines.

Mr. VANDENBERG. Mr. President, does the Senator further yield?

Mr. KING. I yield.

Mr. VANDENBERG. How would the Senator harmonize a willingness to completely surrender the free-trade market privileges in the United States with the fact that the Governor General of the Philippine Islands is cabling us at the present time that even the imposition of a 5-cent tax on oil would utterly ruin some 3,000,000 Filipino farmers? How can those two propositions be harmonized?

Mr. KING. Mr. President, in my opinion a proper understanding of the conditions existing in the Philippine Islands, and the relations existing between the Philippines and our Government, will enable us to reconcile the statement made by the Governor General, if there is any real conflict. Undoubtedly restrictions imposed upon Philippine exports to the United States will, under present conditions, prove disadvantageous to the Philippines. Senators know that the Filipinos protested against our Government forcing free trade upon them and denying them the right to seek markets in other parts of the world. By our policy we have, in effect, compelled the Filipinos to trade only with the United States. We have forbidden them to impose tariff duties in order that they might obtain revenues and, as I

have stated, have practically foreclosed them from entering the markets of the world. Under these conditions they have been forced into the development of certain industries the products of which were brought to the United States. They have been compelled to receive our exports and we have sent to the Philippine Islands large quantities of agricultural and other commodities each year. I think, perhaps, the Governor General has exaggerated the effect of the imposition of the excise taxes referred to, though I believe the revenue of such excise taxes will be of disadvantage to the Filipinos.

In all the hearings before committees Senators know that persons representing various interests, presenting the strongest possible arguments, do not always confine themselves to the fields of logic and accuracy. It is obvious that if we continue to hold the Philippines under the existing law, the Filipinos and the Governor General, whoever he may be, will endeavor to secure all reasonable trade advantages with the United States. Our policy has encouraged American investments in the Philippines and Americans have been largely responsible for the increased production of sugar and copra and its products. Undoubtedly, as I have indicated, if we had not forced free trade between the two countries, certain industries would not have attained their present status and markets in various parts of the world would have been opened up for Philippine products. The unwisdom of the tariff and commercial policy which we have forced upon the Filipinos has become apparent and it is certain that to continue the present situation will multiply the difficulties to be encountered when we attempt to change the present status or to give to the Filipinos their independence. We have attempted to impose upon the Filipinos a policy somewhat similar to that which George III sought to force upon the American Colonies. We have cut off the trade of the Filipinos with other nations and forced them to deal almost exclusively with the United States. Such a course was bound to develop problems and conditions increasingly difficult of solution and, in the end, perhaps injurious to the Filipinos. This very situation is a powerful argument in favor of granting to the Filipinos their independence.

So I have no difficulty in reconciling the requests which may have come from the Governor General with the statement which I have made, that the Filipinos, while it is true they would prefer a situation that would enable them to have reciprocal advantages after independence, will take independence, take it now, take it within the next 2 or 3 years under the terms of the bill referred to, rather than have the Hawes-Cutting bill revived, or continue the present status.

Mr. VANDENBERG. Mr. President, will the Senator yield to permit me to make a further statement?

Mr. KING. I yield.

Mr. VANDENBERG. I cordially join the Senator, as he knows, in opposition to the extension of the Hawes-Cutting bill. I have no sympathy whatever with any such purpose. But it seems to me that the Senator's bill, the so-called "King bill", needs an appendix, to wit, a formula for the subsequent progressive recession in American tariffs, so that the republic which we thus launch under our beneficent auspices, will have a chance to survive, and succeed, and stabilize itself in a post-independence period of 5 or 10 years, during which they can gradually accommodate themselves to their new economic status.

Mr. KING. May I inquire of my friend from Michigan whether the suggestion which he has made contemplates that they should have their independence within the next few years?

Mr. VANDENBERG. Yes; as soon as possible.

Mr. KING. But that there should be reciprocal relations between the United States and the Philippines during which the Filipinos would receive some benefits from such relations?

Mr. VANDENBERG. During a limited period of years, so that they could, as rapidly as possible, accommodate themselves to the new status.

Mr. KING. But that would be under their own government.

Mr. VANDENBERG. That would be entirely under their own government.

Mr. KING. And we would cut loose from the obligation to defend them against aggression, if there were any?

Mr. VANDENBERG. Precisely, which is at the base of my entire viewpoint. The Senator knows that my fundamental objection to the Hawes-Cutting bill is that we have 18 years of responsibility without authority, and if anything is to happen I want it to happen under their flag rather than ours.

Mr. KING. Mr. President, with that explanation, and I was under the impression that that was the view which my friend entertained, I shall not oppose an amendment to the bill if proposed.

The point I am trying to make, Mr. President, is that it is unfair to the American people, and to the Filipinos, to have the sword of Damocles, so to speak, hanging over their heads. American capital in the Philippines does not know what to do. The Filipinos do not know what to do. They have the threat of the revival of the Hawes-Cutting bill, which they have rejected for reasons substantial and warranted. They fear other legislation that, perhaps, will be as objectionable as the Hawes-Cutting bill. They do not know what their status is going to be. I think we owe it to them, as well as to ourselves, to liquidate this question in an honorable and just way at the earliest possible moment, so that the Filipinos will know what their future shall be, that they may shape their domestic as well as their international policies in a way they believe will be most advantageous, and so that our country will know what its relations to the Philippines are, what its obligations are, and what in all fairness ought to be done in that post-independence period to which the Senator from Michigan referred.

I desire to read another cablegram received on the 20th:

American business men control the correspondents—

That is, the correspondents in the Philippine Islands, meaning thereby that some of the news reports from the Philippine Islands are garbled and may not be relied upon. This cablegram was sent in view of a statement appearing in one of the papers published in Manila that an agreement had been made here in the United States by Gabaldon and some of the delegates sent to the United States by the legislature, under the terms of which the Hawes-Cutting bill was to be revived. Some American papers have carried that statement.

Returning to the cablegram:

American business men control the correspondents. No majority leader accepts modification. Nobody mentions 17 years. Aguinaldo veterans, labor organizations, Philippine church, entire people supporting the King bill. Recent monster demonstrations the best evidence. If defeated will resort to boycott.

Mr. VANDENBERG. Mr. President, may I interrupt the Senator once more?

Mr. KING. I yield.

Mr. VANDENBERG. I think that cablegram further identifies the thought I was expressing a few moments ago. In all my conversations with General Aguinaldo it has been my understanding that he always linked a post-independence era of economic readjustment with immediate independence. So I am again wondering whether the demands which the Senator is reading do not in fact mean that absolute, complete, and immediate independence is a thing associated with a post-independence era of economic readjustment? Has that not always been the Aguinaldo program?

Mr. KING. I do not quite assent to the statement made by my friend. I thought that I had with me a speech recently delivered by Aguinaldo, a speech printed in extenso, which I should like to call to the attention of the Senator.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. TYDINGS. I do not want to transgress upon the Senator's time, because when he has finished I desire to make a statement about this subject matter in my own time, but I am in a position to say that in the last 3 weeks I have been

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in communication, both in person and by cablegram, with all the leaders of Filipino politics in both factions, including the last mission and the new mission, General Aguinaldo, the speaker of the house, the president of the senate, and many others, and I am happy to report that they are all, without exception, in agreement for a bill which will shortly be introduced in this Congress.

Mr. KING. Mr. President, the Senator has information quite different from that which comes to me. Within the past 3 hours I have conferred with Mr. Gabaldon, one of the ablest men in the Philippine Islands, who is here as a delegate, named by the Philippine Legislature. He stated that there has been no understanding, no agreement; that he knows of none, and he assents to none. He informed me that Mr. Quezon has not assented to any agreement of the character indicated. It is evident from the Senator's statement that efforts are being made to induce some Filipino leaders to agree to a plan to revive the dead Hawes-Cutting-Hare bill. If not, why the cablegrams to and communications with persons in the Philippine Islands? It is easy to surmise the purpose—though it is not now manifest what representations are made to Filipino leaders.

Recurring to the position of Aguinaldo, I have here a statement made by him in a speech delivered after the passage of the Hawes-Cutting bill, in which he says:

> At the outset I wish to state that it is not true that under the Hare-Hawes-Cutting Act, Philippine independence will be automatically granted within the next 10 or 12 years. According to the speeches in Congress when the bill was being discussed, the actual concession of freedom may not take place until 14 or 16 years from the inauguration of the Philippine Commonwealth; provided (and this is a vital proviso) that it is not arrested by intervention of the United States for any of the many causes enumerated in the act.

The able Senator from Michigan [Mr. VANDENBERG], when the bill was under consideration, pointed out some of the causes that might lead to intervention by the United States anterior to the expiration of the time mentioned in the bill, and this able Philippine leader perceives the same dangers and the same menace.

Referring to the Hawes-Cutting bill, he further states:

> In other words, it may take all in all at least half a century for the Philippines to obtain her liberty. In other words, under the law, another period of probation is required of us with all the doubts and contingencies and unforeseen developments that may arise during the next 14 years.
>
> If the prerequisite prescribed in the Jones law, namely, that as soon as a stable government was established independence would be granted, had not yet been complied with, another period of probation might have a semblance of justification. It is incontestable, however, that 16 years ago, President Wilson had certified that we had already a stable government in these islands and he had advocated that independence be granted us in justice to our aspirations. Why then should we voluntarily accept another period of trial? Why not ask instead that our republic be restored even subject to some such supervision as is provided for in the Hare-Hawes-Cutting law? This will be a million times more reasonable than the status that is being proffered to us under the law. We will have instead an international personality of our own and we will have such instrumentalities at our command as will enable us to develop our latest energies and resources and to make our country strong, not artificially as now but in fact. There is no visible reason at all why the Philippine Republic could not be established within the next 4 or 5 years. There is no reason why we should select the status of a commonwealth which does not differ radically from the form of government that is provided in the Jones law.
>
> An analysis of the Hare-Hawes-Cutting Act will inevitably reveal that with the exception of a few remaining positions to be Filipinized and the power of making appointments and preparing the budget the autonomous powers that we now enjoy are not increased one whit. It will be discovered further that in exchange for these seeming concessions we shall have to sacrifice the present free-trade arrangement and our right of immigration with all the benefits that this arrangement entails for our country.
>
> In exchange for actual independence, I venture to assert that we are ready to undergo sacrifices of whatever nature and form. I believe that our country would undergo unspeakable hardships for the cause for which she has labored all these years. Unless however, it is independence that we are actually getting, I doubt whether our people would submit to unnatural impoverishment.
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> * * * * * * *
>
> It is unnecessary on this occasion to go into the other details of the law. It is sufficient to state that our country is hopelessly divided on this, the greatest national issue that has yet confronted her. The debates that are raging around the law will sow the seeds of discord among our people for many years to come. It is clear that this contingency could very well be avoided by the enactment of a more liberal legislation, one that is more responsive to our national desire for liberty.
>
> Our task at present, as I see it, is to seek a common ground, a formula of union, so to speak. We should exert efforts to formulate a plan which would be acceptable to all. I believe that in the plan which I have been proposing during the last few weeks the country can find this middle ground and could adopt it as a meeting point without embarrassment to anyone.
>
> I propose that we unite so that we could have a legislation whose principal features would be as follows:
>
> 1. That the Philippine Republic be restored automatically within 4 or 5 years from the enactment of a law providing for such independence.
>
> 2. That during the said period of 4 or 5 years the present free-trade arrangement continue to the mutual benefit of both the United States and the Philippine Islands.
>
> 3. That immediately after the Philippines, if America desires it, all free-trade arrangement recognition of the independence of between her and the Philippines be terminated.
>
> 4. That during the 4 or 5 years, transition period we be allowed to negotiate with foreign countries for such commercial relations and agreements as may be mutually beneficial after the free-trade arrangement with the United States shall have been terminated.
>
> 5. That we be given liberty to legislate about our own currency.
>
> 6. That in the meantime also we be allowed to organize the nucleus of our national defense and to lay the basis for future diplomatic relations with other countries.
>
> 7. That all such concessions and power of intervention as may be demanded of us by the United States be embodied in a treaty to be signed after our independence is recognized by her.
>
> 8. That the payment of our bonded indebtedness be not demanded until the period of its maturity, because it is already so provided in the contract of indebtedness.
>
> 9. That all economic restrictions desired be on the basis of reasonable reciprocity.
>
> The foregoing, my countrymen, in its barest outline is an independence plan which I believe would be accepted by everybody concerned. It should be acceptable to us because it hastens the concession of freedom and because it removes all uncertainty about it. It should be acceptable also to the agricultural and industrial interests of the United States because competition from Philippine products will be eliminated within the short period of 4 or 5 years.
>
> I beseech the support of the country as regards this plan. It is the only feasible plan, as I see it, considering the conditions now prevailing in the United States. It is also the only feasible plan that could make us happy. If under this plan we shall have to undergo hardships just the same, they are hardships that will be doubly welcome because they are in exchange for our coveted freedom.
>
> We are at the crossroads, as it were, to our national destiny. The time calls for serene reflections and for courageous decision. By striving for the enactment of a more liberal independence law we certainly could not be accused of not desiring our freedom. On the contrary, we are thereby making known our determination to face the consequences of an independent existence. Let us thereby show that if we could have our national ideals achieved during the next 4 or 5 years we are disposed to forego all the advantages of our association with the United States.

Mr. President, General Aguinaldo, in the statement which I have just read, presents arguments against the Hawes-Cutting-Hare bill which, it seems to me, cannot be controverted. I cannot believe that he has modified or repudiated the views therein expressed. It seems impossible that he could have assented to a measure not yet prepared, but which, as the Senator from Maryland says, is shortly to be introduced, which would be at variance with his expressed views. It is possible, however, that certain promises have been made as to the terms of the bill which may have inclined him reluctantly to approve a prospective and indefinite measure. I can understand that the Filipinos, rather than continue the present situation, would yield to propositions repugnant to them and not oppose a bill though it was not in accord with their views and failed to give to their country the liberty which the Filipinos demand. I challenge attention to the concluding propositions submitted in General Aguinaldo's address, among them that the Philippine Republic be restored automatically within 4 or 5 years; that prior to independence the present trade relations shall continue for both the benefit of the United States and the Philippine Islands, but that as soon as independence is achieved that shall be terminated. An important provision is that during the transition period before independence the Filipinos be allowed to negotiate with foreign countries for such commercial relations as may be beneficial after independence has been obtained.

Section 17 of the Hare-Hawes-Cutting Act specifically provides that:

> The foregoing provisions of this act shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature.

In accordance with this provision, the legislature may act directly on the law or call a convention for the purpose of accepting or rejecting it. No plebiscite for this purpose was contemplated. The Philippine Legislature having chosen to act directly on the law, its action in declining to accept it is as perfectly legal as any action of a convention called by it for the purpose of considering the bill.

Long before the Hawes-Cutting bill was enacted, the legislature, directly or through the Philippine Independence Commission, had already recorded opposition to many of the provisions of the bill.

On November 5, 1932, the Independence Commission gave specific instructions to the Philippine Mission in Washington, in a declaration embodying the wishes of the Philippine Legislature as to the kind of bill acceptable to it. These declarations were confirmed and ratified by the Philippine Legislature in its Concurrent Resolution No. 19, adopted November 9, 1932.

It will be recalled, Mr. President, that the commission sent here to secure independence had been instructed by organizations representing the Philippine people, and by the Philippine Legislature, as to the form and spirit of the measure that would meet the wishes of the Filipinos. The Hawes-Cutting bill was at variance with these instructions; it was not responsive to the desires and aspirations of the Filipinos and, as stated, was not in harmony with instructions given the mission which came to Washington to labor for and appeal for complete, absolute, and immediate independence. I now present a concurrent resolution expressing the sense of the Philippine Legislature with reference to independence bills pending consideration in Congress. It was prepared after the legislature learned of the bills presented to Congress, and for the purpose of instructing the mission which came to Washington to labor for independence.

> Concurrent resolution expressing the sense of the Philippine Legislature with reference to the independence bills pending consideration in the American Congress
>
> *Resolved by the House of Representatives, the Philippine Senate concurring,* That the following declaration be adopted as expression of the unanimous sense of the Philippine Legislature:
>
> First. That it is the aspiration of the people of the Philippines to have immediate, absolute, and complete independence.

Bear in mind these are the instructions so far as the Legislature of the Philippines had the power to instruct those whom they sent here to represent the Filipinos.

Mr. LEWIS. Mr. President, was that before we voted on the bill?

Mr. KING. Yes; several months. I continue reading:

> Second. That, if the United States Congress is not disposed to pass at the coming session an act granting such immediate, absolute, and complete independence, the Philippine Legislature trusts that it will at least pass an act designating the date when independence will be granted, and that the delay will be only that absolutely required to transfer sovereignty and make the necessary readjustments for the proper protection and safeguard of the interests of both countries, and that in the meantime more ample powers be conferred upon the people and government of the Philippine Islands than they now have as regards the management of their domestic affairs without undue restrictions and the preparation of the country for its future responsibilities as an independent and sovereign state, and that the tariff regulations between America and the Philippines be based on just reciprocity or, at least, be not detrimental to the Philippine Islands.

Senators will see that is an alternative. They pray, first, for complete, immediate, and absolute independence. Then, if the United States is not disposed to grant their plea, they ask that a date be designated at which sovereignty may be transferred from the United States to the government to be formed by the Filipinos. The concurrent resolution continues:

> Third. That if the United States will insist upon reservations for naval and coaling stations, such will be established in Manila Bay or any other ports of importance for the commerce of the Philippine Islands.
>
> Fourth. That the legislature reiterates its confidence in the legislative mission at present in Washington and hopes that the same will do all it can to secure legislation in consonance with the foregoing declarations and fundamentally satisfying the political aspirations of the people of the Philippine Islands.
>
> Fifth. That it acknowledges and appreciates the sentiment in favor of the Philippine ideals at present prevailing in the Congress of the United States, and, therefore, trusts that said Congress will pass an act granting us immediate, absolute, and complete independence or, at least, legislation fulfilling the requirements above set forth.

On December 10, 1932, when news of the approval of certain amendments to the Hawes-Cutting bill, adversely affecting Philippine rights and interests, reached Manila, President Quezon, in behalf of the legislature, sent a telegram to the Philippine Independence Mission in Washington, which in part is as follows:

> It seems there is no way of obtaining the passage of a law that will give due consideration to the rights and interests of the Filipino people, and I am sure that I am voicing the unanimous sentiment of our people in urging you to press for immediate independence, and if this is impossible in this session, let there be no bill.

Those were the final instructions given to the mission here when information was brought back to Manila of the numerous amendments which were offered to the bill known in the House as the "Hare bill", and in the Senate as the "Hawes-Cutting bill."

Shortly before the approval of this measure by the Senate a meeting was held in Manila by the Independence Commission, on the 17th of December 1932; and the presiding officers of the legislature were authorized to send to the Philippine independence mission in Washington the telegram which I am about to read. People in the Philippine Islands, through mass meetings, through their civic organizations, through their political organizations, through the legislature, and through the political organization which has directed, if I may use the expression, the campaign for independence for a number of years, were alert as to the steps which were being taken in the House and in the Senate dealing with the question of Philippine independence.

This is the telegram which was forwarded:

> At meeting held today Independence Commission unanimously approved all cables heretofore sent you and speech President Quezon as expressing unanimous sentiment members thereof and Filipino people summarized as follows: First, immediate, complete, and absolute independence has ever been and is desire of Filipino people. Second, willingness compromise on postponement independence or transitory period not over 10 years promised upon conditions that during said period local government will be really autonomous and regulations commercial relations and immigration would be mutually beneficial to both American and Filipino peoples or at least not destructive of our industries nor offensive to our race, as specifically pointed out in the resolution and instructions taken by Aquino. Third, restriction of entry Filipino products and immigration to America on any basis without similar restriction to American goods and Americans entering Philippines is in itself unjust and can only be accepted if limitations and basis thereof are as specifically mentioned in aforementioned resolution and instructions. Fourth, any bill postponing independence or containing transitory period under conditions different from above will not be accepted if submitted to Philippine Legislature for approval, and if no submission is provided will be strongly protested by same and Filipino people.

(At this point Mr. KING yielded the floor for the day.)

Thursday, March 1, 1934

Mr. KING. Mr. President, on three recent occasions I have submitted to the Senate views relating to the Philippine problem, and upon each occasion have been required to yield for the consideration of other matters. Yesterday I yielded to the Senator from Maryland [Mr. TYDINGS], who desired to present some views relating to the Philippine situation. I made a brief reply to his statements.

During his address he stated in substance that negotiations were in progress for the purpose of agreeing, if possible, upon a new bill dealing with the Philippine situation. As I understood the Senator, representatives of various groups had assented in principle at least to the bill which he has in his mind but has not been reduced to writing. Evidently it is in a nebulous condition and is dependent upon uncertainties and contingencies for any form it may assume.

Several days ago my attention was called to a statement appearing in the press to the effect that an agreement was about to be reached under the terms of which the Hawes-Cutting-Hare Act, with slight modifications, would be revamped and passed by Congress, and, further, that representatives of the Filipinos who were here were agreeable to the proposed plan.

I had had a number of interviews with Mr. Quezon, the chairman of the Philippine delegation—sent here to urge the enactment of an independence law—since he came to the United States a few weeks ago, and during the same he led me to believe that he was opposed to the Hawes-Cutting-Hare Act and favored the bill which I had offered and which is pending in this body. After reading the newspaper reports, I wrote Senator Quezon as follows:

WASHINGTON, D.C., *February 18, 1934.*

DEAR SENATOR: Upon two occasions recently, in our conversations respecting the Philippine situation, I understood you to state definitely that you were opposed to any measure that would attempt to revive the dead Hawes-Cutting bill and revitalize it; further that you favored the bill which I offered and which is now pending (S. 2064, 73d Con., 2d sess.) or one containing substantially the same provisions.

Yesterday there appeared in the New York and Washington papers, and doubtless others, statements to the effect that a plan might be adopted which would revive the Hawes-Cutting bill, with some of the provisions eliminated. I gained the impression from the newspaper statements that an understanding between the administration and the leaders of the Filipinos might be reached that would result in an effort to reenact the Hawes-Cutting measure in order that another opportunity might be given the Filipinos to register their approval or disapproval of the measure referred to.

I have been reluctant to believe that you and the members of your delegation are willing to have the Hawes-Cutting bill revived by Congress. I have assumed from what occurred in the Philippine Islands with respect to the Hawes-Cutting bill that it was wholly unsatisfactory to the Filipinos and that any attempt to revive it would meet with their disapproval.

It is my intention to press for the consideration of the measure which I offered and to urge the enactment of my bill or some other measure containing similar provisions. I shall be glad to be advised if my understanding of your position is correct and also whether you and the members of your delegation favor the passage at this session of Congress of a measure containing provisions similar to those contained in my bill.

Sincerely yours,

WILLIAM H. KING.

Hon. MANUEL L. QUEZON,
Waldorf-Astoria Hotel, New York, N.Y.

In reply to my letter Senator Quezon wrote, as follows:

THE WALDORF-ASTORIA,
New York City, February 20, 1934.

Hon. WILLIAM H. KING,
United States Senate, Washington, D.C.

MY DEAR SENATOR KING: In answer to your letter of February 18, I beg to inform you, as follows:

First, that your understanding of my position, as I stated to you in our previous conversations respecting the Philippine situation and with particular reference to the Hawes-Cutting bill, as well as to your bill (S. 2064, 73d Cong., 2d sess.), is absolutely correct.

Second, that I have, however, expressed myself as being ready to agree to the revival of the Hawes-Cutting bill, if it is amended in certain particulars and with certain understandings, provided your bill fails to secure the approval of Congress.

If, therefore, you should press for the consideration of your bill and urge its enactment I, as well as the members of my delegation, will support it in preference to the revival, with amendments, of the Hawes-Cutting bill.

You are, I am sure, informed that there have been popular demonstrations in the Philippine Islands supporting your bill, and that the leaders of the legislature asked me to endorse it.

Very sincerely yours,

MANUEL L. QUEZON.

Mr. President, it will be observed that in my letter to the distinguished leader of the Philippine delegation I definitely inquired whether he approved the bill which I had introduced, or whether he approved the attempt to revive and revitalize the dead Hawes-Cutting measure. His reply is definite and conclusive. He favors the bill which I offered providing for the immediate independence of the Philippines. If, however, my bill cannot be passed, he expresses his willingness to consider some other measure involving, doubtless, some provisions similar to those in the Hawes-Cutting bill.

A day or two ago I stated, Mr. President, in my discussion of this question that I believed attempts were being made, I will not say to coerce, but to induce the Philippine leaders, the Philippine Legislature, and the Filipino people to endorse the Hawes-Cutting bill with some modifications. I repeat, Mr. President, that I believe efforts are being made by persons in Washington, by business interests in the Philippine Islands and in the United States to revive the Hawes-Cutting bill, and I have no doubt, from information conveyed to me, that the Filipinos are told by the interests to which I have referred, if not by others, that unless they accept the Hawes-Cutting bill with some slight amendments, they will get nothing, and that the present status of the islands will be maintained, subject to restrictions which may be imposed upon exports from the Philippines to the United States.

I can understand, Mr. President, how men desiring independence, when confronted with the choice of remaining in a subordinate and colonial condition, rather than have desired independence, would reluctantly assent to a measure containing objectionable and repugnant provisions far below what they desire, yielding not what they have anticipated, so they will not continue in the position in which they have existed for many years.

I can understand that some Philippine leaders, rather than continue the present situation, may be willing to accept a measure, though most objectionable, but which perhaps will confer some benefits not now enjoyed, but I aver now as I have averred upon a number of occasions, that the Filipinos, overwhelmingly, favor the bill which has been offered by myself, or a similar measure which will result in their independence within the next 3 or 4 years.

There were provisions in the Hawes-Cutting bill that were obnoxious to them, and I do not believe that under any circumstances the Filipinos are willing to accept the Hawes-Cutting bill in its present form. It may be, as indicated by the Senator from Maryland [Mr. TYDINGS] yesterday, that an objectionable and indeed obnoxious plan might be accepted if the Filipinos were convinced that complete and immediate independence could not be obtained. The Philippines are dominated by the United States, and their inhabitants realize that they can obtain only what this Government grants. Their political status makes equal opportunities for bargaining impossible. They must take that which is given them.

In view of the statements contained in the Senator's letter, as well as communications which I have received from the Philippine Islands and from Filipinos, including a member of the mission now in Washington, I regard it as a duty to demand the enactment of a measure containing provisions found in the bill which I have offered. I shall ask the chairman of the committee to call his committee together at an early date for the purpose of considering the bill which I have offered, with a view to having it reported and acted upon by the Senate in the near future. If the Senate is unwilling to pass this bill, then we may be driven to the extremity of accepting some other measure unsatisfactory to the Filipinos. I hope that such a situation may not be created.

Mr. President, I received this morning a letter from one of the members of the Philippine delegation now in Washington, which reads as follows:

Hon. WILLIAM H. KING,
United States Senate, Washington, D.C.

MY DEAR SENATOR: With reference to the newspaper report appearing in column 6, page 11, of today's issue of the Washington Post, to the effect that Senator TYDINGS advised the Senate "that all Philippine leaders and factions had agreed to the plan" of reviving the Hare-Hawes-Cutting law with certain modifications, I wish to confirm the statement I made to you yesterday that at least 3 of the 4 members of the Philippine delegation now in Washington have not given their assent to such plan in writing or otherwise.

Senator Quezon himself, the chairman of our delegation, informed you in a letter dated February 20, "that there have been popular demonstrations in the Philippine Islands supporting your bill, and that the leaders of the legislature asked him to endorse it."

May I not ask you to kindly have this letter read into the RECORD for the information of the Members of the United States Senate?

Very truly yours,

ISAURO GABALDON,
Member of the Philippine Delegation.

Senator Quezon's letter is in harmony with the views of members of the delegation who have conferred with me quite recently. It is in harmony with statements made by Senator Quezon to me within the past 3 or 4 weeks.

In my remarks yesterday I called attention, Mr. President, to the fact that the Legislature of the Philippine Islands voted upon the question as to whether the Hawes-Cutting bill should be approved or rejected, and it was rejected. The legislature also passed the necessary measure appointing a delegation, headed by Senator Quezon, to visit the United States and to inform the President and Congress and the American people that the legislature, as well as the people of the Philippine Islands, were hostile to the Hawes-Cutting bill and would not give it their approval.

Continuing the observations I was making yesterday afternoon at the hour of adjournment, may I say that the Philippine Legislature, convinced that the Hare-Hawes-Cutting Act, as finally passed by Congress, over the veto of President Hoover, did not satisfy the aspirations of the Filipino people, nor was it in accordance with the instructions which the Philippine Legislature had given to their delegation here, declined to accept the measure. This declination or refusal to accept it occurred upon two occasions. First, when, as an incident to the discussion of the plebiscite bill, sponsored by the opponents of the Hawes-Cutting Act for the purpose of submitting it to the people, and before the legislature was to act in accordance with the decision of the electorate, Senator Osmeña, in behalf of the minority, agreed to abandon the plebiscite after he was served with notice by President Quezon that if the legislature were to act upon the law directly, it would be rejected under the provisions of section 17 of the act, and that thereupon Senator Osmeña presented a resolution for the formal acceptance of the act. Upon a vote the resolution failed of passage in the senate by a recorded vote of 15 to 4.

Senators will recall that Senator Osmeña is one of the leaders of the Filipinos. He is one of the intellectuals in the islands, a man of property and standing, and has been selected upon a number of occasions to come to the United States to advocate immediate and absolute independence for the Philippines.

When in Washington the last time he came charged with the duty of demanding immediate independence for the Filipinos. He and Speaker Roxas urged the passage of an act granting independence; but later, as I am advised, they stated reluctantly, I am told, that they would accept the Hawes-Cutting bill. When they returned to the Philippine Islands, having given their assent to the Hawes-Cutting bill, they attempted to induce the people to accept it and secure its ratification. Senator Osmeña in the senate offered a resolution of ratification. After considerable campaigning and discussion in the Philippine Islands, it became apparent that the Filipinos would reject the Hawes-Cutting bill. Thereupon the advocates of ratification abandoned their desire for a plebescite and agreed upon submitting the question to the Philippine Legislature.

The result in the Senate, as I have stated, showed a vote of 15 to 4 against the law.

Both the agreement and the resolution presented by Senator Osmeña are found in concurrent resolution no. 45, which is as follows:

Concurrent resolution confirming and ratifying the action of the senate in disapproving at its session on October 7, 1933, the proposed concurrent resolution 28, entitled "Concurrent resolution accepting the act of Congress of January 17, 1933, generally known as the "Hare-Hawes-Cutting Act."

Whereas at the session of the senate on October 7, 1933, during the consideration of house bill no. 2600, which provides for a plebiscite on the Hare-Hawes-Cutting Act, when the debate thereon had already been closed and a motion made for the passage of said bill, there was presented, for insertion in the record, a document of the following tenor:

"The undersigned, on behalf of the majority and minority, have agreed that there be no plebiscite in view of the fact that it has not been possible to arrive at an agreement on the manner in which the same shall be held, and in order to save the country the unnecessary expense of holding said plebiscite.

"MANUEL L. QUEZON,
"*On behalf of the majority.*
"SERGIO OSMEÑA,
"*On behalf of the minority.*"

Senator Quezon has been the outstanding leader in the Philippines for many years; and Senator Osmeña, representing the minority party, has also been a leader of distinction and ability in the islands.

Continuing with the resolution:

Whereas, immediately after the introduction and reading of the foregoing document, the senior senator from the tenth district [Mr. Osmeña] introduced proposed concurrent resolution no. 28, which, copied literally, reads as follows:

"Concurrent resolution accepting the act of Congress of January 17, 1933, generally known as the "Hare-Hawes-Cutting Act."

"*Resolved by the Senate, the House of Representatives of the Philippines concurring,* To accept the act of Congress of January 17, 1933, entitled, 'An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes' generally known as the 'Hare-Hawes-Cutting Act', in accordance with the provisions of section 17 of said act."

Whereas, when the Senate considered the foregoing proposed concurrent resolution and voted upon the same by ayes and nays, the same failed of passage by 15 votes against 4: Now, therefore, be it

Resolved by the Senate, the House of Representatives of the Philippines concurring, To ratify and confirm, as they hereby do ratify and confirm, the action of the senate in disapproving proposed senate concurrent resolution no. 28, entitled "Concurrent resolution accepting the act of Congress of January 17, 1933, generally known as the 'Hare-Hawes-Cutting Act.'"

The secretary of the senate certifies that this resolution, which originated in the Philippine Senate, was adopted by it October 9, 1933, and by the house of representatives October 10, 1933.

This action by both branches of the Philippine Legislature reflects the views of the Filipinos, and should have terminated all efforts to force upon them a governmental system repugnant to their wishes. But we now have notice that the rejected and repudiated plan is to be resurrected, galvanized, and imposed upon the people, who doubtless believe that they are in no position to engage in a protracted struggle with this great Nation.

Mr. President, the Legislature of the Philippine Islands adopted another resolution informing Congress of its rejection of the Hawes-Cutting-Hare Act, and of the appointment of a commission to visit the United States and seek the enactment of a law that would meet the aspirations of the Filipinos.

The resolution is as follows:

Concurrent Resolution 46

Concurrent resolution informing the Congress of the United States that the Philippine Legislature, in its own name and in that of the Filipino people, declines to accept the act of Congress entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes", in its present form and appointing a committee to proceed to the United States at the earliest practicable time to seek amendments to said act of Congress, or the enactment of such new legislation as will fully satisfy the aspirations of the Filipino people, to become at the earliest practicable date a free and independent nation, under conditions and circumstances that will not imperil the political, social, and economic stability of their country

Whereas the Congress of the United States on the 17th day of January 1933 enacted a law entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes", commonly known as the "Hare-Hawes-Cutting law";

Whereas section 17 of said law provides that the provisions of the same "shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature";

Whereas the Philippine Legislature fully appreciates the good will shown by the Congress of the United States toward the people of the Philippine Islands and its efforts to finally settle the Philippine question by enacting said law;

Whereas the Philippine Legislature believes that in providing that the said law shall not take effect until accepted by the Philippine Legislature or by a convention called for the purpose of passing upon that question, the Congress of the United States intended to secure a frank and honest expression of the will of the Filipino people regarding the above-mentioned law;

Whereas the Philippine Legislature is opposed to the acceptance of said law in its present form because, in the opinion of the legislature, the law does not satisfy the national aspirations nor does it safeguard the welfare of the Filipino people or the sta-

bility of the social, economic, and political institutions of their country: Now, therefore, be it

Resolved by the house of representatives (the Philippine Senate concurring), That the Philippine Legislature, in its own name and in that of the Filipino people, inform the Congress of the United States that it declines to accept the said law in its present form because, in the opinion of the legislature, among other reasons, the provisions of the law affecting trade relations between the United States and the Philippine Islands would seriously imperil the economic, social, and political institutions of this country and might defeat its avowed purpose to secure independence to the Philippine Islands at the end of the transition period; because the immigration clause is objectionable and offensive to the Filipino people; because the powers of the High Commissioner are too indefinite; and finally because the military, naval, and other reservations provided for in the said act are inconsistent with true independence, violate national dignity, and are subject to misunderstanding.

Resolved further, That a joint legislative committee of the senate and the house of representatives be appointed, as it is hereby appointed, subject to the directions, purposes, and authority herein stated, to be composed of the Honorable Manuel L. Quezon, president of the Philippine Senate, as chairman of the committee on the part of the Philippine Senate; the Honorable Quintin Paredes, speaker of the house of representatives, as chairman of the committee on the part of the house; Hon. Elpidio Quirino, majority floor leader of the senate; Hon. Jose C. Zulueta, majority floor leader of the house of representatives; Hon. Sergio Osmeña, senator from the tenth district; and Hon. Pedro Guevara, Resident Commissioner to the United States, and that an invitation be and is hereby extended to Gen. Emilio Aguinaldo, president of the erstwhile Philippine Republic; Hon. Juan Sumulong, former Senator; and Hon. Isauro Gabaldon, former senator and Resident Commissioner, to join said legislative committee and form a part thereof, General Aguinaldo as honorary chairman and the others as members.

The committee thus constituted shall proceed to the United States as soon as convenient in the interest of the public service and convey to the Congress of the United States the appreciation of the Filipino people for the enactment of the law of Congress entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes."

The committee shall at the same time express to the Government and people of the United States the objections to the said law and the reasons therefor, and petition the President and the Congress of the United States for changes therein or the enactment of such new legislation as will fully satisfy the aspirations of the Filipino people to become at the earliest practicable date a free and independent nation under conditions and circumstances that will not imperil the political, social, and economic stability of their country.

The Philippine Legislature approaches the Government and people of the United States through this committee in the hope and confident expectation that they will not ignore the appeal of the Filipino people—a people who, in the language of every American President since the inauguration of American rule, have been placed by Divine Providence under the protecting care of the American Nation so that they may enjoy the blessings of freedom and happiness which are the heritage of the people of the United States.

Adopted October 17, 1933.

Mr. President, we frequently hear American orators, on the 4th of July and on other patriotic occasions, refer to great state papers that were adopted by legislatures and committees prior to the Revolutionary War addressed to His Majesty King George III, of Great Britain, and to the Parliament of Great Britain, setting forth the grievances of the American colonists, appealing for liberty, for independence, and for a redress of grievances. We have a state paper here, a resolution adopted by the Legislature of the Philippines, which, in its temperate tone, in its strong expressions of the desire for liberty, in its clear recitation of the mistakes and evils of the bill which we passed as a ground for rejecting it, it seems to me should appeal to the Congress of the United States and to the American people and lead to the enactment of a law in consonance with their national aspirations. Yet, professing democracy, as we do, stating that our Government is founded upon the consent of the governed, we have rejected for years the earnest and eloquent appeals of the Filipinos for independence and have listened too often to selfish demands and to captious opposition as justification for the denial of the liberty which the Philippine people have coveted.

I cannot understand, Mr. President, the indifference of Congress and the American people to the appeals of these 13,000,000 people living far across the Pacific. Aside from the questions of liberty and of justice, which are involved, or should be involved, in legislation which is sought, there is the question of our own interests. I insist, however, Mr. President, that any material interests of the American people in the Philippines must be subordinated to what is infinitely more important—the interests and the liberty of the Filipinos. We may derive benefits from trade relations with the Filipinos; it may be to the advantage of some American capitalists to retain the Philippines; but, Mr. President, the great underlying fundamental question which must be solved now or in the future—and it should be solved now—is, Have we the right to hold in subjection, under American rule, 13,000,000 people who are demanding at our hands that freedom and independence which they covet and to which they are entitled?

As I stated yesterday, whenever it is suggested that independence should be granted to the Philippines, the claim is made that such a course would be premature; other critical voices are raised in opposition upon the ground that they might become the victims of Japan's aggression; a number of fanciful objections are urged, as they always have been and always will be urged, when the question of duty, the question of liberty, the question of granting a people rights which they are entitled, are presented for consideration. We should brush these objections aside and, here and now, Mr. President, resolve that notwithstanding opposition in obedience to the appeals, indeed, the demands, of the Filipinos for independence, we shall enact a law that will meet their aspirations.

Recurring to the resolution just read, it is to be noted that this repeated action of the Philippine Legislature is not an isolated expression of the popular will in the Philippine Islands. In fact, the respective stands taken by the members of the legislature were based upon the concensus of opinion of their constituencies after a country-wide campaign in favor of or against the acceptance of the act, which campaign began almost immediately after the passage of the act over the veto of President Hoover. The discussions for 10 months prior to the final affirmative action of the legislature refusing to ratify the Hawes-Cutting Act were as prolonged and exhaustive in the Provinces as they were in the legislative chambers. Every sentence—indeed, I was about to observe, every comma—and every paragraph of the Hawes-Cutting Act was subjected to careful examination and analysis; whatever benefits, if any, that might be derived were properly appraised and weighed, and the evils and objections that were palpable—and, indeed, which were subtle and hidden—were discovered and denounced in the press and in the discussions in the legislature as well as upon the hustings throughout the islands.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. ERICKSON in the chair). Does the Senator from Utah yield to the Senator from Louisiana?

Mr. KING. I yield.

Mr. LONG. I do not wish to violate any confidence, but the Senator, I see, has on his desk a letter from one of the Philippine delegation. Has that letter been read to the Senate?

Mr. KING. I read it into the RECORD this morning.

Mr. LONG. It shows that some of them have not consented to the Hawes-Cutting bill, as I understand.

Mr. KING. That is correct; and I have a letter from Senator Manuel Quezon, which is practically in harmony with the statement contained in the letter; and that also has been read into the RECORD this morning.

At no time in the history of the Philippine Islands has there been a more intelligent discussion of a public issue. The Hare-Hawes-Cutting Act did not only give the people a wider perspective of their country's future, but, in taking sides thereon pro and con, the people were motivated by a high sense of responsibility.

Provinces, municipalities, political parties, and public meetings, as well as private and nonpolitical entities, adopted resolutions in favor of or against the acceptance of the Hare-Hawes-Cutting Act by the people. An over-

whelming majority of these resolutions are against the acceptance of the law.

The Association of Veterans of the Revolution, headed by General Aguinaldo, also went on record on September 17, 1933, as against the Hawes-Cutting Act, in a declaration approved at an extraordinary convention of the association.

In two instances, the issue as to whether the Hawes-Cutting Act should be accepted by the people or not was submitted to the electorate. In the special election in the Province of Batangas to choose the successor of Representative Alas, now secretary of the public works and communications of the Philippine cabinet, the issue as to the acceptance or rejection of the law was squarely presented to the people, and Representative Diokno, who was elected by an overwhelming majority against his opponent, was for the rejection of the law, while his opponent was for its acceptance. In another special election, in the Province of Zambales, to choose the successor of former Representative Anonas, now under secretary of public works and communications, not a single candidate for the office ran on a platform in favor of the acceptance of the law, while Representative Dantes, who emerged victorious, was openly against the acceptance of the Hawes-Cutting Act. That is to say, in that electoral district there was not a single Filipino who favored, so far as the record shows, acceptance of the act; and the unanimous vote of the district was in favor of Representative Dantes, who ran upon a platform in opposition to its ratification. These two special elections took place before the legislature finally declined to accept the law.

Mr. LONG. Mr. President, will the Senator let me interrupt him again?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. KING. I yield.

Mr. LONG. I have here a little book containing the Democratic and Republican platforms. My recollection is that the Democratic Party never has changed its position on the question the Senator is discussing; that it maintained the same position in 1932 that it held in 1928 and 1924 and on back beyond that time. Have we not always stood for the immediate independence of the Philippine Islands? Was not that the way we expressed ourselves at Chicago in 1932?

Mr. KING. As I have heretofore stated, the Democratic platforms since 1920 declared in favor of Philippine independence.

Mr. LONG. The law which has been passed by Congress on the subject is the same as nothing, for the Filipinos have not accepted it; and our plain duty is, it seems to me, to go ahead and carry out the pledges of the Democratic platform on this subject.

Mr. KING. The Senator will remember that some cynic has said that platforms are for the purpose of riding on during campaigns, but to get off from after campaigns are ended.

Mr. LONG. I should like to stay on this one.

Mr. KING. So should I.

Mr. LONG. I wondered why we could not attach the King bill to the pending naval construction bill. It is a very germane subject. We would not need to have half the Navy provided for in the naval construction bill if we got rid of the Philippine Islands.

Mr. KING. I may say to the Senator that I should be very happy to substitute the King bill, so-called, for the naval construction bill, but the Senator will notice that when we are talking about a naval bill we find great enthusiasm in Congress and among many citizens, but when we seek legislation providing freedom and liberty there is a negative attitude.

The appropriations thus far made for the Navy for the ensuing year will exceed $500,000,000, taking into account the allocations made by the Public Works organization. And the pending Vinson naval bill authorizes hundreds of millions of dollars for new war vessels. Large numbers of persons are clamoring for work, many of our public schools are closed because of lack of funds, and yet we do not hesitate to appropriate $400,000,000 for the ordinary expenses of the Navy for the next fiscal year, and will authorize approximately $1,000,000,000 for new naval construction. The appropriations for the Army for the next fiscal year will total $400,000,000. Yet we proclaim to the world that we are the strongest and most sincere advocates of peace, and are carrying high the banner of international peace and good will, and are the chief supporters of policies calling for world disarmament.

The concrete facts placed in juxtaposition to our claims lead many to question the sincerity of our professions.

May I say in passing that we have appropriated, during the past 6 or 7 years, more than $200,000,000 annually in excess of the largest appropriation made by the greatest military power on earth. We denounce France and other countries because of their navalistic and militaristic propensities, and meanwhile we are spending $200,000,000 to $300,000,000 a year more than any other country on earth for those purposes.

Mr. LONG. Mr. President, I have found the platform declaration. In 1932, we said:

> We advocate independence for the Philippines.

In 1928, we said:

> The Filipino people have succeeded in maintaining a stable government and have thus fulfilled the only condition laid down by the Congress as a prerequisite to the granting of independence. We declare that it is now our duty to keep our promise to these people by granting them immediately the independence which they so honorably covet.

Apparently we are on record with reference to the matter.

Mr. KING. Perhaps the Senator was not in the Chamber 2 or 3 days ago when I was discussing the Philippine question, when I referred to the action of the Democratic Party in several national conventions to which I was a delegate, and to the planks in Democratic platforms, several of which it was my privilege to prepare.

The Democratic Party has stood unequivocally for the independence of the Philippines, and it is in a position now to redeem its platform pledges and fulfill the promises which it has made to the Philippines.

The Democratic National Convention, which met July 4, 1900, declared in its platform that—

> We declare again that all governments instituted among men derive their just powers from the consent of the governed; that any government not based upon the consent of the governed is a tyranny; and that to impose upon any people a government of force is to substitute the methods of imperialism for those of a republic.

This declaration was made soon after we had superimposed upon the Filipinos by military force the authority of the United States. We carried the Stars and Stripes into the islands; we waged war against the Aguinaldo government and by armed forces overthrew it and destroyed the Philippine Republic. This platform further declares:

> We assert that no nation can long endure half republic and half empire, and we warn the American people that imperialism abroad will lead quickly and inevitably to despotism at home. * * *
>
> We condemn and denounce the Philippine policy of the present administration.

That was the administration of Mr. McKinley.

> * * * We favor an immediate declaration of the Nation's purpose to give the Filipinos, first, a stable form of government; second, independence; and, third, protection from outside interference, such as has been given for nearly a century to the Republics of Central and South America.

That was in effect a declaration in favor of extending the principle of the Monroe Doctrine to the Philippine Islands, so that when independence was granted, as we promised, they might find some protection under the aegis of a Pacific Monroe Doctrine.

The Democratic convention which met July 6, 1904, declared that—

> We oppose, as fervently as did George Washington himself, an indefinite, irresponsible, discretionary, and vague absolutism and a policy of colonial exploitation, no matter where or by whom invoked or exercised. We believe, with Thomas Jefferson and John Adams, that no government has a right to make one set of laws for those "at home" and another and a different set of laws, absolute in their character, for those "in the colonies." All men

under the American flag are entitled to the protection of the institutions whose emblem the flag is. If they are inherently unfit for those institutions, then they are inherently unfit to be members of the American body politic. Wherever there may exist people incapable of being governed under American laws in consonance with the American Constitution, the territory of that people ought not to be a part of the American domain.

We insist that we ought to do for the Filipinos what we have done already for the Cubans, and it is our duty to make that promise now and, upon suitable guarantees of protection to citizens of our own and other countries resident there at the time of our withdrawal, set the Filipino people upon their feet, free and independent to work out their own destiny.

Mr. President, the overwhelming majority of the American people, in my opinion, desire that the Filipinos shall have independence. The labor unions for years have unanimously declared in favor of measures which granted absolute and immediate independence to the Filipinos, and, as I have heretofore stated, the agricultural organizations of the United States have likewise insisted that the aspirations of the Filipinos should be recognized. In the various hearings held by both the House and the Senate during the past 8 or 10 years, when measures were under consideration dealing with the Philippine question, representatives of the organizations referred to have appeared and submitted cogent reasons in favor of the demands of the Filipinos for independence.

Mr. President, I referred a few moments ago to the petition or memorial of the Filipino veterans. This organization is composed, as I am advised, of thousands of Filipinos who were under the leadership of Aguinaldo in the contest between the Philippine Republic and the United States. At a convention of these veterans, held at the stadium on September 17 last, they adopted a declaration and memorial eloquent in terms and powerful in its appeal to the United States for independence. They declared that the Hawes-Cutting bill was destructive of their ideals of political independence and that its provisions were repugnant to the ultimate aim of the American policy to place the Filipino people in a position to assume the responsibilities and enjoy all the privileges of complete independence.

The memorial contains a searching analysis of the Hawes-Cutting-Hare bill and adduces reasons which, in my opinion, cannot be refuted justifying the Filipinos in rejecting the same.

After a review of the provisions of the measure, the memorial declares:

> We feel obliged, for these reasons, to consider it our bounden duty to recommend to our countrymen, and especially to the members of the association, to express courteously but firmly their disapproval of the Hawes-Cutting-Hare law. * * *

I should be glad to insert this strong and able memorial in the RECORD, but will not ask for that privilege at the present time, but I sincerely hope that Senators will read the same. I am sure that they will be moved by the recitations contained therein and the arguments so powerfully marshaled against the acceptance by the Filipinos of the measure referred to.

Mr. President, Hon. Isauro Gabaldon, as Senators will recall, was for a number of years one of the Philippine Commissioners to the United States. He was chosen by the Philippine Legislature as one of the delegates to visit the United States in connection with Senator Quezon and others, and protest against the Hawes-Cutting bill and to plead for legislation providing for Philippine independence.

It was his duty to present the cause of his country to the President of the United States, and accordingly wrote him on the 18th of January of this year, as follows:

> THE FAIRFAX HOTEL,
> *Washington, D.C., January 18, 1934.*
>
> The honorable the PRESIDENT OF THE UNITED STATES,
> *The White House, Washington.*
>
> MR. PRESIDENT: As a member of the delegation appointed by the Philippine Legislature to deal with the Government of the United States on the question of Philippine independence, I deem it my duty to bring to your attention the grave injustice that would be inflicted upon the inhabitants of the Philippine Islands by a delay in the granting of the freedom for which they fought in fields of battle and have struggled incessantly in times of peace.
>
> Three days ago, on the 15th instant, to be exact, Philippine Resident Commissioner CAMILO OSIAS, one of the staunchest supporters of the Hawes-Cutting-Hare law, and who has, using his own words, "just returned from the Philippine Islands, after several months spent in visiting various provinces, cities, and municipalities, meeting and conferring, not only with our leaders, but with the masses of the people", declared on the floor of the House of Representatives "that the Filipino people continue in their firm conviction that the early grant of Philippine independence is the proper solution of American-Filipino relations." He said further, that "On this fundamental point the Filipinos are united."
>
> It is important to note in connection with the foregoing statements that they were made by Commissioner Osias while pleading for an extension of the time set in the Hawes-Cutting-Hare law for its acceptance by a "concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question." I deem it of the highest importance also, to call attention to the fact that the lower house of the Philippine Legislature had already passed a bill submitting the Hawes-Cutting-Hare law to the decision of the electorate of the Philippines, and the majority in the Philippine Senate had agreed in caucus to approve it, when those who caused the United States Congress to enact said law, and now claim that the Filipino people had been deprived of the opportunity to vote on the question, signed an agreement to submit it to and abide by the decision of the Philippine Legislature.
>
> I am entirely in accord with the statement of the chairman of our delegation that when the Philippine Legislature declined to accept the Hawes-Cutting-Hare law it did so in compliance with the wishes of the overwhelming majority of the people of the Philippine Islands.
>
> TARIFF PROTECTION
>
> I am not unmindful, Mr. President, of the economic set-backs that may follow the immediate granting of Philippine independence, but I cannot share the view that the continuation of the free trade between the United States and the Philippine Islands for a period of 10 years would render the transition from the condition of a dependent country into that of a free and independent nation immune to the inconveniencies—political, social, economic, and otherwise—attending every human reform or departure from a long-established habit or order of things.
>
> In stressing the necessity of a 10-year period of economic readjustment, the eventual ruin of the Philippine sugar industry is brought forth as the outstanding illustration. This industry, it is contended, has been built and developed under the protecting wings of the Tariff Act of 1909, and it is further alleged that "this industry is entirely dependent at present for its continued existence upon the tariff protection of the United States." If this statement is correct, the inescapable conclusion is that an extension for 10 or 20 or 50 years of such protection under conditions barring its further expansion would not save the Philippine sugar industry from eventual ruin, thus necessitating the continuation of the present tariff protection for an indefinite period of time.
>
> There is but one course known that can be pursued to place Philippine sugar on a competitive basis, and that is the lowering of the cost of production. This can only be achieved by reducing the prevailing wage scales and overhead in the operation of sugar centrals, or by the use of better fertilizers and of sugarcane varieties yielding more sugar without increasing acreage. It is a well-known fact that present wages in the Philippine sugar industry have reached their lowest level, and it is generally conceded that sugar centrals "in the Philippines have already attained a high degree of efficiency", and that "if there would be any room for improvement in that direction, it would have very little effect on the cost of production."
>
> It is apparent, therefore, that the extension for any length of time of the privileges at present enjoyed by Philippine sugar in the American market will not enable this product to compete with similar commodity produced in other countries. On the contrary, the maintenance of the present tariff relationship between the United States and the Philippine Islands would hinder the expansion of American sugar industry and retard the reorganization of the Philippine sugar and other industries from a condition of tariff dependency to one of competitive soundness.
>
> If the Philippines were a free and independent nation, her industries could be revamped and developed on the basis of fair competition, which is the only fundamentally sound economic policy. Reciprocal trade treaties with other countries could be resorted to as a means of offsetting differences in cost of production.
>
> EFFECT OF IMMEDIATE INDEPENDENCE ON THE FINANCES OF THE GOVERNMENT
>
> I submit that the Philippine government does not have to depend on the income derived from the sugar industry to enable that government to perform its duties and responsibilities toward the inhabitants of the islands and the world at large.
>
> It is asserted that approximately 40 percent of the revenues of the Philippine government is contributed by the sugar industry. Granting, for the sake of argument, that this is correct, I still maintain that this gap in the governmental finances can be spanned by the application of Philippine tariffs on all importations. Under present trade arrangements over 65 percent of the goods imported into the islands is admitted duty free. To this may be added the proceeds from a general reduction in salaries and allowances in the higher brackets of the present governmental structure, which are higher than the salaries and allowances assigned to officials of equivalent category in Great Britain and other European countries, in Japan, and in many of the South Ameri-

can countries. Again, there is ample room in the present governmental organization for further simplification.

In fact, during the last 15 years the revenues of the Philippine government registered increases and decreases of approximately ₱20,000,000 without affecting in the least the ability of the government to meet its bonded indebtedness and to carry on the normal functions of a stable and well-regulated government.

You have, Mr. President, recently stressed the significance of a statement made by the late President Wilson that human liberty is paramount and that it should always receive higher and preferent consideration over trade and other material factors involved in the relationship of the peoples of the earth. In line with this lofty idealism, may I not submit that sugar, coconut oil, and cordage benefit but a negligible minority of the Philippine population? Shall the Filipinos be driven to face a situation similar to that confronting the United States at present where 15 percent of the population control the wealth and the destinies of the remaining 85 percent?

THE WILL OF THE FILIPINO PEOPLE

I deem it contrary to the expressed will of the people of the Philippine Islands to make the granting of their independence contingent on any consideration other than that specified in the Jones law, namely, the establishment of a stable government That this condition had already been met is attested by the message sent by President Wilson to the United States Congress on December 16, 1920. He said: "Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last action of Congress in their behalf." The next logical and honorable step, therefore, that the people and the Government of the United States should take in connection with Philippine-American relations is the restoration of the Philippine Republic.

I am constrained to disagree with the proposals that the grant of Philippine independence be postponed to July 4, 1940; that a more autonomous government be established in the meantime, and that trade relations between the United States and the Philippines be continued as they are under certain limitations, because these proposals involve an unauthorized modification of the will of the Philippine electorate as expressed in every election held in the islands since 1907. On these elections the majorities controlling both houses of the Philippine Legislature were elected on the strength of their pledge that they would petition the Government and appeal to the people of the United States for the granting of "the immediate, absolute, and complete independence" of the Philippine Islands.

Any solution of the Philippine question based on representations amendatory of the expressed will of the electorate of the islands would necessarily involve the un-American and undemocratic decision that those chosen by the people to speak for them have the right to alter the mandate they received from that people. If such theory should be upheld, it would virtually destroy the representative form of government instituted in the Philippines by the United States and successfully maintained by the Filipino people for the past thirty-odd years, setting up in lieu thereof an oligarchy.

RECOMMENDATIONS

For the reasons stated, and true to the aspirations of the people of the Philippine Islands as expressed in every popular election held from 1907 to 1931, inclusive, I beg to recommend the enactment of a law providing substantially the following:

1. The immediate calling of a constitutional convention in the Philippine Islands for the purpose of drafting a constitution for a free and independent government of the Philippine Islands.
2. The submission of this constitution to the people.
3. The holding of elections for the offices provided in the constitution upon adoption thereof.
4. Recognition of the Philippine Republic upon the installation of the officials provided in the constitution, not later than 3 years from the date of the enactment of the law.
5. Trade relations to be determined in a conference between representatives of the United States and of the Philippine Islands to be held at such time and place as the President of the United States may designate after independence shall have been achieved.

Respectfully submitted.

ISAURO GABALDON,
Member Philippine Delegation.

Mr. President, it will be perceived that the recommendations contained in this important paper presented to the President of the United States are in harmony with the bill I have had the honor to present, and which is now before the Senate committee. It is known as "Senate bill 2064." In the measure I have offered there is a provision for the calling of a constitutional convention and for an election to follow to determine whether the people will accept or reject the constitution which shall be prepared and tendered to them for their support or rejection. It provides that after the constitution shall have been accepted, if it shall be, elections shall be held to fill the various offices provided for in the constitution. Then, further, the bill provides that after the elections shall have been held and the facts shall have been certified to the President of the United States, he shall, upon examination of the constitution and being satisfied that it is in harmony with the terms of the act to which I have referred, issue a proclamation and recognize the independence of the Philippine Islands, and shall notify the governments with which the United States is in diplomatic correspondence thereof, and invite said governments to recognize the independence of the Philippine Islands.

The bill also contains this important provision:

At least 1 year prior to the date fixed in this act for the independence of the Philippine Islands there shall be held a conference of representatives of the Government of the United States and a committee designated by the Philippine Legislature, such representatives to be appointed by the President of the United States and the chief executive of the Commonwealth of the Philippine Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands. • • •

Finally, the bill provides that—

Upon the final and complete withdrawal of American sovereignty over the Philippine Islands the immigration laws of the United States (including all the provisions thereof relating to persons ineligible to citizenship) shall apply to persons who were born in the Philippine Islands to the same extent as in the case of other foreign countries.

Mr. President, if the bill which I have offered is enacted into law the Filipinos within approximately 31 monthhs thereafter, if they shall avail themselves of the provisions of the same, may achieve complete independence. If they avail themselves of the flexible provisions of the bill with respect to the calling of conventions, and so forth, a maximum period of 43 months would elapse before our flag would be withdrawn and our sovereignty over the islands extinguished. Within a period, therefore, of from 2½ years to 3½ years, under the terms of the bill which I have offered, the Philippines would become an independent nation. A new star would be added to the great galaxy of nations and the Philippine Republic would launch its ship of state upon the great international sea.

If this happy event were to transpire, we know that the new republic would be accompanied by the hopes, the good wishes, and indeed, the prayers of the American people for the happiness, welfare, and felicity of its inhabitants.

Mr. President, what a splendid act it would be for our country if it shall be said that it aided in the establishment of a new nation and that nation republican in form; that it aided in giving birth to the only republic in the Orient. If this were done, our Nation would wear a crown of honor in all the centuries to come. The opportunity is before us; the duty is ours. It would be to the discredit of this great Nation if it failed to place in the hands of the Filipinos the flag of a free people, and the symbol of an independent nation.

I appeal to the Senate, to the Democrats in this and in the other branch of the Congress, to enact legislation for which the Filipinos are pleading, and to redeem the solemn promises which have been made, that independence would be granted to them.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ERICKSON in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Robinson, Ind.
Austin	Dickinson	La Follette	Russell
Bachman	Dieterich	Lewis	Schall
Bailey	Dill	Logan	Sheppard
Bankhead	Duffy	Lonergan	Shipstead
Barbour	Erickson	Long	Steiwer
Barkley	Fess	McAdoo	Stephens
Black	Fletcher	McCarran	Thomas, Okla.
Bone	Frazier	McGill	Thomas, Utah
Borah	George	McKellar	Thompson
Brown	Gibson	McNary	Townsend
Bulkley	Glass	Metcalf	Trammell
Bulow	Goldsborough	Murphy	Tydings
Byrd	Gore	Neely	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hatch	O'Mahoney	Walcott
Carey	Hatfield	Overton	Walsh
Clark	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	White
Coolidge	Johnson	Pope	
Copeland	Kean	Reynolds	

Mr. LEWIS. I desire to announce the absence of the Senator from South Carolina [Mr. SMITH], occasioned by a death in his family.

Mr. TOWNSEND. I wish to announce the unavoidable absence of my colleague the senior Senator from Delaware [Mr. HASTINGS], occasioned by a death in his family.

Mr. HEBERT. I desire to announce that the senior Senator from Pennsylvania [Mr. REED] is absent on account of illness.

I also wish to announce that the junior Senator from Pennsylvania [Mr. DAVIS] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The PRESIDING OFFICER. Ninety Senators have answered to their names. A quorum is present.

Mr. KING. Mr. President, I desire to offer three amendments to the pending naval construction bill, the third one of which I regard as of very great importance, and I wish to call the attention of the Senate to it, and to have it printed in the RECORD. It provides:

No contract shall be entered into for the construction of any of the vessels herein referred to or authorized to be constructed, until and unless Congress shall appropriate money for the construction of the same.

The PRESIDING OFFICER. The amendments will be printed and lie on the table.

Mr. POPE. Mr. President, I desire to discuss briefly House bill 6604, known as the "Vinson bill", now before the Senate. I have given serious thought to the purpose and effect of this measure. It provides for the construction prior to December 31, 1936, or soon thereafter, of an aircraft carrier, 99,200 tons of destroyers, and 35,530 tons of submarines. It further authorizes the President to increase Navy airplanes to the number of 2,184. It adopts a policy of building our Navy to the limits of the Washington and London Treaties. It further contains an unusual provision authorizing the President to replace, by modern vessels, capital ships and cruisers when allowed by the treaties.

The estimated cost of the 5-year building program, not including any replacement of any capital ships and cruisers, is about $475,000,000, besides some $95,000,000 for airplanes. This does not include, of course, the allotment of some $275,000,000 from the Public Works Administration now being used by the Navy Department. And it does not include the amount of some $284,000,000 provided in the naval appropriations bill which passed the Senate a few days ago. It appears that the total amount authorized in this bill, together with the P.W.A. allotment and the naval appropriations bill, will reach the huge sum of about $1,125,000,000 for our Navy.

It is not possible for me to conclude that this vast expenditure is necessary or advisable. It seems to me entirely out of harmony with the disarmament policy frequently announced by this administration and out of harmony with any policy of economy in governmental expenditures.

On May 16, 1933, President Roosevelt thrilled the peoples of the world by his message to the sovereigns and presidents of the nations in which he urged practical measures of disarmament in order "to carry to victory our common struggle against economic chaos." He further said:

Our duty lies in the direction of bringing practical results through concerted action based upon the greatest good to the greatest number. Before the imperative call to this great duty petty obstacles must be swept away and petty aims forgotten. A selfish victory is always destined to be an ultimate defeat. The furtherance of durable peace for our generation in every part of the world is the only goal worthy of our best efforts.

In his address on December 28, 1933, before the Woodrow Wilson Foundation the President again said:

Let every nation agree to eliminate over a short period of years, and by progressive steps, every weapon of offense in its possession, and to create no additional weapons of offense.

While it is true the President urged disarmament on the basis of an agreement among the nations, and such an agreement has not yet been reached, the spirit of the President's appeal should be followed by our Nation at least to the extent of a minimum expenditure for increase of armaments for the national defense. Let it be conceded that an efficient navy adequate for the national defense is necessary. I am in favor of nothing less.

The question then arises as to what is an efficient and adequate navy for this purpose. On this point it is expected there will be honest differences of opinion. Such differences, however, in large part arise upon differences of opinion as to the scope of the naval policy of our Nation.

With respect to our naval policy, it seems clear to me that our Navy Department espouses a different policy than that followed by our Government in adopting the Washington and London Treaties.

In the annual report of the Secretary of the Navy in 1933 the Secretary defined the fundamental naval policy of the United States. He said such policy is "to maintain the Navy in sufficient strength to support the national policies and commerce, and to guard the continental and overseas possessions of the United States." Again in the same report, he uses the language, "To control the sea in defense of the Nation and its interests." This language was frequently used by the sponsors of this bill in the House within the last few days—that is, "to control the sea in the defense of the Nation and its interests." The implication of this is that the United States should have a navy of sufficient strength to operate and to compete in Asiatic waters—to maintain by force control over the seas so as to protect our trade routes and our insular possessions in the Far East.

Now I submit that such a policy is not in harmony with that adopted by our Government in the Washington and London Treaties. In submitting the Washington Treaty to the Senate for ratification, President Harding repeatedly referred to the delicate problem of armaments in the Far East. He insisted that such problems must be settled by compact and not by force. In the course of his communication to the Senate he used this language:

I am ready to assume the sincerity and dependability of the assurances of our neighbors of the Old World, that they will respect our rights, just as I mean to respect theirs. I believe there is an inviolable national honor, and I bring to you this particular covenant in the confident belief that it is the outstanding compact of peace for the Pacific, which will justify the limitation of armament and prove a new guaranty to peace and liberty, and maintain sovereignty and free institutions.

Here then is a pronouncement by the President and a treaty avowing the policy of protection of our overseas possessions by agreement and not by force—by mutual compact and not by a superior navy. In pursuance of that policy the United States renounced its right to build up and fortify its naval bases in the Pacific.

It is generally conceded that a navy far beyond treaty strength is necessary to compete successfully in Asiatic waters; that a treaty navy could not control the sea in the protection of our interests in the Orient. To adopt a policy of creating a navy to control Asiatic waters would start a mad race in armaments, intense and dangerous, and contrary to the statements and conduct of our responsible statesmen.

In this difference as to naval policy, I am frankly in favor of the attitude expressed by our Government in the Washington and London Treaties. Under such policy I have reached the conclusion that our Navy, with 20 new ships now under construction from regular appropriations, and 32 under construction from the Public Works Administration allocation of $275,000,000, is entirely adequate for our national defense, always bearing in mind the natural advantages of our geographical location.

Now let us see what the status of our Navy will be on December 31, 1936, as compared with the navies of the British Empire and Japan under the programs already authorized.

According to the testimony of Admiral Standley before the House Committee on Naval Affairs a few days ago, the property investment of the United States in its Navy is $1,116,844,837, as compared with $1,038,787,200 by the British Empire, and $705,114,400 by Japan. It will be observed that the United States has a substantially larger investment in its Navy than either of these other nations. (Hearings before House Committee on Naval Affairs, Jan. 23, 1934,

p. 205.) The same witness (p. 199) testfied that the United States has 372 vessels now built, with a tonnage of 1,038,600, and 52 vessels building and appropriated for, with a tonnage of 222,060. The British Empire has 292 vessels, with a tonnage of 1,174,349, with 47 vessels building and appropriated for, with a tonnage of 124,135. Japan has 221 vessels, with a tonnage of 758,261, with 45 vessels building and appropriated for, with a tonnage of 123,132. It may be easily observed, therefore, that the United States does not suffer by this comparison. No inferiority of our Navy appears from these figures. On the other hand, our Navy is substantially equal to that of the British Empire and distinctly superior to that of Japan.

It is said, however, that many of our ships will be over-age by December 31, 1936, a greater number than in the case of either Great Britain or Japan; that of our 15 capital ships only 7 will be under-age at that time; that many of our cruisers, most of our destroyers, and many of our submarines will be over-age, and that the United States will be placed at a disadvantage as compared with these other nations.

The figures submitted by Colonel Roosevelt, of the Navy Department, at the recent hearings do not disclose any such condition. He introduced a table at the recent hearings (p. 168) showing comparisons of under-age vessels on December 31, 1936.

At this point I will ask to have inserted in the RECORD as part of my remarks table III, part III, of the hearings before the House committee.

The PRESIDING OFFICER (Mr. BROWN in the chair). Without objection, the table will be printed in the RECORD.

The table is as follows:

TABLE III, PART III.—*Comparison of treaty vessels now in existence that will be under-age on Dec. 31, 1936, plus those building and projected prior to Dec. 31, 1936 (figures as of Nov. 1, 1933)*

Category	United States		British Empire		Japan	
	Number	Tons	Number	Tons	Number	Tons
Capital ships	8	260,000	4	139,750	5	160,750
Aircraft carriers	5	119,800	6	115,350	6	[1]88,470
Cruisers A	18	172,650	17	163,890	12	107,800
Cruisers B	19	157,600	21	127,320	20	120,895
Destroyers over 1,500 tons	8	14,800	1	1,540	24	40,800
Destroyers not over 1,500 tons	24	36,000	64	87,799	59	73,963
Submarines	24	32,270	39	49,479	53	71,900
Total	106	793,120	152	685,128	179	664,578

Category	France		Italy	
	Number	Tons	Number	Tons
Capital ships	1	26,500		
Aircraft carriers	1	22,146		
Cruisers A	7	70,000	7	70,000
Cruisers B	12	82,902	12	68,086
Destroyers over 1,500 tons	31	74,578	15	24,111
Destroyers not over 1,500 tons	27	36,620	35	36,044
Submarines	81	78,927	54	44,865
Total	160	391,673	123	243,106

[1] Includes the *Hosho*.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Illinois?

Mr. POPE. I yield.

Mr. LEWIS. The junior Senator from Idaho is making a very interesting presentation of a very important governmental subject touching the Navy and the defense of our country. I am attracted by his duscussion, and note, if I do not misunderstand him, that there is a variance between the policy of the bill now tendered, known as the "naval construction bill" and that of the document to which the able Senator from Idaho alludes as the Treaty of Washington. I will take the liberty to ask him at such point in his address, able as it is, as is convenient, to designate wherein the difference, the antagonism, is between the bill as it is now presented and what he calls the Treaty of Washington?

Mr. POPE. I shall be glad to do that. I shall deal with that question later in my address, but if I shall not cover it amply, I will make an effort to answer the Senator's question more specifically.

It will be noted from the table which I have had placed in the RECORD that the United States will in 1936 have 106 under-age ships, with a tonnage of 793,120, while the British Empire will have 152 ships under-age, with a tonnage of 685,128, and Japan will have 179 under-age ships, with a tonnage of 664,578. On the basis of tonnage, it clearly appears that the United States Navy will be substantially superior to either Great Britain or Japan in 1936.

Mr. DUFFY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Wisconsin?

Mr. POPE. I yield.

Mr. DUFFY. At what point is it that a ship of our Navy is considered under-age or over-age, as the Senator uses those terms?

Mr. POPE. It depends upon the ship. The cruisers have an age limit of 20 years; the destroyers have age limits of from 16 years to 18 years, depending upon the date when they were constructed.

The figures just stated by me indicate what would be the status without the Vinson bill, and without the program provided in it. Admitting that Japan will build to treaty strength, the United States will still have a substantial superiority over the Japanese Navy.

Moreover, this is not the whole story. To leave these figures stand as indicating the real strength of the United States Navy would present a misleading picture. We now have 15 capital ships, 1 of which is over the 20-year age limit fixed by the treaties for such ships. By December 31, 1936, 6 others will be over-age, leaving 8 under-age at that time. Every one of these capital ships that would be over-age at the expiration of the treaty has been modernized. The *Arkansas*, the *New York*, the *Texas*, the *Oklahoma*, the *Nevada*, the *Pennsylvania*, and the *Arizona* will be technically over-age at that time. They have been modernized at an expense of some $37,000,000. In addition to that, three other capital ships, the *Mississippi*, the *New Mexico*, and the *Idaho*, have been or are being modernized at a cost of about $30,000,000.

And what is the effect of modernizing these ships?

Admiral Rock, Chief of the Bureau of Construction and Repair, testified that the modernization work would add from 10 to 15 years to the life of these vessels. To quote his words, he says:

> I think the added length of life would be largely a military matter. I think the life of the material would be increased from 10 to 15 years * * *. It will actually add to the life some 12 to 15 years, besides bringing them quite up-to-date from every angle. (Navy Department appropriation bill 1932, hearings before the Subcommittee of House Committee on Appropriations, p. 570.)

According to this statement from this highly competent authority, every one of our capital ships would be up-to-date from every angle on December 31, 1936. We would have 15 modern capital ships equal, if not superior, to those of any nation in the world. They are an efficient part of our fleet. They will be an efficient part of our fleet in 1936 and for many years to come. So much for the capital ships.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. McKELLAR. The Senator knows why, of course, those ships had to be modernized. In the Treaty of Washington of 1922, by which there was to be naval equality between the United States and Great Britain, it developed 6 months after the treaty was signed that America had 13 and Great Britain 21 capital ships. In addition to that 13 of America's 18 capital ships had guns which shot their missiles from 3 to 5 miles less than the range of the guns on Great Britain's ships, for the reason that the guns on our ships had less elevation than those on the British ships. We undertook to elevate our guns on the 13 ships, but Great

Britain objected. Some years afterward, while getting other concessions from us in regard to our Navy, Great Britain graciously permitted the guns on our ships to be elevated. That is what the Senator has in mind when he refers to the modernization of these ships. It means that at this late day we have elevated the guns on our ships so that they may shoot comparatively as far as the guns on British ships. So far as capital ships are concerned, I want to say that we are not only not on a parity with Great Britain but we are miles and miles from a parity with Great Britain.

Mr. POPE. Exactly, and I thank the Senator. Year after year when demand has been made for appropriations to modernize our ships statements have been made that such modernization will extend the life of those ships for a period of years, and, as Admiral Rock has stated, it brings them up to date from every angle. When calculations are made that do not take into consideration these under-age ships and do not consider the fact that they have been modernized, such calculations are misleading and do not tell the real story as to the strength of our Navy.

But what about the destroyers? Let us analyze that situation for a moment. Under the London Treaty the principal powers agreed that destroyers laid down before 1919 would have an age limit of 12 years, and those laid down after 1919 an age limit of 16 years. Those are the age limits rather than 16 and 18 years as I indicated a few moments ago.

Bear this in mind: The United States has a larger number of destroyers than any other naval power, 251 ships totaling 267,470 tons. But it may be said that every one of those destroyers will be technically over-age by 1936—a strong argument that has been made is that they will be over-age by 1936. Let us see about that.

Does this mean that the ships will be discarded? Not at all. Many of them will be retained and ready for active service and form a substantial part of the Navy in 1936. Ninety-seven of them were laid down after the armistice at a cost of $181,000,000. They were well constructed and have been well preserved and are probably superior to vessels of like type of the other naval powers. It further appears that 57 of these technically over-age destroyers were reconditioned in 1930 at the request of the Navy Department, at a cost of approximately $4,000,000. Both Admiral Rock and Admiral Hughes have testified with reference to the destroyers that the efficient life of those ships would be extended for a period of 10 years.

By 1936 the United States will have 32 new under-age destroyers, 57 reconditioned, 97 well built after the armistice and well preserved, and the remaining number of varying but substantial usefulness. Great Britain will have, in 1936, 39 under-age destroyers and 147 over-age, a total of 186. While we will have a smaller number of under-age destroyers, by reason of the condition of our technically over-age destroyers we will have a superiority over Great Britain. Japan will have 83 under-age and 45 over-age. On the basis of these facts, even if Great Britain and Japan are reconditioning over-age vessels as we are, the United States, according to the testimony of the naval authorities themselves, will have actually superior strength because of the number and condition of fighting units.

An analysis of the submarine strength and cruiser strength and the number and caliber of guns, which I have examined and which are contained in tables presented by the Navy Department at the recent hearing, convinces me, and I think will convince any other fair-minded person that our Navy is, and will be in 1936, without the program of the Vinson bill, second to none in strength and efficiency.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Tennessee?

Mr. POPE. Certainly.

Mr. McKELLAR. The Senator has evidently given this matter great study. I should like to have him compare the cruiser strength of Great Britain, Japan, and the United States. How do they compare?

Mr. POPE. I should prefer to present the table of the Navy Department to cover that point. I have not analyzed the cruiser strength as I have that of the destroyers and capital ships.

Mr. McKELLAR. That will be entirely satisfactory. We can ascertain it from the table. But, as a matter of fact, we are inferior to both Japan and Great Britain in cruiser strength. I cannot say that I endorse it, but my information is that many experts now believe that cruisers are the real backbone of the Navy. Certainly other nations are pursuing that course. If that is so, we are behind both Japan and Great Britain in cruiser strength.

Mr. REYNOLDS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from North Carolina?

Mr. POPE. Certainly.

Mr. REYNOLDS. May I make inquiry of the Senator from Idaho whether or not the table which he proposes to place in the RECORD relative to the strength of the navies of Japan, Great Britain, and the United States will also embody information as to the number of submarines owned and operated at the present time by those three great nations, and likewise the number of airplanes used in connection with naval operations at the present time?

Mr. POPE. I shall be glad to obtain the data as to airplanes, but the table does not show the airplane strength. It does show the data as to submarines and as to cruisers, both of which I shall be very glad to supply for the RECORD.

Mr. REYNOLDS. Then, for my information, may I inquire what is the distinction between a capital ship, a cruiser, and a first-class battleship?

Mr. POPE. I should have to ask someone who could give a technical definition to answer the Senator.

Mr. REYNOLDS. I am merely asking for information.

Mr. McKELLAR. The battleship comprehends the largest vessel of the greatest number of tons and with the heaviest armor of any ships. It is in a class by itself. The cruiser class comes next. We have an agreement, of course, that cruisers shall not be built larger than 10,000 tons.

Mr. REYNOLDS. What is the maximum tonnage of battleships?

Mr. McKELLAR. I think the largest afloat is the *Hood*, owned by Great Britain, of about 42,500 tons, if I recollect the figures correctly. Great Britain has much larger battleships than ours, and more of them.

Mr. REYNOLDS. Is there a maximum tonnage set for battleships?

Mr. McKELLAR. There is a maximum tonnage set for battleships under the treaty of 1922, or the Washington Treaty, as it is known. The exact tonnage is not in my mind now, but it is in the neighborhood of 50,000 tons. The propaganda which resulted in that convention or treaty was based on the idea that our naval construction should be regulated so that Great Britain and the United States should have navies of equal strength and Japan a navy as 3 is to 5. In other words, the slogan in 1922 when that treaty was entered into was 5–5–3—Great Britain, 5; the United States, 5; and Japan, 3. Those proportions have since been very greatly disregarded.

I want to say for the benefit of those who are interested in our Navy that in 1922, when the treaty was negotiated, the United States had the largest navy in the world, and without a word we sank 835,000 tons of capital ships which had cost something like $500,000,000. We sent them to the bottom of the sea, while other nations sent down practically nothing except obsolete ships. We destroyed the United States Navy that had been built up under Woodrow Wilson. We sent to the bottom of the sea 12 great new battleships, substantially complete, which had cost hundreds of millions of dollars. We sent those new battleships to the bottom of the sea, absolutely destroying our Navy at that time.

Mr. REYNOLDS. Does not the Senator, therefore, think we made a very great mistake by so doing?

Mr. McKELLAR. I do. I said so then and I say so now. I never had a different opinion about it. We would not

now have to build up our Navy, as is proposed in the pending measure, if it had not been done, for the very foolish, the ridiculously foolish act upon our part of sinking 835,000 tons of great battleships that had just been completed and 2 or 4 more which were incomplete. We sent them all to the bottom of the sea.

Mr. REYNOLDS. I thank the Senator for enlightening me.

Mr. BORAH. Mr. President, if we had not sent them to the bottom of the sea, they would now be obsolete or obsolescent.

Mr. McKELLAR. The Senator is entirely mistaken about that.

Mr. BORAH. No; I do not think so.

Mr. McKELLAR. I will prove it to the Senator in a minute.

Mr. BORAH. I do not believe the Senator can do so.

Mr. McKELLAR. Oh, yes, I can; because 18 that we retain at this moment are still in commission and are among those we now have.

Mr. BORAH. Exactly, and they are now passing out.

Mr. McKELLAR. They may be passing out, but they are not obsolete.

Mr. BORAH. We have not any use in the world for them. If we were to go to war, we would have to recondition them in a very marked way before we could use them.

Mr. McKELLAR. The junior Senator from Idaho [Mr. POPE] has just undertaken to prove by the facts that the ships which we did retain were old. We sank the new ones in our naval fleet and we retained the old ones. He says they have been revarnished and modernized and now are being used.

Mr. BORAH. At a cost of $37,000,000.

Mr. McKELLAR. Yes; at a cost of $37,000,000. If the authorities looking after the Government's interests had retained the new ones instead of having retained the old ones, they would not have had to be modernized.

Mr. KING. Mr. President, will the Senator yield?

Mr. POPE. I yield to the Senator from Utah.

Mr. KING. I have just entered the Chamber, and have not heard all the statement of the Senator from Tennessee; but if he intended to convey the meaning that we sank a lot of new ships, I desire to dissent from that statement.

Mr. McKELLAR. Mr. President——

Mr. KING. Let me complete the statement. Then the Senator can reply if he desires.

If the Senator will read the report that was submitted by Secretary Hughes, who was the chairman of the conference, he will discover that we completed two of those ships upon which but little had been expended. One was the *West Virginia*. Upon the other ships—in fact, upon all the ships that were in process of construction—there had been expended, at the time the treaty was entered into, a little more than $300,000,000. That, of course, was lost, other than that considerable part of the $300,000,000 which had been devoted to the construction of the two new ships which are now a part of our Navy.

We lost approximately $200,000,000 which had been expended upon vessels that were provided for in the 1916 program. With reference to some of these capital ships, the keels had not been laid; they were really paper ships; upon some 10 percent only of the entire cost had been expended.

Mr. President, Japan scrapped a number of ships, and the tonnage that Great Britain scrapped was equal to that which we retired. Undoubtedly, if the United States had proceeded with the 1916 program, which called for naval expenditures, directly and indirectly, of approximately one and one half billion dollars, then the United States would have had the most powerful fleet in the world. Indeed, the treaty left the United States a fleet stronger as a fighting force than that of any other nation. Today, gun for gun and ship for ship and man for man, we have as powerful a Navy as any in the world.

Mr. McKELLAR. Mr. President, if the Senator from Idaho will yield to enable me to say just a word——

Mr. POPE. I yield.

Mr. McKELLAR. My recollection and that of the Senator from Utah are very different about the state of the ships that we actually sank. My recollection is that there were 10 completed new battleships that went to the bottom of the sea, and 1 that was something like 75 or 80 percent completed, and the other one 20 percent completed; but there were 14 great battleships in all, counting the 2 that were not completed.

The other countries sank blueprints, if they sank anything. They destroyed blueprints and obsolete ships, as against our brandnew, tremendously costly ships. My recollection is that they cost about $40,000,000 apiece, and there were 12 of them complete, amounting to about $500,000,000.

Those are the facts. That was the costliest conference America ever had. It cost this country at least $500,000,000, without a single benefit accruing to America; and, in addition to that, the other nations never reduced their navies in actual strength at all. The result is that Great Britain today has by far the largest navy in the world, and America is in doubt as to whether her's or Japan's is the largest.

Those are the facts.

Mr. REYNOLDS. Mr. President, will the Senator from Idaho yield to me for just a moment?

Mr. POPE. I yield.

Mr. REYNOLDS. Why did we sink our new, expensive ships and permit the other nations to sink their old, used, and worn ships?

Mr. McKELLAR. Simply because the representatives of the other nations, their diplomats, were better diplomats than ours. They were better traders than ours, and we were simply outtraded; and the greatest and best navy the world had ever known went down under the waters of the Atlantic Ocean.

Mr. REYNOLDS. In other words, we win all the wars and lose all the conferences. [Laughter.]

Mr. McKELLAR. That is like winning a judgment and losing on the execution, as we lawyers know.

Mr. REYNOLDS. Yes.

Mr. KING. Mr. President, will the Senator from Idaho yield?

Mr. POPE. I yield.

Mr. KING. I apologize to my friend from Idaho and the Senate for intruding into the discussion when the Senator from Idaho has the floor; but I desire to express my dissent from the statement made by the Senator from Tennessee [Mr. McKELLAR], nor do I agree with the statement just made by the Senator from North Carolina [Mr. REYNOLDS].

Mr. President, I do not agree with the statement that we lost by the treaty. I do not agree with the Senator from Tennessee that we were outgeneraled at the conference, or that our representatives to the conference were inferior to those who represented the other nations.

One of the ablest Senators who has adorned this Chamber was Hon. Oscar W. Underwood. He was the leader of his party in the House as well as in the Senate. He brought the Democratic Party to a high state of efficiency and aided in securing important victories. In the Senate of the United States he occupied a high place, and is regarded now by those who love justice and liberty and Democratic principles as one of the ablest men who ever was in this body. He was a member of the delegation representing the United States, as was Mr. Justice Hughes, now the Chief Justice of the United States; Elihu Root and Senator Lodge.

Does any one dare to challenge the ability, statesmanship, and diplomatic skill of Chief Justice Hughes or Oscar W. Underwood, or the others who represented us in that conference? We could match wits with any nation or with any diplomats, and would successfully maintain the honor and interests of the United States.

That treaty was approved by the Senate. It met with the approval of the American people; and, in my opinion, it is rather late to now rise in this Chamber or elsewhere and condemn Mr. Hughes and the others who with him represented our country in the great work which they accomplished.

One other word:

In 1915–16, when the smoke of battle was in the eyes of the world, we were flagellated by the militarists and navalists in the United States, and we formulated the so-called "1915–16 naval program", which called for the expenditure of approximately one and one half billion dollars in great battleships and necessary auxiliary craft.

When the American people comprehended the magnitude of that plan they insisted that it should not be carried into effect. The Senator from Idaho [Mr. BORAH] offered in the Senate a resolution, which was adopted, calling for a suspension of the work upon this unjustifiable program. President Harding, be it said to his credit, invited the leading nations of the world to a conference for the purpose of securing a limitation of armament. Their representatives came to Washington to participate in such conference. When Secretary of State Hughes came before the assembled body on the first day of the session and submitted the American program it met with the approval of the people, not only of the United States but of the world.

His thesis was that if the United States went forward with that program it meant that other nations would increase their naval armaments, thus creating a competition that would increase the burdens of debt and multiply the dangers of conflicts. I might add parenthetically that when Japan was made aware of the magnitude of our 1916 naval program her leaders took cognizance of the same, which led to demands for the construction of a much larger navy than Japan possessed or contemplated then building. They asked the reason why the United States was to build 16 battleships and cruisers and auxiliary naval vessels costing such a huge sum. Many American newspapers at that time, and some of the jingoists and chauvinists in our own country, were stating that war between the United States and Japan was inevitable. That led Japan to formulate a naval policy calling for large expenditures. She began laying down keels of six capital ships, one of which was the *Matsui*.

Great Britain, which had not built a single war vessel after the war, then began to revise her naval estimates. She had, prior to the Conference, consigned to the scrap heap more than 300,000,000 tons of her naval craft. When we were pushing this 1916 program and the attention of the world was being challenged to the menace which it constituted, then it was felt that a halt must be called; President Harding, responding to the wishes of the American people, and to the views of people in other lands, called the Conference of 1921–22.

I have here before me the report submitted by Secretary Hughes following the Conference, and when the Senator from Idaho concludes I shall call attention to what was done with respect to the ships which were partially completed and those which were preserved.

I thank the Senator for yielding to me.

Mr. POPE. Mr. President, I appreciate the suggestions of the Senators. I know it is repeatedly stated, as was stated by the Senator from Tennessee [Mr. MCKELLAR] and by the Senator from North Carolina [Mr. REYNOLDS], that the United States destroyed ships, and other nations destroyed blueprints. I admit that I am no expert in this matter. I have given it only such study as a citizen can give it; but the facts as I have discovered them do not warrant any such broad statement as that.

Mr. MCKELLAR. Mr. President, if the Senator will yield, in volume 3 of Treaties and Conventions from 1778 to 1927, on pages 3106 and following, he will find data showing that his information is incorrect. He will find a statement of the number of blueprints that were sunk, the ages of the several vessels sunk, and all the facts.

Some Senator asked me while I was on my feet a moment ago as to how many battleships, in tons, the nations were limited to. I will give that information, if the Senator will yield.

The United States was allowed—and, remember, this was under a 5-5-3 program—to 500,650 tons, and Great Britain to 580,450 tons. I do not consider those tonnages the same at all. Great Britain had one ship, the *Hood*, of 41,000 tons. I said previously it was 42,500, but I was mistaken; it was 41,200.

Mr. LONG. I think the Senator said 41,000.

Mr. MCKELLAR. Then I was practically correct; it is of 41,200 tons. The number of battleships allowed Great Britain was 22, as against 18 for the United States. I repeat the assertion: No nation was ever more outtraded in regard to any international conference than the United States was outtraded by British diplomats in the year 1922 in the Treaty of Washington.

Mr. LONG. Mr. President, will the Senator from Idaho pardon me one moment?

Mr. POPE. I yield.

Mr. LONG. I do not believe the Senator from Tennessee means what he has just said. He stated that Great Britain had never outtraded us as they had in the treaty of 1922. Evidently the Senator has not read the St. Lawrence Waterway Treaty, because in that treaty we have proceeded to go a little further. We are not only sinking ships in American waters but this time we are taking American money to build a Canadian canal, with Canadian labor and Canadian material, to take away an American lake and American navigation. I just wanted the Senator to know that he may be right about 1922, though I do not know, but when the Senator has read the St. Lawrence Waterway Treaty he will see that Great Britain improves all the time.

Mr. MCKELLAR. Mr. President, if the Senator from Idaho will permit me just a moment, that treaty has not been made final yet, and my statement still stands.

I want to call the attention of the Senator from Idaho to the fact that under the Washington Treaty we destroyed 32 great battleships, 14 of which were new. Great Britain destroyed 22 old hulks, ships that were out of date, and some blueprints. That is all she destroyed. We destroyed a new navy; she destroyed an out-of-date navy.

Mr. NYE. Mr. President, will the Senator yield to me?

Mr. POPE. I yield.

Mr. NYE. I presume that in Great Britain men take their places in deliberative halls and state that the United States destroyed ships which were obsolete and of no account and that Great Britain destroyed her best, just as we hear in our own Chamber.

Mr. TRAMMELL. Mr. President, we must depend on the facts in determining whether our ships were old and dilapidated ships or were modern ships, and ships in course of construction. At least 12 of them were in course of construction. The others were new ships, in the main. I think the facts would not justify the contention that Great Britain destroyed new ships and that we destroyed old ships. The facts demonstrate, as was stated by the Senator from Tennessee, that we destroyed good ships, and destroyed many that were in the course of construction.

Mr. BONE. Mr. President, will the Senator from Idaho yield to me to ask the Senator from Tennessee a question?

Mr. MCKELLAR. If the Senator from Idaho will yield, I will be glad to answer if I can. I have been speaking on the spur of the moment, because the Senator from Idaho was discussing our Navy—and I want to say that he was discussing it well. I admire the way he is handling himself on the floor, and I congratulate him; but it seemed to me that there was one statement in which he was not absolutely accurate, and I interrupted. I did not intend to have him interrupted as we have interrupted him, and I apologize to him.

Mr. BONE. I understand that some of the ships that were scrapped were in process of being built.

Mr. MCKELLAR. Yes.

Mr. BONE. I was wondering whether the Government of the United States, at the time of the scrapping of those vessels, paid the private shipbuilding companies a bonus or subsidy, following out the usual war experience, because of the taking away of their contracts.

Mr. MCKELLAR. I was a Member of the Senate in 1922, but I was rather a younger Member in those days, and I had not made the careful examination of subsidies which I have since made.

Mr. BARKLEY. Mr. President, I thought the Senator was still a younger Member.

Mr. McKELLAR. I profoundly thank the Senator.

Mr. POPE. Mr. President, I admit my inability to discuss with the Senator from Tennessee the details of the Washington Conference; that was held long before my day in public life. But I want to call the attention of the Senator to the fact that there are millions and tens of millions of people in this country who believe that the solid facts which were accomplished at the Washington Conference and at the London Conference in the way of getting the great nations of the world together, to sit around a table here and elsewhere to discuss disarmament would be of greater value than the ships which may have been destroyed by the various nations.

I am wondering whether a Senator of the great ability of the Senator from Tennessee would disregard the value of a disarmament conference, or whether he would urge that we should go forward and enter into a mad race of armaments, to see which nation in the world had more money and more ability to construct ships and build superior navies. We will have to take one thing or the other, either agree to discuss the matter and arrive at a compact, as President Harding said when he was submitting the Washington Treaty to the Senate, or are going to disregard all compacts and enter into a mad race of armaments, depending upon the ability of the nations to build ships.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Idaho yield to the Senator from Tennessee?

Mr. POPE. I yield.

Mr. McKELLAR. Of course, I am a peace-loving man, and in every way in the world I want to have peace preserved. It goes without saying that no sane man would want otherwise. But I happened to be a Member of the Senate, I will say to the Senator from Idaho, when three conferences were held on disarmament. The first one was in Washington, in 1922, when we were shamelessly outgeneraled in the conference. We sank our own Navy, and no other nation sank any substantial part of its navy.

We do not have to have a conference in order to sink our Navy. We can pass a measure, and if it meets the President's approval, we can sink our Navy by ourselves. We do not need a conference with other nations in order to sink our own Navy; and that is what we did in 1922.

In 1927 there was another conference of a like kind, while Mr. Coolidge was President, which met in Geneva, as I remember, and that conference was about to result in another horrible catastrophe for the American Navy, but President Coolidge was canny enough to call away the American delegates and not enter into that treaty. That conference never eventuated in anything.

Two years later, after Mr. Hoover became President, we entered into another conference, at London, in order to limit our armaments, and the United States again, if I remember correctly, sank about one fourth of her then Navy, and the other nations made substantially no changes. The result is that our experience of the last 12 years shows that the United States is the only nation willing to disarm in these conferences.

I am perfectly willing to admit that I am tired of conferences. I am tired of having our Government go into a conference and have a very great part of the American Navy sunk while no other nations sink any part of their navies, or any substantial part of them. I am tired of it; I do not like it; and I want to know what is to be done before we enter a conference. I hope no conference will be held in 1936 further to sink the American Navy.

The Senator from Florida [Mr. TRAMMELL], the Chairman of the Committee on Naval Affairs, has a bill now before the Senate, and my intention is to vote for that bill; but if I thought that as soon as we started to build the ships provided for in that measure we were going to have a conference with foreign nations, in 1936 or at any other time in the near future, and that we were going to sink the ships now proposed to be built, I would not vote for the bill, because I do not think we ought to build a navy and then have our diplomats sink it.

Mr. NYE. Mr. President, I wonder if the Senator is prepared to advise the Senate whether or not there is any nation on earth that spends more money getting ready for more war than does the United States?

Mr. POPE. My information is distinctly that the United States has spent more money than any other nation in the world in preparation for war.

Mr. McKELLAR. Mr. President, inasmuch as I was asked for a number of facts a while ago, and in view of the fact that my memory might be a little treacherous, would the Senator from Idaho object to my putting a table in the RECORD at the point where I was asked the question? I do not think it will hurt the Senator's speech at all. If he thinks it will, the table can be placed in the RECORD at the end of the Senator's speech.

Mr. POPE. I should prefer, Mr. President, to have it appear in the RECORD at the end of my speech.

Mr. McKELLAR. Mr. President, I then ask unanimous consent that the table I have presented be inserted in the RECORD at the end of the Senator's speech.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Without objection it is so ordered.

(The table presented by Mr. McKELLAR appears in the RECORD at the conclusion of the speech of Mr. POPE.)

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. POPE. Mr. President, I do not desire to yield any further.

Mr. LONG. Mr. President, may I ask one question of the Senator from Tennessee? I want my friend from Tennessee, who lives on the Mississippi River, to bear in mind that the Government appropriated a lot of money to make the Mississippi River navigable, depending upon the waters of Lake Michigan to do so, and after we built up the Mississippi it is now being proposed that all that work be scrapped, just as was done in the case of our battleships. I hope the Senator from Tennessee will bear that fact in mind when the Senate comes to vote on the Great Lakes-St. Lawrence Deep Waterway Treaty.

Mr. McKELLAR. Mr. President, I will bear it in mind.

Mr. POPE. Mr. President, in my opinion we are not justified in adding this large burden of expense to the backs of our already overburdened taxpayers. I have taken the position in the Senate that in my judgment, after an analysis of our Navy, we are prepared to defend our own country. We are not prepared to defend the Philippine Islands. It would take a greater navy than that provided by the Washington Treaty to do so. But we are prepared to defend the continental United States and our insular possessions in the neighborhood of this country. On that basis, in my judgment, we have a Navy that is sufficient for our defense.

Early during the special session of Congress last year the President urged upon Congress a policy of drastic economy. He pointed out a deficit of some $5,000,000,000 in the operating revenues of the Government, and urged the enactment of the so-called "economy bill." This cut the salaries of all Federal employees 15 percent, it eliminated positions of employment, it cut compensation and pensions of veterans, and it called for sacrifices all along the line in Government expenditures. Every Senator knows something of the extent and effect of these sacrifices.

A few weeks ago, in spite of this policy of economy, due largely to necessary emergency relief expenditures, the country was advised that our national deficit has reached the unprecedented figure of some $7,000,000,000, and that borrowings of some $10,000,000,000 would be necessary. The veterans have been cut some $350,000,000, the Federal employees have been cut in the neighborhood of $200,000,000. Almost every day there is brought to our attention such cuts in essential Government services in our States that it is difficult to continue anything like efficient operation.

I supported the economy bill, believing it necessary to preserve the financial integrity of the Government and to bring some measure of relief to the taxpayers of the country who were being crushed under the burden.

I did not like to cut the pensions of the veterans who were in need, or to cut the salaries of our governmental employees, but I was led to believe that with our Nation facing a deficit of $5,000,000,000 it was necessary to preserve the financial integrity of our country, and that all down the line we should make sacrifices in order to accomplish that purpose.

Now it is being proposed, under this bill, to create over and above the $275,000,000 P.W.A. allotment and the $293,000,000 regular naval appropriations, the additional burden of about one half billion dollars for still more ships—a program which I believe I have demonstrated is wholly unnecessary for our national defense.

This fund would be sufficient to restore every just demand of the veterans of all wars and to eliminate every salary cut. It would go far toward meeting housing and slum problems. It would open up thousands of schools now closed for lack of funds, leaving tens of thousands of American children without the opportunity of even an elementary schooling. It would supply funds for hundreds of meritorious public works projects in the cities, counties, and States throughout the Union. In some States, including my own, disastrous floods have destroyed roads and bridges, wiped out the homes and destroyed millions of dollars' worth of property of our people, leaving many families destitute. They are appealing to the Government for help in their dire need. In the Northwest, the wheat farmers are pleading for the adoption of a program for making loans to the wheat growers similar to the programs already in operation for loans to corn and cotton growers. They are met with the statement that money is not available for this purpose.

We cannot make loans to our wheat growers. We cannot meet the needs of our people for the relief of those who have suffered in flood disasters. We are required at the present time to lay off millions of people who have been employed under the C.W.A. because we do not have sufficient funds. The financial integrity of our Nation demands that we economize in that respect. Yet we will turn around and spend $500,000,000 for more ships, and for what purpose? Because the Secretary of the Navy says we should have a policy that will enable us, in effect, to compete with all nations in Asiatic waters.

If it could be demonstrated here that we need a larger navy to defend our country, I will vote for an appropriation sufficient to supply such a navy. I cannot be convinced from the figures that we do not have such a navy now, taking into consideration the ships that are being built, taking into consideration those that have been proposed and for which appropriations have already been made. As I have pointed out here, we compare very favorably with the other great naval powers of the world. I believe we do have a Navy which is already authorized by existing legislation that will afford an adequate national defense.

Mr. President, it seems to me it would be in the public interest, in the interest of human welfare and happiness of our people the country over, that this large amount of money be not unnecessarily expended on further naval armaments but be expended upon programs for the constructive relief of our people and communities throughout the country.

In conclusion, let me say that I cannot adhere to the philosophy that the establishment of superior armaments is an assurance against war. History does not support such a contention. If anything were necessary to demonstrate the unsoundness of such a philosophy, the military policies of the great European nations immediately prior to the World War ought to be conclusive. Germany, Great Britain, and France were engaged for decades in a race in armaments. Long before 1914 every thoughtful student of world affairs realized it was only a matter of time until these nations would enter upon a war that would threaten their very existence. Of course, the leaders of these nations always insisted that the constant, never-ending increases in armaments were for the purpose of defending the nation and its interests. The leaders of each nation contended that peace would be promoted by superior armaments. This was the way, they said, to insure peace.

The inevitable result of such a philosophy and such a policy is now a ghastly matter of history. Such a result has always followed such a policy and always will. Will not the leaders of nations ever learn? Will not they realize this is not the way to peace? Did not the World War, with its terrible toll of death and destruction, with its direct death loss of 10,000,000 young men and its property loss of some $200,000,000,000, with its inevitable accumulation of debts and economic maladjustments, and with the sufferings of its victims ever since—we hear about those victims from morning till night in the discussion of the veterans' legislation; we hear of the sufferings of the men who represented us in the great World War; are we to now embrace the same philosophy and pursue the same course for the future? Are we to enter into this mad race of armaments with the nations of the world when history points to us the inevitable effect of such a policy?

Mr. President, we have weighed that policy and found it wanting. I am profoundly convinced that peaceful relations among the nations of the world will not come through strivings for superior armaments. I believe that such a policy brings us nearer to another world war. If enduring peace ever comes, it must come another way. It must come through cooperation among the nations. It must come through a determination by the leaders of the world to settle their disputes through peaceful means.

Millions of people throughout the world were heartened a few years ago when the Kellogg Peace Pact was adopted by the nations of the world as a policy. This treaty, signed by some 60 nations, including the United States, Great Britain, and Japan, solemnly condemned recourse to war for the solution of international controversies and renounced it as an instrument of national policy in their relations with one another.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Tennessee?

Mr. POPE. I prefer not to yield now, Mr. President.

Mr. McKELLAR. I know the Senator does not want to state his facts wrong. Just after the signing of that peace treaty China and Japan were at war, and Russia also, and they were signatories to that peace treaty.

Mr. POPE. Yes; but does the Senator contend that, therefore, the signing of the Kellogg Peace Pact was not worth while?

Mr. McKELLAR. I do not think it was worth while at all. I do not think it has done a particle of good.

Mr. POPE. The Senator and I disagree on that subject.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Utah?

Mr. POPE. I yield.

Mr. KING. If he was so meticulously desirous for the accuracy of his facts, why did the Senator from Tennessee state that Russia was at war immediately after the signing of the Kellogg-Briand Pact? Russia was not then at war and is not now at war with any country on earth.

Mr. McKELLAR. Anyway, there were statements to that effect, and I was referring to war in fact. Certainly, however, the Senator will not deny that China and Japan were both signatories to the Kellogg Peace Pact and both were at war in less than a year after they had signed it.

Mr. KING. There was no declaration of war. I do concede that Japan, without justification, invaded the territory of China.

Mr. McKELLAR. And both were signers of the Kellogg treaty.

Mr. KING. Exactly. So also there are men who have agreed to abide by municipal law, and yet the courts are filled with persons who breach the law; and because a nation may violate a treaty is no argument against coopera-

tion among the nations with a view to the elimination of war and the promotion of peace.

Mr. POPE. I thank the Senator from Utah.

Mr. President, the point that I desired to make was that some years ago we adopted a policy represented by the Kellogg Peace Pact. I am thoroughly in sympathy with that policy, because, as it seems to me, the adoption of any other policy, such as a policy for increasing our armament to be stronger than all other nations, is not a policy that will eventually promote enduring peace.

The Kellogg Peace Pact provided—

> that the settlement or solution of all disputes or conflicts of whatever nature or of whatever origin that may rise among them shall never be sought except by pacific means.

This, I believe, is the true policy of our Government. I am sure it expresses the overwhelming sentiment of the plain American people.

[The table submitted by Mr. McKELLAR, to be printed in the RECORD at the conclusion of Mr. POPE's remarks, is as follows:]

Scrapping of vessels

United States:	
Battleships completed	18
Battleships building	7
Battle cruisers building	4
Total	29

Percent completed

Battleships:	
Washington	75.9
South Dakota	38.5
Indiana	34.7
Montana	27.6
North Carolina	36.7
Iowa	31.8
Massachusetts	11.0
Battle cruisers:	
Lexington [1]	33.8
Saratoga [1]	35.4
Constellation	22.7
Ranger	4.0
Constitution	15.4
United States	12.1

Cost

The 18 battleships cost	$103,341,026
Recovered when sold	1,506,614
Total expended on vessels building	149,251,961
Expended for scrapping	26,663,623
Grand total expended	277,695,994

As a result of the London treaty three more battleships were scrapped—*Florida*, *Utah*, and *Wyoming*.

Expenditures as a result of scrapping

	United States [1]		Great Britain [2]		Japan [3]	
	Number	Tons	Number	Tons	Number	Tons
Completed:						
Battleships	19	289,580	16	322,950	9	149,801
Battle cruisers			2	52,700		
Cruisers			4	72,100	3	42,950
Total	19	289,580	22	447,750	12	192,751
Under construction:						
Battleships	7	201,800			2	79,958
Battle cruisers	6	261,000			2	82,000
Total	13	552,800			4	161,958
Grand total	32	742,380	22	447,750	16	354,729

[1] Value, $277,695,994. [2] Value, $169,936,567. [3] Value, $106,796,300.
Cost to complete, $178,000,000.

Mr. KING. Mr. President, I apologize for intruding upon the Senate for a moment, but when the Senator from Tennessee [Mr. McKELLAR] made certain statements critical of our representatives at the Conference of 1922, I felt constrained to register my dissent. I reiterate what I then said as to the ability of our representatives, Judge Hughes, Elihu Root, Senator Lodge, Oscar Underwood, and as advisers former Senator Sutherland, now upon the Supreme Court Bench of the United States, and a number of other distinguished Americans, and also admirals and military officials who were familiar with the military and naval needs of the United States. So far as I am advised, they approved the work of the Conference and the report submitted by Secretary Hughes.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Ohio?

Mr. KING. I yield.

Mr. FESS. Confirmatory of what the Senator has said about the high standing of the representatives of the United States, I wish to state that I was in a conference where Arthur Balfour, the head of the British delegation, expressed the highest opinion of the American delegation and used this expression:

> Your Secretary of State, Mr. Hughes, is the most dominating figure I have met in 40 years of public service.

Mr. KING. It seems to me that in any tribunal in the United States there should be no occasion to defend the high standing, the intellectual power, the great ability, as well as the patriotism, of our delegates to that conference nor our delegates to the London Conference; and when the able Senator from Tennessee stated that as a result of the Naval Conference at London—and our distinguished leader on this side of the aisle was one of the American delegation—we lost four ships, I could not see any justification for the statement which he made. His statement, in effect, if I understood him correctly, was that at the Washington Conference we were outwitted and that at the London Conference our delegates, Senator REED, Senator ROBINSON of Arkansas, and others, failed or did not at least protect the rights of our Government, as a result of which we were the losers as we were at the Conference of 1922. With these views I do not agree.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. KING. I yield.

Mr. ROBINSON of Arkansas. If the right to construct under the London Treaty had been availed of by our Government, the position of the United States would have been very much stronger under that treaty than it is. It would have put the United States on a parity with the greatest sea power on earth, and at the same time would have limited naval construction so that the competition which is now threatened could not have existed.

Mr. KING. I agree with the Senator. Mr. President, I do not like comparisons instituted between representatives of our Government and the representatives of foreign governments to the disadvantage of our representatives. I think that in conferences that have taken place in which the United States has participated the honor of our Government has been maintained and the rights of the American people and of the American Government have been protected. Who could challenge the ability and integrity, the high standing and the intellectual qualifications of Justice Hughes and Elihu Root, and the late Oscar Underwood, to whom I referred a few moments ago, a great leader in the House of Representatives, a great leader in the Senate?

Now, coming down to what was done, the able Senator from Tennessee repeatedly stated that we sank 15 or 16 battleships and battle cruisers. I think that the Senator is entirely mistaken.

Mr. McKELLAR. Oh, no; I said we had sunk 12 new ones and 2 that were in the process of building and that, in all, we sank 22.

Mr. KING. Mr. President, let us read the record. Much as I respect my dear friend, I prefer the statements of those who signed the treaty, who participated in its negotiation, and who drew it, rather than the imperfect recollection of my friend from Tennessee. I read now from the report which was signed by our delegates and submitted to the Congress of the United States. Here was the plan:

> The United States is now completing its program of 1916, calling for 10 new battleships and 6 battle cruisers.

[1] Converted to aircraft carrier.

To which I referred, and I condemned that navalistic policy which would have compelled the United States to spend a billion and a half dollars for its completion. Senators may recall that we were conjured to vote for that program as a threat to compel European nations to abandon navalistic activities upon their part; but evidently the war spirit got possession of us and, after the war was over, a Nation-wide propaganda was carried on, participated in by admirals and navalists and Army officers, that we build up the greatest navy in the world, a navy that would overwhelm all nations, and also greatly increase other military forces. Under the whip and spur of that propaganda, which was wholly unwarranted, we went forward in the construction of that program until the resolution of the Senator from Idaho [Mr. BORAH] challenged the attention of the American people to the serious consequences that would follow its execution. Then, when Mr. Harding came to the Presidency, he called the conference to which reference has been made.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Minnesota?

Mr. KING. I yield.

Mr. SHIPSTEAD. I should like to observe that foreign governments only retarded their naval program until they got their debts canceled, and got our taxpayers to pay their debts, and until they could borrow more money. Then they again started on a naval building program.

In reference to the treaty of London, it seems to me all we got out of that treaty was the necessity for spending a billion dollars or more. We were told it was a disarmament treaty. It placed the sanction of the great powers of the world upon larger navies than were ever before known.

Mr. KING. Mr. President, I shall not further allude to the London conference, but I intend to proceed to refer to the report of the Washington Conference of 1922.

Mr. Hughes and the other delegates in their report stated that, instead of completing them, as was indicated by my friend, we had expended $330,000,000 on all those capital ships. That is all that had been expended, and I might add that of them we have now two or more that were a part of that $330,000,000 which were expended.

Mr. SHIPSTEAD. Mr. President, can the Senator tell us what will be the cost of the present program?

Mr. KING. The cost runs into almost astronomical figures. I do not know what the present program is. I may say that we have recently passed a naval appropriation bill providing for the ordinary expenses of the Navy for the next fiscal year calling for expenditures of between $300,000,000 and $400,000,000. The Public Works Administration assigned, out of the money that ought to have gone for public works and for relief, $238,000,000 for new naval war vessels, and, as I recall, $90,000,000 additional for naval purposes. We have an aggregate of between six and seven hundred million dollars for the Navy.

Now, we have before us this bill authorizing $450,000,000 more for the construction of 101 more naval vessels, and, of course, when those vessels shall have been built it will mean further auxiliary craft. There are no capital ships authorized by the pending bill. Then it will be said we have all these smaller craft and we must have additional capital ships; then we must have a larger naval personnel; then we must have other auxiliaries incidental to a big navy. The cost may run into the hundreds of millions of dollars in excess of the billion dollars which I have suggested.

Mr. SHIPSTEAD. Mr. President, will the Senator permit me to offer a further observation?

Mr. KING. Certainly.

Mr. SHIPSTEAD. I do not intend to interrupt the Senator unduly, but I desire to invite his attention to the fact that I have been informed that the Naval Academy at Annapolis has lost its standing as an accredited college because of the type of the personnel of its faculty. I am told that on account of the program of economy the Naval Academy has lost its standing as an accredited college because there were not sufficient funds to hire as members of the faculty men of sufficiently high standing to enable the Academy to have a curriculum that would enable it to maintain its high standing as an accredited college, as it has done in the past.

If that be true, I should like to know whether, of the hundreds of millions of dollars that are being spent, any money is provided to give the Naval Academy the standing it ought to have among colleges of the United States as a recognized accredited college. I think that is a serious matter. We spent hundreds of millions of dollars for building naval vessels and to maintain the Naval Academy to train officers to handle those vessels, and yet the Naval Academy has a scholastic standing of such a low order that it cannot be maintained on a basis of equality as an accredited college among the colleges of the United States.

Mr. KING. Mr. President, I commend the observations of the able Senator from Minnesota to the Committee on Naval Affairs or to the Committee on Education and Labor of the Senate, with a view to framing some policy that will enable it to secure and maintain higher scholastic standards at the Naval Academy.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Ohio?

Mr. KING. Certainly.

Mr. FESS. I fear the observations just made, which are correct, may be misinterpreted as a reflection upon the type of teaching at the Naval Academy. There certainly is no higher grade of teaching anywhere in the subjects specially taught than is to be found at the academy. The difficulty is the curriculum has not been sufficiently broadened so that the civilian professors can improve that regular curriculum of the academy and make it a unit in the college association. It ought not to be understood that the quality of teaching at the academy falls below the standard. It does not. It is only a question whether the number of teachers there is sufficient.

Mr. TRAMMELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Florida?

Mr. KING. Certainly.

Mr. TRAMMELL. I rose when the Senator from Ohio rose, and he has stated in substance what I intended to state. It is not a matter of money. It is a matter of policy that brought about the present condition. We have the teachers at the Naval Academy, but there has been some conflict as to whether or not the authorities there should use more civilian teachers or should use naval officers for the purpose of teaching. I do not believe that is the cause of the Naval Academy not being considered an accredited college. It is more along the line suggested by the Senator from Ohio [Mr. FESS], and it is for the reason stated by him that the Naval Academy is not recognized as an accredited college. It is not a question of money. The appropriations have been ample to maintain a proper teaching force right along, and the appropriations now are ample.

Mr. SHIPSTEAD. Mr. President, I did not intend to reflect on the personnel of the teaching staff at Annapolis. My information is as I have stated. I do not refer now to strictly naval subjects, but to academic subjects. My information is that, instead of hiring professional civilian teachers, officers are taken from the Navy who have not been attending school for 8 or 10 years and who have not taught academic subjects and are placed in charge of instruction at Annapolis. That is my information. If I am incorrectly informed, I should be glad to be corrected.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

BERYL M. M'HAM—VETO MESSAGE (S.DOC. NO. 147)

The PRESIDING OFFICER (Mr. BARKLEY in the chair) laid before the Senate a message from the President of the United States, which was read, as follows:

To the Senate:

I return herewith S. 558, "An act for the relief of Beryl M. McHam", without my approval.

I am constrained to take this action on the record as reported to me by the Secretary of War, a copy of whose communication, setting forth the record and recommending against the approval of the bill, I am transmitting herewith for the information of the Senate.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 1, 1934.*

The PRESIDING OFFICER. The question is, Shall the bill pass, the objections of the President of the United States to the contrary notwithstanding?

That question will be pending, and in the meantime the President's message, the accompanying paper, and the bill will be printed and lie on the table.

FEDERAL EMPLOYMENT STABILIZATION OFFICE

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, ordered to lie on the table, as follows:

To the Congress:

Pursuant to the provisions of section 1, title III, of the act of March 20, 1933 (ch. 3, 48 Stat. 8, 16), I am transmitting herewith an Executive order which (1) revokes so much of section 1 of Executive Order No. 6166 of June 10, 1933, heretofore transmitted to the Congress, as provided for the abolition of the Federal Employment Stabilization Board and the transfer of its records to the Federal Emergency Administration of Public Works, (2) abolishes the Federal Employment Stabilization Board, (3) establishes in the Department of Commerce an office to be known as the "Federal Employment Stabilization Office", and (4) transfers to such office the functions, personnel, records, and property of the Federal Employment Stabilization Board.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 1, 1934.*

OFFICES AND LIVING QUARTERS FOR AMERICAN OFFICIALS IN MOSCOW, RUSSIA (S.DOC. NO. 149)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting an estimate of appropriation for the Department of State for the fiscal year 1935, to remain available until expended, amounting to $1,165,000, for the expenses of erecting suitable buildings to afford permanent offices and living quarters for all American officials and employees stationed in Moscow, Russia, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

GUARANTY OF PRINCIPAL OF HOME OWNERS' LOAN CORPORATION BONDS (S.DOC. NO. 148)

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Banking and Currency, and ordered to be printed, as follows:

To the Congress:

On January 10 I recommended to the Congress the passage of legislation guaranteeing the principal as well as the interest of the $2,000,000,000 of bonds authorized for the refinancing of agricultural indebtedness.

I now recommend that the Home Owners' Loan Act be similarly amended. The purpose of such legislation, as in the case of farm financing, will be to assure the continued progress on a self-sustaining basis of the making of loans for the purpose of refinancing home mortgages without interruption. There is the same reason for acknowledging publicly what already amounts to a moral obligation in respect to these bonds as there was in the case of bonds authorized to be issued through the Farm Credit Administration.

By making provision for an exchange of the new type of bonds guaranteed as to principal as well as interest for those already issued, those mortgagees who have shown their willingness to cooperate with the Government's program by accepting the original bonds will be placed on an equal footing with mortgagees who will hereafter obtain the fully guaranteed obligations proposed by this legislation.

Out of the funds which may be made available as a result of the proposed guaranty of principal of these bonds the Home Owners' Loan Corporation should be enabled to extend further assistance for the modernization of homes as well as for the making of repairs. Authority should also be given to the Home Owners' Loan Corporation to purchase bonds of the Federal home-loan banks, thus enabling the Corporation to make funds available to those banks and to building and loan associations which are in need of financing in order to encourage private building.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 1, 1934.*

Mr. FLETCHER. Mr. President, I wish to introduce a bill to guarantee the bonds of Home Owners' Loan Corporation and ask that it may be referred to the Committee on Banking and Currency.

The PRESIDING OFFICER. Without objection, the bill will be received and so referred.

The bill (S. 2932) to guarantee the bonds of Home Owners' Loan Corporation, to amend Home Owners' Loan Act of 1933, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. LEWIS. Mr. President, I deplore that I must confess that I have pleaded with the able Senator from Nevada [Mr. PITTMAN], chairman of the Foreign Relations Committee, all too frequently; and it is now, in response to a desire to name a date for voting upon what we speak of as the St. Lawrence Treaty, that I am again suggesting to the eminent chairman of the Foreign Relations Committee that he submit the proposed unanimous-consent agreement which he has discussed with me.

Mr. PITTMAN. Mr. President, I presented on yesterday a proposed unanimous-consent agreement to vote upon the Great Lakes-St. Lawrence Deep Waterway Treaty on the 14th day of March. At that time the Senator from Oregon [Mr. MCNARY] asked that the request go over, stating that it might possibly be brought up today. I should like to know if the Senator from Oregon has any objection to the request being submitted today.

Mr. MCNARY. Mr. President, the Senator has correctly stated the situation that existed yesterday. I objected to the proposed unanimous-consent agreement because of the absence of the leader on the Democratic side and because there were many absentees on either side of the aisle at that time. I am willing to hear the proposal today. If the Senator desires to submit the request for unanimous consent at this time, I shall have to suggest the absence of a quorum before he does so.

Mr. PITTMAN. I think it proper that there should be a quorum called. After the quorum is called I shall then submit the unanimous-consent agreement.

Mr. MCNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Clark	Hale	McNary
Ashurst	Connally	Harrison	Metcalf
Austin	Coolidge	Hatch	Murphy
Bachman	Copeland	Hatfield	Neely
Bailey	Costigan	Hayden	Norris
Bankhead	Cutting	Hebert	Nye
Barbour	Dickinson	Johnson	O'Mahoney
Barkley	Dieterich	Kean	Overton
Black	Dill	Keyes	Patterson
Bone	Duffy	King	Pittman
Borah	Erickson	La Follette	Pope
Brown	Fess	Lewis	Reynolds
Bulkley	Fletcher	Logan	Robinson, Ark.
Bulow	Frazier	Lonergan	Robinson, Ind.
Byrd	George	Long	Russell
Byrnes	Gibson	McAdoo	Schall
Capper	Glass	McCarran	Sheppard
Caraway	Goldsborough	McGill	Shipstead
Carey	Gore	McKellar	Steiwer

Stephens	Townsend	Van Nuys	Walsh
Thomas, Okla.	Trammell	Wagner	Wheeler
Thomas, Utah	Tydings	Walcott	White
Thompson	Vandenberg		

Mr. LEWIS. Mr. President, at this time I desire to announce the absence of the senior Senator from South Carolina [Mr. SMITH], occasioned by death in his family.

The PRESIDING OFFICER. Ninety Senators have answered to their names. A quorum is present.

Mr. PITTMAN. Mr. President, as in open executive session I propose a unanimous-consent agreement, which I send to the desk, and ask to have stated.

The PRESIDING OFFICER. The proposed unanimous-consent agreement will be stated.

The legislative clerk read as follows:

Ordered, by unanimous consent, That on Tuesday, March 13, at the hour of 12 o'clock noon, the Senate, in open executive session, will proceed to the consideration of the Great Lakes-St. Lawrence Deep Waterway Treaty, Executive Calendar No. 1, and that after the hour of 12 o'clock meridian on the calendar day of Tuesday, March 13, 1934, no Senator shall speak more than once nor longer than 20 minutes upon the pending Great Lakes-St. Lawrence Deep Waterway Treaty, nor more than once nor longer than 10 minutes upon any amendment that may be pending or that may be offered thereto, or upon any reservation that may be pending or that may be offered to the resolution of ratification; that no amendment or reservation shall be formally proposed which shall not have been presented on or before the calendar day of Tuesday, March 13, 1934; and that on the calendar day of Wednesday, March 14, 1934, at not later than the hour of 6 o'clock p.m., the Senate shall proceed to vote without further debate upon all questions arising in the parliamentary disposition of the said treaty.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement submitted by the Senator from Nevada? The Chair hears none, and the agreement is entered into.

THE OIL INDUSTRY

Mr. LONG. Mr. President, I have risen for the purpose of getting before the Senate, and I hope before some of the boards and departments of the Government operating here in the Capital, the effort of the independent oil people of this country to be heard on the code of fair competition.

It has been announced by General Johnson that he was going to hear any and all persons in interest who wished to appear with regard to the operations of these various codes; and the independent oil people have undertaken to present their case here against the monopoly that has been thrust upon them through the guise and practices of Government administrators. They have been unable to get any hearing whatever and unable even to get the kind of conference that apparently has been granted to everyone else.

I have been handed a letter from W. G. Williams, of Fort Worth, Tex., and I desire to read the letter. It is dated February 28, 1934, and is as follows:

FORT WORTH, TEX., *February 28, 1934.*

Gen. HUGH S. JOHNSON,
Administrator National Recovery Administration,
Commerce Building, Washington, D.C.

DEAR SIR: Pursuant to your notice of public meetings on administration and improvement of codes of fair competition, I wish first to make the following statement. On Monday, the 26th instant, after being shuttled back and forth from one individual to another in the Petroleum Administrative Board, Mr. C. Fahy, vice chairman, informed me that representations regarding the oil code would not be heard at these public meetings; while Mr. Fahy was definitely ascertaining this for me, I contacted Dr. Compton, who informed me that representations from the oil industry would be heard at these meetings.

These two widely divergent statements left me in a quandary, so I contacted the Honorable Donald R. Richberg, who agreed with Dr. Compton that representations from the oil industry would be welcomed.

Still feeling a sense of insecurity in the matter, I wrote both yourself and Hon. Harold L. Ickes regarding the question of jurisdiction in these hearings, and this morning I am in receipt of a letter from the Honorable Nathan R. Margold, chairman of the Petroleum Administrative Board, reading as follows:

"The Secretary of the Interior has requested me to acknowledge the receipt of your letter of February 26 and to state that the code hearings, beginning on February 28, will not include hearings on complaints under the oil code."

Obviously discretion requires that the wishes of the administrator of the petroleum code be respected, but in view of numerous letters and telegrams, copies of certain of which I attach hereto, I am impelled to ask your indulgence in presenting the attached statement which, I believe, is of such constructive character that the Petroleum Administrative Board cannot take offense at my presenting.

Respectfully,

W. G. WILLIAMS.

242 HOTEL CONTINENTAL,
Washington, D.C.

Mr. President, there is presented and attached here another letter, dated February 28, which sets out some of the conditions I have been complaining about on the floor of the Senate, to which I have not been able to secure attention, or any reasonable effort to correct—the domination of this industry that has not only been fastened upon these people under private control, but how they have taken charge of the Government boards to a point where they may do nothing whatever except perpetuate Standard Oil control over the oil industry of this country.

I am going to read from the letter of the fair-minded people who have handed me this document.

FEBRUARY 28, 1934.

Hon. HUGH S. JOHNSON,
Administrator N.R.A., Washington, D.C.

SIR: Your public notice divides the hearings on the codes of fair competition into five groups, and in accordance with this schedule, in behalf of individuals and associations in the oil industry, whom I represent in this matter, I offer the following suggestions and criticisms.

Employment: Through increased prices to consumers, the income of the oil industry under the code of fair competition, has been increased according to reliable information, in the sum of $833,000,000 annually, while the pay rolls of the industry have been increased by only $112,000,000.

That means they have increased the prices around 8 for 1 as compared to what they are paying the labor.

From personal investigation covering the oil refineries in the Houston area, the writer has definitely ascertained that the incomes, under the code, of skilled workers had been decreased approximately 25 percent.

I further found that many violations of the code existed, principally amongst the integrated companies—

I am going to explain in a word what he means by that.

These evasions usually consisting of transferring an hourly-pay man to the position of supervisor on a monthly salary and increasing his working hours ad lib.

The oil industry has suffered but little hardship during the depression as reliable statistics show that consumption of petroleum products during the depression years have been but little diminished.

Due to the development of highly efficient refining methods, refinery throughout per man per day has been more than doubled and increasing installations of these modern methods causes labor in the industry to face progressively increasing unemployment. Therefore, it is timely that the working hours of skilled labor in the industry should be reduced to not more than 24 hours per week.

Mr. President, one of the largest oil refineries in the world is in Baton Rouge, La., and they have recently laid off about one half of all their workers because they have installed labor-saving devices which have increased the output of their refinery, but which have decreased the number of their employees about 50 percent. I know that this gentleman in that particular is stating the facts. The letter states:

The Southwest Petroleum Association has circularized Congress and the country with the following statement:

"INCREASE WAGES

"Commodity prices are advancing. Wages must and can be increased at same time. Revise all labor codes at once, thus making increases fair and competitive; $5 per day minimum will provide new markets and prove profitable investment for all industry. Raw materials and wages alike affect cost of finished products. Five cents per barrel increase in price of crude oil is absorbed by oil industry without comment, because competitive. Five cents per barrel added to pay roll by revision of labor code will do untold good, and, because competitive, will work hardship on no one."

I draw to your attention that the oil code, as originally signed by President Roosevelt, contained a labor clause providing a minimum hourly wage scale and a differential which would restore to skilled labor its 1929 rate of pay. The September 13 revision of the code eliminated the differential clause and substituted therefor a provision that regional committees should have jurisdiction in the matter, and I draw to your attention the fact that these regional committees, so far as I have been able to learn, have given no attention whatsoever to the matter of the wages of skilled labor.

I cite you the case of the Crown Central Petroleum Co., in Houston, Tex., which, under the code, added 40 employees to its pay roll but that the increase in pay roll per month amounted to only $1,350.

Trade practices, costs, and prices: In my opinion, definite protection against destructive trade practices can only be achieved by prohibition against selling below cost plus a fair profit and by providing and enforcing such severe penalties that everyone will hesitate to commit an infraction of such law.

Protection against excessive prices and monopolistic tendencies can only be assured by rigid and vigorous application of our existing antitrust laws.

In this connection I draw to your attention the practice of certain California gasoline manufacturers who, by unlawful agreement, approved by the oil administrator, are retailing gasoline in the States of Washington and Oregon, 500 miles from the source of production, at 16 cents per gallon, less tax, and at the same time shipping the same character of gasoline through the Panama Canal to the Atlantic seaboard, a distance of over 5,000 miles, and retailing same at 12½ cents per gallon, less tax.

Mr. President, that is what they always have done. They have always been allowed to do it. When they were freezing us out in the State of Louisiana, they were retailing oil down there at a price that was considerably below the cost of production, and shipping the same oil out to the coast, to California, where at the time there was not any such production as there later was, and were selling it out there, after paying the freight charges, above what they were paying then. And here they are today, supposed to be operating under the administration of the United States Government, shipping oil 500 miles and selling it right here in the United States for 16 cents a gallon, and then shipping it 5,000 miles, through the Panama Canal, and selling it at 12½ cents, in order to break down the little independent man who may have a little business which they want to recapture.

They have not changed at all. I knew this was going to happen the minute they began to write an oil code, and when they called in Mr. Walter C. Teagle, the president of the Standard Oil Co., and when they called in the various and sundry other allied henchmen of this Standard Oil monopoly, when they called in the Mellon interests and called in the Rockefeller interests, and practically put them in charge of writing a code and prescribing the terms of the operations, I knew that that was not going to change them. You can put the stamp of the United States Government on one of these men if you want to, but it does not change him any more than it would change a leopard to give him a bath. There is the same proposition with the Government signet over them. The only difference is that they are a little bit more rapacious when they have the Government seal backing up their maneuvers than they are at any other time. This statement continues:

Obviously these companies are making an excessive profit on the Pacific coast or are selling at too low a price on the Atlantic coast, yet it is all being done under a code of fair competition.

Obviously they ought not to be selling the gasoline where they had to ship it but four or five hundred miles at 16 cents a gallon and at the same time sell it on the Atlantic coast, after bringing it 5,000 miles through the Panama Canal, at 12½ cents. Why do they do that? Because there is an independent oil industry over in this section of the country which they have not wiped out. Later on they will do the same thing on the other side.

The statement continues:

Through shipper ownership of pipe line transportation facilities, 21 integrated companies dominate and control the production and price of crude oil; through ownership of 85 percent of the retail outlets of the country, these same interests dominate the retail prices of petroleum products.

Control of these transportation and marketing facilities is a violation of the law—

It always is—

but continues under the code of fair competition in the face of President Roosevelt's declaration on April 4, 1933, that the pipe lines should be divorced from shipper ownership.

I have before me, but shall not read, one of the pronunciamentos issued by the President of the United States in order to prevent a strangle-hold being had on the oil industry and the oil men being frozen out of business. They had to divorce the pipe lines from the producing and refining companies just as we divorce a railroad from a coal mine; just as we divorce a railroad from a coal company that sells coal. The President of the United States issued a pronunciamento on the 14th day of April 1933 commanding that those pipe lines had to be divorced from the oil-producing companies and from the oil-refining companies, and they sent and got Mr. Teagle and brought him here and put him in charge of this business, and they have not paid any more attention to it than if it had never been written.

They went along killing rats the same as they did, except that they have the Government seal and signet behind it and are doing it a little faster. In other words, they have raised their margin seven hundred million more dollars, and they are mulcting the American people more than they were before the code of fair competition and are using the United States Government seal and protection, and sell the oil, where they ship it 500 miles, for 3½ cents more per gallon than where they have to bring it around through the Panama Canal 5,000 miles.

This crowd has done this, Mr. President, every time. We have to regulate the oil industry, in order to make it fair. During the war an oil administrator was appointed, a man by the name of Mark W. Requa, who was supposed to come from an independent oil industry on the Pacific coast, from California, and at that very time when Mr. Requa was administrator here in Washington, they began to freeze out the Pine Island field in Louisiana, in which I was personally interested. We came to Mr. Requa to get some help, and Mr. Requa gave us to understand he was closing up his office and was going to leave right away. We found that he was an officer of the Standard Oil Co. of California, and we might just as well have gone to 26 Broadway.

Now, I read a little further from this statement:

Trade practices—competitive relationship: The producing, refining, and marketing costs of the integrated companies are greatly in excess of the costs of the nonintegrated units in the industry, obvious costs being those of national advertising and of free service offered at their filling stations.

Should the independent retailer offering an unadvertised brand of gasoline attempt to pass on to the consuming public part of his lower costs, we find him termed "a chiseler and a cutthroat", guilty of unfair practices, and a threat to national recovery.

Such libelous statements can be considered as coming only from the mouthpiece of monopoly or those suffering under an aberration of monopolistic philosophy.

No code of fair competition can be successfully applied unless it gives honest consideration to differences in costs of production, distribution, and sales, and to deny the consumer any savings which any unit in the oil industry is able to pass to the public is a little short of criminal under the conditions prevailing in this country at the present moment.

Code authority organization: A code administration dominated, or having as its only executive advisors, committees composed almost 100 percent of executives of the predominating financial interests in an industry, is incapable of either formulating or executing a code of fair competition.

The oil industry is today governed not by a disinterested public official but, in the last analysis, by a committee whose controlling thought is to increase the earnings of their companies.

The best evidence of this is their indifference in the matter of wage scales for their employees and of increased prices to the consumers.

While the integrated companies number but little more than a score, independents in the industry number many thousands. Yet this small handful of men dominate the operation of the code of fair competition while the vast majority are compelled to swallow the medicine prescribed by this group of monopolists and await an antidote to be delivered by the Petroleum Advisory Board, if, as, and when the independent operator manages to make his complaint heard.

Financing the code administration is proposed by levying a tax of one tenth cent a barrel on all oil produced and refined. Such a tax should yield an annual revenue of nearly $2,000,000, and we submit that with such an income the administration of the code can do anything it likes and that neither individuals nor groups can successfully cope with unfair orders, regulations, or decrees.

This tax applies equally upon those who signed the code and those who did not, and in effect, is "taxation without representation." The petroleum industry is already the most excessively taxed business in America, the tax far exceeding the wholesale value of its products.

That additional tax should be imposed to carry out unfair, illegal, and monopolistic rules, regulations, and decrees is certain to breed eventual trouble of a serious nature.

Minorities: The justification for the enactment of unfair rules and regulations is that 85 percent of the industry participated in forming such rules and regulations.

In this supposedly free America, votes are cast by men and not by dollars, and we submit that the governing body under the oil code represents an infinitesimal minority when counted in terms of men instead of in terms of dollars.

That such a small group representing a phase of monopoly which has existed for nearly three quarters of a century is able to dictate to the vast majority of those engaged in the oil industry, is incompatible with our business principles and it is time that our President and his trusted lieutenants opened their eyes to what is being done to American consumers as well as to small businesses in the oil industry.

Star-chamber proceedings: Those formulating the policies to be followed on the oil code of fair competition conduct their discussions and deliberations behind closed doors.

This policy is quite different from the policy announced by Administrator Johnson in his opening speech at the beginning of the N.R.A. conferences. "In addition to all this, there is not a single important action taken by N.R.A. that is not the result of a public hearing. In those hearings every person from Communist to conservative, who asserts any interest in the subject matter, is invited to get up and make any criticism, comment, or suggestion that may occur to him and never has anyone been denied, curtailed, or silenced. It all gets in the record and is considered when action is taken."

Attached hereto, and marked "Exhibit A", are copies of communications from members of the oil industry which I desire to be made part of the record. Also attached hereto is copy of a Memorial to Congress, marked "Exhibit B", which "memorial", based on information of entirely reliable character, shows that the oil industry has been administered to the detriment of American consumers.

Respectfully submitted.

W. G. WILLIAMS,
242 Hotel Continental, Washington, D.C.

EXHIBIT "A"

By all means General Johnson's open hearings should include oil matters. At Washington last week Margold admitted inability and helplessness to enforce the rule against selling below cost and refused to assist in enforcing it. This rule is the heart of the covenant for independent marketers and without it the oil code is favorable to major companies only. We have submitted proposed rules against selling below cost, but oil administration is not acting on this vital subject. We believe open hearings will bring this weakness in the oil code to public attention and we then have some hope of correction. Hence we urge inclusion of oil matters in public hearings; hope you may lend assistance to that end.

L. L. CORYELL & SON,
Lincoln, Nebr.

If no public oil code hearing is held we independents are ruined. Entire code being twisted to fit major companies. General Johnson against price fixing, so are consumers and independents. Unless public hearings held we cannot oppose its subterfuge, the pooling and marketing agreement. WNAX sent petitions bearing 200,000 signatures against price fixing to Senators FRAZIER, DICKINSON, BULOW. Confer and obtain them if they can be of value to you.

THE HOUSE OF GURNEY, INC.,
Yankton, S.Dak.

Wire received. Our association not satisfied of desirability of appearing at Johnson hearings. Have, however, requested information whether hearings have jurisdiction over oil code. Believe point you raise pertinent.

RICHARD F. CLEVELAND,
Baltimore, Md.

Certainly should demand public hearings on oil code and get publicity on fact Ickes and monopoly entirely satisfied with their monopoly-controlled code, while Johnson apparently wants to give small business a hearing, and we hope a square deal.

JACK DANCIGER,
Fort Worth, Tex.

Re tel.: I cannot advise you. I am without sound information. So many things in the code, so many things to think about that it makes me dizzy.

H. H. CAMPLIN, *Enid, Okla.*

Re tel.: If code hearings under Johnson are as per my understanding, to correct inequalities and any hardships contrary to spirit Industrial Recovery Act, cannot conceive of any reason why oil code should be excluded, and do not believe this hearing will exclude oil code.

D. W. HOVEY, *Houston, Tex.*

Believe our chances better in open hearing before anybody and everybody. Ickes and petroleum administrative board take direction from planning and coordinating committee. Why should oil industry be singled out and put in a different category than other industries, to be crushed by monopoly? If independents are to survive, they must have a code of fair competition. We must make Secretary Ickes realize his star-chamber methods only confirm further the independents' suspicion that he is accepting the dictates of monopoly. If Johnson's ideas of open hearing for other industries is right and proper, the oil hearings likewise should be brought into the open.

DANCIGER REFINERIES, INC.,
BOUDREAU, *Tulsa, Okla.*

I want to read just a line or two now from a memorial which has been presented to the Congress of the United States. I know how busy we are, and I know that perhaps some of us will never read this, and some of us may not know just exactly what it means when we do read it. But I want to read a few lines, which I can pick out from this booklet which has been handed us. There are tables and statistics in this so that we can verify everything the booklet contains, charts and diagrams and everything else. I am going to read just a few of the salient things. One thing that appears here is this:

The real issue of the petroleum industry is one of monopoly.

That is the trouble with the petroleum industry. Monopoly is the one trouble with the petroleum industry. How they manipulate their exports and imports, and pick the season; how they pick the price on the west coast and the price on the east coast, where they will stand a difference maybe of 10 cents a gallon, and the way gasoline is an important link in breaking up an independent producer or refiner; how they will bring oil around perhaps some four or five thousand miles and sell it cheaper than they are selling it at the place where it starts, where the event may justify them doing it.

From this issue arise the causes of all the industry's problems, no one of which is susceptible of solution except through the final and complete elimination of monopolistic practices.

This oil monopoly has been before the Supreme Court of the United States, and countless other courts, time after time, and I do not remember a time when it has not been found that the charges made by States and various sundry independent interests crying out against what has been practiced upon them and upon their independent industry were not substantiated.

This real issue has divided the industry between giant oil corporations (the monopoly) on the one hand and the so-called "independent" (the rank and file of the industry) on the other.

* * * * * * *

In 1926, Walter C. Teagle, head of the Nation's greatest oil combine, argued splendidly before the Federal Oil Conservation Board to the effect that price should control the productive processes, and against "conservation"—American Petroleum Institute.

The American Petroleum Institute was not a thing on earth but a lot of Standard Oil agencies, which had formed themselves into what they called a "petroleum institute", just like the Edison Institute is for the Power Trust—hiding behind a mask every time they can until they are discovered, and then they go out and change the name, and put up some other name. I do not know what name they have now. Probably it is the "code of fair competition" they are trading under now.

Later, before the same Board, the Honorable Charles Evans Hughes, then counsel for the monopoly-supported American Petroleum Institute, presented probably the most able legal argument ever briefed against the matter of Federal control of oil production in the different States. Judge Hughes ridiculed, in most effective manner, the idea of Federal control and argued the fallacy of the idea of the exhaustion of our petroleum resources—"exhaustion" being one of the basic arguments for conservation.

* * * * * * *

It apparently was decided that the most effective means of eliminating the new peril would be to force the closing in of the wells which were the source of competitor's supply.

Then the memorial proceeds to detail and outline the propaganda which eventually led to this code of fair competition we have today. Now what are they going to do?

I state here, Mr. President, I was not able to dispute the statement of the President of the United States that he was going to divorce these various and sundry institutions; that he was going to make that pipe line the same as a railroad; that he was going to throw that pipe line open to everybody; that he was going to make the producer be one thing; he was going to make the pipe line be another thing; he was going to make the refinery be another thing and the filling

station be something else. I was not able to dispute the President's statement, Mr. President, because he said so in writing and gave it out to the world, and we naturally went along feeling that way.

It was on April 3, 1933, President Roosevelt in a letter to the Governors of oil-producing States said—I am now quoting the President's words:

The report of the Independent Petroleum Association Opposed to Monopoly recommends "the enactment of emergency legislation by Congress divorcing oil pipe lines engaged in interstate commerce from other branches of the oil industry." I am of the opinion that this is a reasonable request and that such legislation should be enacted at as early a date as possible.

That is the President's statement. I read further from the memorial:

Following the courageous and categorical statement of the President with respect to the divorcement of pipe lines, the Congress, in the National Industrial Recovery Act, specifically provided for such divorcement in section 9 (b) of that act. In the administration of the act, however, a strange atmosphere of quiet has prevailed regarding the divorcement which met with high Presidential favor and which was provided for by Congress itself.

We not only had the action, Mr. President, of the President of the United States but we put it into the National Recovery Act, in section 9 (b), that they should make the divorcement of these pipe lines from the refineries and from the production, and they have not paid any more attention to that. Instead of that, they called in Mr. Teagle, and they made him the master of the law that was supposed to have regulated and to have curbed him. Why, one might as well have gone out and made Jesse James the administrator to keep robbers from doing business in 1800-some-odd as to have passed a law to put Mr. Teagle into the position in which he was placed—placing him in charge of the enforcement of the law—as the result of which he has come to Washington and has undertaken to do this work and is master of the law that was supposed to have regulated and curbed him. We have here the charts and other proof in corroboration of everything which we have said in this memorial.

The memorial further says:

A thorough understanding of the pipe-line situation would seem sufficient to stimulate action on the part of the Oil Administrator toward the objectives early recommended by the President and already provided for by Congress. The Administrator, as late as November 27, 1933, announced the inception of an investigation by the Petroleum Administrative Board of Pipe Line Operations. His announcement stated that a subcommittee of the planning and coordination committee was being consulted by him for suggestions and recommendations. The difficulty here lies in the fact that monopoly itself dominates the planning and coordination committee.

Of course, it does. There is a footnote at this point, which I will read:

Investigations by Attorney General James V. Allred, of the State of Texas, revealed the fact that the Independent Petroleum Association of America and the Texas Oil & Gas Conservation Association, two of the largest reputedly "independent" organizations, whose presidents are members of this committee, have received considerable money for support from major organizations of the monopoly.

The memorial then continues—

This domination appears through two different channels. (1) The direct and well-known representatives of monopoly as members of the committee itself, and (2) the indirect or secret representatives of monopoly in the persons of psuedo-independent members of the committee—those who pose as independents but who, in reality, head associations known, by public records, to be in the pay of monopoly—the "decoys of monopoly."

Mr. President, without reading any further from this book, I want to say that we undertook to divorce these companies in the State of Louisiana. They did try to divorce them in the State of Oklahoma. But, Mr. President, because of the fact that we have never been able to get the United States Government to do one living thing, if we write a law on the books of Congress providing that something is going to be done today, and that law must be administered, one of the very men that is supposed to be regulated is called and put in charge of the law that was passed to curb him; so we have never been able to touch the oil monopoly of this country, and it does not look like we ever shall.

We have here a code of fair competition, and right in the teeth of Congress it is shown to Congress that they are taking oil and selling it for 16 cents a gallon right where they produce it, and that they are hauling the same oil 5,000 railroad- or steamship-miles and selling it for 12½ cents in order to break up the little independent refinery and the little independent producer, and we sit here and say it is under the code of fair competition, and the great Government of the United States is trying to tell somebody that it is trying to protect the people. That is what we are allowing to be done, Mr. President, here in the United States today. Those are the facts. They will not be disputed, cannot be disputed. The record is here before the Congress. They come to Washington and ask to be heard, and they are told that they cannot be heard. There is going to be no hearing. It would not make much difference if they did hear them, Mr. President; I do not think it would do them a bit of good if they did get heard. But that is one right which we thought we had in this country—that they would hear us.

But they do not even afford them that right now. They have even taken from them the right to be heard in the public forum when a discussion of this kind is supposed to occur here in Washington, D.C.

I ask the Members of the Senate, and the Members of the Congress of the United States, who will be supplied with a copy of this memorial, together with the maps and the charts and the information, which nobody can dispute, to some evening take a few hours, just 2 or 3 hours, and run through this booklet with its charts and diagrams which prove every statement I have read to you, and say whether or not we are going to permit such monopolies to operate under the codes and through the forms of law we have passed to protect our people, and by providing a code of fair competition to the people of the United States and the oil industry.

NAVAL CONSTRUCTION—UNANIMOUS-CONSENT AGREEMENT

The Senate resumed the consideration of the bill (H.R. 6604) an act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

Mr. CONNALLY. Mr. President, with the consent of the Senator from Arkansas [Mr. ROBINSON] it was my purpose during the afternoon to move to lay aside temporarily the pending business and ask the Senate to consider House bill 7478, known as the "Jones-Connally cattle bill." I should like to have the attention of the Senator from Oregon [Mr. MCNARY]. The Senator from Wyoming [Mr. CAREY] is very much interested in this measure, and some days ago urged that I not move to take it up in his absence. I have consulted with the Senator from Wyoming and he is willing that the bill be taken up at any time beginning on Monday. I am wondering if I can secure an agreement on the part of the Senator from Arkansas to that effect.

Mr. ROBINSON of Arkansas. Mr. President, I had arranged with the Senator from Oregon [Mr. MCNARY] and other Senators who are interested in the pending bill to submit a request for unanimous consent. I will now submit that request, with the leave of the Senator from Texas.

Mr. CONNALLY. I yield.

Mr. ROBINSON of Arkansas. If the request shall be agreed to, then I hope some arrangement may be entered into to consider the bill which the Senator from Texas has in mind.

Mr. President, I ask unanimous consent that when the Senate concludes its labors today it take a recess until next Monday; and that not later than 4 o'clock next Tuesday the Senate proceed to vote without further debate on the pending bill, and on all amendments that may be pending or that may be offered.

Mr. BORAH. Mr. President, will that not interfere with calling the bill up at any time any Senator wishes to speak on it?

Mr. ROBINSON of Arkansas. It will not. It is not the intention to lay the bill aside until the final vote is had, if any Senator desires to discuss it; but the opportunity may arise to proceed with other business if no Senator wishes to speak on the naval construction bill.

The PRESIDING OFFICER. The unanimous-consent request is of such a nature that it requires a quorum call; does it not?

Mr. ROBINSON of Arkansas. It does.

Mr. McNARY. Mr. President, my attention was diverted for the moment, and I did not hear what the Senator from Arkansas said. What was the nature of the proposal?

Mr. ROBINSON of Arkansas. My request as submitted is that when the Senate completes its labors today it take a recess until next Monday at 12 o'clock, and that on next Tuesday at an hour not later than 4 o'clock the Senate proceed to vote, without further debate, on all amendments that may be pending or that may be offered and upon the bill to its final disposition.

Mr. McNARY. Mr. President, I have no objection to that.

Mr. BONE. Mr. President, I do not know that I correctly understand the suggestion of the Senator from Arkansas. There are some amendments pending to this bill. As far as I am concerned, I do not want to consent to any curtailment of debate until those amendments are out of the way. After they are out of the way I do not care how much we curtail debate or how soon we vote.

Mr. ROBINSON of Arkansas. Mr. President, of course, it is impossible to discontinue proceedings in the Senate over the week-end unless some arrangement for a vote on the bill can be made. I had hoped, and still hope, that we may be able to have tomorrow and the next day for office work.

Mr. BONE. I am quite certain we can dispose of the amendments in 5 minutes if the opportunity may be afforded. The Senator from Florida [Mr. TRAMMELL] can present the amendments and we can quickly dispose of them, instead of wasting time.

Mr. McNARY. Mr. President, will the Senator from Arkansas yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. McNARY. Let me suggest the modification that we limit debate on Tuesday after 2 o'clock, let us say.

Mr. ROBINSON of Arkansas. I think that is a good suggestion. As the Senator knows, I had intended to offer the request in that form at the suggestion of others.

Mr. McNARY. Yes.

Mr. ROBINSON of Arkansas. I modify the request, Mr. President, as follows: I ask unanimous consent that when the Senate completes its labors today it take a recess until noon Monday next, and that after the hour of 2 o'clock on Tuesday next no Senator shall speak more than once nor longer than 10 minutes upon any amendment that may be pending or upon the bill, and that at not later than 4 o'clock the Senate proceed to vote on all amendments that may be pending or that may be offered and upon the bill to its final disposition.

The PRESIDING OFFICER. The request of the Senator from Arkansas cannot be put without the presence of a quorum being established.

Mr. McNARY. Just a moment, Mr. President.

Mr. ROBINSON of Arkansas. I will say to the Senator from Oregon that I am not proposing that the Senate take a recess earlier than 5 o'clock; it is in mind that probably we should discontinue work today at that time; but the arrangement as now proposed will afford 10 minutes on any amendment and on the bill between the hours of 2 o'clock and 4 o'clock on Tuesday next; and I think that should be adequate.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bankhead	Borah	Byrnes
Ashurst	Barbour	Brown	Capper
Austin	Barkley	Bulkley	Caraway
Bachman	Black	Bulow	Carey
Bailey	Bone	Byrd	Clark
Connally	Hale	McKellar	Shipstead
Coolidge	Harrison	McNary	Steiwer
Copeland	Hatch	Metcalf	Stephens
Costigan	Hatfield	Murphy	Thomas, Okla.
Cutting	Hayden	Neely	Thomas, Utah
Dickinson	Hebert	Norris	Thompson
Dieterich	Johnson	Nye	Townsend
Dill	Kean	O'Mahoney	Trammell
Duffy	Keyes	Overton	Tydings
Erickson	King	Patterson	Vandenberg
Fess	La Follette	Pittman	Van Nuys
Fletcher	Lewis	Pope	Wagner
Frazier	Logan	Reynolds	Walcott
George	Lonergan	Robinson, Ark.	Walsh
Gibson	Long	Robinson, Ind.	Wheeler
Glass	McAdoo	Russell	White
Goldsborough	McCarran	Schall	
Gore	McGill	Sheppard	

Mr. LEWIS. Mr. President, please let me announce the absence of my colleague the junior Senator from Illinois [Mr. DIETERICH], who has been summoned from the Chamber, and also the absence of the Senator from South Carolina [Mr. SMITH], occasioned by a death in his family.

Mr. HEBERT. I desire to announce that the senior Senator from Pennsylvania [Mr. REED] is absent from the Senate on account of illness, and that the junior Senator from Pennsylvania [Mr. DAVIS] and the Senator from South Dakota [Mr. NORBECK] are necessarily detained from the Senate.

The PRESIDING OFFICER. Ninety Senators have answered to their names. A quorum is present.

The Senator from Arkansas has submitted the following request for unanimous consent:

> That when the Senate completes its labors today it take a recess until noon Monday next, and that after the hour of 2 o'clock on Tuesday next no Senator shall speak more than once nor longer than 10 minutes upon any amendment that may be pending or upon the bill, and that at not later than 4 o'clock the Senate proceed to vote on all amendments that may be pending or that may be offered and upon the bill to its final disposition.

Is there objection?

Mr. FRAZIER. Mr. President, I should like to ask a parliamentary question.

Mr. CONNALLY. Mr. President, I had the floor when interrupted.

The PRESIDING OFFICER. The Senator from North Dakota will state his parliamentary question.

Mr. CONNALLY. I yield to the Senator from North Dakota.

Mr. FRAZIER. Does the agreement mean that a Senator may speak for 10 minutes on any amendment or on the bill?

The PRESIDING OFFICER. The agreement provides that no Senator between the hours of 2 o'clock and 4 o'clock on Tuesday next may speak more than once or for longer than 10 minutes on the bill or any amendment.

Mr. FRAZIER. That means that a Senator may speak for 10 minutes on any amendment and 10 minutes on the bill itself?

The PRESIDING OFFICER. That is correct.

Mr. FRAZIER. I have no objection to the agreement.

The PRESIDING OFFICER. Without objection, the agreement is entered into.

INCLUSION OF CATTLE AS A BASIC COMMODITY

Mr. CONNALLY. Mr. President, I desire to submit a request for unanimous consent. I ask that after the disposition on Tuesday of the naval construction bill, concerning which an agreement has just been reached, it will be in order to take up House bill 7478, which proposes to include cattle as a basic commodity under the Agricultural Adjustment Act.

Mr. McNARY. Mr. President, the measure referred to by the Senator from Texas has been before the appropriate committees of Congress for some time, and there has been a great division of thought with respect to it. The senior Senator from Wyoming [Mr. CAREY], as was the late Senator from Wyoming, Mr. Kendrick, is very much opposed to the inclusion of cattle as a basic commodity in the Agricultural Adjustment Act. The Senator from Wyoming is absent this afternoon, and on account of his absence I cannot consent to the proposed unanimous-consent agreement.

However, on Monday or Tuesday, if he shall then be present, as I expect him to be, and he should be willing to co-

operate with the Senator from Texas in regard to this measure, I shall not make any objection; but I suggest to the Senator from Texas that in the meantime he omit further effort to secure a unanimous-consent agreement, and renew his request on Monday, when the Senator from Wyoming shall be present.

Mr. CONNALLY. Mr. President, not for the purpose of influencing the Senator from Oregon, but merely to show the good faith of the Senator from Texas, I will state that I have today consulted the Senator from Wyoming [Mr. CAREY], and he expressed his entire willingness that the bill might be taken up on any day, beginning next Monday. I should not have made the request but for the fact that I first consulted the Senator from Wyoming, because I knew of his interest in the measure, and I had assured him that before I made a motion to take up the bill in the Senate I would consult him. I repeat, I am not seeking to influence the Senator from Oregon; he may rely on his own communication with the Senator from Wyoming; but I make that statement in order to justify my own good faith.

Mr. McNARY. I have no doubt of the conference the Senator had with the Senator from Wyoming. Nevertheless, inasmuch as I have been advised one way and the Senator from Texas has been advised another way, I think it is perfectly fair that we should, as a matter of compromise, wait until Monday, when I am sure we can get together.

Mr. CONNALLY. Then, I now serve notice that on Monday I shall renew the request, and I hope the Senator from Oregon in the meantime will communicate——

Mr. McNARY. I think it entirely proper that the Senator from Texas should renew the request on Monday, and in the meantime I shall see the Senator from Wyoming [Mr. CAREY].

Mr. CONNALLY. And communicate directly in person with the Senator from Wyoming as the Senator from Texas did.

NAVAL CONSTRUCTION

The Senate resumed the consideration of the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties, to authorize the construction of certain naval vessels, and for other purposes.

Mr. TRAMMELL. Mr. President, I think that we should be able to dispose of at least one or two amendments this afternoon that have been proposed to the naval construction bill. I should like very much to dispose at least of the pending amendment before we recess this afternoon. I have not heard any objection to the amendment which relates to a limitation of profits. I ask that we may consider and dispose of the amendment at the present time.

Mr. McNARY. Mr. President, what is the amendment to which the Senator from Florida refers?

Mr. TRAMMELL. It is an amendment which restricts the profits in the construction of vessels and aircraft to not exceed 10 percent of the cost.

Mr. McNARY. Is it a committee amendment?

Mr. TRAMMELL. It is a committee amendment. It is offered instead of a provision which was adopted by the House. It carries out the same purpose and object, but the Senate committee amended the House provision. I ask unanimous consent that the amendment may be considered at this time.

Mr. McNARY. If it is a committee amendment, and if it is the pending question, the Senator does not need unanimous consent for its consideration.

Mr. TRAMMELL. It has been the pending question for 3 or 4 days, and I am anxious to get rid of it.

The PRESIDING OFFICER (Mr. DUFFY in the chair). Let the amendment be read for the information of the Senate.

The CHIEF CLERK. On page 4, section 3, it is proposed to strike out all of the proviso on lines 11 to 15, inclusive, and insert in lieu thereof the following:

Provided, That any profit resulting from any contract, or subcontract, of $10,000 or more, payable from such funds as may hereafter be appropriated for the vessel or vessels and aircraft authorized herein, or vessels heretofore authorized but not yet contracted for, or payable by the contractor to any subcontractor, shall not exceed 10 percent of the cost of performing such contract or the subcontract, respectively. All contractors and subcontractors shall report the net profits from such contracts, under oath, to the Secretary of the Treasury of the United States, upon the completion of the work under such contract or subcontract. Such report shall provide such information and be on such forms as shall be prescribed by the Secretary of the Treasury. All profits of either the contractor or subcontractor in excess of said 10 percent shall be and become the property of the United States of America and shall be collected by the Secretary of the Treasury by suit or otherwise, and be paid into the Treasury of the United States under such rules and regulations as the Secretary of the Treasury may prescribe.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

Mr. FRAZIER. Mr. President, it seems to me the amendment should have some further consideration and discussion. I agree that the amendment offered by the chairman of the Committee on Naval Affairs makes the bill much more preferable than the form in which it was passed by the House, but it seems to me there is room for some further discussion and improvement.

I have here copies of resolutions adopted by the American Federation of Labor at their annual convention in 1933 and in 1932. They went on record as favoring the building of the ships for the Navy in the Government shipyards and referred to supposed graft and the very large profits that have been made in the past.

Mr. NORRIS. Mr. President, may I inquire if the amendment proposed interferes with other amendments to be offered or which have been adopted providing for the building of more ships in Government shipyards? I am asking for information. Would there be any conflict between the amendments?

Mr. TRAMMELL. Mr. President, this amendment limits the profits. The Senator from Washington [Mr. BONE] has an amendment which he intends to offer providing for utilization of Government plants for the building of aircraft, and for the equipment of present plants for that purpose, and proposing to adopt a policy on the part of the Government providing for the building of at least a part of the aircraft at Government plants.

Mr. NORRIS. Is there any conflict between the two amendments?

Mr. TRAMMELL. Absolutely none whatever.

Mr. NORRIS. I could not see any.

Mr. TRAMMELL. In a way they are companion amendments, seeking to accomplish economy and the curtailment of undue profits on the part of private builders. I had hoped we could get the amendment out of the way and then take up the amendment of the Senator from Washington in order that it might be considered and, if agreed to, taken to conference.

There is only one suggestion I am going to make with reference to his amendment, and that is that in the preparation of plans for the building of aircraft the equipment should be provided to enable them to build not less than 25 percent of the aircraft to be constructed. With such a provision inserted, I should be very glad, so far as I am personally concerned, to accept the amendment of the Senator from Washington and let it go to conference.

Mr. NORRIS. But that has nothing to do with the amendment now pending, has it?

Mr. TRAMMELL. No; it is a different amendment. I have never heard any controversy about the pending amendment. I had hoped that we could get rid of it and then take up the amendment of the Senator from Washington.

Mr. BONE. Mr. President, may I inquire if the Senator from North Dakota [Mr. FRAZIER] is aware of the fact that the matter he is discussing is already in the bill? There is in the bill, on page 3, an amendment which has already been agreed to relating to that subject. There is a provision that a part of the contemplated shipbuilding shall be done in Government yards. I think the Senator is rather

objecting to something that does not really exist. The amendment now referred to by the Senator from Florida is wholly apart from that matter.

Mr. FRAZIER. I understand that.

Mr. President, I was about to quote from resolutions adopted by the American Federation of Labor at their 1933 convention held in Boston, I believe. I want to read just a paragraph:

> Whereas, during the political campaign of 1932, the Honorable Franklin D. Roosevelt, candidate for President, repeatedly asserted that taking the profits out of war should be made a national policy and, to that end, the construction of naval vessels and the production of munitions of war should be confined to navy yards and arsenals.

The bill provides that 50 percent of the ships shall be built in private yards. Of course the limitation of profits is a good thing so far as it goes, but in my opinion it does not go far enough. The limit should be reduced to a smaller percentage than is provided for at the present time.

The resolutions wind up with this paragraph:

> *Therefore be it resolved*, That the officers of the American Federation of Labor are hereby directed to immediately urge upon the President of the United States the desirability of giving practical effect to the national policy of taking the profits out of war by having the construction of naval ships, machinery, and other equipment for such vessels, and the manufacturing of war munitions, confined to navy yards and arsenals, and to correcting existing deviations from this policy insofar as the law permits.

In 1932 the American Federation of Labor adopted similar resolutions in regard to the building of ships in the Government yards.

After the Vinson bill was introduced in the House, and the provision was placed in the bill to build 50 percent of the ships in private yards, the New York Times, in its index of stock prices, gave the percentage of increase of some of the stocks of airplane companies, shipbuilding, and related companies.

During the month of January, while this measure was pending, according to this statement, the stock of the Aviation Corporation of Delaware increased 28.1 percent.

The increases in other companies are as follows:

	Percent
Bendix Aviation	31.8
Bethlehem Steel	26.2
Bethlehem Steel preferred	17.5
Curtiss-Wright	95.2
Curtiss-Wright A	86.3
Douglas Aircraft	82.5
Electric Boat	80.6
New York Ship	75.5
New York Ship preferred	60.3
United Aircraft & Transport	13.6
United States Steel	15.4
United States Steel preferred	6.3
Wright Aeronautical	232.2

Those are the increases that occurred while this bill was pending in the House, showing that it had the effect of increasing, in one case to 232.2 percent, the value of the stock of the various companies that apparently expected to reap benefit out of the building of the ships that will be authorized under this bill, if it is passed. The increases ranged all the way from 6.3 percent to 232.2 percent, showing the source of a great deal of the propaganda that is back of this authorization to build up the United States Navy to a point where it will be a little larger than that of Great Britain. That is all it is, and that is the only excuse that can be given at this time for a bill of this kind—namely, to bring our Navy ultimately up to a point where it is a little larger than that of Great Britain—and these figures show that the people who are backing it are the ones who expect to make a profit out of the shipbuilding and out of the preparedness and the building up of the Navy.

I desire to read some of the statements made by some of these companies of the profits they have made in the past. These figures are of interest in connection with this bill, showing profits in the shipbuilding industry.

For the single item of armor plate, between 1887 and 1915, the Bethlehem Steel Corporation secured contracts from the United States Government amounting to $42,000,000. Under the 1916 naval program, the Bethlehem Shipbuilding Corporation received $134,000,000 for the construction of 85 destroyers. At the time this company was building the ships for the American Navy it was also filling orders for foreign governments.

Mr. BONE. Mr. President, will the Senator yield?

Mr. FRAZIER. Yes.

Mr. BONE. May I ask the Senator if he intends to propose an amendment covering the ground covered in the amendment suggested by the Senator from Florida [Mr. TRAMMELL]? Possibly we can arrive at some common ground, some common understanding with the Senator as to what he thinks the profit should be. If the amendment is wrong in tenor, tone, or purpose, we can change it. I suggest that because certainly most of us desire to curb these profits. I should like to know whether the Senator is going to suggest an amendment.

Mr. FRAZIER. Mr. President, one of the oldest and largest subsidiaries of the Bethlehem Steel Corporation is the Bethlehem Shipbuilding Corporation, which specializes in the construction of naval vessels and large merchant ships. It was this company which, with two other shipbuilding firms, paid William B. Shearer $25,000 to attend the Naval Conference in 1927. After the failure of the conference the Bethlehem Shipbuilding Corporation received contracts for three 10,000-ton cruisers for the Navy, at a total cost to the Government of approximately $33,000,000. Since 1916 this company has built more than 100 vessels for the Government at a cost of more than $250,000,000. I do not know what its percentage of profit was, but naturally it was a lot more than 10 percent.

The Bethlehem Shipbuilding Corporation, the New York Shipbuilding Corporation, and the Newport News Shipbuilding Co. have just been awarded contracts for 13 of the 21 war vessels to be built in private yards under the 1933 naval program, financed in large part by Public Works funds. The value of these contracts is approximately $100,000,000, apportioned among the three firms as follows:

Bethlehem Shipbuilding Corporation, 1 heavy cruiser and 4 destroyers, $27,304,000.

New York Shipbuilding Co., 2 light cruisers and 4 destroyers, $37,454,000.

Newport News Shipbuilding Co., two aircraft carriers, $38,000,000.

Four smaller firms were awarded the remaining eight vessels, destroyers, and submarines at a total contract price of approximately $24,000,000.

This is a report from the Foreign Policy Association.

Counsel for the Bethlehem Steel Corporation testified, in a suit brought by the Government for $11,000,000 of alleged excess profits, that the United States Steel Corporation made a profit on war-time contracts of more than 50 percent, as compared with the Bethlehem Shipbuilding Corporation profit of 21 percent. That statement is found in the New York Times of 1931.

The copper companies also are interested in this shipbuilding program.

The Utah Copper Co. in 1917 made a profit of $32,000,000, which was 200 percent of its capital stock, and in 1918 a profit of $24,750,000, which was 150 percent of its capital stock; and other companies made nearly as large profits.

Last summer, when the shipbuilding program was on and some contracts were being let under the 1933 shipbuilding program with money that was transferred from Public Works funds, while those contracts were pending, according to information I have, the Chairman of the Naval Affairs Committee of the Senate, the Senator from Florida [Mr. TRAMMELL], wrote an open letter to the President calling his attention to some of the apparent discrepancies in some of these contracts. I desire to read part of that letter. I take it the Senator from Florida has no objection. This letter was under date, I believe, of August 1, 1933:

> I have been quite interested in analyzing the bids opened by the Navy Department on July 26, 1933, which were submitted by the shipbuilders on naval construction. I believe that thorough study of the matter should be made.
>
> It is my information that on September 16, 1931, the Bethlehem Shipbuilding Corporation bid for one 1,500-ton destroyer $2,728,-

500. On July 26, 1933, the Bethlehem Shipbuilding Corporation bid for an identical destroyer $2,670,000, or a decrease in price of $58,500.

On December 14, 1932, the Bethlehem Shipbuilding Corporation bid for an 8-inch-gun heavy 10,000-ton cruiser $8,196,000. On July 26, 1933, the Bethlehem Shipbuilding Corporation bid for the same cruiser $11,720,000, or an increase in price of $3,524,000.

There appear to have been but four bidders on cruisers and eight on destroyers. Gulf Industries, Inc., of Pensacola, Fla., appears to have submitted bids on the destroyers. It is my information that in addition to the facts outlined above it was known in advance which of the four companies bidding on the cruisers would be low on each of the several items, and it appears to have been known in advance that the position of each of the said shipbuilders would be protected by bids submitted by the remaining shipbuilders. For instance—

Bethlehem Shipbuilding Corporation, $11,720,000.
New York Shipbuilding Corporation, $12,100,000.

Just a little higher.

Newport News Shipbuilding & Dry Dock Co., $13,800,000.

Still a little higher.

United Dry Docks, Inc., $14,800,000.

Still a little higher.

The bid of the New York Shipbuilding Corporation on the two light cruisers was protected by the other three bidders, as follows:

New York Shipbuilding Co., $11,657,000.
Bethlehem Shipbuilding Corporation, $12,780,000.
Newport News Shipbuilding & Dry Dock Co., $13,900,000.
United Dry Docks, Inc., no bid.

I am unable to justify in my mind the increase in cruisers, because, as indicated in the 1932 and 1933 bids, particularly when those bids are compared with the destroyer bids of 1931 and 1933, I am convinced that the cruiser bids should be rejected.

Your attention is invited to the fact that the Gulf Industries, Inc., of Pensacola, Fla., in its letter to the Secretary of the Navy dated July 29, 1933, stated that it is prepared to submit bids on cruisers which will save the Government millions of dollars, and this is so whether the bidding is reopened by private negotiations or a call for new bids.

I bespeak your careful and thoughtful consideration of this request that the cruiser bids be rejected.

I want to compliment the Senator from Florida, the Chairman of the Committee on Naval Affairs of the Senate, for taking this interest and writing this letter to the President of the United States. I understand, however, that these bids were approved as made.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Utah?

Mr. FRAZIER. I yield.

Mr. KING. Was any information furnished by the President, or any department of the Government, indicating that there was a combination in the bidding, that competition had been prevented, and that a fair price had not been obtained by the Government in these contracts?

Mr. FRAZIER. So far as I know, there was not.

Mr. KING. Was a satisfactory response made to the inquiry of the Senator from Florida?

Mr. TRAMMELL. Answering the inquiry, Mr. President, I will state that through the Secretary of the Navy some inquiry was made. I gave the names of certain people who made statements to me. Inquiry was made of those people and the situation was investigated. I do not think they were more than a couple of days going into the matter, because it was stated to me that a similar complaint had reached the Department prior to the time it had come to me, and that they had already been making a preliminary investigation.

As I recall, the Department reached the conclusion that most of the information stated was hearsay and there were no facts to sustain the contention of collusion. A letter addressed to me also stated that they did not believe that the company which claimed to have made the lowest bid, which was a Pensacola, Fla., company, was in a position to execute the work. That was, in substance, the way the whole matter was concluded with regard to the correspondence.

Mr. KING. Mr. President, in view of the recent revelations connected with the contracts made by the War Department, and in view of the communication to which the Senator has referred, as well as other statements appearing in the press, as I am advised, relative to combinations which resulted in a lack of competition, I venture to suggest that it seems to me the Senate committee, even at this late date, ought to inquire into the matter, and bring before them witnesses, or at least those who could throw some light upon the subject, because we have reason to believe that in the case of many governmental contracts there has not been that competition which there should have been, and that the Government has been improperly treated, I was going to say; at any rate, the Government has been exploited, I fear, in relation to some of these contracts. I wish the able and vigilant Senator who is Chairman of the Committee on Naval Affairs would pursue the matter further. I am not satisfied with the report which, I understand, has been made. I feel sure there are others who entertain the same view I have.

Mr. FRAZIER. Mr. President, I think the Senator from Utah is absolutely correct when he says that the Government has been exploited. My colleague, Senator NYE, offered a resolution for an investigation of the shipbuilding contracts, and that is now pending before the Committee on Foreign Relations, I understand.

I think these naval increases ought to be delayed until some investigation is made. Of course, there is no real excuse for this bill at the present time. The regular naval appropriation bill which we passed some few days ago authorized and made appropriations for the building of the Navy up to the London Treaty strength during the fiscal year starting the 1st of July and ending on June 30, 1935, so that there will be another session of Congress, anyway, before the program provided under the pending bill could go into effect. It is just a sort of a bluff on the part of the big-navy crowd, it seems to me, and on the part of those who are interested in making profits out of preparedness, to have this authorization bill passed at this time.

The Senator from Tennessee has made the point that there was to be another disarmament conference in 1935. It seems to me it would be well to hold up this authorization until after that conference, and to act on it, if necessary, at the next session of the Congress, a year from now. That would be plenty of time.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. FRAZIER. I yield.

Mr. ROBINSON of Arkansas. The principal naval powers, other than the United States, have already carried forward construction to the limit of their agreement under the 1930 London Treaty, in consequence of which the United States is distinctly a second- or third-class naval power.

Mr. FRAZIER. I would like to have the Senator explain why he terms the United States a third-class naval power.

Mr. ROBINSON of Arkansas. I was just about to do that; but before proceeding with that thought, let it be stated that in conferences where subjects of this nature are dealt with, usually the status quo is taken as the basis for future arrangements. Of course, it may easily be said it is not the logical basis. Nevertheless, usually nations do not scrap construction already begun. I know the exceptions to that.

The reason the United States may be designated as a third-class naval power, certainly as a second-class naval power, is found in the fact that the legislation carried in the pending bill was not enacted following the London Conference. It is also found in the fact that the United States did not build up to treaty strength, whereas the other two principal naval powers, namely, Great Britain and Japan, did so.

Under the London Treaty, with due deference to the statement attributed to the Senator from Tennessee, there was effected an arrangement by which there should be an absolute equality of naval strength between the United States and Great Britain. The ratio between Japan and the United States as to certain categories not regulated in the Washington Conference was fixed at 7 to 10, instead of 6 to 10, for the very controlling or influential reason that Japan already had the ships in those categories, or the greater number of them.

Japan has built up to the full limit of her treaty authorization; Great Britain has done the same thing; and the

United States until quite recently has had no naval construction since the time of the London Treaty, and in consequence, many of our ships in the regulated categories are old, some of them are obsolete, and we have a very much reduced naval power compared to what would have existed if we had chosen to build up to the treaty limit.

There is no question but that the United States is an inferior naval power at this time. I know one can easily inflate himself with enthusiasm and mix it with patriotism and boast about what we are and what we can do and what we have; nevertheless, when we compare our Navy, in its present condition and strength, with those of the other great naval powers, we find we are at least a second-class power, and there is much argument to support the contention that we are a third-class power.

Mr. FRAZIER. Mr. President, I will concede that at the present time the Navy of Great Britain is probably a little better than ours, but I cannot see how anyone, by the greatest stretch of the imagination, could put Japan's Navy ahead of that of the United States at the present time.

Mr. ROBINSON of Arkansas. Many of her ships are new, with new equipment.

Mr. FRAZIER. We have provided for a reconditioning of our ships, which will make them practically new. That was what was done when we passed the $37,000,000 bill for reconditioning, just a year or two ago.

Mr. ROBINSON of Arkansas. Reconditioning is in process, but it has not been accomplished, and we are not only falling behind in number but we have been falling behind in reconditioning.

Mr. FRAZIER. As I understand it, this will not add to the number of ships of the Navy. It will just mean that we are to scrap those we have and will have to build new ones. That is all this would result in.

Mr. ROBINSON of Arkansas. Under the provisions of the bill we will build practically up to treaty strength.

Mr. FRAZIER. We are up to that in numbers now.

Mr. HALE. We are up to it in actual numbers, but as the Senator has said, our ships are old.

Mr. ROBINSON of Arkansas. They are obsolete.

Mr. HALE. They are obsolete.

Mr. FRAZIER. Of course they are obsolete, according to some definitions.

Mr. ROBINSON of Arkansas. We might preserve them as souvenirs——

Mr. FRAZIER. That is all they are good for any way.

Mr. ROBINSON of Arkansas. As of the time when we were still a sea power, and we shall still have the same number that we now possess; but mere souvenirs are not of very great value in sea power.

Mr. FRAZIER. Of course there is a wide difference of opinion as to the value of these vessels, even the largest and newest ones, in the event of another world war. I have here some figures on the percentage of increase in expenditure for preparedness, etc., on the part of the largest naval powers during the 16 years since the World War. The figures, of course, include both the Army and the Navy. These figures are for a year ago.

Great Britain spent $535,000,000. The percentage of increase was 42.

France spent four hundred and fifty-five and three-tenths million dollars, an increase of 30 percent over the expenditure 16 years ago.

Italy spent two hundred and fifty-nine and nine-tenths million dollars, or an increase of 44 percent.

Japan spent two hundred and thirty-two and one-tenth million dollars, an increase of 142 percent.

Russia spent $579,400,000, an increase of 30 percent.

The United States spent $727,700,000, the highest expenditure by far of any of the nations, and an increase of 197 percent. I hope the Senator from Arkansas gets that point.

The United States—this peace-loving country of ours, of which we are so proud, which stands for world peace and disarmament and the Kellogg Peace Pact and all that—spent last year $727,700,000 for preparedness and upkeep of the Army and the Navy, an increase of 197 percent in the last 16 years. That is almost twice as much as any other nation on earth spent during the same time.

What we spent last year was not so much, by several million dollars, as we spent the year before. In the 3 years prior to that we spent over $800,000,000; and yet we are being asked now to pass a bill to scrap a lot of the naval vessels we have and build new ships, to have a little better floating palaces for the officers who will have charge of those new ships.

I do not blame the officers a bit. I do not blame the shipbuilding companies who want to make a profit, or the munitions factories, or the other people who expect to make a profit on these things. I cannot, however, quite get the viewpoint of the Members of the United States Congress in authorizing the expenditure of half a billion dollars during the present hard times to carry out this program for the second year to follow—the year after next. The next fiscal year is taken care of under the regular Navy appropriation bill, and this is for the year beginning July 1, 1935.

Mr. President, I have a little booklet entitled "The Armaments Racket", written by an Englishman. I did not go into his history to find out just who he was or why he wrote the pamphlet. A great deal is said about rackets nowadays. The author of the book is P. E. T. Widdrington, and it is published by the Morehouse Publishing Co., of Milwaukee, Wis.

The international traffic in war armaments is one of the greatest menaces to the peace of the world today.

That is the way he starts his introduction, and I think he is absolutely correct.

Mr. McKELLAR. Mr. President, did the Senator say that the pamphlet is by an Englishman?

Mr. FRAZIER. Yes, Mr. President; it is written by an Englishman. I understand he is a clergyman in England.

Mr. McKELLAR. Naturally the English people are satisfied to let the status quo remain. They have the largest navy in the world.

Mr. FRAZIER. The author of the pamphlet is a clergyman of the Church of England. I do not know whether or not the English are satisfied. Their armament companies and munitions companies and shipbuilding companies are, I think, just as anxious to see the United States build a larger navy as are companies of that kind in the United States.

The pamphlet goes on to show that the armament companies of Great Britain, in London and other sections of England, sold munitions to countries that were about to go to war. They sold to both sides. In one case an English armament company sent some representatives, acting in a more or less official capacity, to induce countries not to go to war. The purpose was to persuade them that they were not prepared for war, and by the time they had reconsidered and had made their preparations this English company sold to both sides the guns and other instruments necessary for war, whereupon they proceeded to fight.

The article shows that Great Britain used its influence as a member of the League of Nations to discourage wars between some countries; and while the officials of the Government were trying to discourage war, their munitions factories went ahead and sold to both sides, in some instances, the munitions with which to carry on war and, of course, at a great profit.

This little booklet has also a chapter on the American Racket, in which it quotes from some books which I have on my desk, one written in the United States, much along the same line, showing the great profits that have been made by the shipbuilding companies and the munitions companies, showing also that there has been a regular racket to exploit the Government and the taxpayers of the United States, as well as of other countries, in the preparedness program.

It is said the preparedness program is one for defense. That, of course, is a debatable question; and I intend, before I get through with this discussion, to go into the particular feature as to whether the creation of a great Navy, or pre-

paredness for defense, as we are told it is, really is preparedness for defense, or whether in truth it is preparedness for war, and whether it has a tendency to bring on war rather than to prevent war.

I believe I can show by competent authority that in times past the creation of a great navy, for the avowed purpose of preparedness, has made for war and not for peace.

I have here a very interesting little booklet, the Background of the London Naval Conference, written by Mrs. Morgan, associate secretary of the National Council for the Prevention of War, and published by the same organization, with headquarters in Washington, D.C. It gives some very interesting figures, and I desire to quote some of them. Mrs. Morgan attended the London Conference, and I talked with her on several occasions after she returned. She is one of the best-informed persons on naval power, what the conference tried to do, and what it did do, I have ever met. She also gives some figures on the cost of ships and the cost of operating them.

Mr. ROBINSON of Arkansas. Mr. President, may I inquire if the Senator from North Dakota desires to conclude his remarks this evening?

Mr. FRAZIER. No; I do not. I will yield the floor for the day at this point.

COMPENSATION OF GOVERNMENT EMPLOYEES AND VETERANS

Mr. STEIWER. Mr. President, the newspapers today and yesterday carried stories purporting to show the cost resulting from the amendments agreed to in the Senate in its consideration of the independent offices appropriation bill. There was some justification for the figures used by a number of newspapers founded upon a statement made by the Senator from South Carolina [Mr. BYRNES] at the time the bill was under consideration. His statement will be found at page 3297 of the CONGRESSIONAL RECORD.

I have no criticism to make of the statement as such, but I note that inadvertently some figures were included which did not result from the action of the Senate.

The Senator included an item of $21,000,000 which he expressly stated was made necessary by the Executive orders of the President issued on January 19, 1934. There was also included an item of $215,000,000 in round figures relating to the increase in salaries of Federal employees.

An analysis of that item discloses that the figure which he used not only included the amount resulting from the action of the Senate but it included the entire restoration, and embraced as well the first 5-percent restoration for the fiscal year 1935, which was provided in the bill as it passed the House of Representatives.

I find by making the calculation again, taking into consideration the amount resulting from the action of the House, that the increased amount caused by the action of the Senate in providing complete pay restoration is not $215,000,000, but is $152,775,625.

Mr. BONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Washington?

Mr. STEIWER. I yield for a question only, because I am anxious to conclude.

Mr. BONE. Is the amount which the Senator mentioned the amount over and above that which the Byrnes amendment would have required?

Mr. STEIWER. No; it is the amount over and above that which is provided by the House in the 5-percent restoration which that body wrote into the bill for the fiscal year 1935.

Mr. BONE. That is on the matter of salaries of Government employees?

Mr. STEIWER. Yes. I want to refer to several substantial factors which are involved in the consideration of these figures. The total amount added by the Senate, eliminating the items to which I have referred, which were inadvertently included, is not $354,000,000, but is a figure approximating $270,000,000.

That figure would be literally correct except that neither the Senator from South Carolina nor the Senator from Oregon in the consideration of the matter took into account some miscellaneous items contained in the bill, such as automatic promotions and administrative promotions. However, these items will not to any considerable degree affect the figures.

Mr. President, I now come to a feature which to me is far more important. The difference in costs between the House provision and the Senate amendment is one thing. The difference in costs between the action of the Senate by the passage of the bill and the proposals submitted by the Senator from South Carolina, with either the actual or tacit approval of the administration, presents an entirely different question. In order to arrive at that difference I requested the clerk of the Committee on Appropriations to prepare the figures showing the exact differences between the bill as it passed the Senate and the proposals made by the able Senator from South Carolina. The clerk of the committee resorted, in compliance with my request, to the facilities of the Veterans' Administration, the Bureau of the Budget, and possibly to other official sources. I have here, and in just a moment will send to the desk, the figures indicating the differences which are so significant. Before I do so, however, I want to state briefly what they are.

So far as the pay-cut restoration is concerned in the fiscal year 1934, there is no difference, because in the proposal made by the Senator from South Carolina there was to be a 5-percent restoration effective February 1, and in the action taken by the Senate we find the same result.

In the fiscal year 1935 the proposal of the Senator from South Carolina was that there should be a 10-percent restoration. The action of the Senate resulted in a 15-percent restoration, so that the difference between the administration proposal submitted by the Senator from South Carolina and the action taken by the Senate is merely 5 percent of the total salary expenditures. That 5 percent, according to figures furnished to me by the clerk of the Committee on Appropriations, is $63,000,000. So the difference between the action of the Senate and the proposal made on behalf of the administration is in the sum of $63,000,000.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question at that point?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Michigan?

Mr. STEIWER. I yield.

Mr. VANDENBERG. Even that difference might not exist under the proposal submitted by the Senator from South Carolina, if I understand the situation correctly, because there was permission granted to the President even to restore that 5 percent.

Mr. STEIWER. That is true. That is the maximum difference, and that difference might not obtain in the event the President should see proper, because of changed economic conditions, to restore the remaining 5 percent. In other words, it might ultimately result that there will be no difference at all either in the fiscal year 1934 or the fiscal year 1935.

Referring to the various veterans' items added to the bill by the Senate, the Veterans' Administration has taken the bill section by section in a tabulation which has been furnished to the Committee on Appropriations. I have a copy of this tabulation in my hand and I understand a copy has also been furnished the Senator from South Carolina [Mr. BYRNES].

The total estimated increase resulting from all the veteran amendments agreed to by the Senate reaches the sum of $118,253,700. In a similar way the Veterans' Administration analyzed the proposal made by the Senator from South Carolina with respect to veterans' benefits. The total cost estimated by that agency of those various proposals amounts to $63,749,000. Therefore, the difference between the two propositions, namely, the aggregate amount provided by the action of the Senate and the aggregate amount which would have been provided had the Senate agreed to the veterans' proposals of the Senator from South Carolina [Mr. BYRNES], is $54,500,000. I might add that in one or two instances it is my opinion that the estimates of the

Veterans' Administration are excessive, but accepting them as correct, for the purposes of this comparison, the difference, I repeat, is only $54,500,000.

So, assuming that the President should take no action during the year 1935 with respect to pay cuts, the maximum difference possible between the action taken by the Senate upon pay cuts and upon veterans' benefits for the balance of the year 1934 and for the year 1935 will amount to a sum which will not exceed $118,000,000.

Mr. President, this is a large sum, but it is not comparable with the figure of $354,000,000. It does not approximate the corrected figure of $270,000,000, and in relation to the appropriations that are voted by this Congress in these days, it is not such a staggering sum.

I refer to the matter in order that the correct figures may be exhibited in the RECORD, and merely to make one comment; that is, if this great figure of $354,000,000 is being used to influence the country, or to influence the Congress, or if it is to be employed to provide an excuse for a veto, it is fair to say that it is not the correct figure; that the differences between the administration and the action taken by the Senate may be summed in the total of approximately $118,000,000; and that in the consideration even of that difference we are to remember that so far as the veterans are concerned all this legislation relates to crippled, to sick, and to indigent veterans who have served our country in time of war.

It seems to me, Mr. President, that in dealing with a group of that kind, and in the circulation of reports as to the cost, we should at least adhere to the facts.

I send to the desk the figures furnished by the Veterans' Administration, and ask that they be printed in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Independent offices appropriation bill

AMENDMENTS TO TITLE III (VETERANS' PROVISIONS), H.R. 6663

Calendar day Feb. 27	Amendment proposed by—	Miscellaneous provisions	Rates	Average monthly payment	Estimated number of cases on rolls	First year additional cost
Title III:						
Secs. 27, 28	Steiwer	Service connection restored to World War veterans on rolls Mar. 19, 1933, with certain exceptions.	Rates in effect Mar. 19, 1933, $10–$100.	$43.70	329,853	$44,933,000
Sec. 29	do	Hospitalization and domiciliary care extended, within the limits of existing Veterans' Administration facilities, to non-service-connected cases, where veteran is unable to defray expenses.				(1)
Sec. 30	do	Restores to the rolls Spanish War veterans and dependents receiving pensions on Mar. 19, 1933.	90 percent of rate in effect Mar. 19, 1933.		[2] 195,000 [3] 38,600	[2] 61,437,000 [3] 8,077,000
Sec. 31	do	Restores to the rolls emergency officers receiving retirement pay Mar. 19, 1933, where disability is directly due to service.	Rates in effect prior to Mar. 19, 1933.	139.00	2,600	2,942,000
Sec. 32	do	Restores to rolls veterans injured while receiving training or hospitalization.	Rates in effect under Public, 2, and Public, 78.	34.50	62	25,700
Sec. 33	do	Allows beneficiaries to participate in decisions with respect to claims for benefits.				(1)
Sec. 34	do	Provides that service-connected monetary benefits shall be entitled "compensation."				(1)
Sec. 35	do	Provides benefits shall not be retroactive				(1)
Sec. 36	White	Provides for payment of compensation at total rates where permanent total for insurance has been allowed by courts.		56.30	1,000	700,000
Sec. 37	George	Provides for payment of term insurance where claim was filed prior to Mar. 20, 1933, and maturity of contract had been determined by Veterans' Administration.			100	50,000
Sec. 38	Bone	Provides for double pension for dependents of men who died on the *Shenandoah*, *Akron*, and *J–3*.	Double rates		75	30,000
Title II:						
Sec. 26	Goldsborough	Provides that there shall be no reduction in compensation on blind cases.				(4)
Total cost of amendments [5]					567,290	118,253,700

AMENDMENTS TO TITLE III, H.R. 6663, PROPOSED BY SENATOR BYRNES

Title III	Byrnes	Provides for payment at 75 percent of old rate to veterans denied service connection by special board until final decision by Board of Veterans' Appeals.		(6)	29,000	$10,900,000
Do	do	Provides for protection afforded by Public, 78 for presumptive cases.			13,000	2,000,000
Do	do	Hospitalization and domiciliary care				(1)
Do	do	Restores to rolls Spanish War veterans and dependents receiving pensions on Mar. 19, 1933.	75 percent of rates in effect Mar. 19, 1933.		[2] 195,000 [3] 38,600	[2] 45,153,000 [3] 5,696,000
Total cost of proposed amendments [5]						63,749,000

[1] No additional cost.
[2] Veterans.
[3] Dependents.
[4] Cost included in secs. 27 and 28, title III.
[5] Estimated.
[6] Cost for 1 month is $908,300, if cases are continued on rolls 1 year, cost would be $10,900,000.

USE OF MONEY IN ELECTION CAMPAIGNS

Mr. NYE. Mr. President, I approach with more than a little embarrassment a subject upon which I feel called upon at this moment to speak.

Why is it that men with high purpose, given power, sometimes grow drunk under it—grow blind to principles they once expounded as being fundamental?

In North Dakota we have had reason to grow proud of years of divorcement from the influence of money in the conduct of election campaigns. Under the leadership of the Nonpartisan League my State has demonstrated that election campaigns can be conducted and won without resort to bags of money. Time and again there has been demonstrated ability to carry on most intelligent campaigns without the necessity of access to large campaign funds.

Yet, under the same political banner today, men thought to have been uncompromising in their belief in a clean, unbridled election system are in some evidence as leaning strongly to practices which all too clearly mark a would-be return to campaign-funds corruption—corruption now not so serious, perhaps, but corruption nevertheless, and bound to grow unless checked.

Two years ago I gladly gave my support to one who, I believed, would contribute much of good to my State as its Governor. Under his administration courageous things have been done in cooperation with farm organizations which

had programs intended to save to families their homes. But with this courage there has developed, seemingly, a spirit which has found money and the accumulation of large campaign funds to accomplish reelection a very positive consideration. As is usually the case, this urge has not been confined within bounds which seem to be at all reasonable.

I am very sorry to have to say that in my State the itch for political funds has gone so far as to find men allegedly demanding toll of even those who accomplish employment through funds afforded by the Federal Government through agencies like those of Emergency Relief and Public Works.

If there were absence of law to prevent political assessments in cases of this kind, the practice would still invite condemnation. But since there is law to govern in such cases, there is room for something more than condemnation, and there is natural expectation that the Federal Government will proceed with action. On the face of the record written as a result of investigation by Federal authorities, I cannot do other than urge that the departments concerned proceed with speed in actions against those alleged to be guilty of wrongdoing as a result of their urge for money to maintain newspapers and prepare for future election campaigns. Let the ax fall where it will, even though it shall involve indictment and trial of one rewarded by election to so high an office as that of Governor of the State I love and happily call home.

In fairness, it should here be said that the findings reported to have been submitted by Federal investigators to their departments here in Washington do not in any way reflect upon the men who are now entrusted with supervision of the Emergency Relief and Public Works programs in my State, excepting alone the Governor. As relates to the Emergency Relief program, I understand that Administrator Hopkins has this day retired the Governor from his post on the relief commission in my State.

While I deeply regret that the course of the law may be about to move in a direction certain to prove injurious to men who have been among my best friends, I regret still more deeply the evidence of their departure from the cause of government and politics free of the blighting influence of campaign money—an influence which destroys decency and fair play wherever it takes determined root, and I desire always to be counted among those ready to see the roots destroyed as soon as and wherever they are in evidence.

To make men and women who have employment feel that their continued employment is dependent upon their paying a percentage of their wage to the maintenance of a political machine constitutes an order which I cannot and do not seek to defend, even when such defense might be in the interest of those whose friendship I have enjoyed in both a political and a social way.

If such action as it is contemplated departments will take in the matter reveals that there was not justification for the action taken or criticism offered, I should feel myself owing an apology to those who today appear as offenders against decency and fair play. However, the record as prepared up to this time all too clearly reveals justification for the urge that steps be taken to prosecute those who may be found to be guilty of the distasteful practices which are alleged.

Mr. FRAZIER. Mr. President, I am very sorry to hear the statement of my colleague; but, of course, if there has been misuse of Government funds, a thorough investigation should be made, as I understand will be done. Then full determination can be had as to guilt or innocence, and, of course, proper action will be taken.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H.R. 93. An act to authorize the Secretary of War to sell to the Plattsburgh National Bank & Trust Co. a tract of land comprising part of the Plattsburgh Barracks Military Reservation, N.Y.;

H.R. 715. An act to award the Distinguished Service Cross to former holders of the certificate of merit, and for other purposes;

H.R. 6219. An act to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma;

H.R. 7205. An act to provide for the care and transportation of seamen from shipwrecked fishing and whaling vessels;

H.R. 7554. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.;

H.R. 7705. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.; and

H.J.Res. 278. Joint resolution to amend Public Act No. 81 of the Seventy-third Congress, relating to the sale of timber on Indian land.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. DUFFY in the chair) laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the following nominations in the Diplomatic and Foreign Service:

George S. Messersmith, of Delaware, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Uruguay;

J. Butler Wright, of Wyoming, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Czechoslovakia;

John C. Wiley, of Indiana, to be consul general; and

George C. Hanson, of Connecticut; Angus I. Ward, of Michigan; and Charles E. Bohlen, of Massachusetts, to be secretaries in the Diplomatic Service.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the calendar.

THE CALENDAR

The PRESIDING OFFICER. The calendar is in order.

NOMINATIONS PASSED OVER

Mr. ROBINSON of Arkansas. Mr. President, the first two cases on the calendar, the nomination of Robert H. Jackson to be general counsel of the Bureau of Internal Revenue, and the nomination of Daniel D. Moore to be collector of internal revenue, will go over under arrangements heretofore effected and announced. It is expected that these nominations may be disposed of in the early future.

The PRESIDING OFFICER. The nominations will be passed over.

FEDERAL RADIO COMMISSION

The Chief Clerk read the nomination of Anning S. Prall, of New York, to be a member of the Federal Radio Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

THE NAVY

The Chief Clerk read sundry nominations for promotions in the Navy.

Mr. TRAMMELL. I ask that all the nominations for promotions in the Navy be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered, and the nominations are confirmed en bloc.

THE MARINE CORPS

The Chief Clerk read sundry nominations for promotions in the Marine Corps.

Mr. ROBINSON of Arkansas. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered, and the nominations are confirmed en bloc.

RECESS TO MONDAY

Mr. ROBINSON of Arkansas. I move, pursuant to the order heretofore entered, that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 5 o'clock and 21 minutes p.m.) the Senate, under the order previously entered, took a recess until Monday, March 5, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 1 (legislative day of Feb. 28), 1934

FOREIGN SERVICE OFFICERS

The following-named Foreign Service officers to be diplomatic and consular officers of the grades indicated, as follows:

SECRETARY IN THE DIPLOMATIC SERVICE

Karl deG. MacVitty, of Illinois.

CONSUL GENERAL

H. Earle Russell, of Michigan.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO ADJUTANT GENERAL'S DEPARTMENT

Capt. Frank Huber Partridge, Infantry (detailed in Adjutant General's Department), with rank from July 1, 1920.

TO ORDNANCE DEPARTMENT

Second Lt. Douglas Glen Ludlam, Cavalry (detailed in Ordnance Department), with rank from June 9, 1928.

TO AIR CORPS

Second Lt. Harry Hollingsworth Geoffrey, Field Artillery (detailed in Air Corps), with rank from June 12, 1930.

PROMOTION IN THE REGULAR ARMY

TO BE COLONEL

Lt. Col. Laurence Verner Frazier, Corps of Engineers, from February 26, 1934.

TO BE LIEUTENANT COLONEL

Maj. Jacob Loucks Devers, Field Artillery, from February 26, 1934.

TO BE MAJOR

Capt. Larry McHale, Field Artillery, from February 26, 1934.

TO BE CAPTAIN

First Lt. Engmann August Andersen, Quartermaster Corps, from February 26, 1934.

TO BE FIRST LIEUTENANTS

Second Lt. John James Earle, Jr., Coast Artillery Corps, from February 23, 1934.

Second Lt. Robert Frederick Tate, Air Corps, from February 26, 1934.

PROMOTIONS IN THE NAVY

MARINE CORPS

Lt. Col. Benjamin S. Berry to be a colonel in the Marine Corps from the 1st day of March 1934.

Maj. Ross S. Kingsbury to be a lieutenant colonel in the Marine Corps from the 1st day of March 1934.

Maj. Edwin N. McClellan to be a lieutenant colonel in the Marine Corps from the 1st day of March 1934.

Capt. Edwin P. McCaulley to be a major in the Marine Corps from the 1st day of March 1934.

Capt. Graves B. Erskine to be a major in the Marine Corps from the 1st day of March 1934.

Capt. Louis R. Jones to be a major in the Marine Corps from the 1st day of March 1934.

First Lt. Gordon Hall to be a captain in the Marine Corps from the 1st day of March 1934.

First Lt. William S. Fellers to be a captain in the Marine Corps from the 1st day of March 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 1 (legislative day of Feb. 28), 1934

MEMBER OF THE FEDERAL RADIO COMMISSION

Anning S. Prall to be a member of Federal Radio Commission.

PROMOTIONS IN THE NAVY

To be rear admirals

Adolphus Andrews
Manley H. Simons
William S. Pye

To be captain

Claudius R. Hyatt

To be commanders

Richard H. Knight
Hugh L. White
Herbert K. Fenn
Paul Hendren

To be lieutenant commanders

Dixie Kiefer
Palmer M. Gunnell
Frank E. Vensel, Jr.

To be lieutenants

Ezra M. Ellis
William J. Mitchell
John A. Marsh
Sherman E. Burroughs, Jr.
Louis D. Sharp, Jr.
William E. Verge
Neill Phillips
Roy W. Lajeunesse
Archibald G. W. McFadden
Charles W. Oexle
Edwin J. Taylor, Jr.
Charles C. McDonald
Edgar T. Neale
Erskine A. Seay

To be lieutenants (junior grade)

John M. Lewis
William M. Drane
James E. Kyes
Paul P. Blackburn, Jr.
Everett O. Rigsbee, Jr.
Edmund S. L. Marshall
James G. Lang
Edward E. Colestock
William W. Lowrey
Douglas B. Brokenshire
William E. Ellis
Charles L. Westhofen
Hugh C. Haynsworth, Jr.
Frederick M. Reeder

To be dental surgeon

Thomas L. Sampsell

To be passed assistant paymaster

Malcolm A. Norcross

To be chief gunners

George A. Ney
Jesse L. Holloway
William A. Shields
John W. Hutchinson

To be chief carpenter

Lloyd V. Scott

MARINE CORPS

Russell B. Putnam to be assistant paymaster.
Julian P. Willcox to be lieutenant colonel.
Harold D. Hansen to be first lieutenant.
Jefferson G. Dreyspring to be first lieutenant.
Elmer E. Barde to be chief quartermaster clerk.

HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 1, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Thou, the true and living God, we thank Thee for life; it is so rich in mercy and so crowded with interest. Springing out of grateful hearts, we bring to Thee glad faces and happy spirits. We praise Thee that Thy encircling arms are ever watchful, strong, and very near. O free us from all illusions and vanities; root and ground us in the precious realities of faith and character. Heavenly Father, lead us this day with willing minds, loving hearts, and with both hands. Captivate us by the thought of Thy majesty, power, and condescension. Great God, make us heralds of good news; let morning light glimmer out of fading dreams; help all who are in the songless valley of doubt and who are hungering for what they cannot say. In our prayer, O God, we beseech Thee that our whole country may be led to Thy holy altar; let Thy everlasting verities be sounded everywhere. Make the impure pure, the dishonest honest, the selfish unselfish, the mean generous; and all glory be unto Thy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H.R. 93. An act to authorize the Secretary of War to sell to the Plattsburgh National Bank & Trust Co. a tract of land comprising part of the Plattsburgh Barracks Military Reservation, N.Y.;

H.R. 715. An act to award the Distinguished Service Cross to former holders of the certificate of merit, and for other purposes;

H.R. 6219. An act to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma;

H.R. 7205. An act to provide for the care and transportation of seamen from shipwrecked fishing and whaling vessels;

H.R. 7554. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.;

H.R. 7705. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.; and

H.J.Res. 278. Joint resolution to amend Public Act No. 81 of the Seventy-third Congress, relating to the sale of timber on Indian land.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, joint resolutions of the House of the following titles:

H.J.Res. 93. Joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions; and

H.J.Res. 207. Joint resolution requiring agricultural products to be shipped in vessels of the United States where the Reconstruction Finance Corporation finances the exporting of such products.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 421. An act for the relief of Joseph Gorman;

S. 458. An act for the relief of Lyman I. Collins;

S. 521. An act for the relief of Henry Poole;

S. 870. An act for the relief of L. R. Smith;

S. 872. An act to facilitate the use and occupancy of national-forest lands for purposes of residence, recreation, education, industry, and commerce;

S. 1091. An act conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Elward F. Goltra against the United States arising out of the taking of certain vessels and unloading apparatus;

S. 1138. An act authorizing transfer of an unused portion of the United States Range Livestock Experiment Station, Mont., to the State of Montana for use as a fish-cultural station, game reserve, and public recreation ground, and for other purposes;

S. 1164. An act to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and acts in amendment thereof;

S. 1754. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near New Boston, Ill.;

S. 1820. An act to amend the Code of Law for the District of Columbia;

S. 2043. An act to amend the act of May 22, 1928, entitled "An act to authorize the collection, in monthly installments, of indebtedness due the United States from enlisted men, and for other purposes";

S. 2089. An act to amend the Code of Laws for the District of Columbia, approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building and loan associations;

S. 2139. An act for the relief of the Western Union Telegraph Co.;

S. 2267. An act for the relief of Isaac Pierce;

S. 2313. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska;

S. 2359. An act to provide for the disposition of unclaimed deposits in national banks;

S. 2445. An act to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.;

S. 2509. An act to readjust the boundaries of Whitehaven Parkway at Huidekoper Place, in the District of Columbia, provide for an exchange of land, and for other purposes;

S. 2550. An act granting an easement over certain lands to the Springfield Special Road District in the county of Greene, State of Missouri, for road purposes;

S. 2554. An act for the relief of Cohen, Goldman & Co., Inc.;

S. 2675. An act creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.;

S. 2687. An act for the relief of Alfred W. Kliefoth;

S. 2688. An act to validate payments for medical and hospital treatment of members of Reserve Officers' Training Corps and citizens' military training camps;

S. 2696. An act to amend an act entitled "An act granting a charter to the General Federation of Women's Clubs";

S. 2731. An act for the relief of the State of California;

S. 2742. An act to authorize the Secretary of War to abandon or evacuate real estate no longer required for cemeterial purposes in Europe, and for other purposes;

S. 2766. An act to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes; and

S. 2790. An act for the relief of the Charlestown Sand & Stone Co., of Elkton, Md.

The message also announced that the Senate had agreed to a concurrent resolution of the following title, in which the concurrence of the House is requested:

S.Con.Res. 10. Concurrent Resolution relative to the enrollment of Senate bill 1759.

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes for the purpose of making an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, the independent offices appropriation bill (H.R. 6663) is on the Speaker's table, having come over from the Senate with sundry amendments.

In the Senate a number of very important amendments were added to this bill, affecting not only the pay of Federal employees, but other provisions of the economy act, the compensation of Spanish-American War veterans and their dependents, and the compensation of World War veterans and their dependents.

Under the regular rules of the House an appropriation bill coming back from the Senate with amendments would go to the Appropriations Committee for such consideration as that committee in its judgment sought to give it. While we do not follow that policy, bills usually being sent to conference by unanimous consent, it seems to me the interest of the Members and the country in these amendments being so great, that in order to give the Membership ample opportunity to study and understand these amendments and determine what the future course of action of the House should be on this bill, it should take the regular course and go to the Appropriations Committee.

Mr. Speaker, is it necessary for any motion or proceedings to be initiated here for that to be done?

The SPEAKER. In reply to the gentleman from Virginia the Chair desires to say that he recognizes the fact that this is a matter of great importance, and he thinks that the Senate amendments to the bill ought to be first considered by the Appropriations Committee of the House before it goes to conference. Recognizing this and agreeing with the suggestion the gentleman from Virginia has just made, the Chair has referred the bill and Senate amendments to the Committee on Appropriations, and the bill is therefore no longer on the Speaker's table.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question?

Mr. WOODRUM. I yield.

Mr. SNELL. It is reported in the press this morning that it will be the policy of the majority to hold this bill in the Appropriations Committee perhaps until the end of the session and eventually possibly not pass it at all but pass a continuing resolution to take care of the necessary expenses of the independent offices. Is there anything to this report?

Mr. WOODRUM. I may say to the gentleman from New York that I cannot be responsible for press reports as to what the policy of the administration is going to be.

The purpose of the gentleman from Virginia is just as he stated—that the bill ought to go to the Appropriations Committee, there to be studied and considered, and to have appropriate action taken by the committee when it understands thoroughly the effect of the amendments that have been added by the Senate.

Mr. SNELL. Do I understand that the gentleman in no way approves and will not aid and abet any such policy which could only make the House look more incompetent than some people think it is by refusing to act on the responsibilities that come to it?

Mr. WOODRUM. I do not agree with the gentleman's inference that the House looks incompetent.

Mr. SNELL. I said that reference had been made. Certainly we are day by day abdicating some of our rights and I do not want to do it any longer. We on this side are willing to act on this bill, and pass on its merits; and I hope the gentleman from Virginia will bring it back to the House in a reasonable length of time. I appreciate the fact that the decision of the Speaker is absolutely correct, but am sorry we cannot consider it at once.

[Here the gavel fell.]

Mr. TARVER. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 1 minute in order that I may ask a question.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TARVER. The gentleman speaks of this action as being the regular course. Will the gentleman kindly point out to the House any instance within the last several years when this course has been followed with reference to an appropriation bill?

Mr. WOODRUM. If the gentleman will pardon me, I said that under the regular rules of the House this is the normal course. It is not the regular course.

Mr. TARVER. I misunderstood the gentleman.

Mr. WOODRUM. This is not a regular situation; it is a very unusual situation.

Mr. TARVER. I understood the gentleman to say that the bill ought to follow the regular course.

Mr. WOODRUM. I said it ought to follow the regular rules of the House.

Mr. TARVER. Will the gentleman indicate to the House how many years it has been since this course has been followed with regard to an appropriation bill sent back by the Senate with amendments?

Mr. WOODRUM. No; I do not remember any similar course, neither do I remember any similar situation.

Mr. TARVER. Then it is a very unusual course instead of the regular course.

Mr. WOODRUM. No; it is in accordance with the regular rules of the House.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. TABER. I think it would be very desirable that each Member of the House have in front of him a statement, which I would suggest the gentleman from Virginia prepare, showing what the additional cost to the Government would be both with reference to employees and with reference to veterans between the two propositions, the one proposed by Senator BYRNES, representing the administration, and the other the way the bill passed the Senate.

Mr. WOODRUM. I am assuming that when the Appropriations Committee comes to study the bill it will get that information and bring it to the House in its report in the regular way.

[Here the gavel fell.]

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 1 minute.

Mr. McGUGIN. Mr. Speaker, I object.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed bills of the House of the following titles:

On February 26, 1934:

H.R. 890. An act for the relief of Henry M. Burns;

H.R. 5241. An act to authorize the settlement, allowance, and payment of certain claims, and for other purposes;

H.R. 5243. An act to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama; and

H.R. 7928. An act to amend subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934.

DEPARTMENT OF AGRICULTURE APPROPRIATION BILL

Mr. SANDLIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes; and pending that, may I say that I have discussed the matter with the gentleman from North Dakota [Mr. SIN-

CLAIR], and it is agreeable to him that general debate on this bill close not later than 4:15 this afternoon.

Mr. SINCLAIR. That is satisfactory to this side.

Mr. BYRNS. Mr. Speaker, pending that motion, may I ask the gentleman to yield in order that I may make a statement to the House which I think I ought to make?

A day or two ago, in reply to a question from the gentleman from New York, I stated it was my hope that the House might agree to adjourn tonight until Monday, but, as every Member of the House knows, the conditions which caused me to make that statement have changed; therefore it is not necessary to adjourn over tomorrow. We have an appropriation bill pending, and there are one or two other small matters that will take very little time and which we can easily dispose of tomorrow. We can then adjourn over until Monday. I feel in justice to myself that I ought to make this statement in view of my answer to the gentleman from New York the other day.

Mr. BANKHEAD. Will the gentleman yield for a question?

Mr. BYRNS. I yield to the gentleman from Alabama.

Mr. BANKHEAD. In reference to the items to be considered, has the gentleman made arrangements on his program with respect to the rule providing for an investigation by the Committee on Military Affairs?

Mr. BYRNS. That was one of the matters I had in mind and the gentleman from Alabama [Mr. STEAGALL] has a bill that he says will take very little time, but it is most important that the bill pass not later than tomorrow.

Mr. SNELL. Those are the two matters that the gentleman is going to take up tomorrow?

Mr. BYRNS. Yes.

Mr. SNELL. But we will take up this appropriation bill first?

Mr. BYRNS. Yes. We have been adjourning a little early recently, and I hope the House will remain in session tomorrow until all these matters can be disposed of.

Mr. SABATH. It was generally understood that we would have a night session. Will it be necessary to have a night session this evening?

Mr. BYRNS. I think so. The night session is solely for the purpose of calling the Private Calendar, and I think the night session is important for that reason.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8134, with Mr. GREGORY in the chair.

The Clerk read the title of the bill.

Mr. SANDLIN. Mr. Chairman, may I make a brief statement? The time of general debate has been limited to 4 hours, and the requests of the different Members have been taken into consideration. Therefore, the chairman of the subcommittee will not be able to yield any time other than the time already promised.

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, day before yesterday the gentleman from New York [Mr. FISH] spoke to the House on the soldiers' bonus and veterans' legislation. He said it was merely a political gesture—that the object of some Members was the corralling of votes in the next election. That was the substance of his remarks.

I want to call the attention of the gentleman from New York to one thing wherein he may get behind the veterans and which is not a political gesture and corralling votes for the next election.

In this country we have approximately 24,000 incompetent cases, wards of the Veterans' Bureau, helpless men with dead minds in living bodies. I want to call attention to the fact that one bank that is guardian for 54 wards in one day transferred 54 pieces of real estate on which it held mortgage to its wards, many mortgages then being in default and foreclosed within 30 days thereafter at the expense of the wards.

Mr. FISH. Will the gentleman yield?

Mr. GRISWOLD. I yield.

Mr. FISH. What does the gentleman suggest should be done to remedy the situation? I want to go along with him.

Mr. GRISWOLD. On January 9 I introduced a resolution in the House providing for an investigation of this situation. That resolution is now before the Rules Committee. It is House Resolution No. 213.

Mr. FISH. The gentleman knows how little influence we have on this side in formulating legislation, but I can assure the gentleman that I will try to persuade the Republican members of the Rules Committee to support his resolution, because if there is any crookedness in looking after incompetent veterans it should be investigated.

Mr. GRISWOLD. I am calling attention to it for this reason, and this is not any political football.

Mr. FISH. Will the gentleman yield further?

Mr. GRISWOLD. I will.

Mr. FISH. And these men cannot speak for themselves, and the gentleman from Indiana should be congratulated and commended for calling attention to it.

Mr. GRISWOLD. I want to call attention to another case, where, according to an investigation by a leading newspaper, wards were deprived of $317,000 by one institution which was guardian for less than 100 of these wards. The officers of this institution formed a real-estate company with the same officers as those of the institution as officers of the real-estate company and then sold real-estate bonds to these wards when the taxes had been delinquent on the real estate for 2 years, and the guardian's report was approved by the Veterans' Administration.

Mr. PATMAN. Will the gentleman yield?

Mr. GRISWOLD. I yield.

Mr. PATMAN. The gentleman knows that the Veterans' Administration is making an investigation of these charges now.

Mr. GRISWOLD. That is my understanding; but I had the matter up with the Veterans' Administration as long ago as 2 years, and they did not act.

Mr. PATMAN. Does the gentleman say they have not acted in any case?

Mr. GRISWOLD. There may have been some kind of an investigation.

Mr. PATMAN. I think if the Veterans' Bureau is not doing what it should do that it should be investigated.

Mr. GRISWOLD. I think they should.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. Yes.

Mr. MILLER. Are not all of these cases under the supervision of the various probate courts in the States where they are pending, and does not the probate court in connection with the supervision of the Veterans' Bureau have a superintending control over the guardians and over the investments that the guardians make?

Mr. GRISWOLD. The Veterans' Bureau also holds a supervising capacity in most of these States. A report to the court cannot be approved until after it has been approved by the Veterans' Bureau, and, further, in every one of these cases of which I am speaking, the Veterans' Bureau's attorneys in writing have approved the reports.

Mr. MILLER. I agree with what the gentleman has said with reference to the statutory provision concerning the regulation or supervision of the Veterans' Bureau, but suppose this should happen? Suppose the Veterans' Bureau makes a recommendation that the probate court finally refuses to approve. Then where is the guardian?

Mr. GRISWOLD. If the probate court makes an order that the Veterans' Bureau refuses to agree with, the compensation of the ward is shut off by the Veterans' Bureau.

Mr. MILLER. Do they go that far, and is the Veterans' Bureau so arbitrary in its action as to divest the probate court—a constitutional court in many respects—of that authority which it has?

Mr. GRISWOLD. The Veterans' Administration does it in this way: The Veterans' Administration attorney will

appear before the court and tell the court that unless the court acts as the Veterans' Administration sees fit the compensation of the helpless ward, this man in the hospital, will be cut off.

Mr. MILLER. In other words, they are undertaking to usurp the functions of the court?

Mr. GRISWOLD. They are.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. Yes.

Mr. PATMAN. Does the gentleman state that the Veterans' Administration or anyone connected with it is now failing or refusing to do what should be done in an investigation of these cases that the gentleman has mentioned?

Mr. GRISWOLD. I am saying that the Veterans' Bureau is investigating these cases, or they say they are, but they are investigating them with the same forces that are responsible for the thing that happens. They are investigating them with the same men who have the written approval on record, on file with the clerks of these courts, approving these acts that they are now investigating.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. Yes.

Mr. O'CONNOR. I understand the gentleman had a conference with General Hines and with Mr. Roberts, the chief counsel, and that an investigator was going to be appointed. Did they appoint someone who has been concerned with these matters before?

Mr. GRISWOLD. I do not know whom they appointed, or whether they have appointed anyone.

Mr. O'CONNOR. I understood that they were going to appoint somebody who would be satisfactory to the gentleman. Was that arrangement ever carried out?

Mr. GRISWOLD. The Veterans' Administrator stated that he would appoint someone who would be satisfactory to me.

Mr. O'CONNOR. Has he done it?

Mr. GRISWOLD. He has not, to my knowledge.

Mr. O'CONNOR. Does the gentleman know whether he has ever appointed anybody?

Mr. GRISWOLD. I do not. I know they sent a Veterans' Administration attorney out to Indiana, who was there for some time.

Mr. O'CONNOR. And the gentleman's complaint was against these Veterans' Bureau attorneys who had already been connected with this matter?

Mr. GRISWOLD. Yes.

Mr. O'CONNOR. And the gentleman wanted somebody who had not been connected with it, some impartial person?

Mr. GRISWOLD. And I think further than that, that these things are wide-spread. It is not only in Indiana but it is in Chicago and in Detroit. The Veterans' Bureau attorneys themselves will admit it, and that something should be done.

Mr. O'CONNOR. What I want to make clear is that it has been intimated that an impartial person would be appointed who was satisfactory to the gentleman or the people making the complaint. There was some information that that had been done?

Mr. GRISWOLD. Not to my knowledge.

Mr. O'CONNOR. I understand now that it has not been done?

Mr. GRISWOLD. Not to my knowledge.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. Yes.

Mr. PARSONS. The gentleman made the statement that he took this matter up with the Veterans' Bureau as far back as 2 years ago. What has the Bureau been doing in the past 2 years if they have not had this matter fully investigated?

Mr. GRISWOLD. That is one of the things that I should like somebody to tell me. The investigation starts now, locking the barn after the horse is stolen, with no change in the policy of the Veterans' Administration, nothing to prevent it occurring again, with these boys in these locked hospitals, where they cannot help themselves.

The Veterans' Administration has insisted, and has pronounced it as their policy, that banks and trust companies act as guardians for these wards to the exclusion of their friends and relatives who are interested in them. The Veterans' Administration has declared this policy even in States where a bank or trust company is not required to give bond, and individuals are required to give bond in twice the value of the estate. And because of this idiotic policy of the Veterans' Administration, millions of dollars paid by this Government to these veterans as compensation for their injuries have been lost. By this policy of the Veterans' Administration it has made it possible for one of the greatest legalized rackets in the United States to be born.

I referred to the officers of one of these banking institutions that was acting as guardian, organizing a real-estate company. In that company the president of the bank, acting as guardian, was president of the real-estate company. The secretary of the bank and son of the president was the secretary of the real-estate company. One of the stockholders of the bank was the vice president of the real-estate company.

This interlocking aggregation then unloaded the bonds of this real-estate company to the amount of $30,500 onto their wards when all the real-estate bonds so unloaded have defaulted. As a part of this same racket of these same bank officials, it is interesting to note that one of these professional racketeers was a practicing physician, one Dr. E. O. Harrold. Day after day this physician received pay from the guardian for professional services to a ward although the ward was eligible to, and received medical attention from, the veterans' hospital at the expense of the United States. A man does not have to be superintelligent to realize the benefits that could accrue to the officers of a bank acting as guardian through a set-up of this kind.

In this connection it is interesting to note that this same Dr. Harrold wrote to me on January 9, 1933, protesting against the payment of the soldiers' bonus and in favor of the Economy Act, and said:

> Talk to any man who is not living in the hope of receiving benefits from such legislation and who is not already receiving such benefits and practically no one fails to object to this unsound extravagance.

I wonder if the doctor had a premonition that his racket was to be broken up; and that since he could not profit off the mentally disabled victims of the war, that they should be cut from the pay rolls. This same doctor's wife, Ione D. Harrold, wrote me as follows:

> As an intelligent woman and voter I resent being represented by you in Congress.

If the proof of her intelligence is to be found in the approval of the conduct of this racket of her husband, then I pray God we may have less crooked intelligence and more people, honest but ignorant.

In case after case the reports show that mortgages were made by the bank with the bank's funds to certain individuals on their real estate, and that when such real estate depreciated in value, so that it was not worth the mortgage, that these banks then sold the mortgages to their wards, and the Veterans' Administration filed its written approval of the sales. No one knows—no one can know at this time the losses sustained. Banks acting as guardians have sold to their wards, not only in one case but in many cases, real-estate bonds on property the taxes on which had been delinquent for 2 years, and the real-estate companies were all companies in which the officers of the bank were interested.

At Marion, Ind., where is located one of these veterans' mental hospitals, a bank acting as guardian for many veterans sold to those wards bonds of the Mangallie Co., a company that was indebted to the bank at the time the bonds were sold, and a company that was prohibited by the securities act of Indiana from selling stock or bonds in that State. Thousands of dollars were lost by these wards through the unloading of this worthless stock to protect the bank from losses of the Mangallie Co.

I have copies of reports filed by these institutions that were acting as guardians that show vouchers for the ex-

penditure of $170 in 1 month and the only statement for the expenditure was "incidentals." In one case the guardian spent $1,700 for one of these veterans in 26 months and shows for all the $1,700 merely the word "incidentals." And this incidental expenditure was approved by the Veterans' Administration. According to the last report filed the ward was in this mental hospital of the Veterans' Administration with his own expenses being paid by the Government. There are vouchers on file in guardianship reports in the Grant Circuit Court of Indiana showing that the head of the Veterans' Administration hospital, Colonel McLake, received money for living expenses for these wards that were in that institution with their expenses paid by the Government.

In one case a patient in the hospital, that the evidence showed was so insane that he could not appear in court for a hearing, was allowed to purchase in a period of 13 months a Harley-Davidson motorcycle and an Oldsmobile coupe at a cost of nearly $1,600. The expenditure was made without a court order, contrary to the State law, but the account was approved by the attorney for the Veterans' Administration. The record does not show who used these conveyances, but it might be interesting to inquire whether it is also the policy of the Veterans' Administration, if the patient himself used the automobile, to send insane men out to drive automobiles on our highways and streets.

In case after case there are carried at par, on the accounts of these veterans, bonds of firms that have been bankrupt for 5 years, and these accounts have been approved in writing by the attorneys for the Veterans' Administration. What is true in the State of Indiana is true in Chicago. It is true in Detroit. Time prevents my bringing other cases to your attention.

The Government pays salaries to lawyers in the Veterans' Administration to check these guardian reports. The policy is to approve them before the court passes upon them, and they have approved them in writing to the clerks of these courts where no authority was secured from the courts before the investments were made.

Whether the lawyers assigned to this work by the Veterans' Administration have been inefficient or incompetent or willfully blind I do not know. It is time that the people of the country knew about it. In many cases the veteran, unprotected by anyone and subject to this policy of racketeering, has lost all. But on the books of the Veterans' Administration his accounts are carried at 100 cents on the dollar because the loss has not yet been determined.

My resolution, no. 213, is an attempt to have these evils corrected. It is an attempt not only to see that the guilty are punished, but it is an attempt to so frame legislation that like occurrences will be prevented in the future.

I called the attention of the House on last June 1 to the type of some of the lawyers who are serving in the Veterans' Administration. I gave days and dates of the court record to show how some of these lawyers had been admitted to the bar. I cited the Indiana statutes regarding admission to the bar. My plea for a change then went unheeded. Today we reap the results of this arrogant inefficiency.

There are good lawyers in the Veterans' Administration, but they are bound to the wheel of the system, and we can only achieve results by changing the system that puts its stamp of approval on such detestable acts as are going on today.

The mentally disabled veteran has been made a prey to all kinds of get-rich-quick and easy-money operators. Members on the floor of this House complain about the injustices worked upon the veterans through the Economy Act. I agree with them. The Economy Act was too drastic, and because I believed it was too drastic I voted against it. But if there were injustices worked on the veterans through the Economy Act, then the injustices worked upon these veterans through the guardianship racket is criminal and there is no excuse even in the name of economy.

The record is literally loaded with cases throughout this country where banks and individuals acting as guardians have rid themselves of worthless securities by unloading them on their wards. Other cases where banks acting as guardians have sold them doubtful securities and obtained brokerage fees for so doing.

We work ourselves into a lather because someone tries to shake down Jake the Barber, of England and Chicago, on a kidnap scheme and then sit idly by while mentally afflicted veterans in locked wards of Veterans' Administration hospitals are the victims of a shakedown by their guardians and are being systematically robbed of the money Uncle Sam gives them because of their injuries.

It is time that Congress, it is time for the American Legion, it is time for the Veterans of Foreign Wars and the D.A.V., if they are really sincere in their desire to help their comrades, to help these men suffering from mental disabilities locked in hospitals in insane wards. Because "God has decreed a clot of blood shall swerve a hair's breadth and mar their reason", they are unable to help themselves. They have no friends or organizations to fight for them. They are war's forgotten casualties.

Mr. Chairman, I am pleading with the membership of this House to see that these men who have given more than their lives, these men who have given their reason for the benefit of their country, are protected. They have no one to protect them but Congress. They may be protected and looked after through the passing of this resolution that will throw the books of the Veterans' Administration and these guardians open to a thorough investigation and let the people of this Nation know the methods of the miserable scoundrels who have duped our veterans.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. SINCLAIR. Mr. Chairman, I believe it is about time that we should say something about this bill. As a member of the Committee on Appropriations I shall endeavor to do so. The subcommittee spent about 4 weeks holding extensive hearings in preparation of the bill. Under the able, tactful, and courteous leadership of the gentleman from Louisiana [Mr. SANDLIN] information was obtained which made it possible for our subcommittee to frame a bill which I believe will have general approval of all sections of the country and which at the same time is well within the Budget estimates. There has been a good deal of criticism during the past week of the Department of Agriculture. I do not agree with all of that. I think the Department of Agriculture is manned with some of the ablest scientists that we have in this Nation, and they are doing a splendid work in handling the most intricate problems of agriculture. Of course, we have heaped upon that department a great deal of extra and unusual work, particularly under the new recovery legislation, and the criticism of some of my colleagues of that work is criticism that might very well be directed at the Congress of the United States itself, because the Congress is responsible for having passed the legislation.

The scientists in the Department of Agriculture are constantly carrying on studies and experiments all looking to a solution of the many problems facing the farmer. Among other things, these experiments include selection and improvement of types of seed, methods of planting, and cultivation, control of insect, and plant diseases, all of which have been worth millions of dollars more than the annual cost of the Department. Someone has said that if human life is ever destroyed on this earth it will be because of the ravages of insects and plant diseases. These scientists, in my judgment, stand between us and the visitation of such a calamity. I need but call attention to the losses resulting to cotton growers from the pink bollworm, to wheat growers from blackstem rust, to stockmen from foot-and-mouth disease, and to the damage done by other insects and diseases which attack the farmer's crop, in order for you to realize the enormous importance of continuing these preventive measures. At the present time the central Northwest is threatened by a scourge of grasshoppers.

There is an item carried in this bill of $2,000,000, to control and eradicate this pest. I am very anxious that this legislation should be passed at the earliest possible date, because it will not be long before these grasshopper eggs

in the infested area will be hatching, and, unless we meet the scourge early, it will be no use to meet it at all. The method of control is to spread poison bait for the young hoppers to feed upon before green vegetation is available.

Mr. HOPE. Will the gentleman yield?

Mr. SINCLAIR. I yield.

Mr. HOPE. Does the provision which this bill carries make appropriation for grasshopper control applied to a limited area in the Northwest, or is it available for the entire country?

Mr. SINCLAIR. The provision makes it available for the entire country, I believe, except that the cooperation of States and counties must be obtained in the distribution of the bait. A survey has been made to ascertain the areas which are most threatened. This indicates there are about 13,000,000 acres of cultivated lands in about eight States that are dangerously infested with grasshopper eggs. The worst infestation lies along the international boundary between the United States and Canada, from the Rocky Mountains to Lake Superior. This condition has been growing worse for the past 4 years. Last year a new species put in an appearance, known as the migratory grasshopper. It is a close relative of the old Rocky Mountain locust which wrought such destruction in the early seventies of the last century. This is not a local or State problem, but one which may reach into many States where no grasshoppers are found now.

[Here the gavel fell.]

Mr. SINCLAIR. I yield myself 1 additional minute.

Of course, there are other items in the bill that are very, very important to the people of this country. I hope as we read the bill they will be discussed, but I do want to say that I feel very earnestly the need of the early passage of this bill so far as the grasshopper section is concerned [Applause.]

Mr. Chairman, I now yield 5 minutes to Governor CHRISTIANSON, of Minnesota.

Mr. CHRISTIANSON. Mr. Chairman, I want to reiterate and emphasize what the gentleman from North Dakota has just said about the $2,000,000 appropriation for grasshopper control. It is a very necessary appropriation and one vital to agriculture throughout the region from Minnesota to the Rocky Mountains. For 2 years there has been tragic devastation in that western country. County after county has been visited by a plague of locusts, laying low whatever vegetation survived the drought and the hot south winds. The invading army has been pressing steadily eastward. This year it may establish its outposts on the Mississippi, and thereafter, if it is not checked, no one knows how far the devastation may extend.

The gentleman has referred to the scientists' warning that some day there may be an Armageddon where man and insect will meet in decisive combat. However chimerical that warning may seem, no one who has seen the Rocky Mountain locusts at work will dismiss it as idle. One thing is sure: If the conflict comes, there is no creature better fitted to serve in the front line of the advance of the insect world than the brown locust of the western plains, fecund, voracious, and highly mobile.

This is not the first time this threat has moved ominously over the prairies. For 5 years in the seventies of the last century the locusts did their work of destruction. Finally men and women gathered in their houses of prayer to ask deliverance, summoned thereto by Gov. John S. Pillsbury, of Minnesota. The pious and the skeptical will never agree as to whether Providence or blind chance intervened. It is a historic fact that on the very next day a widespread sleet storm visited that western country and destroyed the young grasshoppers just coming out of the ground. But for that intervention of fate or heaven, the history of the Middle West, and of the Nation itself, might have been much different from what it has been.

There should be no disposition today to rest our fate on a recurring miracle. Providence helps those who help themselves. Science has provided the strategy and the munitions for the war against this enemy. We should be undeserving of deliverance if we did not use them. The effectiveness of any campaign depends on striking early. It is none to soon to form the battle lines. If this bill is passed promptly, there is time enough. If it should make the leisurely progress that most bills make, the ammunition will reach the front after the battle has been lost. I made the suggestion some days ago to a member of the committee that the appropriation for the grasshopper campaign should be carried in an emergency bill passed under suspension. It was explained to me that the present measure will receive prompt attention in another body and be enacted before an emergency bill could be passed. I sincerely hope that that will happen. I serve notice, however, that if there is any delay I shall take the responsibility of introducing a separate bill. The situation is critical. We must meet it vigorously and with dispatch, and the mere detail of legislative procedure cannot be allowed to stand in the way.

Mr. SINCLAIR. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, last spring there was passed by this House a bill which created the so-called "Tennessee Valley Authority", and there was carried in the fourth deficiency bill, as part of the $3,300,000,000, $50,000,000 to be used by this Authority. The work which Congress laid out for the Authority was very largely the completion and development and modernization of the dams and power plants which are a part of the Muscle Shoals property.

Now, what has been done? Frankly, the building of the dams and the power plants and many of the things that relate to agriculture have become of secondary importance. Comparatively very little attention has been given to the thing for which the Tennessee Valley Authority was created.

There has been a huge experiment in sociology. There has been an attempt on the part of this Authority to teach the natives how to live, how to brush their teeth, how to do their cooking, and all that sort of thing. A model city has been erected 6 miles away from the dam, away from the power plant, and a large number of houses have been constructed that will never be occupied, because there will be no work for the people who are supposed to live in these houses.

There have been three board members appointed, who have spent their time, not completing the construction of the power plant and putting it into operation for the so-called "benefit" of the people of Tennessee, Alabama, Mississippi, and the surrounding territory, but going around the country addressing civic organizations—perhaps in San Francisco, perhaps in Portland, Maine, perhaps in Boston, or perhaps in New York—and telling them of the great experiment in sociology in the Tennessee Valley.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. TABER. Yes.

Mr. TAYLOR of Tennessee. While I understand the Tennessee Authority is disposed to look upon any suggestion from Members of Congress with more or less suspicion and disfavor, and while anything I may say in their defense may be considered gratuitous and presumptuous, and while, as the gentleman has said, it may be they have devoted a great deal of attention to sociology, still I would say to the gentleman that considerable progress has been made on the dam.

Mr. TABER. It has not been nearly as important as the sociological experiment. They have a lot of high-salaried employees experimenting in planning, landscaping, and sociological work. As I understand it, their office force and field-investigating force are larger than the force actually employed on the dam construction proposition.

They have a large field force going over east Tennessee prying into the habits and the home life of the people, exploring caves for prehistoric matters, and studying insect life and other performances at the expense of the taxpayer.

I wanted to take these few minutes here this morning to call the attention of the people of the country to the manner in which this is being done and to express the hope that Congress before it closes its session will take some action that will put a stop to the extraneous matters that this

Authority is going into, and put it back to doing the things that Congress intended when it passed the bill. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. SNYDER].

Mr. SNYDER. Mr. Chairman, I think we are all aware of the fact that a nation is only prosperous in proportion as its farmers are prosperous. There are three avenues in my State that either make us prosperous or poverty-stricken—our farm products, our mineral products, and our forest products. Years ago our farm products were small as compared with today. The mineral products are fast being taken from under our soil. The forest products have largely been removed. Therefore I want to take a few minutes to give expression to one measure that Congress passed last session that to me will go down in history as being the greatest citizen- and nation-building measure Congress has passed within 50 years. That is none other than the reforestation program.

It was about this time a year ago that we found on the streets in the United States more than 1,000,000 of high-school and college graduates walking the streets, without anything to do, looking for work day after day.

These young men, no longer contented to stay at home, took to the highways across the Nation, going from town to town to find work.

We did for these young men what we ought to do in any educational program—we educated them to think. We taught them in the high school and college that if they would do certain things, that when they should graduate and go out onto the street and into the business world we would have jobs for them.

At the close of 1928, 1929, 1930, 1931, and 1932, we graduated them until they numbered more than a million, and they went upon the streets and highways, and they there found that our social and economic fabric was no longer functioning and they had nothing to do; with the result that when the reforestation program was put into effect 300,000 of these young men, single, between the ages of 17 and 27, were lined up and put into these splendid camps; these camps that are both citizenship and national building in every way.

These boys and men, hundreds of thousands of them, had grown into an attitude of mind which embittered them against their Government because the Government did not have a social and economic fabric that was functioning.

You and I will read in the pages of history 25 years from now that when this measure went into effect, and these boys went into these camps that a greater change in the Nation's attitude of mind took place in 1 week than had taken place in the last half century.

Mr. THURSTON. Will the gentleman yield?

Mr. SNYDER. I yield.

Mr. THURSTON. Will the gentleman suggest how we can solve this problem?

Mr. SNYDER. I should think in this manner. It was my pleasure to accompany Dr. Fechner to my district where there are three of these camps. That is in Somerset, Pa. It was interesting to learn of the several features. Dr. Fechner told me that the first month of the first 6 months that these boys were in camp more than 20,000 boys received medical attention because they came from homes and sections of the city and country where they did not have sufficient nourishment and that of the 20,000 the first 6 months that received medical attention less than 2,000 received medical attention the last month of the first 6 months.

Talk about pay! At $2 a call, the average charge of the average doctor, it would amount to a saving of $36,000.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. Yes.

Mr. DONDERO. Can the gentleman give the House any information as to the situation now throughout the country in respect to these young men? I think the gentleman gave the age at 17 to 27. Should not that be 18 to 25?

Mr. SNYDER. I took 17 to 27 as the age of the million of single men who were walking the streets.

Mr. DONDERO. Can the gentleman give any information as to the condition now, and what effect that has had upon the country?

Mr. SNYDER. Yes; I shall be glad to, as best I can. There are 1,406 of these reforestation camps in the country. It is interesting to note that when they gave these boys an opportunity to go home at the end of 6 months and exercise their own free will as to whether or not they would come back, it was the desire of 85 percent of them to come back into the camps. A certain percentage found that they had employment back home and they stayed there.

The other effect that I call attention to is this: These boys were getting $30 a month and all of their keep—that is, food, shelter, and clothing. They had $5 to spend, and sent the other $25 back home, with this result, and this is most important in this citizenship-building program. They themselves not only gained an average of 14 pounds per boy, and cut the sickness down from 20,000 to 2,000 in 6 months, but they sent home the $25. The average home from which these boys came numbered 4.2 people, who lived on the $25. Inasmuch as they were relief homes, the $25 went into the homes and took them off the dole relief.

The result was that, including the fathers and mothers and other members of the family, 1,200,000 men, women, and children obtained a new attitude of mind not only toward the country but toward life, because they no longer were on the dole relief. The $25 going home to that family made the father and mother proud of the fact that their boy was earning money and sending it to them, and it put something in the breast of that boy that had never been there before, namely, that he had done something for his father and mother. That attitude of mind on the part of the fathers and mothers and other members of the family and the boys and girls has done more toward stabilizing a proper attitude of mind in reference to our democracy than any other one factor that I can think of. I regret that we did not make the reforestation program five times as great last year as we did, for we then would have been able to put 1,500,000 boys into these camps instead of the number that we did.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Chairman, war clouds are hovering over this Capitol and are hanging heavy upon our people and the country. I do not refer to a war that is to come, but to that great World War which brought so much havoc in its train and such awful consequences to the people of this Nation.

Now, when we are appropriating money to meet the demands of our Budget, it is well, I believe, to cast a glance at the items of that Budget. There is an item there which was referred to the other day, interest on war bonds that this Nation is paying, amounting to approximately $1,000,000,000 a year.

We can very readily rid our country of this war-inherited yoke, and, in doing so, need not violate any principle of present-day banking. We can, at the same time, alleviate the taxpayers' burdensome struggle to meet the principal and interest of State- and municipal-bond issues.

We have undertaken to finance banks, and through them agriculture and industry, besides furnishing financial aid to railroads and direct relief to the farmer and home owner, and we are about to finance our foreign trade.

We have established the Reconstruction Finance Corporation, Federal land banks, Federal intermediate credit banks, banks for cooperatives, Federal Farm Mortgage Corporation, Commodity Credit Corporation, Home Owners' Loan Corporation, and we are about to organize the export-import bank.

Now, I say it is high time that we begin to finance our Governments. We can do so without departing from the usual methods of banking, and by taking such a step can save to our taxpayers a heavy toll which we are paying to

the banks unnecessarily. Such action would not unduly encroach upon the business of the banks. There would still remain to the banks all of their privileges, prerogatives, and powers, and all of the ordinary banking business of the Nation.

I, therefore, propose that Congress provide for the formation of a new agency of the Federal Government, to be called by some such name as the "Government Finance Bank." I would have the United States subscribe to the stock of this new bank up to $500,000,000 and give the bank the power to issue its bonds to the extent of $3,000,000,000 or more, to be guaranteed as to principal and interest by the United States. This bank would have the right to exchange its bonds for other Government bonds. I would have it eventually exchange its bonds, to a limited extent at least, for the bonds of our municipalities, which would permit the bank to go into the market and purchase municipal issues at the market price of the municipals, which are selling today as low as 50 cents on the dollar in a great many cases. The power would also be extended to the bank to sell back to any municipality the bonds which the bank purchased, all bonds so purchased at a price not less than the amount paid by the bank. By this process the taxpayer would be somewhat relieved and his municipality would be saved the humiliation of bankruptcy. I would also give to the bank the power to buy and sell back to the States all State issues and the right to subscribe to new State issues. Such a bank would serve as a cushion for State issues and prevent prices from being beaten down to the extent that States are required to pay 4.75 and 5 percent on their issues when they ought to be able to get their money at 3 or 3½ percent. I would have this new bank given the power and right to subscribe to bonds of the United States, and I would extend to the bank the currency privileges now extended to the banks of the country.

In the emergency banking legislation of last year, we accorded the right to the banks to issue against United States Government bonds currency to the extent of 100 percent, and in a few days a bill will come before us providing for the extension of that privilege which banks now have.

The United States could offer a new issue of bonds equivalent to the amount of war bonds outstanding. This issue would be taken up by the new bank and the proceeds of the new issue would be used to take up the war bonds. In that way the United States could refund its war bonds. The new bank would have the banking privilege of issuing 100-percent currency against the new issue which would be available at the call of the United States to pay off the indebtedness of the existing war bonds. Such a financial program would violate no principle of banking as now established in this country. It would bring about the same result as that offered by the gentleman from Texas [Mr. PATMAN], although it would be a different way of accomplishing the same result. And after all, in my experience, in the doing of a thing it is often not so much what you do that counts, but how you do it. If you set up a bank to be operated along such lines you will lift the weight off this country of $1,000,000,000 a year, because we can provide in legislating for the new bank that the surplus of this new bank will go back to the United States to offset the interest on the new issue of bonds.

There is another matter that I would call attention to, for it is a way of taking off the shoulders of the taxpayers another billion dollars a year. We have controversial matters arising here in this House and in the Senate, and the most controversial legislation we will have to deal with this session will appear here in a few days. We will needlessly be compelled to take a stand for or against the veteran. None are really against the veteran, but some there are, some who believe that under our present order of things we cannot with safety to the country, through the ordinary channels, raise the money to provide for our veterans in the manner that they deserve. I for one believe they are entitled to far more than they are now receiving. Back home we have a great general who is blind, who gets $90 a month, who is suffering, and we cannot help him adequately. Besides, I know of a hospital where there are 16 veterans in a room—16 men, but a total of only 2 legs. Oh, our liberality should not be withheld from such as these.

But when we appropriate for them, where do we go? Anyway, we impose an income tax and place it upon the backs of 2 percent of our people. Only 2 percent of the people, according to statistics, pay income taxes. The very rich, with tax-exempt bonds, contribute nothing to our veterans. The man of very moderate means contributes nothing. Many men of comfortable means contribute nothing, for the vagaries of the income tax are many.

All of our people, I am confident, are only too willing to contribute to the welfare of our veterans and their dependents. Their well-being should not be the subject of so much controversy when there is a way to end all controversy. Everyone, I am sure, feels, and is ready and anxious to perform, the duty each one of us owes to our disabled and afflicted veterans, our living dead, and the dependents of those who offered up their lives that we might live and enjoy our heritage according to the traditions we have cherished since the very inception of this Republic. Give all an opportunity to contribute, not by compulsory taxes, but by voluntary contribution. The duty is upon all to contribute and that duty is greater at this time than it was when this country was seeking its very existence. Then we had raised a Continental Army, and we had scant funds with which to clothe and feed the suffering soldiers. But they were not disabled, afflicted soldiers. They were able-bodied fighting men. What happened? What did we do for those soldiers that we are not doing for our war-afflicted veteran soldiers?

The people were appealed to through the plan I would now have you adopt. They were called upon, everyone, to contribute to the life of the Army. And the people responded to the needs of their country. The necessary money was raised by means of a lottery conducted with the approval of Washington. That is the way history tells us that the Continental Army received its needed food and clothing and its sustenance to carry on the war at a crucial period and in an emergency. George Washington, as a result, had at his command a rejuvenated and reinvigorated army, and he it was who purchased the first lottery ticket.

Mr. FOCHT. Will the gentleman yield?

Mr. KENNY. I regret that I cannot yield; my time is very limited.

My friends, the efficacy of a lottery for the relief of our veterans is a matter which, unquestionably, is deserving of the study of every Member of Congress. I am sure you have not looked into it sufficiently. The lottery is the most historic, and is the aristocrat, of all emergency measures. You have clothed the President with almost every other conceivable emergency power and you should invest him with power to say whether or not we shall have a national lottery in this country now, an honestly operated lottery, conducted by an agency of the Federal Government. You may confer that power through a bill I have introduced providing for such a lottery. No Government lottery has ever been found to be dishonest or detrimental to the welfare, contentment, and happiness of the people, and I urge an immediate study of this question by the Members of the House. Our veterans are entitled to this consideration. Besides, we owe it to the taxpayers to relieve the tax burden. It is possible to lift the war clouds, so dark above us, by the means I have described and if this is done it will be easier and happier for all.

In order to encourage that study I ask unanimous consent, Mr. Chairman, to have the Clerk read a resolution which, because of objection, I have been carrying in my pocket for the last 10 legislative days.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey [Mr. KENNEY]?

There was no objection.

The Clerk read as follows:

Resolution endorsing the passage of a bill for a national lottery to be conducted by the Veterans' Administration

Resolved, That the mayor and Council of the Borough of Moonachie, endorse the passage of a bill introduced by Representative KENNEY, of New Jersey, in the National House of Rep-

resentatives providing for a national lottery to be conducted by the Veterans' Administration and providing for modification of the Criminal Code to permit the use of the mails in connection therewith.

This bill is designed to ease tax burdens and restore war veteran compensation.

It will provide for the raising of not more than $1,000,000,000 a year and permit the use of the mails and distribution of the advertising and announcements of the results of the lottery.

A precedent for this proposed lottery is the use of a lottery by New York City in 1790, when the city of New York successfully raised money by this means to pay for improvements to its city hall, which had been made to accommodate meetings of the United States Congress.

Resolved, That a copy of this resolution be sent to the President of the United States and the Vice President, the Speaker of the National House of Representatives, and to Representative KENNEY, of New Jersey.

Passed by the mayor and Council of the Borough of Moonachie at a meeting held on the 14th day of February 1934, and approved by the mayor.

Signed approved.

LOUIS A. ROSSI,
Mayor.

Attest:

BARNEY J. MIRACKY,
Borough Clerk.

Mr. SINCLAIR. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. MOTT].

THE HOUSE FIGHT FOR THE VETERAN BEGINS

Mr. MOTT. Mr. Chairman, I want to take this opportunity to make some observations on the amazing procedure that transpired in this House a few minutes ago. I mean the reference to the Appropriations Committee of the Senate veteran amendments to the independent offices supply bill. I wish first to comment very briefly upon what I conceive to be the issue raised by the Senate amendments to this bill, which was reported into the House today, and then I want to voice my most emphatic protest against the manner in which the issue raised by the Senate amendments has been disposed of by the Speaker of the House.

The Senate on Monday and Tuesday adopted a series of amendments to the independent offices supply bill. Those amendments in the aggregate, as every gentleman here is aware, take the cruelty and injustice out of the economy act insofar as the service-connected disabled veterans of the World War are concerned. Those Senate amendments, if concurred in by the House, will not only effectively repeal the provisions of the economy act as to service-connected disabled World War veterans, but they will reinstate the pension status of the Spanish War veterans and restore their pensions to the extent of 90 percent of the amount they received prior to the passage of the economy act.

There is an issue that is fairly and squarely drawn, that is unambiguous, and that is understood by everybody. That issue should have been decided here upon the floor of this House, and by the Membership of the House, which is the only legislative agency that has any moral right to decide it. It should have been decided in the usual, orderly, and customary manner, by a motion to concur in the Senate amendments, or by sending them to a conference.

THE MAJORITY LEADERS ATTEMPT TO PREVENT A VOTE

Instead of that what happened? That little group of Members who comprise the entire Democratic leadership, I dare say not more than a dozen men altogether, decided last night that the 435 Members of the House of Representatives should not be permitted to vote upon concurrence in the Senate amendments and that they should not be permitted even to send the amendments to conference. They decided this secretly, without a caucus, and without consulting, even informally, the rank and file of their own party membership.

In order to prevent a vote on the Senate amendments they resurrected an ancient rule which, I understand, has not been used for more than 20 years—a rule which permits the Speaker to refer Senate amendments to a House bill to a standing committee of the House. The oldest Member here cannot remember when that forgotten rule has ever been used before. But the Speaker used it—used it to throttle the House on an issue that was directly before the House for decision, an issue that everyone was ready to vote on and expected to vote on. And mark this, no one knew that he was to be denied that right. None knew that secretly he had already been denied that right until it was actually announced from the Speaker's chair a few minutes ago that the issue had been settled and that the Senate amendments had been referred, without leave of anyone, to the Committee on Appropriations.

THE VETERAN ISSUE

And what was the issue that the Members of this House have thus been denied the right even to consider? It involves no less a thing than the welfare and the destiny of every disabled World War veteran and every Spanish-American war veteran.

You are all familiar, I know, with these Senate amendments. I am going to discuss them briefly, not so much for the purpose of informing you of their provisions but for the purpose of showing you the clear issue that it was the duty and responsibility of this House to face and decide and the issue which the majority leadership of this House has disposed of without giving the Membership of this House any opportunity to meet.

So far as the Spanish-American War veterans are concerned, the Senate amendments to the House bill reinstate the pension status of these veterans; the amendments put them back in the precise position they occupied under the law as it existed prior to the passage of the Economy Act, and restored their pensions to the extent of 90 percent of what they had been receiving prior to March 20, 1933. I ask whether any issue can be clearer than that, and whether the House is not competent to decide it on the usual motion to concur?

As to veterans actually disabled in line of duty in the World War, the Senate amendments restore that class of disabled veterans to their full rights as they existed prior to the passage of the economy act. As to the so-called "presumptive" cases, the Senate amendments put them back upon the statute books and reinstates their right to compensation in those cases, and those only, where the service connection of their disability had been already established by law prior to the passage of the economy act.

There are some other minor amendments, but in the main the amendments are just as I have stated them to you. Every actual abuse that has ever been complained of in the original veterans' laws has been eliminated by these amendments. Every sensible, legitimate objection has been removed.

There was an issue clearly drawn, and which this House had a right to decide for itself, instead of having the amendments referred to the Committee on Appropriations. For what purpose were they referred to that committee without the consent of the House? For the purpose of killing them, or mutilating them, or both? So far as I am concerned I am satisfied that was exactly the purpose of this reference, and I shall never be of any different opinion until the Appropriations Committee, within a reasonably speedy time, reports those amendments back to this House just as it received them.

I have said that everybody in this House is prepared to meet the issue of restoring compensation to service-connected disabled veterans and Spanish War veterans, and prepared to meet it fairly and squarely. To those of us who voted against the Economy Act last March, the issue presents nothing new, nothing that we have not hoped for and worked for ever since that time. To those of you who voted for it, believing that the passage of the Economy Act was right, the Senate amendments present nothing new. You are certainly qualified to vote now, and do it honestly. There is another group of Members in this House in addition to the two groups I have mentioned.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. SINCLAIR. Mr. Chairman, I yield 2 additional minutes to the gentleman from Oregon.

Mr. MOTT. In regard to this last group of Members, almost every one of them has already gone on record publicly since last March, both in this Chamber and outside of it, as saying that he voted for the Economy Act under a misapprehension, or that he voted for the Economy Act believing in the representations made by the President that he would administer it justly and humanely, or that he voted upon it too hastily. Almost without exception this large group of Members have publicly expressed their desire to be given an opportunity to correct the great wrong that they did to the veterans by voting for the Economy Act. They have declared they wanted to restore compensation to the war-disabled veterans and to the Spanish War veterans. I say they have been denied this chance by the Democratic leadership of this House; I say that action in this regard was deliberate and that it was shot through and through with politics. I believe it was taken for the purpose of preventing the Membership of this House from doing what a majority of the membership had pledged itself to do. I believe further that it was taken to prevent embarrassment to the President in the matter of deciding whether or not he should veto the bill carrying the Senate amendments if they were concurred in by the House.

THE REMEDY

There is a remedy, however. The four-point Legion bill has already been introduced in the House. It has been here nearly a month, yet we have had no action whatever from the committee. We can correct the wrong that has been done the veteran today by immediately circulating a petition to discharge the committee from the consideration of that bill and then bring the original four-point bill out on the floor of the House as quickly as it can be done and decide it upon its merits. We should also discharge the committee and bring out upon the floor the Spanish War veterans' pension bill. If this is done, the House yet has an opportunity of meeting its responsibility. If these bills should reach the floor at this session, I am satisfied there is no doubt as to what action the House will take in the matter of restoring compensation to World War veterans having service-connected disabilities, as well as restoring the pensions to the veterans of the Spanish War. [Applause.]

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Chairman, I desire to call the attention of the Membership of the House to a problem now existing in the Burley tobacco belt, especially of the State of Kentucky, which threatens the economic life of the farmers of that section and, through that, of the entire citizenship of especially the central portions of Kentucky.

The main money crop of the State of Kentucky is Burley tobacco, and to meet the problems confronting the Burley growers the Agricultural Administration sought through a contract entered into with the various tobacco companies of the United States to assure the farmers a fair return for their 1933 crop.

In conjunction with this contract for a reasonable tobacco average price the Agricultural Department worked out a tobacco reduction program which would seek to balance production with consumption and which contract would grant the benefits of this program to the farmers who agreed to cooperate by signing a crop-reduction contract.

I am in hearty accord with this movement to curtail the production of tobacco, but the companies have taken advantage of their part of the contract and have literally executed a wholesale steal of at least a part of the farmers' 1933 Burley crop.

I wish to call the attention of the House to the actions and practices of the great tobacco companies for the past 10 years and to insert in the RECORD at this time a table which shows the diminishing returns to the growers since 1923 and the mounting profits of the tobacco companies since that same year and which shows that the ratio of diminishing returns to the farmers is practically the same as the ratio of the increasing returns to the companies.

Relation between gross returns to farmers for tobacco retained for domestic manufacture and profits of 34 leading manufacturers

Year	Gross receipts of farmers for tobacco retained for domestic manufacture	Profits of 34 leading domestic manufacturers	Total of farmers' receipts and manufacturers' profits	Percentage distribution	
				Gross receipts of farmers	Profits of manufacturers
	Million dollars	*Million dollars*	*Million dollars*	*Percent*	*Percent*
1923	174	76	250	70	30
1924	154	82	236	65	35
1925	141	100	241	59	41
1926	138	104	242	57	43
1927	149	115	264	56	44
1928	161	121	282	57	43
1929	174	134	308	56	44
1930	136	145	281	48	52
1931	96	147	243	40	60
1932	68	146	214	32	68

In other words, in 1923 the farmer received 70 percent of the total amount of growers' receipts and manufacturers' profits, and the companies received 30 percent; but in 1932 the manufacturers took 68 percent and gave the farmers 32 percent. Putting it another way, in 1923 the farmers got for their crop $174,000,000, and the manufacturers got $76,000,000 as profits; but in 1932, with the decreased cost of production of tobacco products caused by the depression, these same manufacturers depressed the amount paid to the farmer until they bought his 1932 crop for $68,000,000, but managed, at the same time, on a falling market to take out as profits the sum of $146,000,000. These profits did not include the amounts paid in bonuses to their presidents, the amounts paid to political pools for the purpose of controlling State governments or other forms of government, nor did it include the excessive salaries paid to first, second, and third vice presidents.

I want at this time to list for your consideration the salaries of the officials of two of the major tobacco companies. This salary and bonus schedule is taken from a story in the New York Times of February 27, 1934, showing the salaries of prominent officials of some of the great corporations of this country. I think it will give you some idea as to one of the leakages which prevent the farmer from getting a fair price for his crop and which will demonstrate the reckless abandon with which the tobacco companies must spend their money in order to prevent too much of an excess profit.

In the year 1931, the president of the American Tobacco Co., Mr. George Washington Hill—and when it comes to hogging the farmers' money, this man has the genius of George Washington—received as a salary $160,000, but not being content with this, he took as a bonus $891,630, making a total compensation of $1,051,630. During this year 1931, the farmers received an average price of somewhere around 10 to 12 cents for their tobacco. A farmer in a good year can raise 5,000 pounds of tobacco, and if he were paid an average of 10 cents for his tobacco he would get $500. Of this amount he must pay half for the use of the land to the landowner and receive for his labor $250. On this basis, it would take 4,206 tenant farmers to raise enough tobacco to pay the salary of the president of the American Tobacco Co. In other words, 4,206 Kentucky farmers must work all year in order to make the equivalent of the salary of the president of the American Tobacco Co. They must subsist upon a wage scale that closely approaches serfdom in order that he may take more than he can possibly spend. In the old South, under slave conditions, if a man owned the labor of 50 slaves, he was considered very rich, but the president of the American Tobacco Co. exacts from the farmers of Kentucky the equivalent of the labor of 4,206 farmers. But this is not all. There are at least one half dozen vice presidents who earn from $100,000 up to six and seven hundred thousand dollars per year in salary and bonus.

Mr. DONDERO. And the salaries increased in 1933 over 1932, did they not?

Mr. BROWN of Kentucky. Probably some of them did. A moment ago I quoted the profit of these companies. I shall put this information in my extension of remarks.

If you will examine the following list you will see one of the reasons why the farmer is starving at the same time that the excess profits of the company mount higher and higher.

[New York Times, Feb. 27, 1934]

Salaries and bonuses paid tobacco company officials for past few years

Name of official	Year	Salary	Bonus
AMERICAN TOBACCO CO.			
Geo. Washington Hill, president	1928	$75,000	$280,000
	1929	144,500	461,113
	1930	168,000	842,567
	1931	160,000	891,630
	1932	120,000	705,607
	1933	120,000	----------
C. A. Penn, vice president	1928	45,000	168,122
	1929	81,196	274,654
	1930	98,000	505,504
	1931	81,666	577,474
A. L. Sylvester, vice president	1928	85,000	260,413
A. C. Mower, vice president	1928	45,000	168,122
	1929	49,168	258,722
	1930	50,000	505,504
J. Parker, chairman of board	1928	120,000	100
	1929	50,000	6,691
James E. Lipscomb, Jr., vice president	1930	50,000	----------
	1931	58,333	9,934
	1932	100,000	----------
	1933	100,000	----------
LIGGETT & MYERS TOBACCO CO.			
C. W. Toms, president	1928	50,000	184,442
	1929	53,000	220,671
	1930	50,000	246,192
W. D. Carmichael, vice president	1928	36,000	110,665
	1929	36,000	132,402
	1930	36,000	147,715
T. T. Anderson, vice president	1928	36,000	110,665
W. W. Flowers, vice president	1928	36,000	110,665
	1929	36,000	132,402
	1930	36,000	147,715
H. A. Walker, vice president	1928	36,000	110,665
	1929	36,000	132,402
G. W. Walker, vice president	1928	36,000	110,665
	1929	36,000	132,402
	1930	36,000	147,715
E. H. Thurston, vice president	1930	36,000	147,715

It is worthy of the attention of the House that at the same time that the companies have been seeking pigeonholes in which to hide their excess profits, such as by voting extra bonuses to high officials and by paying out exorbitant sums in advertising, they have constantly decreased the wages which they have paid to their labor and the number of employees used in the industry. In the year 1923 the tobacco industries employed 146,337 people and paid them $120,462,233 in wages. The number of employees constantly decreased, until in 1931, which is the last year for which figures are available, there were employed in tobacco industries, 99,767 people, and they received in wages $69,411,167, or, in other words, the decrease in the amount paid to labor and the number of laborers followed practically the same ratio as the decrease in the amount paid to the farmers and, inversely, the same ratio as the increase which the companies took out of the business. The trouble with the tobacco business is that there has been too much "take-out" on the part of the companies. Labor is getting but little over half as much as it received in 1923, while the profit of the companies has practically doubled.

An investigation of the amount paid out in advertising shows that the four largest companies paid out in the year 1931 the sum of $31,058,000 for advertising, which was almost half as much as the 1932 crop brought to the growers.

So great has become the profit of the companies and so highly specialized has become their system of obtaining privilege to loot the growers that they have learned to a high degree the art of political manipulation necessary to control the agencies of government. From facts and figures above quoted we see how their profits have grown from a little less than one third of what the farmer received to three times as much as the total amount paid to the farmer and how, during the same period, the cost of labor to them has been practically cut in half. They have methods and means of propagandizing the Nation and selling the people on the idea that it is the huge Government tax which causes the small payment to the farmer. As a matter of fact, if all Government tax on tobacco products were taken off, the farmer would not get one cent more for his crop, but the amount now taken in taxes would be added to the staggering income of the companies. Their lobbyists in State legislatures and in the National Government constantly are urging reduction of the tax on tobacco products and constantly ward off attempts to force higher payments to the growers.

In the year 1933 the tobacco farmers of Kentucky produced one of the best crops in the history of the State, but they have had to stand by and see this crop literally stolen from them in spite of the efforts of the governmental agencies to protect and help them. The first step in this stupendous "steal" was the propagandizing of the Nation on the idea that there was a surplus of Burley which could not be handled by the companies. Now, in the flue-cured district of the southeastern coast there was produced this year over twice as much flue-cured tobacco as last year, and yet by Government aid through the processing tax the price was increased from 3 to 5 cents over the 1932 price until the farmers of this region received for their crop approximately $117,000,000 as against $43,000,000 for the 1932 crop. This, of course, means prosperity for the farmers of the flue-cured region, and I congratulate the Agricultural Department on having brought this prosperity to the farmers of this region, but prosperity to the eastern portion of the Tobacco Belt helps the farmers of Kentucky about as much as rich blood in the right arm helps a paralyzed left arm. In other words, if our farmers lose their 1933 crop, they get little satisfaction out of knowing that the farmers of North and South Carolina and Georgia received a good price for theirs. If, with a crop twice as great in the flue-cured areas, arrangements could be made to handle the crop at a profit to the farmer, certainly some steps can be taken to produce the same result in the Burley Belt of Kentucky.

The first step in the companies' program was unwittingly aided by the experts in the Agricultural Department who make up the estimates of yearly production. For the past 3 years the estimates of the Agricultural Department have exceeded the actual production. Prior to that time, for 3 years, the averages were under actual production. It is easy to see that if the December crop reports show a surplus of production over consumption, this estimate will depress the price of tobacco. I need not argue that point before any intelligent group. In 1932 the estimate of production over consumption was a surplus of 10 percent, but in spite of this 10 percent possible surplus, the crop brought a fair average price. Now, in 1933, it is everywhere apparent that the December estimate is again 10 percent high. The estimate of the production of Burley tobacco is placed by the Government experts at 414,000,000 pounds. Representatives of the companies everywhere spread the report that there is a surplus of 125,000,000 pounds. On February 4, 1934, the following statement appeared in the Lexington Herald, which is a newspaper of the blue-grass region very much interested in the tobacco farmers:

Government estimates place the 1933 crop at 414,000,000 pounds. From present indications, however, the crop will not run that high, probably not exceeding 375,000,000.

If the crop does not exceed 375,000,000 pounds, then the Government experts have again made a mistake of 10 percent on the side of the tobacco companies. Now, suppose that the experts had made a mistake of 10 percent on the side of the farmer, estimating 335,000,000 instead of 414,000,000. There would then have been no appreciable surplus and the influence of this mistake on the side of the farmers would have meant millions of dollars to them. I know that this mistake has not been willful on the part of the Agricultural Department, but it would be well if they would check their source of information and see whether or not some portion of it were not actuated by a desire to represent a surplus greater than actually existed. It is easy to see that it is to the interests of the companies to create sources of influence and information for the Agricultural Department which would cause statements of overproduction to be

issued upon which the companies can wage their propaganda campaigns.

Now, let us see how well the companies are abiding by the contract heretofore referred to in which they agreed to pay an average of 12 cents per pound for Burley tobacco. I have conferred with many farmers from my State, and their opinion is unanimous that the companies are bidding lower on the high-priced tobaccos than ever in the history of the tobacco markets, and that on the low-priced tobaccos they are making no bids at all, but are leaving the lower grades for the speculators and the pin-hookers. The parity price of tobacco is fixed at 16.3 cents, which was supposed to have been the fair exchange price based upon the market value between the years from August 1919 to July 1929. Last year the companies paid for the higher grades of tobacco anywhere from 30 cents to 40 cents per pound. This year, the same grades are bringing approximately 20 percent less, but the price of 16.3 cents was fixed as the general average of all of the 22 to 24 grades of tobacco which were purchased by the companies, and now, under this contract, the companies come along and bid only on the higher grades, leaving the lower grades for pin-hookers and speculators to buy. I have here a list of Burley-tobacco crops sold from Grant County, Ky., over the floors of warehouses in Lexington, Carrollton, Cynthiana, Shelbyville, and Covington, tobacco grown in 1933, including pounds sold and price received for same after floor expenses and hauling charges had been paid, including some of the highest-grade crops grown in Grant County, and representing an average for the whole county. This list includes 124 crops, and the average for these crops is $5.78 per 100 pounds. The same crops last year averaged from $10 to $11 per 100 pounds. Of these crops, 49 averaged as low as $3.30, and the other 75 brought an average of $6.62.

I refer again to my home-town paper, the Lexington Herald, of February 4, 1934, in which it is stated that from 66 to 70 percent of the 1933 crop has already been sold, and by this date that percentage has already mounted until undoubtedly more than three fourths of the crop is in the hands of the buyers. This means that 75 percent of the farmers' crop was purchased at considerably less than the price agreed on in the contract entered into by the Government and the tobacco companies. But this contract does not state that each farmer's crop must bring an average of 12 cents, having in mind the various grades of tobacco, but it allows the companies to steal the first 75 percent of the crop from farmers, and then, if they can find a way to bring the whole average of the season up by bidding up the last 25 percent, they have complied with the terms of their contract. Now, let us see how they go about bringing up the price by bidding up the last 25 percent. I was informed this morning that the crops in Kentucky for last week averaged $14 per hundred pounds, which is well above the price agreed to but which does not help the 75 percent of the farmers of Kentucky who were fleeced out of their crop by the low prices paid in December and January. During these 2 months the low-grade tobaccos were bid in by pin-hookers and speculators. I am reliably informed that on one day a certain warehouseman in the blue grass region bought 60,000 pounds at $1 per hundred pounds. Of this $1 he charged the farmer 75 cents for selling the crop, leaving the farmer the exorbitant amount of 25 cents for 100 pounds of tobacco. Good land will yield 1,000 pounds of tobacco per acre and, on this basis, would bring the farmer $2.50 per acre. A good tobacco tenant can raise 6 acres of Burley tobacco and at the end of the year would find himself the proud possessor of $15 for a year's work. This is his compensation for preparing his plant bed, for raising the plants, for a canvas to cover the bed, for teams to plow his land, for labor for setting and cutting, for the long days that he must toil in the summer sun in hoeing, worming, and suckering his tobacco, and I forgot to mention that, as a tenant, he must pay to his landlord one half of this stupendous sum, so that after all he has a yield of $7.50 for his year's work.

It has been the practice, and I do not doubt that it is now done by some of the companies, to have their own pin-hookers and speculators buy the crops as low as they can, and then, after the season closes or toward the close of the season, sell them at a price on the floor to the companies at a considerable profit to themselves and also to the companies.

Now, in order to bring up the price that they have paid for the 1933 crop to the amount agreed to in the agricultural contracts, suppose that the companies had authorized their speculator representatives to buy the lower grades of tobacco and had assured them that at the end of the season they would be given a reasonable marginal profit on these purchases, and that they now, in order to bring up their season's average to that which they have agreed to in the contract with the Agricultural Adjustment Administration, pay for this tobacco an amount necessary to accomplish the fulfillment of their contract. It is equivalent to buying the tobacco from themselves, for the profit never gets into the farmers' hands.

It is the wide-spread belief of the farmers of the blue-grass region that the first half of their 1933 crop has been stolen by the tobacco companies, and the amounts paid to them certainly justify them in this belief.

Crop-production agreements may help the farmer next year, but it will not get for him compensation for the 1933 crop, 75 percent of which has been taken from him at much below the fair exchange price established by the Government. No action by the Agricultural Department, based upon a season's average and a processing tax for the difference between the season's average and the fair exchange value, can help the 75 percent of the farmers whose crops were bought at from 6 to 10 cents per pound. It may do a little for them, but it is not fair to pay to the farmer, whose crop was bought at the end of the season far above the fair exchange value, an amount equal to that paid to the farmer whose crop was taken from him during the months of December and January.

I have no criticism to make of the eminent Secretary of Agriculture or of his assistants, who have labored to help the farmer. I know that their purpose and intentions have been good, but I also know that thus far they have been outwitted by the tobacco companies, and I know, too, that there are thousands of tobacco farmers in Kentucky who ought to have received a profit on their 1933 crop, and who must face the year 1934 with a bleak outlook because of the "steal" perpetrated on them by the payment of the abnormally low prices for the first 75 percent of the 1933 crop and the apparent evasion by the tobacco companies of their contract, when they bought only the high grades of tobacco and left the low grades to the pin-hookers and speculators. There is a way by which this wrong can be righted. The power is now in the hands of the Agricultural Department to make weekly estimates of the average price paid to the farmers who sold during each week of the present tobacco season, and then to levy a processing tax, which will be taken out of the profits of the companies, and the farmer will be paid the difference between the price which he received for his crop and the fair exchange price established by the experts in the Department of Agriculture. I understand that at the present time this figure is a little less than 16.3 cents. In other words, during each week the Department should make up estimates of the average price paid to the farmer, and if this price is, for example, 6 cents per pound, and the fair exchange price is 16 cents per pound, the Department would then take from the profits of the companies 10 cents per pound for every farmer selling his crop during said week. It may be argued that it would be difficult to make estimates for each week, but the same sources of information that make possible a yearly estimate are available for a weekly estimate, and if our purpose is to aid the farmer, we should not let those who sold during any particular part of the season be robbed while some others who happened to have been lucky got in on a higher price and received a better price for the same grades of tobacco.

I have introduced a bill and have asked for hearings before the Agricultural Committee, to authorize the Agricultural Department to make weekly estimates of the present

Burley season and to pay to the farmers who sold during each week the difference between the average price received by them and the fair exchange price as established by the Department of Agriculture experts. For many weeks during the tobacco season this will mean from 5 to 10 cents per pound for the farmer's crop. This means the difference between bankruptcy and profit for about 75 percent of the farmers of Kentucky. It will not cost the consumers one extra penny but will be taken from the profits of the great companies and given to the farmers who have been fleeced of their crop. Out of the excess profits of the companies this amount could be paid and still leave them plenty of money to pay bonuses to their presidents and vice presidents. The Agricultural Department now has the power to do just what this bill provides, but having the power to do and doing are two different things; and if they are not willing, when proper information is placed before them, to take this step, it is within the province and the obligation of the Congress to see that the tobacco farmers of the Burley Belt are given their place in the sun in the new deal.

This course will work no injustice on the buying public, no hardship on the manufacturing company, no great difficulty to the Agricultural Department, and it represents life itself to the farmers of the Burley Belt.

Mr. CULKIN. Will the gentleman yield?

Mr. BROWN of Kentucky. I yield to the gentleman from New York.

Mr. CULKIN. Should I infer from the gentleman's remarks that the A.A.A. has not helped the tobacco grower?

Mr. BROWN of Kentucky. No; the gentleman should not infer that from my remarks, but may I say to the gentleman that under the program thus far the tobacco companies have evaded their contracts and have taken about 75 percent of the farmers' crops at much less than the contract price that they agreed to with the A.A.A. [Applause.]

[Here the gavel fell.]

Mr. SINCLAIR. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. ARENS].

Mr. ARENS. Mr. Chairman, I am going to add a few words to the speeches of the gentlemen from Wisconsin, Mr. BOILEAU and Mr. REILLY, in regard to dairying. Considerable criticism has been heaped on the Department of Agriculture because the operations in regard to the handling of milk have not been successful. The steps taken by the Department of Agriculture during the late summer have had some effect in improving the prices of dairy products. Butter fat at the beginning of the Government program was 17½ cents and was raised to 24 cents on account of the efforts of the A.A.A. to stabilize the price of butter and on account of the program of buying the surplus.

Mr. CULKIN. Will the gentleman yield?

Mr. ARENS. I yield to the gentleman from New York.

Mr. CULKIN. Will the gentleman state the reason the price of butter at the time mentioned by him in his discussion went down from 24 cents to 17 cents?

Mr. ARENS. The gentleman is referring to the break in December?

Mr. CULKIN. Yes.

Mr. ARENS. I suppose it was because the A.A.A. discontinued its program.

Mr. CULKIN. That is, it discontinued its program of purchasing butter. It agreed to purchase $30,000,000 worth of butter and discontinued purchasing after it had spent thirteen or fourteen million dollars and let the market tumble. The burden is really on the Department.

Mr. ARENS. That is a fact. The same criticism was made in fixing the price of fluid milk in cities and discontinuing the program later on. But I am ready to defend the A.A.A. somewhat in this respect.

In order to introduce myself and to show you that I know something about dairying, may I give my qualifications. For 31 years I have milked cows on my own farm. In late years I have had to take over the management of another farm. The original farm is within 40 miles of the Twin Cities, but the butter fat produced is churned at a cooperative creamery and sold as butter. The farm that I have taken over is within 25 miles of the Twin Cities and the milk from that farm, I am selling to the Twin Cities' Milk Producers Association, which furnishes 85 percent of the milk in the Twin Cities. I have been a director of the cooperative creamery in my home district for 31 years. I am a director and vice president of the Land O' Lakes Creamery Association, which markets the butter for 480 creameries. This association has marketed over 100,000,000 pounds of butter per year in the last 10 years in every large city this side of the Rocky Mountains. I have visited these big cities and I know something about the markets. Furthermore, I may say that I represent a territory that produces more butter than any district in the United States. Out of a total amount of butter fat produced in the United States of 1,667,000,000 pounds in 1932, the State of Minnesota produced 284,000,000 pounds, the State of Iowa 219,000,000 pounds, and the State of Wisconsin 176,000,000 pounds.

Mr. BOILEAU. Will the gentleman yield?

Mr. ARENS. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. That is just butter?

Mr. ARENS. Butter.

Mr. BOILEAU. That does not take into account all dairy products?

Mr. ARENS. Only butter.

Mr. BOILEAU. Wisconsin is the principal cheese-producing State.

Mr. ARENS. Minnesota, Iowa, and Wisconsin produce about one half of all the butter marketed in the ordinary butter markets of the country.

In regard to cheese, out of a total production of 375,000,000 pounds in the United States in 1932, Wisconsin alone produced two thirds of it, or 243,000,000.

Mr. CULKIN. Will the gentleman again yield?

Mr. ARENS. Yes.

Mr. CULKIN. Has the A.A.A. done anything to help the price of cheese?

Mr. ARENS. The cheese market was affected the same as the butter market during the late summer.

Mr. CULKIN. And, as a matter of fact, the administration has not done anything to help the price of cheese?

Mr. ARENS. The reason the A.A.A. discontinued its buying was this: Through their buying of butter the price of butter was advanced. They started to buy butter on the 17th of August and bought for nearly 3 months. The price of butter started to advance, and when butter advanced to 24 cents, the farmers started to increase production. This was the first time in the history of the United States that there was an increase in the production of butter during August and September. When the A.A.A. started to buy butter in an effort to move the surplus, the farmers started to produce more than they ever had before, and at the end of 2 months there was a larger surplus of butter than at the beginning of the sale, and therefore the A.A.A. saw that, in spite of its buying, the surplus was increasing, and they discontinued such buying.

Mr. DONDERO. Will the gentleman yield?

Mr. ARENS. I shall be glad to yield to the gentleman.

Mr. DONDERO. The statement was made here today on the floor of the House that of all the milk produced, only 15 percent is used as fluid milk and the rest goes into butter, cheese, and other by-products. Is that correct?

Mr. ARENS. I think the gentleman was somewhat misinformed. One third is used as fluid milk and two thirds of it is churned into butter or manufactured into cheese.

The Government did not continue to fix arbitrarily the price of fluid milk, which seems to be the argument and the reason why they accuse the A.A.A. of not working in behalf of the farmer—if they arbitrarily fix the price of fluid milk and not fix the price of butter fat, the result will be disastrous and I can very easily explain why this is true.

Mr. BLANCHARD. Will the gentleman yield?

Mr. ARENS. I am afraid my 10 minutes will be gone before I really get started.

Mr. BLANCHARD. May I ask the gentleman just one question?

Mr. ARENS. I shall be glad to yield to the gentleman.

Mr. BLANCHARD. If the Government is going to fix a price, whether to the producer or the resale price, they ought to enforce it, should they not?

Mr. ARENS. They should enforce it. When the Government fixed the price of fluid milk in the milk sheds of the eastern cities and fixed it fairly high—I will not say too high, but fairly high—and left the price of butter fat alone, disaster was unavoidable.

My organization for the last 10 years has sold a lot of butter in New Orleans, two cars a week, on the average. When the Government stepped into New Orleans and fixed the price of milk unusually high, the farmers immediately started to increase their production and, among other things, they imported 2,600 cows within 2 months. The result was a surplus. They had to start churning butter and we in Minnesota lost our New Orleans market.

In Boston, my organization alone markets about 15,000,000 pounds of butter a year. In Boston the A.A.A. fixed the price of milk at $3.02, during the time we speak of, when the price of butter fat was below 20 cents. What was the result in Boston? Why, they paid $3.02 for the fluid milk that is used for consumption on the table and what was above that they called surplus milk. With a price of $3.02 the farmers around Boston are going to increase their production to such an extent that they will have a surplus of milk and this very fact would break the Boston market, because those farmers that produce surplus milk would not churn that milk into butter and sell it on the open market for 18 or 20 cents, when for the milk used for table purposes they would receive $3.02 per hundred pounds, which is equal to 80 cents a pound for milk with 3½ percent butter fat, which is standard milk.

Mr. CULKIN. I dislike to take up too much of the gentleman's time, but will the gentleman again yield for a question?

Mr. ARENS. I am pleased to yield to the gentleman.

Mr. CULKIN. The gentleman then asserts that in order to raise the price of butter it is necessary to depress the price of fluid milk?

Mr. ARENS. No; not at all.

Mr. CULKIN. I understood the gentleman to say that.

Mr. ARENS. I wish the gentleman would let me continue my argument, and I think the gentleman will see exactly what I am trying to explain.

The very fact that the price was fixed high would induce farmers, rather than to churn this fluid milk into butter and sell it at 18 or 20 cents, to try and find another outlet for their milk. I know Boston is not any different from any other city, and neither are the farmers around Boston, and rather than take 18 cents for butter they would sell the milk to some dealer at a lower price than the high price fixed by the Government for market milk. The result would be a price war, and there was a price war in some cities. Some distributors will try to get some of this cheap milk. They then can and will sell milk by the quart for less than the Government fixed price. The Federal Government was asked to step in on several occasions to protect the price which they had fixed for the consumer to pay, but they could not do it. They found that the bill we had passed did not give the Department authority to fix the retail price of milk. It gave them the authority to bring the price of milk to the farmer up to a pre-war parity, but did not give them any authority to fix the retail price. Therefore, the farmers themselves would break the market.

[Here the gavel fell.]

Mr. SINCLAIR. Mr. Chairman, I yield the gentleman from Minnesota 5 additional minutes.

Mr. ARENS. Another reason why there must be a parity price between butter and fluid milk is the following: The Land O' Lakes Co. is equipped to ship a carload of milk or a carload of cream to any place on 1 day's notice. We are shipping it wherever we can sell it. My organization tries to get all it can for the farmers. If the farmers are compelled to churn milk into butter and take 18 or 20 cents a pound, we are going to break into your market unless there is a parity of price between butter and milk.

Mr. FISH. Will the gentleman yield?

Mr. ARENS. I yield.

Mr. FISH. The gentleman says his organization is equipped to ship a carload of butter or a carload of cream into any city at any time?

Mr. ARENS. If you do not eliminate us by sanitary restrictions.

Mr. FISH. Are you doing it?

Mr. ARENS. No; you have placed an embargo on western milk. I believe the farmer should get the cost of production, and that includes butter fat that goes into butter. You should preserve the parity between butter fat and butter and milk.

I do not mean that the farmers out West would have to receive for their milk what you receive in the East. If he receives 30 cents for butter fat, that would give $1.05 at my creamery for milk churned into butter. It costs 25 cents to get the milk into the Twin Cities, that would be $1.30, and it would cost 20 cents more for inspection and for cooling tanks and for cans to ship it. That would make $1.50. But when we sell cream to the creamery we retain the skimmed milk. The Government has shown us that generally skimmed milk is worth 20 cents a hundred. That would bring the price of milk delivered in the Twin Cities to $1.70, which is the price fixed by the Government for fluid milk.

If we wanted to sell to the East we would have to get the farms inspected, we would have to pasteurize, we would have to get glass tanks to ship it in; the freight, which is extremely high on sweet milk, would have to be added.

Furthermore, we are producing feed and shipping the surplus feed to the people in the East. You are buying this feed at a higher price. All these things should be considered. I should say that if we receive $1.65 or $1.70 a hundred you in the East ought to get $2.40.

I was in favor of the Agricultural Adjustment Act, but wanted it amended so that in place of the pre-war parity price as in the bill the price to be obtained would be the cost of production. It is eminently fair. The people condemning here on the floor the Agriculture Department at the present time are as much to blame for the legislation and its operation as the Department. You passed it through the committee and you came in with a rule that prevented our amending it, so you are as much to blame.

Mr. BLANCHARD. Will the gentleman yield?

Mr. ARENS. I will yield to the gentleman.

Mr. BLANCHARD. Does the gentleman believe in the cost of production regardless of the amount that the farmer produces on his farm?

Mr. ARENS. The Government will not fix the cost of production and should not unless provision is made to control production or at least stop overproduction.

Mr. KNUTSON. Will the gentleman yield?

Mr. ARENS. I yield.

Mr. KNUTSON. Answering the gentleman's question, would not the cost be fixed for a large area rather than for a small community?

Mr. ARENS. My opinion is that when it comes to fixing the cost of production of butter fat, the Government should fix the price of butter and additional cost of inspection, sanitation, and transportation, and all other reasonable expenses; this should be added to the price of butter and by this method arrive at the price to be fixed for market milk.

Mr. KNUTSON. Would it not be more scientific to base the price of milk upon the cost of butter than to base the price of butter upon the cost of milk?

Mr. ARENS. That is the only way, because the surplus always fixes the prices, and the people living along these milk areas maintain that milk churned into butter is the surplus, and it is the surplus that fixes the price of the total product. Therefore they have to fix the price of the surplus. We do not consider it a surplus, but in their use of the language they so consider it, and they are correct

insofar as the price of butter will determine the price of the whole milk in the milk sheds.

Mr. KNUTSON. I heard the gentleman say a moment ago that $1.70 for the Minneapolis shed would be a fair price.

Mr. ARENS. No; I did not say that. I said that that was the price, and that 30 cents for butter fat and $1.70 in the Twin Cities would be on about a par. There would not be much difference.

Mr. KNUTSON. That would not be bad—30 cents for butter fat.

Mr. ARENS. No. I am showing these gentlemen from the East how reasonable it would be to fix the price of butter fat and take that as a base to fix the price of market milk.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. ARENS. Yes.

Mr. McFADDEN. I am interested in what the gentleman is saying. I own and operate a farm in the New York milk shed, in northern Pennsylvania, my home. I belong to the Dairymen's League, which is a large cooperative corporation, and I am getting for milk that tests practically 5 percent at the rate of $1.35 a hundred, and I live right under the eaves of the finest market there is in the United States, New York City. All of the milk goes there.

Mr. KNUTSON. One dollar and thirty-five cents?

Mr. McFADDEN. One dollar and thirty-five cents is the price fixed for the dairyman's milk in that shed, for the past month. That is away below the cost of production.

Mr. ARENS. At what percentage of butter fat?

Mr. McFADDEN. My test runs, and I have the report this morning, 4.55. I happen to live in a section where there is no grade A plant. I am producing grade A milk and have to sell it at grade B prices. I have just checked the cost of feed this year as compared with last year, and the cost is 40 percent above that which we paid last year. That sort of situation is destroying the dairy interests in my particular section of Pennsylvania. The farmers are up against it, and will not be able to continue if that plan proceeds.

Mr. ARENS. If the gentleman from Pennsylvania produces 5-percent milk he should move into Minnesota in a good section where there is a good cooperative creamery. He would receive more and feed his cattle much more cheaply.

The CHAIRMAN. The time of the gentleman from Minnesota has again expired.

Mr. SINCLAIR. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. ARENS. Yes.

Mr. DONDERO. The gentleman has made a statement that the price he has stated is the cost of production to the dairyman and the farmer. Does the gentleman think that is going to remedy the situation, if the farmer and the dairyman just get the cost of production without enough more to give them a chance to live and pay their taxes?

Mr. ARENS. The gentleman from Michigan understands that when we say cost of production, it means a reasonable income on his investment, a small profit, wages, taxes, insurance, and all other expenses that enter into this operation. That is what we consider cost of production.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. ARENS. Yes.

Mr. WOODRUFF. Should not the cost of production, and does it not in the case the gentleman speaks of, include a reasonable price for the labor that the farmer himself puts into it?

Mr. ARENS. Why, in the figured cost of production I would consider interest upon the investment and a reasonable return, a reasonable wage scale for the man doing the work. All those things would be considered in figuring the cost of production.

Mr. WOODRUFF. And that is quite proper.

Mr. ARENS. Yes; any business man would do that, and the farmer is a business man.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. ARENS. Yes.

Mr. BOILEAU. As I understand it, the gentleman has been in conference with the heads of the A.A.A. and understands what they are doing now and what they propose to do in the program to relieve the dairy industry. May I ask whether or not the gentleman approves of the present policy of the A.A.A. and what they propose to do to give relief to the dairy industry?

Mr. ARENS. I believe that the A.A.A. is on the right track. I censure them because they have not consulted enough in the past; they have dilly-dallied along too much, and even with their present program they are going to go before the farmers of the United States and see whether they approve of such a program, and if they do, we are not going to get relief for another year.

If they are going to call meetings in the dairy sections and ask the opinion of farmers, you gentlemen know what that will mean. All you gentlemen know that when you go around and ask opinions of everybody, you get so many different opinions that when you get through you are more up in the air than you were at the beginning. I am opposed to the dilatory tactics of the A.A.A. It is true the A.A.A. has not consulted with the dairymen as much as they should and they have not consulted with Congress as much as they should. There is a misunderstanding all along the line, and on account of that we have lost a lot of time. If they are going to promulgate a program now and go out to the farmers and have it confirmed first before it is put into action, I am afraid the dairymen will be broke.

Mr. CULKIN. Will the gentleman yield?

Mr. ARENS. Well, I did not come up here to start a class in dairying. I am hardly able to.

Mr. CULKIN. We are sitting at the gentleman's knees.

Mr. ARENS. I thank the gentleman.

Mr. CULKIN. The gentleman complained of the law and the manner in which it was written. Is he now in favor of writing into the A.A.A. with reference to dairy products a provision that it is mandatory on the A.A.A., in fixing the price of dairy products, to take into consideration first the cost of production, plus a reasonable profit, in the particular locality?

Mr. ARENS. I surely am in favor of that provision. I was very anxious to vote for that amendment if I had an opportunity to do so.

Mr. CULKIN. And the gentleman is still ready to do so?

Mr. ARENS. I am still ready to do so. The cost of production is the only sensible way of fixing the price of any article. The Government should step out at once and fix a reasonable price for all dairy products, with butter as the yardstick. The price should not be too high at the present time in order not to curtail consumption, but the aim should be cost of production as soon as possible. It is conceded that there shall be no processing tax on beef. The dairy people should be given this same consideration. The surplus should be and will be eliminated if the A.A.A. takes the dairymen's share of the $200,000,000 appropriated—eighty million—and buys all cattle afflicted with tuberculosis and Bang's disease. This should be done at once, those fit for food to be put in cans and stored or given to the needy. Out of 14,000,000 cattle tested for tuberculosis, 260,000 were found to be afflicted. By this ratio not over 750,000 cattle would be condemned out of the 26,000,000 dairy cattle in the United States. If two million were eliminated through the Bang's disease, it would reduce the number of cows by 12 percent, which is sufficient to reduce the surplus of dairy products and could be accomplished with $80,000,000. To reimburse the Government for this sum of money, a processing tax should be collected later on when the price of butter reached 30 cents. One cent per pound could be deducted, and this amount should be increased to 2 cents when the price reaches 35 cents, and so on until the Government is repaid. [Applause.]

I thank you.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, notwithstanding the efforts of the Republicans, they have not been able to change the sound view of their colleague the gentleman from Minnesota [Mr. ARENS], who has just preceded me and who is courageous enough to give credit to this administration for the good it has accomplished in the last few months for the farmers and especially for the dairy interests.

The fact that the price of cream, milk, and butter has not increased to the extent that was desired by the dairy people is due to the dairymen themselves, as they increased production to such an extent that they really made further price increases impossible. So I commend the gentleman for the honest way in which he presented the issue to the American people, notwithstanding the effort of his Republican colleagues to mislead the country into believing that this administration has not accomplished a great deal up to this time for the farmer.

Of course, we know that for 12 years under the Republican administration, there was pursued an avowed policy of destruction, and it is absolutely impossible in 1 year for the Democratic administration to right all the wrongs, rebuild the country, and bring back the wholesome prosperity which the country enjoyed under the previous Democratic administration, and, obviously, the task is of far greater magnitude. However, I have not arisen, Mr. Chairman, to discuss the achievements of the Democratic administration, but rise for the purpose of paying my compliments to some of my other Republican colleagues, who, a little while ago, criticized the fact that the independent offices appropriation bill has been sent back to the Committee on Appropriations.

If I had brought in a special rule, they would have criticized us for doing so; and when we proceed under the regular rules of the House they complain that we have not brought in a special rule and made all of these amendments in order. So whatever we do it is impossible to please them. They must have an imaginary basis for campaign issues. What we are trying to do is to please the country, to give the country a real, honest administration that will be of aid and benefit to the masses; yes, to the entire Nation.

Mr. Chairman, and gentlemen of the House, last week on the Republican side all we heard from would-be Republican leaders was the shout of "murder, murder, murder", trying to make people believe that the President and the Postmaster General were responsible for the death of four Army airmen, who unfortunately lost their lives while flying during the most unfavorable weather of the last 25 years; and this notwithstanding that Major General Foulois, Chief of the Army Air Corps, in a written statement reports that the loss of the four flyers is not unusual in such bad flying weather, that it really was not above the average, and that the Army flyers have done wonderfully well, taking everything into consideration.

Despite that fact, gentlemen on the Republican side have been trying to make a partisan issue of it, not because they want to protect the flyers or to attack the War Department, but for the purpose of throwing out a smoke screen to protect the conniving, corrupt, vicious ring that has shamefully robbed the Nation in the last 10 years of millions and millions by fraud and collusion attaching to contracts for carrying the air mails. For several years I have been calling attention to the collusion and corruption in letting these contracts. Consequently, I am pleased that the Senate committee, under the leadership of Senator BLACK, has rendered such valuable service to the Nation in bringing to light all of these vicious practices, this collusion and corruption.

Mr. BLANCHARD. Will the gentleman yield for a question.

Mr. SABATH. Yes; I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. Is it the gentleman's contention that all of these contracts were surrounded with collusion and fraud?

Mr. SABATH. From the information I have and the investigation I have made, I am satisfied that all these contracts that have been voided or canceled were obtained by collusion and fraud. That they were tainted with unmistakable fraud has been my belief for the last 2 years, and it was for that reason that I insisted upon this investigation and secured the passage of my resolution that started the investigation by the House Post Office Committee.

Now, who are these men the Republicans are trying to protect or defend? Who are these corporations? Who are their leaders? I think the country ought to know who they are. We know that the aircraft industry is controlled from Wall Street. The Morgans, Du Ponts, Harriman, the Vanderbilts, and other interests are in control of most of the aviation companies.

As is their custom, they do not operate these companies themselves, no, they use others for that purpose, but retain control. They hire the most available and influential young men of presumed high standing—scions of erstwhile Republican satellites—and hide behind them, using their names in their manipulations. They utilize their personality, their standing and influence to satisfy their greedy and avaricious financial appetites. Mr. Chairman, instead of criticizing these weak-principled hirelings, they have my sympathy, and though we cannot condone or sanction this practice, I feel that the high officials of these aircraft corporations should be and must be held responsible; yes, we ought to proceed legally and fearlessly against those higher-ups who offer tempting inducements, and whose orders bring about the wrongdoing on the part of their hirelings and agents.

Mr. McCLINTIC. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. McCLINTIC. Has the gentleman formed any opinion as to what should be done with those officials of companies who are setting aside large salaries, oftentimes more than $100,000 a year, when they have defaulted in making payments to the stockholders?

Mr. SABATH. Well, the gentleman has heard me speak on that subject many times when I have condemned men who voted themselves an annual salary of from $100,000 to $500,000 and in addition a large bonus, and who then proceed to reduce the wages of their employees. The gentleman knows what I would do to them and to those who are responsible for perpetrating this collusion and fraud against the Government. I would not only stop with the cancelation of the contracts, but I would insist upon and demand criminal prosecution against each and every one of them, no matter how high or influential he may be. [Applause.]

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. McFADDEN. The gentleman knows that I have been pointing out for the past 5 years on the floor of the House the delinquencies of these very people. The gentleman knows that in the last administration I tried every way possible to get the situation corrected, and they would not correct it. The gentleman knows now that I am doing everything I can to have his administration act on specific cases which I have pointed out from the floor of this House and which, if I have the time, I shall pursue further at a very early date.

Mr. SABATH. Mr. Chairman, I did not yield for a speech; I yielded for a question only, I may say to the gentleman from Pennsylvania.

Mr. McFADDEN. Why does not the Democratic administration take action?

Mr. SABATH. I cannot answer for the administration. It is true the gentleman from Pennsylvania has pointed out for years some of the wrongdoings of the administration of his party. I tried to correct some of the abuses, and he knows I have been trying to correct them during the entire time. I should like to see my administration, the gentleman's President as well as mine, proceed against these wrongdoers. I have the utmost confidence in our President

and know that when he has accumulated all the evidence he will unerringly proceed.

Unfortunately for the men who lost their lives, but fortunately for the country, he realized the existing conditions and is trying to eliminate the conditions that were brought about solely by the administration of the gentleman's own party. Just now President Roosevelt is trying with all his might to rehabilitate the 9,000,000 men still out of employment, to make it possible for the unemployed to secure work so they again can provide adequately for their families. He is trying to eliminate as speedily as possible the necessity for the Government to expend millions upon millions of dollars to feed the hungry and the destitute, but willing, deserving Americans; to correct that situation brought about by Republican misrule. When we shall have accomplished this, when we shall have put these men back to work, and when we shall have started the wheels of commerce turning again, the President, I can assure the gentleman from Pennsylvania, will go forward and order the prosecution and conviction of every dishonest manipulator and corrupt official.

Mr. Chairman, the gentleman from New York [Mr. FISH] stated a few days ago on this floor that the loss to the Government last year under these air-mail contracts could only be $7,000,000. I repeat that the reduction in the appropriation is $12,000,000, and I feel that even a larger amount will be saved when new contracts are let.

Mr. Chairman, ladies, and gentlemen of the House, with me it is not only a question whether the Government has been mulcted of $7,000,000, $10,000,000, or $12,000,000 the last year, though these are vast sums, but I am certain that in the last 12 years if collusion had not been practiced the savings would have reached close to $100,000,000, and so today the important consideration is that dishonesty should be eliminated and honesty and decency enthroned. I think it is high time and of the greatest import to the Nation that we should put a stop to the activities of these high-powered salesmen, to these smooth, slick lobbyists who have, during the last 12 years under Republican administrations, infested the Capitol and entrenched themselves through improper influence in nearly every department, and who are responsible for the leading astray of many promising young men in the Government service. I repeat, it is high time that every Government employee involved with any of these lobbyists and contract-seeking corporations should be dismissed and the corporations, on whose pay rolls they are or may have been, forever banned from obtaining any Government business. Think of the income-tax refunds! It is pleasing to me that only a handful of the 113 Republicans of this House have arisen on the floor to defend these air-mail contracts.

It is complained that the cancelation of these contracts is a great injustice to this legitimate industry, in which millions have been invested. It is true that very little real money has been invested by these gentlemen and aircraft corporations, as is shown by the disclosure that United Aircraft Co. issued 880,000 shares to acquire the Pratt & Whitney stock, which represented a total cash investment of only $1,100, for its original stock of only 5,500 shares, later expanded into 400,000 shares by declaring stock dividends without further cash investment, and for the purposes of this merger only. Nor would United Aircraft have given in exchange for Boeing stock—representing a cash investment of only $750—its own stock to the extent of $50,000,000 or more. All United Aircraft had to do to acquire these two properties was to use the printing press.

Mr. Chairman, it is these companies, organized in this manner, that are being defended. During all of last week, under the leadership of the gentleman from New York [Mr. FISH], six or eight Republican Members tried to hide the wrongdoing and disclosures involving these companies behind the unfortunate deaths of the four brave Army air-mail flyers. Mr. Chairman, no one regrets their deaths more than I. My sympathy goes out unrestrained to the families and friends of these courageous and brave men who lost their lives, not due to their operating inefficiency, but, in all likelihood, due to the defective planes unloaded by these very aircraft companies who have mulcted the Government of additional millions by supplying defective planes at excessively high prices to the Army and the Navy. The charge that we have not a sufficient number of properly equipped planes, expressed by some of those Members who deplore the cancelation of some of these contracts, is not justified. We have over 1,500 planes, 150 of which are supposed to be equipped with the most modern devices required for safe flying. Only yesterday we read of the loss of an aviator in one of these planes, and all indications are that it was due to a defective engine, but I have not heard one of my Republican colleagues criticize the manufacturers of that engine. All we hear is what a great injustice has been done to these corporations in the cancelation of their contracts. Aye, the cry is ever property rights transcend personal rights, even to death.

Mr. Chairman, it is indeed strange that these Republican Members, though Members of the House when the great misfortune befell the 54 young men who lost their lives in the collapse of the dirigible *Akron*, failed to raise their voices in criticism. Not a word of regret was heard as to this great disaster or as to the loss of lives, and this despite the fact that reliable evidence disclosed that the misfortune was due to the faulty construction of the ship. Oh, yes; the gentleman from New York [Mr. FISH] has stated that the evidence disclosed that a young Communist had fooled around with some of the bolts in the ship. From the day that the *Akron* was completed, the Navy knew and the country knew that it would have been absolutely impossible for any man to file off enough bolts to cause the buckling of the ship as it did. I charge now that it was due to defective construction, and the *Akron* should never have been accepted; but again we have the gentleman on the Republican side defending defective construction.

The gentleman from New York [Mr. FISH] stated that during the previous Democratic administration an investigation was made of many of the aviation companies. Yes; the Republicans charged collusion and inefficiency, and President Wilson immediately ordered an investigation, which was headed by no less a personage than Chief Justice Hughes, but the evidence and trial disclosed that Republican officials were responsible for the delays and, if my memory serves me right, a Republican from Dayton named Deeds and his Republican associates, who are now in control of some of these aviation companies whose contracts have been canceled, caused the willful delays so that the companies in which they were interested would secure the award of all contracts for aircraft.

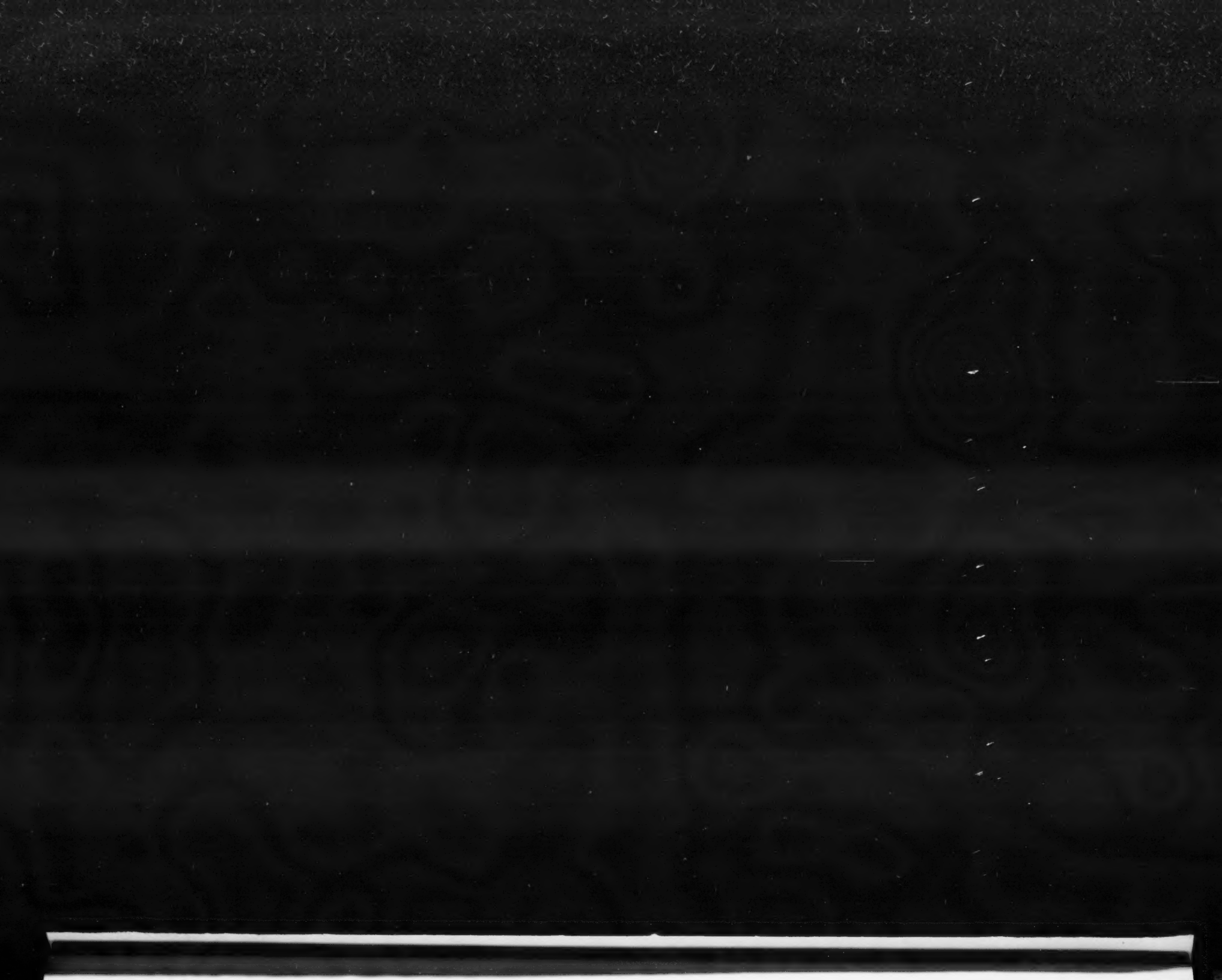
Mr. Chairman, let me say in conclusion to my dear and smiling colleague from New York [Mr. FISH] that these companies he has been endeavoring to protect or excuse are not worthy of or entitled to his defense and, in view of the confidence I had reposed in him, I cherished the hope and expectation that instead of attacking the honest efforts of the Postmaster General he would earnestly denounce all those responsible for the vicious collusion and fraud practiced against the Government. [Applause.]

Mr. Chairman, I feel that the action and misdirected criticism of the gentleman from New York [Mr. FISH] and that of his colleagues will be condemned not only by the Army Air Corps but by all fair-minded people of our Nation, irrespective of political affiliations.

Mr. SINCLAIR. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I assure the gentleman from Illinois [Mr. SABATH] that there will be no personal issue between us. He is entitled to his views and I expect to maintain my views both on the floor of the House and elsewhere; and I propose in this limited time to take up and answer every statement he has made and leave the decision to the fair and honest judgment of the entire Membership of the House.

I shall begin by answering the last statement made by the gentleman in which he wanted to know where I was and why I did not protest the faulty construction of the *Akron*





under a Republican administration. The fact is that I was one of the few Members of the House who protested on several occasions what I considered and conceived to be the faulty construction of the *Akron*. Due to the fact that several years ago I was head of a committee investigating the activities of the Communists in the United States, it came to my attention that a Communist, an ex-officer of the Austrian Army, had secured employment upon the *Akron* during its construction. Two agents of the Department of Justice were sent to investigate the alleged activities and sabotage on the *Akron*. The report made by these two highly intelligent members of the Department of Justice, at the risk of their lives, was not made public for several years. They claimed that this Communist—and they attended Communist meetings with him—admitted to them that he had shorn off rivets and replaced them in the *Akron*, the ship referred to by the gentleman from Illinois, the one that cracked up in a storm with the loss of so many lives. I am not prepared to say that that was the only reason for the destruction of the *Akron*. One other Member of the House also called attention to that report, the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. WOODRUFF. Mr. Chairman, I am very glad to say that I happened to be one of the members of the Naval Affairs Committee appointed by the chairman of that committee to inspect the report of the representatives of the Department of Justice. What the gentleman from New York has stated with regard to the activities of this particular communistic individual is true.

Mr. SABATH. Was anything done?

Mr. FISH. I cannot yield now; I have not time. I propose to answer all of the charges just made by the gentleman from Illinois, and it will take more than the time allotted to me.

Mr. SABATH. I believe the gentleman.

Mr. FISH. As a matter of fact, I had intended to speak a little on veterans' legislation and to inquire into the reasons for resurrecting an old and disused rule in order to prevent the customary consideration of the Senate amendments to the independent offices bill, but I think I shall confine myself to answering the statements made by the gentleman from Illinois, and I can assure him they are very easy to answer.

Mr. Chairman, this is not the first time he has taken the floor and denounced there air-mail contracts as being made in collusion and fraud and the contractors as being robbers and thieves.

I shall endeavor to speak from a purely nonpartisan angle and categorically answer the charges of fraud, of robbery, and of collusion in these air-mail contracts.

The gentleman claims that the Government is being robbed. He claims that these contracts were made in fraud and collusion, but does not submit one iota of evidence in support of his contentions. It is time that we take out the partisanship and try to ascertain the truth. I want to emphasize that if there is any fraud we on this side want the fraud exposed and the people who are responsible of defrauding the Government prosecuted and sent to jail. [Applause.] As far as I am concerned, I would rather rout out any crook or any crookedness in my party than in the Democratic Party. So if there are any guilty Republicans, I say to you, go after them, and not one of us will defend them or try to keep them out of jail.

The country is entitled to the facts. If there is fraud in these contracts they should be canceled, but up to this very moment not one iota of fraud has been exposed. Postmaster General Farley sent a wire to Colonel Lindbergh, in response to his telegram to the President, as follows: "You do not know the facts." He told Colonel Lindbergh, the greatest authority on aviation in the world, "You do not know the facts." In other words, you do not know what you are talking about. Yet Postmaster General Farley has not submitted one iota of evidence of fraud, and the country is still waiting for this evidence. Mr. Farley admits that he did not write the letter which he signed on February 14 last notifying Senator BLACK as chairman of the subcommittee of the Senate, of his intention to cancel all domestic air mail contracts upon the ground that they were illegal. This is one of most extraordinary and amazing statements ever made by any high official of the Government, and it is the statement made by the Postmaster General who canceled these contracts. He said he did not even write the letter. He said the letter which he signed was prepared by the Solicitor of the Department, Mr. Crowley, and Mr. Ristine, and the Attorney General of the United States.

The gentleman from Illinois denounced in a vague way a number of prominent people and he claims that they are Republicans, and therefore they must be frauds and robbers. Among the few that he mentioned was Averill Harriman, formerly president of the Aviation Corporation, a close friend of the President and an able and honest official of the Government. He is holding one of the very highest positions in the N.R.A. at the present time. The gentleman from Illinois says that this man was a robber. He is one of the few that was mentioned by name in the speech he just made. The gentleman stated that Mr. Harriman defrauded the Government. This is the kind of loose talk and unfair statements that have been made about these air-mail contracts from the very beginning and I hope the press will not misquote me in what I am about to say. Let us assume, for sake of argument, that these contracts were lousy with fraud—I want you to note that I am not saying they were lousy with fraud, but if they had been, there would have been a hearing, and the officials of these air-line companies would have been called in to present their side of the case. The reason not one of the 14 presidents of these companies was given any kind of a hearing or trial was because there was no fraud, and the Postmaster General knew there was no fraud. The administration did not have a single thing on them. Mr. Chairman, this is nothing more or less than a political reprisal and a high-handed and dictatorial action, unwarranted by facts, by law, or political practice.

May I say a word in answer to the statement that these companies were robbing the Government? One of the Democratic leaders said to me yesterday in the House, that the air-mail companies which had received these subsidies had not rendered any service to the Government or to the country. Mind you, their subsidies were only about $14,000,000 annually, out of which $7,000,000 was returned in air-mail postage. The very purpose of the subsidies at the time they were given was to build up and develop air transportation in America and the subsidies helped to build up the greatest air transportation in the world. Even if the $7,000,000 had not gone to develop the best air-mail transportation system in the world, which it did, it was well spent for national defense alone, because these air-mail pilots are available in case of emergency or in case of war to immediately take over and operate Army airplanes.

What is the answer to these charges of fraud and glittering generalities? First, there is no proof of fraud whatever. No hearing was granted, and we all admit that even a murderer or kidnaper is entitled to a hearing and trial, but in the case of the air mail contracts there was not the slightest hearing of any kind. Second, they say that the air mail company officials robbed the Government. As I stated before, I do not own stock in these companies. I do not know any of the officials of the companies, and I do not do any business with any of the companies. However, I have taken occasion in the last few days to look up the record and get information in regard to the biggest of these companies, the Transcontinental & Western Air Line, running from New York to Los Angeles. What do I find?

Mr. SABATH. Are these the companies that engaged Mr. Young and Mr. Smoot to transact some business for them?

Mr. FISH. No; I am not yielding to the gentleman. I can tell the gentleman that Colonel Lindbergh is their technical

adviser and that the record of the company will stand any investigation, and that is exactly what it most desires. The Transcontinental & Western Air Co. is one of the largest lines. Last year it received a subsidy of $2,747,326 and paid back in air mail, according to the figures given me this morning, $3,566,262, or $800,000 beyond their subsidy, in air mail postage to the Government of the United States. I suppose this is one of the companies that the gentleman from Illinois claims is robbing the Government. Furthermore, this company received from the Government since they were organized on October 30, 1930, $7,769,661. It returned to the Government in air mail postage $7,742,630, or approximately the same amount, a difference of only $27,000. Last year alone they returned $800,000 in excess of their subsidy.

[Here the gavel fell.]

Mr. SINCLAIR. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. FISH. I want to refer to the salaries paid by this company. I believe the president gets $18,000. One other man gets $12,000 and the next highest paid men in this big company are the pilots, who receive between six and seven thousand dollars.

This company is not in the category of those companies which pay big salaries and a bonus referred to by the able gentleman from Kentucky [Mr. BROWN] a few minutes ago. The officials of this company are paid moderate salaries and receive no bonus. Certainly this is not robbing the Government. I have not had time to study all of these air mail companies, but this particular company has never paid a dividend.

While I am not sure of my facts, I believe of all the 14 companies whose contracts have been canceled, practically none of them is paying dividends and most of them have lost money. The company I have referred to, the Transcontinental & Western, has lost $1,500,000 in operation, and yet you would believe from the statements made by the gentleman from Illinois [Mr. SABATH] that this company and other companies were robbing the Government. The fact is they have lost money, they have paid no dividends for the last 4 years, and their officials are not overpaid.

This is why I rose to answer the gentleman and give the facts. It is only upon the facts that we can determine what should be done. This is not a political football to be kicked around. I believe the Postmaster General or whoever is back of this has committed a serious blunder and a blunder, very often is worse than a crime, and in this case, of course, it is a crime. He manufactured an emergency, and it is a crime because six young Army flyers have gone to their death as a result of an emergency that never existed.

I am sorry I have not time to go into the details of this case, because if you go into the details and present the facts, you will see there is no foundation whatever for these charges of fraud. If there is any fraud, bring it out. That is the duty of the Government, that is the duty of the administration, and we challenge you to bring out the facts, and if anybody has committed fraud, then he should be punished, but until an honest and impartial hearing is permitted to the high officials of the air mail companies, the burden of proof rests on the Government.

Now, under what law did the Postmaster General, or whoever is responsible for the cancelation of these contracts, act? Mind you, the Postmaster General now says he did not write the letter himself. Under what law did the Postmaster General, or whoever is responsible for the cancelation, act? They went way back 60 years to the law of June 8, 1872, when no one ever thought of air mail, and they canceled the contracts under this old law that they dug up, on the basis of fraud, which they did not prove, and the law also provided that the contractors could not rebid for a period of 5 years.

Mr. DOBBINS. Will the gentleman yield?

Mr. FISH. I cannot yield, as I have not the time.

We in this House only last year wrote into the Independent Offices Appropriation Act, on June 16, 1933, a mandate which should cover this very case and was meant to cover this very case, but was ignored by the administration. It has just been dug up and published in the public press. I have had it for a few days, waiting for an opportunity to explain it to the House. This is the law which you yourselves enacted less than a year ago.

Section 5 of the Independent Offices Appropriation Act, approved by President Roosevelt June 16, 1933, reads as follows:

> Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby, upon giving 60 days' notice and opportunity for public hearing to the parties of such contracts, authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contracts.
>
> Whenever the President shall modify or cancel any such contract, he shall determine just compensation therefor; and if the amount thereof, so determined by the President, is unsatisfactory to the individual, firm, or corporation, it shall be entitled to sue the United States to recover such further sum.

As has been pointed out before, when one of these companies, this very Transcontinental & Western Co. that I have been referring to, appealed to the courts and tried to sue in the Federal court and before a Democratic judge in the city of New York, Postmaster General Farley raised the legal objection that the Government could not be sued, and thus precluded this legitimate firm from even going into the courts and suing the Government and bringing out the facts where they could be considered in a judicial manner.

Mr. HARLAN. Will the gentleman yield for a question there?

Mr. FISH. Yes.

Mr. HARLAN. Was it not a fact that instead of suing the Government in the case in New York, they attempted to obtain an injunction against the Postmaster General, which is different from the remedy provided in the statute, as I understand it?

Mr. FISH. No one has the right to sue the Government without the authority of the Government, and that is the objection raised by the lawyers for the Postmaster General.

Mr. HARLAN. They were not proceeding under the statute, but were proceeding by attempting to obtain an injunction.

Mr. FISH. They were trying to sue the Government.

Mr. DOBBINS. Will the gentleman yield?

Mr. FISH. I would rather proceed.

Mr. DOBBINS. I yielded freely to the gentleman when I was speaking on this matter.

Mr. FISH. I will yield, if the gentleman insists.

Mr. DOBBINS. I do not insist, I simply request it.

Mr. FISH. I yield.

Mr. DOBBINS. Does not the gentleman know that the Postmaster General is sued in the courts of the land a number of times every year in actions seeking to compel him to undo certain things that it is alleged he has done in an arbitrary fashion, such as the issuance of fraud orders by the Postmaster General?

Mr. FISH. Frankly, I do not know the practice about such things with respect to the Post Office Department.

Mr. DOBBINS. And that the question raised in New York was a question of personal jurisdiction over the Postmaster General because they brought the suit in a court distant from his place of residence?

Mr. FISH. I cannot go into the details about that. As I understood the case, it was simply that he interposed the objection that the Government could not be sued. I may be wrong, and if so it was on some other ground that the suit could not be brought. The fact is undeniable that the Postmaster General refused to permit the suit to be brought, and it serves no purpose to quibble about the procedure.

I now want to proceed with the reading of the rest of this law.

> Whenever the President shall modify or cancel any such contracts he shall determine just compensation therefor; and if the amount thereof, so determined by the President, is unsatisfactory

to the individual, firm, or corporation, it shall be entitled to sue the United States to recover such further sum as, added to said portion so received, will make up such amount as will be just compensation therefor in the manner provided for by paragraph 20 of section 41 and section 250 of title 28 of the United States Code: *Provided*, That where any such contract makes provision for settlement in the event of modification or cancelation the amount of such compensation as determined hereunder shall not exceed such amount as is authorized by said contract.

Any appropriation out of which payments upon the said contract were authorized to be made is hereby made available for the payment of such just compensation.

That is the law enacted by Congress. It was practically a mandate to the officials of the Government, but instead of that they went back and dug up the act of 1872. The law I have just read provided for both a hearing and a right to sue for adequate compensation.

In conclusion I want to deny that there is the least attempt by me or any member of my party to cover up any fraud or graft or public plunder of any kind. If any of these men are guilty of fraud, produce the facts. All we are asking is that the Postmaster General, who says that Lindbergh does not know what he is talking about, produce the evidence of fraud and show wherein any of these companies are guilty of collusion and fraud, and there will be no objection on the part of a single Republican to the cancelation of the air mail contracts. The American people are entitled to the facts, and join in the inquiry of the mother of Lieutenant Lowry, who was killed, in asking, "Why did the Government do it?"

I have spoken of one company because I happen to have the evidence applicable to that company. From what I understand the other companies are in the same category—none of them has made any money. They are all building up and developing aviation and have returned a certain amount in air mail postage. They are preparing for national defense and are an important factor in national defense and rendering a much-needed and important service to our country.

Mr. AYRES of Kansas. Will the gentleman yield?

Mr. FISH. I yield.

Mr. AYRES of Kansas. The gentleman says that none of these companies is making any money, and yet they are objecting to their contracts being canceled. If they are not making any money why are they objecting?

Mr. FISH. That is easy to answer. Some of these companies have millions of dollars invested in their property. They want to protect their property and their investors and they hope later on to make some money. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield 20 minutes to the gentleman from Mississippi [Mr. BUSBY].

THE ECONOMIC EFFECT OF PAYING THE ADJUSTED-SERVICE CERTIFICATES IN NEW CURRENCY

Mr. BUSBY. Mr. Chairman, on February 20 a petition was completed, signed by 145 Members, the effect of which was to discharge the Committee on Ways and Means from further consideration of the bill H.R. 1, of this Congress, which bill provides—

For control and expansion of currency to meet the payment to veterans of the face value of their adjusted-service certificates.

This bill was introduced by Mr. PATMAN, of Texas.

Since that time I have heard distinguished Members of this House say that they did not think this was the time when these obligations to veterans should be paid. I have heard that same expression for the last 4 or 5 years. I have no doubt that when these certificates mature some other arrangement will be made, if they are not paid before that time, to put payment of them off to a future date.

I am going to discuss before I conclude the question whether or not it would be a desirable thing, in view of the distressing condition in which we find ourselves economically, to make immediate cash payment of these adjusted-service certificates to the ex-service men.

But before I reach that I want to discuss another matter which relates to it. In all civilized nations at the present day, a circulating medium of exchange called "money" is as essential to the production and distribution of wealth in all its forms as railroads and automobiles are to transportation. Were all the railroads, rivers, canals, and automobiles of the country to suspend operations for a single season it is not difficult to surmise the amount of disaster and distress that would ensue.

The public might as well try to conduct the affairs of life without railroads and means of transportation, or the farmer try to cultivate the soil without implements as for a nation to attempt to develop its producing forces or carry on successfully the operations of trade without an adequate amount of money in the channels of circulation. The medium of exchange is exactly in proportion to the amount of business transacted. That is little understood by the business men, and sometimes it is not understood by us Members of Congress. The power of the media of exchange is in proportion to the amount of trade and commerce that is affected.

In our country today there is wealth and plenty on every hand, yet the people find themselves distressed, exhausted, and poor. And what is the cause for all this? Has nature frowned upon the husbandman and refused to respond to his toil? Has the earth declined to yield up her precious stores? Has the hand of the artisan or mechanic lost its cunning, or the arm of the laborer its strength? Not at all. The granaries of the West are bursting with the products of the soil; the valuable staples of the South are as ready as ever to respond to the touch of labor; the material wealth of the earth lies exposed on every hand; the wheels of the workshop and factory are as faithful as ever; the mechanic and laborer are not only able and willing but anxious to work. The cause of the whole trouble lies concealed in the simple word "money." The media of exchange machine is broken down; the welfare and happiness of the people are being crushed by the rules of the financial game.

I want to go back to 1929 and review the facts and bring to your minds the picture that is fresh in the memory of each of you.

MEDIA-OF-EXCHANGE MACHINE

In 1929 there were business transactions totaling 1,500 billions of dollars in this country. There were $5,000,000,000 of currency and $55,000,000,000 of bank deposits, totaling $60,000,000,000. This currency and bank deposits were being used at the rate of at least 25 times per year, or once each 15 days. Twenty-five times sixty would give you 1,500, and that is the effective service being done by the media-of-exchange machine; 1,500 billion dollars of media-of-exchange work in 1929. Let us come down to 1933. Our bank deposits had been reduced to less than $34,000,000,000, and our currency was something like $6,000,000,000, making a total set-up of currency and bank credits of $40,000,000,000, our media-of-exchange machine in 1933. But the velocity of our media of exchange had drifted from 25 down to 13, so that the turnover of those $40,000,000,000 was not 25 but only 13, and 13 times 40 gives you 520. In other words, the media-of-exchange machine was doing business to the amount of $520,000,000,000 in 1933, as against 1,500 billion in 1929. The media-of-exchange machine, consisting largely of bank credits, had slowed down to where it was not performing more than one third as effectively as it was in 1929. What is the result? I am going to read to you from the statement of Mr. Goldenweiser, who is the expert on research, or the economist with the Federal Reserve set-up, made in the hearings on the Goldsborough bill in 1932. At page 569 of the hearings, he says:

The thing I want to show you in it, is that the deposits in these banks stayed fairly steady in 1928 and 1929. They increased in 1930, notwithstanding the depression. They did not begin to diminish till the latter part of 1931, while the turnover began to go down very clearly at the peak in 1929—went down from 55 or 54 times a year to 20 times a year. And while at this level they still had the same amount of deposits, their actual buying activity, the amount of business they did, had been cut more than in two. This is the item of velocity which enters into the situation and the one over which there is much less direct control than there is over volume.

Mr. BUSBY. It is my recollection that for New York City the velocity of deposits was tremendously out of proportion in 1929 to the velocity of deposits in the rest of the country.

Mr. GOLDENWEISER. Yes, sir. You are quite correct about that. Here is a chart for New York, where it is up as high as 110 in 1929 and is now down to 33. In the country as a whole, outside

of New York, it went up to 25 and is now down to 13. It is perfectly true that the great growth in velocity was in the speculative market. It is also true that there has been a cutting in two of the velocity outside the speculative market.

The velocity had dropped in New York City from 110 to 33.

AMOUNT AND VELOCITY DETERMINE EFFECTIVENESS

In other words, there are two items that go to make up the efficiency of our money—our bank credits and our currency. One is volume and the other is velocity. You take the volume and multiply it by the velocity, and you get the working effect of the media of exchange machine, and it tells you how much business is being transacted. You had sixty billions in 1929 and multiply that 60 by 25 and it gives you 1,500—$1,000,000,000 doing work 1,500 times. You take 40 and multiply that by 13, and it will give you 520—$1,000,000,000 doing business 520 times.

WORK OF MEDIA OF EXCHANGE MEASURES BUSINESS

Take the business in this country in 1929 and compare it with 1933 and you will find there were three times as much business in 1929 as in 1933. It is as absolutely impossible to transact business, carry on trade, without a media of exchange as it is to carry on the affairs of this country without railroads, canals, rivers, automobiles, and transportation. So that brings us down to the question of what is the matter today.

BROKEN-DOWN MEDIA-OF-EXCHANGE MACHINE

Our media-of-exchange machine has not been restored; bank credits are not available for business. If bank credits, which is only one item in the media-of-exchange machine, falters, what must the Government do? Sit by?

FOUR PARTS TO MEDIA-OF-EXCHANGE MACHINE

We have in our media-of-exchange machine, first, barter and trade. There is very little actual swapping. Then we have general credits, which is deferred payment, and then we have bank money or bank credit, which we use by check, and that does nine tenths of the business. And last, we have also a small amount of cash or currency issued by the Government. With a broken-down media-of-exchange machine, what is the Government going to do? If the banks do not and cannot function, what will the Government do? Just wait?

PAYMENT IN MONEY OF ADJUSTED-SERVICE CERTIFICATES

The question comes, What effect would there be on this country if the $2,200,000,000 were paid to the ex-service men on their adjusted-service certificates? It is asked, How would you raise the money? How are you raising the bonds that are being distributed now at the rate of a billion dollars a month to the people of this country?

BONDS AND CURRENCY EQUALLY BASED ON CREDIT OF NATION

You are raising them upon the credit of the Nation, on the faith that we have in the country, and its future taxing power. Currency is no different from bonds, except that currency is legal tender. It bears no interest. It builds up the broken-down media-of-exchange machine. Bonds deflate. Every time the Government sells a billion dollars of bonds it deflates the credit and currency available to business to the extent of a billion dollars.

PRINTING-PRESS BONDS AND PRINTING-PRESS MONEY

It is true we have been putting it back into circulation; but $2,200,000,000 in actual currency printed on the credit of this Government, just like the bonds are printed on the credit of the Government, on the same printing presses that the bonds are printed on, put out to these individuals, would go to every nook and corner of the country, wherever a soldier holds a certificate. It would go to them, and they would possess buying and paying power, and at least they would get to use it once before it drifted back into the bank, to be held by them so they can buy more Government bonds.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. KVALE. And the money thus issued would be added to the bank deposits eventually, which are now guaranteed in the smaller accounts?

Mr. BUSBY. That is true. Of course, I understand that this money could be deposited back into the banks, and if the banks were so minded it would stay there and they could hold that money until the Government sold them some more bonds and thereby fished it out of the bank to finance the expenditures of the Government on its program. But if the Government quits selling the banks bonds and puts out some of this currency and rebuilds the broken-down media-of-exchange machine, as it ought to do, then business will pick up, and it will not do so until then.

Mr. PATMAN. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. PATMAN. I desire to commend the gentleman for his wonderful presentation in favor of H.R. 1, and wish to invite the gentleman's attention to the fact that on tomorrow the Chairman of the Committee on Banking and Currency will endeavor to secure the passage of a bill that will permit Government bonds to be used for the next 2 or 3 years to secure the issuance of new money—Federal Reserve notes. Does the gentleman not think that is contrary to what he has just stated; that we should require those banks to loan their money to industry rather than to give them a good, safe market in Government bonds?

Mr. BUSBY. Perhaps the gentleman is entirely correct; but it would take too long to go into all the details of that, and I do not desire to undertake a discussion of it at this particular time.

Mr. RANDOLPH. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. RANDOLPH. The gentleman agrees that the administration, in attempting to put money into all parts of the country by its present program, has been partly successful?

Mr. BUSBY. I admit you can mortgage a farm and spend the mortgage money all over that farm. That is what we have been doing as a national policy; and under the circumstances as they existed in March 1933 it seems to have been the proper thing for us to do.

Mr. RANDOLPH. But the gentleman would like to go further and say that the payment of the adjusted-service compensation certificates would even be more effective than anything we have done?

Mr. BUSBY. I think it would, for this reason: We would not have to issue bonds under this bill and sell those bonds and take up a billion dollars of funds from the banks that ought to accommodate business for each billion of bonds put out before we were privileged to spend it. To issue this currency on the credit of the Government, we would not please the banker element in this country. They would begin to howl about inflation in Germany. Now, the man who has not read enough and does not understand the situation well enough to know that Germany's inflationary policy was deliberate, in order to free herself of internal and a portion of external debt, really ought not discuss the subject.

Mr. GRAY. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. GRAY. Would it not be possible to provide for the payment of the soldiers' bonus by issuing this money upon the gold standard?

Mr. BUSBY. Well, I am discussing this bill. I would not like to go into that phase of the question.

Mr. KVALE. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. KVALE. If those of us who believes as the gentleman does, in a controlled inflation, were as dishonest in our arguments as the opposition who cry about Germany, could we not show some of these people some of the unpaid checks on the closed banks that have been the result of that policy?

Mr. BUSBY. The gentleman is quite correct, but the gentleman understands the policy has had little consideration, particularly for the depositor, in any one of the 10,000 closed banks, with the same anxiety that they show toward Germany's collapse because of her inflationary policy. We have tried to work the bank depositor out in an indirect sort of a way by making loans to the conservator while the depositors' interests have dwindled, because there was not sufficient power in the conservator to sell the assets and repay in full.

GOVERNMENT SHOULD RESTORE THE MEDIA-OF-EXCHANGE MACHINE

Now, I would like to call attention to one or two other things. I say again that we cannot transact business in this country without a media-of-exchange machine; that the power of that machine depends on its volume and the velocity with which it moves; that it is the business of the National Government to see that that machine is efficient.

GOVERNMENT HAS NEVER MET ITS RESPONSIBILITY

This United States Government has never assumed its responsibility of supplying a medium of exchange for the business of this country.

BANKS OPERATE ONLY FOR PRIVATE PROFIT

It has left nine tenths of that duty to the banks which have gone into business for private profit. Those banks are concerned, and ought to be concerned, almost solely with making a profit for the men who set up the institutions. They never agreed with the Government that they would furnish a media-of-exchange machine, and they cannot do it in falling-price times.

NO PERSON CAN WITH LOGICAL ARGUMENT DEFEAT THE SOUNDNESS OF PAYING SOLDIERS' CERTIFICATES NOW WITH MONEY

I say to you there is no one here or in the Treasury who can come here and show us in a logical way that it is more unsound to issue this currency needed to pay the adjusted-service certificates, which would build up our media-of-exchange possibilities, than it is to continue issuing bonds, interest-bearing, tax-exempt securities, with a large added interest against this Government, to be met in the future by the taxpayers of this country. If we keep on deflating, if we continue to issue bonds and never have any medium of exchange or currency, we cannot ever expect to get out of the depression in which we find ourselves. Government spending now is the steam we are running on.

THE CHANGED ATTITUDE TOWARD THE SOLDIER

I remember when the war was on, when the ex-service man was being called to the front. Any business man would walk up and put his arm around the most humble of those boys in soldier uniform and pat him on the back and tell him all kinds of nice things. He would wish the soldier Godspeed, promise him the earth and the fullness thereof on his return after he had won the war and saved the world for democracy. What I do not like is when they came back home they could not find any of those fellows who wished them Godspeed, who were so in evidence when they were going away. We find those same fellows, but they are too busy counting their dollars and figuring profits. The soldier comes back and applies for his old job, and very likely he does not get it; and here, 10 or 15 years later, instead of patriots, we hear these same dollar changers calling them "bums" and all other unkind things.

POOR TREATMENT HAS BEEN ACCORDED THE EX-SERVICE MEN

I resent that kind of treatment that has been accorded the ex-service man. He has rarely, if ever, gotten any substantial legislation in this House or in Congress, except such as has been passed over the veto of a President and given to him by this body and the body at the other end of the Capitol. [Applause.] That is the way he got his adjusted-service certificate. That is the way he has gotten almost everything else. I am in this fight to fight. I never won a fight that I did not get into. I am not afraid of exercising my own responsibility. Let others exercise theirs, and let us do what we ought to do in good conscience and under our oaths, and let the consequences take care of themselves. [Applause.]

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. CARPENTER of Kansas. What does the gentleman say about the argument made by those opposed to the payment of the bonus, that they would be glad to support it if our Treasury could stand it?

Mr. BUSBY. It has not anything in the world to do with the Treasury. It will be the first step taken in a great while to loosen up the possibilities of the Treasury, if we will issue this currency, and pay it to settle the debt the country owes. You might as well say the Treasury cannot stand another billion of printing-press bonds and still another billion and another billion and still more billions of the same kind of printing-press bonds. The people are getting the money now while the banks get the interest-bearing deflating bonds, but the bonds and interest will come home to the people later. They will wish some of it had been money later instead of bonds—interest bearing and tax exempt.

Bond issues will not give the Treasury power; they bear us down with a burden of national debt.

Mr. PATMAN. Will the devaluation of the gold dollar amount to anything; will it help this country in any way unless we use that broadened gold base for the issuance of money?

Mr. BUSBY. With more than $7,000,000,000 of gold since the revaluation of the dollar, the Government could issue over $15,000,000,000 in currency and still have more than 40-percent gold base—and we have less than six billions in currency. We could issue $11,000,000,000 more of currency and still maintain over a 40-percent gold reserve. There is no sound reason under the sun why this $2,200,000,000 new money should not be issued to pay these service certificates—besides we need to do it to rebuild the broken-down media-of-exchange machine and reflate the currency back to what it should be.

Mr. SINCLAIR. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, I wish to take a few minutes to discuss the appropriation bill now under consideration, and I want to call to the attention of the committee the stupendous sum that is being spent this year for agriculture through the Department of Agriculture.

This bill carries a little over $59,000,000 for the Department of Agriculture, but in addition is a reappropriation of the sum of $831,000,000 plus for the A.A.A.; over $2,000,000 for the Federal Credit Association; over $6,000,000 permanent appropriations; special funds totaling over $2,000,000; over $500,000,000 given to the Department of Agriculture by the Public Works Administration for the usual functions of the Department; over $36,000,000 given to the Department of Agriculture by the C.C.C. in connection with forestry work which comes under that Department; and over $15,000,000 given to this Department by the C.W.A., again to supplement the ordinary appropriations. The total spent for agriculture this year is over $1,508,000,000.

These figures were all taken from the report of the committee. Of course, I am just as desirous of helping agriculture as anybody in this House, but I think this committee and the country should know the total being spent through this one Department this year.

We talk about balancing the Budget. I do not see how we can balance the Budget if we keep up this tremendous expenditure. I do not believe the stupendous sum of $1,508,000,000 plus can be spent through and for this one Department without extraordinary waste.

Mr. DONDERO. How does that compare with the Budget of last year for the same Department?

Mr. BACON. I have not those figures. Mr. Chairman, I ask unanimous consent to extend my remarks so I may answer the question raised by the gentleman from Michigan. I feel confident that we are spending over one half a billion more this year than last year.

Mr. McFARLANE. Mr. Chairman, reserving the right to object, will the gentleman yield for a question?

Mr. BACON. I yield.

Mr. McFARLANE. I wish the gentleman would also insert in the RECORD the amounts we have been doling out to the banks, corporations, and large financial institutions of Wall Street, and that crowd from the New England States that has been taking billions of dollars out of the Treasury. It seems to me the gentleman does not understand that the agricultural sections of the United States must have buying power if we are to trade with the industrial sections.

Mr. BACON. That is not a question; that is a speech.

The CHAIRMAN (Mr. BROWN of Kentucky). Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BACON. In answer to the question of the gentleman from Texas, the so-called "gifts" of the Reconstruction Finance Corporation to the banks have been in the form of loans, and a great many hundreds of millions of dollars of these loans have already been repaid. I think probably all of the loans will be repaid eventually. These huge sums allocated for agriculture will not be repaid. They are not in the form of loans, but are outright expenditures, call them subsidies if you will. As far as loans to New York City banks are concerned, I am informed that no such loans have been made. The gentleman from Texas speaks of "large financial institutions of Wall Street." I have no direct knowledge of the subject, but I am informed that not one of them has asked or received a loan from R.F.C. or any other agency of the Government. I represent a country district, not a New York City district. I believe that a few country banks in my district have received loans from the R.F.C. These loans are well secured and will be repaid. I agree with the gentleman of Texas that the buying power of agriculture must be restored. I am simply calling to the attention of the Committee that over $1,508,000,000 is a stupendous sum to aid one industry.

Mr. SANDLIN. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. TERRELL].

Mr. TERRELL of Texas. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to insert therein a copy of the House joint resolution I introduced last week.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TERRELL of Texas. Mr. Chairman, on the 24th instant I introduced in the House a joint resolution to amend the Constitution so as to provide for the approval by the people of any declaration of war, unless the country is being actually invaded, and prohibiting profiteering and providing for the drafting of wealth in times of war and prohibiting the issuance of interest-bearing bonds.

I think the introduction of this resolution now is very timely, since rumors and threats of war in foreign countries are of daily occurrence, and especially since the House has recently passed a naval appropriation bill carrying more than a half billion dollars, including the amount transferred from the P.W.A. funds to the Navy Department. This is in addition to the annual Navy appropriation bill.

There is no necessity, in my judgment, for building up the Navy to treaty strength, except to demonstrate to other countries that we can build as large navies as they can and to dare them to increase their navies.

No nation is going to invade this country and fight us on our own shores, and we should not invade any other country; and that is why I want the people to vote in favor of war before Congress can declare war, and then there will be no war unless this country is being invaded.

Should any foreign country declare war against us and start to invade us, the people will rise up en masse to defend the country, and no draft law will be necessary.

The people of this country who fight the wars and pay the costs of wars should be allowed to vote to authorize wars before war shall be declared by Congress.

Of course, I recognize that Congress can pass any law when the country is in war, whether it is legal or not, but the adoption of this amendment will obviate the necessity of violating the Constitution. This amendment still leaves in Congress the right to declare war if this country is being invaded but gives the people the right to declare war before we shall invade a foreign country. It prohibits profiteering and drafts the wealth to prosecute the wars, which is sound public policy. It is a war-time measure.

If the Judiciary Committee will give me a hearing on this amendment, I will offer a peace-time paragraph clearly defining section 8 of article 1, the general-welfare clause, to read as follows:

> Congress shall have no power to levy taxes and make appropriations except for the purposes named in the 17 specific grants of power contained in section 8 of article 1 of the Constitution.

It was thought that the tenth amendment, reading as follows—

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people—

would limit the powers of Congress to the delegated functions, but Congress persists in its right to pass any act which it believes to be for the general welfare of the individual States and the individual citizens of the States, and it requires the clarifying amendment I have suggested to cure this situation.

I may be called a pacifist in opposing a large navy and because I want the people to vote in favor of war before war is declared. If so, I plead guilty to the charge, because I am absolutely opposed to engaging in any war unless this country is being invaded.

If this country had accepted the advice of two great southern statesmen, Alexander H. Stephens and Sam Houston, we might have avoided the great Civil War which drenched the country in the best blood of the North and South. If we had taken the advice of the Great Commoner, William Jennings Bryan, we could have escaped the terrors of the World War, that holocaust which killed and maimed millions of innocent people and financially wrecked the civilized world.

If the entrance into the World War had been left to a vote of the people, our soldier boys would never have crossed the ocean to engage in a foreign war to be shot down and die in foreign lands, or to be brought home maimed and crippled for life to receive the unfair treatment they are now being accorded. This is why I am in favor of restoring the compensation of the World War veterans and the Spanish-American veterans, and in favor of paying the soldiers' adjusted compensation.

It may be contended that we could not have avoided the war against Germany, because she sunk a ship carrying American citizens. This is no excuse, for our citizens had no business in the war zone, where mines were planted and submarines roamed the seas.

Secretary Bryan warned Americans to keep out of the war zone and let the other countries fight this war, but his advice was not heeded by the administration and the profiteers, so he was compelled to resign as Secretary of State in order to retain his self-respect.

Germany was fighting for her life and American profiteers were selling munitions of war to her enemies, which are contraband of war, and under the rules of war Germany had a right to destroy all war material carried to her enemies, even though some of the persons on the ship may not be citizens of the countries which were engaged in war against her.

It must be remembered that England captured ships carrying our cotton and other products to neutral countries in order to keep these products from reaching Germany. It is true she paid for them, but England would not allow us to sell to Germany before we entered the war, so we did not enjoy the freedom of the seas any time during the war, and did not declare war against England. I am pro-English and did not want Germany to win the war, but I want the truth told about the war.

President Wilson was elected in 1916 because he had kept the country out of war, and in the next month after he was inaugurated we were plunged into war across the ocean—for what purpose, future history will reveal.

When war passions are over and a new generation comes upon the scene of action, and a true history of this war is written in the light of facts heretofore hidden from the public, it will be shown that the real cause of the war was not the murder of some little prince or potentate in an obscure country of Europe but that it had its root and origin in the war of 1870, when Louis Napoleon of France was overthrown and the Provinces of Alsace and Lorraine were added to the German territory and France was required to pay an indemnity of $1,000,000,000 in gold.

As an underlying and primary cause of England and the United States getting into this war, it must be noted that

Germany, through her scientific, economic, and industrial development, was fast challenging the supremacy of England on the seven seas, and if anybody thinks that England is not good at diplomacy, he has another think coming, and now was the time, of all times, for her to strike a death blow at her rival who challenged her supremacy on the seas, so the die was cast, and England entered the war.

How about the United States! The war profiteers were selling millions of dollars' worth of goods to the Allies, and the big bankers began lending millions of dollars in cold cash to England and France and to the other allies to prosecute the war.

It soon developed that the Allies might be defeated by Germany and the big bankers and munition makers might lose the billions they had bet on the Allies, and something must be done to save the American bankers and munition makers.

So propaganda was at once spread over the country through the big subsidized papers to incite the people to war, and the claim was made that we had a right to the seas on which to carry our commerce, and it would be cowardice to take our ships out of the war zone, where we had a right to go, and soon Congress was worked up to a white heat in favor of war, and those who did not favor war were branded as cowards and traitors, and some were put in prison because they continued to oppose the war as unjust and unnecessary.

I believed at that time that the war was unnecessary, and I still believe it, for I have never seen any evidence that Germany would have invaded this country, if she defeated the Allies, and I am convinced that we were brought into the war to save the billions of dollars loaned to the Allies, and we spent billions to prosecute the war, and loaned other billions to our allies, and sacrificed thousands of lives and maimed other thousands—the flower of our young manhood—and got nothing in return but a burdensome debt that is bankrupting the country and the hatred of the countries that we helped. This is the inevitable result of war, and I shall always oppose war unless our country is invaded.

In regard to foreign debts which the gentleman from Pennsylvania [Mr. McFADDEN] discussed a few days ago very ably, I will say that his plan of trading them for a few islands in the sea is probably better than nothing. It is like Hambone when he said, "Shucks, I'd rather have half of something than all of nothing." While I would not object to having a few islands for coaling stations and naval bases, they are scarcely worth half of anything.

Since we cannot collect these foreign debts without war, which would cost more than the debts, I believe that these debts should be exchanged for trade concessions that would give us a market for our surplus products.

I thought during last session that the President would ask Congress to authorize him to make trade agreements with these debtor countries, authorizing him to remit a certain percent of the debts in lieu of certain purchases of our products. I would be willing to scale those debts as much as 25 percent for trade concessions. For example, whenever they purchase $100,000 worth of goods from us, their debt would be reduced $25,000. By this method we might revive our foreign trade and regain the friendship of those countries.

If this authority had been given the President at the special session, we would now be ready to approve or disapprove the agreements, and could proceed along definite lines.

In regard to foreign possessions, I believe that all our island possessions are a liability and not an asset. The Philippine Islands, Cuba, Puerto Rico, and other islands acquired at the close of the Spanish-American War increase our chances of becoming involved in foreign wars. Cuba has been given her independence; and if it were not for American sugar interests, we would not have any trouble in that island, but wherever the American dollar goes the Government is asked to protect that dollar. In fact, American diplomacy in the past has been aptly styled "dollar diplomacy", because the investor spends $1 and the Government spends $2 to get it back.

We should never have acquired the Philippine Islands; and if I had my way, they would be freed tomorrow, without any strings to them.

Japan wants those islands; and if she attempts to seize them, which she would do if she was not afraid of war with this country, it would force us into war in the Orient, where we would be at a great disadvantage, being so far from our base of operations and so near Japan. We should free the Philippines at the earliest possible date and thereby greatly lessen dangers of war.

Admiral Richard E. Byrd claims to have discovered an iceberg called "Little America" somewhere in the Antarctic Ocean, and England claims this iceberg by right of previous discovery, and England has never lost a battle in diplomacy, and she is certain to secure this iceberg if the question of ownership is submitted to arbitration, and we will probably have to go to war to establish our rights to this iceberg, as we have been more successful with England in war than in diplomacy.

I favor letting this iceberg alone and risk the chances of its floating towards the Equator, where it will melt, and we will have nothing to fight about.

Let us paraphrase the language of Charles C. Pinkney, "Millions for defense but not one cent for tribute", and make it read "Millions for defense but not one cent for aggression."

Let us not forget Washington's Farewell Address and the maxims contained in Thomas Jefferson's famous 15-minute inaugural address, "Peace, commerce, and honest friendship with all nations; entangling alliances with none."

This policy will keep us out of future wars, while the big navies and fighting airplanes may get us into war. [Applause.]

(The House joint resolution referred to by Mr. TERRELL of Texas follows:)

House Joint Resolution 283

Joint resolution proposing an amendment to the Constitution of the United States providing for approval by the people of declarations of war when the United States is not invaded, and prohibiting profiteering and providing for the drafting of wealth in time of war

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three fourths of the several States:

"ARTICLE —

"SECTION 1. Congress shall not have power to declare war against any foreign country or countries, except when the United States is actually being invaded by such country or countries, unless such declaration of war is approved by a vote of the qualified electors in the different States, at an election called for that purpose.

"SEC. 2. Before Congress shall declare war against any country, unless the United States is actually being invaded, Congress shall enact a resolution to be approved by the President, requesting the governor of each State to call an election at a date to be fixed in the resolution, giving the qualified electors of each State an opportunity to express themselves on the subject of war, and all ballots shall have printed or written on them the words 'For war' against _____; 'Against war' against _____. The returns of the election shall be sent by the returning officers to the governors of each State and tabulated by the governor and sent to the Secretary of State of the United States. If a majority of all the votes cast are in favor of war, then Congress shall have the power to declare war.

(Insert name of country)

(Insert name of country)

"SEC. 3. In case war is declared by Congress, the wealth of the country shall be drafted through such tax laws as Congress may enact to prosecute the war, and such war taxes may be supplemented by the issuance of Treasury notes without interest, redeemable at the option of the Government. No interest-bearing bonds shall be issued to prosecute the war.

"SEC. 4. No profit shall be made out of the Government by any person or corporation from the sale of munitions or other implements of war, but all munitions or other necessary war materials shall be sold at actual cost, and the Congress shall enact necessary legislation to ascertain actual cost of all munitions and other war supplies sold to the Government."

Mr. THURSTON. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. KVALE].

Mr. KVALE. Mr. Chairman, for some time I have been tempted to address this body on a subject which to me seems of vast importance. The announcement of the new administration policy to supplant that of the C.W.A., which was carried in all the papers late yesterday and again today, crystallized this temptation, with the result that I want to inflict some of my views upon this group this afternoon.

Preliminary to that and as a sort of text, I ask unanimous consent, Mr. Chairman, to have the Clerk read in my time an editorial from the Philadelphia Record of February 23 last.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The Clerk read as follows:

[From the Philadelphia Record, Feb. 23, 1934]

LET'S FIGHT THE DEPRESSION AS WE FOUGHT THE WAR

"Knock him out!"

The crowd roars. Thrilled one moment, anxious the next, it watches the fight. One combatant is groggy; the other overcautious.

Not a time for pulling punches. Not a time for hesitation.

It's the moment for the big push, the final blow. With the foe weakest, it's the time to clinch victory.

That "will to win" is the spirit abroad today in President Roosevelt's finish fight against the depression.

And it is sharply reflected in this sudden revolt of Congress—first on the bonus, now on the Economy Act.

Alarmed by the conservative trend of recent administration policies, Congress senses the popular demand for following through—and not pulling back with victory in sight.

This trend is deeply significant, for two reasons:

First, it stems far beyond political influences, going deep into the roots of our economic order—to homes with larders and coal bins bare, to men with pocketbooks empty. It is the reflection of the public need and public demand for increased purchasing power.

Second, there is the question of consistency. Philosophers may regard consistency as "the hobgoblin of small minds." But thinking citizens, who see the Government call upon private industry to increase wages and cut hours, cannot comprehend the picture of the Government itself following the opposite course—through the Economy Act.

The Economy Act, indeed, has been the major false note of administration policy from the start. And its economies have been false economies.

The Roosevelt administration has made great strides. Our outlook today is the most hopeful since 1929.

But the President himself has warned that the fight isn't over. The enemy is groggy—but not out.

That's why Congress is restive. That's why support for the bonus and pay-cut restoration transcends party lines.

That's why the Record hopes Mr. Roosevelt will reverse the trend of some of his recent policies.

Instead of abandoning C.W.A., now is the time to augment it.

Instead of disbanding the P.W.A. field organizations, now is the time to expand their work. Instead of saving at the expense of Federal workers and veterans, their plight emphasizes that creation of new buying power is more necessary than ever before.

Most of the benefits to date, most of the gains to business and industry, are directly traceable to the influence of C.W.A. and other programs aimed to revive buying power.

Why pull punches with victory in sight? Why discard C.W.A. just when its effects are beginning to count?

Let us not forget that when C.W.A. is through, more than 10,000,000 men will be unemployed. About 25 percent of the nation's workers.

Can we call that recovery?

Even if carloadings do shoot upward? Even if retail trade continues to rise? Even if stocks boom and the bond market is steadier?

When 25 percent of our families lack buying power it can mean only one thing—that our economic machine will, at best, run 25 percent below its efficient speed.

And that this enormous enforced idleness will constantly act as a brake, until it slows down the machine again as it did 4 years ago.

Until these 10,000,000 families have buying power, shopkeepers cannot sell to them, industry cannot manufacture for them, and men cannot be hired to make the goods which those people ought to be permitted to consume.

So, with all the cheering signs on the horizon, it is no time to let up on the fight. It is certainly no time to flood the Nation with 4,000,000 jobless men.

Rather, it is the time to fight harder than ever, time for the big push, when all our resources and energies should be bent to making depression take the count.

That is why Congress has taken the bit in its teeth to vote the bonus and restoration of the Federal pay cuts.

To help create the buying power which is our one winning punch.

Mr. KVALE. Mr. Chairman, on January 19, 1934, I received an informative letter from N. W. Ellsberg, commissioner of highways of Minnesota, that aroused my interest. I intend to print part of it in my extension of remarks. He described the work that had been done under the Public Works and its offspring the Civil Works programs as the result of grants of money out of last year's funds. I should rather say, of funds available this current fiscal year. Minnesota's share of the fund was some $10,000,000. It has resulted in the employment of more than 13,000 men and it resulted in other benefits. I believe all of you are familiar with the picture.

Studying the Budget message, and from other sources, I was aware that the Public Works funds for the next fiscal year might be pinched down to $500,000,000—that is, for the coming fiscal year. While this in itself is a tremendous sum, I am sure the Members realize that it is small in comparison with what was set up for the current fiscal year and which it was implied at the time this program was inaugurated, would be carried on during a 2- or 3-year period.

I want you to remember that last year, even with the huge outlay for all public works, we saw that $400,000,000 was specifically earmarked for highway purposes—and I believe Minnesota's situation will be found to be duplicated in most of the States. Legislation is pending providing for the matching of funds, and I want to stress the fact that it will not mean a thing to my State, for the reason that reduced license fees and the natural decrease in the consumption of gasoline have shrunk our fund to the point where we do not have the money available more than to meet the fixed charges and the actual bare necessities of operating our State office.

Let us look at the entire picture and try to realize what it will mean to the whole recovery program if this basic, this essential, this vital public-works feature of the recovery program, which we all realize is a manifold program that includes the A.A.A. and the other arms that together are reaching down to pluck us from disaster, is pinched off now so prematurely. Read the editorial I have laid before you. Try to absorb its convincing message. I feel that continuation of the Public Works program can safely be considered the all-important key to the entire recovery structure. I cannot understand the nature or the character of the advice or the motives of the advisors who have now apparently shunted the President from the path he set out upon.

If this program was right last year, it is right this year. If there was need last year, that need is now accentuated. If our policy was justified last year, it cries to the skies for approval today.

I fear the consequences of the entire program, and I believe that the administration is wrongly advised, if they believe we are sufficiently on the road to recovery to take this terrible risk.

I have reason to think that it is going to be the administration's policy to let the thing lie in the lap of the gods. If there are not enough protests from the elected Membership of the House and of the Senate, we will find the Appropriations Committee coming in one of these bright days with a Public Works bill carrying a maximum of $500,000,000 to be made available for these purposes, which virtually means that the entire program is abruptly and cruelly abandoned. I should like to explain this in further detail, but I have not the time; and for that reason, Mr. Chairman, I ask unanimous consent to extend my remarks upon this subject so that some added thoughts will appear in the RECORD to complete the picture as I see it.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. I ask unanimous consent, Mr. Chairman, to include as a part of my remarks an article which I believe has come to the desk of every Member—and they may judge for themselves as to its merit—entitled "Is Security

Worth $20,000,000,000", by Edward A. Filene, which appeared in the Forum and Century for March 1934. His name is rather well known to us all.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. Now, Mr. Chairman, let me stress the fact that I talked this matter over with the Commissioner of the Bureau of Public Roads. He has charts, statistics, and data that will satisfy the most studious Member of this body of the necessity for continuing this highway employment work. I have talked it over with the Administrator of Public Works, who is the Secretary of the Interior. He is powerless to do anything in the matter, his task being merely to advise, recommend, and to administer the terrific duty assigned to him as Administrator of the fund and the operations thereunder. I have taken the matter up with the White House in a plea to expand this program and continue it in operation for the good of the entire country, regardless of politics, geography, or other like considerations.

I have talked to Senators in the other body who have been interested in these proposals, and among all whom I have named I found an understanding of the situation but a paralyzing inertia, and my sole purpose in taking the floor today is to plead with my colleagues to help dislodge this subject from its helpless situation. In a little while a bill will come before us. The administration still has this entire subject matter before it; the policy is still in the formative stage as far as any public pronouncement is concerned. If we do not bestir ourselves, we may find that a relatively small and pitifully inadequate sum is recommended. Then amendment will be far more difficult than now. Let us not wait until a small Public Works program is offered, perhaps under legislative conditions that preclude debate, when we find ourselves helpless to debate or act. Let us file our protests and demands now, I plead with you. If the country had the facts in our possession, it would know that we must continue our present activities and follow the President's brave and bold policy as carried out during the present fiscal year.

Mr. Chairman, I yield back the balance of my time. [Applause.]

Mr. Chairman, under leave to extend my remarks, I amplify my original statement by adding certain extracts from the letter from Mr. Elsberg, for the reason that conditions in my own State will undoubtedly be duplicated in many other States, and my colleagues and their constituents can properly be advised of what is about to happen to them unless there is authorized some continuation of the present arrangement. I might add, by way of remainder, that the fund which he describes was our proportionate share of the $400,000,000 which was specifically ear-marked in the bill last year for allocation to the several States for highway purposes, and which was an outright grant.

This year, in contrast, there is planned a maximum, as near as we can discover, of $500,000,000, about a sixth, roughly, of what was available last year. Not a cent is proposed to be set aside definitely for highway work. More than $200,000,000 is out of the picture before it is painted, in order to complete projects inaugurated this year. Thus, we have about a tenth of what we had last year—0.1 roughly, $300,000,000 as against $3,000,000,000.

That is the administration plan, as nearly as can be discovered. All is vague and uncertain. No one knows or will definitely state what is in the minds of the advisers. I hope the analysis is incorrect, but I feel it is correct or I should not be making this earnest appeal. I truly believe it rests with us. If we make the demand, and make it now, the funds, I hope, may be forthcoming to continue a courageous policy that had done much to guide our straying and wandering feet back upon the proper roadway to recovery and security. If we totter now, we risk the downward plunge, with the added pity of having wasted the vast funds already spent for this very purpose.

This is Minnesota's picture as Commissioner Elsberg sees it:

STATE OF MINNESOTA,
DEPARTMENT OF HIGHWAYS,
St. Paul, Minn., January 19, 1934.

Re Federal-aid allotment, State of Minnesota.
Hon. PAUL JOHN KVALE,
House of Representatives, Washington, D.C.

DEAR MR. KVALE: I know that you have first-hand information relative to the conditions existing in our State, but wish to call your attention to the need of continuing the road-construction program, which, I am sure you will agree with me, provides the most practical means of taking care of our unemployed.

Last year this State was fortunate in receiving an outright grant of $10,656,000 from the Government for road-construction purposes, and while this money was not available until late in the season, I feel quite confident that we made real progress in lining up work to take advantage of the Government's offer. Due to the late start, and considering the impossibility of carrying on any large amount of work during the winter months, we still have some of these funds available for work which will be started next spring. However, all such funds now remaining to our credit will be exhausted by the middle of the summer, which means that if we are not able to secure another appropriation of a like amount there will be approximately 13,000 men turned back to relief agencies for support.

The employment situation in Minnesota has improved considerably, due to the work being put under way by the various governmental agencies, but it must be remembered that the men so employed were entirely outside of those engaged in road construction. A survey made about a year ago by the State Industrial Commission showed that 630,000 persons, which would represent approximately 150,000 families, in this State were without means of support. Since the time this survey was made we have had a very serious drought condition in the western and central parts of the State, and to this list now must be added the farmers and their families who are on county relief on account of these adverse conditions.

From the latest available information I find that 154,000 persons have been registered with the United States reemployment agencies, and the set-up here for the Civil Works Administration provides for the employment of approximately 80,000, which only takes care of about 50 percent of the registered unemployed. Outside of the Civil Works Administration we have in our construction and maintenance operations employed 13,000 men, and considering the fact that even though these men in the common labor class are paid on the basis of 55 cents per hour for a 30-hour week, their earning capacity was limited to $16.50 per week. This does not permit them to lay any money aside for the time that they would be out of work. With this end in view it can readily be seen that should it be necessary to close down road construction operations the middle of next summer, which will be the case unless we are able to secure an allotment at least as large as that received in 1933, these 13,000 men and their families will become charges of the local relief agencies.

No doubt by this time your attention has been called to the Hayden bill, which I understand was to be introduced shortly after the 1st of January. One of the requirements of this bill is that the States meet one half of their allotment for the years 1935 and 1936. Our estimated apportionment out of the allotment would be $3,500,000, and in order to avail ourselves of it we would have to, during each of these 2 years, provide $1,750,000 out of State funds.

As far as Minnesota is concerned enactment of the Hayden bill into a law would be of no advantage to us, for due to reduction in the motor vehicle tax by the last session of the legislature and the natural reduction in gasoline consumption, due to conditions existing, we will only have enough funds to take care of set obligations. We anticipate that we will receive approximately $12,000,000 for the year 1934, $5,000,000 of which must be used for our sinking fund and other fixed charges, $5,000,000 for maintenance operations, and $1,300,000 for payment of right-of-way which was secured in the year 1933 in order to carry on the Federal work under the 1933 allotment, for, as you know, none of this money can be used in the acquisition of right-of-way. In order for us to advance our program and get as much work under way as possible, it was necessary for us to go out and buy this right-of-way, depending on our 1934 funds to take care of it.

Outside of these main items we have other set obligations which leaves us practically no money available for construction purposes with State funds, and no possibility of our meeting Federal funds under the requirements of the Hayden bill. I feel quite confident you will agree with me that road construction lends itself to the relief of our unemployed labor, and provides a permanent benefit to the State and its citizens.

It is possible that if we are fortunate in securing a good crop this season conditions here will improve; but, personally, I am rather doubtful that any upward movement will be made until next fall. This makes it imperative, due to our own financial conditions, that Minnesota receive another grant of Federal aid, at least equal to that received in 1933, so as to permit us to continue road construction during the entire working season, thereby keeping 13,000 to 14,000 men off of local relief rolls and at the same time obtaining, as before stated, improvements which will be of lasting benefit to our State.

Yours very truly,

DEPARTMENT OF HIGHWAYS,
N. W. ELSBERG,
Commissioner of Highways.

Now, a concluding word. Just this morning, in commenting on the administration's newly-announced policy regarding substiution for the C.W.A. program—which precipitated these remarks—a noted writer, Robert S. Allen, had this to say:

The effect on both the C.W.A. and direct relief is obvious. Both will be pared to the bone.

In taking this momentous step—a sharp reversal of his previous liberal relief policy—the President was motivated by four factors:

First, and one subject to serious challenge, that economic conditions can be expected to improve sufficiently in the coming months to absorb a large proportion of unemployed now on C.W.A. and direct relief rolls.

Second, and no less challengable, that there is enough distinction between unemployed and needy unemployed to warrant an appreciable shutting down of aid.

Third, a plan to put relief to needy in rural areas on a different basis from that to needy in urban districts, thus making further savings.

Fourth, a plan to take stranded populations, that is, workers such as miners living in single industry communities where the industry has ceased to exist, and transplant them to subsistence farms, or other areas, so they may once again become self-supporting.

I concur in his misgivings. And I happen to be deeply concerned because my own people are trying with what courage they can summon to resist the deadening and awful results of drought. I know Allen is right when he questions the judgment and information that is responsible for restricting this work at this time.

But it only serves to drive home what I have been striving today to impress upon my colleagues, and that is, that if there has been any merit whatever in our recovery program to date, if there has been any consistency in it, if there has been any harmony in the combined effort to pull out of the darkness and into the light—and I believe with all my heart that there has been, despite delays and disappointments and betrayals—then we must continue along that road, believing it to be the right road, and working consistently and confidently toward the goal we have all been seeking. And that message can be brought in better and more forceful words than mine by having printed, with the earnest exhortation for careful reading, an article which I have been granted consent to add as part of my remarks. It follows:

[From the Forum and Century, March 1934]

IS SECURITY WORTH $20,000,000,000?

By Edward A. Filene

The editor of the Forum asked me how I felt about the "chorus of dismay" which greeted the President's message on the Budget.

I liked it. It made this drama of recovery almost perfect. It was just the touch that was needed to make us all aware of the real difference between the new order and the old, especially the financial difference.

It was not a chorus of criticism. There was no general rising to state that this and that figure was obviously too large, and that the project contemplated could be completed for a much lower sum. There was no hint of the pork barrel. It was just a chorus of dismay that we as a nation should seize upon this, of all times, to take on such a staggering load of debt.

The keynote of the chorus was, "$10,000,000,000!"

But the ten billion, staggering as the sum may be, referred to only 1 year's Budget. The total cost of recovery, under the President's program, has been estimated by some as approximately double that amount.

"A $7,000,000,000 deficit for the coming fiscal year!"

"A great additional deficit in 1935!"

"A total national debt of more than thirty billion—greater than our debt at the close of the World War, including all that we borrowed from our own people to lend to our Allies!"

"So the new deal has come to this!"

Thus went the lines of the dismal chant. But it was not a Wall Street chant. It was not a mere bankers' chant. It was the chant of the old order—a grand recessional—and every American who had been inclined to welcome the new order without saying good-bye to the old must have been impressed.

Growing up, after all, is pretty serious business, and it is quite as serious for a civilization as it is for an individual. If we could only take our childhood along with us!—but we can't. Many of us, however, had expected to go on into the new deal without giving up our childish notions of finance. Now, it seems, we must choose whether to grow up or not; for the new deal most assuredly has come to this.

II

The new order must be financed. The necessity can no longer be dodged. The question before the house is, Is the enterprise worth the necessary investment?

To make the issue clear, let us admit that the new deal may cost $20,000,000,000. That's a lot of money, and we surely should know, before we pay it out, exactly what it is in which we are investing. Let us compare it, then, with some of our previous investments.

Take the World War, for instance. It has cost America something more than $40,000,000,000, and we are still paying and will be paying for it for many decades to come. How much did we make out of it? How much did we hope to make out of it? Even if the World War had gone more smoothly than it did, what was the likelihood of its paying dividends?

It may be answered that we never went into the World War with any such thought in our minds. I know it. Collectively we had sense enough to know that war could not produce any wealth, and that it must, in fact, leave us collectively poorer than we had been before—unless by some chance we could speed our machinery of production so that we could produce, as we went along, as much as the war, plus our normal consumption, would consume. Nevertheless, while we were quite sure that the war would leave us collectively poorer, each of us individually expected to draw interest on whatever money we contributed toward financing the war. And that expectation was perfectly consistent with our whole childish theory of finance.

It is all beside the point to blame our erstwhile financial leaders for holding such theories. They were our theories; and these financial leaders were our financial leaders because they did hold them. If they had believed in a different theory of finance, we would not have entrusted our money to their care, and they would never have become our financial leaders. It was their theory and ours that loans are rendered secure not by the way in which the money loaned is used but by some guaranty which the borrower is asked to give.

In their eyes and in ours these war loans were the safest possible loans, because they were guaranteed by the I O U's of established governments. That such a war must result in disestablishing many such governments was, in their eyes and in ours, totally irrelevant.

It happened that our own Government was able to ride the storm, and our own Liberty bonds remained good—to those who held them. It might be well to remember, however, just how this happened. It was not alone because of our greater total wealth and our lesser participation in the war, but because, while the war was on, our American industries were coordinated under the war boards, according to a program which provided for universal employment at higher wages than American workers had ever received before.

Had we paid lower wages, as so many European nations did, we must have had less buying, less business prosperity, and less ability to meet the costs of the war. It must not be forgotten, however, that the only way in which our Government has been able to keep those Liberty bonds good has been through taxing all of us to pay interest to some of us who were able to keep the bonds. Collectively considered, there isn't much profit in that.

Comparing the President's Budget figures with the war figures can surely get us nowhere unless we consider the nature of the different enterprises. Assuming that recovery may cost America half as much as the war cost us, it must be conceded that recovery is, on the whole, rather more profitable than war. There is no particular point, then, in groaning at the mere size of the figures. The only relevant questions are: (1) Will the President's recovery program lead to recovery? (2) If so, is recovery worth such a large investment of capital? (3) Is there a better program to be considered as an alternative?

III

It is not the purpose of this article to prove that the President's program will lead to recovery. With the great majority of American business men I am convinced that it will; and if anyone is not yet convinced, it is probably because he has his mind on some special detail of the program and is unable to visualize the program as a whole. At any rate, I am now dealing, not with a criticism of the program but with the dismay of those who are dismayed at the thought of our spending $20,000,000,000 in these times for anything.

The program, it will be conceded, is for the purpose of creating prosperity, mainly through arranging that the masses everywhere be profitably employed, in industry, agriculture, or professional life, with a sufficient income to enable them to buy and to enjoy the wealth which we are now so abundantly able to produce.

How much is such an enterprise worth? There is only one possible answer when the question once comes home to us like that.

It is worth whatever it costs—that is all—provided ,of course, that the funds shall not be wasted. The administration, however, so far from insisting that each detail of its program be carried through unquestioningly, has repeatedly asked for constructive criticism. No one would be more pleased, we may be sure, than the President, if anyone can show him how recovery can be achieved with less expenditure. But that is not the theme of the chorus of dismay. That chorus has simply been chanting that we are poor and needy and already overburdened with debts; and that now the administration would have us assume still bigger obligations, still more burdens when taxes are already unendurable, and when we had hoped that the cost of government might come down.

That the operating costs of the existing Government have come down appreciably makes little impression upon us in such moods as this.

This extra cost, however, is obviously for recovery, and the fact must eventually come home to us. Shall we borrow money for recovery, or shall we not, when it is perfectly plain that we cannot recover unless we do? And if we do borrow money for recovery, shall we borrow enough to capitalize recovery? Or would it not be better, considering how shocking these figures are, to borrow some amount which won't be quite so shocking?

In other words, if we must build a bridge, and it would cost a staggering amount to build one clear across the river, wouldn't it be more reasonable and less radical to build one half way across? And shall we build one that will hold our weight or one that will hold, say, a reasonable part of the weight which we are bound to put upon it?

If we cannot raise the necessary amount, of course, we must abandon the project. There are alternatives. The new deal is not the only way of meeting our economic difficulties. Russia, Italy, and Germany have all found different ways. If any Americans prefer these alternatives to the President's recovery program, their objections to capitalizing his program can easily be understood. The chorus of dismay, however, was not composed of communists, fascists, and worshipers of Adolph Hitler.

Of course, when anyone suggests that America was in danger of violent social revolution, it is customary to say that such a thing, which generally occurred in other countries under similar conditions, was utterly unthinkable here. Yes; it may have been unthinkable by Americans in 1932. But it would not have been unthinkable in 1933 or 1934, unless some great national program had been advanced to end unemployment and to create prosperity. Incidentally, the course which America has already taken was unthinkable by Americans at the time that they elected President Roosevelt. Conditions then seemed intolerable to a great majority; nevertheless, 16,000,000 Americans still voted against any radical change. By March 4, however, the idea of not changing had become unthinkable. Our banks were all closed. Fifteen million Americans were unemployed. Our economic structure had collapsed. Something had to be done, and done in a hurry.

IV

There is, to be sure, one possible alternative now which did not exist a year ago. For a certain degree of prosperity has already returned; and we might conceivably let things slide until we go to smash again. In the meantime, something might happen which would tend to bring back temporary prosperity without our having to organize for permanent recovery.

It would be well to remember, however, that waiting for something to happen is rather costly, too. America waited for 3 years, not very long ago; and although the costs did not show up in the Budget, we must admit that the wait was expensive.

During those years, for instance, there were from five to fifteen million Americans out of work—which by no means represents the total of unemployment, because so many other millions were working part time and were, therefore, half or three quarters unemployed. But suppose we strike the average at 10,000,000—how much does a nation lose by having 10,000,000 unemployed for 3 years?

That would be hard to answer exactly, because it would depend so much upon what they would be doing if they were not unemployed. If they would be working by hand, of course, they would produce only a fraction of what they would produce if they were to work with modern power machinery under modern management. Some statisticians, in fact, would merely find their average wage when employed, multiply that by 10,000,000, and call the sum the daily loss. If the average wage was $4 a day, then the whole loss for 3 years of 300 working days each would amount to only $36,000,000,000.

But such figures represent a mere fraction of the loss. They take no account, for one thing, of what it cost to support these 10,000,000 unemployed and their families during those 3 years; and certainly the $4 paid in wages, if the figure was as low as that, did not represent the total value of their production. Our real loss, it seems to me, was the difference between nothing and the sum that these workers might have produced if organized under good modern American management, plus whatever they paid from their own savings during their unemployment, plus what was paid by public and private charity for their support, and plus certain other sums which must remain incalculable.

Untold thousands, for instance, were ruined, physically, mentally, or spiritually, by this ordeal. Other thousands were enlisted in gangdom, and learned to prey upon society, for what amount of booty we can never tell. Worst of all, perhaps, was the loss to coming generations because of the undernourishment and ill care of no one knows how many children, in spite of the heroic work of our relief and charitable organizations.

If we confine ourselves merely to the one item of what these unemployed did not produce, and which they could have produced had they been reasonably employed, the value of their production would surely have averaged $10 a day per worker, and the sum for 3 years is $90,000,000,000.

Collectively we lost that. Collectively we could have saved it—not, of course, by putting it in the bank, but by consuming it—that is, by putting it into our lives—if we had only had some national plan which provided for consumption by the masses of the things which the masses wanted and which, with modern machinery and under modern management, the masses were able to produce.

But we had no such plan; and we had, therefore, what we called "overproduction" instead. And our remedy for this overproduction was to wait for better times, incidentally losing $100,000,000 every day we waited.

To a considerable number of Americans this did not seem quite logical; but there was nothing apparently which they could do about it. Henry Ford might advise the public to spend and not to save; and if there were sufficient buying, many of us could see, there would be plenty of employment. But the movement, to be effective, had to be collective; and those who had money to spend, and wanted to spend it, were afraid to do so individually.

V

Now, however, everything is different. Now there is a national plan. Now there is a whole Nation agreeing to a Nation-wide recovery program, to the end that the masses shall be employed and at wages sufficient to enable themselves to buy enough, and thus to create a sufficient demand for goods, so that they will not lose their jobs.

Personally, I am certain that the new deal must go a bit further than most Americans seem to think necessary just yet. It seems to me that business, when it once fully grasps the nature of this deal, will insist that the workers receive not only adequate wages but definite assurance that they will not lose their jobs, to the end that these wages shall be freely spent. I am convinced, also, that business will generally insist not only on unemployment insurance but sickness and accident insurance, and adequate pensions or annuities for those too old or too young to work. For this problem which we have been calling "overproduction" is a mighty serious problem, and there are only two things which business can attempt to do about it.

We must either shut down production, as we recently did, with results which were not entirely satisfactory, or we must jack up consumption, by increasing mass buying power, which is the elemental principle of the new deal.

Those who have had a long acquaintance with American business men, I grant, assure me that they will never go so far as I have indicated—insisting that the masses shall have not only plenty of spending money but such economic security that they will be sure to spend it. But I, too, have had a long acquaintance with American business men. What's more, I have had a recent acquaintance with them; and if their attitude changes as much during the next year as it has in the one just past—well, you won't recognize them.

And when they once study these Budget figures in the light of the experience which they have so recently had, that chorus of dismay will turn into one of pleased surprise. For permanent prosperity is now the goal—and permanent prosperity to 125,000,000 people is surely worth an investment of $20,000,000,000—or about what it costs, in nonproduction, to keep 15,000,000 unemployed for four and a half months.

Mr. THURSTON. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, in the past few years a new system of marketing livestock has been developed in the Mississippi Valley. For a generation it was the custom of livestock producers and shippers to send their products to the great central livestock markets of that region; but because of the oppressive and unfair charges that have been made against the patrons of these markets, concentration yards have been established in many places throughout this section of the country in order to avoid the payment of these unwarranted charges.

I may say to the Members that when you ship a carload of cattle, hogs, or sheep, to one of these great livestock markets, you find a charge made against you for fire insurance, and for promoting the sale of meat; and if feed is purchased, an additional charge amounting to from 200 to 400 percent above the cost is made for the grain or the hay that is fed to your livestock. These practices have brought about a change in livestock marketing. I am sure that the livestock producers and shippers of this great region are desirous of maintaining the great central markets, hoping that competition will prevail so that they will have the opportunity to obtain the highest current price for their livestock.

Recently, at a hearing before the Agricultural Subcommittee of the Committee on Appropriations, this subject was dealt with at some length and, Mr. Chairman, I ask unanimous consent to revise and extend my remarks by including 2 pages of the hearings before that committee and 2 tables showing the average price of feed on farms and the excessive prices paid for corn and hay at five of the principal central markets in the United States. A comparison of the prices shown in the two tables, after a reasonable labor charge is allowed, substantiates this complaint.

A considerable portion of the livestock sold upon these markets is shipped by truck, and the probability of fire loss

is negligible, and it is unlikely that any substantial portion of the stock shipped by rail is endangered by fire. It would be interesting to know how much is collected for insurance and the amount paid as insurance premiums.

A few years ago those in charge of the operations of these markets stoutly objected to regulation by the Federal Government. Now they are urging the Government to ban or prohibit the selling of livestock at the concentration points, as they claim that their preserves are being threatened.

The concerns who operate these markets hold the solution of their complaints in their own hands. If they will abandon switching charges, sell grain at fair prices, charge commissions for sale of livestock upon value instead of head, eliminate fire insurance, meet publicity and other irritating charges, restore competition, these markets will enjoy the patronage of former years.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The matter is as follows:

CHARGES MADE TO SHIPPERS

Mr. THURSTON. Does your Bureau authorize the commission houses to make a charge against the shipper for fire insurance, or to make a charge for fire insurance against the shipper who sends into the market livestock that under no circumstances could be burned?

Dr. MOHLER. Do you mean while the livestock is en route?

Mr. THURSTON. No. I mean where a shipper would have hogs hauled in by truck to the stockyards, and where the commission merchant lists as an expense an item of fire insurance that he would charge to the owner of the livestock. Have you gone into that, or do you permit such charges as that?

Dr. MOHLER. That is the practice.

Mr. THURSTON. What is the justification for it?

Dr. MOHLER. Because there have been a number of fires in the stockyards where animals were burned up or were lost by mixing. It is a very moderate charge. The maximum is 15 cents per carload at Omaha and only 7 cents per carload in Chicago, and at the Kansas City stockyards. At the latter markets the packers and traders pay an additional amount to bring the rate up to 15 cents per car. The rate on hogs by truck is on a headage basis, prorated in such a way that it averages about the same as on rail shipments. This insurance not only protects the owners from fire losses but also from mixing on account of fire while in the yards.

Mr. THURSTON. It would exceed the amount of the premium, however.

Dr. MOHLER. That is probably true. It is like a blanket insurance policy that the builder puts on his workmen. One of his workmen may break his leg, and he would receive compensation, although he may not have paid anything for it. We have our share of complaints about many things, but we have had only one complaint about the matter you refer to, and that is where a man paid 7 cents on a truckload of livestock. He complained and said he thought he was paying some sort of life insurance.

Mr. THURSTON. There is a charge made, or a fee assessed, for the cost of some propaganda in reference to the use of meat.

Dr. MOHLER. Yes, sir.

Mr. THURSTON. Do you authorize that?

Dr. MOHLER. No, sir; except with the consent of the man who is paying for it.

Mr. THURSTON. But he has never been asked whether he wants it, or not.

Dr. MOHLER. He does not have to pay it unless he wants to.

Mr. THURSTON. He has to write a letter in order to obtain a refund. Do you think that practice is justified?

Dr. MOHLER. It is entirely voluntary. If he objects to it, he does not have to pay it.

Mr. THURSTON. If you sell wheat or other grain, they do not put a charge in there for giving publicity to the use of wheat and other grain, do they?

Dr. MOHLER. No, sir. It is entirely voluntary on the part of the shipper; and if anybody objects, he does not have to pay it.

Mr. THURSTON. Do you not think it is an awfully small practice on the part of the Government to authorize those stockyard selling agencies to make those charges?

Dr. MOHLER. Do you know where that plan originated? The request for it came first from the livestock people themselves. It came from the Kansas Livestock Association, the American National Livestock Association, the National Wool Growers' Association, the National Swine Growers' Association, and various State stock growers' associations. The National Livestock and Meat Board was formed, which now consists of Charles Carey, as chairman; your friend Mr. Sykes, of Iowa; Joe Mercer, of Kansas; and 10 others representing producers, 2 representing packers, 3 representing marketing agencies, and 2 representing retailers.

Mr. THURSTON. Was it not done by the buying, packing, and shipping concerns?

Dr. MOHLER. I do not think it was the buyers and packers. In fact, the latter did not agree to the plan at the beginning, and the commission men hesitated to accept the burden of collecting the fees.

Mr. THURSTON. Has there been any showing made to your Bureau that any result has come from that?

Dr. MOHLER. The National Livestock and Meat Board is constantly assisting in extending to producers, consumers, and the trade, the findings in production, processing, and cooking procedure. Meat-cutting demonstrations, advertising campaigns, distributing recipe books, exhibits, radio programs are some of the means by which they aid in disseminating information about the value of meat in the diet. It has been especially useful in reaching the meat retailers, which form, of course, an important link between better production methods and more satisfactory selection and cooking of meat by consumers. It has sponsored the cause of cooperative meat research in the United States in many ways. What the Board asks is that the producers agree to pay one half the cost through that commission charge you mention, to be collected by the commission firms and turned over to the Meat Board, and that the packers pay the other half. At the beginning the stockman paid 10 cents per car, and the packers paid 10 cents. It was then increased to 15 cents a car each, and now each pays 25 cents a car. If the stockmen objects, then, so far as he is concerned, it cannot be collected any longer.

Mr. THURSTON. Why should the burden be placed on him to make the objection in order to get it back?

Dr. MOHLER. Because it originated with the stockmen themselves as represented by their organizations, and they are sharing indirectly in the benefits of this national program of meat promotion.

Mr. THURSTON. If you would send out a questionnaire to the men shipping livestock, in my judgment, you would find that 9 out of 10 do not want to pay that charge.

Dr. MOHLER. That may be.

Mr. THURSTON. Do you fix or supervise the prices charged for grain at these central markets?

Dr. MOHLER. Yes, sir; but that can be done legally only after a hearing has shown the facts.

Mr. THURSTON. I personally know of many cases where livestock shippers have been obliged to pay from 200 to 400 percent above the corn and grain prices charged in the same city; and I wonder if you could set out a table showing the average price charged for corn per bushel and hay per ton, at Chicago, Omaha, and some other central markets in the upper Mississippi Valley, and also showing what is the average charge for grain and hay in those markets. I should want a table opposite that showing the selling price of those commodities on the same dates in the same places. In other words, I want a statement showing what the farmer is selling those commodities for at the same time on the open market in Chicago and other central markets, and what the stockyards are charging for those commodities on the same dates. I should like to have that for 3 or 4 places covering the last 4 or 5 years.

Dr. MOHLER. Yes, sir; I will do that. You will find something along that line in last year's hearings. Last summer the price of corn was down as low as 50 cents per bushel in some of the stockyards. We did that by simply indicating that their prices were too high. We have no legal authority to fix the prices until we have held hearings; we cannot do it without hearings through any legal method. Since corn began to go up, they immediately went back to 90 cents, $1, and $1.10 per bushel. Of course, the farmer knows what corn is worth on the farm, and he also knows what a large increase he pays for it at the yards.

(The information referred to above is as follows:)

Average price of feed on farms

State	Date	Hay (ton)				Corn (bushel)
		Timothy	Clover	Alfalfa	Prairie	
Illinois	Jan. 15, 1929	$12.90	$15.60	$19.10	$10.00	$0.77
Do	Jan. 15, 1930	10.70	12.10	16.00	8.20	.72
Do	Jan. 15, 1931	12.70	14.60	18.50	9.00	.59
Do	Jan. 15, 1932	7.80	9.70	12.60	7.00	.27
Do	Jan. 15, 1933	5.00	5.70	7.90	4.30	.15
Do	Dec. 15, 1933	7.60	9.00	10.60	5.50	.39
Iowa	Dec. 15, 1929	12.80	14.30	19.00	11.10	.71
Do	Dec. 15, 1930	9.40	11.30	14.40	8.60	.69
Do	Dec. 15, 1931	9.50	11.80	14.60	8.00	.56
Do	Dec. 15, 1932	8.20	8.90	11.50	6.70	.32
Do	Dec. 15, 1933	4.90	5.70	7.00	3.85	.12
Do	do	5.60	6.60	8.60	4.90	.35
Missouri	Dec. 15, 1929	10.50	13.40	16.00	7.10	.78
Do	Dec. 15, 1930	9.90	12.60	16.10	7.50	.84
Do	Dec. 15, 1931	11.30	12.80	15.50	8.30	.67
Do	Dec. 15, 1932	7.60	9.50	10.70	5.00	.32
Do	Dec. 15, 1933	5.00	6.80	7.60	4.10	.19
Do	do	6.60	8.60	9.60	5.40	.40
Nebraska	Dec. 15, 1929	11.70	11.80	12.80	7.80	.73
Do	Dec. 15, 1930	9.50	8.80	11.50	6.80	.66
Do	Dec. 15, 1931	8.50	8.50	8.80	6.00	.47
Do	Dec. 15, 1932	8.00	8.00	8.20	6.20	.35
Do	Dec. 15, 1933	4.30	4.45	4.70	3.50	.12
Do	do	5.20	5.50	6.00	4.00	.33

Prices charged for hay and corn by stockyard companies

Market	Year	Jan. 1				Apr. 1				Sept. 1			
		Hay (hundredweight)			Corn	Hay			Corn	Hay			Corn
		Prairie	Tame	Alfalfa		Prairie	Tame	Alfalfa		Prairie	Tame	Alfalfa	
Chicago	1929	$1.60	$1.90	$2.30	$1.50	$1.60	$1.90	$2.30	$1.60	$1.60	$1.90	$2.30	$1.60
Do	1930	1.60	1.75	2.10	1.60	1.60	1.75	2.10	1.60	1.60	1.75	2.10	1.60
Do	1931	1.60	1.85	2.10	1.45	1.60	1.85	2.10	1.35	1.60	1.85	2.10	1.35
Do	1932	1.60	1.75	2.10	1.20	1.60	1.65	2.10	1.15	1.60	1.65	2.10	1.05
Do	1933	1.45	1.55	1.70	.95	1.45	1.55	1.70	.95	1.45	1.55	1.70	1.10
Do	1934	1.45	1.55	1.70	1.10								
Bushnell	1929												
Do	1930										[1] 1.40		1.50
Do	1931		[1] 1.40		1.50		[1] 1.30		1.10		[1] 1.30		1.00
Do	1932		[1] 1.30		.80		[1] 1.30		.80		[1] 1.30		.60
Do	1933		[1] 1.30		.60		[1] .90		.60		[1] .90		1.00
Do	1934		[1] .90		1.00								
National Stockyards (St. Louis)	1929	1.45	1.90		1.60	1.45	1.90		1.60	1.45	1.75		1.70
Do	1930	1.45	1.75		1.60	1.45	1.75		1.60	1.45	1.75		1.60
Do	1931	1.45	1.75		1.65	1.50	1.85		1.35	1.50	1.85		1.35
Do	1932	1.35	1.70		1.25	1.35	1.65		1.15	1.35	1.65		.95
Do	1933	1.35	1.65		.60	1.35	1.65		.50	1.35	1.65		1.10
Do	1934	1.35	1.65		1.10								
Omaha	1929	1.25		$1.75	1.45	1.25		2.00	1.55	1.37½		2.00	1.60
Do	1930	1.37½		2.00	1.60	1.37½		2.00	1.50	1.37½		2.00	1.60
Do	1931	1.37½		2.00	1.40	1.37½		1.75	1.30	1.25		1.62½	1.20
Do	1932	1.12½		1.62½	1.10	1.12½		1.37½	.95	1.12½		1.37½	.85
Do	1933	1.12½		1.37½	.75	1.00		1.12½	.75	1.00		1.12½	.90
Do	1934	1.00		1.12½	.90								
Sioux City	1929	1.25		1.70	1.45	1.25		1.70	1.55	1.37½		1.70	1.60
Do	1930	1.37½		1.70	1.60	1.37½		1.70	1.50	1.37½		1.70	1.50
Do	1931	1.37½		1.70	1.40	1.30		1.70	1.30	1.20		1.70	1.20
Do	1932	1.15		1.50	1.10	1.15		1.20	.95	1.15		1.50	.75
Do	1933	1.15		1.50	.75	1.00		1.25	.75	1.00		1.25	.90
Do	1934	1.00		1.25	.90								

[1] Kind of hay not specified.

Mr. THURSTON. Mr. Chairman, I yield back the remainder of my time to the majority side.

Mr. SANDLIN. Mr. Chairman, I yield 5 minutes to the gentlewoman from Kansas [Mrs. McCARTHY].

Mrs. McCARTHY. Mr. Chairman, on page 31 in this appropriation bill appears an appropriation for dry-land agriculture. I am particularly interested in this item, as I have two of these agricultural experiment stations in my district, and I want to give you some idea of the kind of work they are doing.

The only possible objections that I can think of for not giving these appropriations at this time for dry-land agriculture are three. Some people may think there are too many of these agricultural experiment stations. They may think that some of these stations duplicate services rendered by others, or they may think that at this time, when we are trying to reduce the agricultural surplus, perhaps experiments and projects of this nature may tend to increase production.

May I say that none of these objections are founded on fact. In the first place, if you will look at a map, there might appear to be a great many stations in a small area, but the truth is that each one of these small stations serves millions of acres. For example, the Colby, Kans., station in my district serves an area of approximately 4,000,000 acres in 9 counties in northwest Kansas. In addition the same type of soil extends into Colorado and into Nebraska, so that this same silt loam is typical of the whole area, and there is more good farm land of the dry-land type in this area than in the area of any of the other experimental stations.

May I take up the question of duplication of service? It is true there is another station in my district not more than 130 miles away, but what are the conditions? We have found that many of the seeds that produce the best result at the station at Hays are not adaptable for use at the Colby station. We also found there is a difference in climatic conditions. The altitude at Colby is higher. Frost comes earlier at Colby, and some of the sorghums and grains that prosper at Hays do not thrive in the climate at Colby. Then there is the opposite condition, that some of the grains that are best for Colby do not thrive at Hays.

May I take up the question of corn at Colby? They have made wonderful experiments and progress in developing different types of corn, but the area around Hays station is not considered a corn country.

These stations are doing the type of work for which the Department of Agriculture was organized. Many of these projects are just in the process of development. It would be disastrous to discontinue or interrupt the work at this time, before the projects have been completed. These stations are responsible for the improved methods of farming used in that area. You probably know that at one time Kansas was included in what was known as the great American Desert, whereas now it is in the heart of the Wheat Belt of the Nation.

These improved methods I refer to include summer fallowing, rotation of crops, conservation of moisture, use of various kinds of fertilizer, and methods of preventing soil erosion.

Then instead of increasing production, the thing that is most important is that these farmers have learned that they can get greater production out of fewer acres and in this way reduce the cost of production. In other words, if the farmer takes these less adaptable, marginal lands out of production, then he does not drag his drills, his plows, and his combine over this additional acreage. This cuts down his expenditure, and then by summer fallowing and these improved methods he gets the same total yield that he formerly had from the entire farm. If we would sum up the greatest benefit, this would be it.

So there is no conflict between the present program of reducing agricultural surpluses and the kind of work that is being done in teaching intensive farming.

Mr. Chairman, the Federal Budget recently submitted to Congress contained no provision for the continuance after July 1 of the Division of Dry Land Agriculture of the United States Department of Agriculture. The omission of this item, which totals approximately $250,000, means that the extremely valuable experimental work conducted at 18 Federal dry-land farming projects throughout the Great Plains will be interrupted and perhaps abandoned after having been in continuous operation for as long as 30 years.

IMPORTANCE OF DRY-LAND FARMING PROJECTS THROUGH THE GREAT PLAINS REGION

At the beginning of dry land agricultural experiments the Great Plains region, now one of the most productive areas in the United States, was called the Great American Desert. Only a few years previous to the establishment of this experimental program, it was said that wheat would never be

grown west of the Mississippi River in any great quantity. Because of the peculiar weather and soil conditions of the Great Plains area the first efforts at wheat farming often met with disaster through lack of proper methods of conserving moisture and lack of knowledge of proper cultivation methods to prevent blowing.

The results of the tillage, rotation, fertilizer, and soil-moisture studies undertaken by the dry-land farming projects, the comprehensive nature of which required many years of investigation before definite conclusions could be reached, are largely responsible for the westward shift of wheat production, and it is because of the outstanding work of these stations that the Great Plains area has become the economically logical area for the production of wheat and various other crops produced in this area. The value of this work is increasingly evident to farmers, and the continuance of it is important to lend conclusiveness to the results obtained to date and to shed light upon the ever-increasing problems which continuously arise as the result of progressive changes in farming practices and the introduction of new and improved crops and machinery.

It is vitally important to note that the dry-land-farming projects have worked to correct the practice of extensive farming and promote intensive farming. In other words, it has been common in the Great Plains area, where a great amount of land is available, to farm as many acres as possible, giving little attention to yield, whereas the results of dry-land projects have definitely shown that the returns to the farmer would be greater if fewer acres were farmed but farmed with the most improved methods, obtaining thereby an economic advantage of increased yields per unit. Judicious application of the facts readily obtainable from these studies in better-farming methods have tended to improve the conditions of the farmer in general by permitting him to abandon his less productive marginal lands and to gain a more satisfactory livelihood from the better-adapted acreage.

One of the great evils of undirected development of the wheat industry in the Great Plains is the one-crop system. The dry-land-farming projects have done a great deal to correct the situation, and now have under progress many experiments which undoubtedly will result in further substitution of other crops in the wheat farmers' planting schedule. The value of rotation of crops has been ably demonstrated and has won the approval of a majority of the Great Plains farmers through the work carried on at these stations.

One of the most recent outstanding accomplishments was the development of the combine-type grain sorghum first developed in 1927. This crop can be planted and harvested with wheat machinery and has become very popular with wheat growers, as it offers an additional grain crop which enjoys a cash market and is ideal for feeding to livestock in the field. The recently expanded plantings of this new crop have done considerable to replace acres that would otherwise have gone into wheat to increase the surplus. As it is a new crop, the possibilities of it have not yet been fully realized and the development of proper rotations, most efficient methods of cultivation, and use of the proper varieties are only now being studied, and a discontinuance of the dry-land-farming projects will mean that the full benefits may be withheld from the farmer.

DISCONTINUANCE MEANS ABANDONMENT OF LARGE INVESTMENTS

Conducting this valuable work to its present point and at a point where promising future value has required an investment of considerable size, all of this would be a total and serious loss to Great Plains agriculture if the experiments are discontinued. Especially foolish and expensive would be the abandonment of this work, which, at the present time, is tending to demonstrate to farmers that it is economically more feasible to use superior methods on the best lands and to take the lesser adapted lands either out of production or to place them into other noncompetitive crops irrespective of allotment program. The development of crops for lands taken out of wheat is a most important problem at the present time, when we are trying to attain a balanced agriculture. It would seem to be a fantastically foolish move to destroy the most inexpensive and probably one of the most effective mechanisms we now possess for bringing about balance in agriculture. Farmers are even now complaining that the land they have taken out of wheat under the domestic-allotment plan is beginning to blow and cause damage to their reduced acreage.

During the depression years, before acreage production had become a possibility, the dry-land stations developed cheaper methods of production. The decrease in the cost of a bushel of wheat by 10 cents or more is equally as important as an increase in price of equal amount, and being a measurable factor and one that is in the power of the producer to use at will, the importance of research toward more efficient production cannot be overestimated.

Work of this nature becomes increasingly valuable with the accumulation of years of data and observation. One of the world's most outstanding examples of this fact is the tillage and rotation work of the Rothemsted Station which has been in existence in England for nearly 100 years. No Englishman would consider for a moment the abandonment of such historic work which annually becomes more valuable to agriculture because of its continuity.

In addition to their own work the dry-land-farming stations have been a most valuable point of contact for the farmer with the many lines of agricultural research carried on by the Department of Agriculture. Farmers have become acquainted with the experiments carried on and with the men in charge of the projects; and in addition to following closely the year-to-year results, they obtain a contact with the activities of the Department of Agriculture, which in itself will be worth the appropriation for the entire dry-land work.

In closing I wish to state that no single measure, aside from such major ones as the Agricultural Adjustment Act, has created such wide-spread comment among farmers as the discontinuance of this appropriation. I have received hundreds of letters from farmers of the Sixth District in Kansas, protesting any reduction in the scope of this work, and I have yet to receive a letter from any farmer approving of the discontinuance.

[Here the gavel fell.]

Mrs. McCARTHY. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to include a statement on this subject previously made.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Kansas?

There was no objection.

Mr. SANDLIN. Mr. Chairman, I yield myself such time as I may use and ask unanimous consent to extend my remarks in the RECORD by including some tables prepared by the committee and data prepared by the bureau chiefs of the Department of Agriculture.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. SANDLIN. Mr. Chairman, I want to thank the other members of the subcommittee for their help in writing this bill and for their very courteous treatment of me in the preparation of the bill, as well as its consideration on the floor of the House. I also want to thank the very efficient clerk of the Subcommittee on Agriculture, Mr. Arthur Orr, whose aid in the preparation of these bills we are all familiar with. Mr. Orr has been here for some time and, as all the members of the committee know, the aid of such an efficient clerk is invaluable and without such aid it would be very difficult indeed, to prepare the bills in the time available.

The Department of Agriculture, for which this bill carries appropriations, constitutes undoubtedly the greatest research undertaking of all time.

It is not inappropriate that this should be so. If this Nation is to maintain its position as a leading world power, and if it wishes to enjoy the national security for which economic self-sufficiency is recognized as the outer defense, it must not neglect the great basic industry upon which the prosperity of every nation is dependent—that of agriculture.

Of agriculture, it was said by Rousseau that it is "the first and most respectable of all the arts"; by Edward Gibbon that it "is the foundation of manufactures"; and by Dr. Johnson that it is "the first and noblest science." William Blake, in King Edward the Third, characterized commerce as "the child of agriculture"; and Daniel Webster declared that "farmers are the foundations of civilization."

No one will dispute that in these modern times no nation can be truly great which depends solely upon agriculture. However, while an agricultural civilization of substantial character can exist independent of industry, there can be no industry without agriculture. First build up the agricultural community, and an industrial civilization may then be erected upon its foundations.

The eminence of this Nation in the family of world powers may be directly attributed to the fact that during the first century of its existence its energies were devoted primarily to the development of a broad foundation of agricultural supremacy, upon which it has during the past 50 years erected an enduring industrial superstructure.

Seventy-two years ago Congress, by the act approved May 15, 1862, created the Department of Agriculture and provided that its general design and duties—

> Shall be to acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture, in the most general and comprehensive sense of that word, and to procure, propagate, and distribute among the people new and valuable seeds and plants.

By the act approved February 25, 1863, Congress appropriated for the first year's expenses of operating the newly created Department of Agriculture the aggregate sum of $115,000. Of this sum $3,000 was for the salary of the head of the Department, then designated as the Commissioner of Agriculture; $2,000 was for the salary of the chief clerk; $20,000 was for investigations to test the practicability of cultivating and preparing flax and hemp as a substitute for cotton; and the remainder, $90,000, was in the form of a lump-sum appropriation for the following purposes:

> For the collection and compiling of agricultural statistics; for promoting agricultural and rural economy; and the procurement, propagation, and distribution of cuttings and seeds of new and useful varieties; and for the introduction and protection of insectiverous birds; and for the purpose of establishing a laboratory with the necessary apparatus for practical and scientific experiments in agricultural chemistry; and for paying the clerks and employees and contingent expenses necessary in said Department, $90,000; and $3,000 of which appropriation shall be for encouraging the culture of cotton and tobacco.

The foregoing recital, which has consumed less than 2 minutes of time, comprises the entire agricultural appropriation bill for the first year of the Department's existence. Within that brief paragraph it is not difficult to detect the embryonic forms of four of the important bureaus now existing in the Department, namely, the Bureau of Agricultural Economics, the Bureau of Plant Industry, the Bureau of Biological Survey, and the Bureau of Chemistry and Soils.

The sum total of $115,000 appropriated for the operation of the Department that year may be compared to the amount recommended in the accompanying bill, together with permanent appropriations, for those activities which are regarded as being primarily for the benefit of agriculture, of $35,049,149. The latter sum excludes the appropriations for road funds, for the Agricultural Adjustment Administration, and for the several activities in the bill which are of general public benefit and, therefore, not appropriate to use in the comparison. An enumeration of the activities for the general public benefit and the amounts appropriated for each may be found in table A, on page 2, of the report accompanying this bill.

In the span of 72 years, during which the appropriations for regular activities of the Department increased from $115,000 to $35,000,000, it may be noted that the population of the country increased from 31,000,000 to 123,000,000; the rural population increased from 26,000,000 to 54,000,000; the value of our foreign commerce, both imports and exports, rose from $687,000,000 to $6,904,000,000; the value of farm products increased from $1,958,000,000 to $11,385,000,000; the total national wealth from $16,160,000,000 to $320,804,000,000; and the ordinary expenses of the Government from $75,939,976—being the total of the appropriations for all purposes for the peace-time fiscal year 1860—to $3,811,216,261, estimated by the Budget as the ordinary expenditures for 1935.

It will thus be seen that the growth of the Department of Agriculture has been in keeping with the growth of the Nation.

The original Department, with its initial appropriation of only $115,000 and with probably less than 100 employees on its rolls, would be an insignificant and almost obscure item in the present establishment.

From its modest and humble origin the Department has expanded until today it covers every conceivable phase of agricultural activity. Its research program is universal in its scope, both as to subject matter and as to geographical extent. Upon the broad foundation of the Department's fundamental investigations, the Congress, through the endowment of land-grant colleges and of the experiment stations in connection with those colleges, has created a far-flung organization for agricultural research. There is, throughout the entire agricultural realm, probably no region with soil and climatic conditions differing materially from those of other areas where intelligent and well-coordinated research is not being carried on with a view of making directly applicable to the agriculture of each region the discoveries and improvements which the Department has made in the field of agricultural science.

In addition to the 51 central experiment stations in the States and Territories established and maintained under the provisions of the Hatch, Adams, and Purnell Acts, as amended, there are more than 300 field stations, which are branches of the main stations, engaged in those phases of the various investigations which are local in character and which are peculiar to the region served by the branch station.

The broad scope of these research undertakings is indicated by the fact that there are now under way approximately 7,000 separate and distinct investigations. These researches are carried on under the strict supervision of the Office of Experiment Stations in order that there may be no overlapping of work or duplication of effort.

The results of these investigations, when completed, are made available to the farmers interested in the respective problems and they constitute the broad and secure foundation upon which the supremacy of American agriculture has been built.

Without the technical knowledge acquired by the Department of Agriculture through its gigantic research program and made available to the farmers of the country through the far-flung Extension Service American agriculture could not survive the present world depression.

If the American farmer were to be put back to the basis of agricultural knowledge of 25 years ago and required to compete with the rest of the world operating on the basis of present-day knowledge, he would sink to the lowest known level of serfdom. In like manner, if agricultural research were brought today to an abrupt close in this country, with no corresponding cessation of such research in foreign countries, in the course of 25 years American agriculture would suffer total collapse and American industry would topple into ruin along with it.

What substantial and incontrovertible evidence exists that the millions of dollars expended annually in this country for agricultural research are paying dividends? The Bureau of Chemistry and Soils alone reports annual savings to the agricultural industry as a result of its investigations since 1920 of more than $95,000,000. The Bureau of Plant Industry is able to show definite annual savings of approximately $230,000,000. The Bureau of Animal Industry reports annual savings to the farmers, as a direct result of only a few of its projects, of more than $175,000,000.

It will thus be seen that, for these three bureaus alone, the annual dividends to the American farmer from their investigations and researches, as reflected by direct savings which can be definitely estimated, is more than $400,000,000. The bill now before the House carries total appropriations of a

little less than $60,000,000, of which only $35,000,000 is for activities directly and more exclusively for the benefit of agriculture.

In addition to the definite savings of more than $400,000,000 heretofore shown, these three bureaus have effected large savings through their other investigations, the amount of which cannot be definitely measured. Savings resulting from the work of the other bureaus of the Department could be adduced if time and space permitted. In view of the showing made by the three bureaus mentioned, it would not be extravagant to say that the Department of Agriculture is worth to the Nation from a half billion to a billion dollars a year.

Mr. Chairman, at this point I wish to put in the RECORD a statement prepared by the Bureau of Agricultural Economics, which, I am sure, will be of interest to the Membership of the House. Many Members are perhaps not acquainted with how the money appropriated for the Department of Agriculture is spent. The statements prepared by the different bureau chiefs and those working with them will give a picture which I think will be of much interest to the Members.

The statement is as follows:

THE BUREAU OF AGRICULTURAL ECONOMICS

The chief functions of this Bureau are to collect the basic facts underlying the agricultural situation and to interpret them so farmers can understand the forces affecting supply-and-demand conditions, to render certain services, such as inspection and market news, which can best be rendered by a public agency, and to administer a number of laws which Congress has passed to aid in the marketing of farm products. The activities of the Bureau, therefore, fall into three main groups, namely, service, regulatory, and research. A brief description of some of the important activities in each of those main groups follows:

SERVICE ACTIVITIES

The service activities of the Bureau are chiefly informational. Their purpose is to supply farmers and the public generally with information which would not be available to the public unless collected by a public agency. Following are listed the principal activities of this kind with a brief statement for each:

Crop and livestock estimating service: This is one of the oldest activities of the Government pertaining to agriculture. As far back as 1856 it was recognized that statistics should be available with respect to the acreage, production, and yield of crops, and that such data could best be compiled by the Government. The Bureau has developed this service to the point where estimates of the acreage, yield, and production of the principal crops and classes of livestock can be made with a high degree of accuracy. The Bureau's estimates are recognized everywhere as the most reliable information of the kind obtainable. Without such information compiled by an impartial public agency, the marketing of agricultural products would have to be carried on in an atmosphere of speculation, rumor, and exaggeration as to prospective supplies—a condition which would operate to the disadvantage of producers, distributors, and the public generally. Without the information compiled by the crop-estimating service with respect to acreage, yield, and production of wheat, cotton, corn, hogs, rice, and tobacco, it would have been impossible for the Agricultural Adjustment Administration to carry out its domestic-allotment program for these commodities without first having compiled such information.

Cotton grade and staple estimates: For a great many years, the crop-estimating service has furnished information as to the acreage, yield, and production of cotton. This gave us good information as to the size of the crop, but we did not have comprehensive information regarding the quality of the crop in terms of grade and staple. That information was so essential in quality-improvement programs and in appraising the market situation in advance of and during the marketing season in the light of the supplies available that Congress, by the act of March 3, 1927, directed the Department to collect such information. Through this act we now have reliable information, not only as to the quality of the crop according to grade and staple but of the carry-over as well.

Tobacco stocks and standards: The purpose of this activity is the same as that for grade and staple estimates of cotton. By the act of January 14, 1929, the Bureau publishes quarterly reports showing stocks of tobacco on hand in such detail as to give information as to the quality of the tobacco in such stocks.

Market news: In 1915 the Bureau started a market news service in a small way on fruits and vegetables. This was done to give farmers reliable information on market prices and conditions. Prior to that time the farmer, particularly with respect to the more perishable commodities, had no information as to the markets except that supplied him by the dealers or by market papers which depended largely upon dealers for their subscriptions and advertising. The value of a service of this kind has been so thoroughly demonstrated that Congress steadily enlarged it until now it covers fruits and vegetables, livestock and meats, dairy and poultry products, tobacco, and a number of other farm products. More than a hundred radio stations are used, without cost to the Government, to furnish farmers and the public with daily information as to the supplies on hand and prices prevailing in the principal markets. In addition to the distribution of such information by radio and newspapers, thousands of farmers, shippers, distributors, and railroads insist upon having mimeographed reports showing market information in more detail than can be disseminated by radio or newspapers. This service has largely destroyed the opportunity for unscrupulous dealers to obtain consignments or make purchases on the basis of fictitious market information. Farmers now can find out what prices are in the principal markets through the reports issued by the Bureau. They do not have to depend upon the trade for that information.

Inspection: The Bureau has developed an extensive inspection service which is entirely voluntary and not mandatory upon anyone. Inspections are made only upon application. For example, more than 260,000 car lots of fruits and vegetables were inspected last year, inspections being made both at point of shipment and destination. These inspection certificates are used as a basis for settling disputes between buyers and sellers as to grade and for providing information regarding the grade or condition of individual lots at the time of sale or offer for sale. The service has been developed to include meats, tobacco, butter, cheese, eggs, hay, rice, and several other farm products. This service is about 65 percent self-supporting on the basis of fees charged for individual inspections.

REGULATORY WORK

A substantial part of the work of the Bureau consists in the administration of laws which Congress has passed to aid in the marketing of farm products. Most of these laws are more of a service than of a regulatory nature.

Following is a brief statement of the purpose of each:

Cotton Futures Act: This law fixes the grades of cotton which may be delivered in settlement of futures contracts; requires that cotton tendered in settlement of such contracts be classed by official classers (this Bureau maintains boards of cotton examiners for that purpose); provides for the payment of cotton delivered on futures contracts which is not of the basis grade according to differences which are an average of the commercial differences prevailing in 10 spot markets. The quotation of these differences is supervised by the Bureau. Under this act the Bureau also conducts a cotton quotation service similar to the regular market news service in order to inform cotton farmers of prices and general market conditions.

Cotton Standards Act: This act authorizes the Secretary of Agriculture to establish official standards for cotton and requires that when cotton is sold by grade only the official standards may be used. Cotton may be sold by private type, however. Under this law we have developed official standards for cotton which are in general use throughout the cotton industry of this country, and by agreements with exchanges in foreign countries they are now recognized throughout the world.

This act and the Cotton Futures Act have made it possible to merchandise cotton on the basis of one set of standards instead of numerous standards established by various trade organizations, and have provided machinery for anyone to ascertain the grade or staple of cotton before sale.

Grain Standards Act: Under this law official standards for the principal grains are established, and the law provides that no grain shall be sold in interstate commerce by grade except on the basis of such official standards.

This act has removed the confusion arising from a multiplicity of standards established by various States, grain exchanges, or boards of trade. It has placed the inspection of grain on a uniform basis.

Warehouse Act: Congress passed this act to assist in the financing of farm products. The licensing of warehouses is not mandatory. When a warehouseman elects to become licensed, however, his warehouse must be suitable for storing the products in question, and he must be financially responsible and otherwise comply with our regulations and be subject to the penalties of the act. In the administration of this law the Bureau has developed a Federal warehouse receipt, which is recognized as prime collateral by both Government and private lending agencies. In the present emergency the demand for Federal warehouse receipts is constantly increasing. At the present time we have warehouses licensed with capacity to store more than 5,600,000 bales of cotton and more than 80,000,000 bushels of grain. Altogether 15 products are eligible for storage in federally licensed warehouses. The supervision provided by the Bureau to warehouses licensed under this act is such that in the last 10 years losses to storers of farm products in such warehouses have been negligible, and the protection afforded by the Bureau's supervision has resulted in lower insurance charges and substantially lower interest rates.

Perishable Agricultural Commodities Act: This act was passed to protect farmers, shippers, and handlers of fruits and vegetables from certain unfair practices which prevailed in that industry.

This act has had a wholesome influence upon this industry. About 2,500 complaints were handled last year. Through this act the Bureau has been able to exercise a degree of control over unscrupulous dealers which, after years of effort, the industry found it could not do itself.

Produce Agency Act: This is a criminal statute and was passed for the purpose of protecting farmers from being defrauded by unscrupulous commission merchants. It makes it a misdemeanor for a commission merchant to destroy without reasonable cause products assigned to him, to make false statements regarding the quality or condition or disposition of such products and to fail to account promptly to his principal. This act has afforded protection to farmers and is a strong deterrent against commission merchants failing to account correctly. A number of prose-





cutions have been instituted and convictions obtained involving fines and imprisonment.

Standard container acts: The Bureau administers two container acts which standardize baskets and hampers used in the marketing of fruits and vegetables. The purpose of this law is to protect the public by outlawing short-measure containers, to reduce the cost of manufacturing containers by eliminating numerous and unnecessary odd sizes and shapes. Last year more than 10,000 containers were tested. Under these laws the fruit and vegetable markets are no longer cluttered with a multiplicity of odd sizes and shapes of containers, which contributed to all sorts of confusion. For example, the number of sizes of berry boxes was reduced from 18 to 3, hampers from 42 to 9, round-stave baskets from 20 to 9, etc.

RESEARCH

Price analyses and outlook: In its research activities the Bureau touches practically all economic phases of agriculture. At the center of the Bureau's research is the program of price analysis, the purpose of which is to analyze the trends of supply, demand, and prices of agricultural commodities and the factors that affect those trends. This research service is the basis for the broad outlook service covering the national and world situation with reference to practically all important commodities, and it is used very extensively by the educational forces, the Agricultural Adjustment Administration, and by farmers themselves in making adjustments in their production and marketing programs. In other words, the Bureau undertakes to analyze the statistics of the agricultural situation so as to interpret their meaning in terms of past and probable trends.

Farm management and land utilization: In our farm-management research the problem of efficiency in agricultural production is approached from the point of view of the individual farm. The influence of size of farm, kind of power used, the combination of crops produced, practices in the production of these crops, and costs associated with the different types of management are carefully analyzed with a view to determining the basis of maximum efficiency. Much emphasis is being placed upon types of farming that have been developed in various parts of the country to determine the degree to which farming in various areas can maintain itself under given price and cost levels. Closely associated with this work is the research in land utilization. In this field we study the areas of relatively low agricultural income with a view to determining the degree to which it is possible to reorganize the type of farming and thus increase farm incomes, the possibility of reorganizing local public services, such as schools and roads, with a view to reducing the burden upon such communities, and also to determine the degree to which certain lands are so handicapped by natural or economic conditions that they cannot continue in successful competition with other lands and therefore should be returned to the public domain.

Foreign agricultural service: Through the limited number of offices which the Bureau maintains abroad, an effort is made to determine the extent to which foreign competition in the production of various commodities will increase or decrease. A study now practically completed indicates that the possibility of cotton expansion in Egypt is distinctly limited. Studies of potential cotton competition in South America, India, and Russia are being projected. An effort is also made in the foreign agricultural service to keep in touch with supply and demand conditions currently in foreign countries with a view to assisting American farmers in finding the most profitable outlets for their products. Certain inspection and market news services have also been extended to foreign countries in order to facilitate the movement of perishable commodities in European markets. An extension study of trade barriers and restrictions hampering foreign trade in agricultural products has been made in response to Senate Resolution 280 and published as Senate Document No. 70 of this Congress.

Land values, farm taxation, farm insurance, farm credit: In our land-value studies we determine the trend of land values for the country as a whole and by States, and also analyze the factors which have influenced the course of land values. This information is valuable to lending agencies in the making of farm-mortgage loans and also to farmers in determining upon suitable times and price levels at which to purchase farm lands. Our studies in farm taxation have brought out the extent to which taxes on farm real-estate property have increased by States and the relatively heavy tax burden on farm lands. They have also, in a few instances, pointed out how the tax burden on farm lands may be reduced through various economies in local public expenditures, through more equitable assessment of farm lands, and through new sources of public revenue. Our research in the field of farm insurance has been particularly helpful to the 2,000 cooperative farmers' mutual fire-insurance companies, which have a membership of three and one half million farmers and carry insurance on farm properties valued at around ten and one half billion dollars. Problems of organization and management of such companies have been analyzed by us and the results have been extensively used by the insurance companies throughout the country.

Mr. Chairman, at this point I wish to place in the RECORD a statement from the Bureau of Chemistry and Soils, estimating the annual returns and savings from fundamental research.

BUREAU OF CHEMISTRY AND SOILS

Estimated annual returns and savings from fundamental research

Subject	Realized value estimated by industry	Realized value estimated by Bureau	Estimated potential value if applied
Sugarcane: Developed method of reducing loss of sugar in harvested sugarcane before grinding [1]	$700,000		
Dairy waste (milk sugar): Devised means of utilizing milk sugar from waste whey, largest waste in dairy industry [1]			$1,000,000
Sugar beets: Devised method for reducing storage losses, resulting in increased sugar recovery	200,000		
Sweetpotato starch: Devised method for producing high-quality starch from cull sweetpotatoes to displace imported potato starch. Two factories now being erected			3,000,000
Sugarcane and sorghum sirups, farm-made: Developed methods for obtaining more uniform quality which resulted last season in 25 to 50 percent better prices to farmers in sections where used		$400,000	
Maple products: Developed new maple products; improved production methods and color grades for maple sirup		160,000	
Rancidity: Discovered means of delaying rancidity, making possible large savings. Public-service patent granted			10,000,000
Eggs: Developed method for retaining fresh egg quality by sealing with carbon dioxide and oil under a vacuum. Value to poultrymen. Public-service patent granted			4,000,000
Apple pomace: Developed method for salvaging wax from apple pomace, a material of special value for the production of lacquers, waterproof paper, and stencils			100,000
Waste citrus fruits: Developed methods for production of citric acid, calcium citrate, citrus oils, pectin, etc. Four factories now using these methods	1,500,000		
Citrus fruit: Developed maturity standards which have increased return to California growers about 35 cents per box	2,000,000		
Oranges: Developed ethylene gas treatment for oranges which growers estimate to be worth 50 cents per box. Growers estimate return to producers in Florida annually $4,000,000. Public-service patent granted [1]	4,000,000		
Pears: Developed method for softening pears in canning; estimated saving to growers and packers			100,000
Hides and skins: Developed better methods of curing hides and skins			50,000
Bulletin in handling hides: Issued (cooperatively with B.A.I. and B.A.E.) over 225,000 bulletins on how to produce better hides and skins. Bulletin adopted as trade textbook [1]			1,000,000
Hide "reddening": Shown to come from salts infected with reddening bacteria. Loss amounts to thousands of dollars annually			50,000
Sumac tanning: Developed procedures for a better domestic sumac crop, thereby increasing returns to producers several thousand dollars annually		10,000	
Chestnut-stump extracts: Discovered chestnut stumps to be richest part of the tree in tannin, thus providing farmers an added source of income, and means to reduce clearing cost of chestnut lands by use of a waste			200,000
Farm tanning: Developed procedure for salvaging wasted hides and skins by tanning farm leather			2,250,000
Hemlock-bark tannin: Developed method of converting annual waste of 350,000 tons hemlock bark in Oregon and Washington into tanning extract			3,000,000
Leather, preservation of: Developed methods for waterproofing, preserving, and treating leather. Savings to users of leather amounts to several millions of dollars annually		2,000,000	
Leather red rot: Showed "red rot" or decay of bookbinding, upholstery, and other leathers due to absorption of sulphur acids from the air. Developed methods for preventing			2,000,000
Paper specifications: In cooperation with Joint Committee on Printing of Congress, Government Printing Office, and other Government organizations developed specifications for paper that it is estimated have saved the Government $250,000 [1]	250,000		
Paper sizing: Proved that a small excess of alum in sizing is detrimental to paper. Estimated worth to legal and business records $500,000 annually			500,000
Paper, blue-print: Developed for Government use, high-grade blue-print papers, thus leading to production in this country of such paper			100,000
Paper, currency: In cooperation with Treasury and Commerce Departments improved quality, recommended smaller bills and simple means for reducing counterfeiting. In 1932 the Government saved approximately $500,000 from making bills smaller in size [1]	500,000		

[1] In cooperation with other bureaus.

BUREAU OF CHEMISTRY AND SOILS—continued

Estimated annual returns and savings from fundamental research—Continued

Subject	Realized value estimated by industry	Realized value estimated by Bureau	Estimated potential value if applied
Postal cards: Developed for Post Office Department lighter weight stiffer post card, saving the Government large sums	$40,000		
Fabrics: Developed method for the waterproofing and fireproofing of fabrics, thereby increasing demand for cotton goods			$1,000,000
Cottonseed oil: Determined causes of deterioration of oils in storage and methods of preventing. Estimated savings to the cotton oil industry $350,000 annually			350,000
Cottonseed: Developed chemical methods for use in grading of cottonseed. Estimated saving to the farmers and oil mills $700,000 annually [1]			700,000
Proteins of cottonseed: Determined the value of proteins of cottonseed and established its economical commercial utilization in rations for farm animals. Determined how the toxicity of raw cottonseed can be eliminated in the production of cottonseed meal, whereby the value of the meal can be increased			5,000,000
Vitamins: Determined that certain fish oils, heretofore largely wasted, can be substituted for imported cod-liver oil as a source of vitamins in poultry and cattle feeding, with the result that over $3,000,000 worth of sardine oil alone was sold to farmers at a saving of over $750,000 during the period 1932-33 [1]	750,000		
Farm fires: Developed methods for the prevention of farm fires, the application of which has reduced the farmers' "fire tax" from $115,000,000 in 1932 to approximately $100,000,000 in 1933—a reduction of more than $15,000,000. The per capita "fire tax" in 1932 was more than $19 for every farmer in the country		$15,000,000	
Spontaneous heating and ignition of hay: Developed methods to prevent spontaneous heating and ignition of hay, the utilization of which will save American farmers $20,000,000 annually and reduce an additional loss of $32,000,000 annually due to deterioration and spoilage			52,000,000
Fast cotton dyes: Developed technical methods for the production of fast and brilliant dyes for cotton, reducing cost to the consumer, and expanding the market for cotton goods (3 projects):			
(a)	750,000		
(b)		500,000	
(c)			250,000
Furfural: Developed process for obtaining from corncobs, oat hulls, and other farm wastes, the valuable solvent furfural, used in the purification of rosin for the production of lacquers and varnishes and as a basic material in the manufacture of synthetic rosins		100,000	
Sugarcane bagasse: Developed process for manufacturing rayon cellulose from sugarcane bagasse. Now being worked out commercially in Hawaii. Has prospective value to sugarcane producers in Louisiana, Hawaii, and Puerto Rico			100,000
Calcium gluconate from corn: Developed methods for manufacturing calcium gluconate, a product of immense value in the treatment of human and animal disease		200,000	
Insecticides from plants: Developed the new insecticide rotenone which is coming into use in place of arsenicals. This research created a new industry in America, over 50 companies now marketing derris root (from which rotenone is obtained) or proprietary insecticides containing it. This development aids farmers in marketing vegetables without arsenical residue and insures the public against arsenic poisoning [1]		1,000,000	
Insecticides, synthetic: Synthesized organic compounds now giving promising results in tests against various insects. Developed fluorine compounds as substitutes for lead arsenate for fruit spraying [1]		100,000	
Spray-residue removal: Developed methods for the removal of spray residues of lead, arsenic, and fluorine from apples. Without proper cleaning the exportation or interstate movement of the commercial apple crop of 100,000,000 bushels (value=$65,000,000) would not be permitted [1]		1,000,000	
Fumigants: Originated the use as fumigants for destroying insects in stored grain, raisins, dried fruits, nuts, tobacco, wool, furs, etc., of many materials such as ethylene dichloride, ethylene oxide, carbon dioxide admixed with toxic agents, methyl formate, and ethyl formate [1]		100,000	
Grain-handling and milling operations: Studied causes and developed methods for prevention of dust explosions in grain-handling and milling operations. The application of these measures has resulted in reduction of losses from over $4,000,000 in 1921 to approximately $1,000,000 in 1932		3,000,000	

[1] In cooperation with other bureaus.

BUREAU OF CHEMISTRY AND SOILS—continued

Estimated annual returns and savings from fundamental research—Continued

Subject	Realized value estimated by industry	Realized value estimated by Bureau	Estimated potential value if applied
Threshing-machine explosions: Developed measures for preventing dust explosions and fires in grain-threshing machines. Application of these methods has reduced insurance rates from $11 to $1.50 per hundred. Potential saving of grain, machinery, and insurance premiums amounts to more than $700,000 annually			$700,000
Cotton-gin fires: Studied causes and developed methods for the prevention of fires in cotton gins. Application of these methods will result in an estimated potential saving of cotton, machinery, and insurance premiums of more than $600,000 annually			600,000
Safety codes: Developed safety codes for prevention of dust explosions in grain handling and other associated dust-producing industries. Practical application of these codes has resulted in an estimated saving of property of more than $3,000,000 in 1 year. In addition the workmen have been protected and there has been a recognized saving of human life		$3,000,000	
Rosin: Originated and developed rosin standards adopted by Congress as "U.S. Rosin Standards." Estimated value to pine-tree farmers of the South $150,000 annually	$150,000		
Turpentine stills: Developed improved still settings			200,000
Pine gum: Developed methods of improved production of gum			150,000
Steam turpentine still: Developed a new type of still with increased capacity and productivity. Estimated annual value to each producer using this equipment, $2,500 annually			100,000
Turpentine production: Developed means of controlling turpentine distillation, preventing losses			100,000
Turpentine purification: Developed a better barrel glue and introduced a practical dehydrator for turpentine			250,000
Catalysts in nitrogen fertilizer investigations: Developed an ammonia catalyst. Developed a water gas-hydrogen catalyst. Developed high-pressure catalytic equipment and processes [1]		10,000,000	15,000,000
Biochemical and organic investigations: [2]			
Investigated cyanamide and recommended methods for its proper use		100,000	200,000
Developed methods for the more efficient utilization of the nitrogen fixed by soil organisms and leguminous plants			3,000,000
Physics and chemical fertilizer investigations: Developed scientific fundamental information on the properties of gaseous mixtures under conditions of their employment in the manufacture of fertilizer ingredients. Developed processes and high-pressure equipment for the same [2]		5,000,000	10,000,000
Phosphate fertilizer investigations:			
Developed new method for converting phosphate rock into fertilizers by removing the fluorine			6,000,000
Developed the electric-furnace method of smelting phosphate rock		1,000,000	2,500,000
Developed the blast-furnace method of smelting phosphate rock		1,000,000	2,500,000
Transformation of nitrogen compounds:			
Developed a method for synthesizing urea		100,000	2,500,000
Developed a method for processing peat by treatment with ammonia			1,500,000
Potash fertilizer investigations:			
Contributed to the discovery and utilization of the country's natural brine deposits for potash	5,250,000		
Developed processes for the recovery of potassium sulphate from polyhalite			3,000,000
Developed method for converting potassium chloride into sulphate or phosphate			300,000
Developed methods for the simultaneous production of potash and phosphoric acid from potash silicates and phosphate-rock deposits in the Rocky Mountain area			7,250,000
Developed method for acid extraction of potash from potash silicates			800,000
Developed methods for recovering potash from industrial wastes	350,000		2,000,000
Concentrated fertilizer investigations:			
Demonstrated the efficiency of ammoniated superphosphates		4,000,000	8,000,000
Developed methods for improving mechanical conditions of fertilizers. Devised methods of increasing the efficiency of fertilizers. Contributed to development of improved methods for fertilizer application		[3] 8,000,000	[3] 9,000,000

[1] In cooperation with other bureaus.
[2] Refers to page in booklet, Results of 10 Years of Research, 1920-30.
[3] Estimated annual savings to American farmers.

BUREAU OF CHEMISTRY AND SOILS—continued

Estimated annual returns and savings from fundamental research—Continued

Subject	Realized value estimated by industry	Realized value estimated by Bureau	Estimated potential value if applied
Concentrated fertilizer investigations—Contd. Initiated work which has led to the gradual elimination of filler from mixed fertilizers. Developed analysis formulas for concentrated fertilizers of satisfactory quality		[2]$8,000,000	[2]$15,000,000
Orchard soil investigations: Have shown that on certain soil types trees are short-lived and produce poor-quality fruit, making it possible to avoid these unsatisfactory soils in development of orchards		50,000	3,000,000
Soil surveys as a basis of fertilizer practice: Soil surveys have indicated that certain soil types do not respond to the usual forms of phosphorus. Location of these areas makes it possible to avoid costly mistakes in fertilizer practices		25,000	500,000
Surveys of peat lands: Survey and mapping of peat lands in laying the foundation for the development of a domestic peat industry that may completely displace importations from Europe, amounting to a million dollars annually		25,000	1,000,000
Cooperative soil surveys: Cooperative detailed and reconnaissance surveys are necessary and basic to the development of reclamation projects, subsistence homestead undertaking, and other Federal activities, and the application of this basic information is resulting in the savings of millions of dollars annually		500,000	5,000,000
Legume nodule bacteria: A collection of pure cultures, developed and maintained, furnishes stock cultures to various States to be propagated and distributed to farmers, to county agents, and to investigators in foreign countries		10,000	
Commercial inoculants. The inspection of commercial inoculants results in the elimination of many worthless brands. This serves not only to safeguard the farmer's investment, but is also an insurance against loss of time and effort		100,000	100,000
New inoculants: A collection of pure culture nodule bacteria for various legumes has been developed and is maintained to meet the needs of new plant importations that are being constantly introduced for the benefit of American agriculture		1,000	500,000
Annual inoculation: Research has shown that canning peas inoculated annually produce a more uniform and satisfactory product. Observations indicate that the practice might be extended to other commercially important legumes, with profit		10,000	100,000
Fertilizer investigations on prominent soil types with cotton: Through determining the most efficient fertilizer mixtures for specific soil types in the southeastern Cotton Belt; determining relative value of inorganic, organic, and synthetic compounds, potash and phosphate materials for economic cotton production		5,000,000	
Soil-fertility and fertilizer investigations in the southeastern Truck Crop and Citrus belt: By solution of nutritional deficiency problem in citrus and truck crops and of the most economic use of fertilizer materials to increase quality of vegetables and fruits produced [1]		3,000,000	
Potato soil and fertilizer work: Recommendations on fertilizers for potatoes for attaining high quality and profitable returns on prominent soil types in Maine, New York, New Jersey, Pennsylvania, Michigan, and Ohio, and through using a more concentrated fertilizer		2,650,000	
Mechanical placement of fertilizer: Through recommendations as to the proper methods of placing fertilizers in relation to the seed, to utilize efficiently the content of plant food without injury, through fertilizer-distributing machinery		1,250,000	
Soil-fertility and fertilizer investigations with sugar-beet soils: Through recommendations of fertilizer practices to eliminate losses due to soil deficiencies and disease and the improvement of the sugar content, in the sugar-beet regions of the Middle West		2,000,000	
Soil fertility and fertilizer investigations with sugarcane soils: Through study of the soil types best adapted to the newer sugarcane varieties and recommendations as to improve sugar content and yield of cane, in the Sugarcane Belt of the South		725,000	
Biochemical soil studies: Application of principles developed in laboratory practice to the practical field methods relating to fertilizers, the nitrogen of soil, and soil organic matter, and green manuring			100,000

[1] Refers to page in booklet, Results of 10 Years of Research, 1929–30.
[2] Estimated annual savings to American farmers.

BUREAU OF CHEMISTRY AND SOILS—continued

Estimated annual returns and savings from fundamental research—Continued

Subject	Realized value estimated by industry	Realized value estimated by Bureau	Estimated potential value if applied
Cotton root-rot investigations: Through demonstration of the rational use of fertilizer and the practice of modified tillage in conjunction with crop rotation, soil conservation, and other fertility and soil-maintaining and restoring measures in the regions of the Southwest affected with cotton root rot		$2,500,000	
Soil reaction and oxidation reduction studies: Through studies of soil acidity and liming, together with the economies and savings resulting from the proper use of land, planning crop rotations, fertilizing, liming to reduce acidity, sulphuring to increase acidity, adapting soil to special crops, etc			$1,100,000
Soil-fertility greenhouse work: To discoveries in the greenhouse of special treatment; nitrogen, potash, phosphate sources, effect of uncommon elements on plant growth, investigations of fertilizer materials and soil amendments, elimination of toxic quantities of soil salts, and laboratory control of the field work			50,000
Miscellaneous soil-fertility studies: Through advice to farmers throughout the United States and its possessions on soil and fertilizer matters, such as efficiency of fertilizers, composting, artificial and natural manures, liming, home mixing of fertilizers, etc		100,000	
Soil-fertility and fertilizer investigations with pecan soils. Recommendations of soil fertility and fertilizer requirements for the principal soil types used for pecan growing in the Pecan Belt in the Southeastern and Southwestern States, showing the influence of these on the pecan trees, growth of nut, size and quality of nut, with advice on the control of nutritional diseases by the application of rare fertilizer elements		300,000	
Soil-fertility investigations at the dairying and soil-fertility experiment station at Pontiac, S.C.: Developing successful cropping systems for the production of horticultural crops and for the maintenance of a dairying industry in the Sandhill region of the Southern States			100,000
Soil-erosion experiment farms: Methods of erosion control under moisture conservation, applied under a wide variety of conditions, including terraces, soil-saving dams, cropping practices, etc			40,000,000
Total	$16,440,000	79,006,000	228,650,000

I also have a statement from the Bureau of Animal Industry, which is a picture of the work of this Bureau and the results of such work.

FACTUAL SAVINGS RESULTING FROM BUREAU OF ANIMAL INDUSTRY ACTIVITIES

Contagious pleuropneumonia: The eradication of this European plague from the United States in 1892 by the Bureau of Animal Industry resulted in stopping the previous losses to our cattle industry of more than $2,000,000 per year. In the 42 years which have since elapsed without any recurrence of this plague, the savings would naturally total over $84,000,000.

Tick fever: When the Bureau, cooperating with infested States, began this work in 1906, the losses to the cattle-raising industry amounted to $40,000,000 annually. As the infested area gradually grew smaller each year, these losses were likewise gradually reduced. To date 89 percent of the originally infested area has been freed of ticks, which shows a saving of $35,600,000 during the past year. This benefit will accrue annually in the years to come if reinfestation is not permitted to occur.

Hog cholera: In 1914, the first year the Bureau began to cooperate with the States in controlling hog cholera, the loss from this disease was 6,304,320 pigs, valued at $67,697,461. In 1924, 10 years later, 2,772,000 pigs died of the disease, valued at $27,027,000. Last year the losses amounted to less than $20,000,000. Compared with the 1914 losses, a saving of about $48,000,000 was effected in 1933. With the gradual decrease of cholera since 1914, the saving to the swine industry during the 19 intervening years totals over $400,000,000.

Foot-and-mouth disease: This plague is a foreign disease which has not been allowed to become permanently implanted in the United States, as every outbreak in this country has been promptly eradicated.

Losses from outbreak:

1902	$15,430,000
1908	15,475,000
1914–15	102,000,000
1924–25 (California)	31,083,000
1924–25 (Texas)	15,452,000
1929	5,405,812
1932	3,345,198

The losses in certain foreign countries with far less livestock population than this country have been estimated at upward of $15,000,000 annually.

In this country our outbreaks have resulted in an average loss of $26,884,430 for each outbreak. It would be quite conservative, therefore, to state that our livestock industry has been saved that latter amount annually as a result of our success in eradicating all past outbreaks of foot-and-mouth disease from the United States.

Tuberculosis: In 1917, when the cooperative bovine tuberculosis eradication work was inaugurated, the loss from this disease in cattle alone amounted to over $25,000,000 annually. Since 1917 this disease has been reduced in cattle by 66 percent, resulting in an annual saving of $17,000,000.

Concurrently with the eradication of tuberculosis in cattle, there has been a reduction of this disease in swine which has produced a corresponding saving.

The savings from the public-health feature of tuberculosis eradication in animals cannot be stated in dollars and cents, but it is the opinion of all recognized medical authorities that the decrease in bovine tuberculosis in this country has resulted in a marked reduction in the cases of human tuberculosis, particularly that form which attacks the bones, joints, and glands of children.

Meat inspection: The cost to the Government of this service is less than 8 cents for each animal slaughtered or 1 cent for each 22 pounds of dressed meat and lard produced. It is realized that it is quite impossible to evaluate the worth of this service in terms of dollars and cents, as it can be measured only in terms of public health and health of livestock. The least that may be said in this connection is the cost of the meat-inspection service is more than offset by the benefits which accrue therefrom.

Roundworms in swine: Figuring the losses from kidney worm, which on statistical survey at one slaughterhouse amounted to $80,000 in 1 year, and figuring the extensive condemnation for parasitic livers due to ascarids and other parasites, and the extensive savings which have been reported wherever the swine-sanitation system has been adopted or where the treatments developed and recommended by this Bureau have been used, a saving of $6,000,000 annually is a conservative estimate.

Roundworms in sheep: Considering the entire United States, more than 10 percent of all sheep show clinical evidence of roundworms. The damage, ranging from unthrifty animals of low wool production and marketed as culls to sheep killed by stomach worms and other parasites, will average a dollar a head. Since control measures are very widely practiced in the United States and since these control measures are those developed or standardized by the Bureau, a saving of $3,000,000 a year is reported as a result of this work.

Liver flukes in sheep and cattle: Under conditions prevailing before the depression, statistics indicated that the loss in livers condemned for flukes under Federal or local inspection totaled around $1,000,000 annually, with the prevailing high price of liver then very much in demand for the control of pernicious anemia. Under present conditions this loss is at least a half million dollars, and there is well over a half million dollars' worth of loss in wool, unthrifty sheep, and deaths from liver flukes. In parts of the United States, such as the Gulf coast of Texas, liver flukes have driven sheepmen out of the region. The control measures which have been recommended were used in California to clean up liver fluke in sheep to the point of practical eradication and are being used to a large extent in Washington, Oregon, Utah, Idaho, and Montana. The estimated annual saving of a million dollars is conservative.

Parasites of horses: The experience of practitioners in Iowa and Illinois and elsewhere indicates that distinctly more than 10 percent of all horses and mules are suffering from parasites to the point where their usefulness is impaired, if not actually nullified. Estimating this damage conservatively at $1 a head and figuring that the treatments developed in the Bureau are being used on much more than 10 percent of the horse population of the United States, an annual saving of $1,800,000 is conservative.

Parasites of poultry: Probably 50 percent of the birds in the United States suffer from some sort of parasitism, and, figuring that 10 percent of them are treated and handled in accordance with the procedure developed in the Bureau and estimating the benefit at only 5 cents a head, there is an actual saving of $2,250,000 per annum.

Then I have a similar statement from the Bureau of Plant Industry, which I am sure will be interesting.

ESTIMATED ANNUAL SAVINGS RESULTING FROM ACCOMPLISHMENTS OF THE BUREAU OF PLANT INDUSTRY

1. The breeding of the Marglobe tomato, resistant to wilt and nailhead rust, saved the tomato industry of southern Florida worth $2,000,000 annually, in addition to large savings in other areas	$2,000,000
2. The rediscovery of the Young dewberry has started a new industry in several regions with an annual value of more than $1,000,000	1,000,000
3. Development of better methods of handling, storing, and shipping fruits and vegetables	8,000,000
4. Establishment of the rice industry in California entirely dependent on varieties and methods developed by the Bureau	3,000,000
5. An increase in the acreage of soybeans from less than 50,000 in 1907 to nearly 4,000,000 acres in 1932 made possible by varieties introduced by the Bureau	30,000,000
6. Research on cultural methods for winter wheat in demonstrating the need for timely soil preparation	20,000,000
7. Without material increase in the cost of production, larger acre yields of corn from the use of better varieties recommended by the Bureau	5,000,000
8. The introduction of durum wheat into the United States	30,000,000
9. The breeding and introduction into use of varieties of spring wheat has resulted in an annual increase in production worth $40,000,000 and improved quality worth not less than $5,000,000	45,000,000
10. The establishment of date culture in the Southwest producing a superior quality product	500,000
11. Research on cultural methods and varieties of alfalfa in demonstrating the need for inoculation, liming, and adapted varieties	5,000,000
12. The breeding of yellows-resistant cabbage, and methods for control of black leg and black rot of cabbage	2,000,000
13. Saving the lettuce industry of the Southwest by breeding a brown blight-resistant lettuce	4,000,000
14. Development of methods of controlling pecan diseases	1,500,000
15. A peanut variety bred by the Bureau is worth $300,000 to growers in Georgia alone	300,000
16. Methods of controlling celery and cucumber mosaics reduced losses in the Central States	100,000
17. Control of the stem end rot of watermelons	175,000
18. Research on the crown gall of apples resulted in changed practice saving nurserymen alone	100,000
19. The value of the sweetpotato crop to its producers has been increased by the findings of the Bureau's research on storage diseases	5,000,000
20. Potato-disease control through production and certifying disease-free seed has been worth $17,500,000 to Maine, New Hampshire, Vermont, New York, and Pennsylvania, in addition to its value elsewhere	17,500,000
21. Savings from orchard-spraying practice developed by the Bureau and State stations	30,000,000
22. The development and introduction of sugarcanes resistant to mosaic prevented practical abandonment of sugarcane culture in the South. Crediting to this research only the increased yield above the low level actually reached, the savings may be estimated conservatively as	20,000,000
The 22 specific items listed total	229,875,000
To which should be added not less than $75,000,000 for savings no less real as to fact but more difficult of precise estimate	75,000,000
The grand total for the Bureau thus becomes more than $300,000,000 annually, or nearly 100 times the amount of the appropriation requested	304,875,000

The Bureau of Home Economics, presided over by Dr. Stanley, has supplied a brief statement of its work, which I am sure will be of value.

The Bureau of Home Economics was established in the United States Department of Agriculture in 1923, on the recommendation of Secretary H. C. Wallace, to strengthen and extend certain lines of scientific work already under way in the Department of Agriculture. As early as 1887 Congress had created the State experiment stations to study the composition and digestibility of different kinds of food for domestic animals. It was not until 1893 that the Secretary of Agriculture recommended that questions relating to the use of agricultural products as food for man should also be considered. President Cleveland in his message to Congress of that year emphasized the importance of this work by the following statement supporting a small appropriation for such a study:

"When we consider that fully one half of all the money earned by the wage earners of the civilized world is expended by them for food, the importance and utility of such an investigation is apparent."

This Bureau completed 10 years of work last July. During this period the earlier work on dietary studies, collection of data on food composition, and study of digestibility of food has been continued and new studies added in textiles and clothing and in the economic aspects of homemaking. The appropriation for this Bureau has at no time been large, but a small and efficient staff has been built up, of well-trained women, each a specialist

and commanding respect in her own field. Many of the studies of this Bureau have been undertaken in cooperation with some other Government agency, either within or without the Department of Agriculture, or with some of the State experiment stations. In this sense the Bureau has been a coordinating agency and has helped prevent duplication of effort in this field, which has probably saved a yearly sum more than its appropriation. It is impossible to estimate what its contributions have been in terms of savings from wiser family expenditures, better family feeding, more palatable meals, better family health.

Figures on food composition have been collected, the results tabulated, and the information made available to all those interested in any way in the food problem. The importance of this to health is realized when one knows that certain regions grow food rich in desirable elements. Others have been known to produce food so lacking in minerals as to produce ill health if used for too long a period of time. A central coordinating agency like the Bureau, in collecting these data, helps direct the studies made by the State experiment stations so as to give a better-rounded picture of the composition of our food.

In order to facilitate marketing and grading of food products, studies have been undertaken of quality grades and the influence of methods of growing foods on quality. The textile fibers have also been studied to show the influence of quality on the wear of fabrics produced from them. Study has been made of available fabrics and desirable uses pointed out to both manufacturers and consumers.

The Bureau maintains an office of information which not only prepares technical reports of wide usefulness but has translated many of these into popular form for general use. The Bureau has worked always on the theory that the final test of the value of scientific information is in use, and has made every effort to get results of research into usable form just as rapidly as possible, therefore, much of the detailed technical information has been worked over into very simple, readable circulars, articles, and press releases. Back of all these, however, lies in every case technical material of value.

During the period of the economic emergency this Bureau received a continual stream of requests for assistance on family budget problems, food choice at different income levels, how to protect children on a restricted food supply, etc., etc. These letters came from individual homes, relief agencies, teachers, public-health clinics, community-service groups of all kinds. Fortunately, the Bureau has been able to meet these demands because of the well-trained staff and the information available from its basic research program.

One of the major efforts of the Bureau during the emergency period was to teach the public how to protect itself when forced to live on restricted diets. Balanced diets were worked out at different levels of cost, weekly market lists of the necessaries were published with menus and recipes showing how to combine in palatable meals. Along with these was published information as to the nutritive value of each and all the common foods. Between three and four million copies of low-cost food material have been distributed during the past 4 years.

The Bureau has shown itself equally helpful during the recovery period. The efficiency of its organization and the value of its studies have been demonstrated by the essential information it has furnished the recovery agencies of the Government. The A.A.A. has come to it for information on consumer demand for agricultural products. Data on food composition, standards of nutrition, and food-consumption habits at different income levels have been used as a basis for planning an agricultural-production program. Living standards, house plans, house-equipment information have been provided to subsistence homesteads and the Tennessee Valley Authority. The study in which this Bureau has cooperated on submarginal farms will serve as a guide in helping determine what areas are able to support an adequate living standard. The Bureau has worked during the past year with the Bureau of Labor Statistics in determining the cost of living with Government workers here in Washington; it has worked with a group of bureaus under the Central Statistical Board, preparing lists of commodities for price reporting and setting up specifications for these. It has worked with the Consumers Counsel of the A.A.A. and the Consumers' Advisory Board of the National Recovery Administration in studying the codes from the consumers' point of view and furnishing data on standards for consumer goods. As a matter of fact, at this time when the consumer and the welfare of the consumer are being considered as never before, this Bureau is able to give invaluable service and the type of help for which no other Government unit is equipped.

The foregoing statements, from a limited number of the bureaus, have been inserted merely by way of illustration of the invaluable services rendered by all the bureaus and offices of the Department. Space will not permit the inclusion of like statements from the others, and their omission is not to be taken as indicating their work is inferior in importance and value to that performed by those for which statements have been submitted.

The amount recommended for the Department of Agriculture is $142,802,631 below the amount appropriated for 1934 and $2,820,545 under the Budget estimate for 1935. However, the 1934 figure includes a direct appropriation of $100,000,000 for the Agricultural Adjustment Administration. The bill as reported includes no comparable amount for that service for 1935, since it is to be provided for in 1935 out of processing taxes. Details of this decrease will be found in table B of the report.

Mr. SINCLAIR. Will the gentleman yield?

Mr. SANDLIN. Yes; I yield.

Mr. SINCLAIR. Will the gentleman state what is the amount of the permanent funds appropriated for the Department of Agriculture?

Mr. SANDLIN. That is shown in the table and in the report, which are a part of my remarks.

Mr. SINCLAIR. What is the amount of the funds purely administrative and research work in the Department of Agriculture?

Mr. SANDLIN. If the gentleman will let me conclude the paragraph I am reading, it will give that information.

The permanent annual appropriations are those which have been provided by various and sundry acts of Congress and which recur each year without further action by Congress. They are not included in the accompanying bill but are set out in a table at the end of this report, solely as a matter of information. This table shows that there will be expended in 1935, out of the permanent appropriations, a total of $833,745,418, of which $831,022,428 is to be supplied out of the processing taxes under the Agricultural Adjustment Administration.

Exclusive of the amounts for the Agricultural Adjustment Administration, the remaining total for the Department of Agriculture for 1935, including both the regular annual and the permanent appropriations, is broken down in the following table for the purpose of indicating what percentage of the total is for direct payments to States and road-construction funds, what portion is for the ordinary activities of the Department, and, of the latter, how much is for those activities which are of general public benefit and, finally, how much is for the direct benefit of agriculture.

This table shows that of the total set-up for expenditure in 1935, 38.09 percent, or $26,616,005, is for road funds and for payments to States, including payments to States on account of experiment stations, extension service, cooperative forestry activities, payments to States out of forestry receipts and Federal-aid highways and construction of roads on public lands. The remaining ordinary activities comprise 61.91 percent of the whole, of which approximately one half, or 30.54 percent, is for work which is of general public benefit, leaving but 31.37 percent of the whole, or $21,913,053, to be expended for the more direct benefit of agriculture.

TABLE A

Item		Amount	Percent
Payments to States, road funds, and forestry receipts and special funds (including payments to States on account of experiment stations, Extension Service, cooperative forest activities, from forestry receipts and Federal-aid highways and forest roads)		$26,616,005	38.09
Ordinary activities:			
Of benefit to general public:			
Weather Bureau	$3,032,292		
Meat inspection	4,828,823		
Tuberculosis eradication	4,042,179		
Forest Service	[1] 7,015,514		
Biological Survey	1,054,084		
Food and Drug Administration, exclusive of $191,517 for enforcement of insecticide act	1,366,196		
Total		21,339,088	30.54
Of more direct benefit to agriculture (being the remaining services)		21,913,053	31.37
Total		69,868,146	100.00

[1] Does not include $1,172,513 allotted to States for forest fire cooperation, $56,296 for cooperative forest planting stock distribution, and $2,741,100 (including $688,509 for payments to States) from forestry receipts and special funds.

The following table sets forth, summarily, the amounts recommended in the accompanying bill, as compared with the 1934 appropriations and the Budget estimates for 1935:

TABLE B

Group	Appropriations for 1934	Budget estimates for 1935	Amount recommended in House bill for 1935	Increase (+) or decrease (−), House bill compared with 1934 appropriation	Increase (+) or decrease (−), House bill compared with 1935 Budget estimates
1. Ordinary activities:					
(a) Of primary benefit to agriculture:					
Annual appropriations	$26,181,868	[1] $21,463,787	[2] $21,878,563	−$4,303,305	+$414,776
Permanent appropriations		34,490	34,490	+34,490	
Total, item (a)	26,181,868	21,498,277	21,913,053	−4,268,815	+414,776
(b) Of general public benefit:					
Annual appropriations	24,490,238	18,196,285	18,339,088	−6,151,150	+142,803
Permanent appropriations	2,550,000	3,000,000	3,000,000	+450,000	
Total, item (b)	27,040,238	21,196,285	21,339,088	−5,701,150	+142,803
Total, ordinary activities	53,222,106	42,694,562	43,252,141	−9,969,965	+557,579
2. Payments to States (exclusive of road and forestry receipt funds):					
Annual appropriations	10,079,585	9,688,809	9,688,809	−390,776	
Permanent appropriations	4,666,096	4,676,096	4,676,096	+10,000	
Total, payments to States, as above	14,745,681	14,364,905	14,364,905	−380,776	
3. Forestry receipts and special funds (permanent appropriations)	3,087,020	2,751,100	2,751,100	−335,920	
4. Road funds (annual appropriations)	39,457,400	12,878,124	9,500,000	−29,957,400	−3,378,124
Total, items 1–4, above:					
Annual appropriations	100,209,091	62,227,005	59,406,460	−40,802,631	−2,820,545
Permanent appropriations	10,203,116	10,461,686	10,461,686	+158,570	
Total, Department of Agriculture, exclusive of Agricultural Adjustment Administration	110,512,207	72,688,691	69,868,146	−40,644,061	−2,820,545
5. Agricultural Adjustment Administration:					
Salaries and expenses (direct appropriation)	100,000,000			−100,000,000	
Advances (paid from processing taxes)	855,379,811	831,022,428	831,022,428	−24,357,383	
Total, Agricultural Adjustment Administration	955,379,811	831,022,428	831,022,428	−124,357,383	
Grand total, Department of Agriculture	1,065,892,018	903,711,119	900,890,574	−165,001,444	−2,820,545

[1] Includes $2,354,893 for grasshopper control.

[2] Includes $2,000,000 for grasshopper control.

CURTAILMENT OF 1934 APPROPRIATIONS THROUGH LEGISLATIVE AND ADMINISTRATIVE ACTION

An accurate consideration of the Budget estimates for 1935 and of the committee's recommendations thereon requires that they be compared, not with the amounts appropriated by Congress for 1934 but with the amounts which, under legislative reductions and budgetary reservations, will actually be expended in 1934.

Omitting the Federal-aid highways, forest roads and trails, the nonrecurring item of $100,000,000 for the Agricultural Adjustment Administration, and the new item for grasshopper control, the totals for the Department are:

Appropriated by Congress for 1934	$60,751,691
Cash withdrawal limitations for 1934, fixed by legislative reductions and budgetary reservations	49,828,704
Budget estimates for 1935	46,993,983
Amount recommended in bill for 1935	47,906,460

It will thus be seen that, for the appropriations above considered, the amount provided by Congress for 1934 was reduced in the manner indicated in the sum of $10,922,987; the Budget for 1935 is $2,834,716 below the cash withdrawal limitation for 1934; and the amount recommended by the committee in the accompanying bill is $912,472 in excess of the Budget estimates. Offsetting the latter increase, the committee has made reductions below the Budget estimates in the items excluded from the above calculations as follows: Federal-aid highways, $3,000,000; forest roads and trails, $378,124; grasshopper control, $354,893. So that, for the entire bill, there is a net reduction below the Budget estimates of $2,820,545.

The Budget reductions are offset to a degree by allotments from emergency funds for certain of the items in the bill. The amounts of these allotments and the activities for which they have been made are shown in detail further on in this report.

The amounts appropriated by Congress for each activity for 1934, the amounts of the cash withdrawal limitations, the amounts recommended by the Budget for 1935, and the amounts included in the accompanying bill are set forth in the following table:

TABLE C.—*Statement, by specific appropriations, of the amounts appropriated for 1934, the amount of the cash withdrawal for 1934 allowed by administrative action against each appropriation, the Budget estimate for 1935, and the amount recommended in the appropriation bill for 1935*

Bureau or office and appropriation item	1934 appropriation	1934 cash withdrawal	1935 Budget estimate	Amount recommended in bill for 1935
OFFICE OF THE SECRETARY				
Salaries, Office of the Secretary	$731,347	$615,022	$548,560	$548,560
Compensation, mechanical shops and power plant	120,960	112,166		
Miscellaneous expenses, Department of Agriculture	267,254	267,254	115,048	115,048
Rent of buildings in the District of Columbia	45,000	45,000	63,000	63,000
Total, Office of the Secretary	1,164,561	1,039,442	726,608	726,608
OFFICE OF INFORMATION				
Salaries and expenses	376,287	306,500	323,641	323,641
Printing and binding	850,000	610,466	610,466	610,466
Total, Office of Information	1,226,287	916,966	934,107	934,107
LIBRARY, DEPARTMENT OF AGRICULTURE				
Salaries and expenses	100,223	87,551	87,812	87,812
OFFICE OF EXPERIMENT STATIONS				
Payments to States, Alaska, and Puerto Rico for agricultural experiment stations:				
Hatch Act	720,000	720,000	720,000	720,000
Adams Act	720,000	720,000	720,000	720,000
Purnell Act	2,880,000	2,880,000	2,880,000	2,880,000
Hawaii Station Act	26,000	26,000	28,000	28,000
Alaska Station Act	15,000	15,000	15,000	15,000
Puerto Rico Station Act	20,000	20,000	25,000	25,000

TABLE C.—*Statement, by specific appropriations, of the amounts appropriated for 1934, etc.*—Continued

Bureau or office and appropriation item	1934 appropriation	1934 cash withdrawal	1935 Budget estimate	Amount recommended in bill for 1935
OFFICE OF EXPERIMENT STATIONS—continued				
Salaries and expenses:				
Supervision of and relations with agricultural experiment stations	$148,831	$130,070	$137,125	$137,125
Insular agricultural experiment stations:				
Hawaii station	36,270	31,800	31,162	31,162
Puerto Rico station	41,860	36,800	33,815	33,815
Total, Office of Experiment Stations	4,607,961	4,579,670	4,590,102	4,590,102
EXTENSION SERVICE				
Payments to States, Hawaii, Alaska, and Puerto Rico for agricultural extension work:				
Supplemental Smith-Lever Act	1,580,000	1,580,000	1,580,000	1,580,000
Capper-Ketcham Act	1,480,000	1,480,000	1,480,000	1,480,000
Alaska Act	12,000	12,000	12,000	12,000
Additional cooperative extension work	1,000,000	1,000,000	1,000,000	1,000,000
Salaries and expenses:				
General administrative expenses	13,846	11,785	12,426	12,426
Farmers' cooperative demonstrations	1,420,189	1,065,142	684,648	684,648
Agricultural exhibits at fairs	85,000	63,750	66,510	66,510
Cooperative farm forestry	64,787	48,590	51,354	51,354
Total, Extension Service	5,655,822	5,261,267	4,886,938	4,886,938
WEATHER BUREAU				
Salaries and expenses:				
General administrative expenses	125,975	101,810	112,857	112,857
General weather service and research	2,279,750	1,740,060	1,806,519	1,806,519
Horticultural protection	44,905	30,544	31,857	31,857
Aerology	1,280,605	1,033,470	1,081,059	1,081,059
Total, Weather Bureau	3,731,235	2,905,884	3,032,292	3,032,292
BUREAU OF ANIMAL INDUSTRY				
Salaries and expenses:				
General administrative expenses	170,915	153,824	162,185	162,185
Inspection and quarantine	689,650	620,694	622,090	622,090
Eradicating tuberculosis:				
Operating expenses	1,145,360	686,464	1,042,179	1,042,179
Indemnities	4,800,000	3,300,000	3,000,000	3,000,000
Eradicating cattle ticks	671,089	536,871	399,306	562,007
Animal husbandry investigations	637,150	573,435	592,675	592,675
Diseases of animals	375,000	333,046	334,324	336,949
Eradicating hog cholera	420,000	357,398	340,515	340,515
Eradicating dourine	25,000	7,500	7,871	7,871
Enforcement of the Packers and Stockyards Act	350,200	294,168	307,493	307,493
Meat inspection	2,074,590	2,017,131	1,828,823	1,828,823
Total, Bureau of Animal Industry	11,358,964	9,192,531	8,637,461	8,802,787
BUREAU OF DAIRY INDUSTRY				
Salaries and expenses:				
General administrative expenses	64,265	53,300	56,514	56,514
Dairy investigations	590,865	486,500	498,383	503,348
Total, Bureau of Dairy Industry	655,130	540,000	554,897	559,862
BUREAU OF PLANT INDUSTRY				
Salaries and expenses:				
General administrative expenses	193,379	167,522	171,569	171,569
Arlington Farm	51,545	41,796	44,469	44,469
Barberry eradication	180,722			
Blister-rust control	375,233			
Botany	39,113	32,048	33,816	33,816
Cereal crop and diseases	488,200	410,960	411,803	415,048
Citrus-canker eradication	25,000			
Cotton production and diseases	200,000	165,233	173,092	173,092
Drug and related plants	39,840	32,395	34,101	34,101
Dry-land agriculture	220,000	183,496		191,968
Experimental greenhouse maintenance	87,190	[1] 71,341	71,239	71,239
Forage crops and diseases	201,014	165,687	174,596	174,596
Foreign plant introduction	163,574	136,822	[2] 218,297	218,297
Forest pathology	[3] 206,955	170,265	166,534	187,066
Fruit and vegetable crops and diseases	1,144,100	950,508	990,936	990,936
Genetics and biophysics	33,617	27,281	28,753	28,753
Mycology and disease survey	46,133	37,322	39,342	39,342
National arboretum	4,758	4,039	4,146	4,146
Nematology	46,640	38,499	40,327	40,327
Phony peach eradication	41,860			

[1] Includes $3,924 transferred to the Department of the Interior in connection with the transfer of buildings and grounds to the jurisdiction of that Department.
[2] Includes supplemental estimate of $75,000 for foreign explorations.
[3] Excludes $13,882 to be transferred from "blister-rust control", but includes $3,000 to be transferred to the Bureau of Entomology and Plant Quarantine.

TABLE C.—*Statement, by specific appropriations, of the amounts appropriated for 1934, etc.*—Continued

Bureau or office and appropriation item	1934 appropriation	1934 cash withdrawal	1935 Budget estimate	Amount recommended in bill for 1935
BUREAU OF PLANT INDUSTRY—con.				
Salaries and expenses—Continued.				
Plant nutrition	$16,900	$13,978	$14,660	$14,660
Rubber, fiber, and other tropical plants	69,474	57,079	60,035	60,035
Seed investigations	70,648	58,662	61,509	61,509
Sugar plant investigations	340,000	282,941	231,028	295,303
Tobacco investigations	80,000	65,892	69,245	69,245
Western irrigation agriculture	130,000	106,789	28,533	100,848
Total, Bureau of Plant Industry	[4] 4,496,155	3,220,555	3,068,130	3,420,265
FOREST SERVICE				
Salaries and expenses:				
General administrative expenses	327,819	257,830	253,092	258,092
Protection and administration of national forests	6,568,880	5,789,491	5,618,353	5,618,353
Fighting forest fires	100,000	100,000	100,000	100,000
Aerial fire control	24,900	12,450		
Classification of lands	47,250	30,664	30,910	30,910
Sanitation and fire prevention	65,000	19,452		
Planting on national forests	214,070	147,070		
Reconnaissance	68,410	32,974		
Improvement of the national forests	987,084	137,492		
Forest management	492,671	378,468	392,810	392,810
Range investigations	100,000	76,820	81,025	81,028
Forest products investigations	566,791	435,407	459,725	459,725
Forest survey	160,057	122,963		
Forest economics	60,000	46,092	48,493	48,493
Forest fire cooperation	1,587,513	1,190,635	1,198,619	1,198,619
Cooperative distribution of forest planting stock	74,730	56,047	56,296	56,296
Acquisition of additional forest lands	85,854			
Total, Forest Service	11,531,039	8,833,855	8,244,323	8,244,323
BUREAU OF CHEMISTRY AND SOILS				
Salaries and expenses:				
General administrative expenses	89,903	80,305	84,402	84,402
Agricultural chemical investigations	410,000	330,500	304,870	304,870
Color investigations	60,000	60,000	63,255	63,255
Insecticide and fungicide investigations	109,563	93,000	87,920	87,920
Plant dust explosions	33,880	30,000	31,612	21,612
Naval stores investigations	65,106	55,000	57,165	57,165
Fertilizer investigations	325,000	265,000	246,071	246,071
Soil chemical and physical investigations	56,545	45,500	47,879	47,879
Soil survey investigations	275,000	240,000	150,908	192,391
Soil microbiology investigations	40,641	35,000	36,765	36,765
Soil fertility investigations	195,556	155,000	154,193	150,368
Total, Bureau of Chemistry and Soils	1,670,194	1,389,305	1,265,040	1,311,698
BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE				
Salaries and expenses:				
General administrative expenses	[5] 217,554	176,474	149,109	149,109
Fruit insects	366,000	316,695	320,759	320,759
Japanese beetle control	349,837	279,030	203,010	203,010
Mexican fruit-fly control	114,197	96,983	101,652	101,652
Citrus-canker eradication	[6]	11,706	12,299	12,299
Phony-peach disease	10,799	8,963	45,462	45,462
Phony-peach eradication	[7]	34,214		
Date scale control	27,925	26,178	22,768	22,768
Forest insects	179,970	134,435	145,655	145,655
Gypsy and brown-tail moths	408,388	139,595		
Blister rust	9,306	7,725		
Blister-rust control	[8]	214,440		
Truck crop and garden insects	390,000	283,050	303,048	303,048
Cereal and forage insects	451,640	335,340	236,761	262,701
European corn borer control	40,000	28,922	30,411	30,411
Barberry eradication	[9]	126,918		
Cotton insects	175,000	132,400	114,763	114,763
Pink bollworm control	379,804	315,238	254,959	254,959
Thurberia weevil control	3,275	2,449	2,584	2,584
Bee culture investigations	65,000	48,030	45,670	45,670
Insects affecting man and animals	130,000	97,450	109,600	109,600
Household and stored products insects	130,000	97,700		
Insect pest survey and identification	190,000	159,500	121,616	121,616
Control investigations			40,738	40,738
Transit inspection	30,229	25,095	26,419	26,419

[4] Includes $611,933 transferred to the Bureau of Entomology and Plant Quarantine, as follows: Citrus-canker eradication, $25,000; phony peach eradication, $41,860, blister-rust control, $361,351; barberry eradication, $180,722; and Dutch elm disease control, $3,000.
[5] $136,358 appropriated under Bureau of Entomology and $81,196 under Bureau of Plant Industry.
[6] $25,000 appropriated for 1934 under Bureau of Plant Industry.
[7] $41,860 appropriated for 1934 under Bureau of Plant Industry.
[8] $375,233 appropriated for 1934 under Bureau of Plant Industry.
[9] $180,722 appropriated for 1934 under Bureau of Plant Industry.

TABLE C.—*Statement, by specific appropriations, of the amounts appropriated for 1934, etc.*—Continued

Bureau or office and appropriation item	1934 appropriation	1934 cash withdrawal	1935 Budget estimate	Amount recommended in bill for 1935
BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE—continued				
Salaries and expenses—Continued.				
Foreign plant quarantines	$685,000	$568,550	$536,516	$536,516
Certification of exports	18,558	15,188	16,120	16,120
Total, Bureau of Entomology and Plant Quarantine	4,372,482	3,672,268	2,839,919	2,865,859
BUREAU OF BIOLOGICAL SURVEY				
Salaries and expenses:				
General administrative expenses	76,865	69,297	72,978	72,978
Maintenance of mammal and bird reservations	75,000	50,000	52,368	52,368
Food habits of birds and animals	75,000	71,640	[10] 20,901	75,112
Control of predatory animals	530,000	382,981	[11] 398,982	398,982
Production of fur-bearing animals	55,000	49,363	----------	51,717
Biological investigations	85,000	66,279	69,711	69,711
Protection of migratory birds	198,190	149,206	118,210	155,085
Enforcement of Alaska game law	90,000	64,000	66,598	66,598
Upper Mississippi River wild life refuge:				
Administration	43,200	30,584	31,933	31,933
Acquisition of land	18,500	10,018	1,862	1,862
Bear River migratory bird refuge (administration)	20,000	14,700	15,319	15,319
Migratory bird conservation refuges	89,525	59,193	62,419	62,419
Total, Bureau of Biological Survey	1,356,280	1,017,261	911,281	1,054,084
BUREAU OF PUBLIC ROADS				
Federal-aid highway system	35,000,000	----------	11,000,000	8,000,000
BUREAU OF AGRICULTURAL ENGINEERING				
Salaries and expenses:				
General administrative expenses	36,810	32,000	33,867	33,867
Agricultural engineering investigations	375,000	310,034	228,518	316,451
Total, Bureau of Agricultural Engineering	411,810	342,034	262,385	350,318
BUREAU OF AGRICULTURAL ECONOMICS				
Salaries and expenses:				
General administrative expenses	267,750	219,750	230,370	230,370
Farm management and practice	375,000	297,030	250,193	313,670
Marketing and distributing farm products	725,000	598,471	609,094	609,094
Crop and livestock estimates	700,000	574,890	603,701	603,701
Foreign competition and demand	292,870	217,000	226,590	226,590
Market inspection of farm products	500,286	371,340	389,805	389,805
Market News Service	1,360,000	971,000	1,002,868	1,002,868
Estimates of cotton grade and staple (statistics)	350,000	198,000	207,174	207,174
Tobacco stocks and standards	23,200	15,100	15,805	15,805
Enforcement of Perishable Agriculture Commodities Act	165,000	124,000	120,727	120,727
Enforcement of United States Cotton Futures and United States Cotton Standards Acts	268,000	215,500	226,189	226,189
Enforcement of United States Grain Standards Act	765,000	617,710	644,397	644,397
Administration of United States Warehouse Act	296,220	261,720	271,383	271,383
Enforcement of standard container, hamper, and produce agency acts	34,120	27,780	29,035	29,035
Completion of wool work	2,814	----------	----------	----------
Wool marketing studies	30,000	23,900	25,223	25,223
Total, Bureau of Agricultural Economics	6,095,260	4,733,191	4,852,554	4,916,031
BUREAU OF HOME ECONOMICS				
Salaries and expenses:				
General administrative expenses	26,049	24,483	25,747	25,747
Home economics investigations	186,700	144,855	129,819	152,954
Total, Bureau of Home Economics	212,749	169,338	155,566	178,701
GRAIN FUTURES ADMINISTRATION				
Enforcement of the Grain Futures Act	200,000	173,139	181,498	181,498
FOOD AND DRUG ADMINISTRATION				
Salaries and expenses:				
General administrative expenses	96,827	90,127	95,178	95,178
Enforcement of the Food and Drugs Act	1,185,000	1,114,995	1,161,477	1,161,477
Enforcement of the Tea Importation Act	$38,000	$35,000	$36,786	$36,786
Enforcement of the Naval Stores Act	32,599	30,599	32,052	32,052
Enforcement of the Insecticide Act	195,000	183,300	191,517	191,517
Enforcement of the Milk Importation Act	18,360	16,860	17,739	17,739
Enforcement of the Caustic Poison Act	23,719	22,199	22,964	22,964
Total, Food and Drug Administration	1,589,505	1,493,000	1,557,713	1,557,713
MISCELLANEOUS				
Experiments in livestock production in southern United States	39,560	35,604	37,036	37,036
Soil-erosion investigations	276,474	225,843	168,326	168,326
Grasshopper control	[12]	----------	2,354,893	2,000,000
Forest roads and trails	4,457,400	----------	1,878,124	1,500,124
Agricultural Adjustment Administration	100,000,000	----------	----------	----------
Grand total, Department of Agriculture	200,209,091	49,828,704	[9]62,227,005	59,406,460

[10] Supplemental estimate.
[11] Includes supplemental estimate of $307,639.
[12] Includes supplemental estimates totaling $4,873,433 as follows: $1,097,000 for payments to States, for agricultural experiment stations; $1,018,000 for payments to States for agricultural extension work; $75,000 for foreign plant introduction, Bureau of Plant Industry; and $328,540 for control of predatory animals, Bureau of Biological Survey, and $2,354,893 for grasshopper control.

I may state that the committee held hearings for 4 weeks, and the hearings comprise about 1,300 pages. I believe they will be very interesting to any Member who may take the time to read them. They can certainly find in the hearings something on nearly every subject that is handled by the Department of Agriculture.

The tables show in detail the appropriations that are made, and the break-down of such appropriations is such that I do not think any Member will have any difficulty in getting all the information he may desire with reference to any item in which he may be interested.

WORK AND ACCOMPLISHMENTS OF THE DRY-LAND STATIONS AND THEIR PLACE IN FUTURE PLAINS AGRICULTURE

Mr. SINCLAIR. Mr. Chairman, under the leave to extend my remarks in the RECORD, I want to call attention to the importance of dry-land stations and the work being done by them. This work is conducted in the Great Plains area, embracing 450,000 square miles of tillable land in 10 States, and in which is grown two thirds of the wheat production of this Nation.

Study of the problems of dry-land agriculture was first begun in a systematic way by the Department in 1905 to meet the urgent needs of settlers who were taking up the land. Most of them were from humid areas and knew nothing of farming under dry-land conditions. Failure and tragedy were common and recurrent as wave after wave of settlement advanced and receded. Misinformation on climate and methods of farming was the rule, and no one understood the principles underlying the handling of the soils and growing of the crops. The States were financially unable to conduct the necessary experiments and to establish the required experiment stations. Furthermore, it appeared that the Government which had opened up the land for settlement had some responsibility in the premises.

In order to meet the situation existing in this early day a series of stations was established, some in cooperation with States, a few independently, covering the plains from north to south and east to west, where studies would be made of rotations and tillage methods, how to handle the soil in order to conserve and utilize moisture, what crops and what varieties of crops to grow, how best to utilize the pastures, where it was safe to farm and where not, and other problems of importance in establishing a stabilized system of agriculture in the region.

Fruits and vegetables were required by the settlers and these were given attention. The best varieties were sought out and others developed by breeding. As a later development, experiments with trees and shrubs were begun, and demonstration shelter belts were planted to protect the homes and farm orchards and gardens from the winds and storms.

As a result of the experiments conducted at the dry-land stations, a large body of facts has been assembled that are used and are useful in many ways. They are of vital assistance to the farmer; they are used by Government officials in classifying land; and they will certainly be of further use if land purchases are undertaken in the region, or if any widespread changes in the utilization of the land are inaugurated.

Some of the specific accomplishments of the dry-land stations follow:

CLIMATE

From a study of the climatic data assembled during the last 25 years it has been possible to secure information on the amount and distribution of precipitation, frost dates and the average frost-free period, temperatures and wind velocities for each month, and evaporation and humidity during the growing season. These factors have determined the types and varieties of crops to be used, planting and harvest dates, tillage practice, and farm operations in general.

ROTATION AND TILLAGE

Through the accumulated data on the crop-rotation and tillage investigations many old-time theories have been discredited or replaced by accurate experimental data and new farm practices have been evolved.

The rotation and tillage experiments have demonstrated the value of the 4 years' rotation in many sections of the Northern Plains, including and progressing in the order of fallow, winter wheat, corn, and oats or barley. This rotation embodies the several factors recognized as necessary in this region for a well-balanced system of diversified agriculture and has been adopted with variations by many dry farmers. Fallow, the essential moisture-storage and weed-eradication treatment, is followed by wheat, the principal crop of this region. Corn, on spring plowing or listing, follows wheat and is a grain and fodder crop adapted to harvesting or pasturing. Corn is also a partial weed-control and moisture-conservation crop and leaves the land in good condition for the crops that follow. Oats or barley produced economically on disked corn land provide small grains for feed and, when cut at the proper stage, some of the crops may be used for grain hays. Oats and barley, together with corn, entail the production of livestock on the farm, which, with the winter wheat, constitute the principal sources of income.

An outstanding accomplishment of the station at Archer, Wyo., has been the development of a method of cultivation that controls soil blowing and enables winter wheat to survive the winter and spring at the high altitude of southeastern Wyoming. This method does not use the plow. All cultivation is done with a duck-foot or field cultivator and the wheat is seeded with a furrow drill.

The average returns from the tillage experiments at Huntley have shown that there is practically no difference in yield between crops grown on spring-plowed and fall-plowed land. The maximum yields of small grains or flax in any season have generally been obtained on summer-fallowed land, although in some cases the most economical yields of these crops have been produced on disked cornland. From the standpoint of yields obtained as well as economy of soil preparation, listing the land for small grains has generally excelled plowing. Plowing to depths greater than 8 inches has not returned increased yields, but has increased the cost of production. The returns from small grains cropped successively on the same ground have seldom justified the expense of plowing between crops as compared to the more economical method of sowing the seed into disked stubble land.

Date of seeding work at several stations over the past 18 years on the sorghums, cotton, and other crops is slowly but very surely influencing farmers to plant at dates that insure higher yields.

From the nature of these experiments with rotation and tillage methods and other soil studies, they must be continuous, and many of them have been under way without any break for 25 years or more. Their comprehensive nature has required many years of investigation before conclusions could be formulated. Although many of the results obtained in these experiments are widely applied and have been of immense benefit to farmers the results in some of them are just beginning to be successfully used by leading farmers in the region, and their value should be increasingly evident as they are more widely applied. As yet many phases of these investigations are incomplete.

SOIL MOISTURE

Soil moisture is closely associated with climatic factors and crop production. Through the study of about 300,000 soil samples, taken from plots at several stations, given various tillage treatments and seeded to different crops, it has been possible to obtain comparative data on the storage and depletion of soil moisture as a result of cultural and cropping practices over a period of years. This information is not only valuable in accounting in part for yield variation but aids in determining the most reliable methods to be followed in crop production.

SUMMER FALLOW

In experiments at stations generally it has been demonstrated that summer fallow plowed early and kept free from weeds the remainder of the season, produced much higher yields than that plowed in July after the weeds have removed practically all of the moisture. Plowless fallow in Montana, using the duckfoot cultivator and the one-way disk, produced yields practically equal to plowed fallow, and from an economic standpoint it has a considerable place on much of the fallow acreage of the State.

It has been established by experiments at representative stations that an average increase of 3 bushels of wheat per acre is obtained from each inch of water stored by fallow above the quantity stored in other plots in the spring.

Yield of spring wheat on fallow plowed by June 1 has averaged 22 bushels to the acre, whereas that plowed after that date but before July 1 has averaged only 16 bushels.

The stations at Belle Fourche and Ardmore have demonstrated the importance of using methods of production that are adapted to conditions. The growth of small grains continuously or by methods that do not accumulate a store of water in the soil before seeding is too hazardous to warrant its practice. Such crops grown on a properly conducted fallow are productive and sure enough to support a permanent agriculture.

Investigations conducted since 1914 at Mandan have shown that while the highest yields of wheat and other small grains are produced on fallow it is not the most profitable method. It might be used to advantage when it seems desirable to reduce the total production of wheat and to increase its quality. A combination of corn for feed and small grain grown on disked corn ground is a practice well fitted to a large section represented by the station and is the foundation of a better balanced agriculture than can be based on the use of fallow.

BREEDING OF FIELD CROPS

The Akron station provided facilities for cooperative work through which a variety of oats, Brunker, was developed that for an average of 8 years yielded 22 percent more than the variety of oats, Kherson, in standard use.

Wheatland and Beaver milo, both originated by the cereal office in cooperative work at the Woodward station, are now planted over tens of thousands of acres of the sorghum belt. Western black-hull kafir, distribution of which was started from this and other stations only in the past few years, is recognized as the best general-purpose kafir over most of the sorghum region proper.

Facilities provided by the field station at Woodward, Okla., are responsible for the breeding of a grain sorghum that is satisfactorily productive and that can be handled with wheat machinery, making possible a substitution of that feed crop for wheat and thus promoting a better-balanced agriculture.

Testing and breeding sorghum crops for chinch-bug resistance, under way at the Lawton station, have given promising results.

MANURE AND GREEN MANURING

Plots to which barnyard manure or green-manure crops have been added have seldom produced yields of small grains or ear corn equal to the yields that have been obtained from ordinary summer fallow. When noticeable at all, the effects of added fertility have usually been reflected in increased yields of straw and stover, although in a 2-year rotation of corn and flax the yearly addition of barnyard manure has seemed to have a depressing effect on the yield of flaxseed.

GRAZING AND PASTURING

The investigations in grazing conducted at Mandan, N.Dak., since 1915 in cooperation with the North Dakota Agricultural Experiment Station are the most fundamental of any investigations on the utilization of native sod and cultivated sod crops that have ever been conducted on the prairies or plains. They have determined the normal gain per steer that may be obtained during a pasture season. They have determined the gain per acre that may be obtained from pastures grazed at different rates or handled in different ways. They have shown that the carrying and producing capacity of native sod can be increased about 20 percent by dividing the pasture into three parts and grazing them in rotation. Investigations are under way to determine how cultivated sod crops can best be utilized to replace or supplement native sod. Indications are that most effective use of the land can be made by utilizing such crops as crested wheatgrass, bromegrass, and alfalfa for early pastures supplementary to native sod for later pasture. The pastures are furnishing steers for research investigations by the North Dakota Experiment Station on the questions of fill, hardening, and shrinkage to determine the significance of heavy gains at one season of the year and failure to gain at another season.

These grazing experiments at Mandan, N.Dak., show that 7 acres per steer under a system of continuous grazing will furnish enough feed for a 5 months' grazing period and allow the steer to put on a gain of 300 pounds. By following a system of deferred and rotation grazing, the acreage can be reduced to 5 acres per steer, with a gain of 275 pounds per head.

Careful botanical studies of the vegetation and changes in it as a result of grazing make it possible to apply the results to other sections where the vegetative cover is greater or less as a result of differences in soil or water supply.

Crested wheatgrass not only produced good yields of hay but is also outstanding as a pasture grass. It starts growth early in the spring and is ready for pasture before other grasses or sweetclover. After late summer rains it greens up and furnishes considerable pasture while the other cultivated and native grasses remained dry and brown. Pasture tests during the past few years have shown it to have four times the carrying capacity of the native ranges of the Judith Basin. It is not a difficult grass to get started in central Montana. During both of the past 2 years almost perfect stands were obtained when the grass was seeded alone on fallow.

Hog-pasturing investigations in Montana have shown that it is possible in most years to raise pigs from weaning age to nearly market condition by pasturing them on a series of annual crops and supplying them with a suitable supplementary grain ration. The annual crops used and the order in which they have been grazed are winter rye, field peas, Sudan grass, soybeans, sorgo, and corn. This series of crops has generally furnished continuous pasturage from early in May to the middle of September.

In Montana alfalfa produced a good yield of hay and was far better than sweetclover as a pasture for hogs.

FORAGE CROPS

Investigations centered at the Mandan station were largely responsible for the development and introduction into use of crested wheatgrass, a Russian immigrant, that is one of the most important contributions ever made to the list of sod crops available for use in cold, dry regions. It has never been killed out by cold or drought, and is more productive under adverse conditions than any other sod crop. It has good seed habits and is easily established, which insures its general use. In many sections it is the only grass available for resodding land that has been broken up but which it is not profitable to continue in cultivation.

The value of early sorgos and Sudan grass for drought- and grasshopper-resistant forage crops has been demonstrated, and these crops have been introduced into use.

It has been shown that when there is emergency need of forage crops, oats, Dakota Kurak millet, and Dakota amber sorgo can be planted in North Dakota as late as July 15 and still produce nearly as much forage as the best hay mixtures.

The dry-land stations introduced Sudan grass into the Plains, which is a valuable hay crop and also is of great value as a summer and fall pasture crop.

FEEDING

It has been determined at the Akron station that hog millet is equal to yellow corn in fattening value for hogs when finely ground and fed with a balanced supplement and simple minerals.

FRUITS AND NUTS

Varieties of grapes distributed over the Plains a number of years ago from the Woodard station show adaptability of varieties to different sections of the Plains. There seems to be a gradual change of varietal adaptability from south to north and from east to west. There is a wide range of adaptability due to different soils also. The main fact that many very good varieties of grapes are adapted to practically all of the southern plains has been established almost wholly by the work of this station.

Tests of grapes have shown distinct regional adaptation of different varieties. They have shown that some varieties standard in other sections are not adapted to dry-land conditions, and that other varieties produce quality grapes only under semidesert conditions.

There has been a great demand for a nut tree for the Southern Plains, and work has been concentrated on obtaining wood of the better varieties of black walnuts from all over the eastern United States and grafting it on trees of native black walnuts. Results are very encouraging. Wood grafted on old trees starts bearing the second year.

A pecan of good quality, which ripens fully even as far north as southern Kansas, has been discovered and is being propagated for distribution.

Woodard has introduced improved varieties of persimmons and shown the possibilities of grafting them on native trees.

Variety tests have been and are being made at Mandan, Woodward, and other stations of all tree fruits and small fruits that might be adapted to the region, paying particular attention to new varieties that are put out by State and Canadian experiment stations and to foreign importations secured by the Division of Foreign Plant Introduction. This is determining the best material for the region that is available. Extensive breeding work is being done with apples, crabs, plums, cherries, juneberries, currants, and gooseberries to produce better hardy varieties. More than 30,000 crosses have been made, and more than 5,000 hybrid plants and trees are now being tested for hardiness and brought to bearing.

New and improved varieties are being tested by 75 cooperating farmers in the Northern Great Plains. New varieties of plums and apples have shown superior qualities that warrant their immediate distribution for general growth and trial.

ARBORICULTURE

Through test plantings on the station and plantings on the farms of nearly 3,000 cooperators in Montana, Wyoming, North Dakota, and South Dakota great progress has been made in determining the varieties of trees to grow, the spacing at which to plant them, and how to care for them for shelter belts under the trying conditions of the northern

Great Plains, where trees grow naturally only in the most favored and sheltered locations.

The Chinese elm was introduced and has proved to be one of the most valuable additions to the list of adapted species. The value of American elm and green ash above willows and poplars which were in most general use has been clearly shown. The adaptability, hardiness, and suitability of white spruce from the Black Hills and of ponderosa pine for shelter belts in even the most difficult situations has been shown.

It was common practice to prune trees of all their lower limbs and to mulch plantings with straw or manure. It has been shown that pruning destroys the value of a planting for shelter, interferes with its ability to prevent the competition of sod and weeds, and actually reduces growth.

Mulched trees do not do as well as those that are given no care at all. The best treatment for a shelter belt or tree planting is clean cultivation and no pruning.

The cooperative plantings scattered over the Plains, in which about 5,000,000 trees have been planted, are demonstrations that encourage others to plant shelter belts. The improved conditions afforded by a shelter belt also encourages the planting of fruits and gardens and greatly increase the chances of their success.

Each cooperative planting is an experiment that is visited every 5 years to study the reactions of the varieties and methods used to the local conditions of soil and climate. Solution of the many problems involved over so wide an area naturally requires much time, but the method in use is productive of results more rapidly and decisively than any that has been tried before.

Experiments at Archer have shown that the snow caught by a shelter belt may increase the yields of hay on adjoining fields enough to more than offset the loss of land occupied by the shelter belt.

GARDENS

Breeding work at the Mandan, N.Dak., station has developed a tomato adapted to the short season and to dry weather. Sweet-corn varieties have been tested and the best ones further adapted to conditions by increasing their earliness and improving their quality and productiveness. Continued seed selection from the earliest watermelons and muskmelons is producing melons that will ripen in the short growing season of the northern Great Plains.

The possibilities of the farm garden, when handled on a systematic plan and in accordance with practices suited to the conditions that obtain, have been measured and the dissemination of the information has been responsible for a great increase in home-garden production in the Plains.

Present depressed economic conditions direct attention to the value of the farm garden and farm orchard as aids in making the dry-land farm more of a self-sustaining unit and more satisfying home.

The advantages and greater chance of success of a garden located in a favored spot, such as a sheltered coulee or protected by a shelter belt, has been shown.

CONCLUSION

There is no doubt but that the dry-land stations have repaid many times over in benefits to agriculture the money spent on them by the Federal Government. Not only should they be maintained as at present, but ample opportunity and assistance should be afforded them to increase the scope of their activities.

Mr. SINCLAIR. Mr. Chairman, I yield the remainder of my time to the gentleman from Pennsylvania [Mr. McFADDEN].

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. McFADDEN. Mr. Chairman, I want to call the attention of the House to a bill I introduced on March 9, 1933, House Resolution 19, which is pending before the Rules Committee, proposing that the House authorize the appointment of a select committee of seven men to examine into the present radio situation.

I have repeatedly asked the Chairman of the Rules Committee for a hearing on the bill but I have had no response. The country is thoroughly aroused upon this subject, and wants full action at once.

Likewise, on the 14th of February of this year I introduced a resolution following some remarks which I made on the floor of this House on January 31 last in regard to discrimination, censorship, and interference of radio. Radio broadcasting calls for a new deal—a fair new deal. This bill is a fair bill; it deals squarely with the question of politics, religion, and education by radio. The gentleman from Texas, Mr. RAYBURN, Chairman of the Committee on Interstate and Foreign Commerce, following the message of the President, has introduced a bill proposing to establish a new bureau called the "Bureau of Communications". This bill proposes to take from the Interstate Commerce Commission supervision of the radio and put it under the jurisdiction of the new Commission, which will supervise telegraph, telephone, and radio.

At the other end of the Capitol, Senator DILL has introduced a bill, S. 2910, quite similar.

I now call attention to the present censorship, directly and indirectly, in radio broadcasting. The two bills that have been introduced at the instance of the President to conform to his message do not deal clearly with the question of censorship. If the Rayburn-Dill bills are to become law, the subjects covered in my bill, H.R. 7986, should be included therein. The two major chain broadcasting systems have a self-established censorship policy, which includes politics, education, and religion. In this they are attempting to tell the American people what they shall hear and what they shall not hear. The attention of the membership of the House is directed to the fact that these two bills propose that this new commission, when it is organized, shall make a study of all phases of broadcasting and report at the next session of Congress. I say this subject must be dealt with fully now to prevent further entrenchment of selfish interests.

In remarks I made on the floor of the House on the 31st of January I called attention to the political censorship of radio. During the present year very important elections are to take place; the full membership of the House is to be elected and one third of the Senate. If radio during this summer is to be controlled partisanly, it means something to the membership of this House and the country. Likewise the question of international relations will be discussed all during this year, and if this present censorship referred to is to keep off the air broadcasts that are in opposition to their views it means partisanship aplenty.

One phase of censorship which has been set up by the chain broadcasting associations, which control 80 percent, directly and indirectly, of the broadcasting of the United States, is to assume to censor all religious talks that may take place over the radio. The N.B.C. have vested the censorship in the so-called "Federal Council of the Churches of Christ in America" under the guise of its religious contribution to the radio audience, whereas it is used as a smoke screen to prevent other programs of wide public interest to be given because the latter may be considered to be inimical to its own selfish interests. This policy applies not only to religious programs but to political and educational programs as well. And they are permitting James J. Farley, Postmaster General and chairman of the Democratic Committee, to censor political broadcasts, and the Columbia System are cooperating in the political censorship.

I submit that the so-called "Federal Council of the Churches of Christ in America" do not represent all the God-fearing people in the United States, nor does the Democratic Party possess all the God-fearing people. And the American people have certain vested rights as to what they shall hear over the radio. It is a well-known fact that the so-called "Federal Council of the Churches of Christ in America" are working in cooperation with many other organizations in pacifistic movements in the United States, going so far as to voice their cooperation in matters

pending before Congress, such as their opposition to the recent Vinson naval bill; likewise, their opposition will be voiced against the Army appropriation bill; and at the present time they are cooperating in the program to have this country join the League of Nations and adherence to the World Court. In fact, this censorship is being used to involve the United States in international affairs.

I hope in answer to a request made of the chairman of the radio committee of the House (which is the Merchant Marine, Fisheries, and Radio Committee) that they are going to give some consideration and a hearing on my bill.

I want the Membership of the House to understand that my bill is necessary, pending the putting into operation fully of the President's plan as represented by the Rayburn-Dill bill establishing a new commission of communications, and I am now requesting the chairmen of all three committees that they give consideration to the subject covered in my bill no. 7986, which is as follows:

A bill to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162)

Be it enacted, etc., That the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162), is amended by the addition of two new sections to follow section 28 of said act (44 Stat. 1172), said new sections to read as follows:

"No person, persons, company, association, or corporation owning and operating a radio broadcasting station, and receiving and broadcasting radio programs for hire, shall discriminate in the use of such station in favor of a program of speech sponsored by any person who is a legally qualified candidate for any public office, and/or by any religious, charitable, or educational company, corporation, association, or society or any other like association or society, and against or to the exclusion of another person who is a legally qualified candidate for any public office, or of another religious, charitable, or educational company, corporation, association, or society chartered or licensed under the laws of the United States, because and for the reason that such person, religious, charitable, or educational company, corporation, association, or society holds and promulgates and advocates views contrary to those expressed in programs that have been broadcast. The owner, lessee, or operator of any broadcasting station contracting for or accepting and broadcasting radio programs for one legally qualified candidate for a public office, and for one class of religious, charitable, or educational company, corporation, association, or society, and refusing to contract for or to accept and broadcast for hire radio programs of speech offered for broadcast by another legally qualified candidate for a public office, or by any other religious, charitable, or educational company, corporation, association, or society within the provisions of this section, because or for the reason that such legally qualified candidate, or such religious, charitable, or educational company, corporation, association, or society holds or promulgates a contrary or different view from that which is expressed by the person or parties broadcasting programs, shall be deemed guilty of an unlawful discrimination. All persons, companies, corporations, or associations owning and operating a radio station who shall be guilty of a misdemeanor shall be punished by a fine of not less than $500 nor more than $5,000, and in addition thereto may be required to forfeit the license for operating such broadcasting station.

"No person, persons, company, association, society, or corporation shall by threats, or by coercion, or by misrepresentation, or any other like manner interfere with or prevent, or attempt to interfere with or prevent, the broadcasting of any radio program by any owner, lessee, or operator of any radio broadcasting station; or interfere with or attempt to interfere with, or to prevent any owner, lessee, or operator of any radio broadcasting station from entering into a contract with another person, persons, company, association, society, or corporation, to accept, receive, and broadcast programs of speech and music by radio. No person, persons, company, association, society, or corporation shall induce or attempt to induce any person, persons, company, association, society, or corporation to withdraw business or financial support or social intercourse from any radio broadcasting station, or the owner, lessee, or operator of any radio broadcasting station in the use and operation of such radio station or in the broadcasting of any and all programs offered to be broadcast, or which may be broadcast at any such station. Any person, persons, association, society, or corporation violating this section shall be guilty of a misdemeanor, punishable by a fine of not less than $500 nor more than $5,000, or in the case of an individual or the responsible officials of an association or corporation, by imprisonment for a term of not less than 60 days nor more than 2 years, or by both such fine and imprisonment."

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. All time has expired. The Clerk will read the bill for amendment under the 5-minute rule.

The Clerk read as follows:

For the Secretary of Agriculture, Assistant Secretary, and for other personal services in the District of Columbia, and elsewhere, $548,560: *Provided*, That in expending appropriations or portions of appropriations contained in this act for the payment for personal services in the District of Columbia in accordance with the Classification Act of 1923, as amended, with the exception of the Assistant Secretary, the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act as amended: *Provided further*, That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service, or (2) to require the reduction in salary of any person whose compensation was fixed as of July 1, 1924, in accordance with the rules of section 6 of such act, (3) to require the reduction in salary of any person who is transferred from one position to another position in the same or different grade, in the same or different bureau, office, or other appropriation unit (4) to prevent the payment of a salary under any grade at a rate higher than the maximum rate of the grade when such higher rate is permitted by the Classification Act of 1923 as amended, and is specifically authorized by other law, or (5) to reduce the compensation of any person in a grade in which only one position is allocated: *Provided further*, That the Secretary of Agriculture is authorized to contract for stenographic reporting services, and the appropriations made in this act shall be available for such purposes: *Provided further*, That the Secretary of Agriculture is authorized to expend from appropriations available for the purchase of lands not to exceed $1 for each option to purchase any particular tract or tracts of land: *Provided further*, That not to exceed $20,000 of the appropriations available for salaries and expenses of officers and employees of the Department of Agriculture permanently stationed in foreign countries may be used for payment of allowances for living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (U.S.C., Supp. VI, title 5, sec. 118a), but not to exceed $720 may be so used for any one person: *Provided further*, That no part of the funds appropriated by this act shall be used for the payment of any officer or employee of the Department of Agriculture who, as such officer or employee, or on behalf of the Department or any division, commission, or bureau thereof, issues, or causes to be issued, any prediction, oral or written, or forecast with respect to future prices of cotton or the trend of same.

Mr. FOCHT. Mr. Chairman, I move to strike out the last word. I know it might be wondered at by some of the gentlemen from the plains of the West and the great rich agricultural districts of the Northwest, to hear a Pennsylvanian asking for time to discuss the dairy question, or even revert to it; but when you realize that Pennsylvania is seventh in the list of quantity and value of agricultural products in this country you should not be surprised. At the several meetings that I attended in the House Office Building of committees debating and discussing this dairy question, I was amazed to find such a diversity of opinion in regard to it, particularly in view of the fact that 9 months ago we voted in favor of a bill that was supposed to put into the hands of the Agricultural Department power to regulate, to stimulate, help, and relieve, and bring out of the distress and woe that they have been experiencing the last few years, the farmers of this country. I have listened to the talks about the cheese and the butter that is made in the Northwest, and how proud gentlemen are that we can export that even to Denmark and other parts of the world; but, after all, instead of being in such great alarm, instead of inveighing against the Agricultural Department, or depending too much on it, can we not think here in terms of the conditions that prevail today. It is a market that the farmer wants, and not interference or meddling by the Agricultural Department. Give the farmers of the valleys of Pennsylvania and New York a market, and get out in front of all this stimulated activity and these vast sums that are being expended, and furnish a purchasing power and the farmer will take care of himself. It may be that what is wrong in New York and the other great cities of the East is that the people there are not consuming milk enough. I am inclined to think that that has something to do with it.

I believe that the Agricultural Department is the most important of all the Departments of the Government. Agriculture in America is the queen of all occupations. More money is invested in it than in any other, and in the last analysis it is what sustains human life. It is what we must depend upon, and that must be prosperous if the rest of us are to be prosperous. But we must not think of only one side. If the farmer is to be prosperous, there must be a consuming power, and I appeal here for cohesion on the part of the various committees. In any department, whether it be the Department of Agriculture or any other, if you have lodged power there, you should demand that that

department exercise it, and particularly the Department of Agriculture, and then we will not have this struggle going on amongst the farmers of my State and every other State, when, under ordinary circumstances, depending upon themselves, they are prosperous and happy.

We have heard some wonderful speeches here today, and I wish to compliment the Membership on both sides of the House. We have evidence that there is something more than partisanship in America. I said some time ago on this floor that I could pick out of this Congress here today, after an absence of 10 years, 25 or 30 men who could run America much better than it is being run now, in all branches, with the training they will have in another 10 years. But you do not want to run it on the theory advocated by a young man right here who made a speech a while ago—a wonderful address, splendid diction, but the most illogical and un-American speech I ever heard anywhere, excepting under the red flag in the Plaza at Philadelphia.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MARTIN of Massachusetts. Mr. Chairman, I ask unanimous consent to extend the time of the gentleman for 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FOCHT. I believe in patriotism, and I delight in the manner in which this House has asserted itself. We heard yesterday a wonderful debate. Gentlemen here are able to extract out of a subject all there is in it and lay it before the American people. Anyone that criticizes this Congress either does not come here and listen to these debates or does not read the CONGRESSIONAL RECORD. It is the only document issued in America that appears without a typographical or grammatical error. Hunt through it and you will find none. It is edited by three of the greatest English scholars in America, and you will find more in there than in most any of the textbooks of the country.

But I want to revert to the idea that something sinister is creeping into our body politic. Do not let it do it. I like to see a Democrat stand there with the old spirit of those men that I read of this summer in, say, the history of Texas, for instance; men who would fight their war because they believed in it. And as for the men who fought the Civil War, I know that they were still Americans, and not one of them, not a man of the Confederate Army or member from the South or any other part of the country two generations ago would have tolerance with any such thing as communism in this country.

The only hope of this country is incentive for achievement. This idea of Russianizing this country and taking away even a man's name is out of the question. That crowd over there, my friends, is descendant from the plebians of the Roman Empire, nameless men. You know where our crowd came from. Let me tell you an aggressive minority can always conquer a passive majority. Let us not forget what Mirabeau said when he stormed the French Assembly and cried out, as the revolution swept the boulevards of Paris, "There they go; there they go." They got away from them. "Another exhibition of what ignorance and inexperience will do." So let us stand by the traditions and our fathers. Let us stand by experience and by the priceless education which flows from our high schools and universities. Let it be reflected here in real solidarity of patriotic purpose, standing on the principles and fundamentals of our fathers, and no more error like that from the brilliant young man who spoke this afternoon, talking about sovietizing America. We will never do that. We will do what I told a Communist who appeared before our committee, when he was talking about communism for America. I said, "Did you ever hear of the Molly McGuires?" He said, "No." I said, "You had better read about them, because that is the kind of people who tried to break down law and liberty in Pennsylvania, and when we had finished with them we had a string of them hanging along the roadside, 37 of them." That is what will happen to those who may attempt to destroy the heritage that was given us by our glorious fathers, north, east, south, and west, the American Republic.

[From the Rural New Yorker, June 24, 1933]

HITS THE NAIL SQUARELY

Now and then something really alive gets into the CONGRESSIONAL RECORD, as may be seen by the following remarks by Representative BENJAMIN K. FOCHT, of the Eighteenth Pennsylvania District:

"Then the other great element of our body politic is the farmer, and you can use all the hypodermics there without success until we can unfold some method by which the farmer who raises his crop can reach the market and get an adequate price for this product, a price above his cost of production. It does not matter how much his gross is unless he has a net.

"Why this problem cannot be solved I do not know. With all the brains we have here, and the various and numerous varieties of farm boards, and with the untold millions of dollars that have been spent in my lifetime trying to stimulate agriculture, it does seem strange to me there has not been some way devised to find a profitable market. The farmer will reach a market if you will only give him the chance, and we ought to have the brains and ability, in addition to this, to lift the burden of taxation from the farmer and give him an equal break in taxation, and then, for goodness sake, let him alone. He can run his own business if you will just let him do it. I know that they can do this up in my country, and all the farmers of the West came from the East, and the farmer can everywhere take care of his own business if you do not overburden him with taxes and inquisitions."

These remarks brought applause in the House, and the great majority of farmers feel the same way. Mr. FOCHT hit the nail squarely—not a dodging or on-the-fence blow.

[Applause.]

Mr. GLOVER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do this for the purpose of calling your attention to the last provision that has just been read, in the bill which is one of the safe provisions that this bill carries. The provision is:

Provided further, That no part of the funds appropriated by this act shall be used for the payment of any officer or employee of the Department of Agriculture who, as such officer or employee or on behalf of the Department or any division, commission, or bureau thereof, issues or causes to be issued any prediction, oral or written, or forecast, with respect to future prices of cotton or the trend of same.

We have had no abuses coming from this Department for the past few years, and it may be that this provision carried in the bill has been very helpful. We know very well the abuses that have come from leaks in that Department several years ago with reference to future conditions of the growing cotton crops of the South. A report will get out with reference to a rain in a certain section, and the cotton exchange would get that report and begin to prognosticate what effect the rain would have on cotton. This little yo-yo which the children have to play with, the little rubber string that plays it up and down—they must have gotten that idea from the cotton exchanges that would take anything on earth to make the cotton fluctuate and bob up and down in price. It has cost the South millions of dollars; and as long as this provision is carried in the bill, it is certainly a safety provision and a reminder, because anyone working there knows that whenever any leak of any kind comes from the Department, where it will materially affect the commodity which people are producing, that he no longer can draw any part of his pay. I hope we shall have no more leaks from that Department. I am glad to say we have had none of that lately, but we want to safeguard against that forever, and I congratulate the committee in carrying that provision in this bill, and I hope it will be carried in every other bill so that we can guard against any information being given out that would hurt the farmer.

I should like to say, further, there is no industry that has been in distress like this commodity of cotton for the past few years. Whenever you destroy the purchasing power of agriculture, which represents 30,000,000 people, you have practically destroyed the balance of it. If you make the southern cotton farmer, the wheat farmer, and the producer of agriculture prosperous in the United States, it will carry everything else. The railroads will operate, mills and factories will operate, and everything else will be prosperous. But until you make him prosperous—the greatest consuming power we have, the man who always buys when he has the

money to buy with—you will not have a prosperous country such as we once had.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. GLOVER. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

Mr. MILLARD. Reserving the right to object, is it expected to finish this bill tonight? By scientific reading we might be able to finish it.

The CHAIRMAN. Is there objection?

Mr. MILLARD. I will withdraw the reservation.

Mr. GLOVER. The gentleman has taken up more time than I would have consumed to finish my remarks. The gentleman is certainly very anxious to finish the bill and so am I.

I had started to say that we cannot take a great commodity like that which this provision protects and have it range in price from 40 cents a pound down to 5 cents and ever have a prosperous Nation. Cotton is the greatest crop produced in the United States, and we ought to take care of it.

The Clerk read as follows:

Dry-land agriculture: For the investigation and improvement of methods of crop production under subhumid, semiarid, or dry-land conditions, $191,968: *Provided*, That no part of this appropriation shall be used for the establishment of any new field station.

Mr. SANDLIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SANDLIN: Page 31, line 21, strike out "$192,968" and insert in lieu thereof "$197,945."

Mr. SANDLIN. Mr. Chairman, this adds an amount of $5,977 which was inadvertently left out. It takes care of two dry-land stations and puts them in the same status as the rest of such stations.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana.

The amendment was agreed to.

Mr. SANDLIN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BROWN of Kentucky, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 8134, the Department of Agriculture appropriation bill for the fiscal year 1935, had come to no resolution thereon.

REEDSVILLE FACTORY PROJECT

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, in my remarks yesterday on the Reedsville furniture factory, I referred to correspondence that I had had with the Comptroller General of the United States. My time was so short that I could not cover this correspondence in full. In justice to the Comptroller General's office and to show that this matter is receiving their attention I attach copy of letter received from them yesterday.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., February 27, 1934.

Hon. SAMUEL B. PETTENGILL,
House of Representatives.

MY DEAR MR. PETTENGILL: I have your letter of February 19, 1934, with further reference to your inquiry in letter of January 19, 1934, whether a factory building is a public work. In reply, I have to advise that the report requested from the Federal Emergency Administrator of Public Works mentioned in letter to you of February 1, 1934, has not as yet been received, and in the meantime this Office is withholding action on the warrant submitted for countersigning to effectuate an allotment of Public Works funds for the construction of said factory.

I shall be glad to advise you further when the report shall have been received and final action is taken by this Office in the matter.

Sincerely yours,

R. N. ELLIOTT,
Acting Comptroller General of the United States.

HON. GEORGE HUDDLESTON

Mr. ALLGOOD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ALLGOOD. Mr. Speaker, vision to foresee the needs of the future and originality in framing laws to deal with future conditions are of the highest importance in a Member of Congress. His value is to be tested, not by the number of measures presented, but by their importance, originality, and the understanding of the principles of government upon which they are founded.

During his service in Congress, Mr. HUDDLESTON has proposed more original legislation of a general nature, which has been subsequently enacted into law, than probably any other Member of Congress. Some among these measures are the following:

BILLS INTRODUCED

August 15, 1916, again January 6, 1917, January 13, 1917, and May 24, 1917, bills to create a Federal commission to develop electric energy at Niagara Falls, to be sold to consumers at cost: Voted and agitated for this legislation until his efforts were defeated by the grant of the Niagara power to members of the Power Trust. These were the first bills ever offered in Congress for any similar purpose. Upon these bills the Muscle Shoals legislation was patterned.

July 20, 1921, again on April 30, 1924, again December 8, 1931, again January 3, 1934, bills to require the labeling of articles shipped in interstate commerce, so as to inform consumers of their grade, quality, usefulness, and so forth: These bills are the precursors of the so-called "Tugwell-Copeland bill", but have none of the latter's bureaucratic and extreme provisions.

May 19, 1922, again February 13, 1926, bills to require labeling products of prison and child labor, so as to advise consumers of the origin: The Cooper Prison Goods law was based on these bills.

February 7, 1924, amendment to the Federal Constitution: To provide for the taxation of income from Federal securities and other tax-free bonds.

TO REGULATE MOTOR CARRIERS

February 19, 1929, again December 16, 1929, again January 8, 1932, again March 23, 1933, bills to regulate interstate motor carriers in the interest of shippers and the general public: Principle of bills advocated by President Roosevelt in his Salt Lake speech. Legislation upon this subject is now being considered by the committee, and probably will be passed very shortly.

THE HOME LOAN ACT

January 15, 1930, again December 8, 1931, bills providing for a Federal Home Loan System: The present Home Loan Act was based on these bills. It is estimated by the officials that over 500,000 homes will be saved from foreclosure by the operation of this act.

FEDERAL RELIEF—WELFARE DEPARTMENT

December 2, 1930, again December 8, 1931, bills providing for relief for the unemployed and destitute: Spoke and agitated for this legislation, standing alone and single-handed, with no voice in Congress raised in his support. Out of these bills came the existing Emergency Relief Act, under which millions of worthy citizens have been saved from perishing from cold and hunger. Every family which has been given relief by the welfare department owes it to this agitation and effort. In his speech on December 4, 1930, he said in part:

The argument against a proposal for direct relief is that it will undermine thrift and industry. Granted that it will, the consequences will not be half as serious as a failure to relieve widespread destitution. Direct relief will be less injurious to the morale of the people than for our Government to stand helpless and aloof in the presence of wholesale suffering.

Again, in his speech on February 11, 1931, he said:

From the beginnings of organized society, men have had regard for the sufferings of their fellow creatures. Governments back to the beginning have always had regard for the starving and miserable among their citizens. Never in all history can it be said, unless it may now be said of the American Government, that a

government has been oblivious of such suffering. * * * We are now confronted by the spectacle of men in authority, who supported grants from the Treasury to feed famishing Europeans, but who now refuse food to starving Americans.

In his speech, in behalf of his relief bill, on December 9, 1931, Mr. HUDDLESTON said:

Our country is at war, an awful war, a war as appalling, and involving as much suffering, as any war this country has ever engaged in. This war is not against a foreign foe, but against a domestic enemy. That enemy is starvation, ruin, and despair. These brave soldiers in this war have borne themselves with fidelity and patriotism, and with a devotion which might well compare with the heroism of any soldier who ever fell upon his country's battlefield * * *.

And now I come back to where I started. It is sound from the standpoint of humanitarianism; it is a sound principle of government to guide our action in a time of desperate emergency that no honest American should be allowed to starve. [Applause.]

PUBLIC WORKS FOR RELIEF—P.W.A. AND C.W.A.

January 25, 1931, again December 8, 1931, again May 23, 1932, bills to provide for public works during the depression: Out of these bills grew the existing Public Works Act, under which $3,300,000,000 is being expended throughout the Nation in public-works construction, C.W.A. work, and other forms of relief work. Every man given a job by the C.W.A. owes it to the passage of this law.

The above is only a partial list. It includes only measures of Nation-wide application and of the highest importance, and which represent measures originated by Mr. HUDDLESTON. It does not include numerous other measures which did not ripen into legislation. Also it does not include veterans' and labor legislation, in which fields he has been very active.

BILLS RELATING TO LOCAL JEFFERSON COUNTY MATTERS INTRODUCED IN CONGRESS BY MR. HUDDLESTON

Congressman HUDDLESTON has been active and capable in an extraordinary degree in looking after the local interests of his district. The following are some of the measures of local interest that he has handled:

December 4, 1915, to construct a naval armor plant in Birmingham: The form in which this legislation was passed authorized the President to select the site for the plant. President Wilson selected Charleston, W.Va., as the site, and the plant, costing several millions, was constructed there.

January 7, 1916, to survey Valley Creek with the view to providing navigable water to Bessemer: Passed; survey made; War Department made adverse report.

March 17, 1916, to reprint soil survey of Jefferson County: Bill passed by the House but failed in the Senate.

April 9, 1917, for the purchase by the United States, for use as a park, all land in Jefferson County within 2 miles of slack water above Lock 17 on Warrior River.

February 4, 1918, to provide for the improvement of Warrior River so as to afford a navigable depth of 8 feet.

July 19, 1919, to investigate causes for decrease in the production of coal.

December 20, 1923, to construct a public building at Fairfield, Ala.: Again introduced January 7, 1926; again introduced May 28, 1930; approved by interdepartmental board but delayed for lack of site; now pending before Public Works Administration.

January 17, 1924, to add an additional story on Federal building at Birmingham. Again introduced January 7, 1926; again December 21, 1926; legislation passed, and work was done.

February 29, 1924, to construct an addition to the post-office building at Bessemer: Legislation passed, and work done.

February 28, 1926, to lend tents and supplies of War Department to city of Birmingham for use at Confederate Reunion: Passed.

December 3, 1928, to provide for sale of old post-office building, Birmingham: Passed; Government realized $750,000 from sale.

The above relates to local legislation. It does not include work on bills of general public nature. Also it does not include the dozens of private relief, pension, and so forth, bills which Mr. HUDDLESTON had introduced and had passed.

Also the above does not include work on local legislation before committees, boards, and so forth, such as handling through the Committee on Interstate and Foreign Commerce the bill under which the 10 State bridges were constructed; nor the Inland Waterways Corporation bill under which the Warrior Barge Line was developed and the Ensley Southern Railroad purchased; nor such matters as efforts to obtain an Army camp for Birmingham, to secure location of the nitrate plant on Warrior River, to secure veterans' hospital, to secure office of Department of Commerce for Birmingham, and so forth.

EXTRACTS FROM MR. HUDDLESTON'S ANNOUNCEMENT FOR CONGRESS STANDS ON HIS RECORD

I stand squarely on my record as your Congressman. Promises are of little account—the best proof of what an officer will do is what he has done. During my nearly 20 years of service, you have had ample opportunity to learn what kind of man I am and what you may expect of me in future.

The fair-minded man will agree that I have been consistent. I have had ideals; I have had convictions; I have had political principles—I have had the courage to stand to my guns through thick and thin, despite criticism, ridicule, and abuse.

My principles remain now as always; I have not changed. Some who once criticized me as radical now call me conservative. The change is in them and not in me.

A FOLLOWER OF JEFFERSON

I have been a true follower of Jefferson. I have held to the highest ideals of humanitarianism and of liberty. I have dared to uphold the freedom of speech and of conscience under all circumstances. I have insisted on the fullest possible equality of opportunity for all, and for the right of every man to enjoy the legitimate fruits of his thrift and industry with the fullest freedom of action so long as he did not use it to oppress others. I have insisted upon the right of wage earners to organize for their mutual welfare and protection from injustice.

A LOYAL PARTY MAN

I have always honored my party obligations. When the Democratic Party has called me, I have instantly responded. In supporting the party nominees in 1928 I did my duty as I saw it, and have no apology to make now. Neither then nor now have I held any malice against those who, for reasons of conscience, took the other side. My only criticism was for the selfish politicians and demagogues who, having no convictions of their own, played politics with the sacred feelings of the people.

* * * * * * *

I have spared no effort or pains in my desire to be of service to my people. No constituent in all these 20 years can say that he ever asked a service within my power which I did not cheerfully perform. No letter, however humble the writer, has gone unanswered. No request, however trivial, but has been promptly granted.

PROUD OF PART IN NEW DEAL

I am proud of the part which I have had in the new deal. I have seen measures which, standing alone and single-handed, I was the first to propose accepted as policies of our Government. During the last session of Congress it was my privilege to take an active part in framing and passing the Securities Act and the Emergency Railroad Transportation Act. Also, three important measures which I had first conceived and originated became prominent planks of the administration's program and were adopted by Congress. These three measures were: (1) My home building bill, introduced January 15, 1930, and again on December 8, 1931, out of which came the Home Loan Act; (2) my public works bill, introduced on February 25, 1931, and again on December 8, 1931, and May 23, 1932, embodying the principles of the Public Works Act of June 16, 1933; (3) my bill for Federal relief for destitution, introduced December 2, 1930, and again on December 8, 1931, from which came the law under which relief for destitute citizens is now being given.

It is a source of great comfort to me to remember that although when I first spoke for my relief bill I was reviled as a Socialist and a radical, with not a single voice in the House raised to support me, it has now become the settled policy of the Nation, and millions of my fellow citizens have been saved from perishing by its operation.

A TIME FOR PATRIOTIC SERVICE

The times are serious, and men of sincerity and patriotism are needed now as never before. The new deal must not be interpreted as merely affording an opportunity for selfish ambition, nor for demagogues and agitators to play politics upon the sufferings of the people. To the contrary, the time calls for sacrifice and for devotion—not mere change for its own sake, but change for a fuller life for all, for greater economic security, for equality of right and opportunity, for the purification of our system and cutting out the cankers and the abuses which have infected it. These are what a brave and thoughtful people hope for and will work for. These are what I will stand for.

Our country has chosen a great Democrat to lead us out of the depression. Of Mr. Roosevelt's wisdom and sincerity there can be no question. It is the duty of every citizen to help him to carry out his program. This it is my purpose to do in every way that I consistently can.

LETTER FROM MAJORITY LEADER BYRNS

OFFICE OF THE MAJORITY LEADER,
HOUSE OF REPRESENTATIVES OF THE UNITED STATES,
Washington, D.C., June 24, 1933.

Hon. GEORGE HUDDLESTON,
House of Representatives, Washington, D.C.

MY DEAR GEORGE: In the CONGRESSIONAL RECORD of June 22, you will find my extension of remarks outlining the accomplishments of the special session of Congress in which you played such a necessary and important part. I hope you will find time to read it.

May I take this opportunity to express to you my deep appreciation and gratitude for kindly consideration to me personally during the trying days of the session. Your service and your loyalty to the party made possible the splendid record written by our Democratic Congress at this session.

With best wishes, I am,
Sincerely your friend,

JO. BYRNS.

LETTER FROM CHAIRMAN FARLEY OF DEMOCRATIC NATIONAL COMMITTEE

DEMOCRATIC NATIONAL COMMITTEE,
Washington, D.C., June 16, 1933.

Hon. GEORGE HUDDLESTON,
House Office Building, Washington, D.C.

MY DEAR CONGRESSMAN: I want you to know that I greatly appreciate the support you gave the administration program during the session just closed. I feel certain the people of the country generally realize that more beneficial legislation was passed at this session of Congress than ever before in the Nation's history.

For the part you played in these remarkable accomplishments I want you to know that I am personally grateful.

With best wishes, I am,
Sincerely,

JAMES A. FARLEY, *Chairman.*

NEW YORK BARGE CANAL IS ONE CANAL

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker, from the viewpoint of Buffalo and other canal communities on the western section of the New York Barge Canal, it is better that the project of improvement, with Federal aid, shall be abandoned rather than that an improvement be authorized that will disrupt long-established channels of transport and destroy large investments incidental thereto.

If the eastern end of the State of New York holds this to be a selfish attitude, I am willing to admit that it is. But I hardly think that it is wise to rob Peter to pay Paul. And that is exactly what will happen if Federal aid is extended for the improvement of the Oswego-Albany section of the canal or for any other single section.

Eastern insistence on an improvement of the barge canal which takes cognizance only of the benefits to be derived therefrom by eastern interests and which has no concern for the damage such improvement will do to the western end of the State is just as selfish as my own protest against being made victims of eastern ambitions can possibly be.

In what I have to say concerning the improvement of the entire barge canal I think I can approach the subject conscious of every obligation and duty that rests upon me as a Member of Congress, and I hope the other Members of the House will take the views I shall present with the same sincerity with which they are presented.

A lack of experience would dictate that I should not try to approach this subject in any manner except one of fairness and justice. I do represent a district of New York State whose citizens are intensely interested in the Erie Canal by reason of the fact that they feel that if the improvement of the canal system from Oswego to the Hudson, with the aid of the Federal Government, is made as outlined in the program that has been advanced by the Federal Government in relation to the $27,500,000 grant of N.R.A. funds, it would dismember the New York canal system and an irreparable injury will be inflicted upon my district and its people.

I believe that my fears as to what the effect of the adoption of this program will be upon the interests of my district are not imaginary fears. They are not fears based upon private interests. They are fears based upon a conscientious belief that if the program as advanced is adopted in the present recommendation an injustice will be done not only to the citizens in my district but to the citizenship and their property interests in a great portion of the central part of the State of New York. For if the Oswego section alone were to be improved, traffic naturally would be diverted from the Erie Canal, which has had more to do with the upbuilding of the State commercially than all the other canals in the system.

It was contended before the Atlantic Deeper Waterways Association conference at Philadelphia in December of this past year that there were many important American projects which would contribute to the development of American commerce and industry. Among the many projects discussed at this conference was the great New York State Barge Canal, carrying the waters of the Great Lakes by way of the Hudson River to the Atlantic Ocean. The conference recommended, along with others, that the canal should be deepened and enlarged to meet the needs of modern trade; so deepened and enlarged it would meet all the requirements of a St. Lawrence waterway and would serve the people of the Northwest to better advantage. It would not be icebound 4 or 5 months of the year, as the St. Lawrence is, thus limiting its facilities for steady traffic from the hinterland to the sea. Moreover, it may be stated that the inspiration for this proposal to dismember the system appears to have come from those who advocate the St. Lawrence seaway plan.

I represent a district with elevator interests in Buffalo having a capacity of between 42,000,000 and 43,000,000 bushels. Roughly speaking, all engineers will tell you that means about $2 a bushel, so we generally say that is an interest of about $100,000,000 of invested capital.

The harbor of Buffalo is unique almost in the entire country in that everything in the harbor pays taxes except the Erie Canal Terminal.

Now, my argument is an argument between those who do not pay taxes and those who do. The Port Authority of New York is a great institution with able men representing it, of course.

The only taxes they pay is a contribution to the city of New York equivalent to the taxes on the property that they purchased, and I want to say that in every city in this country today one of the pertinent questions is that between tax-exempts and those who have to pay the necessary expenses of our Government.

I said that $100,000,000 was invested in elevators in Buffalo. We have the flour mills there that for 3 years past were the biggest producers in the United States, even ahead of Minneapolis. Now, then, we have other important industries and investments. The chemical interests have been coming to the Niagara frontier for years—that is, the electrochemical industries because of the large supply of electric energy and electrometallurgical production.

Now, today we are threatened in our city. I want to know what is going to happen to practically $400,000,000 of tax-paying property.

And more important than that—far more important—is this problem: Where are the men going who work on our water front? About 25,000 men are employed on the water front. I have analyzed that group, and I can show you that they are supporting from 100,000 to 125,000 people in our city.

The first proposition is a theory that motor ships can be developed to carry high-class freight through the inland waterways of this country. Now, the actual development of motor ships, of course, has not been impressive from a tonnage or economic standpoint.

Now, then, I come to a question of Government-owned terminals, which is a very different thing. Buffalo has had its tax-paying harbor. The Albany Port Authority is not a tax-paying proposition, and the enormous elevators located at Albany do not pay taxes. At Oswego they made the mistake—if they had not done it, Buffalo capital would have gone in there several years ago and put up one or two elevators—but they made the mistake years ago of asking the State, and not private capital, to put up an elevator, and

now no private capital wants to go in there in opposition or competition to that Government-owned facility. Recent testimony given at the hearings of the Rivers and Harbors Committee shows that Government-owned facility did not handle a pound of wheat this last season.

It may be interesting to Members of Congress to know that the Chief of Army Engineers has prepared a table showing the average annual cost to the United States per ton of commerce handled at the principal coast and Great Lakes harbors of the United States, and in that table are included the cities of Buffalo and Oswego. I desire to take this opportunity to present to the Members of the House the comparative commercial statistics and annual costs.

Total commerce, calendar years 1890–1931, inclusive:		
Buffalo	tons	642,338,731
Oswego	do	25,253,664
Average annual commerce, years 1890–1931, inclusive:		
Buffalo	tons	15,293,779
Oswego	do	601,278
Average annual costs—(4÷42 years):		
Buffalo		$197,738.54
Oswego		$117,006.48
Average annual cost per ton of commerce:		
Buffalo		$1.293
Oswego		$19.460

In this connection it may also be interesting to note that of all the principal harbors including the Atlantic coast, Gulf coast, and Pacific coast, Oswego ranks the second highest in the average annual cost per ton of commerce. The honors (?) for the highest costs going to Wilmington, N.C., with an annual cost of $31.761.

Mr. CULKIN, in his remarks in the RECORD of February 26 speaks very ostentatiously of the city of Oswego, elaborating on the population, terming it an industrial city, boasting of the banks with their deposits, elaborating on the size of the elevators (State owned). He informs us they have three railroads which may be used for the shipment of grain when the canals are closed.

For the information of the House, I will make a comparison of the two cities, and then let you be the judges as to the advisability of passing legislation continuing Buffalo as the western terminus of the New York State Barge Canal or whether you will approve legislation dividing the barge canal into units for the benefit of the eastern section of the State. The canal should be considered as a whole, and a plan for improvement of the canal as a whole is as economically sound as it is politically fair.

I know my colleague from Oswego is just as honest and conscientious as he can be, but he has not presented a fair argument with reference to the Oswego-Albany route. The gentleman has presented but his side of the case. I shall endeavor to present both sides in a fair and just manner. The gentleman refers to the population. Let us compare the figures as taken from the State enumerations of 1915 and 1925 and the United States enumerations of 1920 and 1930.

	1915	1920	1925	1930
Buffalo	454,630	506,775	538,016	573,076
Oswego	25,426	23,626	22,369	22,652

It will be noted that during the past 15 years Buffalo has had an increase in population of 20.668 plus percent while Oswego has had a loss of 10.908 plus percent during the same period.

I quote from a report of an investigation made for the Oswego Harbor and Dock Commission by Fay Spofford and Thorndike, consulting engineers of Boston:

> Among the present industries of Oswego, flour milling, formerly the premier industry of the city, is no longer found.
>
> The plant of the Diamond Match Co. has been in operation since 1893, and a box-shook manufactory of the Standard Oil Co., established in 1884, was in operation up to November 1925.
>
> Among miscellaneous industries is an establishment for the preparation of chicken and dairy feed.

The fact that such astounding data have been compiled should be an important factor in future policy of the Federal Government with reference to the future expenditures at the Port of Oswego.

Now, let us briefly but carefully examine the statistical review of Buffalo, located at the western terminus of the New York State Barge Canal system.

BUFFALO, THE QUEEN CITY OF THE LAKES—HISTORY

Buffalo was not in existence at the time of the American Revolution. In 1795 a few houses were located on the city's present site. In 1804 these numbered 20. By 1812 the population was considerably increased, and the village became a center of interest because of the war on the frontier. In December 1813 it was attacked and captured by the British and Indians and every house was destroyed. The village was quickly rebuilt. By May 1814 there were 23 houses, taverns, stores, and shops. In the 1820 census there were 2,095 inhabitants.

Buffalo had a natural reason for growth. It was at the foot of navigation on the Great Lakes. The first steamboat on the Lakes sailed from Buffalo in 1818. In 1825 the opening of the Erie Canal made Buffalo an important transshipping point from New York to the West. From that time on its shipping increased until now it is the fourth port in the United States and one of the largest on the Lakes for the value of its tonnage. The largest breakwater in the country protects the harbor.

Much grain comes down the Lakes and must be unloaded at Buffalo. The first steam grain elevator was erected by Joseph Dart in 1843. This business has so increased that now it is estimated that one fifth of the grain produced in the United States passes through Buffalo and, with its 29 huge elevators, it is the greatest grain-storage city in the world.

Since the grain came to Buffalo, milling started early. By 1870 some of the leading milling companies in the country were in Buffalo, but in the last 5 years a great increase has been noted—from 6,000,000 barrels to more than 12,000,000 barrels a year. Buffalo has produced more flour than Minneapolis since 1930, and Buffalo is now the milling city of the world.

The first railroads in the United States were built in the 1830's. Buffalo had its first rail communication in 1833. The coming of the New York Central, Erie, Lackawanna, and others from the East and South, and the extension to the West by the Lake Shore, Michigan Central, and others, made Buffalo an important railroad center. Rail transportation has developed so much here that Buffalo is now the second largest railroad center in the United States. As a result, it is one of the largest coal-distributing centers in the country.

In 1832 the second city directory was published (the first having been published in 1828), recording that the city had about 10,000 inhabitants and 40 manufacturing establishments. This period marked the beginnings of Buffalo's industrial development, which now is probably the most diversified of any city in the United States. Seventy percent of every line of manufacturing in the United States is to be found among Buffalo industries. Great increases came in the decade after the Civil War and in recent years, especially since the World War. Among the products of these industries there must be noted pig iron, in which the Buffalo district is one of the largest centers in the country; linseed oil, much of which is manufactured by the largest linseed-crushing plant in the United States; dyes, for which the largest plant in the United States is in Buffalo; rayon, with one of the largest plants; wall board, which started here in 1906, and where nearly three quarters of the country's total supply is produced; stockyards, in which Buffalo stands among the first six in the country, with the largest sheep market; in recent years the automobile; and now the airplane. In hotels Buffalo is the home of the first of the Statler system, and convention activities are highly developed because of the hotel and railroad accommodations and the city's proximity to Niagara Falls. More than 200 conventions come here annually.

Hydroelectric power became a topic of interest in the 1890's, and by 1895 Buffalo began to use power from Niagara

Falls. The nearness of Niagara Falls, with the largest hydroelectric-power development in the world, has brought Buffalo an ideal power system.

Financial institutions: Number of banks in the city, national, 3; State banks and trust companies, 7, branches, 70; other banks, 1; private, none.

Total banking figures for city: Capital, $25,275,000; surplus, $79,777,000; deposits, $469,237,000; total resources, $583,049,000 (Sept. 1, 1933). Savings-bank deposits total $204,440,427 (June 30, 1933). Assets of building and loan associations, $28,456,143.55. Postal receipts, $4,021,633.59 (calendar year 1932).

The Members of the House may desire the figures available with reference to the financial institutions in the city of Oswego for comparative purposes. There are but two national banks located within the city with a total capital of $250,000; the total deposits of both banks are $2,571,410; total surplus, $318,150; total resources of both institutions, $3,323,560 (Jan. 1, 1933).

Chief industries: Manufacturing and Lakes commerce, 1,391 manufacturing establishments, employing 68,854 workers, paying wages of $100,577,592 annually, and having products valued at $720,200,989 annually (United States Census of Manufactures). Principal manufactured products: Autos and parts, flour and other grain products, iron and steel, foundry and machine-shop products, chemicals, airplanes, bakery products, and printing and publishing products.

Newspapers: Six dailies (including foreign language).

Hotels: Twenty-one, with total of 6,768 rooms. Newest hotel opened in 1923.

Railroads (12): New York Central; Pennsylvania; Erie; Grand Trunk; Lehigh Valley; D., L. & W.; Wabash; Michigan Central; West Shore; Canadian Pacific; Buffalo, Rochester & Pittsburgh (branch of Baltimore & Ohio); Toronto, Hamilton & Buffalo.

Airports: 4, including 2 municipal, 1 of which is a marine airport.

MISCELLANEOUS FACTS ABOUT THE QUEEN CITY OF THE LAKES

Buffalo is the ninth largest manufacturing city and the second largest inland port of the United States, and 1 of the 10 largest ports of the world.

Buffalo's foundry industry is the largest in New York State.

Buffalo is the largest linseed-producing center of the country, with the largest aniline-color plant of its kind in the United States.

Nearly one third of all the automobile bodies and parts manufactured in New York State are made in Buffalo.

Buffalo does one fifth of all the slaughtering and meat packing of the State.

Buffalo manufactures from 90 to 95 percent of all steel castings in New York State.

The Buffalo district is one of the largest pig-iron producers in the world, having more than a score of blast furnaces with an annual capacity of nearly 3,000,000 tons.

It is in the center of that region where more than 80 percent of the amount of net income is paid.

It is in the center of that region where 87 percent of value of all manufactured products is produced.

Seventy percent of the people of the United States and 80 percent of Canada's inhabitants live within 12 hours' railroad travel of Buffalo.

There are 14 freight stations in the city.

Buffalo has 37.4 miles of water frontage, of which more than two thirds has been improved.

Buffalo is 1 of the 3 leading aircraft-manufacturing center of the United States.

Capital invested in manufacturing plants within the city limits of Buffalo is nearly $600,000,000.

Erie County, with Buffalo as the county seat, is first in value of farm property and first in value of farm products in New York State.

Of all the different lines of manufacture recognized by the United States Census Bureau, Buffalo has more than 200, or 70 percent. The Niagara frontier has 80 percent.

For the past 10 years the average number of building permits per year has been 7,000, with $24,141,000 valuation per year.

Buffalo is the center of that region which buys 80 percent of all merchandise sold in the United States.

It is in the center of that region where 70 percent of all families live.

It is in the center of that region where 80 percent of all automobiles are sold.

Buffalo has some of the largest grain elevators in the world, with storage capacity of 49,000,000 bushels.

The largest breakwater in the world protects Buffalo Harbor.

Buffalo has the largest municipal pumping plant under one roof in the world.

The stockyards of Buffalo stand as one of the half dozen largest in the world.

The first steam elevator was erected in Buffalo in 1843. It was the invention of Joseph Dart, of this city.

At Buffalo is the greatest development of hydroelectric power in the world.

The wall-board industry was started in Buffalo in 1906. Buffalo produces 75 percent of the world's wall board and great quantities of plaster board. Asbestos board is Buffalo's newest wall board.

Buffalo is one of the great railroad centers of the world. More than 200 passenger trains and 500 freight trains arrive and depart daily. Within the city limits are more than 700 miles of railroad track. The city is served by 12 main lines of railroad.

Oswego has three railroads.

Buffalo is known as "a city of diverse industries", producing in quantities 70 percent of the different lines of goods recognized by the United States Census Bureau, more than 200 different lines being represented.

The Lackawanna branch of the Bethlehem Steel Co. has the largest and most complete individual plant in the world. The company has its own breakwater, a mile long, and a harbor of its own. The sum of $48,000,000 has been spent recently to enlarge the plant.

The Buffalo district is one of the most extensive producers of pig iron in the world, having over 20 large blast furnaces, with a combined annual capacity of between 2,000,000 and 3,000,000 tons.

Buffalo ranks as 1 of the world's 10 great ports. In a year nearly 10,000 vessels arrive and leave, carrying more than 22,000,000 tons of freight, which exceeds the amount of freight received at and carried away from Liverpool.

The production of steel at the plant of the Lackawanna branch of the Bethlehem Steel Co. necessitates a consumption of 150,000,000 gallons of water per day. This is equivalent to the pumping capacity of the Francis G. Ward station of Buffalo, which is rated as the largest municipal pumping plant under one roof in the world.

Buffalo has 29 grain elevators, with a capacity of more than 49,000,000 bushels of grain.

Buffalo's tremendous commerce is guaranteed by its strategic position on Lake Erie, Niagara River, and the western terminus of the New York State Barge Canal system.

Aviation center: Buffalo has two of the most important airplane plants in the country, the Curtiss and Consolidated, besides several other large manufacturers. Buffalo's airport is said by Army Air Service officers and others to be the finest in the United States. It covers 555 acres and is most complete, with adequate buildings, drainage, lights, and so forth. It is municipally owned and operated. The city also has a marine airport.

People employed: More than 25,000 people are directly employed by Buffalo water-front facilities, not including manufacturing plants located on water front. The number of persons depending directly on these activities is fully 100,000. Any change in present commercial routes will affect these people. The number of people directly employed by Buffalo's water-front facilities exceeds Oswego's entire city population by over 2,000 persons.

Assessed values: The assessed valuation of the water front inside the city was more than $115,000,000 in 1930,

and the total investment is in excess of $200,000,000. Of over $900,000,000 of assessed value inside Buffalo, it can easily be shown that about $400,000,000 depends on water transport. The present agitation for waterway changes will lead to reductions in these assessments and injure the city's credit.

Power boats: The hearings recently held before the Rivers and Harbors Committee revealed that the proposed Oswego-to-Hudson improvement would be used almost exclusively by power boats, of which there are not more than a dozen now operating on the whole system, leaving out the self-propelled oil boats which use the Erie chiefly and the Three Rivers-to-Oswego branch infrequently.

Towed barges: Fully 80 percent of the traffic moving over the canal is handled in canal barges. These are more economical in operation than expensive ships and can carry far greater cargoes in strings of towed boats. It is impractical to use these barges through the Canadian Welland, due to the expense, character of operation, and lack of harbor refuge along the east shore of Lake Ontario.

Character of cargoes: It was admitted that the motorships, because of expense of construction and operation, cannot carry bulk cargoes and low-grade freight. Better than 80 percent of the traffic on the barge-canal system is interstate in character. Return cargoes are important. Admittedly, most of the commerce which has moved, and most of the traffic which will move through the proposed improved canal, makes no contribution in any form to the State of New York and little or none to the Federal Government.

Welland Canal charges: Movement of barges through the Welland Canal is limited. The expense runs from $15 to $35 for moving through the Welland, the revenue accruing to the Canadian Government.

Proposed diversion of traffic: The favorable savings indicated by the representatives of the New York Port Authority were predicated on the diversion of all traffic from the Buffalo gateway to the Oswego gateway and the use of power boats in connection therewith. This is an absurd conclusion. Testimony shows that the preponderance of bulk-cargo freight must continue to move in canal barges and that the only possible savings in connection with bulk cargo in barges lies in the improvement of the Erie Canal from the Hudson to Buffalo.

Buffalo pays taxes: Buffalo Harbor pays taxes. There are no tax-exempt facilities except the State canal terminal. The testimony before the Rivers and Harbors Committee did not include any representative taxpayers either to the State or Federal Government. Even the operator of power boats testified he owned no boats. The Buffalo Chamber of Commerce represented taxpayers only, owners of the elevators, warehouses, boats, and other water-front and transport facilities of Buffalo Harbor.

Proposed change not competitive with Montreal route: The original proposal for improvement of State barge canal system was predicated upon the facilities now provided in the St. Lawrence to Montreal. A draft of 14 feet was considered sufficient to meet Montreal competition. Actually, the proposed change in the Oswego will not match the Canadian canal which also has no overhead bridges, and longer locks.

If the St. Lawrence Shipway Treaty is approved and the work done, the New York route will be noncompetitive except as large tows of barges and the opportunity for return loads provide cheaper transit. This can be done by the Buffalo route only.

Government-owned terminals: Montreal and Prescott, Canada, have government-owned elevators. The tendency in Canada is to use government money to attract traffic by preferences, cheap terminal charges, low rail rates, and favorable grading of products. To offset these, New York State or the Federal Government must provide similar facilities and competitive rates, assuming that traffic is induced to enter Lake Ontario. At present, there is a grain elevator at Oswego, owned by the State, a large grain elevator at Albany, owned by the port authority, and some facilities at New York owned by the State or the port authority. All of these are tax exempt. Private capital cannot compete with Canada in traffic and terminal matters in this manner. In estimating the costs of the proposed diversion of traffic outlined by the New York Port Authority representatives, the expense of building great terminal facilities by the sale of tax-exempt bonds with properties that will not pay taxes and will destroy competing private investments must be considered.

Removal of industry from Buffalo: Assuming that the proposed diversion of traffic occurs, there will be a tendency for certain factories and mills on the Buffalo water front to move. Their new location will depend on tariffs and other trade regulations and restrictions. Apparently, one or more flour mills will go to Port Colborne or other points on the Welland, where they can enjoy the choice of several routes. None of the private investments will relocate in New York State. A few may locate on New York Harbor in New Jersey. Undoubtedly, some will go to Montreal.

A foreign route: Assuming that the proposed diversion of traffic occurs, the Federal Government will have developed a Canadian route. No commerce can proceed that way except by consent of the Canadian Government. If the British Commonwealth of Nations is at war, we cannot ship food or supplies through the Welland. The Erie is an all-American route. Its preservation on a parity with all other channels is a war necessity.

In all fairness the Federal Government cannot undertake to improve a part without definitely committing itself to an improvement of the whole. That commitment it should make now.

INVENTORY AND SURVEY

Mr. TOBEY. Mr. Speaker, I ask unanimous consent to extend my remarks by including therein an address I made at Peoria, Ill., February 22 last.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. TOBEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address before the Creve Coeur Club of Peoria, Ill., on the occasion of its thirty-sixth annual dinner in tribute to the memory of George Washington, held in Peoria, Ill., February 22, 1934:

I am sure that I voice the sentiments of each of you when I apply to this gathering these words of Webster uttered at the one hundredth anniversary of the birth of Washington, in 1832:

"We are met to testify our regard for him whose name is intimately blended with whatever belongs most essentially to the prosperity, the liberty, the free institutions, and the renown of our country. That name was of power to rally a nation in the hour of thick-thronging public disasters and calamities; that name shone amid the storm of war, a beacon light to cheer and guide the country's friends; it flamed, too, like a meteor to repel her foes. That name in the days of peace was a loadstone, attracting to itself a whole people's confidence, a whole people's love, and the whole world's respect. That name, descending with all time, spreading over the whole earth, and uttered in all languages belonging to the tribes and races of men, will forever be pronounced with affectionate gratitude by everyone in whose breast there shall arise an aspiration for human rights and human liberty."

The more one studies into the life of Washington, the more evident it becomes that he was in truth a man of destiny.

When he took his oath of office as the first President of the Nation, he might well have said in all modesty, but truth, "For this cause came I unto this hour."

His every action seemed above personal consideration. His breadth of vision was unusual. In him were manifold virtues and characteristics which were the secret of his power and strength. Loyalty to conscience, great courage, love of nature, and the good earth as exemplified in his passion for Mount Vernon and its fields and forests; his hospitality so freely there dispersed; his poise, so manifest on every occasion; and underlying all these virtues his constant dependence on the Divine Power.

It is given to few men to have the foresight with which he was gifted. As one reads his life and the subsequent history of the Union, it seems as if this quality must have been vouchsafed him by a higher power.

Who can stand beside those columns at Mount Vernon and overlook the Potomac without having come over him a feeling almost of reverence for the master of that house? Wander through its rooms and the paths of its fields, stand beside that tomb wherein

all that was mortal of him rests—no American citizen can have these experiences without being moved in contemplation of what he was and for what he is today, still first in the hearts of his countrymen.

NATION'S PROBLEMS

When men gather together in these days, it is in more sober and thoughtful spirit than that of a few years ago, for the epochal events of recent years have affected each of our lives. Many are carrying heavy burdens as they struggle to adjust themselves and their affairs to the drastically changed conditions. What is true in the life of the individual is true in the life of the Nation, which in my opinion has never been called upon to grapple with more far-reaching questions and problems. You and I are living in an era pregnant with momentous problems. We are confronted today with questions which call for wisdom, understanding, foresight, and tolerance to an unusual degree.

I hold that the last 4 years constitute the most tragic era in the history of America, and I am not unmindful of the dark hours of the rebellion of the reconstruction period or of the World War.

Every great experience in life brings its attendant lessons, and there are some that are being impressed upon us through the events of recent years. I would mention two.

LESSON OF INTERDEPENDENCE

The first is the lesson of interdependence. We have seen its truth illustrated in economics as we have learned that when some men do not work, other men cannot pay. In business we have learned that no line is self-sufficient, but rather is very largely dependent upon one or several other lines for its success.

As a partial illustration, the impairment of earnings of our railroad lines and automobile companies adversely affected the steel business; and if this had continued, it would have threatened the assets which underlie our insurance policies, our saving banks, and the income of trust funds, a large proportion of which are invested in the bonds of such companies.

The logic of events is bringing home to us that none of us lives to himself alone; and to a greater degree than ever before we are realizing that we are, in the last analysis, our brother's keeper.

A realizing sense of this great truth of interdependence is sorely needed by the various sections of our country, which all too often array their particular interests against those of another section. This is a mistaken policy, one fraught with danger to our national life.

The great statesman whose memory we honor tonight was constantly appealing to his countrymen to think in terms of the Union and not as sections or States. He realized their interdependence. To him the Union was paramount.

They play with danger who, in order to carry out their selfish interests, array one section of our Nation against another, appealing to prejudice. The integrity of the Union must be maintained as our sacred trust.

Could Washington speak to us tonight, I feel sure that such would be his message.

LESSON OF IMPERMANENCE

The second great lesson that I bring to your attention is that of the impermanence of things of human origin. Inorganic things may remain the same down through the ages, but with respect to things made by man, things of human origin, such as forms of government, systems of business, systems of finance, the impermanence of such has been demonstrated markedly in recent years.

On every hand has been asked the question, "When will it all end and normal times return?" The obvious answer, true, as well, is that no man knoweth. But if by normal times is meant the order that obtained a few years back, we are safe in asserting that it will never return. We face a new era, and there must needs be adjustments to it. "The old order changeth."

BUSINESS NEEDS NEW ORDER

Business ethics and methods need a new order. We had become obsessed with the power that comes through money. An orgy of speculation carried prices of standard securities far beyond the bounds of reason. Consolidations were effected, not with the prime motive of greater efficiency, but rather to make inordinate profits for promoters. Many leaders in finance entirely lost a sense of responsibility. The handling of other people's money was not in the spirit of a fiduciary but all too often in channels and by methods that transgressed sound business practice and even the principles of common honesty and integrity.

There has been revealed to us a record of financial transactions which set the banking laws at variance and which is a reproach to the name and spirit of sound financial practice. Not only this but the revelations of such practices have spread the germs of prejudice and hate in that element in our country which seeks to discredit our Government and which agitates against its institutions.

Let me here interpolate and quote from the words of one of our sturdy leaders of another era, Grover Cleveland, who said:

"Communism is a hateful thing and a menace to peace and organized government; but the communism of combined wealth and capital, the outgrowth of overweening selfishness and cupidity, which insidiously undermines the justice and integrity of free institutions, is not less dangerous than the communism of oppressed poverty and toil."

In government, taxes increased steadily as legislators, State and Nation, seeing wealth increasing, recklessly expanded appropriations.

A NATIONAL DISGRACE

The withdrawal of educational advantages from thousands of school children, because of inability to pay teachers, due to unsound State and municipal financial programs, constitutes a national disgrace.

In human relations we lowered our standards, and all too often home life has been crucified by loose living and infidelity.

There are signs that the Nation is becoming aroused.

We are now investigating the financial legerdemain by which millions of investors have lost their money. We have enacted legislation to compel responsibility and accuracy in the description of securities to be offered for sale. We are investigating the collusion and artifices which have been employed in the securing of large Government contracts and which eliminated the competitive bidding called for in the statutes.

HOME LIFE REDISCOVERED

A worthwhile result of the experiences of recent years has been the rediscovery of many troubled men that in home life and the love of wife and children are to be found the secrets of real happiness.

But the sad feature of it all is that it took a national cataclysm in business and finance to arouse us from our inertia into a state of dissatisfaction.

Dissatisfied, then, with these revelations of our national weaknesses, we have a work to do. Our job, as I see it, is to make certain that from the pains of labor and travail which have gripped the Nation there shall come forth more just conditions which will make for sane and wholesome living conditions and strengthen the foundations of the Government.

In an effort to bring these things to pass, the Government has set up a program, often referred to as the new deal. It is far-reaching, unusual, much of it untried. It apparently violates many of the economic teachings that we were taught years ago.

BACKGROUND OF NEW DEAL

To get the perspective of this program one must go back to March 4 of last year. The banks of the country were closed, gloom abounded on every hand, fear and apprehension gripped the hearts of the people. The vitality of the Nation was at a low point. As in the case of an individual who is sorely stricken, heroic measures were necessary to maintain life.

Events moved rapidly; Congress was convened in special session; a program of emergency legislation was offered granting the Executive tremendous powers. This program was quickly passed. These measures were justified, in my opinion, by the exigencies of that hour. Supreme emergencies may require the concentration of power, even the unprecedented if necessary.

THINK AND ACT ANEW

Today our case is certainly new, and it may be the part of wisdom to, in some measure at least, think and act anew. Regardless of party, we recognize that much good has been accomplished through this program.

Hope has succeeded despair in the hearts of millions; there are many indices of business improvement, as witness the resumption of dividend payments by many companies and increases in wages; the sweatshop and child labor are being outlawed. Unemployment has been materially reduced.

Gentlemen, I am a Republican, but transcending that, I bear with you a greater title, the most glorious any man can bear, when I say "I am an American citizen." As such, in these vital times, before I give voice to critic peep or cynic bark, I have a duty—the duty to appraise the reasons that motivate my criticisms.

NEW DEAL'S WEAKNESSES

If after honest and careful consideration I am convinced that these novel and untried measures are fraught with serious danger to the Nation and its future, then I have a right, yes, a duty, to protest.

Therefore, while recognizing some definite benefits from the new program, I am convinced of several outstanding weaknesses which have become apparent in its application and administration, and which justify our apprehension.

I am convinced that the N.R.A. is imposing handicaps and hardships on many small industries, and furthermore, that some of its codes in their application work to the advantage of the big business units and handicap the lesser.

I realize the potential dangers in spending a million in C.W.A. activities where a real return in labor efficiency is not required in return for that wage. I know of inconsistencies where wage schedules under C.W.A. work exceed those granted workers under various industrial codes, with consequent dissatisfaction and unrest.

A.A.A. VALUE DOUBTFUL

I am inclined to doubt that much value will accrue to agriculture through the voluntary reduction features of the A.A.A. The experiences of the past year have demonstrated that reduction of acreage does not necessarily assure a proportionate decrease in production.

As another feature of a planned economy I refer to a new sugar bill, H.R. 7907, now before our House Committee on Agriculture. There is Nation-wide interest in this bill, and the hearings thereon have been crowded.

The bill, if enacted into law, will restrict domestic production of beet and cane sugar and prohibit further expansion of the industry in the United States. It aims to increase imports of sugar from Cuba and our insular possessions.

In my opinion this legislation will operate to aid the sugar interests in Cuba, at the expense of the industry in the United States.

We are applying the doctrine of a planned economy to agriculture. It has an appeal in theory, but I am frankly skeptical of its success in practice. I do not believe that through legislation we can permanently set aside basic economic laws.

APPREHENSIVE OF DEBTS

I am apprehensive with some of you as to how we are going to meet the tremendous debts created under these unusual experiments, for I was brought up to understand that for every commitment there eventually comes a settling day.

I voted against canceling the clause calling for payment in gold of Government obligations then outstanding, for I felt then and feel now that repudiation is repudiation, whether the act of an individual or a nation.

To sum up—serious errors have been made, but in times such as we have been passing through, with tremendous pressure from all sides, fair men will realize that some mistakes could not be avoided.

Some find it easy to apply invectives, to make violent attacks against the unusual measures we have been asked to adopt, to give the party in power what Sherman called war, or to sit in the seat of the scornful, but these things are not constructive. Such an attitude is no kin to statesmanship. It is playing any politician's game.

KEEP BEST OF PROGRAM

That part of the new deal or program which proves itself helpful will and should be retained.

We have localized tremendous responsibilities in one man, the President of the Nation. We must trust him to see this thing through. Captious criticism is not in order.

A VOICE FROM FLANDERS FIELD

Over on the western front during the World War they brought a wounded soldier behind the lines and found, pinned to his shirt, a paper with these words written thereon:

"Ye that have faith to look with fearless eye beyond the tragedy of a world at strife,
"And know that out of death and night shall rise the dawn of ampler life,
"Rejoice, whatever anguish fills the heart, that God has given you the priceless dower
"To live in these great times and have some part in freedom's crowning hour,
"That ye may tell your sons, who see the light high in the Heavens, their heritage to take,
"'I saw the power of darkness put to flight; I saw the morning break.'"

He had a vision—a hope for better things—and he died in that hope. But were he alive today how greatly would he be disillusioned, for he would have lived to see his high ideals, his home, and country betrayed by the greed of man. The powers of darkness carried on long after he had gone, and the record of such in business and finance and government has shamed the Nation. Even worse, many who hoped and worked to the end that the assinine thing called war might be displaced by the rule of reason, logic, and judicial procedure find the nations of the world, including our own United States, still blindly increasing armaments in anticipation of more wholesale murder, openly stating that the next war is not far distant. And what are you and I actually doing about it? No; the powers of darkness have not been put to flight, and the dawn of the new day has not yet appeared in the east. But there is a measure of encouragement in that there seems to be a new social philosophy abroad in the land.

I said that it was a new social philosophy, but it is nearly 2,000 years old, for the Galilean expressed something akin to it when He said, "A man's life consisteth not in the abundance of things that he possesseth", and when He asked the searching question, "What shall it profit a man if he gain the whole world and lose his own soul?"

VITAL NEED OF NATION

The vital need of the Nation today is not inflation, nor the increasing of the purchasing power, nor the worth-while effort to balance the Budget, nor in securing the payment of the foreign debts.

Worthy as some of these objects are, the vital need of the Nation—yes, of the world today—is the application to our industrial, national, and international affairs of the spiritual powers all too long dormant within us.

You say that is too idealistic?

Let me cite the opinion of two of the country's foremost scientists:

Edison said, shortly before his passing: "The greatest discoveries will be along spiritual lines. This is the field where miracles are going to occur. Spiritual power is the greatest of undeveloped powers and has the greatest future."

Steinmetz said: "I think the greatest discovery will be along spiritual lines. Here is a force the greatest in the development of men and history, yet we have never seriously studied it."

CAUSES OF DEPRESSION

It is my firm belief that the causes for the depression of the last 5 years were not entirely economic. I hold that a major factor was a lack of common honesty and integrity in our business and national life. We need today a new birth of moral and spiritual ideals in our people.

To quote an old schoolmate: "Do not expect too much from legislation. There are already 1,000,000 laws on the statute books of our Nation and its subdivisions of government. The ancient Hebrews had but 10; Christ gave us one which, if it were really practiced, would solve all of our ills: 'Seek ye first the kingdom of God and His righteousness.'"

Therein lies the hope of a weary world.

On us then is the responsibility to use our influence toward this objective. But you say, "My influence is small. I am handicapped by business or by environment." Let me remind you that in all time it has never been given to man to get the perspective of the value of his influence.

OUR CHALLENGE

If we hold to the principles which actuated Washington and the great leaders of our past we shall in a real measure have a part in shaping and molding the destiny of the Nation.

In conclusion, I ask each of you to forget for a moment those things which too often circumscribe our outlook. Forget our being of diverse faiths, of varying lines of business; forget the gradations of wealth or position which too often separate us.

Then see ourselves for what we are in fact—a cross-section of our generation holding the lines between those of the past and those that come after us; custodians for a little while of the Nation and its destiny; trustees, having in trust a great heritage for those who follow.

Therein lies our great responsibility!

So, gathered together in this fellowship, compassed about with a great cloud of witnesses who have gone before, let us here highly resolve to keep faith with the ideas and ideals of our great leader whom we honor tonight, and apply our influence to reestablishing in the land that righteousness which exalteth a nation.

God help us keep the faith!

COMMITTEE ON PUBLIC LANDS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent, at the request of the gentleman from Louisiana [Mr. DEROUEN], Chairman of the Public Lands Committee, that that committee may sit during the sessions of the House today and for the rest of this week.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

MESSAGE FROM THE PRESIDENT—ABOLITION FEDERAL EMPLOYMENT STABILIZATION BOARD (H.DOC. NO. 270)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Expenditures in the Executive Departments and ordered printed:

To the Congress:

Pursuant to the provisions of section 1, title III, of the act of March 20, 1933 (ch. 3, 48 Stat. 8, 16), I am transmitting herewith an Executive order which (1) revokes so much of section 1 of Executive Order No. 6166 of June 10, 1933, heretofore transmitted to the Congress, as provided for the abolition of the Federal Employment Stabilization Board and the transfer of its records to the Federal Emergency Administration of Public Works, (2) abolishes the Federal Employment Stabilization Board, (3) establishes in the Department of Commerce an office to be known as the "Federal Employment Stabilization Office", and (4) transfers to such office the functions, personnel, records, and property of the Federal Employment Stabilization Board.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 1, 1934.*

MESSAGE FROM THE PRESIDENT—GUARANTY OF PRINCIPAL OF HOME-LOAN BONDS (S.DOC. NO. 148)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Banking and Currency and ordered printed:

To the Congress:

On January 10 I recommended to the Congress the passage of legislation guaranteeing the principal as well as the interest of the $2,000,000,000 of bonds authorized for the refinancing of agricultural indebtedness.

I now recommend that the Home Owners' Loan Act be similarly amended. The purpose of such legislation, as in the case of farm financing, will be to assure the continued

progress on a self-sustaining basis of the making of loans for the purpose of refinancing home mortgages without interruption. There is the same reason for acknowledging publicly what already amounts to a moral obligation in respect to these bonds as there was in the case of bonds authorized to be issued through the Farm Credit Administration.

By making provision for an exchange of the new type of bonds guaranteed as to principal as well as interest for those already issued, those mortgagees who have shown their willingness to cooperate with the Government's program by accepting the original bonds will be placed on an equal footing with mortgagees who will hereafter obtain the fully guaranteed obligations proposed by this legislation.

Out of the funds which may be made available as a result of the proposed guaranty of principal of these bonds the Home Owners' Loan Corporation should be enabled to extend further assistance for the modernization of homes as well as for the making of repairs. Authority should also be given to the Home Owners' Loan Corporation to purchase bonds of the Federal home loan banks, thus enabling the Corporation to make funds available to those banks and to building and loan associations which are in need of financing in order to encourage private building.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 1, 1934.*

SENATE BILL REFERRED

A bill of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2731. An act for the relief of the State of California; to the Committee on the Judiciary.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 93. An act to authorize the Secretary of War to sell to the Plattsburgh National Bank & Trust Co. a tract of land comprising part of the Plattsburgh Barracks Military Reservation, N.Y.;

H.R. 715. An act to award the Distinguished Service Cross to former holders of the certificate of merit, and for other purposes;

H.R. 6219. An act to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma;

H.R. 7205. An act to provide for the care and transportation of seamen from shipwrecked fishing and whaling vessels.

H.R. 7554. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.;

H.R. 7705. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.; and

H.J.Res. 278. Joint resolution to amend Public Act No. 81 of the Seventy-third Congress relating to the sale of timber on Indian land.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. LANHAM (at the request of Mr. JOHNSON of Texas) on account of illness in his family.

RECESS

Mr. BYRNS. Mr. Speaker, I move that the House stand in recess until 7:30 o'clock this evening.

The motion was agreed to; accordingly (at 5 o'clock and 7 minutes p.m.), pursuant to the order heretofore made, the House stood in recess until 7:30 p.m.

EVENING SESSION

The recess having expired, the House was called to order by the Speaker at 7:30 o'clock p.m.

THE PRIVATE CALENDAR

GEORGE CHARLES WALTHER

The Clerk called the first resolution on the Private Calendar, House Joint Resolution 61, granting compensation to George Charles Walther.

There being no objection, the Clerk read the House joint resolution, as follows:

House Joint Resolution 61

Whereas George Charles Walther was shot near Underwood, Wash., on or about September 1, 1923, by a United States prohibition enforcement officer pursuing the owner of a still located in the vicinity; and

Whereas as a result of such shooting, occurring in line of duty, the said George Charles Walther has been permanently paralyzed and rendered a hopeless cripple and a bedridden invalid for life; and

Whereas the said George Charles Walther was removed by the Government from Underwood, Wash., to a hospital in Portland, Oreg., and there left by United States Government officials without provision having been made for his care; and

Whereas the said George Charles Walther is without means or ability to care for himself: Therefore be it

Resolved, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $100 a month to George Charles Walther, during his lifetime, as full compensation for total and permanent disability resulting from a gunshot wound inflicted upon him in 1923 by a Federal prohibition enforcement officer. Such payment shall be made through the United States Employees' Compensation Commission and shall date from the approval of this act.

Mr. BLANTON. Mr. Speaker, I move to strike out the last word.

The author of this bill is our good friend and colleague, the gentleman from Oregon, General MARTIN. He had the the honor and distinction of training the Ninetieth Division and our country had the honor of having him to lead that wonderful division in Germany for about a year. Some of the bravest men in this Nation served under him, and they had one of the bravest leaders from our country in the World War to lead them. [Applause.] General MARTIN is a real fighter. He is a fighter in war, and he is a fighter in peace when fight is necessary. You just raise any issue here on this floor that affects any interest of the United States Army and you have him to fight. I have crossed swords with him several times. Sometimes I have come out of the conflict pretty well bested, but I have learned to like him. He is an able, industrious, conscientious, and efficient legislator.

If Oregon does its duty by the State and the Nation they will elevate Major General MARTIN to the governorship there this year, and I am sure that in that contest he carries with him the affection of his colleagues here and their well wishes. [Applause.] And, General, some of my friends served under you, and they all like you. If I am out in Oregon at about that time, I am going to vote for you.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

NEILL GROCERY CO.

Mr. RAMSAY. Mr. Speaker, I ask unanimous consent to return to Calendar No. 116, bill H.R. 6300, for the relief of the Neill Grocery Co., and to consider in lieu thereof Senate bill 2201.

The SPEAKER. The gentleman asks unanimous consent to return to Calendar No. 116. Is there objection?

There was no objection.

The SPEAKER. Without objection, the Clerk will report the Senate bill.

There was no objection.

The Clerk reported the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay out of any money in the Treasury not otherwise appropriated, to the Neill Grocery Co., Wheeling, W.Va., the sum of $2,531.97. Such sum represents the amount of a fine and court costs paid on such date by such company, pursuant to a conviction for violating certain provisions of the Lever Act of August 10, 1917, as amended, prior to the declaration by the Supreme Court of the United States of the invalidity of such provisions.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EDWARD B. WHEELER AND THE STATE INVESTMENT CO.

The Clerk called the next bill, S. 1724, authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.

Mr. BLANTON. Mr. Speaker, reserving the right to object, this bill would compensate these claimants at the rate of $2.25 an acre. The Department does not approve of it. The following statement is made by the Land Commissioner:

I see no reason whatever why the bill should be enacted extending such right to them.

Mr. CHAVEZ. Will the gentleman reserve his objection?

Mr. BLANTON. I reserve my objection.

Mr. CHAVEZ. Mr. Speaker, this is a very meritorious bill. It is a fact that the Department has heretofore raised an objection to the bill, but the claim arose out of the following facts: The Mora land grant and the Mexican land grants are within the State of New Mexico. For several years the boundary line on the west portion of the grant was uncertain. The claimants under this bill claimed a certain portion of the land, and also the United States Government.

The United States Government sued the claimants, trying to quiet title to a section of land 3 miles wide and some 30 miles long on the extreme western boundary of the land grant, claiming that this portion of the land grant was public domain. They went to the United States District Court of New Mexico about the matter and the district court set aside the claim of the Government, holding that the land belonged to the claimants. In the meantime and while the Government was claiming this particular land, it issued patents to some 12,000 acres of the land that later the District Court of the State of New Mexico and the Supreme Court of the United States said belonged to the claimants. The claimants agreed with the Government that it would not molest while the suit was pending those who had in good faith obtained patents from the Government, but did not at any time tell the Government that they did not desire to be compensated for what they had actually lost.

Mr. BLANTON. Following that and in that connection here is what the Land Commissioner of the United States Government says:

Any losses, therefore, that may have been sustained by the grant claimants were due to their laches in failing to take proper action against Government patentees and to their express agreement, entered into first with the First Assistant Secretary and later with the United States attorney for the district of New Mexico. The court merely confirmed their solemn agreement and made it a part of its decree. The grant claimants are, under existing law, without right to demand or receive reimbursement, and I see no reason whatever why the bill should be enacted extending such right to them.

That is from the Land Commissioner. Following this the Secretary of the Interior sent the report to Congress, and the Secretary of the Interior says:

After a review of the proposed measure, I agree with the Commissioner.

That is, he agrees that there is no reason whatever for allowing this bill to pass. Under the circumstances I cannot see why it should be passed.

This is my neighbor here.

The author of this bill is my friend, and I would like to grant him a favor. I would like to be neighborly with him. I do not like to stop his bill, but the departments of this Government say there is no merit in it. I am afraid, Mr. Speaker, I shall be forced, reluctantly, to object.

Mr. CHAVEZ. I hope the gentleman will reserve his objection?

Mr. BLANTON. I reserve the objection, Mr. Speaker.

Mr. HOPE. Will the gentleman from New Mexico yield to me?

Mr. CHAVEZ. Yes.

Mr. HOPE. Apparently, this stipulation, which the Government claims was a waiver by the claimant of any right which it might have to this 12,000 acres of land, was entered into and nothing whatever was said concerning the matter of whether or not there should be any compensation paid this company in the event the tract of land was decreed to be the property of the claimant. Can the gentleman explain why any reference to that phase of the matter was omitted in the stipulation? It seems to me that is quite significant.

Mr. CHAVEZ. Yes; it is significant and before answering the gentleman's question, I want to say to my friend from Texas that I know he not only wants to be neighborly and a good friend, but I also know he wants to be fair and just. The gentleman feels it is his duty to protect the Government in any land it may own in the State of New Mexico or elsewhere, but in this case the Supreme Court of the United States has said that the Government does not own this land. This land belongs to the claimants enumerated in the bill.

The stipulation that was entered into in the court room was in absolute good faith. They stipulated they would not molest these folks who obtained a patent from the Government to land for which the Government did not have any right to issue a patent. It was land that belonged to the claimant, and if we want to be fair, if we want to be just, we must not take the land of someone else and give it to Tom, Dick, and Harry and say, "You cannot be compensated because you entered into agreement that you would not molest these folks."

This is a fair bill. This is a portion of land 3 miles wide and 30 miles long that belongs to my constituents. Some of the investment companies have directors throughout the country. It is not fair that the Government should issue patents to land that belongs to them and say that because they entered into a stipulation that they would not molest these folks the Government should not compensate them.

Mr. BLANTON. Were they not guilty of laches?

Mr. CHAVEZ. They were not guilty of laches, because during all this time they were claiming the land. If they had not been claiming it the Government would not have filed a suit to quiet title.

Mr. BLANTON. My friend knows that in the State of Texas adverse possession of land for 10 years gives absolute title.

Mr. CHAVEZ. My claimants not only did that, but they also paid taxes to the State of New Mexico for the land which the gentleman says now belongs to the United States Government.

Mr. BLANTON. But your claimants said they would not molest the patentees of the Government and now they are coming in and wanting the Government to reimburse them at $2.25 an acre for the land.

Mr. CHAVEZ. And in some instances it is probably worth $100 an acre. It is timberland.

Mr. BLANTON. Mr. Speaker, I have presented the facts to my colleagues. As I have said, this is my friend and neighbor. We live down there close together. I go over into his State and visit sometimes. Sometimes the gentleman is not there when I visit up in his mountains. I am not going to get in his way because I do not know what will happen to me in those mountains. [Laughter.] However, you know the facts and if you want to stop this bill you can do it. [Laughter and applause.]

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Edward B. Wheeler, of Las Vegas, N.Mex., and the State Investment Co., of New Mexico, who were declared by the Supreme Court of the United States (*United States* v. *State Investment Co.* (1924), 264 U.S. 206) to be the owners, respectively, of certain lands in the tract known as the Mora Grant, located in San Miguel and Mora Counties, N.Mex., an amount to be computed by the Secretary on the basis of $2.25 per acre for every acre of lands embraced within the claim of any bona fide entryman on such lands holding under patent

from the United States or under any entry allowed by the Department of the Interior, the recovery of which lands by the said Edward B. Wheeler and the State Investment Co. is barred by the stipulation entered into between such parties and the United States on January 23, 1918. Such payment shall operate as a full settlement of all claims of such Edward B. Wheeler and the State Investment Co. against the United States or the owners of such lands for damages for the loss of such lands.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

WILLIAM K. LOVETT

The Clerk read the next bill on the calendar, H.R. 191, for the relief of William K. Lovett.

Mr. BLANCHARD. Reserving the right to object, I want to offer an amendment.

Mr. ZIONCHECK. Reserving the right to object, is the gentleman from Wisconsin familiar with the facts of this case?

Mr. BLANCHARD. Yes.

Mr. ZIONCHECK. Does the gentleman know what the salvage value of the vessel was which this man attempted to rescue?

Mr. BLANCHARD. I think the amount of damage, $2,050, is not excessive; but I do not want to speak from the standard of an expert.

Mr. ZIONCHECK. I think the gentleman misapprehended my question. I asked what is the salvage value of the vessel that they attempted to rescue?

Mr. BLANCHARD. I do not know.

Mr. ZIONCHECK. Was there any value?

Mr. BLANCHARD. Yes.

Mr. ZIONCHECK. To the amount of $500?

Mr. BLANCHARD. Five hundred dollars or more.

Mr. ZIONCHECK. Then, if they had rescued the vessel, they would have put in a bill for $500. I think $500 should be deducted from this claim.

Mr. BLANCHARD. I think the amount involved is not excessive. The damage sustained was $1,850. If the claim is justifiable, they are entitled to interest. I cannot see why you should reduce the amount by the value of the salvage.

Mr. ZIONCHECK. If they had rescued the vessel they would have put in a bill for $500 or $600. So I think if the salvage of the vessel was $500, I think $500 should be deducted.

But, Mr. Speaker, I hate to do this in the absence of the proponent of the bill, and the only reason that I withdraw my objection is because the proponent of the bill is not present.

Mr. TRUAX. Reserving the right to object, here is a bill to pay a claim 21 years old. What has been the history of the bill heretofore?

Mr. BLANCHARD. I can only answer from what I see in the RECORD. A similar bill was passed in the House in June 1932. I assume that the bill has passed one of the two Houses prior to that time. We have claims here on the calendar that go back to 1898. We often have claims that go back over a period of years.

Mr. TRUAX. I will withdraw my reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to William K. Lovett, Wildwood, N.J., the sum of $2,516.16 for loss of the motor sloop *Edith* and cargo while engaged in rendering assistance to the keeper and crew of the Holly Beach Life Saving Station at Cold Spring Inlet, N.J., on October 6, 1913.

With the following committee amendment:

Page 1, line 6, strike out the figures "$2,516.16" and insert "$2,040 in full settlement against the Government."

The committee amendment was agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer the following amendment. At the end of the bill insert the customary attorney's fee clause.

The Clerk read as follows:

At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorneys or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

O. H. CHRISP

The Clerk called the next bill, H.R. 1127, for the relief of O. H. Chrisp.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, I reserve the right to object. This man lost a leg when he was a brakeman on the railroad during the time that the Government had the operation of the railroads under its control. I am perfectly willing that he should be compensated but not at more than the rate that we compensate a soldier for the loss of a leg.

Mr. McCORMACK. My understanding is that where there is a service-connected disability he obtains a regular disability rating.

Mr. BLANTON. Of course, this is not service connected.

Mr. McCORMACK. But the gentleman is asking what it is that a soldier gets. In addition, he gets $25 specific compensation to whatever his disability compensation is.

Mr. BLANTON. Mr. Speaker, we have established some precedents here, as my friend from Arkansas [Mr. MILLER] knows. One is that $5,000 has been established as the maximum value of a life. Of course, the gentleman realizes that the Government is not responsible in law at all. Whatever is granted this man is a mere gratuity on the part of the Government. We have established a precedent of $5,000 for a life and never more than $2,500 for the loss of a limb, no matter how serious it has been. If the gentleman is willing to accept $2,500, I am willing to withdraw objection. That is the established maximum for the loss of a limb.

Mr. MILLER. Of course, the gentleman understands that I will have to accept any amendment that he proposes.

Mr. BLANTON. I am putting it up to the gentleman. The same responsibility rests upon his shoulders as upon mine and the rest of us. We must have a rule. We have a rule which fixes $5,000 and not over $2,500 for the loss of a limb.

Mr. MILLER. I happen to know this claimant and have known him for years, and knew him at the time of the accident. He is suffering worse than death at this time.

Mr. BLANTON. He has lost a leg.

Mr. MILLER. Worse than that. He stayed in the hospital for months and months.

Mr. SABATH. He sustained some other injuries?

Mr. MILLER. Oh, yes; many of them. He is a nervous wreck today, and is unable to do anything. The jury gave him $27,500.

Mr. BLANTON. Oh, yes; the gentleman is an earnest advocate.

Mr. MILLER. Oh, no; I did not represent him.

Mr. BLANTON. He could appear before a jury where the jurors know him, and they would respond to the tears that would roll down his cheeks which would come like an onion brings them sometimes.

Mr. MILLER. I do not want to do anything other than to conform to the precedents.

Mr. BLANTON. If he has suffered some other injuries besides the loss of a leg, that is a different matter. Has he any earning capacity at all?

Mr. MILLER. He cannot do anything; he cannot get around.

Mr. BLANTON. He being totally disabled, if the gentleman will accept the maximum that we have always fixed, $5,000, I shall not object.

Mr. MILLER. I accept that, of course.

Mr. BLANTON. And the gentleman will permit me to offer that amendment and help us to carry it?

Mr. MILLER. Yes.

Mr. BLANTON. I withdraw my reservation of objection.

Mr. BLANCHARD. Mr. Speaker, I reserve the right to object. Is the gentleman willing to accept the usual amendment to this being in full of all claims?

Mr. MILLER. Yes.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to O. H. Chrisp, of Bald Knob, Ark., out of any money in the Treasury not otherwise appropriated, the sum of $25,000 in full payment of all damages for personal injuries received by him while in the employ of the Director General of Railroads on January 17, 1919, at Crawfordsville, Ark., on account of the negligence of the said Director General of Railroads.

With the following committee amendments:

Line 6, page 1, strike out "25,000" and insert in lieu thereof "10,000."

Mr. BLANTON. Mr. Speaker, I offer the following substitute.

The Clerk read as follows:

Amendment by Mr. BLANTON as a substitute for the committee amendment: Strike out "10,000" and insert in lieu thereof "5,000."

The SPEAKER. The question is on agreeing to the amendment to the committee amendment in the nature of a substitute.

The amendment to the amendment was agreed to.

The SPEAKER. The question now is on agreeing to the amendment as amended.

The amendment was agreed to.

The Clerk read as follows:

At the end of the bill add: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Line 6, page 1, after the figures "$5,000", insert "in full settlement of all claims against the Government of the United States."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

M. AILEEN OFFERMAN

The Clerk called the next bill, H.R. 1301, for the relief of M. Aileen Offerman.

The SPEAKER. Is there objection?

Mr. BLANCHARD. Mr. Speaker, I reserve the right to object.

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object.

Mr. BLANCHARD. I want to ask the author of the bill with reference to this situation. Some $1,300 or $1,400 has already been paid to Mrs. Offerman.

Mr. SUTPHIN. That was paid by the indemnity company that had the collection of the insurance which she carried.

Mr. BLANCHARD. Will the gentleman make a statement as to the injuries this lady sustained, and her present condition?

Mr. SUTPHIN. Yes. I will be very glad to. The accident was brought about by an Army truck which was dispatched from Fort Wadsworth, N.Y., to Fort Hancock, N.J., The truck got off the road and proceeded down the shore near Middletown where the driver stopped to endeavor to find out his position, and how to get to Fort Hancock. He stopped this truck without any light on it, on a grade, on a curve. Mrs. Offerman came down the road. A car was coming in the opposite direction and there was no place to go except to make a head-on collision or strike the rear of this truck. The driver was arrested and later convicted on a charge of reckless driving. She broke her left leg, her nose was broken, and there were various cuts on her head, and I believe she sustained concussion of the brain.

Mr. HANCOCK of New York. Are there any permanent injuries?

Mr. SUTPHIN. Oh, yes. The report shows she is still suffering from sinus trouble. The claim originally was for $25,000 and the committee cut it down to $2,500. The gentleman will observe that the Government paid that indemnity company $700 for the destruction of that truck.

Mr. BLANCHARD Will the gentleman yield?

Mr. SUTPHIN. I yield.

Mr. BLANCHARD. The hospital and nurses and doctor's bill amounted to $314.50.

Mr. SUTPHIN. As a matter of fact, she is still being treated as the result of that accident. That was a couple of years ago.

The SPEAKER. Is there objection?

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay M. Aileen Offerman, out of any money in the Treasury not otherwise appropriated, the sum of $2,500 for personal injuries and property damage resulting from a collision with United States truck no. 430870, at Five Corners of the Shore Highway, at Middletown, N.J., on December 4, 1930.

With the following committee amendments:

On page 1, line 6, after the figures, insert the words "in full settlement of all claims against the Government of the United States."

The committee amendment was agreed to.

On page 2, line 1, insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMOS D. CARVER ET AL.

The Clerk called the next bill, H.R. 1842, for the relief of Amos D. Carver, S. E. Turner, Clifford H. Carver, Scott Blanchard, P. B. Blanchard, James B. Parse, A. N. Blanchard, and W. A. Blanchard.

Mr. GRISWOLD. Mr. Speaker, reserving the right to object.

Mr. BLANTON. Reserving the right to object, this bill involves the sum of $35,916. This matter went to the Supreme Court of the United States, and they made an adverse report on it, and I object.

Mr. HANCOCK of New York. Will the gentleman reserve his objection? I understand this matter went to the Court of Claims, and an award was made amounting to $178,000.

Mr. BLANTON. And the Supreme Court set that aside.

Mr. HANCOCK of New York. The court of appeals reversed it on the technical ground of lack of jurisdiction. When it went to the Senate the matter was gone into very thoroughly. They did not feel that $178,000 was a reasonable figure; that it included a profit, and the figure in this bill represents the actual out-of-pocket expense. It does seem to me there is quite a bit of merit in this bill.

Mr. BLANTON. Under the rules of the House, this bill can come up later on its merits, and we can then try out the matter like the gentleman and I would try a law case across the table in a courthouse involving $35,000. Then we will put it up on its merits; but in view of the fact that the Supreme Court of the United States on the merits of the case reversed it——

Mr. HANCOCK of New York. No, no. I cannot agree with the gentleman. It was reversed on a question of jurisdiction.

Mr. BLANTON. Later on the matter will come up when objections cannot stop it and when the gentleman will be heard, and we will have considerable time for consideration of such matters, because we are going to be here a long time, in my judgment, waiting on another body.

Mr. HANCOCK of New York. I agree this is a very unsatisfactory way to try a lawsuit, but it seems to me the claimants have been pretty roughly treated by the Government.

Mr. BLANTON. Later we will discuss the merits of it, but for the present I object.

Mr. BLOOM. Will the gentleman withhold his objection a moment?

Mr. BLANTON. Certainly.

Mr. BLOOM. The Supreme Court never went into the merits of the case, but it said that the Court of Claims did not have a right to adjudicate or allow claims of this kind. This same bill is the bill that was passed by the Senate recently. Senator KING said he thought they were entitled to more money, but the Senate said they were entitled to the out-of-pocket amount of money spent.

Mr. BLANTON. I think our friend from New York should show the House of Representatives the same deference and respect that he shows Mussolini and the Pope and the Court of St. James. When he appears before them he bows the knee.

Mr. BLOOM. I will do that to the gentleman. [Laughter.]

Mr. BLANTON. He has not done that for his own House of Representatives.

Mr. BLOOM. I just wanted to get the RECORD straight, that the Supreme Court did not decide this case on the merits of the case, but it was simply on the question of jurisdiction of the Court of Claims. The Court of Claims allowed $178,000. Then it was taken to the Supreme Court, and they reversed the case on account of lack of jurisdiction.

The Senate, which passed this bill recently, said they were entitled to the amount they claimed for the out-of-pocket fee. That is the claim at the present time.

Mr. GRISWOLD. Does the gentleman know what the Supreme Court said in that decision?

Mr. BLOOM. Yes. I have read it just this evening.

Mr. GRISWOLD. I can not understand where the gentleman got the idea that that was in any way not a decision on its merit.

Mr. BLOOM. No. The Supreme Court held that the Court of Claims did not have jurisdiction.

Mr. GRISWOLD. I call the gentleman's attention to the concluding paragraph of the decision of the Supreme Court. It is a unanimous opinion of the Court:

> In short, the findings show no facts entitling the respondents to recover compensation from the United States under the provisions of the act of 1917.

Mr. BLOOM. While the gentleman may find that language in the opinion of the Court, I think he will also find that the Senate passed an identical bill the other day allowing the amount out of pocket expenses.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON and Mr. GRISWOLD objected.

CHARLES J. EISENHAUER

The Clerk called the next bill, H.R. 2639, for the relief of Charles J. Eisenhauer.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, I shall object unless the proponent of the bill will consent to an amendment reducing the compensation from $2,500 to $1,500.

Mr. BLACK. That is acceptable.

Mr. MOTT. Mr. Speaker, reserving the right to object, it appears from the report of the Navy Department that the private who was responsible for causing the injury to Charles J. Eisenhauer by a truck he was driving was not operating the vehicle in line of duty. The accident occurred while the private was conveying some acquaintances from a baseball park to a railway station with some baseball paraphernalia. This, I take it, was the reason for the rejection of the claim by the Navy Department.

The report from the Department is not necessarily conclusive on the merits of the bill, as far as I am concerned. This report does not indicate to what extent the investigation by the committee was made. I should like to know the circumstances of the case.

Mr. BLACK. We have taken the affidavits of the witnesses to this accident. We have the report of the Navy Department.

I have just now agreed to cut down the amount of compensation by $1,000.

We felt, considering all the circumstances, the fact it was a Navy Department automobile, driven by an enlisted man of the Navy, recklessly driven, against whom the claimant can enforce no claim, that Congress should allow reasonable compensation.

This bill has been here ever since I have been in Congress. I have seen it year after year. It has been cut down to almost nothing. I think, in view of all the circumstances, the gentleman could well let this bill go through.

Mr. MOTT. Mr. Speaker, can the chairman of the committee inform the House if there were any circumstances in connection with the accident which would raise the question as to whether the truck was being operated in line of duty? Was the carrying of this baseball paraphernalia from the baseball grounds to the railroad station connected in any way with the official duties of the truck driver?

Mr. BLACK. I could not say. My clerk tells me that he recalls some statement to the effect that it was a game in which the Marines were engaged, played at the Prospect Park parade grounds. He is not quite sure of the facts. I am perfectly honest with the gentleman.

Mr. MOTT. If it were the fact that it was in any way connected with the Navy, that would be conclusive as far as I am concerned.

Would the gentleman consent to have this bill go over until the next time the calendar is called that I may have an opportunity of checking up the matter?

Mr. BLACK. I will look through my documents on this and may call it up later tonight if the gentleman does not mind.

Mr. MOTT. Mr. Speaker, I ask unanimous consent that this bill be passed for the present with the understanding that it may be called up later this evening.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

GEORGE G. SLONAKER

The Clerk called the next bill, H.R. 2990, for the relief of George G. Slonaker.

There being no objection, the Clerk read the bill, as follows:

> *Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to George G. Slonaker, of Gettysburg, Pa., out of any money in the Treasury not otherwise appropriated, the sum of $5,000 in compensation for injuries sustained to his eyes while employed by the War Department at Camp Colt, Pa., during 1918.

With the following committee amendment:

Strike out all after the enacting clause, line 3, page 1, down to and including line 8, on page 1, and insert in lieu thereof the following:

"That the United States Employees' Compensation Commission is hereby authorized to consider and determine, in the same manner and to the same extent as if application for the benefits of the Employees' Compensation Act had been made within the 1-year period required by sections 17 and 20 thereof, the claim of George G. Slonaker, on account of injury to his left eye, and subsequent blindness, alleged to have been proximately caused by his employment as an incinerator operator by the United States Government at Camp Colt, Pa., from March 1918 to November 1918: *Provided*, That he shall file a notice of such injury and claim for compensation therefor not later than 60 days from the date of the enactment of this act: *And provided further*, That no benefits shall accrue prior to the enactment of this act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GREAT AMERICAN INDEMNITY CO. OF NEW YORK

Mr. WADSWORTH. Mr. Speaker, I ask unanimous consent to return to the consideration of Calendar No. 92 (H.R. 4249), a bill for the relief of the Great American Indemnity Co. of New York.

Mr. ZIONCHECK. Mr. Speaker, I object.

LAKE DENMARK EXPLOSION

The Clerk called the next bill, H.R. 4013, to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat., p. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926.

Mr. BLANTON. Mr. Speaker, I am compelled to object to this bill.

Mr. EATON. Mr. Speaker, will the gentleman withhold his objection?

Mr. BLANTON. This bill seeks to appropriate $17,691.58, when the report of the Comptroller General shows that under no circumstances should it be more than $14,000.

Mr. EATON. We have two letters from the Comptroller General addressed to the Congress afterward, giving the result of a further investigation, which comprises four cases and makes up the difference between $14,000 and $17,000.

Mr. BLANTON. They are not in the report. Does the Comptroller General recommend that $17,000 be allowed?

Mr. EATON. Yes.

Mr. BLANTON. Under what date?

Mr. EATON. Under date of January 14, 1933, he recommends a further sum of $1,633.41 for the relief of three sufferers. Under date of February 10, 1933, he recommends that the sum of $1,649.08 be allowed for the relief of the estate of Julia Buck.

Mr. BLANTON. They are not mentioned in this bill. Let me see the reports from the Comptroller General, please.

Mr. EATON. I will hand them to the gentleman.

Mr. BLANTON. After referring to the letters from the Comptroller General, I have no objection.

Mr. MOTT. Mr. Speaker, reserving the right to object, I notice this bill does not carry the usual provision either as to attorney's fees or that this amount is being paid to the claimants in full settlement. If it is agreed that these amendments may be offered, I have no objection.

Mr. EATON. Yes. It is the intention to close the entire matter by this bill.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the sum of $17,691.58 be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, to make payment of claims for property damage, death, or personal injury due to the explosions at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926, to the respective persons and in the respective amounts as recommended by the Comptroller General of the United States and as fully set forth in House Document No. 217, Seventy-second Congress, first session, and letters of the Comptroller General to the Congress, dated January 14 and February 10, 1933, pursuant to the act of March 2, 1927 (44 Stat., pt. 3, p. 1800), and the act of February 2, 1929 (45 Stat., pt. 2, p. 2047).

With the following committee amendment:

Page 2, line 5, strike out the numbers "217" and insert in lieu thereof "257."

The committee amendment was agreed to.

Mr. MOTT. Mr. Speaker, I offer two amendments, which I send to the desk.

The Clerk read as follows:

Amendments offered by Mr. MOTT: Page 1, line 3, after the amount "$17,691.58", insert "in full settlement against the Government of the United States", and at the end of the bill the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EMMA F. TABER

The Clerk called the next bill, H.R. 4056, for the relief of Emma F. Taber.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Emma F. Taber, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 for expenses and attendance charges incurred by her on account of injuries sustained by being struck by a Government-owned motor vehicle in Dorchester, Mass., on September 12, 1931.

With the following committee amendments:

Line 6, strike out the figures "$5,000" and insert in lieu thereof "$3,500", and at the end of the bill insert the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

Mr. McCORMACK. Mr. Speaker, I offer another amendment.

The Clerk read as follows:

Amendment by Mr. McCORMACK: Page 1, line 6, after the figures "$3,500", insert the words "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHARLES J. EISENHAUER

Mr. BLACK. Mr. Speaker, I ask unanimous consent to return to Calendar No. 124, the bill H.R. 2639, for the relief of Charles J. Eisenhauer.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. MOTT. Mr. Speaker, reserving the right to object, this, it seems to me, was a clear case of negligence, and the only question in my mind is whether or not there was legal liability. The chairman of the committee has shown me a

transcript of the testimony, which indicates that to some extent there was a legal liability inasmuch as this man was in a way on duty. The amount has been very drastically reduced, and so far as I am concerned I am willing to withdraw my objection.

Mr. HANCOCK of New York. Mr. Speaker, reserving the right to object, may I ask what sort of duty the truck driver for the Marine Corps was engaged in?

Mr. BLACK. He was asked this question: "Where had you been on duty with this truck?" And his answer was: "To Prospect Park after baseball goods." That is all there is in the investigation to indicate the nature of his duty. It is the general statement that his duty consisted in being at Prospect Park after baseball goods.

Mr. HANCOCK of New York. Does the gentleman understand that this truck driver was engaged in the usual line of duty and acting under orders at the time of the accident?

Mr. BLACK. Yes. There was no complaint lodged against him for being at Prospect Park after baseball goods. These charges were served on him and he was asked the question "What was your duty?" And he said, "I was out to Prospect Park after baseball goods."

Mr. HANCOCK of New York. Does the gentleman, who is very careful in all these matters, understand the truck driver was pursuing his usual duty at the time and under orders?

Mr. BLACK. He was pursuing a duty imposed upon him. I do not suppose he did that every day.

Mr. HANCOCK of New York. He was acting under orders?

Mr. BLACK. He was acting under orders or he would have had serious charges placed against him in addition to that of negligence.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to pay the sum of $2,500 to Charles J. Eisenhauer, of Brooklyn, N.Y., in compensation for injuries sustained June 2, 1919, in the city of Brooklyn, N.Y., when struck by an automobile truck of the United States Marine Corps.

With the following committee amendments:

Page 1, line 5, strike out the words "in compensation" and insert "in full settlement of all claims against the Government of the United States", and at the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

Mr. ZIONCHECK. Mr. Speaker, I offer the further amendment that, on page 1, line 4, the sign and figures "$2,500" be stricken and the sum of "$1,500" be inserted in lieu thereof.

The Clerk read as follows:

Amendment by Mr. ZIONCHECK: Page 1, line 4, strike out "$2,500" and insert in lieu thereof "$1,500."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

H. D. HENION, HARRY WOLFE, AND R. W. M'SORLEY

The Clerk called the next bill, H.R. 4926, for the relief of H. D. Henion, Harry Wolfe, and R. W. McSorley.

Mr. HOPE. Mr. Speaker, I object.

Mr. SMITH of Washington. Mr. Speaker, will the gentleman reserve his objection?

Mr. HOPE. Yes; I shall be pleased to reserve it.

Mr. SMITH of Washington. Mr. Speaker, I consider this bill is very worthy and meritorious. The three claimants in the bill were driving an automobile on the North Cispus Road in the Rainier National Forest, in the State of Washington. Employees of the Forest Service were doing some blasting along the road and the powder man gave no warning or signal and these men proceeded to drive along the highway. The blast exploded at a point in the road to which the automobile was approaching, the machine was blown off the road and down the hillside and the three occupants of the car were thrown out of the automobile and injured.

Mr. HOPE. Will the gentleman yield right there?

Mr. SMITH of Washington. Yes.

Mr. HOPE. There is nothing in the record here to show that either of these men was an employee of the United States. Were they or were they not Federal employees at the time this accident happened?

Mr. SMITH of Washington. I will say in reply to the gentleman that the Forest Service and the Department of Agriculture have admitted that this was a clear case of negligence on the part of the employees of the Forest Service, and a bill was formerly introduced asking for damages in specified amounts approximating over $7,000. Upon the recommendation of the Department of Agriculture and the Forest Service, this very bill, in its present terms, was introduced to bring the claimants within the purview of the United States Employees' Compensation Act.

Mr. HOPE. I do not know what the idea of the party in the Department of Agriculture who suggested this form of bill may be, but I can see no reason why we should give the rights and the benefits of the United States Employees' Compensation Act to men who are not Federal employees. There may be some claim on the part of these men against the Government of the United States, although it is certainly nothing like as large in amount as they attempted to assert in the first place. The evidence here all indicates very clearly that two of these men could hardly be said to have been injured at all and the extent of the injury to the third man was a sprained ankle, and yet, originally, they had a bill introduced here in an amount which in the aggregate was more than $7,000 for very, very trivial injuries.

I would have no objection if this were a bill which would give these men what I would consider fair compensation for the injuries which they suffered, but I do not believe we ought to establish a precedent here by giving men who are not Government employees the rights and benefits of the United States Employees' Compensation Act, and for this reason I feel I must reluctantly object.

Mr. SMITH of Washington. Will the gentleman further reserve his objection in order that I may answer his statement?

Mr. HOPE. Yes.

Mr. SMITH of Washington. It seems to me that by bringing these men within the application of the Employees' Compensation Act designed for Federal employees, we are going to insure the very thing that the gentleman states he is in favor of. In this event these men will receive compensation for losses and payment of medical fees which they may be able to establish and all this bill does is to permit them to claim the benefits of the Federal Employees' Compensation Act and, of course, they will have to establish their loss of time and their actual injuries and disabilities, if they have any. Can anything be fairer than this?

Mr. HOPE. I do not believe we ought to establish such a precedent by giving the benefit of that act to men who, so far as I have been able to discover, were not at this time and never had been Federal employees.

Mr. SMITH of Washington. Let me say to the gentleman, who has been a member of this body for a considerable length of time, while I have not, it is my understanding we are not establishing a precedent, but this very thing has been done on numerous occasions in the past on the recommendation of various departments of the Government; in fact, it has been the custom that where the Government is not willing to admit liability in a specified amount, they recommend legislation to bring the claimants within the purview of the Employees' Compensation Act, and this has been done frequently in the past.

Mr. HOPE. I do not know of any such cases, but I would not say there have not been any.

Mr. SMITH of Washington. There have been many of them, I will say.

Mr. HOPE. I know of no such cases and I see no reason why such a policy should be followed and, therefore, I object.

THEODORE W. BELAND

The Clerk called the next bill, H.R. 4952, for the relief of Theodore W. Beland.

Mr. BLANCHARD. Mr. Speaker, I object.

Mr. GAMBRILL. Mr. Speaker, will the gentleman withhold his objection a moment?

Mr. BLANCHARD. I withhold it; yes.

Mr. GAMBRILL. This bill has been recommended for payment by the Commissioner of Lighthouses. The expenses were incurred in a legitimate way and the Comptroller makes the statement in his report that the bill has equity. The amount involved is only $32.30, and I hope the gentleman will not offer any objection.

Mr. BLANCHARD. Mr. Speaker, at the present moment I am constrained to object. I understand, of course, it can come up at a later time, but I shall have to insist on my objection.

The SPEAKER. Objection is heard.

ESTATE OF VICTOR L. BERGER

The next bill on the Private Calendar was the bill, H.R. 7229, for the relief of the estate of Victor L. Berger, deceased.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That there be paid out of any money in the Treasury of the United States not otherwise appropriated, to the legal heirs of the estate of Victor L. Berger, deceased, the sum of $9,856.12, in full settlement of all claims against the Government of the United States, the same being the unpaid balance, and without interest, of the salary to which the said Victor L. Berger would have been entitled as a Member of Congress in the Sixty-sixth Congress, to which he had been regularly and duly elected but denied his seat therein because of his conviction for an alleged violation of the Espionage Act, which conviction was subsequently reversed by the United States Supreme Court, and the indictments nolle prossed on January 23, 1923, in the United States District Court for the Northern District of Illinois: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. BLANTON. Mr. Speaker, I was one of those in this House who voted to prevent Victor Berger from taking his seat, and he was thereby deprived of this money which now I hope will be paid to his widow.

Victor Berger was a Socialist. I never have had any patience with socialism, but I have seen some of the most earnest, conscientious men I have known serve here as Socialists. Meyer London, than whom there was never a better-posted man in the United States nor a more conscientious one, served here with distinction.

Victor Berger had definite views; he was honest, conscientious, and fearless. At the time he was deprived of his seat his case had not been decided, but afterward the United States Supreme Court reversed the judgment against him and the indictment was dismissed, and he afterward served with distinction in this House.

His widow is now old and infirm, and in distressed financial circumstances. What does that mean? That her husband was honest. A man who fills the positions that Victor Berger filled, who dies poor, is honest; and I am glad that I am on this floor at a night session to help pass this bill, and that this widow can now get what should have been given to her husband. [Applause.]

Mr. BOILEAU. Mr. Speaker, I rise in opposition to the pro forma amendment. I should like to say that this bill should be decided entirely on its merits and not upon any sympathy for Victor Berger or for his widow. I believe this is purely a case where this Congress erred several years ago, where a man expressed minority views at a time when people were acting irrational and was deprived of his seat to which he was entitled.

I am glad that Congress is to rectify their act entirely upon the merits of the bill and that we can remedy the wrong not only to Victor Berger but to people who represent minority views. [Applause.]

Mr. O'MALLEY. Mr. Speaker, I move to strike out the last two words. I introduced this bill, and it is the only claim bill I have introduced since I have been a Member of this House, and probably it is the only claim bill that I shall introduce for a long time to come, because I have had perhaps a peculiar aversion to introducing private-claim legislation. This is not my bill alone, but one which I believe is supported by the entire Wisconsin delegation. My Republican colleagues as well as my Democratic colleagues from Wisconsin have felt that this was a simple act of justice on the part of Congress in righting the wrong done the late Victor Berger.

I represent the district that Victor L. Berger represented. I ran against him in 1928. I disagreed with him on political questions, and the reason I ran against him was because I opposed many of his views. Now, I want to read what one newspaper of my State said about this measure after I introduced my bill which has just been passed:

When Victor Berger passed from this life on July 16, 1929, tributes were paid by his fellow townsmen and by former Congressmen. These tributes would be idle words, meaningless in the interpretation, if the Congress of the United States does not remedy a wrong that was done him in the face of the decision of the Supreme Court.

I know that the people of the fifth district as well as myself and the entire Wisconsin delegation deeply appreciate the fair-mindedness of the Members of the Seventy-third Congress that has enabled this bill to pass without objection.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. O'MALLEY. Yes.

Mr. HOPE. For the purpose of keeping the record straight, this salary, which would have gone to Mr. Berger, had he been a Member of the House, did not go to anyone, did it?

Mr. O'MALLEY. It went to no one. The district was without representation for a certain length of time. The money was turned back to the Treasury.

The SPEAKER. Without objection the pro forma amendments are withdrawn.

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

C. M. WILLIAMSON

The Clerk called the next bill, S. 2, for the relief of C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith.

The SPEAKER. Is there objection?

Mr. GRISWOLD. Mr. Speaker, I shall not object, if the proponent of the bill will agree to the usual attorneys' fee amendment.

Mr. COFFIN. We have no objection to that amendment.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith, in accordance with their respective interests, the sum of $8,824.10. Such sum represents the amount expended by them in installing a pumping plant and making necessary connections to bring water to their land on the Fort Hall Indian Reservation, and the amount paid by them to the Idaho Power Co. during the years 1920 to 1927, inclusive, for power to operate said pumping plant.

Mr. GRISWOLD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GRISWOLD: At the end of the bill insert:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to; and the bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MARY AGNES RODEN

The Clerk called the next bill, S. 375, to reimburse the estate of Mary Agnes Roden.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object in order to find out whether Sophie Walsh was supported by her sister Agnes Roden before her death, or was her sister dependent upon her for support?

Mr. BLACK. I would have to look through the other records. I could not find that out from the report.

Mr. ZIONCHECK. Mr. Speaker, in the absence of an explanation, I object at this time.

WARREN J. CLEAR

The Clerk called the next bill, S. 406, for the relief of Warren J. Clear.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Warren J. Clear, captain, United States Infantry, the sum of $737 in reimbursement for the loss by earthquake and fire of personal property in Tokyo, Japan, on or about September 1, 1923, while he was serving as an attaché, American Embassy, Tokyo, Japan.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

WILLIE B. CLEVERLY

The Clerk called the next bill, S. 407, for the relief of Willie B. Cleverly.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Willie B. Cleverly the sum of $124.23 in full compensation for money expended by him in doctor's and hospital bills growing out of an injury which he received while in the performance of his duties as temporary surfman at the Point Allerton Station of the United States Coast Guard on January 13, 1924, at which time the said Cleverly was filling a vacancy in the personnel at that station.

Mr. BLANCHARD. Mr. Speaker, I offer the following amendments which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD:

In line 6, after the amount, insert, "in full settlement of all claims against the United States", and at the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to, and the bill as amended was ordered to be read a third time, was read the third time, and passed.

Mr. BLACK. Mr. Speaker, before we proceed to the next bill I desire to call attention to the fact that these are Senate bills to which these usual amendments have been added. The Senate has not been in the habit of putting on these amendments. I hope some Senator will read this RECORD.

LEBANON EQUITY EXCHANGE

The Clerk called the next bill, S. 750, for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr.

The SPEAKER. Is there objection?

Mr. BLANCHARD. Mr. Speaker, I object.

Mr. SHALLENBERGER. Mr. Speaker, will the gentleman withhold his objection?

Mr. BLANCHARD. Yes.

Mr. SHALLENBERGER. Mr. Speaker, this is a bill that came over from the Senate, and is a case wherein a farmers' elevator company in western Nebraska at the instruction of the agent of the Revenue Department paid the Government an income tax, which the Treasury now admits was not due, but they did not learn of this fact until 1929 when a ruling was made by the Department that they were not liable for this tax. That ruling was made in February 1921, and in August 1929, the Government here through its Commissioner made the ruling that this company was not liable for this tax.

They made application for the return of the tax, but there were 4 or 5 months lacking of the 4-year stipulation in the law. In other words, the case is that the Government has $2,500 of these farmers out there, which the Government itself admits it never was entitled to, and because of the statute of limitations, the Government retains the money. I hope the gentleman from Wisconsin [Mr. BLANCHARD] will see the equity of this. It is a struggling elevator company in western Nebraska. There is no question about the facts in the matter, except that the statute of limitations runs against them, and therefore the Government is keeping $2,500 of their money which it has admitted does not belong to it.

Mr. BLANCHARD. Will the gentleman yield?

Mr. SHALLENBERGER. I yield.

Mr. BLANCHARD. I think the gentleman will concede there are hundreds upon thousands of cases in exactly the same situation as this one, where the statute of limitations has run, and if we are to open it up on a claim of this kind, quite naturally we should change the law so that all claims may be given consideration. The fact that it is a cooperative organization, of course, does not change the situation as far as the law is concerned. They should not be treated any differently than any other individual or corporation.

Mr. SHALLENBERGER. The point that I wanted to bring to the gentleman's attention is that they did not sleep on their rights. As soon as they received notice that they were not liable to pay this tax they made application to have it returned.

Mr. BLANCHARD. As far as I am concerned, I am perfectly willing to have this called up at a later time, but not too late, for reasons which I am perfectly willing to explain to the gentleman at the proper time, but I shall be obliged to object.

FARMERS' GRAIN CO., OF OMAHA, NEBR.

The Clerk called the next bill, S. 751, authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer.

Mr. HOPE. Reserving the right to object, and I shall not object if the author of the bill will consent to an amendment to the effect that this shall be in full settlement of all claims against the United States, and also an amendment covering the usual attorney's fee provision.

Mr. BLANTON. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. BLANTON. Is not this the first instance in the gentleman's experience that he ever heard of farmers getting anything back from the income-tax bureau?

Mr. HOPE. I am not sure but what it is.

Mr. BLANTON. It is so unusual that they get anything back that I was very glad to see this bill called up.

Mr. HANCOCK of New York. They do not very often pay any income taxes, do they?

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to refund, from moneys not otherwise appropriated, the sum of $2,186.36 to the Farmers' Grain Co., of Omaha, Nebr., this sum being paid illegally and through error by said company as income taxes to the Commissioner of Internal Revenue, and covered into the United States Treasury.

Mr. HOPE. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOPE: In line 5, after the figures, insert "in full settlement of all claims against the Government of the United States", and at the end of the bill add the following proviso: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CHICAGO, NORTH SHORE & MILWAUKEE RAILROAD CO.

The Clerk called the next bill, S. 1069, authorizing adjustment of the claim of the Chicago, North Shore & Milwaukee Railroad Co.

There being no objection the Clerk read as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claim of the Chicago, North Shore & Milwaukee Railroad Co. for reimbursement for materials furnished and labor supplied in repairing Chicago & Eastern Illinois gondola car no. 93962 that was accidentally damaged on July 24, 1928, while spotted on Government tracks at Fort Sheridan, Ill., and to allow not exceeding $120.39 in full and final settlement of said claim. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $120.39, or so much thereof as may be necessary, for payment of said claim.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOHN T. LENNON AND GEORGE T. FLORA

The Clerk called the next bill, S. 1074, authorizing adjustment of the claims of John T. Lennon and George T. Flora.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to allow John T. Lennon and George T. Flora $25 each in full and final settlement of their claims for blood furnished May 4 and May 11, 1926, respectively, for transfusion to Harvey J. Shoppe, a patient in a Government hospital. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $50 for the payment of such claim.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

FRANCIS B. KENNEDY

The Clerk called the next bill, S. 1079, authorizing adjustment of the claim of Francis B. Kennedy.

The SPEAKER. Is there objection?

Mr. GRISWOLD. I object.

POTOMAC ELECTRIC POWER CO., WASHINGTON, D.C.

The Clerk called the next bill, S. 1083, authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C.

Mr. BLANCHARD. Reserving the right to object, will it be agreeable to have the two customary amendments offered to this bill?

Mr. BLANTON. Well, Mr. Speaker, this company is one of the richest companies in Washington, D.C., and it has lawyers employed by the year, so I do not think it is necessary to put any attorney's fee limitation on here, because the lawyers act by the year anyway.

The SPEAKER. Is there objection?

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claim of the Potomac Electric Power Co. for the balance necessary to reimburse it for the amount actually expended by said company in making electrical service connections from its mains to the control room on the east bascule draw span of the Arlington Memorial Bridge and to allow said company a balance of not to exceed $2,157.25 in full and final settlement of said claim. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $2,157.25, or so much thereof as may be necessary, for payment of said claim.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: In line 10, after the amount, insert "in full settlement of all claims against the Government of the United States."

And at the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

SCHUTTE & KOERTING CO.

The Clerk called the next bill, S. 1085, authorizing adjustment of the claim of Schutte & Koerting Co.

Mr. BLANCHARD. Reserving the right to object, I would like to have an explanation of this bill before I consent to its being considered.

Mr. BLACK. I can add nothing to what is in the report. The gentleman is a member of the Claims Committee.

Mr. BLANCHARD. May I say to the distinguished chairman of the committee that many of these bills were reported out long before I became a member of the committee.

Mr. BLACK. I am glad the gentleman came in a little late.

Mr. BLANTON. Mr. Speaker, I do not think the Chairman of our Claims Committee ought to snipe up one of our new Members in that way.

I want to tell my friend who has just gone on that committee that the hardest work I ever did in my life was the 6 years I served on that committee. After a committee had reported by a unanimous vote the Sevier heir bill to pay $100,000,000 to people on a claim that was about 100 years old, some of us who were new Members at the time, stopped it. There is plenty of chance for the gentleman to do good work on that committee even though he is a new Member and I tell him not to let any sarcastic remark of the chairman of the committee stop his good work.

Mr. BLACK. The gentleman from Texas should not get excited about it. My friend, the gentleman from Wisconsin, did not get excited about it. He realized that I said it in a friendly way and with a friendly feeling toward him. I even feel that way toward the gentleman from Texas—not all the time, but every now and then.

Mr. BLANCHARD. Mr. Speaker, I object.

WILLIAM T. STILES

The Clerk called the next bill, S. 1087, authorizing adjustment of the claim of William T. Stiles.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to settle and adjust the claim of William T. Stiles for blood furnished October 11, 1926, for transfusion to Charles E. Williams, a patient in a Government hospital, and to allow in full and final settlement of said claim an amount not in excess of $25. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $25 for the payment of such claim.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

DEPARTMENT OF AGRICULTURE

The Clerk called the next bill, S. 1115, to authorize the Department of Agriculture to issue a duplicate check in favor of Department of Forests and Waters, Commonwealth of Pennsylvania, the original check having been lost.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That notwithstanding the provisions of section 3646, as amended, of the Revised Statutes of the United States, the disbursing clerk of the Department of Agriculture is authorized and directed to issue, without the requirement of an indemnity bond, a duplicate of original check No. 2675700, drawn November 19, 1931, in favor of Department of Forests and Waters, Commonwealth of Pennsylvania, for $345, the original check having been lost.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ELIZABETH B. EDDY

The Clerk called the next bill, S. 1219, to carry into effect the finding of the Court of Claims in the claim of Elizabeth B. Eddy.

Mr. HOPE and Mr. ZIONCHECK objected.

LEBANON EQUITY EXCHANGE

Mr. SHALLENBERGER. Mr. Speaker, I ask unanimous consent to return to Calendar No. 135, S. 750, for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr., as I understand the gentleman from Wisconsin will withdraw his objection.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to returning to Calendar No. 135?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Commissioner of Internal Revenue be, and he is hereby, authorized and directed to receive, consider, and determine, in accordance with law but without regard to any statute of limitations, any claim filed not later than 6 months after the passage of this act by the Lebanon Equity Exchange, Lebanon, Nebr., for the refund of Federal income and profits taxes collected from the said Lebanon Equity Exchange for the year 1920 in excess of the amount properly due: *Provided*, That in the settlement of said claim there shall be no allowance of interest.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

PLAYA DE FLOR LAND & IMPROVEMENT CO.

Mr. MARTIN of Oregon. Mr. Speaker, I ask unanimous consent to return to Calendar No. 108 (H.R. 5284) for the relief of the Playa de Flor Land & Improvement Co.

Mr. ZIONCHECK and Mr. GRISWOLD objected.

LITTLE ROCK COLLEGE

The Clerk called the next bill, S. 1347, for the relief of Little Rock College, Little Rock, Ark.

Mr. GRISWOLD. Mr. Speaker, reserving the right to object, it seems that this is one of those cases where a college regarded Government property as everybody's property. I notice the last report from the Secretary of War is in 1927. He stated in that report that there might be additional losses. Does the chairman of the committee know if there were any additional losses?

Mr. TERRY. We have waited from 1927 to 1934 for a report of them but no report of additional losses has come in.

Mr. GRISWOLD. There was no report of additional losses of these arms that were shipped to Chicago?

Mr. TERRY. No.

Mr. GRISWOLD. Mr. Speaker, in view of the fact there has been no additional loss, I withdraw my objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to reopen and allow credit in the property accounts of the Little Rock College, Little Rock, Ark., in the sum of $1,451.41, representing certain articles of ordnance, quartermaster, and engineer property for which the said Little Rock College is held liable on reports or surveys, as follows: Nos. 7, 8, 11, and 12, approved January 13, 1926, and no. 10, approved January 5, 1926.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BENJAMIN BRANZELL

The Clerk called the next bill, S. 1426, for the relief of the estate of Benjamin Braznell.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. KELLY of Pennsylvania. Mr. Speaker, will the gentleman withhold his objection a moment?

Mr. ZIONCHECK. Yes; I will withhold my objection to permit the gentleman to make an explanation.

Mr. KELLY of Pennsylvania. Mr. Speaker, no one has ever denied the merit of this claim on the facts of the tax payment made.

Benjamin Braznell was a fine old man whom I knew well up to the time of his death. In 1918 an estate tax was paid. Two years later his heirs filed a claim for refund with the Treasury Department. In that claim the estate specifically mentioned one refund and in a general statement asked for this further refund on the basis of excess valuation of the estate. This was in July 1920.

Then, in 1922, the Supreme Court of the United States rendered a decision covering such cases.

The estate filed a claim citing this decision, but the Treasury Department stated that it was after the 4-year statutory limitation.

Now, the claim was made within 2 years after payment. The Treasury Department stated that the claim was just and that it should be paid except for the fact that this claim was made 4 years after the time of payment. Even admitting such technicality, I insist the claim should be paid. The original claim for refund was made within 2 years after the payment of the tax. The statute of limitations could not justly be applied.

This measure has been passed by the Senate on four different occasions. It has been favorably reported to the House, but each time on this technicality statement that the claim was not filed within the 4-year statutory period it was objected to. Now, I ask the gentleman from Washington to allow this measure to pass, that we may make a refund to an estate where the claim was made within the lawful time and not put this burden unfairly upon the heirs.

Mr. ZIONCHECK. If the gentleman will let me explain my reason for objecting to this bill, it is that there are so many claims for taxes which have been paid where the claimants waited until someone else took the burden of going to court and proving that the tax under such circumstances was wrong. The man whose estate this involves is dead. It is not as though someone were in need. The claimant here is an estate, and particularly one that comes in long after the tax was paid.

Mr. KELLY of Pennsylvania. I can show the gentleman the original claim for refund if he cares to see it.

Mr. ZIONCHECK. They got $1,200 refund.

Mr. KELLY of Pennsylvania. The amount of the claim is $2,323.47.

Mr. ZIONCHECK. The $1,200 amount was paid and refunded, but the amount that he asks for now was requested because of some decision made 2 years afterwards?

Mr. KELLY of Pennsylvania. No. He asked for this refund on July 27, 1920, within 2 years after the payment had been made. Then the decision came 2 years after that, and a further specific claim was made under the decision.



Mr. ZIONCHECK. Will the gentleman state whether this party actually took legal steps to get this money back by way of a court action?

Mr. KELLY of Pennsylvania. No; nothing of that kind. The claim in regular form was made on July 27, 1920, within 2 years after payment had been made, and it should have been paid then. It was within the time. The statute of limitation had not run against the claim. The Treasury Department stated that the claim is meritorious but that 4 years had elapsed since its payment.

Mr. ZIONCHECK. Does the gentleman contend that the Treasury Department made a mistake?

Mr. KELLY of Pennsylvania. Yes; I contend the Treasury Department made a very serious and grave error.

Mr. ZIONCHECK. Under those circumstances, I will take the gentleman's word. The record does not show that, but in view of my high regard for the gentleman I shall take his word for it.

Mr. TRUAX. Mr. Speaker, reserving the right to object, may I ask the gentleman from Pennsylvania the amount of taxes that was paid by the party for whom this bill has been drawn?

Mr. KELLY of Pennsylvania. This is an estate tax. The sum of $19,718 was paid in one assessment and $1,400 in another; $21,158 was the total amount of taxes paid.

Mr. TRUAX. That is the total amount of income tax paid?

Mr. KELLY of Pennsylvania. No. This is an estate tax, paid upon the death of Mr. Braznell.

Mr. TRUAX. I may say to the gentleman that on general principles I have been unalterably opposed to the refund and abatement of practically four and a half billion dollars of income taxes during the past 10 or 12 years. The practice is still being followed. We are refunding taxes that were collected back in 1917 and 1918, including war-profit taxes. I say to the gentleman, with all due respect and in the high regard I have for him, that my judgment is that when the greatest of all refunders of income tax, Hon. Andrew W. Mellon, failed to include this amount, I am opposed to going back now and refunding the money to this estate.

Mr. KELLY of Pennsylvania. May I say a word to the gentleman. The Treasury Department never said this claim was unjustifiable. This was an estate tax and not an income tax. I agree with the gentleman's philosophy so far as refunds in general are concerned, and I have opposed the refunding of huge income taxes, but when a citizen of the United States came through during his lifetime and paid his income taxes, and then his estate pays more than is just, under the law, and a proper claim is made on the Treasury Department, I think there is merit to the claim. The Senate has gone into this matter four times. The House committee has passed this bill four times, and each time one individual has prevented the heirs of this old gentleman from receiving that to which they are justly entitled. I hope the gentleman will allow this bill to go through this evening.

Mr. TRUAX. Will the gentleman state what the estate is worth now?

Mr. KELLY of Pennsylvania. The estate is worth very little. I knew the old gentleman during his lifetime and I know those who remain. I cannot say that there is very much of the estate left for any of them.

Mr. TRUAX. Since it is the policy to make gifts or refunds to millionaires, I withdraw my objection.

Mr. BLANCHARD. Will the gentleman from Pennsylvania yield?

Mr. KELLY of Pennsylvania. Yes.

Mr. BLANCHARD. Is the gentleman willing to accept the customary amendment?

Mr. KELLY of Pennsylvania. Yes, certainly.

There being no objection the Clerk read the bill as follows:

Be it enacted, etc., That the Commissioner of Internal Revenue be, and he is hereby, authorized and directed to reopen and allow the claim of the Braddock Trust Co., executor of the estate of Benjamin Braznell, late of Pittsburgh, Pa., and refund the sum of $2,323.47, the balance of taxes illegally collected, under existing laws and decisions.

Mr. BLANCHARD. Mr. Speaker, I offer the usual amendment.

The Clerk read as follows:

Amendment by Mr. BLANCHARD: Page 1, line 7, after the figures "$2,323.47", insert the words "in full settlement of all claims against the Government of the United States" and at the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum of not exceeding $1,000."

The amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

NANNIE SWEARINGEN

The Clerk called the next bill, S. 1496, for the relief of Nannie Swearingen.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $100 per month in an amount not to exceed $5,000 to Nannie Swearingen to compensate her for the death of her husband, who was struck by a Government-owned postal motor vehicle on November 26, 1926.

With the following committee amendment:

Line 6, strike out "$50" and insert in lieu thereof "$100."

Mr. ZIONCHECK. Mr. Speaker, the committee amendment would insert $100 in lieu of $50 in line 6, page 1. I am opposed to the committee amendment and think the committee amendment should be voted down.

The SPEAKER. The question is on the committee amendment.

The committee amendment was rejected.

Mr. BLANCHARD. Mr. Speaker, I offer the usual amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: At the end of the bill insert, "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ANTON W. FISCHER

The Clerk called the next bill, S. 1651, for the relief of the estate of Anton W. Fischer.

Mr. BLANCHARD. Mr. Speaker, I object.

B. & O. MANUFACTURING CO.

The Clerk called the next bill, S. 1782, for the relief of the B. & O. Manufacturing Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of the B. & O. Manufacturing Co. under contract no. 12429, dated May 28, 1929, for extra expense in recruiting material for trousers delivered to said company by the Navy De-

partment, and to allow not to exceed $1,597.52 in full and final settlement of said claim. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $1,597.52, or so much thereof as may be necessary, to pay said claim.

Mr. HANCOCK of New York. Mr. Speaker, I offer the usual attorneys' fee amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: At the end of the bill insert:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

HOMER C. CHAPIN

The Clerk called the next bill, H.R. 207, for the relief of Homer C. Chapin.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Homer C. Chapin the cash value of a $500 Liberty bond deposited by him with the Immigration Service of the Department of Labor in the case of Dimitri Ivanenko, which said bond or the proceeds of which was erroneously covered into the Treasury of the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOHN A. RAPELYE

The Clerk called the next bill, H.R. 211, for the relief of John A. Rapelye.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General be, and he is hereby, authorized and directed to credit the account of John A. Rapelye, postmaster at Flushing, N.Y., with the sum of $1,249.08 to reimburse him for money-order and postal funds stolen from the Jackson Heights station of the Flushing post office on the night of March 3, 1927.

Mr HOPE. Mr. Speaker, I offer the usual attorney's fee amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE:

At the end of the bill insert: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ANNA CAPORASO

The Clerk called the next bill, H.R. 262, for the relief of Anna Caporaso.

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object.

Mr. BLANCHARD. Mr. Speaker, I am going to object, and, perhaps, I can save the gentleman some time.

Mr. ZIONCHECK. I was simply going to say that the amount is excessive.

Mr. BLANCHARD. Mr. Speaker, I object.

LUCY MURPHY

The Clerk called the next bill, H.R. 469, for the relief of Lucy Murphy.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lucy Murphy the sum of $5,000 as reimbursement to her for the loss suffered by her in the death of her husband, Maurice Murphy, whose death occurred on April 21, 1929, without fault on his part or on her part, through the collision of a trimotored Ford airplane belonging to the Maddux Air Lines, Inc., of Los Angeles, Calif., bearing factory no. 5–AT–10, license no. NC 9636, near San Diego, Calif., with an airplane belonging to the War Department of the United States, which was then and there operated in a wrongful and negligent manner by Lt. Howard Keefer, a United States pilot, then and there flying under orders and in line of duty.

Mr. BLANCHARD. Mr. Speaker, I offer the customary amendments.

The Clerk read as follows:

Amendments offered by Mr. BLANCHARD: On page 1, line 6, after "$5,000", insert the words "in full settlement of all claims against the Government of the United States", and at the end of the bill insert:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

PHYLLIS AND HAROLD LOUIS PRATT

The Clerk read the title of the next bill on the calendar, H.R. 472, for the relief of Phyllis Pratt and Harold Louis Pratt, a minor.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Phyllis Pratt and Harold Louis Pratt, a minor, the sum of $5,000 as reimbursement to them for the loss suffered by them in the death of their husband and father, Louis Daniel Pratt, whose death occurred on April 21, 1929, without fault on his part or on their part, through the collision of a trimotored Ford airplane belonging to the Maddux Air Lines, Inc., of Los Angeles, Calif., bearing factory no. 5–AT–10, license no. NC 9636, near San Diego, Calif., with an airplane belonging to the War Department of the United States, which was then and there operated in a wrongful and negligent manner by Lt. Howard Keefer, a United States pilot, then and there flying under orders and in line of duty.

Mr. BLANCHARD. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 1, line 6, after the figures "$5,000" insert "in full settlement of claims against the Government of the United States." And at the end of the bill insert the following attorney fee proviso: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time and passed.

A motion to reconsider was laid on the table.

IRENE BRAND ALPER

The Clerk read the title of the next bill on the Private Calendar, H.R. 473, for the relief of Irene Brand Alper.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Irene Brand Alper the sum of $15,000 in full settlement for an injury incurred by her when 19 years old, when she was seriously injured and crippled for life by being struck down and run over on the 14th day of August 1921 by the United States Navy car no. 2499, in the city of New York, through the careless and negligent operation of said car by an employee of the United States Government employed at the time to operate said car.

With the following committee amendment:

Page 1, line 5, strike out the figures "$15,000" and insert "$1,250." And on page 1, line 8, strike out "14th" and insert "11th."

The committee amendments were agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 1, line 5, after the figures "$1,250", insert "in full settlement of all claims against the Government of the United States", and at the end of the bill insert the usual attorney's fee proviso, as follows:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ARTHUR K. FINNEY

The Clerk read the title of the next bill on the calendar, H.R. 526, for the relief of Arthur K. Finney.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Arthur K. Finney, of Plymouth, Mass., the sum of $108.77 in full compensation for handling two carloads of coal, totaling 84.19 tons, sold to the United States Government and delivered to the Federal Building at Plymouth, Mass.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CHARLES W. DWORACK

The Clerk read the next bill on the Private Calendar, H.R. 666, for the relief of Charles W. Dworack.

Mr. HANCOCK of New York. Reserving the right to object, I think we ought to have an explanation of this bill. I observe that in this disaster 34 were killed and a number wounded. I should like to know what has become of the others?

Mr. HARLAN. The disaster occurred in 1922. What happened to those other 9 or 10 who were injured in the accident, I do not know.

Mr. HANCOCK of New York. Thirty-four were killed.

Mr. HARLAN. There were 45 in the plane and most of them were military persons. There were some civilians. There were nine injured. What happened to them, I do not know; this is the only one who lives in my district. This man came out of it almost unrecognizable. He is a perfect example of shell-shock. I have a letter here from the doctor and also a photograph of him after the accident.

Mr. HANCOCK of New York. He went back to work as I understand it and worked for 9 years.

Mr. HARLAN. He went back to work as soon as he could and tried to work. I have the War Department's record here of his efforts to work. Physically he got fairly well repaired, but he is in such nervous condition that it is pitiful. If you talk to him for 5 minutes he will start to cry. He is a complete nervous wreck. This bill passed the House once. It was originally introduced in the Seventy-first Congress and passed the House but was delayed in getting on the Senate Calendar.

Mr. HANCOCK of New York. Does the gentleman feel that his present condition is due to the accident in 1922?

Mr. HARLAN. I have the statement here of the doctor who has examined him, and I certainly do.

Mr. HANCOCK of New York. Would it not be more appropriate then to enact a bill which would give him the benefit of the United States Employees' Compensation Act?

Mr. HARLAN. I would say that would be fine, except that 14 years have elapsed since the man was injured. I should like to do just what the gentleman says. I think reducing this to $2,500 is not fair to the man by any means.

Mr. HANCOCK of New York. I am going to ask then, if it is agreeable to the gentleman, that the bill be passed over temporarily without prejudice, with the understanding that we may return to it, and I should like to sit down with the gentleman and see if we cannot evolve a bill which will properly take care of this case.

Mr. HARLAN. I am willing to do that.

The SPEAKER. Is there objection to the request of the gentleman from New York that the bill be passed over without prejudice?

There was no objection.

PRIMO TIBURZIO

The Clerk called the bill (H.R. 881) for the relief of Primo Tiburzio.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. I reserve the right to object. Is the proponent of the bill willing to have the amount reduced to $1,500?

Mr. LAMNECK. I am.

Mr. ZIONCHECK. I withdraw my reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Primo Tiburzio, of Columbus, Ohio, the sum of $2,500 in full settlement against the Government as compensation for the death of his daughter, Mary Tiburzio, who was killed when struck by a United States mail truck on September 18, 1930.

Mr. ZIONCHECK. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK:

Page 1, line 6, strike out "$2,500" and insert in lieu thereof "$1,500."

The amendment was agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer the following amendments which I send to the desk.

The Clerk read as follows:

Amendments offered by Mr. BLANCHARD:

After the amount in line 6, insert, "in full settlement of all claims against the Government of the United States;" and at the end of the bill insert: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

SARD S. REED

The Clerk called the next bill, H.R. 987, for the relief of Sard S. Reed.

The SPEAKER. Is there objection?

Mr. HOPE. Does the author of the bill have any objection to the usual attorneys' fee amendment?

Mr. McKEOWN. Not at all.

Mr. ZIONCHECK. Will the proponent of the bill accept a reduction of $400 for the excessive amount of stamps that were in the safe at the time the burglary occurred?

Mr. McKEOWN. Yes.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General be, and he is hereby, authorized and directed to credit the accounts of Sard S. Reed, postmaster at Earlsboro, in the sum of $1,115.90 on account of the loss of postal and fixed credit funds resulting from the burglary of the Earlsboro post office on May 1, 1927.

With the following committee amendment:

Line 5, after the word "Earlsboro", insert "Oklahoma."

The committee amendment was agreed to.

Mr. ZIONCHECK. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: Line 5, strike out "$1,115.90" and insert in lieu thereof "$715.90."

The amendment was agreed to.

Mr. HOPE. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOPE: At the end of the bill, insert: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

A. W. HOLLAND

The Clerk called the next bill, H.R. 996, for the relief of A. W. Holland.

The SPEAKER. Is there objection?

Mr. HOPE. Mr. Speaker, I object.

Mr. McKEOWN. Mr. Speaker, will the gentleman reserve his objection?

Mr. HOPE. Yes.

Mr. McKEOWN. This situation grows out of the fact that in this town there was a discovery of oil such as had never been discovered in this country at any time in the history of the oil business in Oklahoma. That was a little, tiny place that grew overnight to 6,000 people and then to 25,000 people. The postmaster was simply swamped, and lost money. He held onto the post office, and when the administration changed they threw him out.

Mr. HOPE. Admitting that to be true, if the postmaster had made application he would have been entitled to an allowance for clerk hire, if he had made proof of that situation.

Mr. McKEOWN. The gentleman evidently never served when Mr. Burleson was Postmaster General or he would know that it would not have done the postmaster any good to make the application.

Mr. HOPE. As a matter of fact, the record indicates that he did not make any application.

Mr. McKEOWN. He made his application. He put in his whole time trying to serve the public. You cannot imagine the place, where in one night the population grew to 6,000 people. They came in from all over the country. It was the greatest oil strike ever made in Oklahoma, and they rushed in from all over the country, and this man was simply swamped. He had a little, tiny post office, and these people came in there and he was simply swamped with mail. He did everything he could. If there ever was an honest claim for services rendered, it is this claim. He is on a different side of the political fence from me, but I have tried to help him ever since I have been in Congress. He is one man who is surely entitled to be compensated, because he had a very bad deal.

Mr. HOPE. The gentleman did not do what we would expect him to do under normal circumstances, and that is make application for sufficient funds to pay his clerk hire.

Mr. McKEOWN. If the gentleman knew the Postmaster General at that time, and knew how difficult it was to get any help for a little place like that, he would understand why he did not get it, because they did not pay any attention. They simply could not believe it.

Mr. HOPE. Is the gentleman personally familiar with the facts which he is relating now?

Mr. McKEOWN. Yes; because that happened years before I came to Congress, and I was there and I saw this thing. It grew overnight. They just carried the mail in there sack after sack. He hired men. People were standing in line because they came there from everywhere and they had their mail sent care of general delivery. They had no boxes. There are 20,000 people today who get their mail at that place. There are no rural routes out of there. That is the situation. It is a really worthy case.

Mr. HOPE. In view of the excellent explanation given by the gentleman from Oklahoma [Mr. McKEOWN], I will withdraw my reservation of objection.

Mr. BLANCHARD. Reserving the right to object, this claim is for $900.

Mr. McKEOWN. Yes, sir.

Mr. BLANCHARD. The gentleman will be willing to accept the sum of $500?

Mr. McKEOWN. Of course, anything you give me is all I can get. If the gentleman desires to offer that, I cannot object.

Mr. ZIONCHECK. Reserving the right to object, will the author of this bill explain whether or not he is the one person whose private bill was vetoed by the President of the United States recently?

Mr. McKEOWN. I think I ought to have a little good luck now.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. Without objection, a similar Senate bill (S. 551) will be substituted for the House bill.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $900 to A. W. Holland in payment of extra services as postmaster at Drumright, Okla., a post office of the fourth class.

Mr. BLANCHARD. I offer an amendment, Mr. Speaker.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: In line 6 of the Senate bill strike out "$900", and insert in lieu thereof "$500."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

SILAS B. LAWRENCE

The Clerk called the next bill, H.R. 1133, for the relief of Silas B. Lawrence.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $2,000 to Silas B. Lawrence as reimbursement for expenses actually incurred by him as a direct result of personal injuries received by him on August 29, 1897, while in the discharge of his duties as a member of a posse under the command of the United States marshal for

the western district of Arkansas, and as full compensation for said injuries, the pain and suffering from the same, including loss of earnings and any permanent disability resulting from said injury.

Mr. MILLER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER: In line 10 strike out the word "western" and insert in lieu thereof the word "eastern."

The amendment was agreed to.

Mr. HOPE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE: At the end of line 13, insert the following proviso: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOHN Z. LOWE

The Clerk called the next bill, H.R. 1155, for the relief of John Z. Lowe, former collector of internal revenue for the second district of New York.

Mr. HANCOCK of New York. Mr. Speaker, I object.

Mr. O'CONNOR. Will the gentleman withhold his objection?

Mr. HANCOCK of New York. I will withhold the objection.

Mr. O'CONNOR. Will it do any good for me to try to persuade the gentleman?

Mr. HANCOCK of New York. The gentleman is most persuasive, but at the moment my mind is fully made up.

Mr. O'CONNOR. Of course, this is not giving this man $3,500. He was a collector of internal revenue in New York City. Suit is now pending against him to recover $3,500, and the purpose of this bill is to wipe out that suit.

While he was collector, $3,500 in stamps were sent to him in New York. There has always been some mystery whether they were sent to him, but from the report of the Treasury Department and the Comptroller General and the investigator, it may be that those stamps were stolen in his office before they reached him by some deputy commissioner. That is the worst aspect of the case that could be taken.

There is no suggestion that he ever received them. They were charged to him. They found the seals on the package broken. The collector never got the $3,500 worth of 50-cent stamps. The Government started suit against him.

Within the past few minutes bills have been passed relieving postmasters where stamps were stolen from their safes. There is no question but what these stamps were stolen, and the worst that can be said is that they were stolen by one of his deputy commissioners, some irresponsible fellow in his office; but there is no suggestion of any negligence, let alone guilt, on the part of Mr. Lowe. This is the whole story, whether the gentleman wants to object or not.

Mr. HANCOCK of New York. It has been in question a long time.

Mr. O'CONNOR. This bill has passed one body of Congress several times. It has already passed the Senate. This suit has been pending in the southern district of New York since that date, and the fact that they have not pressed the suit, waiting for legislation to relieve the district attorney of proceedings with the suit, is some indication that the Government itself does not really hold Mr. Lowe responsible for the loss of these revenue stamps.

Mr. HANCOCK of New York. He was under bond, was he not?

Mr. O'CONNOR. I do not know. The thing that makes me feel favorably inclined in this matter is that in many of these cases the principals cannot select their own deputies; their deputies are wished on them.

Mr. HANCOCK of New York. This collector was under bond, was he not?

Mr. O'CONNOR. I do not know about that detail.

Mr. HANCOCK of New York. It so appears from the record, and the bond was executed for the very purpose of protecting the Government against theft. I see no reason why we should come to the relief of the surety company.

Mr. O'CONNOR. I do not understand that it is to come to the relief of the surety company. There is no suggestion here that the responsibility is other than against this collector personally. I have just read the report again but I see nothing in there to lead to any other conclusion.

Mr. HANCOCK of New York. I cannot lay my hand on it at this moment. The suit the gentleman wishes to have dismissed is brought on the bond of the collector, as I remember it. Bond was required for the very purpose of protecting the Government against losses of this kind.

Mr. O'CONNOR. Oh, no; it is not on a bond at all; it is a direct suit against the collector. His accounts were audited and he was charged with this $3,500 and he claimed to be short this $3,500 stamps. They were stolen from him, he thinks, in Washington; but the Treasury thinks in New York.

Mr. HANCOCK of New York. The bill directs that the solicitor for the Treasury Department be directed to instruct the United States attorney for the Southern District of New York to dismiss this suit we are speaking of. Is not this an interference with the executive department of the Government? Is there any reason why a bill should be passed here authorizing the Solicitor General of the Treasury Department to settle this case in any way he sees fit?

Mr. O'CONNOR. I do not know that that is any unusual method of handling it where there is a suit pending. I do not know how otherwise to do it by legislation here except to have the Attorney General, or the Solicitor direct the district attorney who is under him to dismiss or discontinue the suit. There must be some precedent for this form of bill when it was introduced; and it has been introduced several times and passed. I think it passed this body at least once; but it has passed the Senate several times. Of course I used a form. I could not now tell where it came from.

Mr. HANCOCK of New York. I call the gentleman's attention to the language at the top of page 3 of the report from the Treasury Department. The matter was referred to the Solicitor General of the Treasury. Now I begin to quote:

And instructions to commence proceedings in court to recover under the bond of March 11, 1915, the sum of $3,500 shown by the settlement to be due the United States.

Mr. O'CONNOR. Well, that may be, but, of course, that does not relieve this collector who was perfectly innocent in the matter. A bonding company always has its right of subrogation, as the distinguished lawyer well knows.

Mr. HANCOCK of New York. The gentleman from Washington objects to coming to the rescue of bonding companies, even when the condition of the bond has been entirely fulfilled.

Mr. O'CONNOR. That is a different situation.

Mr. HANCOCK of New York. In view of all the circumstances, I feel that I must object.

Mr. O'CONNOR. The case to which the gentleman from Washington [Mr. ZIONCHECK] objected was a little different. There the direct benefit would go to the bonding company; but in this case the collector, Mr. John Z. Lowe, is a distinguished citizen of New York.

Mr. HANCOCK of New York. The Government suffered no loss; the Government had been made whole by the surety company. Here is a case where there was a loss that should be made good under the bond.

Mr. O'CONNOR. I disagreed with the gentleman from Washington that in that case the benefit would go to the bonding company.

Mr. HANCOCK of New York. I suspect that would be the situation in this case, too.

Mr. O'CONNOR. No; here the responsibility falls on an individual. If the individual is responsible, and certainly Mr. Lowe is responsible, the bonding company will surely hold him for the obligation.

Mr. HANCOCK of New York. Then what is the purpose of ever requiring bonds from collectors, postmasters, and other people in positions of trust?

Mr. O'CONNOR. The purpose of requiring bond is for the other party who may recover under it; but it is no protection to a responsible person who gives the bond. The gentleman knows that.

Mr. HANCOCK of New York. The purpose of acquiring a bond is to protect the United States Treasury.

I am awfully sorry, but I do not see any equity in this case.

Mr. SPEAKER. I object.

H. FORSELL

The Clerk called the next bill, H.R. 1254, for the relief of H. Forsell.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Miss H. Forsell, out of any money in the Treasury not otherwise appropriated, the sum of $196.97 in full settlement against the Government for customs duties paid on two packages of merchandise that were not received by the addressee.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

At the end of the bill add the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

LEWIS E. GREEN

The Clerk called the next bill, H.R. 1398, for the relief of Lewis E. Green.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized and instructed to receive and determine the claim of Lewis E. Green, a former employee in the United States Arsenal at Tullytown, Pa., without regard to the limitation of time within which such claims are to be filed under the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

YOSEMITE LUMBER CO.

The Clerk called the next bill, H.R. 1405, for the relief of the Yosemite Lumber Co.

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object.

Mr. HOPE. Mr. Speaker, reserving the right to object.

Mr. ZIONCHECK. I had some questions to ask. Is the gentleman objecting?

Mr. HOPE. I am merely reserving the right to object at this time in order to obtain some further information in regard to the bill.

Mr. Speaker, this bill is a claim for an additional amount above a sum which was paid by the United States Government to the claimant for its services in putting out a forest fire. It appears from the record that the claimant was paid the regular rate which the Forest Service ordinarily pays for this kind of work and the claim which is here made is for an amount in excess of the regular Forest Service rates. May I inquire of the gentleman from California why we should in this case pay a rate which is in excess of the rate ordinarily paid by the Forest Service and which I assume is considered fair and just by all concerned.

Mr. WELCH. Mr. Speaker, the Forest Service has no regular rate. It has been the practice of the Forest Service when a serious fire was under way in any of the Government forests to draft men from the highways, the villages, or towns adjacent to the fire. In this instance the fire was observed by the Yosemite Lumber Co.'s crew, who were cutting lumber adjacent to the Yosemite National Park. Without any request or suggestion from the department they immediately closed down their plant, took 242 of their trained men, together with their cooks and cooking utensils, and proceeded to the park reservation and fought the fire successfully for 3 days. All the company is asking is the amount they would have paid their men had no fire occurred and their men stayed on the job.

Those of us who are conversant with lumber camps know the difference between trained lumberjacks, men who have been employed for years at that particular kind of work, and men who are not so trained. The gentleman from Washington certainly knows the difference, because of his knowledge of the lumber business in his section of the country, as I have in my State of California. These men did excellent work. They were stripped to the waist. As a matter of fact, the company had to go out and bring in truck loads of iced watermelons; it was in the summer time. These trained men stayed there night and day and stopped the fire.

Let us see what the Department says:

This fire started immediately outside of the park but spread rapidly to park lands. It was first observed by representatives of the lumber company who were conducting logging operations in the near vicinity. Although their own lands were not immediately threatened, the company shut down their entire operation and put their entire crew of 242 men on the fire. It appears that without doubt the actual expenses of the company in connection with the fighting of this fire amounted to $6,222.75, the amount of their original claim, and that unless this supplemental claim of $2,114.74 is paid the company will have actually sustained a direct loss of that amount. Inquiry at the Forest Service reveals that claims for the payment of expenses in excess of the standard fire-fighting rates when similarly incurred are customarily approved.

For the above reasons I am in favor of enactment of this proposed legislation.

Mr. HOPE. May I ask the gentleman whether there was any agreement at any time that any amount would be paid in excess of the regular rate paid by the Forest Service?

Mr. WELCH. There could be no agreement. As I stated at the outset, the Yosemite Lumber Co.'s crew, who were employed in their own lumber camp, were the first to observe the fire. They knew of it long before the Government officials were aware of it and they performed a neighborly act, the thing that is usually done in the West; they closed down their own camp and took their trained forces into the Government reservation and stopped the fire. If they had not responded in the manner they did, it is hard to estimate the loss that would have accrued to the United States Government in one of the finest stands of timber in Yosemite National Forest.

Mr. ZIONCHECK. If the wind had blown the other way, it would have burned the lumber company's timber?

Mr. WELCH. Of course, and if there had been no fire at all there would be no occasion for their men to fight the fire. The gentleman knows the spirit of the West as well as I do. He knows the spirit that exists among the men that are in this line of business. They are red-blooded Americans, and they respond to assist a neighbor in trouble.

Mr. ZIONCHECK. I believe that is generally true.

Mr. WELCH. That is true, and the gentleman knows it as well as I do. I know this company well. It is one of the most dependable lumber companies in the West, and all they are asking is what those who have previously passed

on this claim considered to be just and fair. Every penny has been itemized and approved by the Department.

Mr. ZIONCHECK. I do not know what the gentleman from Kansas proposes to do, but as far as I am concerned if the gentleman is willing to reduce the amount of $2,114.74 to the sum of $1,100, I will not object.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Yosemite Lumber Co., the sum of $2,114.74. Such sum represents the difference between the actual cost to such company for labor, supplies, and transportation of men incurred in the fighting of forest fires in September 1926 in the Yosemite National Park and the amount paid such company by the National Park Service.

Mr. ZIONCHECK. Mr. Speaker, I offer the following amendment: Line 6, page 1, strike out "$2,114.74" and insert in lieu thereof the following: "$1,100, in full settlement of all claims against the Government of the United States."

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: Page 1, line 6, strike out "$2,114.74" and insert in lieu thereof the following: "$1,100 in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

NEWARK CONCRETE PIPE CO.

The Clerk called the next bill, H.R. 2188, for the relief of Newark Concrete Pipe Co.

Mr. ZIONCHECK. Mr. Speaker, I enter objection to this bill for the reason I understand there are 2,000 similar claims, and this would be setting a precedent without going into the matter in detail.

I, therefore, object, Mr. Speaker.

CHAMBLISS L. TIDWELL

The Clerk called the next bill, H.R. 2342, for the relief of Chambliss L. Tidwell.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, I do so for the purpose of obtaining some information from the author of the bill. If the gentleman will advise me with reference to the possibility of determining in a legislative way the merits of this claim, perhaps he can remove any doubt in my mind.

I am sure the gentleman appreciates what I have in mind. We should not preclude the Compensation Commission from making a determination of the facts. I notice this has been called to the attention of the Chairman of the Committee on Claims in a statement made by the Chairman of the United States Employees' Compensation Commission by a letter dated April 10, 1930:

While the bill (H.R. 11323) appears to be intended, by the use of the language "who contracted pulmonary tuberculosis in such service in line of duty", to legislatively determine that fact, it is suggested that, if such be the purpose, it be more clearly stated.

Mr. KLEBERG. May I suggest to my friend that since that letter was written and, in fact, since the bill was introduced, the claimant has died. He died on March 7. The fact of the matter is I introduced this bill on March 9 and had not received in the mail notice of the claimant's death. The claimant left a widow and two young children. She is their sole means of support.

I have here a letter dated April 3, 1933, from the Acting Chairman of the United States Employees' Compensation Commission, which is a rather lengthy letter, going into the records of the Commission and referring to the fact that Mr. Tidwell filed a claim for compensation dated July 30, 1928. It then goes on to recite what is contained in another letter and then refers to the testimony before the Claims Committee with reference to the causes of his death and then makes this statement:

In view of the fact that his death did not occur within 6 years after the date of the injury alleged and referred to in the bill, a copy of which is enclosed for your convenience, any bill for the benefit of Mrs. Tidwell would logically take the form of direct relief. Such direct relief in other cases has taken the form of a provision for the payment of a specified sum.

The letter then sets out a proposed amendment and states:

If, instead of a lump-sum payment, it is desired to have payment made in monthly installments—

They suggest an appropriate amendment. I shall offer the amendment at this time if the bill is allowed to come up.

The bill was once passed by the House and rather than take advantage of the House, and possibly permit the passage of the bill in its present form, I would suggest that the gentleman allow me to present this amendment to the bill and see if it meets with his approval.

Mr. BLANCHARD. Of course, I am reserving the right to object, and I want to know what the amendment provides before I withdraw my reservation of objection.

Mr. KLEBERG. The amendment provides that the United States Employees' Compensation Commission be and is hereby authorized and directed to pay out of the employees' compensation fund to Mrs. Lota Tidwell, during her natural life or until her remarriage, the sum of $75 during each calendar month after the passage of this bill, not to exceed $7,500, in total payment as compensation for the death of her husband, formerly a civil employee of the Mississippi River Commission, whose death on March 7, 1933, resulted from pulmonary tuberculosis incurred in course of and by reason of the performance of his duty as a civil employee of the United States.

Mr. BLANCHARD. If the gentleman will yield at this point, of course, it will occur to the gentleman that the amendment would make this an entirely different bill. Under the original bill the Compensation Commission was to make a determination and finding as to whether or not this man was entitled to compensation. Under the substitute proposal we are determining the entire matter legislatively, without the committee having heard it at all. This is being done without any hearing whatsoever and without any evidence as to whether or not the widow would be entitled to compensation through any rights her husband had.

Mr. KLEBERG. If the gentleman will refer the matter to the Chairman of the Committee on Claims, he will find that the committee is in possession of sufficient evidence to show that the claim was justified before the House committee before the passage of the first bill. In that record there was conclusive evidence, by way of affidavits and things of that sort, which showed beyond doubt that the claimant died because of his connection with work as a civilian employee of the Mississippi River Commission. There is no question at all about the evidence which is in the files of the committee.

Mr. BLANCHARD. I shall turn to my distinguished chairman for advice.

Mr. BLACK. I remember that this bill passed the House, but I do not now recall the details.

Mr. BLANCHARD. But the bill that passed the House is not the substitute proposal at all. The bill that passed the House left it entirely to the Compensation Commission to make the findings. Here we are making the finding for them without even any hearing before the committee.

Mr. KLEBERG. If my friend will permit, if there is a way to permit the Employees' Compensation Commission to look into the merits of this claim I am perfectly willing to have that done.

Mr. BLANCHARD. I will say to the gentleman that that can be done even though the original claimant is now deceased.

Mr. Speaker, I ask unanimous consent that this bill be temporarily passed over.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

W. B. FORD

The Clerk read the title of the next bill on the Private Calendar, H.R. 2419, for the relief of W. B. Ford.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $2,000 to W. B. Ford, injured in the performance of his duties while postmaster at Oskaloosa, Kans.

Mr. HANCOCK of New York. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 1, line 6, after the figures "$2,000", insert "in full settlement of all claims against the Government of the United States", and at the end of the bill insert the following proviso:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The bill, as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOHN MOORE

The Clerk read the title of the next bill on the Private Calender, H.R. 2512, for the relief of John Moore.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of John Moore, on account of injuries sustained by him while employed by the War Department at Detroit, Mich., on or about August 18, 1919, in the same manner and to the same extent as if said John Moore had made application for the benefits of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the approval of this act: *Provided further*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

FARMERS AND MERCHANTS NATIONAL BANK OF GILMER, TEX.

The Clerk read the title of the next bill on the Private Calendar, H.R. 2649, for the relief of the Farmers and Merchants National Bank of Gilmer, Tex.

The SPEAKER. Is there objection?

Mr. HOPE. I object.

Mr. SANDERS. Will the gentleman reserve his objection?

Mr. HOPE. I will.

Mr. SANDERS. This bill passed the House at the last session of Congress, but it was not acted on by the Senate. What objection has the gentleman?

Mr. HOPE. The objections which I have are set out in the adverse report from the Treasury Department. Of course, we have here no evidence whatever that this currency was destroyed. It may be outstanding and turn up at sometime in the future. If this currency was lost, there is no fault on the part of the Government of the United States—it was negligence on the part of the bank or some of its employees.

While it is provided that an indemnity bond shall be given to the Government, yet as a practical matter a bond of indemnity would have to run a very long period, for this currency might turn up in the future. It seems to me impractical to make the Government secure by that means. There is no precedent for a bill of this kind, and I think it would be unwise to pass it.

Mr. SANDERS. Will the gentleman agree that it may be passed over for the present? I think I can cite precedents for this legislation.

Mr. HOPE. I have no objection to agreeing that it may be passed over with a view of bringing it up at some future time.

Mr. Speaker, I ask unanimous consent that the bill be passed temporarily and that it may be called up at some future time.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

JOHN B. RUSSELL

The Clerk called the next bill, H. R. 2672, for the relief of John B. Russell.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object. What is the physical condition of this man?

Mr. TARVER. Mr. Speaker, the disabilities of the man at the present time are described by the physician in the evidence submitted to the committee, as a result of a gunshot wound which he received, and which occasioned some injury to his nerves and the muscles of his legs. As a result of that, he still suffers pain. It is to be noted that this man, who was engaged in the business of truck farming at the time of his injury was sustained, lost as a direct result of his injury the amount of his truck crop which he did not have the opportunity to market, in itself amounting to over $1,500.

Mr. ZIONCHECK. That is by his own estimate?

Mr. TARVER. No; by other proof submitted to the committee as well as his own affidavit.

Mr. BLANCHARD. And this occurred in 1898?

Mr. TARVER. Yes.

Mr. BLANCHARD. When was the claim first presented to the Government?

Mr. TARVER. This man first took up the matter with his Congressman, according to letters that I have seen, more than 20 years ago. He is not a man who is versed in the ways of legislative bodies, or who knew anything about the way in which to secure consideration of his claim by the Congress. I do not think he has been lacking in ordinary diligence. I started to say a moment ago that during the last Congress this bill, after considerable discussion, was passed by the House, and at that time, however, an amendment was agreed to reducing the amount of the bill from $2,500 to $1,000.

Mr. ZIONCHECK. Is that agreeable now?

Mr. TARVER. I think I should make that statement in fairness, and while I think the man is entitled to the amount set out in the bill, I would be willing in order to avoid objection, which would mean, of course, that the bill could not pass, to agree to an amendment reducing the amount to $1,500. It certainly would be a very modest sum for the injury sustained.

Mr. ZIONCHECK. Is that agreeable to the gentleman from Wisconsin?

Mr. BLANCHARD. I think so.

Mr. ZIONCHECK. With that understanding I withdraw my reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John B. Russell $2,500 as compensation for injuries sustained on July 8, 1898, from gunshot wound occasioned by the discharge of a pistol held in the hand of Walter Crowe, private, Company D, Thirty-first Michigan Infantry, in the Chickamauga and Chattanooga National Military Park.

Mr. ZIONCHECK. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: Page 1, line 6, strike out "$2,500" and insert in lieu thereof "$1,500."

The amendment was agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BLANCHARD: After the figures in line 6, page 1, insert "in full settlement of all claims against the Government of the United States", and at the end of the bill insert:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CHAMBLISS L. TIDWELL

Mr. BLACK. Mr. Speaker, I ask unanimous consent to return to Calendar No. 167, H.R. 2342, for the relief of Chambliss L. Tidwell, which was temporarily laid aside.

The SPEAKER. Is there objection?

There was no objection.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection to the consideration of the bill?

There was no objection, and the Clerk read the bill, as follows:

Be it enacted, etc., That sections 15, 17, 18, and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, are hereby waived in favor of Chambliss L. Tidwell, a civilian employee of the Mississippi River Commission, who contracted pulmonary tuberculosis in such service in line of duty, and his case is hereby authorized to be considered and acted upon under the remaining provision of such act.

With the following committee amendment:

Line 10, strike out the words "in line of duty."

The committee amendment was agreed to.

Mr. BLACK. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 1, line 7, after the word "favor", insert "of the widow of", and on page 1, line 12, at the end of the line, after the word "act", strike out the period, insert a comma, and add: "and that such widow shall be subrogated to all rights of said deceased."

The SPEAKER. The question is on agreeing to the amendments.

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended to read: "A bill for the relief of Mrs. Lota Tidwell."

KATHERINE G. TAYLOR

The Clerk called the next bill, H.R. 2818, for the relief of Katherine G. Taylor.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Katherine G. Taylor, superintendent Taylor Hospital, Ridley Park, Pa., the sum of $159. Such sum shall be in full satisfaction of all claims against the United States for medical aid rendered to Laura Mae Kurtz as a result of being struck by United States Army Cadillac truck no. 60186 on March 20, 1929, near Ridley Park, Pa.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: At the end of the bill insert the following proviso: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CHARLES BERETTA ET AL.

The Clerk called the next bill, H.R. 3044, for the relief of Charles Beretta, Isidore J. Proulx, and John J. West.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to cancel the claim of the United States against Charles Beretta as a temporary substitute parcel-post carrier, Willows, Calif., at 60 cents per hour for a period from November 13, 1922, to December 31, 1924, and at 65 cents per hour from January 1, 1925, to March 31, 1926, in the sum of $723.55, representing payments to him as such employee for a period from November 13, 1922, to March 31, 1926, he having also held the position of temporary laborer, custodian service, Federal building, Willows, Calif., for a period from November 13, 1922, to March 15, 1923, at $660 per annum (with $240 increase), the position of permanent laborer in said service at said place for period from March 16, 1923, to June 30, 1924, at $860 per annum (with $240 increase), and the position of permanent laborer in said service at said place for a period from July 1, 1924, to March 31, 1926, at $960 per annum, and the combined amount of the per annum rates of compensation of such positions being in excess of $2,000 per annum, contrary to the provisions of section 6 of the act of May 10, 1916 (39 Stat.L. 120), as amended by the act of August 29, 1916 (39 Stat.L. 582).

SEC. 2. That the Comptroller General of the United States is further authorized and directed to release Isidore J. Proulx, former postmaster at Willows, Calif., from liability to the United States for payments to said Charles Beretta for the period from November 13, 1922, to September 8, 1924, amounting to $349.20; and to release John J. West, present postmaster at Willows, Calif., from liability to the United States for payments to said Charles Beretta for the period from September 9, 1924, to March 31, 1926, amounting to $374.35; and to repay said John J. West said amount of $374.35 refunded by him to the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CARL F. CASTLEBERRY

The Clerk called the next bill, H.R. 3296, for the relief of Carl F. Castleberry.

Mr. HANCOCK of New York. Reserving the right to object, if the author of this bill will accept an amendment to correct the form of it, I shall not object.

Mr. BLACK. On behalf of the distinguished chairman of the Committee on Foreign Affairs, I will accept the amendment.

Mr. HANCOCK of New York. The bill makes it mandatory that the Employees' Compensation Commission shall find that the complainant was injured while in the employ of the Railway Mail Service, in a railroad accident. That is the question we want them to decide. I would like to strike that out at the proper time.

Mr. GRISWOLD. Further reserving the right to object, it seems to me from this report that this claimant was injured on a railroad; that he sued the railroad company, and that he recovered damages from the railroad company; that he was paid according to the judgment he had from the court, and now he comes in and expects to be placed on the Government pay roll in addition thereto. Is that correct?

Mr. McREYNOLDS. That is correct, that he sued, but he did not file any claim for compensation from the Government at all. That was a private claim against the railroad.

Mr. GRISWOLD. But he had two actions at law. He could not have recovered on both of them.

Mr. McREYNOLDS. What two actions at law did he have?

Mr. GRISWOLD. He had one against the railroad company and he availed himself of that action.

Mr. McREYNOLDS. This is not an action at law against the Government. This is simply asking that he can file his claim before the Commission.

Mr. GRISWOLD. I understand that, but he could not have recovered in his local court if the railroad had paid him.

Mr. McREYNOLDS. Why, certainly he could recover. That had nothing whatever to do with the recovery.

Mr. HANCOCK of New York. May I ask the gentleman a question?

Mr. McREYNOLDS. Certainly.

Mr. HANCOCK of New York. If this man should receive an award from the Federal Compensation Commission, would the $1,500 he has already received, be credited against any award that might be made?

Mr. McREYNOLDS. I presume that is a matter that would be taken into consideration, as to whether or not they would allow him any award. We are not asking for any award. We are asking that the Commission be allowed to consider it; that he be allowed to file his claim.

Mr. GRISWOLD. There have been other similar cases before this Committee that have been objected to on that very ground, that a man goes into court because he thinks he can get more there than any place else. He takes his chance and he gets a small judgment instead of a large one, and then he comes back to the Government for more money.

Mr. McREYNOLDS. He could have gone into court and could have filed a claim, and that would not have been taken into consideration.

Mr. O'CONNOR. If the gentleman will yield, what happens in cases like that, in the States which have compensation laws, is that when a plaintiff elects to sue a third party, if he receives less by the suit at common law than he would receive under compensation, he then may come in and claim the balance under compensation.

Mr. BLANCHARD. Is the gentleman certain about that procedure?

Mr. O'CONNOR. That is the procedure in our State. He may elect to sue a third party.

Mr. BLANCHARD. But what is the procedure here? We are going before the Compensation Board.

Mr. O'CONNOR. Well, I should think that anything he recovered at common law would be deducted as against his claim under compensation, as suggested by the gentleman from New York [Mr. HANCOCK].

Mr. HANCOCK of New York. It ought to be.

Mr. GRISWOLD. I am sorry I cannot give the gentleman the correct citation, but there is a case of Rayburn against Wabash Railroad that is similar to this case exactly, and Rayburn has since been before this Congress endeavoring to get a bill of like nature to this bill passed, and he did not succeed.

Mr. McREYNOLDS. Was it recommended by the Department?

Mr. GRISWOLD. It was reported favorably by the committee.

Mr. McREYNOLDS. But was it reported favorably by the Department?

Mr. GRISWOLD. No.

Mr. McREYNOLDS. The only purpose of this bill is to give this man the privilege of filing a claim before the United States Compensation Commission for employee's compensation. Of course, the gentleman knows it must be filed within 1 year. He filed no claim, and he was for some time employed, but it afterward proved very serious to his health.

The SPEAKER. Is there objection?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended (U.S.C., title 5, secs. 767 and 770), are hereby waived in favor of Carl F. Castleberry, who was injured while in the employ of the Railway Mail Service in a railroad accident on December 2, 1921, resulting in permanent physical and mental disability. The United States Employees' Compensation Commission is authorized to consider and act upon his claim, no. 104497, under the remaining provisions of such act, as amended, as if his claim and notice had been filed within 60 days after said accident: *Provided*, That no benefit shall accrue hereunder until after the enactment of this act.

Mr. HANCOCK of New York. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: Page 1, line 8, after the word "Castleberry", insert the following: "a former employee of the Railway Mail Service", and strike out the remainder of the bill down to the proviso on page 2, line 4.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EARL V. LARKIN

The Clerk called the next bill, H.R. 3318, to reimburse Earl V. Larkin for injuries sustained by the accidental discharge of a pistol in the hands of a soldier in the United States Army.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Earl V. Larkin the sum of $1,213.25, out of any money in the Treasury not otherwise appropriated, being for hospital care and medical services rendered Earl V. Larkin, a civilian, who was injured by the accidental discharge of a gun in the hands of a private in the United States Army: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 5, after "$1,213.25", insert the following: "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

COCONUT OIL IMPORTATIONS DANGEROUS TO BEEF CATTLE AND HOG INDUSTRY

Mr. AYERS of Montana. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the bill H.R. 7835.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. AYERS of Montana. Mr. Speaker, at this day, when all beef cattle and hogs are selling on foot for less than the cost of production, we are adding insult to injury by admitting copra and coconut oils into this country tax-free from the Philippines, and imposing only a 2-cent tariff on such importations from other lands.

We cannot reach the Philippine import by a tariff, but we can impose a processing tax on such articles. This will reach the Philippine imports to the extent of such tax, and it will add just that much to the tariff on such imports from other countries.

While I have always known these imports were injurious to the livestock industry, I never dreamed of the extent of such injury until I learned the facts.

The growth of coconut oil imports into this country is stupendous. It comes as a refined product, and also as copra. Copra is the dried meat of the coconut containing on an average of 63 percent oil. Copra is processed and the oil removed after it enters the United States.

Unless one has had an opportunity to study the actual statistics on this matter he can scarcely comprehend the tremendous extension which has taken place in recent years in the importation of these commodities. I say to you that they have done a great injury to the livestock industry, dairying, and the hog raiser.

It is only a few years ago that we thought these imports were a problem exclusively for the dairyman to handle. We did not give it serious consideration, because we did not realize its seriousness nor its volume. Many thought that the dairyman's fight against such imports and against the use of them in competition with him was mainly a display of jealousy. During all of this time the hog and beef-cattle industries had been asleep and had let these imports creep up to where they are now threatening their very existence.

IMPORTANCE OF BY-PRODUCTS

We all realize that the hog and beef-cattle industries must depend for profit, if they have any profit at all, upon their by-products. Until the depression came along we had foreign markets for our surplus beef, pork, lard, and all other beef and pork products, and we did not realize what was slipping up on us in the importation of coconut oil. We had ample outlets for all our animal fats; hence we were not concerned. Today we awaken from our slumber to realize our injury. Our foreign outlet for animal fats has been cut off entirely, and on investigation we find that our home market has been stolen. The growth of the coconut-oil industry in the Philippines has been some 400 percent in the last 20 years, and its market has been in the United States.

GROWTH OF COCONUT-OIL IMPORTS

During the years 1909 to 1912, inclusive, the average importation of coconut oil into the United States was 76,000,000 pounds per year. During the next 5 years, up to and including 1917, it grew to 239,000,000 pounds annually; during the next 5 years, up to and including 1922, it grew to 425,000,000 pounds annually; during the next 5 years, up to and including 1927, it was 514,000,000 pounds per year; during the next 5 years, up to and including 1932, the average has been 679,000,000 pounds per year. The increase in those 24 years was about 900 percent.

RECENT IMPORT INCREASE IS ASTOUNDING

Since 1932 these imports have increased more rapidly than ever before. The completed figures for 1933 are not out yet, but the last 3 months of that year which are available are astounding. They are for July, August, and September last, and for those 3 months we imported 279,764,000 pounds of coconut oil. The previous months for the year are somewhat less, but the figures for these 3 months indicate that these importations for the year 1933 exceeded 1,000,000,000 pounds.

COCONUT OIL INJURES LIVESTOCK AND HOG INDUSTRY

These coconut oils displace animal fats and are a direct competitor of tallow and lard, as well as butter. To clarify my position on this, it is only necessary to go over the records for a few years back. In 1914 the average of the oleomargarine produced in this country contained 74 percent animal fat and 26 percent vegetable oil, or, in round numbers, it was about three fourths animal fat and one fourth vegetable oil. In 1932 the tables had far more than turned, for the oleomargarine then contained an average of only 19 parts animal fat and 81 parts vegetable oil, or, practically speaking, one fifth animal fat to four fifths vegetable oil.

In 1914 practically all of the vegetable oil used in oleomargarine was home-produced. The statistics for that year show that less than one half of 1 percent of coconut oil went into it, and that it carried a content of 20 percent cottonseed oil, while the statistics for 1932 showed that cottonseed-oil content had been reduced to only 9 percent. Thus, there has been a tremendous expansion in the use of coconut oils in the oleomargarine industry. Coconut oils have taken the place of both animal fats and cottonseed oil.

COCONUT OIL DIRECT COMPETITOR OF LARD

Since the adoption of formulas for lard compounds, these manufacturers have overcome the deficiencies of coconut oil as a mixture with lard, to the extent that it is now used in lard compounds. One hundred and sixty million pounds of coconut oil is now used annually in that field.

Coconut oil has also become the greatest competitor of animal fat and domestic seed oils in the soap industry. Formerly, all of our unedible animal greases found an excellent outlet at soap factories, as did also certain of low-grade home-produced vegetable oils. Coconut oil has taken their place and they are now relegated to the field of fertilizer or fuel.

COCONUT OIL MEASURED IN TERMS OF STEERS AND HOGS

From the records I have been able to figure coconut-oil importations in terms of animal fat. One prime fed yearling steer weighing 1,000 pounds produces conservatively 100 pounds of rendered fat. The coconut oil which has come into this country during the months of July, August, and September of 1933 amounts to the fat produced by 3,000,000 such prime yearling steers, or putting it on a per month basis, it amounts to the fat rendered from 1,000,000 such steers per month.

In terms of 200-pound hogs producing 30 pounds of rendered lard per head, the coconut oil imports during the 3-month period referred to is equivalent to the lard produced by 9,000,000 hogs, or at the rate of 3,000,000 per month.

Normally there are about 9,000,000 cattle and 4,500,000 calves slaughtered under Federal inspection per year. The normal annual slaughter of hogs at Federal inspection plants is approximately 45,000,000 or slightly over 3½ million per month. Consequently the coconut oil imports have grown to about three fourths as much as the normal lard production in this country.

COCONUT OIL IMPORTS INCREASED 83 PERCENT LAST YEAR

Now, to show the astounding increase in these imports, I shall compare the record of the last 3 months available—July, August, and September of 1933, with the same months of 1932. In these months in 1933 it was 279,764,000 pounds; for the same months in 1932 it was 152,510,000 pounds. This amounts to an 83-percent increase during the last year.

Mr. Speaker, figure this, if you please, in terms of beef steers and hogs, and surely it will bring to us a complete realization of the necessity of this amendment.

I am calling attention to these facts in order that I might awaken in the minds of the Members of this House the seriousness of this problem. I am confining my remarks to the injury that is being done beef cattle and hog breeders. Equally as much or more can be said about the injury to the dairy industry, but others have already and will continue to deal with that subject.

It is absolutely a physical impossibility for this country to ever compete with the Philippine situation; that is out of the question; therefore we must place this tax or a greater tax on coconut oils. If we do not do this, the end will be more detrimental than we can possibly conceive at this time, and it is not far distant.

GROWTH OF COCONUT-OIL INDUSTRY IN PHILIPPINES

In 1931 there were 65,000,000 coconut trees in bearing in the Philippine Islands, and at the same time there were 35,000,000 ready to come into bearing. In other words, with the recent imports that I have related, only two thirds of the present trees of the islands were then in bearing. A coconut tree comes into bearing when 5 years old, and reaches full production when 10 years old. Its life is from 60 to 100 years. Once a tree is in production the work of growing the product is practically all done; the shaking of the tree and the gathering of the nuts by Philippine labor at a few cents a day is all that is left in the agricultural end of this industry.

This problem is fatal to the beef and hog men, to the dairymen, and is also of much concern to the cotton growers of this country.

This amendment is not adequate, but it is a starter and it is the best we have at this time. I urge its adoption.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 30 minutes p.m.) the House adjourned until tomorrow, Friday, March 2, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Friday, Mar. 2, 10 a.m.)

Continuation of the hearing on H.R. 7852, the National Securities Exchange Act of 1934.

EXECUTIVE COMMUNICATIONS, ETC.

367. Under clause 2 of rule XXIV a letter from the quartermaster general of the United Spanish War Veterans, transmitting the proceedings of the Thirty-fifth National Encampment of the United Spanish War Veterans held at Los Angeles, Calif., August 20–24, 1933 (H.Doc. 151), was taken from the Speaker's table, referred to the Committee on Military Affairs and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CHAVEZ: Committee on Irrigation and Reclamation. S. 2534. An act to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932; with amendment (Rept. No. 859). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. H.R. 7963. A bill to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes; without amendment (Rept. No. 860). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOBBINS: A bill (H.R. 8387) to amend the Air Mail Act in order to provide for open competitive bidding on contracts for carrying of air mail, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. WELCH: A bill (H.R. 8388) to authorize a lower rate of interest under certain circumstances for construction loans in the case of vessels built on the Pacific coast; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. DOXEY: A bill (H.R. 8389) to amend section 36 of the Emergency Farm Mortgage Act of 1933 and amendments thereto; to the Committee on Agriculture.

By Mr. BURCH: A bill (H.R. 8390) giving superintendents at classified post-office stations credit for substitutes serving under them; to the Committee on the Post Office and Post Roads.

By Mr. GLOVER: A bill (H.R. 8391) authorizing commissioners' loans to rice growers in Arkansas; to the Committee on Agriculture.

By Mr. DOUGLASS: A bill (H.R. 8392) to amend the act authorizing the issuance of the Spanish War service medal; to the Committee on Military Affairs.

By Mr. McSWAIN (by request): A bill (H.R. 8393) authorizing enlistment in the Army for a limited period and intensive military training of boys recently graduated from high school, or young men recently enrolled as students in college, and for other purposes; to the Committee on Military Affairs.

By Mr. VINSON of Georgia: A bill (H.R. 8394) to amend in certain particulars the act approved February 28, 1925, entitled "An act to provide for the creation, organization, administration, and maintenance of a Naval Reserve and a Marine Corps Reserve", as amended, and for other purposes; to the Committee on Naval Affairs.

By Mr. LAMNECK: A bill (H.R. 8395) to amend the Air Mail Act of February 2, 1925, as amended by the acts of June 3, 1926, May 17, 1928, and April 29, 1930, further to encourage commercial aviation; to the Committee on the Post Office and Post Roads.

By Mr. TREADWAY: A bill (H.R. 8396) relating to the taxation of community property income; to the Committee on Ways and Means.

By Mr. MEAD: A bill (H.R. 8397) to provide for the creation of the Saratoga National Historical Park in the State of New York, and for other purposes; to the Committee on the Public Lands.

By Mr. KERR: A bill (H.R. 8398) to place the tobacco-growing industry on a sound financial and economic basis, to prevent unfair competition and practices in the production and marketing of tobacco entering into the channels of interstate and foreign commerce, and for other purposes; to the Committee on Agriculture.

By Mr. BUCKBEE: A bill (H.R. 8399) to provide for the payment of old-age pensions, and for other purposes; to the Committee on Ways and Means.

By Mr. McSWAIN (by request): A bill (H.R. 8400) to encourage and promote commercial aviation in the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. DOCKWEILER: A bill (H.R. 8401) to place the position of postmaster within the classified Civil Service, to abolish the position of assistant postmaster in certain cases, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. BANKHEAD: A bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes; to the Committee on Agriculture.

By Mr. STEAGALL: A bill (H.R. 8403) to guarantee the bonds of Home Owners' Loan Corporation, to amend Home Owners' Loan Act of 1933, and for other purposes; to the Committee on Banking and Currency.

By Mr. CONNERY: A bill (H.R. 8423) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a national labor board, and for other purposes; to the Committee on Labor.

By Mr. McFADDEN: Resolution (H.Res. 287) authorizing the appointment of a special committee to investigate the Bureau of Internal Revenue; to the Committee on Rules.

By Mr. STRONG of Texas: Resolution (H.Res. 288) to appoint a special committee to investigate the petroleum industry; to the Committee on Rules.

By Mr. SCHULTE: Joint resolution (H.J.Res. 288) to temporarily restrict habitual commuting of aliens from foreign contiguous territory to engage in skilled or unskilled labor employment in continental United States; to the Committee on Immigration and Naturalization.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARDEN of Kentucky: A bill (H.R. 8404) granting a pension to Nancy Ann Laird; to the Committee on Invalid Pensions.

By Mr. CARTWRIGHT: A bill (H.R. 8405) granting a pension to Nely Keller; to the Committee on Invalid Pensions.

By Mr. CULLEN: A bill (H.R. 8406) for the relief of James M. Robedee; to the Committee on Naval Affairs.

By Mr. FIESINGER: A bill (H.R. 8407) granting a pension to Carolina Chance; to the Committee on Invalid Pensions.

By Mr. FULMER: A bill (H.R. 8408) to place David H. Owens on the retired list of the United States Marine Corps; to the Committee on Naval Affairs.

By Mr. HIGGINS: A bill (H.R. 8409) granting an increase of pension to Ann Strait; to the Committee on Invalid Pensions.

By Mr. HOIDALE: A bill (H.R. 8410) for the relief of Roy Hall; to the Committee on Naval Affairs.

By Mr. KENNEDY of Maryland: A bill (H.R. 8411) for the relief of John H. Gattis; to the Committee on Claims.

By Mr. KNUTSON: A bill (H.R. 8412) granting a pension to Anna V. Brower; to the Committee on Pensions.

By Mr. LAMNECK: A bill (H.R. 8413) for the relief of Alex Lindsay; to the Committee on Military Affairs.

By Mr. McMILLAN: A bill (H.R. 8414) for the relief of Alvah B. Jenkins; to the Committee on World War Veterans' Legislation.

By Mr. McSWAIN: A bill (H.R. 8415) for the relief of William Randolph Cason; to the Committee on Claims.

Also, a bill (H.R. 8416) for the relief of Claud J. Adams; to the Committee on Military Affairs.

By Mr. MULDOWNEY: A bill (H.R. 8417) for the relief of Louis J. Conley; to the Committee on Claims.

Also, a bill (H.R. 8418) for the relief of Alfred J. Buka; to the Committee on Military Affairs.

By Mr. VINSON of Georgia: A bill (H.R. 8419) for the relief of Mrs. G. H. Moore; to the Committee on Claims.

By Mr. WARREN: A bill (H.R. 8420) for the relief of Lt. Comdr. William H. Harrell; to the Committee on Naval Affairs.

By Mr. WHITLEY: A bill (H.R. 8421) for the relief of John N. Knauff Co., Inc.; to the Committee on Claims.

By Mr. WILLFORD: A bill (H.R. 8422) granting a pension to Lydia A. Havens; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2664. By Mr. AYERS of Montana: Petition of J. J. Kelly, of Livingston, and sundry other citizens of Livingston, Harlem, Havre, and Great Falls, Mont., praying for repeal or modification of the fourth section of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

2665. By Mr. BAKEWELL: Petition of the Railroad Employees and Taxpayers Association of Connecticut protesting against the present unjust, unreasonable, and discriminatory operation of inadequately regulated busses and trucks over our highways and against subsidizing with public funds any form of transportation, and further petitioning that suitable laws be enacted at once which will eliminate the injustices now existing; to the Committee on Interstate and Foreign Commerce.

2666. By Mr. BEITER: Petition of the Hamburg High School Student Council, Hamburg, N.Y., urging the Congress to support legislation providing Federal loans by grants to needy schools of the Nation, providing for building of schools where needed as part of the Federal Public Works program, to prevent further curtailment of educational opportunities in any way, to insure for the public schools of America the President's new deal; to the Committee on Education.

2667. By Mr. BOYLAN: Letter from the National Marine Cooks, Stewards, Head and Side Waiters Association of New York, enclosing resolution adopted by their association, favoring the enactment of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2668. By Mr. HOIDALE: Petition of the Minneapolis Typographical Union, No. 42; to the Committee on Labor.

2669. By Mr. HARLAN: Petition of the local Socialist Party, of Dayton, Ohio, by Al E. Reidenbach, secretary, and William R. Russell, chairman, protesting to the Government of Austria against atrocities against Socialists, also a request to the President to demand immediate release of all prisoners of the recent rebellion; to the Committee on Foreign Affairs.

2670. By Mr. HOIDALE: Petition of the Junior Chippewa Association, of White Earth, Minn.; to the Committee on Indian Affairs.

2671. Also, petition of the House of Representatives of Minnesota, with resolution by the Minnesota State Railroad and Warehouse Commission attached; to the Committee on Interstate and Foreign Commerce.

2672. Also, petition of the Minnesota State Holstein Association; to the Committee on Agriculture.

2673. By Mr. KINZER: Resolution of citizens of the community and members of District No. 22 Sunday School Association, of Quarryville, Pa., protesting against the Vinson bill; to the Committee on Naval Affairs.

2674. By Mr. LAMBERTSON: Petition of Dr. J. McDonald and 23 other citizens of Sabetha and Hiawatha, Kans., opposing passage of the Copeland bills, S. 1944 and S. 2000; to the Committee on Agriculture.

2675. Also, petitions of Dr. Maude E. Long and 18 other citizens, and of Mrs. H. E. Modeland and 45 other citizens, all of Brown County; and of Charles H. Beronius and 21 other citizens of Topeka, all of the State of Kansas, opposing passage of the Copeland bills, S. 2000 and S. 2355; to the Committee on Agriculture.

2676. By Mr. LINDSAY: Petition of White Rock Mineral Springs Co., New York City, concerning the Fletcher bill, S. 2693; to the Committee on the Judiciary.

2677. Also, petition of International Longshoremen's Association, New York City, concerning the Costigan-Jones bill; to the Committee on Labor.

2678. By Mr. McREYNOLDS: Resolution adopted by the National Guard Association of Tennessee, in convention assembled at Nashville on February 22, 1934, believing in the perpetuation of the ideals of liberty as set forth in the Constitution of the United States, and realizing the necessity of an adequate national defense as to best security for the perpetuation of such ideals; to the Committee on Military Affairs.

2679. By Mr. RUDD: Petition of the White Rock Mineral Springs Co., New York City, opposing the passage of Senate bill 2693; to the Committee on Ways and Means.

2680. Also, petition of International Longshoremen's Association, New York City, opposing the passage of the Costigan-Jones bills; to the Committee on Agriculture.

2681. By the SPEAKER: Petition of Charles Forney; to the Committee on Interstate and Foreign Commerce.

HOUSE OF REPRESENTATIVES

FRIDAY, MARCH 2, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Whatever we may feel in ourselves, blessed Heavenly Father, in Thy holy presence may we be conscious that we are safe and strong. Oh, that all may understand, if we desire emancipation, peace, and contentment, we must give ourselves to the cause of God and truth. Make it dearer to us than all things else. Thus every virtue becomes more radiant and every trait of true manhood more resplendent. Refresh in us good thoughts, give new strength to generous impulses, and stimulate the upward-seeking desire to sacrifice ourselves to the enthusiasm of humanity, kindled by divine love. Smother and starve any roots of bitterness that may be in us and help us to contemplate our work with calmness, confidence, and success. We pray in the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. TABER. Mr. Speaker, I ask unanimous consent to insert in the RECORD a statement furnished by the Veterans' Bureau showing the cost of the amendments adopted by the

Senate and the cost of the amendments proposed by Senator BYRNES in the Senate on the independent offices bill.

Mr. PATMAN. Mr. Speaker, reserving the right to object, may I ask if that is the same information that is in the RECORD this morning?

Mr. TABER. It is not the same.

Mr. PATMAN. Has the gentleman examined the RECORD and noted that Senator STEIWER placed in the RECORD a similar statement?

Mr. TABER. I have not seen the statement.

Mr. PATMAN. If it is the same, the gentleman would not care to insert it at this time?

Mr. TABER. No, I would not; and I will make my request subject to this statement not being the same.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

A REPUBLICAN LOOKS AT THE PAST YEAR

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech made by the gentleman from New York [Mr. FISH] over the radio last night.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED of New York. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made by the gentleman from New York [Mr. FISH] over the radio last night:

Let me make clear at the outset of my remarks this evening that I am speaking in my individual capacity as a Republican Member of the House of Representatives, where I have served for the past 14 years. I do not belong to either the ultraconservative or to the ultraradical wing of the Republican Party, and as a former follower of Theodore Roosevelt, I might still be termed a "Theodore Roosevelt Republican." In other words, I do not represent the big business point of view or that of those Republicans who stand for collectivism and Government ownership of railroads and other public utilities and seek to swat those who have any money left at every turn.

No administration ever came into office with greater opportunities than did the Democrats on March 4, 1933, when Franklin D. Roosevelt was sworn in as President. Confronted with a general collapse of banking institutions throughout the country, he declared a bank holiday and won immediate popular acclaim. He followed this wise and practical move within a few weeks by a courageous attempt to balance the Budget, which he was pledged to by his party platform, by insisting on the passage of the economy bill, which cut the nonservice veterans from the rolls, reduced the pay of Government employees 15 percent, and gave autocratic Budget powers to the President.

I supported him whole-heartedly on both of these measures, believing that the interests of the country in a great emergency should be placed above partisanship or special interests. By degrees I have almost come to regret my vote for the economy bill, and should now like to see certain amendments. The reduction, by Executive order, of 25 percent of the compensation of disabled veterans with war-service injuries was never contemplated by anyone who voted for the Economy Act. By the devaluation of the dollar the disabled veteran and Government employee have both been crucified on a cross of economy and inflation.

There is no question in my mind that President Roosevelt started off with the avowed intention of keeping his party pledges, such as balancing the Budget and reducing Government expenditures 25 percent. At just what point he made an about-face, and whether at the instigation of the "brain trust", is a matter for future historians to decide. The fact is that before the administration was a hundred days old almost every promise made in the Democratic platform was scrapped or deliberately repudiated.

Almost overnight the President and the Democratic administration launched into the greatest orgy of spending in the history of any nation in the world. The President, however, clung tenaciously to saving a hundred million at the expense of the actual disabled veterans and the Civil Service employees as a sop to business interests, whereas billions were doled out in every conceivable manner. It is another example of that false economy of saving a few drops at the spigot and permitting a veritable flood of expenditures to flow out of the bunghole. In just one year the Democratic administration has run the Federal Budget to more than ten billions, with a deficit of seven billions. The American taxpayer is the real forgotten man under the new deal.

My own estimate is that both the Budget and the deficit will be increased by over two billions more by June 30 of this year. How does that sound to the voters who supported candidate Roosevelt on his July 30, 1932, speech, when he said: "Let us have the courage to stop borrowing to meet continuing deficits. Stop the deficits." Or later on, when he said, on October 19, 1932, "I regard reduction in Federal spending as one of the most important issues in this campaign. In my opinion, it is the most direct and effective contribution that government can make to business."

The present Congress, under Democratic control, has been the wildest, most extravagant, and, above all, the most autocratic in American history. By use of drastic gag rules it jammed through important legislation with little debate, and often without any opportunity to offer amendments, thereby virtually destroying representative government, which has been the cornerstone of our Republic.

The greatest and most successful output of the present administration is and has been mass propaganda, day and night, to the press and over the radio. This is one crop that has not been curtailed by Government subsidies. Every department and bureau has one or more publicity agents drawing fat salaries out of the Treasury of the United States to scatter propaganda broadcast on behalf of the administration policies, the Democratic Party, and President Roosevelt. It is impossible to take up a radio day or night except to be tuned in on some administration publicity agent upholding the latest socialistic expedient or experiment. It is, consequently, difficult for the people back home to get the facts from out of a mass of political propaganda.

It is seldom that any voice is heard over the radio to defend our ancient landmarks, the Constitution, the sanctity of contracts, the Bill of Rights, and our economic system and representative form of government that have made for the greatness of our Republic since its formation. It has become the popular national sport of the "brain trust", radicals, Socialists, and Communists to inform the American people that everything has been rotten and corrupt in our economic and political systems and that they must be scrapped for some form of foreign dictatorship, such as socialism, communism, fascism, or Hitlerism.

I propose to speak out, call a spade a spade, and let the chips fall where they may. Just how far the constitutional Democrats can endure the radical leadership of the "brain trust", which is leading them step by step into socialism, is a matter which only time and they themselves can decide. That the theoretical panaceas and socialistic remedies advanced by intellectuals and radical college professors are already irksome to many Jeffersonian Democrats is quite apparent.

Mr. David Lawrence, a brilliant newspaperman, in calling for a new party, to be named the Constitutional Democratic Party, fails to appreciate the fundamental strength of the Republican Party, which out of the last 75 years has been in power for 57, and under whose leadership the country attained its greatest growth, development, and prosperity.

The very word "prosperity" is practically synonymous with the record of the Republican Party until the American people, led on by the big international bankers, abused the overabundance of prosperity given to our country from 1921 to 1929 under Republican administrations. During 1928–29 the American people went money-mad and entered on a veritable orgy of waste and extravagance and speculated and gambled on the stock market in an insane idea of getting rich overnight without doing any work. Even the Republican Party and its constructive principles could not withstand such crazy get-rich-quick schemes and methods of high finance when everyone from the office boy to the bank president was gambling on margin and spending most of their time with their eyes glued to the stock-market ticker.

The sound and constructive principles of the Republican Party are more needed today than ever before to restore business confidence and to start the wheels of industry in order to provide employment for American wage earners, and we shall welcome the support of constitutional Democrats when they get ready to turn away from state socialism back to the principles of Jefferson and Lincoln and the Constitution of the United States.

The situation today reminds me very much of a story that is supposed to have been told by Abraham Lincoln. He said two men started fighting with their overcoats on, and they fought so hard that they fought themselves into each other's overcoats. It looks to me as if the Democratic Party has fought itself into the Republican overcoat of centralized government, and, not stopping there, has gone on away beyond that into state socialism, if not actual socialism. What has become of the party of Thomas Jefferson, which stood for individual liberty, State rights, and against governmental bureaucracy and Federal control? Where are the principles of Thomas Jefferson, of no interference by the Government with private industry or with rights of the individual citizens? They have been abandoned and knocked into a cocked hat, and will stay there just so long as the present administration doles out enormous sums and southern Democrats can feed at the public crib. As former Senator Ben Tillman once said of his Democratic colleagues, "The Democratic wild donkeys break into the green corn whenever they get into power."

It is only fair to remember that the American people had the highest standard of living and wages during the 8 years of Republican rule than ever before in any country in the world. At the present time even the Democrats are trying to get back to the price levels of 1926.

The gold devaluation bill, which is nothing more than legalized confiscation of the wealth of the masses, is another of the unsound Democratic monetary policies. The 59-cent dollar may hit one rich man in Wall Street, but it likewise hits millions of wage earners and consumers and their standard of living. It hits all American men and women with small incomes, insurance policyholders, those with a little money in saving banks or who own a few Government bonds. The compensation of the veteran, civil-service employees, widows, and orphans are all likewise cut 41 percent. The real creditors are the American wage earners; and if the creditor is to be cheated by a reduction in the value of the dollar, it is and must be at the expense of labor. The American

Federation of Labor and the American Legion and other great Nation-wide organizations of that character have boldly opposed inflation as they realize the havoc that inflation has brought in every country that it has been tried to the wage earners, Father Coughlin to the contrary notwithstanding.

The cost of living is bound to go up within the next few months, and then there will be a howl from American wage earners when they receive a 59-cent dollar to pay for vastly increased and higher cost of living. The only real gainers will be the Wall Street gamblers and speculators and bankers who can turn their money over rapidly and are in touch with the fluctuating market conditions. The following is an amazing Associated Press report at the time of the signing of the gold devaluation bill, the paternity of which is still shrouded in mystery: "After signing the bill the President turned to Secretary Morgenthau, who will be in charge of the administering of the new monetary policy, and asked, 'Now, that I have signed the bill, is it all right, Henry?' 'No', quickly replied the Secretary of the Treasury, who must carry the load. 'Have you read it?' asked Mr. Roosevelt with a laugh. 'No', replied Morgenthau. 'Neither have I', said Mr. Roosevelt, 'but the experts say it is all right.'"

The administration's revolutionary program, without regard to cost and based on Government intervention, has already scrapped the fundamental principles of our Government and established an enormous bureaucracy at Washington controlling almost all lines of industry. The N.R.A., first acclaimed by the American people, has proved disastrous to many small industries, and it is now an open question whether it has not retarded the return to better and happier times. The C.W.A. became an actual necessity in view of the break-down of the Public Works program, which, after the administration has been in office 1 year, is only employing 20,000 men in the United States. Al Smith never said a truer word when he called attention to the failure of the Public Works program to function and afford employment for American wage earners, which was its primary purpose.

The less I say about the A.A.A. the better for my own peace of mind, as it constitutes the prize example of Government intervention, extravagance, waste, and approach to collectivism and socialism. The destruction and plowing-under of cotton and wheat and the slaughtering and birth control of pigs at a time when millions of Americans are unemployed and hungry is not only fantastic but an abomination of desolation. The very producers who receive Government money for reducing their acreage 25 percent often take a part of the money and spend it on fertilizer and thereby produce just as big a crop on reduced acreage.

Over a billion dollars have been spent on this and other socialistic forms of farm relief, most of which create a vicious circle, and, like all impractical schemes, fail in their purpose of curtailing production. A prominent Democratic Member of Congress from a Middle Western State declared a few days ago that whenever the new deal put $1 into the pockets of the farmer, it took $2 out.

A group of Members of Congress met last week to discuss the dairy situation, and the Democratic Members took the lead in denouncing the Agricultural Department as being honeycombed with Socialists and Communists who were trying to socialize the milk industry and ruin the milk producers in the milk sheds of the South, North, and all States east of the Mississippi.

Let me conclude my remarks by merely touching on the most recent blunder of the Roosevelt administration—its cancelation of air-mail contracts without a hearing or trial, and the disgraceful attack on Colonel Lindbergh because he dared in his capacity as an American citizen to protest against the unfair, high-handed and autocratic action of Postmaster General Farley and the President. Colonel Lindbergh is enshrined in the hearts and minds of millions of Americans, and no person ever shunned or avoided publicity more than he did, even in the days of his greatest glory. It is an outrage, for political purposes, to drag his name through the mud and to try to make him out as a publicity seeker because he spoke with knowledge of the facts with every indication of sincerity and conviction. It is reported in the public press that the Federal Government was investigating his income tax. Has the flame of liberty sunk so low in these United States that a petitioner or even a critic of the administration must have his income tax immediately scrutinized? It might be well for the administration to remember the old adage that "He whom the gods would destroy they first make mad."

I am convinced that the quicker the Republican Party gets back to the early principles of our party, as enunciated by Abraham Lincoln, the sooner we will regain the confidence of the American people and once again become the dominant party in the United States. Lincoln announced the doctrine that human rights were superior to property rights and that labor was prior to capital. We should reaffirm these fundamental principles of our party openly and make them the cornerstone of our present-day Republicanism. We should, however, stand boldly with Lincoln for the maintenance of the Federal Constitution, our free institutions, and against state socialism, a socialistic dictatorship, or actual socialism, all of which are destructive of American ideals and principles of government advocated by both Abraham Lincoln, the founder of our party, and Thomas Jefferson, the founder of the Democratic Party. Step by step the present administration, under the leadership of the "brain trust" and near-Socialists and visionaries, is moving toward Government ownership, state socialism, and the destruction of individual liberty and business enterprise.

With malice toward none and charity for all, I have presented my views without fear or favor on the economic and political problems with which we are confronted. I am convinced that our Nation will pull through and emerge from the depression in spite of the activities of the "brain trust", as I have an abundant faith in the American people. Canada, Great Britain, and other nations are emerging or have emerged from the world depression without indulging in socialistic panaceas, while the United States staggers along under a rapidly increasing burden of debt with business confidence lacking and private enterprise discouraged and all but destroyed.

There is an old American saying, credited to Abraham Lincoln, that you can fool some of the people all the time and all the people some of the time, but you cannot fool all the people all the time. It is my firm conviction that the American people are getting a little fed up on canned propaganda and want to stop and weigh the facts in the balance, and at least to have a presentation of the facts from the minority party, in order to reach their own untrammeled convictions.

AIR SERVICE OF THE ARMY

Mr. MARTIN of Oregon. Mr. Speaker, I received a letter this morning from a "flaming youth", and I ask unanimous consent that I may read the letter to the House at this time.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MARTIN of Oregon. This letter comes to me from Fairfield, Ohio, and is as follows:

FAIRFIELD, OHIO, *February 25, 1934.*

Hon. CHARLES H. MARTIN,
Washington, D.C.

DEAR SIR: As an Army pilot I want to thank you for your statement in Congress on February 24, as quoted in the press: "The Army Air Corps is as good as Congress has made it. If you appropriate funds, you will have an efficient service. For God's sake do not muddle the flyers. Do not break down their morale." You have struck the keynote of the whole situation. If every Congressman had your understanding of military affairs, we would have an Air Corps which would be the marvel of the world. Can no one else see that what the pilots want is a chance to fly? This is particularly true of the younger pilots. We want a chance to fly all over this great country of ours, to get acquainted with it, its airports, its varied flying conditions. We have been denied that privilege. Some of us, after 2 years of training, found ourselves suddenly out of a job; enlisted as privates in order to continue our flying, which we were just beginning to love and understand. Last year another enlisted pilot's flying pay averaged during 1 month just 7 cents for each hour flown. It was hard to live on $40 a month, but we were allowed to do some flying. Suddenly in February we were limited to 4 hours a month! The Army's taking over the air mail offered us hope perhaps of a little more pay—and more flying. And now they want to take it away from us because a few unfortunate fellows were killed. That is nothing new. Most of us have faced death more than once; have seen our best friends killed. Military flying is dangerous business and must always be. We knew that to begin with. All we ask is the opportunity to make of it at least a respectable career. We will take the risks. Give us a chance.

NOEL PARRISH,
Patterson Field, Fairfield, Ohio.

MESSAGES FROM THE PRESIDENT OF THE UNITED STATES—COMMERCIAL AGREEMENTS WITH FOREIGN NATIONS (H.DOC. NO. 273)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Ways and Means and ordered printed:

To the Congress:

I am requesting the Congress to authorize the Executive to enter into executive commercial agreements with foreign nations; and in pursuance thereof within carefully guarded limits to modify existing duties and import restrictions in such a way as will benefit American agriculture and industry.

This action seems opportune and necessary at this time for several reasons.

First, world trade has declined with startling rapidity. Measured in terms of the volume of goods in 1933, it has been reduced to approximately 70 percent of its 1929 volume; measured in terms of dollars, it has fallen to 35 percent. The drop in the foreign trade of the United States has been even sharper. Our exports in 1933 were but 52 percent of the 1929 volume, and 32 percent of the 1929 value.

This has meant idle hands, still machines, ships tied to their docks, despairing farm households, and hungry industrial families. It has made infinitely more difficult the planning for economic readjustment in which the Government is now engaged.

You and I know that the world does not stand still; that trade movements and relations once interrupted can with the utmost difficulty be restored; that even in tranquil and prosperous times there is a constant shifting of trade channels.

How much greater, how much more violent is the shifting in these times of change and of stress is clear from the record of current history. Every nation must at all times be in a position quickly to adjust its taxes and tariffs to meet sudden changes and avoid severe fluctuations in both its exports and its imports.

You and I know, too, that it is important that the country possess within its borders a necessary diversity and balance to maintain a rounded national life; that it must sustain activities vital to national defense; and that such interests cannot be sacrificed for passing advantage. Equally clear is the fact that a full and permanent domestic recovery depends in part upon a revived and strengthened international trade and that American exports cannot be permanently increased without a corresponding increase in imports.

Second. Other governments are to an ever-increasing extent winning their share of international trade by negotiated reciprocal trade agreements. If American agricultural and industrial interests are to retain their deserved place in this trade, the American Government must be in a position to bargain for that place with other governments by rapid and decisive negotiation, based upon a carefully considered program, and to grant with discernment corresponding opportunities in the American market for foreign products supplementary to our own.

If the American Government is not in a position to make fair offers for fair opportunities, its trade will be superseded. If it is not in a position at a given moment rapidly to alter the terms on which it is willing to deal with other countries it can not adequately protect its trade against discriminations and against bargains injurious to its interests. Furthermore, a promise to which prompt effect cannot be given is not an inducement which can pass current at par in commercial negotiations.

For this reason any smaller degree of authority in the hands of the Executive would be ineffective. The executive branches of virtually all other important trading countries already possess some such power.

I would emphasize that quick results are not to be expected. The successful building up of trade without injury to American producers depends upon a cautious and gradual evolution of plans.

The disposition of other countries to grant an improved place to American products should be carefully sounded and considered; upon the attitude of each must somewhat depend our future course of action. With countries which are unwilling to abandon purely restrictive national programs, or to make concessions toward the reestablishment of international trade, no headway will be possible.

The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign trade relations must rest on the premise of undertaking to benefit and not to injure such interests. In a time of difficulty and unemployment such as this the highest consideration of the position of the different branches of American production is required.

From the policy of reciprocal negotiation which is in prospect, I hope in time that definite gains will result to American agriculture and industry.

Important branches of our agriculture, such as cotton, tobacco, hog products, rice, cereal, and fruit raising, and those branches of American industry whose mass-production methods have led the world, will find expanded opportunities and productive capacity in foreign markets, and will thereby be spared in part, at least, the heart-breaking readjustments that must be necessary if the shrinkage of American foreign commerce remains permanent.

A resumption of international trade cannot but improve the general situation of other countries, and thus increase their purchasing power. Let us well remember that this in turn spells increased opportunity for American sales.

Legislation such as this is an essential step in the program of national economic recovery which the Congress has elaborated during the past year. It is part of an emergency program necessitated by the economic crisis through which we are passing. It should provide that the trade agreements shall be terminable within a period not to exceed 3 years; a shorter period probably would not suffice for putting the program into effect. In its execution the Executive must, of course, pay due heed to the requirements of other branches of our recovery program, such as the National Industrial Recovery Act.

I hope for early action. The many immediate situations in the field of international trade that today await our attention can thus be met effectively and with the least possible delay.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 2, 1934.*

PHILIPPINE ISLANDS (H.DOC. NO. 272)

The SPEAKER laid before the House a further message from the President of the United States, which was read and referred to the Committee on Insular Affairs and ordered printed:

To the Congress:

Over a third of a century ago the United States as a result of a war which had its origin in the Caribbean Sea acquired sovereignty over the Philippine Islands, which lie many thousands of miles from our shores across the widest of oceans. Our Nation covets no territory; it desires to hold no people over whom it has gained sovereignty through war against their will.

In keeping with the principles of justice and in keeping with our traditions and aims, our Government for many years has been committed by law to ultimate independence for the people of the Philippine Islands whenever they should establish a suitable government capable of maintaining that independence among the nations of the world. We have believed that the time for such independence is at hand.

A law passed by the Seventy-second Congress over a year ago was the initial step, providing the methods, conditions, and circumstances under which our promise was to be fulfilled. That act provided that the United States would retain the option of keeping certain military and naval bases in the islands after actual independence had been accomplished.

As to the military bases, I recommend that this provision be eliminated from the law and that these bases be relinquished simultaneously with the accomplishment of final Philippine independence.

As to the naval bases, I recommend that the law be so amended as to provide for the ultimate settlement of this matter on terms satisfactory to our own Government and that of the Philippine Islands.

I do not believe that other provisions of the original law need be changed at this time. Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples.

May I emphasize that while we desire to grant complete independence at the earliest proper moment, to effect this result without allowing sufficient time for necessary political and economic adjustments would be a definite injustice to the people of the Philippine Islands themselves little short of a denial of independence itself. To change at this time the economic provisions of the previous law would reflect discredit on ourselves.

In view of the fact that the time element is involved, I suggest that the law be amended as I have above suggested and that the time limit for the acceptance of the law by the proper authorities and by the people of the Philippine Islands be sufficiently extended to permit them to reconsider it.

For 36 years the relations between the people of the Philippine Islands and the people of the United States have been

friendly and of great mutual benefit. I am confident that if this legislation is passed by the Congress and accepted by the Philippines we shall increase the mutual regard between the two peoples during the transition period. After the attainment of actual independence by them, friendship and trust will live.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 2, 1934.*

Mr. GUEVARA. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes on the message just read from the President of the United States.

The SPEAKER. Is there objection to the request of the Delegate from the Philippine Islands?

There was no objection.

Mr. GUEVARA. Mr. Speaker, it is a matter of gratification for all those who are interested in the welfare of the Filipino people to hear the message of the President of the United States just read to this House concerning the Philippine problem. I believe I speak the sentiment of the Filipino people if I say that the message and the recommendations contained therein meet with their heartfelt approval.

It will undoubtedly preserve the unity of purpose of the Filipino people and the differences that have divided them in the past as to how a law should be enacted by Congress to satisfy their longings and aspirations will end and their attention will in the future be devoted to local problems in order that they may find the path of their prosperity and happiness.

There cannot be found in the history of the world an action like that taken by the President of the United States in his desire to solve the Philippine question.

Now that the international situation in the Far East appears to be gloomy and confusing, the message of the President concerning the Philippines will certainly encourage a more stable situation in that part of the world.

I am in full accord with the measure recommended by the President in his message to extend the time limit for the acceptance of Act No. 311, enacted by the Seventy-second Congress on January 17, 1933, and it will have my earnest support. The proposed modifications of the law after a due and careful investigation are of such importance that in my belief will command the impartial and patriotic attention of Americans and Filipinos alike. In justice to those who were responsible for the enactment of Act No. 311, commonly known as the "Hare-Hawes-Cutting law", over the veto of the President of the United States, I wish to say that they were as they are now animated by friendly spirit and high motives to consider and sponsor any amendment to the law at any time that may be found necessary for the best interest of the Filipino people and for the success of the policy which inspired its formulation and passage.

At the time, Mr. Speaker, when I and my associates supported and advocated the passage of the Hare-Hawes-Cutting Act, we were on record that this law does not fully meet the aspiration and wishes of the Filipino people. Under the conditions and circumstances then obtaining we found out that this act was the best that could be secured from the Congress of the United States. It was then a well-known fact, and it is now a matter of record, that when this law was enacted the President of the United States was opposed to it and his opposition was manifested in his veto.

But then we had the assurances of those who supported and voted for its passage in both Houses of Congress that they will sponsor amendments to the law that might be suggested or recommended from time to time by the representatives of the Filipino people. It is a matter of satisfaction that those friends have honored their word by advocating now certain amendments to the law which will mean its improvement and will lead to the success of its policy and philosophy and to its acceptance by the Filipinos, who had been opposed to the act as originally passed by the Seventy-second Congress.

I just want to say a few words concerning the Chairman of the Committee on Insular Affairs of the House, the gentleman from Alabama [Mr. MCDUFFIE]. In these days of doubts and suspicions, coupled with the political agitation now going on in the Philippines, he has been a real friend to our cause. In spite of illness and the amount of work that he has as one of the most distinguished Members of this House, and confronting the most tremendous economic crisis that has compelled some agricultural sections of this country to antagonize Philippine imports, he piloted successfully the affairs of his committee. The same is true as to the Senator from Maryland [Mr. TYDINGS], the Chairman of the Committee on Territories and Insular Affairs of the Senate. To both committees the Filipino people owe a debt of gratitude and on their behalf I wish to convey their sincerest thanks.

I am sure that my own people will show the same interest as that demonstrated by the gentleman from Alabama [Mr. MCDUFFIE] and the Senator from Maryland [Mr. TYDINGS], and by the President himself in their friendly and sympathetic effort to solve the Philippine question with justice and generosity, and with no other aim but to carry out honorably the pledge of the American people. It is my profound hope that Congress will receive with sympathy and friendly consideration the recommendations of the President in his message. [Applause.]

PERMISSION TO ADDRESS THE HOUSE

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, on page 3431 of the RECORD of February 28 there appears a letter addressed to me as Chairman of the Committee on Expenditures in the Executive Departments, signed by J. R. McCarl, Comptroller General of the United States, commenting upon House bill 6038. The letter was placed in the RECORD by the gentleman from New York [Mr. REED]. It was taken from a committee print. The committee print was ordered for the convenience of its Members. I in no way criticize the gentleman from New York for his action, because the committee print was not marked "confidential", but I feel, and the commmittee unanimously agrees with me, in view of the fact the gentleman from New York has placed the Comptroller General's letter in the RECORD, that in justice to the Members of the House who are interested in this bill it is only proper that the letters from the other departments of the Government commenting on this bill be likewise placed in the RECORD so that no Member of the House will base his conclusions solely upon the letter from the Comptroller General.

Mr. Speaker, acting on behalf of the committee, I ask unanimous consent to place in the RECORD the letters from the other departments, including the letter that I addressed to the departments. requesting a report upon the bill.

Mr. RICH. Mr. Speaker, reserving the right to object, and I do not expect to object, because I am a member of this committee, and I am very desirous that these letters from other Government departments be given the same publicity as the letter from the Comptroller General, I firmly believe that the purpose of the Shannon bill is misunderstood by the various departments of the Government. I believe the enactment of H.R. 6038 into law will be of enlightenment, not only to the Members of Congress but to the various departments of the Government, because I have come to the conclusion that the department heads want to maintain some of the old standards that have been maintained in the Government in years gone by. If we are in the new era today and we want to have the new deal, I think the public will rise and criticize the various members of the departments who have written these letters if the chairman of the committee will get the proper information before them as to what the public wants, and I believe

it will be a good thing for the Members of Congress as well as the members of the committee to have this information.

Mr. SNELL. Mr. Speaker, reserving the right to object, what is this proposed legislation?

Mr. COCHRAN of Missouri. It is a bill introduced by the gentleman from Missouri [Mr. SHANNON] providing for a uniform cost-accounting system in all Government agencies. Mr. SHANNON told the committee Mr. RICH drew the bill, but it bears Mr. SHANNON'S name.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The matter referred to follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EXPENDITURES
IN THE EXECUTIVE DEPARTMENTS,
Washington, D.C., January 23, 1934.

DIRECTOR OF THE BUDGET,
SECRETARY OF WAR,
SECRETARY OF THE NAVY,
SECRETARY OF THE TREASURY,
SECRETARY OF COMMERCE,
SECRETARY OF LABOR,
COMPTROLLER GENERAL,
ADMINISTRATOR OF VETERANS' AFFAIRS:

The committee has been asked to hold a hearing on the attached bill, H.R. 6038. Before doing so I should like an expression from your Department on the measure. It seems to me this would prove very costly to the Government. If that be so, can you estimate what it would cost your Department to comply with such a law?

Sincerely yours,

JOHN J. COCHRAN, *Chairman.*

Mr. COCHRAN of Missouri. A similar letter has since been sent to the Procurement Division, a new agency; the Post Office Department; and the Agriculture Department.

[Committee print]

LETTERS FROM EXECUTIVE DEPARTMENTS CONCERNING H.R. 6038

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, January 24, 1934.

Hon. JOHN J. COCHRAN,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN COCHRAN: The Secretary has referred to me your communication of January 23, 1934, together with a copy of bill H.R. 6038, which if made a law would provide for the establishment of a system of cost accounting in the executive departments and independent establishments of the United States Government.

It appears that the intent of the bill is to procure costs on manufacturing, construction, reconstruction, or repairs undertaken by the various departments. As at present organized the Department of Labor does little or none of these things directly as a Department.

The only accounting now done or contemplated in the future to be done by the Department is a simple system for the control of expenditures under budgetary headings.

All vouchers for materials, supplies, transportation, etc., are preaudited and pay rolls are audited periodically by the General Accounting Office. Major items of construction work as are necessary to meet the needs of the Department are carried on through the Office of the Supervising Architect of the Treasury, and all contracts for work, labor, and material are audited and approved by the General Accounting Office.

Purchases of office supplies, office furniture, etc., are made from the schedules of the General Supply Committee, now a unit of the Procurement Division of the Treasury Department. Printing and binding for the Department is handled through the Government Printing Office.

As at present constituted, therefore, there is no need whatever for any construction cost accounting system in the Department, and unless the general system of audit and control of finances now established is radically changed there will be no use in establishing a cost-accounting system in the Department of Labor even though the bill becomes a law. Such cost accounting as might be required under the bill for expenditures made by or for the Department of Labor would, we assume, be made by the agencies already enumerated as acting for or auditing the expenditures of the Department.

Under the circumstances there is no basis for preparing an estimate of what such a system would cost the Department of Labor.

The procedure as above described is common to many other Departments and independent establishments of the Government.

There is nothing in the bill which indicates what useful purpose will be served by establishing a system of cost accounting as would be provided thereby. If the purpose to be attained is made evident and Congress feels that the information should be procured, then it would seem that instead of establishing numerous independent although correlated systems of cost accounting in the various establishments the whole system of Government accounting should be revised and cost-accounting information procured, analyzed, and reported through one central agency, which agency should, we believe, be the office of the Comptroller of the United States.

Very truly yours,

RICHARDSON SAUNDERS,
Assistant to the Secretary.

BUREAU OF THE BUDGET,
Washington, January 27, 1934.

Hon. JOHN J. COCHRAN,
Chairman Committee on Expenditures in the Executive Departments, House of Representatives, Washington, D.C.

MY DEAR MR. COCHRAN: I have your letter of January 23 asking for my views concerning H.R. 6038, Seventy-third Congress, first session, "to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States", and requesting an estimate of the cost to this office of complying with its provisions.

You will appreciate that from the nature of the duties of this Bureau it has no work or operations that would fall within the scope of the proposed bill.

However, as applied to the Government as a whole, with its far-flung activities which include thousands of contract and hired-labor projects for an inconceivable variety of undertakings, I believe the cost would be out of all proportion to any possible benefits that could accrue to the Government.

When every effort is being made to limit the normal costs of Government operation to a minimum, it would be inconsistent, and I believe most unfortunate, to enact into law any such expensive requirements. Except for the relatively few cases where such data would be required for making direct comparison of costs with those of similar undertakings in private industry, the compilation of this vast volume of records would serve no useful purpose. Generally speaking, the cost-accounting systems that have been worked out after years of experience by the regular departments are designed to meet their respective needs for estimating and operating purposes. While they may be faulty and lacking in uniformity, I do not believe that this justifies imposing upon the departments an elaborate standard uniform system which, aside from its direct additional cost, would be certain to result in expensive duplication.

Sincerely yours,

L. W. DOUGLAS, *Director.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, January 29, 1934.

Hon. JOHN J. COCHRAN,
Chairman Committee on Expenditures in the Executive Departments, House of Representatives.

MY DEAR MR. CHAIRMAN: There is before me your request for my views on H.R. 6038, entitled "A bill to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States." The apparent purpose of the measure has been carefully considered and in my judgment the enactment of legislation to accomplish such purpose will ultimately be necessary if the business of the Government is to be conducted on an economical and efficient basis.

Under the provision of the bill agencies of the Government will be required to establish and maintain a uniform system of cost accounting and cost finding which will disclose the cost of each and all factors entering into and forming part of the cost of any manufacturing, construction, reconstruction, or repair operation undertaken. This appears to limit the operation of the act to those activities involving manufacturing, construction, reconstruction, and repairs. Several of the departments and establishments of the Government in some form or other and to a greater or less degree are engaged in industrial or merchandising activities for the Government, although the greater portion of such business is let out to private contractors. It would seem that the provisions of the bill should be so flexible as to permit the extension of cost keeping to all Government activities.

An existing condition which is subject to abuse and may be corrected by the enactment of legislation along the lines proposed by the bill is the present possibility of expending public funds for a given purpose in excess of express appropriation limitations for such purpose. The present system of accounting does not disclose the contributions obtained from other sources to supplement limitations expressly fixed by the Congress, as, for example, the diversion of inventories and services paid for from other appropriations; hence the will of the Congress may in a given case be largely defeated, not always in a deliberate attempt to that end but because the means for doing so are readily available.

The text of the bill seems clear and susceptible to definite application except as to one feature. There is included as an element of cost "interest on investment in property." The question of whether interest on invested capital should be figured and treated as an element of costs is one that has long been debated; there is involved the difficulty of determining the rate of interest that should be handled on the books, whether interest is to be charged on fixed investment or current investment, or both, and whether interest will be computed on fluctuation of investment values. There are many other practical difficulties in the application of the theory of charging interest on invested capital, notwithstanding that the theory seems sound, and the difficulties

encountered commercially will be multiplied many times in governmental accounting.

The expense incident to maintaining a complete cost-accounting system for the Government should not materially increase the expenditure now made for fiscal accounting, as it seems entirely feasible to operate a cost system in conjunction therewith, and the present facilities and personnel should, to a great extent and under proper administration, absorb the additional work involved. I hesitate to venture an estimate of the cost of administering the law because of insufficient data available upon which to predicate such an estimate, but I confidently believe that through the operation of a proper cost-accounting system there will result economies and advantages that will many times outweigh the cost thereof.

It is believed the pending bill will require further amendment. For instance, in the interest of economy and effectiveness, as well as to insure the desired results and make needed information readily available, there should be, to the fullest extent possible, uniformity of method, form, etc., through the Government, and to exact full compliance possibly there should be provided in the law means to that end.

Should the committee decide to report favorably the bill or one having a similar purpose, this office will gladly render you every possible assistance, if desired, in working out such amendments and new provisions as will accomplish the committee's purposes.

Sincerely yours,

J. R. McCARL,
Comptroller General of the United States.

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, January 30, 1934.

The CHAIRMAN,
Committee on Expenditures in the Executive Departments,
House of Representatives.

MY DEAR MR. CHAIRMAN: Replying further to the committee's letter of January 23, 1934, transmitting the bill (H.R. 6038) to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States, and requesting an expression from the Navy Department on this measure, I have the honor to inform the committee as follows:

The purpose of this bill is to provide for the establishment and maintenance of a standard, uniform system of accounting and cost finding for the executive departments and other agencies of the United States, and to require annual reports on all work undertaken or articles or things produced during each preceding fiscal year as to cost entering into such work or production and all losses occasioned during such fiscal year through the dismantlement or abandonment of property, equipment, and facilities used in or for such work or production or used for like work or production.

While the Navy has had in effect for a number of years a cost-accounting system which is parallel to, and comparable with, systems maintained in the larger commercial organizations, it is not believed that "a standard, uniform system of accounting and cost finding" will be found practicable for adoption in the executive departments, independent establishments, etc., of the Government.

In the first place the Government does not undertake manufacturing, construction, or repair work for a profit. Its accounts cannot exactly parallel those of a commercial firm—and accounting systems of commercial firms, although based on generally accepted principles, have not been universally "standardized."

The various departments and agencies of the Government have peculiar and particular missions of their own and the purpose and duty of each is entirely independent and largely dissimilar.

Appropriation enactments for the various departments and agencies are based upon these peculiar and particular conditions, and it is vitally essential that records and accounts be maintained in such manner that the Congress can be furnished with detailed information along the lines laid down in such appropriation acts and to substantiate the appropriation estimates. To supplement these records with an attempted installation of "uniform" cost accounts would require increased personnel and greatly expand the records which would make the cost of such installation prohibitive.

So far as the Navy's cost-accounting system is concerned, provision is made for inclusion therein of all factors of Government expense deemed to be properly included in cost, as recognized by accounting authorities and by the larger commercial concerns, as well as the total expenditures of the Government pertaining to such work.

The Navy's cost system includes direct labor, direct material, and overhead, including leave, holiday and disability compensation, as defined in sections 2 and 2 (a) of the bill; it does not include, however, "interest on investment", "insurance", or "property taxes." These items are not included, as no expenditure is incurred by the Navy for such purposes. Furthermore, accepted accounting principles exclude interest on investment from cost, just as dividends to stockholders are not a part of cost but a charge to profit.

The general system adopted by the Navy has never attempted to include a portion of the cost of the Navy Department, as required by section 2 (b) of the bill, because of the vast field of duty of the Navy Department and the slight portion that can be considered nonmilitary and directly pertinent to industrial work. It would require, first, a determination of the proportion of strictly military duties in the Navy Department and then the distribution of the remaining portions to stations and activities charged with manufacturing, construction, or repair work located all over the world, even including repair work done on board vessels at sea.

Under the Navy procedure the individual station concerned maintains a complete itemized cost record for the activities of that station, which record is complete, both as to the appropriation charges and the total cost. From these detailed reports and records monthly reports are prepared to the Navy Department summarizing the monthly expenditures by appropriations, titles, and accounts, analyzing the expenditures under purposes by: New construction, repairs to ships, alterations to ships, plant equipment ashore, purchase and manufacture of stores, ships, equipage, repair to ships' equipage, repair and maintenance of plant equipment ashore, models, tests, and experiments, etc., rather than by particular items or projects making up the totals under such headings.

The requirement under sections 3, 4, and 6 of the bill that the Navy Department or other agency maintain and publish the detailed record now maintained in navy yards and stations would result in a compilation that would be too voluminous to be of any value, the cost of which would be prohibitive. Furthermore, there appears to be no connection with the accounting system of the requirement in section 6 that the annual publication "set forth all losses occasioned during such fiscal year through the dismantlement or abandonment of property, equipment, and facilities used in or for such work or production or theretofore used for like work or production."

The question of factors to be considered in preparing or comparing estimated "costs" in navy yards and other Government activities in the consideration of bids for private parties was fully discussed in both Houses of Congress on section 1 of the "act to authorize the construction of certain naval vessels", approved February 13, 1929. This discussion indicated the intention was to restrict such factors to expenditures under specific appropriation estimates as required for the work. In the enactment, the Congress divided the work between Government yards and private plants on the basis of policy and not on the basis of estimated costs. It does not appear that section 5 of the proposed bill is in accord with the action or deliberations of Congress on this subject.

The Navy has now in effect a cost-accounting system which would comply with the general requirements of the bill so far as the system is concerned. The departmental record and publication required by sections 3, 4, and 6 of the bill would probably increase the expenditures of the Navy alone by some $200,000 or $300,000. This would include additional clerical forces in navy yards and stations to prepare reports, and additional clerks and statistical machines to record these reports in the Navy Department, as well as the cost of compilation and publication of the departmental reports.

Any estimate of the total additional cost would require a survey of the varying conditions and requirements in the several departments and independent establishments. Without such survey, an estimate does not appear to be practicable.

It would appear that the proposed bill would improperly and incorrectly increase the record cost of manufacturing, construction, reconstruction, or repair work undertaken by the Navy and would result in an additional expenditure of funds for record work which is unnecessary and prohibitive.

The Navy Department recommends against the enactment of the bill H.R. 6038.

Sincerely yours,

H. L. ROOSEVELT, *Acting.*

WAR DEPARTMENT,
Washington, January 31, 1934.

Hon. JOHN J. COCHRAN,
House of Representatives, Washington, D.C.

MY DEAR MR. COCHRAN: Careful consideration has been given to the bill H.R. 6038, to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States, which you transmitted to the War Department under date of January 23, 1934, with a request for information and the views of the Department relative thereto.

The supply branches of the War Department maintain systems of cost accounting which, although not uniform in detail, are nevertheless uniform with respect to general provisions and are considered adequate for the purpose. At War Department manufacturing and repair establishments and at stations having charge of large public buildings or Public Works projects the systems maintained determine cost by considering only those elements included in the bill H.R. 6038 for which expenditures are actually made. At the camps and posts of the Army where small construction or repair jobs are undertaken, the accounting system is designed principally for fiscal purposes. It is simple and includes only items for which expenditures are actually made. Every effort has been made to carry on the cost-accounting work of the War Department in as economical a manner as possible.

The legal effect of the bill will be as follows:

1. To change in varying degrees the present cost-accounting systems of the War Department maintained at its manufacturing and overhauling establishments and at stations having charge of large construction and repair projects, to conform in detail to that outlined in the bill. It will further require the setting up of this elaborate cost-accounting system at all stations and posts throughout the Army at which any construction, repair, or overhauling work is undertaken.

2. It will require the War Department to prepare upon the completion of a manufacturing, construction, overhaul, or repair project a detailed report showing all charges required to be made under the system contemplated in the bill. This will include not only charges for which expenditures were actually determined and made, but also those relating to administrative overhead for which no expenditures were actually made. Those items other than those pertaining to administrative overhead and for which no charges are made must be clearly shown in the report.

3. It will require any establishment under the War Department when submitting estimates or bids to include therein the amounts required for the pro rata share of all overhead administrative expenses, notwithstanding the fact that actual disbursements for such charges will not be made.

4. It will require the War Department to prepare an annual report on all work undertaken or articles or things produced during the preceding fiscal year, which report will show in a composite form all of the costs entering into such work or production and in addition losses occasioned through the dismantlement or abandonment of property, equipment, etc.

5. There is objection to changing the present systems of cost accounting which are used by the manufacturing and overhauling establishments of the Army and the stations in charge of large construction and repair projects. Since the system proposed in the bill is more elaborate than that used at most such establishments, there is no doubt that additional personnel would be required. To set up the system, contemplated under the bill, at all posts or stations under the War Department at which overhauling, construction, or repair work is carried out on a small scale would also require additional personnel. At such posts or stations it is quite possible under the systems proposed in the bill to have more personnel engaged in accounting work than on the actual direct labor involved in a construction, repair, or overhaul job.

6. The result will be to increase the running overhead expense of the War Department during times when every effort is being made to keep those expenses at a minimum. It is questioned whether in the case of stations and posts referred to above benefit to be derived from keeping cost accounts as outlined in the bill would be justified by the additional expense involved.

7. The bill contemplates the charging of the pro rata share of administration expense to manufacturing, construction, overhaul, or repair projects. In general, this is not done in the War Department, since expenditures for this purpose are not actually made, and in most cases it is not practicable to determine such share. Other than to furnish information to interested persons, it would seem that no advantage is to be gained from such a procedure.

In summing up it is the opinion of the War Department that the bill would greatly increase the expense of cost accounting and that such a system as is contemplated is not necessary for the efficient operation of the manufacturing, constructing, overhauling, or repair activities of the War Department. It is not practical at this time to give an estimate of the cost which would be involved in establishing and maintaining such a cost-accounting system throughout the War Department. There are so many variable factors involved that any estimate which might be given without exhaustive study covering a period of time would be only a guess.

It is therefore recommended that this bill be not favorably considered.

Sincerely yours,

GEO. H. DERN, *Secretary of War.*

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, February 1, 1934.

Hon. JOHN J. COCHRAN,
Chairman Committee on Expenditures in the Executive Departments, Washington, D.C.

MY DEAR MR. CHAIRMAN: We have given careful consideration to H.R. 6038, to which reference was made in your letter of January 23, to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments.

I believe that cost accounting is essential for the proper conduct of business and that Government establishments should maintain such cost records as may be necessary to enable us to ascertain the cost of projects and certain operations and to furnish Congress with any information it may desire from time to time. As far as the Department of Commerce is concerned, there is in existence cost-accounting systems in the various bureaus, especially in the Lighthouse Service, where the majority of our construction work is performed. The present system was installed quite recently with the assistance of experts from the Comptroller General's Office to fit the type and character of work done in that Service. It is not thought that the benefits to be derived from the installation of such records in all our services will offset the increased expenditures which will be entailed.

It is impossible to formulate an estimate as to how much additional funds would be required for such records, but I am assured by our bureaus that the cost would be considerable.

Very sincerely,

DANIEL C. ROPER,
Secretary of Commerce.

THE SECRETARY OF THE TREASURY,
Washington, February 1, 1934.

Hon. JOHN J. COCHRAN,
Chairman Committee on Expenditures in the Executive Departments, House of Representatives, Washington, D.C.

MY DEAR MR. CHAIRMAN: I have your letter of January 23, 1934, requesting a report on H.R. 6038, entitled "A bill to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States."

Cost records are now maintained where such records are essential to the proper conduct of the Government's business. In this connection it should be borne in mind that a system of cost accounting suitable to the needs of one Government organization might be wholly unsuited to the needs of another. Existing procedures undoubtedly have been designed to meet needs peculiar to different organizations, and are based upon years of experience in the handling of particular lines of work. The substitution therefor of a standard uniform system of accounting and cost finding to meet the needs of every different type of organization, although workable, would result in unnecessary and unproductive accounting work, and consequently would entail an unwarranted expenditure of the public money. Elaborate and expensive systems of cost accounting should not be installed where simple and inexpensive ones will suffice.

In this connection there should also be considered the expense of supervision and policing, the loss in efficiency, and the interference with interdepartmental work, which would inevitably ensue through efforts of accounting officers to enforce compliance with the law according to their interpretations. It is not believed that the apparent purpose of the bill, as set forth in section 5, warrants the imposition of additional accounting expense on the Government, and I hope, therefore, that your committee will not give the bill favorable consideration.

Very truly yours,

H. MORGENTHAU, JR.,
Secretary.

THE SECRETARY OF THE INTERIOR,
Washington, February 1, 1934.

Hon. JOHN J. COCHRAN,
Chairman Committee on Expenditures in the Executive Departments, House of Representatives.

MY DEAR MR. COCHRAN: I have received your letter of January 23, transmitting for report a copy of a bill (H.R. 6038) to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States.

The accounting systems now in force in the Department of the Interior are working satisfactorily and provide all the information necessary for justification of the Budget. To attempt to install a cost system with the additional elements prescribed by the proposed bill would tend toward confusion and not efficiency in government. It would require cost-accounting and cost-finding procedure and results not necessary for Government administration, and would add very materially to the accounting expenses of the Department.

I recommend that the bill (H.R. 6038) be not given favorable consideration by Congress.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

VETERANS' ADMINISTRATION,
Washington, February 2, 1934.

Hon. JOHN J. COCHRAN,
Chairman Committee on Expenditures in the Executive Departments, House of Representatives, Washington, D.C.

MY DEAR MR. COCHRAN: This is in reply to your letter dated January 23, 1934, transmitting a copy of H.R. 6038, "A bill to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States", and requesting an expression from the Veterans' Administration on the proposed measure, together with an estimate as to what it would cost this administration to comply with such a law.

It appears to be the purpose of the proposed measure to require all executive departments and independent establishments to maintain standard uniform systems of accounting and cost finding which will disclose the cost of each factor entering into and forming part of the cost of any manufacturing, construction, reconstruction, or repair operation undertaken.

The bill is incomplete, since it does not outline the standard uniform system of accounting and cost finding which executive offices and independent offices will be obliged to adopt and, under the circumstances, it is impossible to determine the added cost that would be involved in operating under the proposed standard accounting system. It may be stated, however, that the 1935 Budget estimate, as submitted for the Veterans' Administration, does not contemplate the additional expense which such a system would require.

It has been suggested that the requirement specified in paragraphs A and B of section 2, providing for determination of overhead expenses and a pro-rata share of the administrative expense, is impossible of determination and can be arrived at only by a rather indefinite approximation. A consideration of this part of

the measure suggests the possibility that the administrative cost of compiling, computing, evaluating, and maintaining a record of such indirect expenditures might, in some instances, exceed the expenditures themselves.

It is respectfully suggested that the committee give consideration to the possibility of conflict between the provisions of the proposed measure and that part of the Budget and Accounting Act, 1921, establishing the General Accounting Office and imposing certain duties on the Comptroller General of the United States.

In the opinion of this Administration, the bill should specifically state that its provisions do not apply to occupational therapy by-products and products of orthopedic shops of the Veterans' Administration. It is believed, while the Veterans' Administration would not presume to speak for other departments, that other departments of the Government concerned would also desire that such products be specifically exempt from the provisions of the bill.

It is regretted that a more complete report cannot be made in the absence of detailed information concerning the system intended by the proposed measure. Please be assured of my desire to cooperate with your committee in every possible way.

A copy of this letter is enclosed for your use.

Very truly yours,

FRANK T. HINES, *Administrator.*

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that after conclusion of consideration of the pending appropriation bill and the privileged resolution from the Rules Committee to investigate the War Department it shall be in order to call up the bill (H.R. 7963) to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes, and that the bill be considered under the general rules of the House.

Mr. PATMAN. Mr. Speaker, reserving the right to object, may I ask the majority leader if this is the same bill that passed the Senate day before yesterday, February 28, sponsored by the Senator from Virginia?

Mr. BYRNS. I am going to ask the Chairman of the Banking and Currency Committee to reply to the gentleman.

Mr. STEAGALL. I will say to the gentleman that the bills are the same and that we contemplate substitution of the Senate bill for the House bill, for the reason that it is important to have this legislation passed today. It provides for extension of authority carried originally in the measure passed in 1932 and extended by a subsequent act of last year. The authority expires tomorrow, and unless we act expeditiously there will be considerable confusion and difficulty in the operation of the Federal Reserve banks in connection with these matters.

This bill passed the Senate, as I remember, day before yesterday and is an identical bill, but the Senate bill was not before our committee on yesterday, and therefore we reported the House bill.

BRIBE AND SUBSIDIZE BIG BANKERS

Mr. PATMAN. Mr. Speaker, further reserving the right to object, it occurs to me that this bill should be given thorough consideration by the House. It is very far-reaching. It is another effort to continue to bribe and subsidize a few large bankers in this country to induce them to perform a public service by extending some of the Government's credit for the benefit of all the people and not for just themselves. I regret very much that the committee has seen fit to delay consideration of this bill until the next to the last day, as it is very important legislation.

I understand that under this act the banks have deposited with the Federal Reserve banks $600,000,000 in Government bonds and have received in return for these bonds $600,000,000 in Federal Reserve notes, which, of course, is new money. This is getting to be quite a racket. At the present time the Federal Reserve rate in New York is one and a half percent. Therefore these bankers can put up these three and a half percent bonds and get their money for one and a half percent and collect from Uncle Sam three and a half percent interest on the bonds. Therefore they make a clear profit of $20,000 a year on every million-dollar transaction.

It occurs to me further that the banks will never make loans to industry, commerce, and agriculture as long as they can just go to Uncle Sam and buy paper and use it to their financial advantage as they are using Government bonds today. It seems to me it is in the interest of the general welfare that this privilege only be extended about 3 months so as to give these bankers sufficient time to make some loans that are needed and obtain some eligible paper and put this eligible paper up with the Federal Reserve banks and draw back their $600,000,000 in bonds, which would result in $600,000,000 in loans to industry at a very early date.

I should like to have the privilege of discussing this, Mr. Speaker. I do not want to object, but I should like to have assurance of some time when the bill comes up; and if the majority leader will give me such assurance, I shall not object.

Mr. BYRNS. I shall defer to the chairman of the committee, who will have charge of the bill.

Mr. STEAGALL. Mr. Speaker, I may say in reply to the gentleman, I shall be very glad to extend him such time as I may be permitted to do consistent with the practice in cases of this kind. We have a large committee. I have had no requests so far for time on this side of the House, and so far as I now know I shall be in position to extend time to the gentleman, which I shall be very happy to do; but I must subordinate this desire, to some extent at least, to the wishes of the members of the committee, if time is desired by them. I am sure the gentleman will agree with me about this.

Mr. PATMAN. Of course, I appreciate the gentleman is conscientious in what he has said and will do his best to carry it out.

Mr. STEAGALL. I will give the gentleman some time and do the best I can.

Mr. PATMAN. But the gentleman has stated he must subordinate my request to the wishes of the members of the committee. Therefore, if they request the time, I cannot get any time.

Mr. STEAGALL. I will not say that. I will give the gentleman some time.

Mr. PATMAN. I hope the gentleman will assure me that I can have at least 15 minutes.

Mr. STEAGALL. That would be, of course, one fourth of the time. There would be 1 hour which should be given in part to the 25 members of the committee. I think the gentleman will hardly expect that, if it develops that the members of the committee desire time.

Mr. PATMAN. Would the gentleman object to the request being amended so as to have 1 hour and 15 minutes rather than 1 hour, and then let me have the 15 minutes?

Mr. STEAGALL. I have no objection to that.

Mr. BYRNS. May I suggest to my friend from Texas that that is a matter which can be brought up when the bill is called up for consideration? I am sure there will be no disposition on the part of the gentleman from Alabama or any member of the committee to deprive the gentleman of such time as may be necessary.

Mr. STEAGALL. I can assure the gentleman I shall make a request to increase the time 10 minutes in order to accommodate him to that extent.

Mr. LAMNECK. Mr. Speaker, it is time we were having an opportunity to debate these matters on the floor of the House for a longer time. I object.

Mr. SNELL. Mr. Speaker, may I ask the majority leader about the program for the first of next week? There have been several inquiries made, and I have been unable to answer them. Can the gentleman tell us what he expects to come up on Monday or Tuesday of next week?

Mr. BYRNS. As the gentleman knows, Monday is Consent Calendar and suspension day. I do not know whether there will be any suspensions or not. It is contemplated to take up the War Department appropriation bill on Monday for general debate.

Mr. SNELL. It is the purpose to start that bill with general debate on Monday?

Mr. BYRNS. That is the expectation.

Mr. SNELL. And that will be continued on Tuesday?

Mr. BYRNS. Yes; it would be expected to continue the consideration of the bill until its consideration is finished.

Mr. SNELL. Does the gentleman think it will be concluded on Tuesday?

Mr. BYRNS. Oh, no; I think it will take several days.

Mr. MOTT. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes, to make an announcement.

The SPEAKER. Is there objection?

There was no objection.

Mr. MOTT. Mr. Speaker, I desire to announce that I have filed with the Clerk a petition to discharge the Committee on Veterans' Legislation from consideration of the American Legion's four-point bill, H.R. 7151.

I have also filed with the Clerk a petition to discharge the committee from consideration of H.R. 6548, a bill to reinstate the pension status of the Spanish-American War veterans, and to restore those pensions. Both of these bills have been in committee more than 30 days and no action whatever has been taken on either of them.

I have done this on account of the peculiar and unusual action taken yesterday in the reference of the Senate amendments to the independent offices supply bill to the Appropriations Committee, instead of giving the House an opportunity to vote directly on the Senate amendments, either by way of a motion to concur or by reference to a conference. So far as veteran legislation is concerned H.R. 7151 and 6584 cover the same subject as the Senate amendments which were referred to the Appropriations Committee.

Mr. BYRNS. Will the gentleman yield?

Mr. MOTT. I yield to the able leader of the majority.

Mr. BYRNS. There is nothing peculiar or unusual in the reference of the bill to the Appropriations Committee. It may be unusual insofar as the actual practice is concerned, but the rule specifically provides for the bill to be referred to the committee as it was referred under the general rules of the House.

The gentleman implies that it was done for the purpose of depriving Members of the House from voting on the several amendments. The Members will have full opportunity when the bill is reported back to the House to vote on every amendment.

Mr. MOTT. The distinguished gentleman from Tennessee is entitled to his opinion. My own opinion is that it was a most unusual thing, and that it was done for the purpose of preventing the House from voting on a direct issue. I have inquired of many Members, and some of the oldest Members say they cannot remember any instance where that rule was invoked in a case of this kind. The issue was presented for a direct vote to restore the compensation to service-connected disabled World War veterans and to reinstate the pension status of Spanish War veterans. It was not ambiguous, everybody understood it, and everybody was ready to vote upon it. They were entitled to that vote yesterday—not at some future date when the Appropriations Committee gets through with it. I say by referring it to the Appropriations Committee the House was denied that opportunity, and that is the reason I have filed these petitions.

Mr. BYRNS. I want to say to the gentleman as emphatically as he says that it was the purpose to deny the House a vote, that the House will be given an opportunity to vote on every amendment when the bill is reported back. Now, I will say to the gentleman that in the Seventy-first Congress Speaker Nicholas Longworth referred the Interior Department bill on Senate amendments to the Committee on Appropriations, exactly as was done by the Speaker on this occasion. So the gentleman sees there was a very recent precedent for this action taken when the gentleman's party was in control of the House. There are other precedents prior to that action.

Mr. BULWINKLE. I should like to ask the gentleman from Oregon a question. Does he know what the Senate amendments provide?

Mr. MOTT. Yes.

Mr. BULWINKLE. What is it?

Mr. MOTT. I will tell the gentleman. In the first place, the Senate amendment restores to World War service-connected disability cases the status that these cases had prior to the enactment of the Economy Act.

In the second place, it puts the presumptive cases, so-called, back on the statute books with certain specific limitations, giving to them their former rates of compensation, provided they had already established the service connection of their disability by law. Thirdly, the Senate amendments reinstate the pension statutes of Spanish-American War veterans as it existed prior to the passage of the economy act.

[Here the gavel fell.]

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent that the gentleman may have 2 additional minutes to answer questions.

Mr. BLANTON. Mr. Speaker, I want to ask the gentleman—— [Cries of "Regular order!"]

Mr. BLANTON. If it is to be the regular order, I object.

POTOMAC ELECTRIC POWER CO., WASHINGTON, D.C.

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent that the action of the House last evening by which the bill S. 1083, authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C., was passed, be vacated, and that the bill be considered at this time. I do this for the purpose of introducing a clarifying amendment and removing some surplusage in the bill.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent that the proceedings by which the House passed the bill S. 1083 be vacated for the purpose of offering an amendment.

Mr. BYRNS. Mr. Speaker, what is the bill?

Mr. BLANCHARD. It is one of the private bills passed last evening. It contains surplus language with reference to the full and final settlement of the claim. Likewise there is another clause in the bill which was passed which contains the language "final settlement of all claims against the United States." I am informed that the matter should be cleared up.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The proceedings are vacated, and the Clerk will report the bill.

The Clerk read the title of the bill.

Mr. BLANCHARD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 10, strike out "in full and final settlement of said claim."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to; and the bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

UNFAIR COMPETITION IN COTTON IN INTERSTATE COMMERCE

Mr. JONES. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture, or any member thereof, may have until tomorrow night at midnight to file a report, and, if desired, minority views, on the bill H.R. 8402, the so-called "Bankhead bill", to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The SPEAKER. The gentleman from Texas asks unanimous consent that the Committee on Agriculture, or any member thereof, may have until 12 o'clock midnight tomorrow to file a report and minority views on the bill H.R. 8402. Is there objection?

There was no objection.

ONE YEAR WITH PRESIDENT ROOSEVELT

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, next Sunday is March 4, 1934, exactly 1 year since Franklin D. Roosevelt took office as President of the United States. I feel that it is

fitting that I should devote this talk to the President and to a discussion of his accomplishments.

Let me take you back with me into history and let us try to remember the condition which existed in the United States 1 short year ago, and the sentiment of our people at that time.

COLLAPSE OF THE BANKING SYSTEM AND THE GRAVE STATE OF THE NATION

On March 4, 1933, at 12 noon, just before the President took office, our entire banking system had collapsed. There was hardly a bank in the United States which could have opened its doors for business on the following Monday. One State after another, one Governor after another, had been forced to declare a banking moratorium; the confidence of the people in the entire banking system had been destroyed and those banks that had opened their doors on the morning of March 4, 1933, were faced with long lines of depositors who demanded the return of their money.

Millions of our people were without employment or adequate means of livelihood. The figures most widely quoted were that 13,000,000 people were unemployed. Statistics which have since become available have convinced me that this figure was altogether too low. I venture to say that in March 1933 in excess of 16,000,000 people in the United States were unemployed.

Weakened by over 3½ years of misery and want, hunger and cold, their confidence in a better future undermined, and their faith in our Government shaken, there was then real danger of violence and bloodshed, and perhaps even of revolt.

Wall Street and the money changers had admitted their impotence, and were imploring the Government at Washington to help them. The wheels had stopped turning in our factories. The workshops were idle and bare. Most of our mines were shut down.

Rather than sell the products of his labor at a loss, the farmer permitted food to rot in the fields.

Historians will place their own estimate on the state of the Union at that time. But you and I, who have lived through those days, know that our people were despairing; that our economic structure was tottering; and that even our Government was in danger.

INAUGURAL OF THE PRESIDENT

I shall never forget March 4, 1933, in Washington. I was standing on the inaugural platform. Heavy clouds were hanging over the city and a strong wind was fiercely howling and driving the clouds before it. A few feet away from me Franklin D. Roosevelt, with his hand uplifted and his eyes piercing the future, was taking the oath of office as President of the United States. All America was holding its breath.

Then the new President spoke. He uttered words of hope and of strength, of better days, and of a new deal. As he finished speaking the sun broke through the clouds and the people cheered. It looked as if the heavens were greeting Roosevelt and promising the harassed people of America better days.

From the very moment that Franklin D. Roosevelt took office he faced his problems openly and frankly and took the American people into his confidence. His inaugural address began as follows:

> I am certain that my fellow Americans expect that on my induction into the Presidency I will address them with a candor and a decision which the present situation of our Nation impels. This is preeminently the time to speak the truth, the whole truth, frankly and boldly. Nor need we shrink from honestly facing conditions in our country today. This great Nation will endure as it has endured, will revive, and will prosper.

This policy of open, frank, and fair discussion, and of telling the people the exact truth, the President has followed ever since.

Further on in his address the President said that "this Nation asks for action—action now."

THE PRESIDENT RESTORES THE PEOPLE'S CONFIDENCE IN THE BANKS

Action is what Roosevelt has given the American people.

Facing the situation that existed, Franklin D. Roosevelt, 36 hours after he had taken office, issued a proclamation which legally closed all the banks of the Nation. Then he called Congress into special session, and, through the Emergency Banking Act, provided the currency that was needed if the banks were to be reopened.

The strength, determination, and wisdom of the new President became at once so apparent that he was able to instill new hope and confidence in the hearts of the people, and lay the foundation for the reopening of the banks only a few days later. There were no more runs on the banks. Depositors accepted the assurance of the President that their money was safe and left it there. In fact, hundreds of millions of dollars of currency which had been hoarded were returned to the banks.

THE PRESIDENT'S MEASURES FOR UNEMPLOYMENT RELIEF

In his inaugural address the President had this to say about unemployment:

> Our greatest primary task is to put people to work.

The President at once applied himself to this task. He provided for the recruiting of 300,000 young men and veterans and placed them in the forests to rebuild the woodlands, to fight fires, build trails, and to preserve the natural forests as a heritage of the American people.

Then the President secured the appropriation of $500,000,000 to be contributed by the Federal Government to the various States and municipalities for the relief of the unemployed. The President obtained a Public Works appropriation of $3,300,000,000 to be used in the construction of needful and useful public improvements and thus provide jobs for more than 3,000,000 jobless.

Four hundred million dollars allotted for Public Works were later separated and used for the creation of a Civil Works Administration, which in 4 months provided jobs for 4,000,000 men and women at fair wages.

The C.W.A. was a real blessing to the people, in spite of the fact that some zealous politicians tried to use its machinery to provide their favorites with jobs and to create a political machine out of human misery and suffering.

THE HOME OWNERS' LOAN ACT AND ITS FAR-REACHING IMPORTANCE IN HOME FINANCING

The President then secured the passage of the Home Owners' Loan Act, which created the Home Owners' Loan Corporation for the purpose of relieving the distress of home owners and in saving their homes from foreclosure. Under this act 93,595 homes have been saved in the United States.

While the act has not been administered with the speed and efficiency that was expected, the principle underlying the act is sound. I have proposed in Congress numerous amendments to the Home Owners' Loan Act and am determined to obtain its extension so that it will give real relief for harassed home owners.

The Home Owners' Loan Act pointed a new way in the financing of homes. It substituted in the place of a 3-year mortgage, which had to be renewed every 3 years and which was a constant danger to the home owner, a new type of mortgage, one which matured in 15 years and which may be easily paid off by small monthly payments. The act of Congress also substituted for interest rates, which ranged from 6 to 9 percent, a rate of only 5 percent.

The influence of the Home Owners' Loan Act upon the financing of homes in the country will be far-reaching and lasting. It will, I hope, force the establishment of a permanent method of financing the homes of the American people at low rates of interest and under long-term mortgages.

THE NATIONAL INDUSTRIAL RECOVERY ACT

Outstanding in its place on the President's recovery program is the National Industrial Recovery Act. Under that act the President abolished child labor throughout the length and breadth of the United States. He did away with the sweatshop in which Americans have been exploited to work long hours at miserable wages, sometimes less than $1 per week.

Hours of labor were lessened and higher wages provided. Labor was given the right to organize in unions of its own choice and to bargain collectively with its employers. Busi-

ness and industry were allowed to organize into trade associations and to govern themselves so that unfair trade practices and unfair competition would be removed.

The N.R.A. has its faults and its shortcomings. It has not been enforced adequately enough to ward off the criticism that is made against it. Nevertheless, and allowing all complaint, it has been a tremendous force for the better. It has achieved things for the worker, for the business man, and for industry, which I hope will be of permanent benefit.

LASTING BENEFITS OF THE TENNESSEE VALLEY DEVELOPMENT PROJECT

The Roosevelt plan for the development of the Tennessee Valley will be of lasting value to the Nation. Here the Government will generate electricity by using dams, will provide flood control, reforestation, and other incidental work—in short, achieve complete development of the great resources of the Tennessee Valley. It will provide the yardstick to prove to the American people that electricity can be manufactured and developed for a small part of the cost which is now saddled upon the consumer of electric power.

The project has hardly begun, yet it has already saved millions of dollars to the consumer of electric power in the Tennessee Valley. I am confident that when the Muscle Shoals project is finally developed and functioning it will force reduction of the charges for electric current throughout the United States which will save the consumer of electricity more than a billion dollars. It will permit the free and ready use of electricity in industry and in the home and will hasten the coming of the electric age. Extortionate and excessive charges by electric-power companies must be reduced to a proper basis, and the President has taken the lead in the fight to bring that about.

INSURANCE OF BANK DEPOSITS

Another matter of utmost importance was the insurance of bank deposits. Beginning on January 1, 1934, all deposits in banks which are part of the Federal Reserve System and in such State banks as join the insurance system are insured by a corporation created by the Federal Government. Beginning July 1, 1934, all deposits up to $10,000 will be fully insured, deposits exceeding $10,000 up to $50,000 will be insured 75 percent, and all deposits beyond $75,000 will be insured 50 percent.

This act is of the most importance because it not only safeguarded deposits but assured the safe return of his savings whenever required by the depositor. Further, it gave to the banks themselves confidence that the deposits would not be recalled in an emergency by anxious depositors.

Since this act has taken effect, there is no legitimate excuse why the banks should not loan money for industrial and commercial purposes. A bank which refuses to make loans on safe security fails to perform its function as a bank, and becomes a corporate hoarder of money.

THE GREAT IMPORTANCE OF THE PRESIDENT'S MONETARY POLICY

Of fundamental importance is the monetary policy pursued by President Roosevelt. This policy was inaugurated with the embargo on the export of gold in the spring of 1933, and the decision to suspend the exchange of currency notes for gold, thus bringing about a temporary suspension of the gold standard in the United States.

In October 1933 the President began the purchase of gold in the United States and abroad to raise the domestic price level and thus bring about a general recovery.

The latest chapter in the monetary policy was written with the enactment of the currency bill by this session of Congress on January 30. Under this bill, the President revalued the gold dollar at 59.4 percent. A stabilization fund of $2,000,000,000 was created to be used to protect our foreign trade and to preserve our currency at a level that would best serve the interests of the United States and of our people.

Ownership of three and one half billion dollars in gold, held by the Federal Reserve bank, was vested in the Government of the United States. The President removed the iron grip of financial giants from the throats of our people and set in motion machinery which would bring a more stable dollar, a sound dollar, a dollar that will not be too high and unfair to the debtor nor too low and unfair to the creditor. The basis was laid for the reduction of the burden of a debt which had become unbearable for the home owner, for the farmer, and for the middle class.

On February 15, an appropriation of nearly $1,000,000,000 was made to continue Federal expenditures for unemployment relief and for work relief in the form of C.W.A.

I could easily continue to recite to you the many more legislative acts which were passed under the leadership of President Roosevelt and the numerous administrative actions which were begun under his command. So numerous and so far-reaching, and of such fundamental importance are the acts of Congress, as well as the Executive orders, that it is almost unbelievable that they were accomplished within 1 short year.

PRESIDENT FRANKLIN D. ROOSEVELT

I cannot conclude this talk without speaking about the personality of Franklin D. Roosevelt himself.

I have been privileged to come in contact with our President on several occasions. I have had the good fortune to meet with him in the Governor's office at Albany and in his study at the White House.

President Roosevelt is a man of rare charm and graciousness. He is unusually well informed and discusses with his numerous visitors all kinds of problems. The United States does not have another man today who has such an intimate grasp on the manifold problems besetting the American Nation and the entire world.

His spirit of courage and determination, of confidence and hope, has emanated from the White House and taken hold of the American people. He has set the pace of work in Washington. From morning until night he toils incessantly for the benefit of our people, and has inspired all those around him to do likewise. There has never been in Washington a time when such long and ardous work was carried on with such good spirit and with the hope and confidence in a great future for the American people.

President Roosevelt was elected for a 4-year term, of which only 1 year has expired. I predict that he will be elected to a second term with a majority never before given a Presidential candidate.

THE OUTLOOK FOR THE FUTURE

Difficult are the problems confronting all of us today. Unrest is abroad in the world and war is threatening in many parts of the world. In continental Europe democracy seems to have perished. But America is progressing steadily and safely toward a happier day under the inspired leadership of President Roosevelt. We love him, we admire him, and we believe in him. May God bless him and may he be preserved for the benefit of the people of this country for a long time to come.

Mr. BECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an interesting and important statement published in the New York Times on February 28, by the Honorable John W. Davis.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks by inserting a statement by Hon. John W. Davis. Is there objection?

Mr. LAMBETH. Mr. Speaker, I object.

AGRICULTURAL APPROPRIATION BILL

Mr. SANDLIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the Agricultural appropriation bill, with Mr. GREGORY in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

For cooperation with the various States or other appropriate agencies in forest-fire prevention and suppression and the protection of timbered and cut-over lands in accordance with the pro-

visions of sections 1, 2, and 3 of the act entitled "An act to provide for the protection of forest lands, for the reforestation of denuded areas, for the extension of national forests, and for other purposes, in order to promote continuous production of timber on lands chiefly valuable therefor", approved June 7, 1924 (U.S.C., title 16, secs. 564–570), as amended, including also the study of the effect of tax laws and the investigation of timber insurance as provided in section 3 of said act, $1,198,619, of which $23,859 shall be available for departmental personal services in the District of Columbia and not to exceed $1,500 for the purchase of supplies and equipment required for the purposes of said act in the District of Columbia.

Mr. WHITE. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. WHITE: Page 43, line 23, strike out "$1,198,619" and insert "$1,700,000."

Mr. WHITE. Mr. Chairman, the activity of the Forestry Bureau of the Government in cooperating with privately owned timber owners and with the States in protecting valuable stands of timber from fire, now supported by a cooperatively financed organization in the several States, is one of the most valuable activities in which the Government is engaged. We have in the forests of the West these organizations which are equipped for fire suppression and fire patrol. They have their men and equipment at strategic points; but, due to the depression and existing conditions, we are unable to finance those organizations adequately without support of the Government. I submit that we should increase this appropriation by at least $500,000, so that we may adequately protect State and National and privately owned forests from the fire hazard and the ravages of the white-pine blister rust. For that reason I ask that the appropriation be increased in the amount of $500,000.

Mr. SANDLIN. Mr. Chairman, I rise in opposition to the amendment. The appropriation carried in this bill for this purpose is the same amount expended and to be expended in the fiscal year 1934. Of course, all of the items in this bill were cut 25 percent last year, and this item is in the same status. A great many of the items in the bill were reduced below the 25-percent cut, but the appropriations carried for this item are the same as expended or to be expended in the fiscal year 1934.

Mr. GOSS. Mr. Chairman, I think the gentleman should explain how much money for this same item has been expended in the C.C.C. work.

Mr. SANDLIN. We all know that it is very difficult to tell exactly how much money was used for that purpose in those C.C.C. camps.

Mr. GOSS. There was considerable.

Mr. SANDLIN. Millions of dollars have been expended in the C.C.C. camps, and, as I understand from the testimony, this type of work was done by the men in those camps.

Mr. GOSS. And, as a matter of fact, they had about 30 of those men in this forest district doing the same work for which the gentleman is trying to boost the appropriation. We have no information that those camps will be discontinued. The gentleman is having all of that extra work done by those men outside of this appropriation.

Mr. WHITE. Mr. Chairman, it should be explained that the C.C.C. force are valuable in the suppression of fires after the fire is started, but we must have the organization to prevent forest fires. We must have the equipment and we must have experienced men. We must have men to patrol these forests and spot these fires and have depots located at strategic points. We have an organization out there of trained men and they must be supported. The lumber companies have been very liberal in their contributions as far as their means will permit, but in the depression they have not been able to carry on. I submit the C.C.C. is useful in suppressing fires, but that is not fire prevention.

We want to prevent all forest fires. When the lightning strikes or some fire gets started, we want to catch it at the inception and stop it. We should not wait until the forest burns and then call in the C.C.C. A paltry $500,000 to carry on this work is needed, if anything is needed, in this appropriation bill.

Mr. LLOYD. Mr. Chairman, I move to strike out the last word.

I rise in support of this amendment. Those who have not lived in the Northwest can hardly appreciate what this means. In my own State alone the Government owns billions of feet of timber. The States, private industry, and private owners are doing everything possible to carry out this great scheme, this study for the prevention of fires. The gentleman from Idaho [Mr. WHITE] and I have seen more than the entire amount of this appropriation in timber value go up in smoke in a single day. We have seen more than $2,000,000 worth of timber destroyed in 24 hours in the Northwest. Those things will happen again. The C.C.C. may be with us for a little while, but this is a plan to develop for the future. You cannot indulge in a penny-wise and pound-foolish proposition in this scheme.

Mr. GOSS. Will the gentleman yield?

Mr. LLOYD. I will be glad to yield to the gentleman.

Mr. GOSS. Is not the gentleman referring to timberlands privately owned more than he is to the national forests?

Mr. LLOYD. Both the national forests and the private owner as well, as I read this hurriedly. This is a study for the prevention of fires in the future.

Mr. GOSS. Near national forests?

Mr. LLOYD. Near national forests. The national forests are scattered throughout the Northwest. You will find a part of a national forest and then you will find a part that is privately owned. It is impossible to disassociate them because when a fire gets started it sweeps over a mountain side and takes both. Two million dollars would not be a large amount for this at all. It would be insurance well spent.

[Here the gavel fell.]

Mr. KVALE. Mr. Chairman, I rise in support of the amendment.

I think if the Members of this House understood the tremendous economy involved here they would not haggle over this addition of a few hundred thousand dollars. As the gentleman from Washington [Mr. LLOYD] so ably said, it is simply insurance against fire.

I believe the committee is sincere in believing that they are supplying adequately for this cooperative work. It carries out, presumably, the full Government responsibility under the Clarke-McNary Act, which guaranteed to the States a certain set sum of money—about 1 to 3, roughly speaking—to be matched by the States.

We appeared before the gentleman's committee, as the chairman will recall. Since the committee decided adversely, we have also been to see the Director of the Budget. The gentleman from Idaho [Mr. WHITE] was kind enough to invite me to accompany him, together with some representatives of forestry associations, one morning to call on the Director of the Budget, yet there again we were evidently unsuccessful.

It is not fire eradication; it is not fire suppression that is involved here at all. Get that. The C.C.C. men have been wonderfully helpful in these various areas in getting out after a fire is beyond control, to help to suppress it, but this item is not for suppression. This is for prevention of fires.

It involves the manning of the lookout towers; it involves the smoke chasers that go to the first sign of smoke and stop the fire before it spreads. It involves patrolmen, experienced. It involves protective and not suppressive work, and that is why the gentleman from Washington [Mr. LLOYD] so well referred to it as insurance.

I hope this item can be included in the bill. It means a great deal to the 39 States involved. It involves the disorganization of an outfit of experienced men which has been carefully built up, and the States have a right to believe that the Government will exercise the good faith that was demonstrated at the time the enabling act was passed.

Mr. Chairman, I ask unanimous consent to include in my remarks at this point a statement prepared by my State forester, Mr. Grover M. Conzet, and by him submitted to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota [Mr. KVALE]?

There was no objection.

The matter referred to is as follows:

1. The Clarke-McNary Act was passed by Congress in 1924 and provided for Federal allotments of money for forest-fire protection to States setting up a fire-protection system and appropriating money therefor. As a result 39 States have built up a system of forest-fire protection based on the anticipation of a definite permanent allotment from the Federal Government in accordance with the plans and regulations set up by the Forest Service, United States Department of Agriculture.

2. The State of Minnesota has increased its fire-protection appropriations from $75,000 a year to $209,000 a year and very materially improved its system of fire protection as a result of the encouragement given it by the Clarke-McNary law and the Federal Government.

3. Minnesota and in all but a few of the other States, in spite of the economic conditions, have not reduced their State appropriations more than the amount of salary reductions, and in some items made a slight increase. The Federal reduction of allotments to Minnesota amounts to something over $27,000, and means a permanent lay-off at this time for more than 30 men.

4. The regular overhead in any State department is more or less fixed and very difficult to change to any extent. That means that most of the reduction in the fire-protection force at this time because of the lack of funds from the Federal Government reflects back to the men in the field such as look-out-tower men, smoke chasers, fire guards, fire foremen, and law-enforcement officers. These are the backbone of the fire-protection organization.

5. Various States for many years, aided by Clarke-McNary allotments, have rapidly built up a budget for tree planting and definite forest management and cultural work. The conservation camps, which number 1,680 over the United States, all do a large amount of tree planting and cultural work, the future success of which depends entirely on adequate fire protection. One or two seasons without adequate fire protection and adverse weather conditions would wipe these millions of dollars of development and improvement out of existence.

6. Minnesota and most of the States have ample provisions for fire-suppression money, but they lack that for fire prevention and forest patrol, much of which is depended upon from the Federal Government.

7. The rate of wages and fire-equipment costs have materially increased, which further embarasses available funds.

8. Fire hazards are very greatly increasing. Economic conditions have started a very definite back-to-the-farm movement, particularly in the cut-over and forest regions. Minnesota statistics show that 50 percent of the forest fires originate from some agricultural pursuit. This back-to-the-farm movement is very definitely going to increase the forest-fire protection problem. The use of fire in land clearing is recognized and such land clearing requires the aid and supervision of a trained field force.

9. Many of the Central and Western States have experienced extreme drought conditions for the past several years, which has greatly increased the fire hazard and the cost of protection. On account of the lack of employment, many incendiary fires have been started for the purpose of gaining work. The tourists and traveling public in general feel more than ever that they are entitled to free use of all forest land for hunting, camping, and fishing. This situation is clearly brought out in the Copeland report presented to the Seventy-second Congress and entitled "A National Plan for American Forestry."

10. The Conservation Corps camps are doing a very excellent work in the State and National forests. They are constructing a large number of trails, telephone lines, and look-out towers, all of which will assist very materially in better fire protection and improvement of the forests, but without man power for protection this work will be greatly depreciated in value. The Civilian Conservation Corps camps are valuable in emergencies for fire-suppression work, but cannot be used in fire-prevention activities.

11. Due to the type of men and the organization of the departments, the State forest service and various departments of conservation are best organized to give proper and immediate action on all of the President's emergency projects such as Public Works Administration, Civil Works Administration, and Civilian Conservation Corps. This takes an exceptional amount of extra time from the regular forces and along with that a decided amount of money for travel and subsistence. This aid has been willingly granted because of the recognized potential benefits to be derived in the future.

12. The Federal Government has a very decided interest in all types of mercantile timber, ground cover, and natural resources, regardless of the status of ownership. Watershed protection, regulation of stream flow, and national defense are most important and play their part regardless of whether it is private, State, or Federal lands. Eighty-five to ninety-five percent of the cost of manufacturing wood products is in labor and other incidentals. It is nationally important to keep these forests productive.

13. The President has taken a direct personal interest in the proper formulation of a lumber code. He has especially provided in this code article X, which defines that certain cutting methods and cultural systems must be carried out by the forest industries in order to insure a recurring crop. This crop must be protected from the dangers arising from the free use of all forest land by the citizens of the United States.

Mr. HOLMES. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. HOLMES. Do the respective States where these forests are located make any contribution at all to the fire prevention within their own States?

Mr. KVALE. Oh, indeed, yes; three to one.

Mr. HOLMES. In other words, they are carrying their local burdens as far as they can?

Mr. KVALE. They are carrying out their end of the contract. They furnish at least 75 percent of the funds. If these funds are not provided, upon which they had based their original plans, their organization will crumble. They will have to dismiss these experienced men. It will have a terrific potential effect in the way of fires. They will be able to suppress them, certainly, but we are trying to prevent them before they occur.

Mr. GOSS. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. GOSS. The gentleman is aware that this bill appropriates the same amount that was carried last year. In addition, we have had the benefit of all this C.C.C. work. Now, where in all these expenditures is the proper place to stop?

This fire prevention is just as interesting to the cities, I would say to the gentleman, as it is to the people in the wooded areas. Cities have been wiped out as well as timberlands.

Mr. KVALE. Certainly.

Mr. GOSS. It is a big problem, but I am not prepared to say that, if we raise it half a million or a million or five million, we could accomplish what the gentleman and I should like to see done to stop these fires. The question is how far we should go.

[Here the gavel fell.]

Mr. KVALE. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. KVALE. The gentleman is, of course, guided by the highest motives. His colleagues who know him recognize that. Yet the point is if the amendment offered by the gentleman from Idaho [Mr. WHITE] is accepted and incorporated into the bill, the necessary amounts will go to the various States so that they continue their present organization. I have no time to describe the situation as it specifically affects the States.

Mr. GOSS. It is the same amount that was in last year's bill, that they set up their basis on.

Mr. BROWN of Kentucky. Is it not a fact several new areas have been added to the forest reserves this year?

Mr. GOSS. No; very little area has been added, I may say to the gentleman from Kentucky.

Mr. KVALE. No; I do not think that this consideration enters in. It involved promises and commitments by our Government that led States to make definite appropriations and set-ups last year. Then last year we gave them a million and a half. On that basis their legislatures acted and adjourned. The work went on. Like a thunderbolt our action late last summer in impounding funds under the Economy Act crippled them. They could carry on after a fashion for a time. But when members of the committee now tell us they allow the sum available last year they may mean to be fair, but they certainly are not so.

This impounding of funds embarrassed our several State set-ups, but they could carry on for the season. Now, however, the State legislatures, most of them have met. They have had no notice this was to be a permanent policy. They believed the Federal Government would keep its end of the agreement under the Clarke-McNary Act.

This pinch was not felt last—this fiscal—year. I have tried to state the reasons. But now, if the Federal Government breaks faith, under the shallow plea that this bill makes available what they had last year, despite the fact

that the impounding of the stated moneys was accomplished in a midsummer surprise move, these organizations of experienced workers will break down, and our preventive work will suffer a most severe set-back, as Mr. Conzet so eloquently described.

This preventive force—not the suppression force—is built up of experienced men under the terms of the Clarke-McNary Act. It is this force which is now to be broken up as the direct result of our evidence of bad faith and our deliberate failure to live up to our contract.

My State has not reduced its annual appropriations by a penny, believing that the Federal Government would surely live up to its promises. It is pitiful; deplorable. I have gone through and through these forest areas, seen fire sweep through with its devastation, climbed the look-out towers, seen the threatening smoke plumes in hazardous weather, spoken with the rangers in charge of the preventive and suppression work, seen the cathedrallike virgin pines changed into a blazing inferno that needed mass assembly of men and equipment to halt its progress. I know how infinitely better it is to expend money and energy on prevention rather than on suppression.

All that is involved in this item. Now, our States are taken unaware. We fail in meeting our obligation under the Clarke-McNary Act. We say we give them what they had last year—and fail to add that this surprise impounding of part of the funds failed to show its effect until now. We neglect to say that $1,700,000 would be, roughly, our 25 percent, as agreed. We ignore the fact that legislatures in most States now cannot meet to correct this cruel neglect and preserve these State set-ups.

I fervently hope that another deliberative body can take cognizance of some of these facts, affecting as they do 39 of our 48 States, and can replace this relatively small item that will enable the several States to preserve a carefully organized force of thoroughly trained personnel who guard our natural resources against a dread enemy—fire—and who are a most economical insurance against a wasteful, destroying force that can take its toll in 1 day with a destruction in actual value many times that of what we propose to spend today.

Mr. BUCHANAN. Mr. Chairman, I move to strike out the last three words.

I want to say to the Members of the House that this is a cooperative appropriation, the proportion being governed by law. Under appropriations heretofore allowed, the Federal Government has been contributing just about the same as the State governments and private interests have been contributing. The appropriation carried in this bill is sufficient to meet the contributions of the States and private enterprise dollar for dollar; and we should carry no more. In addition nearly $15,000,000 has been spent for the prevention of fire in the forest area, public and private, in the United States; and this was spent by the Government from emergency allotments from the C.W.A. and the Public Works funds. Therefore this amendment ought not to be adopted.

The CHAIRMAN. The question is on the amendment of the gentleman from Idaho [Mr. WHITE].

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado) there were—ayes 28, noes 57.

So the amendment was rejected.

The Clerk read as follows:

Forest insects: For insects affecting forests and forest products, under section 4 of the act approved May 22, 1928 (U.S.C., supp. VI, title 16, sec. 581c), entitled "An act to insure adequate supplies of timber and other forest products for the people of the United States, to promote the full use for timber growing and other purposes of forest lands in the United States, including farm wood lots and those abandoned areas not suitable for agricultural production, and to secure the correlation and the most economical conduct of forest research in the Department of Agriculture, through research in reforestation, timber growing, protection, utilization, forest economics, and related subjects", $145,655.

Mr. WOLVERTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLVERTON: On page 52, line 8, after the conclusion of the sentence before line 9, insert a new paragraph to read as follows:

"Gypsy and brown-tail moth. For the control and prevention of spread of the gypsy and brown-tail moth, $300,000."

Mr. BLANTON. Mr. Chairman, I reserve a point of order on the amendment.

Mr. WOLVERTON. Mr. Chairman, I offer this amendment to meet a situation that has been called to my attention by Hon. A. Harry Moore, Governor of the State of New Jersey, and by the secretary of agriculture of the State of New Jersey. I ask unanimous consent to read telegrams received by me from these officials of the State of New Jersey as part of my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. WOLVERTON (reading):

STATEHOUSE,
Trenton, N.J., February 28, 1934.

Hon. CHARLES A. WOLVERTON,
House of Representatives:

Urge inclusion of $500,000 in Federal appropriation bill for gypsy moth. Understand no provision in present bill. We have exterminated gypsy moth in New Jersey and do not want reinfestation.

A. HARRY MOORE, *Governor.*

Another telegram was received by me from William B. Duryee, secretary of agriculture for the State of New Jersey. It reads:

TRENTON, N.J., *February 28, 1934.*

Hon. CHARLES A. WOLVERTON,
House of Representatives:

Understand no Federal appropriation provided for gypsy moth. Failure to include this item will expose New Jersey to reinfestation and invalidate work and expenditures of past 10 years. Infestation in Pennsylvania sure to invade New Jersey if no money appropriated. At least five hundred thousand should be provided.

WILLIAM B. DURYEE,
Secretary of Agriculture.

These telegrams present a very serious situation that is facing not only New Jersey but also the States of Pennsylvania, New York, Connecticut, Rhode Island, Massachusetts, and Vermont.

The last appropriation bill carried the sum of $408,388 for the control and prevention of spread of the gypsy moth and brown-tail moths. This appropriation bill carries no appropriation whatsoever.

There is a real danger therefore that this destructive species of moth will spread elsewhere throughout the country. The possibility of distribution of the gypsy moth over long distances on shipments of products which might carry it is illustrated by inspection records on such shipments.

The testimony given by Lee A. Strong, Chief of the United States Bureau of Entomology and Plant Quarantine, when he appeared before the Appropriation Subcommittee on Agriculture, January 22, last, shows that during the period the quarantine has been in force up to the end of the fiscal year 1932 more than 101,672 gypsy-moth egg clusters have been removed from shipments, as well as 11,337 specimens in other than egg state. Infestations have actually been discovered on and removed from shipments destined to every State except Idaho, Montana, Nevada, and Oregon. Thus it will be readily seen that the danger is national in scope and not merely local.

The inspection and certification covers commodities which are grouped into nursery, quarry, forest, and evergreen products. Industries located within the infested area and which deal with articles likely to carry this insect are enabled under Federal certification to ship their products in a normal way. If there were no Federal certification, State quarantines, which are practically embargoes, would be in effect in nearly every State. An interstate business in such articles would operate under a severe handicap.

During the fiscal year 1933 certification covered: Evergreen products, 463 carloads and 103,766 less-than-carload lots; forest products, 2,427 carloads, 6 barge loads, and 26,633 less-than-carload lots; nursery products, 124 car-

loads and 57,958 less-than-carload lots; stone and quarry products, 169 barge loads, 4,957 carloads, and 125,623 less-than-carload lots.

Cooperation is being maintained during the fiscal year 1934 with nine States, which States contributed an aggregate amount of $1,161,017 to the cooperative work.

It is true that the President's Budget message indicates that $99,282 of Public Works allotments will be expended for this activity for 1935, but this amount is so small, compared to the amount needed to maintain this important work, that it is almost valueless. A comparison of this small allotment with the appropriations formerly made gives a clear understanding of why I am insisting that it is too small to be of any real value. In 1932 the appropriation was $648,580, in 1933 it was $400,000, and in 1934 it was $408,388. In addition to this latter amount there was also allotted a very considerable sum from P.W.A. funds for projects in New York, Vermont, Massachusetts, Connecticut, and Pennsylvania. There has also been considerable work done by the C.W.A. But the fact, nevertheless, remains that if no appropriation is made in this bill, it will mean a curtailment and reduction in the amount of inspection furnished and in the other and worthwhile activities incidental to the control and prevention of the gypsy and brown-tail moths.

It seems to me to be unwise to curtail this important work at this time. The money already expended by the Federal and State Governments is beginning to show results. A reduction of activity at this time will most surely result in a necessity for larger appropriations at a later date.

I appeal for a favorable consideration of the amendment so that there will be no let-up in the important work being done by this Department.

We owe it to the States which have already contributed large sums to carry on the work in cooperation with governmental agencies.

By way of explanation as to how the amount of $300,000 was determined, let me say that the Department of Agriculture appropriation bill as it was passed last year carried $408,000 for this purpose. This year, as I understand, something over $99,000 has been set aside under the President's Budget message to be used for this work. Therefore, with the $300,000 provided by this amendment, the appropriation for control and prevention of gypsy and brown-tail moths is brought up to approximately the same amount as appropriated last year. The present bill carries no appropriation whatsoever for the control and prevention of the gypsy moth.

Mr. MALONEY of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield.

Mr. MALONEY of Connecticut. I should like to make the observation that other parts of the country are similarly interested, and I, too, received like telegrams and communications from my State.

Mr. WOLVERTON. I have pointed out that the control and prevention work is carried on particularly in Pennsylvania, New York, Connecticut, Rhode Island, Massachusetts, and Vermont; but the beneficial effect, as I have stated, reaches throughout the country.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I rise in opposition to the amendment.

I appreciate the interest of the gentleman from New Jersey, but the fact is that instead of having $300,000 for this work as provided in his amendment, he will have $360,000, just $60,000 more than he asks for.

There was set aside from the Public Works fund for this same type of work, $1,921,338.

While it is true there is no language carried in this bill to take care of it and there was some question whether or not the bureau of the Department of Agriculture which is handling this matter would have the authority to use any part of this fund beyond the 1st day of July 1934, there are several other items in the bill in the same status as this one; and after a conference with Mr. Burlew, of the Public Works Administration, with the gentleman from Texas [Mr. BUCHANAN], Chairman of the Appropriations Committee, and Mr. Douglas, Director of the Budget, and after phoning Mr. McCarl, the Comptroller General, to see whether it would be satisfactory, the following resolution was agreed on, and we have every assurance that this resolution, if passed by Congress, would take care of the item mentioned by the gentleman from New Jersey. It is included in a letter addressed to the gentleman from Texas [Mr. BUCHANAN], which I will read:

FEDERAL EMERGENCY ADMINISTRATOR OF PUBLIC WORKS,
Washington, D.C., February 15, 1934.

HON. JAMES F. BUCHANAN,
Chairman Appropriations Committee,
House of Representatives.

MY DEAR MR. BUCHANAN: Referring to Administrator Ickes' letter of February 8, regarding the items omitted from the appropriation bill for the Department of Agriculture by reason of Public Works allotments, I enclose a copy of the resolution passed by the Special Board for Public Works, which confirms the action taken by the Budget.

Sincerely yours,

E. K. BURLEW,
For the Administrator.

RESOLUTION FOR SPECIAL BOARD

Whereas the President in presenting the 1935 Budget to Congress has stated that the Administrator and this Board have heretofore allotted funds to the Forest Service, Department of Agriculture, to finance its program for aerial fire control, sanitation, and fire prevention, for planting on national forests, for reconnaissance national forests, and for a forest survey (the Budget, 1935, p. 23) and that the Administrator and this Board have allotted funds to the Bureau of Entomology and Plant Quarantine, Department of Agriculture, to finance its program for gypsy and brown-tail moth, blister-rust control, Dutch elm disease and barberry eradication (the Budget, 1935, p. 24);

Whereas the President in so presenting the Budget has included in the comprehensive program of Public Works the said projects of the Department of Agriculture and it is necessary for accounting purposes that the Administrator and Special Board of Public Works register the President's action in the premises:

Resolved, That said projects be included in the comprehensive program and that the Forest Service and the Bureau of Entomology and Plant Quarantine be authorized and empowered to make expenditures toward accomplishment of said projects in the amounts and for the purposes stated in the Budget for 1935.

Mr. WOLVERTON. Will the gentleman yield for a question?

Mr. SANDLIN. Yes; I yield to the gentleman from New Jersey.

Mr. WOLVERTON. Does the resolution which the gentleman has just read fix a definite amount of expenditure for this particular agency?

Mr. SANDLIN. I yield to the gentleman from Texas [Mr. BUCHANAN] to answer the question.

Mr. BUCHANAN. Yes; it does. There is $360,000 of Public Works money allotted for the gypsy and brown-tail moth unexpended and this will be retained to be expended during the next fiscal year. That is the reason this item was not in the bill.

The Public Works Administration allotted $2,020,000 for the gypsy and brown-tail moth, five times as much as we appropriated last year. They entered an order that this money must be spent during the fiscal year 1934. This was a foolish order. When any department is required to spend money in such a rush it cannot be spent efficiently.

Mr. SINCLAIR. Will the gentleman include all the other items in his statement?

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Chairman, I move to strike out the last three words.

I might as well explain the situation as to the several appropriations.

In the first place, in my judgment, for this Government to have two appropriating authorities, one in the legislative branch and the other in the executive branch, is inimical to an economical Government. [Applause.] This is what we have had during this fiscal year. Congress appropriated $3,300,000,000 for the Public Works relief program, and most of that vast sum has been allotted by what is called the Public Works Board, a majority of whom are Cabinet officers.

Heads of departments generally have an interest in trying to get more money for their respective departments. They

thus allotted $2,400,000,000 out of the $3,300,000,000 to Government departments, in many instances broadening the sphere of Government activities, which will require additional annual appropriations to carry on and administer such additional activities. This money was granted to furnish employment by public works, and I recognize the need for that, but I also stand for an economical Government and economical expenditures, and two appropriation bodies, one overriding the other, produce confusion.

The Budget came to the committee, and after obtaining the items that had been allotted to the Agricultural Department for the regular activities by the Public Works Board in addition or supplemental to what we had appropriated, I found that the Budget took into consideration many of these allotments and did not make an estimate for such project for the next fiscal year. Among the number was the gypsy and brown-tail moth. They have allotted $2,020,000 for that purpose when we had appropriated only $408,000 for this fiscal year. They allowed $2,020,000 for it. Just think of this.

Mr. Chairman, this is money absolutely thrown away. Why? Some of you gentlemen who live in neighborhoods where the gypsy and brown-tail moth exists will shake your head, but let me tell you that we have had this project before us for 15 years or more. We have appropriated money year after year, and the total sum of these appropriations has gone into millions and millions of dollars. What have we found by all this experience, this research, and this investigation? We have found that the gypsy or brown-tail moth cannot be eradicated. Every entomologist and every Government official who has ever had anything to do with this matter frankly states that you cannot eradicate the gypsy or brown-tail moth. What policy did we adopt? We adopted the policy of controlling and preventing its spread. How? We established a 30-mile zone around the infested areas and we undertook to keep that zone moth-free, to prevent the moths from crossing the zone. The female moth cannot fly. The male moth can fly. This was a fortunate situation, because we could keep the zone free of moths and they could not spread to other territories.

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BUCHANAN. The only legitimate object for which we can appropriate money is to prevent the spread of this insect and to provide for inspection, treatment, and certification of the products out of the infested areas. This is to prevent the unfortunate people who happen to live in the infested zone from becoming bankrupt. In other words, when they have products to ship out of the infested zone, we go in there, inspect the products, and give them a certificate so that they can ship out the products. Otherwise every State would quarantine against their products and bankrupt the people in the infested area.

What is the situation? There is $360,000 that will be available for the next fiscal year from the Public Works allotment to keep this zone free of moths, to prevent their spread, and to enter the infested area, examine, inspect, and certify the products that are shipped.

Mr. WOLVERTON. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. WOLVERTON. I am in full accord with the thought the gentleman has expressed that there should be only one appropriating agency in the Government, because it can be done in that way more intelligently. I make that observation because there is evidently a new appropriating agency. The House Appropriations Committee in this particular instance has evidently taken this fact into consideration and therefore has made no appropriation in this bill, assuming that the other agency to which the gentleman refers will do so.

Mr. BUCHANAN. No. I am not assuming they will do so. They have done so.

Mr. WOLVERTON. If the secondary or supplemental agency referred to can contribute money for this work, is it possible for such agency to withdraw the allotment after it has been made?

Mr. BUCHANAN. No. In order to prevent that, as Chairman of the Appropriations Committee I wrote the Public Works Administrator about that, so that I would be sure that some of this money the Public Works Board has allotted would be used in the next fiscal year. It was some time before I got a reply, but finally I got the representative from the P.W.A., the Budget officer of the Department of Agriculture, and Director Douglas together, and this letter that the gentleman from Louisiana [Mr. SANDLIN] read was the result, making the money that had been allotted by the Public Works Board for these various activities available not only for active work in the field but for the administrative expenses in the Department of Agriculture. There is no doubt about that.

Mr. WOLVERTON. For the information of those who are very sincerely interested with me in seeing that proper provision is made, will the gentleman inform us as to how much will be available for the control and prevention of gypsy and brown-tail moths for the fiscal year commencing July 1, 1934?

Mr. BUCHANAN. Three hundred and sixty thousand dollars.

Mr. HEALEY. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. HEALEY. An appropriation to carry on this work for the last fiscal year was made amounting to $400,000.

Mr. BUCHANAN. About that; yes.

Mr. HEALEY. The gentleman's committee recommended that appropriation and the Congress accepted its recommendation. How much money was spent last year in addition to the appropriation of money by the P.W.A.?

Mr. BUCHANAN. Two million twenty thousand dollars was allotted and we should add to that $400,000, which would mean $2,420,000 as the total amount they had for this year and next year. By the end of this fiscal year they will have spent all but $360,000, and so far as economical or permanent results are concerned, most of it has been thrown away. The only purpose it served was to give employment in a period of unemployment.

Mr. HEALEY. Has the gentleman facts to substantiate that statement?

Mr. BUCHANAN. I have facts to substantiate that or I would not have made the statement. Does the gentleman mean the "thrown away" part?

Mr. HEALEY. Yes.

Mr. BUCHANAN. The other facts I can substantiate. The "thrown away" part is my judgment, because what did they do? They went into an infested area and tried to eradicate a moth that is not capable of being eradicated.

Mr. SWICK. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. SWICK. Will the gentleman explain why it is that for certain of these pests like the corn borer and the pink bollworm and other cotton-destroying insects there are certain definite amounts set out, while for this moth there is no such appropriation?

Mr. BUCHANAN. Because the Public Works Administration did not allot a large appropriation for them and therefore the regular appropriation is carried. If the P.W.A. had allotted for the control of those insects a large sum of money, this bill would have been silent and carried no item of appropriation for them.

Mr. KENNEY. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. KENNEY. Is it not a fact that only $99,000 has been allocated to this work for this year?

Mr. BUCHANAN. The gentleman is referring to the Budget figure that came up here the first of the session. I just phoned Mr. Strong, who has charge of this work, this morning and said I wanted to know definitely what the amount

would be for the next year, and he stated $360,000, and if the gentleman will look at the hearings, he will find that that is also in the hearings and $360,000 will be available next year.

Mr. KENNEY. May I inquire whether Mr. Strong regarded $360,000 as sufficient?

Mr. BUCHANAN. Yes.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. WOLVERTON].

The amendment was rejected.

The Clerk read as follows:

Insect pest survey and identification: For the identification and classification of insects, including taxonomic, morphological, and related phases of insect pest control, the importation and exchange of useful insects, and the maintenance of an insect pest survey for the collection and dissemination of information to Federal, State, and other agencies concerned with insect pest control, $121,616.

Mr. BLANTON. Mr. Chairman, on page 53, lines 9 and 10, I move to strike out the words "for the identification and classification."

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 53, lines 9 and 10, strike out the words "for the identification and classification."

Mr. BLANTON. Mr. Chairman, there is a good reason for the law which requires appropriation bills to originate in the House of Representatives. This places a duty and a burden upon the Members of the House to see to it that appropriations that take the people's money out of the Treasury are proper and right and just and in the interest of the people.

Many of the rules and precedents of the House have been built around the protection of the people's Treasury. You will find many valuable precedents of this House have come from distinguished Speakers who have been of both parties. There have been many valuable precedents established by Republican Speakers, by no less a distinguished Speaker than our former eminent colleague from Ohio, Mr. Nicholas Longworth.

I want to call your attention to one of his precedents. If you will look on page 2975 of the RECORD of January 23, 1931, you will find a ruling that Speaker Longworth made at that time. It is short and I want to read it to you:

INTERIOR DEPARTMENT APPROPRIATION BILL WITH SENATE AMENDMENTS REFERRED TO COMMITTEE

The SPEAKER (Mr. Longworth). The Chair desires to make a statement at this time, and wishes particularly the attention of the gentleman from Texas [Mr. Garner], in view of the question which the gentleman from Texas propounded to the Chair a few moments ago.

The Interior Department appropriation bill with Senate amendments is on the Speaker's table. It is entirely within the discretion of the Chair what course should be taken with regard to the disposition of this bill. Ordinarily a request is made for unanimous consent to send such bills to conference at once. The other course is that the Speaker himself shall refer the bill to the appropriate committee. In view of the tremendous importance of the question arising under the Senate amendment providing for a $25,000,000 appropriation to the Red Cross, in view of the request of the members of the Appropriations Committee that hearings should be had and that the Red Cross may have the opportunity of stating its position, the Chair is going to take the course of referring this bill to the Appropriations Committee, and refers the bill with Senate amendments to the Appropriations Committee and orders it printed.

There is your precedent, I will say to my friend from Oregon [Mr. MOTT]. There is your precedent for the Speaker sending an appropriation bill, on his own motion, back to the committee. It was established by your own Republican Speaker, Mr. Nicholas Longworth, of Ohio.

This was on a $25,000,000 amendment. The reference yesterday that was made by our distinguished Speaker from Illinois [Mr. RAINEY] was on amendments from another body aggregating $354,432,124.

Mr. SWICK. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. SWICK. The Speaker specifically pointed out there, however, that there had been no hearings on that matter. Have there not been hearings on the amounts that were placed in the bill referred to yesterday?

Mr. BLANTON. Why, certainly not, except superficial hearings.

I want to say to my friend that when the emergency officers came in here and asked Congress to give them retirement pay, they first represented there were only about 900 of them. Then later they said there were about 1,500 of them and they got Congress to pass a bill giving them retirement pay, and after they got the law through, instead of 900 of them being retired there were about 6,500 of them retired.

And it so happened that many of them were drawing large salaries from the Government, and from States, and from private corporations, and at the same time they received in addition to their salaries retirement pay from the Government ranging from $125 to $325 per month for life.

I will not have time to do it now but I am going to ask unanimous consent to revise and extend this speech, and later on I am going to review some of the cases and let you know just how this Government has been imposed upon, and just how foolish and ridiculous some of the reasons were for granting retirement.

I will quote to you later some of the evidence that was given at the hearing that our Committee on Military Affairs held on my resolution, House Joint Resolution 355, which eventually caused nearly 5,000 of these emergency officers to be dropped and to lose their fat pensions to which they were not entitled.

The Administrator of Veterans' Affairs testified before the committee and went to the White House with a report in which he said that in his judgment several thousand of these officers on the rolls were in effect a fraud; that they had no pensionable service-connected disability; and that it was an injustice to the veterans of the country to pay them this large monthly retirement pay.

Under Public Act No. 2, by authority of the Congress given the President, nearly 5,000 officers were dropped from the rolls.

By your consent I am having printed as a House document a revision of the old House Document No. 802 that carried the names and the salaries of these 6,500 retired officers. It is being printed today and will be ready for distribution on Monday. It shows that out of this 6,500 formerly drawing retired pay only 1,518 were restored to the list. Only 1,518 have been able to show or prove that they had service-connected disability.

Mr. BLANCHARD. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BLANCHARD. How does the gentleman know that this involves an expenditure of $300,000,000?

Mr. BLANTON. It does not. Putting these emergency officers back on the rolls is only one amendment. When I said there had been added to the House bill $354,432,124, that sum was the aggregate of all the amendments. If you will look on page 3297 of the RECORD for last Tuesday you will there see that the President's spokesman in another body, in recounting the various amendments added to our House bill, said:

If we add the amount which has been included in the bill by reason of the increase in the salaries of employees of the Federal Government, which amount is $215,993,124, it means that as a result of the action of the Senate upon the pending bill we will have added to our appropriations $354,432,124.

The law places upon us, Members of the House of Representatives, the burden of preparing and initiating all proper appropriation bills. It is a burden placed on our shoulders by law. It is a responsibility from which we cannot escape. We must meet it, and I commend the Speaker of this House for following the precedent of the former Speaker from Ohio, Mr. Longworth, when he sent the bill back to the Appropriations Committee on his own motion.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. BLANTON. I always yield to the distinguished lady from Massachusetts.

Mrs. ROGERS of Massachusetts. I am not so certain of that. Is the gentleman sure that every one of these retired officers have been justly taken off the roll?

Mr. BLANTON. Except those, possibly, in the district of the good lady from Massachusetts. I want to state that on that roll was William Wolff Smith——

[Here the gavel fell.]

Mr. BLANTON. I ask for 3 minutes more.

Mr. MARTIN of Massachusetts. Reserving the right to object, I would like to ask the chairman of the subcommittee if he is going to allow any more general debate on the bill?

Mr. BLANTON. I only want 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. On that list was William Wolff Smith, who had only 13 days in a swivel-chair service in Washington during the war, and in addition to an annual salary of $9,000 drawn from the Government, he had himself retired at $187.50 per month for the rest of his life. I put the facts before the committee and he resigned.

Mrs. ROGERS of Massachusetts. That is only one instance. What became of the others?

Mr. BLANTON. We produced the evidence on him and he sat there crumpled up like a baby, and he said, "Take me to the hospital." He said, "Let me alone and I will pay the money back to the Government"; and he resigned. There was one officer drawing a big salary from the Government who was retired for "social inaptitude." When we asked his experts what they meant by "social inaptitude", they said that he could not carry on a proper parlor conversation in high society. [Laughter.]

Possibly I ought to be retired if that is a reason for retirement. Probably I cannot carry on the proper kind of a parlor conversation in high society. When another body puts back on the list emergency officers who failed to prove service-connected disabilities, then it is high time, I think, that we have a Speaker, with precedent or without precedent, who under the rules of this House, on his own motion, will send the bill back to the committee. [Applause.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. I would like to ask the gentleman what, in a case such as I heard of today, of a retired emergency officer whose leg is off and his service-connected pension was cut and his retirement was taken away from him? There are a good many cases like that.

Mr. BLANTON. I refer the lady to General Hines, who, in effect, said several thousand of them were frauds and ought not to be there. They have been taken off, and we must not let them be put back.

Mrs. ROGERS of Massachusetts. Yes; but the gentleman knows perfectly well that a great many service-connected battle-casualty cases of men, not retired emergency officers, were cut and cut, as high as 60 percent, during the present administration.

Mr. BLANTON. Oh, I am for taking care of the veterans who were disabled and for the officers who were disabled, but not these officers who were not disabled. I will amplify my views at a later date and give some specific cases.

Mr. Chairman, the great majority of our emergency officers during the World War were of the finest, ablest, noblest, bravest men of this great Nation. They served our country through patriotism with no selfishness or hope of reward. Few of those, comparatively, who had actual service abroad have ever tried to "hold up" their Government since the war.

But, Mr. Chairman, there are always some black sheep in every flock. Among our emergency officers there are some racketeers. After the war closed, many tried to remain in the service, and did remain until Congress was influenced to grant to them 1 year's extra pay, as a bonus for leaving, to enable us to properly reduce the officers of our peace-time Army.

The chief racketeer of them all was Maj. William Wolff Smith. During the war he got a civilian position as a clerk in a department here at $125 per month, or $1,500 per year, which easy, safe, convenient, reclining position he held until October 29, 1918, when he entered the service just 13 days before the armistice, after which he held on until he got his pleasure trip to Honolulu in 1922, received his $1,000 extra pay to get out, immediately went into the Veterans' Bureau, and by Col. Charles R. Forbes, then Director—whom we afterwards sent to the penitentiary—was made General Counsel of the Bureau, drew a salary of $9,000 per year, and helped to pass over the President's veto the Retired Pay Act, under which he drew $187.50 per month, additional to his salary, until we had him and 4,800 others put off the rolls.

Then there is Dr. Jo Marvin Ferguson, formerly of North Little Rock, but now at Lexington, who did not enlist until October 18, 1918, and who did not actually begin service until 7 days before the armistice, who, while drawing a salary of $6,500 from the Veterans' Administration, drew additional retired pay of $150 per month, and his back check he received as accrued pay amounted to $1,051.94 when he retired, which he received in cash. You will find this set out on page 7 of House Document No. 802, which I had printed 2 years ago on March 3, 1931. He was cut off. He is trying to get back.

Then there is District Judge Carl O. Hamlin, of Breckenridge, who for 13 years has been drawing a fat salary holding court in only one county, while when I was a circuit judge I held court in the five big counties of Stephens, Eastland, Callahan, Taylor, and Shackelford; and Judge Hamlin has been drawing retired pay of $150 per month additional from the Government. He was cut off. He is trying to get back. You will find Judge Carl O. Hamlin listed on page 139 of said House Document No. 802, which I had printed on March 3, 1931. During the war Hamlin never saw an enemy. His entire service was in the United States filling easy berths.

You will find many of the more than 4,800 emergency officers whom we have dropped from the rolls and taken from them the retired pay they had been unjustly drawing from the Government listed in my resolution, House Joint Resolution 355, which I introduced in the House on April 6, 1932, giving their names, their addresses, their length of service, the amount of their retired pay, and the big salaries many were at the same time drawing from the Government. It was in the hearing which the Committee on Military Affairs granted me on my said House Joint Resolution 355, during April and May of 1932, that I produced evidence showing the many flimsy, silly, ridiculous, fraudulent excuses upon which many were granted retired pay ranging as high as $556.67 per month for life (drawn by Dr. Lloyd E. Dyer, of Greeneville, Tenn., shown on p. 139 of my said H.Doc. No. 802), and which eventuated in causing these more than 4,800 officers to be dropped from the rolls. Among these 4,800 officers who have been dropped, as listed in said House Document No. 802, printed by me on March 3, 1931, you will find Judge John H. Fraine, Col. Erle Davis Luce, and Col. William Theodore Mollison, of Minneapolis, all drawing retired pay of $312.50 each at the time we dropped them. You will find Edward Lee Kearns, of Pittsburgh; Col. F. S. Van Gorder, of Warren; and Thomas Biddle Ellis, of Philadelphia, each drawing $312.50. You will find Dr. Junius Francis Lynch, of Leesburg; Col. John Houston Merrill, of Washington; Col. John H. Dunn, of South Boston; Dorsey Woodruff Thickstun, of Los Angeles; and Col. Leroy V. Patch, of Payette, all drawing $281.25 each when we cut them off. You will find Col. Charles Lutin Dulin, of Rome; Col. Charles D. Center, of Quincy; and Col. Charles William Decker, of Los Angeles, all drawing retired pay of $300 per month each when we cut them off. You will find Col. Jouett C. Henry, of Hopkinsville, drawing $312.50; Robert E. Steiner, of Montgomery, drawing $375; Gen. William C. Wilson, of Nobleton, drawing $375; and Julian Francis Greeley, of East Milton, drawing $471.96 per month when they were cut off. Naturally none of them like it. This was easy money for them. None of them had suffered any disability in war. None of them had

any battle casualties. None of them were powder-burnt. Each and every one who was actually disabled, with service connection, has been kept on the rolls.

I have just had printed, by authority unanimously given me by the House, the names of all bona fide disabled emergency officers with service connection still allowed retired pay, and there are only 1,518 of them whose names, addresses, and amount of pay you will find printed in my House Document No. 269, just recently off the press. House Document No. 802 contained the names of over 6,300 emergency officers retired, but over 4,800 of them have been dropped from the rolls as undeserving and their retired pay taken from them, and their names do not appear in the revised list just printed in House Document No. 269. Naturally they are mad. They still want to draw their easy money. They are thoroughly organized. They have a strong lobby here in Washington. They have a lobby in each State. Most of them are men of means. Most of them hold lucrative positions. Some are mayors. Some are judges on benches. Some are legislators. Some are prosecuting attorneys. Many are prominent physicians. Many are prominent lawyers. Many are prominent dentists. Some are prominent politicians.

They did everything within their power to defeat me for office last election. They misrepresented me in my district. They maligned my record. They caused vicious newspaper articles to be published. They made a pussyfooting campaign throughout my district. But never once did they disclose their personal grudge or let the people know that my determined fight and hard work here, covering months of laborious effort, had helped to cut them out of their easy money which the tax-burdened people had been paying. And it is their lobby and influence which have put their amendment on the bill, and we must kill this amendment and not let them be put back on the rolls. This money should go to disabled ex-service men and to their widows and orphan children.

"POKER BILL"

When William Wolff Smith entered the service on October 29, 1918, just 13 days before the armistice, he was drawing $125 per month as a clerk in a civilian position. He did not enter as a private. Having influential friends, he applied for a commission. He was examined October 28, 1918, the board reporting that he had the following existing defects:

Defective vision in right eye, defective vision in left eye, three missing teeth, and complete reducible indirect left inguinal hernia—

And he was rejected for general military service, but through influence was accepted for special and limited service, which he entered on October 29, 1918, with a swivel-chair commission here in Washington as captain in the Sanitary Corps.

So he had had 13 days' service in a swivel chair here in beautiful Washington when the armistice was signed on November 11, 1918. Though the war had closed, he held on to his commission, and in 1920 he asked that he be promoted either as a major in the Finance Department or a lieutenant colonel in the Quartermaster Corps. His examining board found that because of his said defects, all of which existed when he entered the service—

He was physically disqualified and incapacitated, and that he also lacked knowledge and experience.

When he left the Army, William Wolff Smith swore:

I certify that at the present time I have no wound, injury, or disease, whether incurred in the military service or otherwise—

And by making that affidavit he got the Army to appoint him a major in the Quartermaster Reserve Corps on January 24, 1923, and he received his 1 year's extra pay for getting out of the Army, and he received his free trip abroad, going to Honolulu during the fall of 1922 at Government expense, routing by Grand Canyon going, and Mount Rainier returning.

Maj. William Wolff Smith immediately secured a position with the United States Veterans' Bureau on January 17, 1923; Col. Charles R. Forbes, whom we later sent to the Federal penitentiary, was then the Director of the Bureau. Forbes gave Smith his appointment, and made him General Counsel of the Bureau, in charge of all legal matters. Smith had no standing as a lawyer, but was a broken-down, disreputable third-class newspaperman, yet had the final legal say on the rights of 4,000,000 war veterans, their widows and orphan children, with head control over the 876 lawyers eventually employed by said Bureau.

Some of you older Members here will remember the first report I filed against Col. Charles R. Forbes, showing the millions of dollars he grafted and wasted. Only such a man as Forbes would have placed Smith in such position.

I want you to look in the CONGRESSIONAL RECORD for April 21, 1932, and see the names, records, and salaries I printed of these 876 lawyers in this Veterans' Bureau, the majority of whom Smith caused to be appointed. You will see that many of them were formerly clerks in Government bureaus drawing salaries from $900 to $1,800 per year, and obtaining law licenses through correspondence schools and otherwise were designated as lawyers, and had their salaries trebled, and quadrupled and some raised to $5,000, $6,000, $7,000, $8,000, and $9,000 per year. You will note that I published their former ratings and salaries, and their raised bureau salaries.

RETIRED PAY FOR DISABLED EMERGENCY OFFICERS

Then, aided and abetted by Maj. William Wolff Smith and by misrepresenting the facts, certain disabled emergency officers influenced Congress, over the President's veto, to pass their bill giving them retired pay for life many times greater than enlisted men draw as compensation for battle injuries. They first assured Congress there were only 900 of such officers and later said there could not be over 1,500 of them. But after getting their law passed and arranging boards that "would scratch each other's back", over 6,300 of such officers were retired, many of them being doctors and lawyers who never heard an enemy's gunfire, and whose only service was swivel-chair safety jobs in the United States, and who while drawing this large monthly retired pay from the Government have held lucrative jobs with either the State or Government at fat salaries.

RECEIVED PAY FROM THREE SOURCES

Some of these emergency officers retired on pay, in addition to their big annual salaries and their big monthly retired pay, and have been drawing additional money from the Government as Reserve officers on active duty. Illustrating this, as the situation existed in 1932 when I checked it, Dr. Julius L. Arntzen, at Tucson, Ariz., received an annual salary of $5,400 from the Veterans' Bureau, and retired pay of $150 per month additional, and then received pay and allowances of $213.27 for active duty as a Reserve officer; Dr. John R. Brown, at Minneapolis, Minn., annual salary, $4,600, retired pay, $125 per month, pay and allowances as Reserve officer, $148.02; Dr. Jesse L. Hall, at central office, Washington, annual salary, $5,400, retired pay, $150 per month, pay and allowances as Reserve officer, $400.40; Dr. Bernard A. McDermott, at central office, Washington, annual salary, $5,000, retired pay, $125 per month, pay and allowances as Reserve officer, $174.49; Maj. William Wolff Smith, general counsel, annual salary, $9,000, retirement pay, $187.50 per month, pay and allowances as Reserve officer, $85.80; Levi A. Beem, at Indianapolis, Ind., annual salary, $3,300, retired pay, $165 per month, pay and allowances as Reserve officer, $206.92; Dr. Edward J. Burnett, Veterans' Home, Dayton, Ohio, annual salary $3,800, retired pay, $150 per month, pay and allowances as Reserve officer, $388.74; Dr. Alpha M. Chase, Denver, Colo., annual salary, $4,600, retired pay, $195 per month, pay and allowances as Reserve officer, $104.28; Dr. William H. Hatcher, dentist at Cincinnati, Ohio, annual salary $4,400, retired pay, $150 per month, pay and allowances as Reserve officer, $232.86; Dr. Horace E. Ruff, at Little Rock, Ark., annual salary, $3,800, retired pay, $243.75 per month, pay and allowances as Reserve officer, $277.24; Dr. Thomas F. Dodd, Washington, annual salary, $4,800, retired pay, $187.50 per month, pay and allowances as Reserve officer, $213.64; Dr. William E. Park, at Oteen, N.C., annual salary, $4,600, re-



tired pay, $150 per month, pay and allowances as Reserve officer, $254.84; Dr. Edd L. Robertson, Washington, annual salary, $5,400, retired pay, $187.50 per month, pay and allowances as Reserve officer, $416.52; Mr. Norman B. Gridley, on appeal board at Newington, Conn., annual salary, $3,300, retired pay, $150 per month, pay and allowances as Reserve officer, $162.78.

RECEIVING FOUR DIFFERENT INCOMES

In addition to receiving their annual salaries, their monthly retired pay, and their pay and allowances for duty as Reserve officers, I found when checking them up in 1932 that Dr. Jesse L. Hall and Dr. Horace E. Ruff were doing private medical practice after official hours.

I found also in 1932 that the following high-salaried, overpaid Veterans' Bureau doctors were doing private practice after official hours: Dr. George I. Birchfield, at Seattle, Wash., salary $4,000, retired pay $150 per month; Dr. Louis B. Derdiger, at Minneapolis, salary $3,800, retired pay $150 per month; Dr. Charles W. Wang, at Philadelphia, salary $3,800, retired pay $125 per month; Dr. Hargus G. Shelley, Wichita, Kans., salary $4,800, retired pay $150 per month; Dr. Vincent M. Diodati, at Philadelphia, salary $4,600, retired pay $150 per month; Dr. John J. Small, dentist, at Philadelphia, salary $3,800, retired pay $150 per month; Dr. Albert Field, at Hines, Ill., salary $4,200, retired pay $150 per month; Dr. Leon M. Ochs, at St. Louis, Mo., salary $3,800, retired pay $125 per month; Dr. Harry Frey, Dallas, Tex., salary $3,800, retired pay $125 per month; Dr. Paul D. Moore, Seattle, salary $3,800, retired pay $125 per month; Dr. Harry S. Monroe, Pittsburgh, salary $4,600, retired pay $125 per month; Dr. Edwin M. Johnson, Washington, salary $4,400, retired pay $150 per month; Dr. Oliver P. Miller, at Louisville, salary $4,600, retired pay $125 per month; Dr. John Ladd, Washington, salary $5,000, retired pay $150 per month; Dr. James L. McKnight, Tucson, Ariz., salary $4,600, retired pay $125 per month; Dr. William R. Leahy, San Francisco, salary $4,600, retired pay $150 per month; Dr. William W. McCrillis, dentist, Los Angeles, salary $3,700, retired pay $150 per month; Dr. Henry C. Lochte, New Orleans, salary $4,400, retired pay $125 per month; Dr. Dick R. Longino, Atlanta, salary $3,800, retired pay $125 per month. They were supposed to be giving all their time to the Government, yet they practiced medicine on the side.

BLANTON'S HOUSE JOINT RESOLUTION 355

On April 6, 1932, I introduced House Joint Resolution 355, calling attention to all of the above, and showing that of the six-thousand-three-hundred-and-odd officers named drawing retired pay, as listed in my House Document No. 802, over 4,800 emergency officers were fraudulently drawing retired pay from the Government, and giving the name, address, position, retired pay, and salary many of them were drawing from the Government, and providing for the dismissal of William Wolff Smith, and for the removal of said officers not entitled to pay from the rolls, and providing for the repeal of said retirement act.

HEARING BEFORE COMMITTEE ON MILITARY AFFAIRS

My said resolution was referred to the Committee on Military Affairs, ably presided over by our friend from South Carolina [Mr. McSWAIN], who promptly gave me an exhaustive hearing. When confronted with proof of the above facts, Maj. William Wolff Smith completely collapsed, agreed to pay back to the Government the money he had drawn from it, and whimpered like a baby. Having been general counsel at the head of the Bureau's legal department, with 876 lawyers under him, he was supposed to be able to hold his own across the table with the leading lawyers of the United States; hence it was pitiful to witness his abject incompetency and helplessness, and he was able to offer no defense whatever against said House Joint Resolution 355, designated as the "Declaration of war against Government parasites", and the proof supporting same with which he was deluged.

HANDICAPS

As is usual in all such cases, one member of the committee in particular, Gen. Burnett M. Chiperfield, of Illinois, tried in every ingenious way possible to hamper, obstruct, and hamstring me in my efforts to develop the evidence before said committee in said hearing. I want, especially, to thank and commend for their sympathetic and able assistance the following distinguished members of the Committee on Military Affairs who bravely insisted that all facts be uncovered and refused to shield any censurable conduct, to wit: Chairman John J. McSwain, of South Carolina; Hon. Lister Hill, of Alabama; Hon. Jed Johnson, of Oklahoma; Hon. Andrew J. May, of Kentucky; Hon. R. Ewing Thomason, of Texas; Hon. William N. Rogers, of New Hampshire; Hon. W. Frank James, of Michigan; Hon. William H. Stafford, of Wisconsin; Hon. Florence Kahn, of California; and Hon. Charles A. Wolverton, of New Jersey. For the hard work they performed, and the efforts they exerted in going to the bottom of everything and allowing no influence to distract them, they deserve the commendation of every red-blooded American in the United States. Even General Chiperfield in the end must have become convinced against his will, for he allowed a motion to be passed unanimously by said committee asking for the removal of William Wolff Smith.

HOUSE DOCUMENT 802

American Legion Posts from all parts of the United States obtained copies of my House Document No. 802, giving the names, addresses, service, and amount of monthly retired pay of all of the 6,300 emergency officers who had been retired on pay as disabled. They also obtained copies of my H.J.Res. 355, and exhausted the supply; and at my own expense I was forced to have extra copies printed, and the demand for them has been so great, that outside of our office copies, there is not an available copy left of House Document No. 802, or of H.J.Res. 355.

Members of American Legion Posts have learned that they have been exploited by some of these so-called "disabled" emergency officers, who have gobbled up important offices and key positions in the Legion, but failed to advise their "buddies" that they were drawing from the Government big retired pay, ranging from $125 to $556.67 per month for life, additional to the big salaries some of them were drawing either in State or Government positions. The buck private, with both legs and arms amputated from wounds received in front-line battle combat in France, did not appreciate some swivel-chair colonel who had only a few weeks' service in the United States being retired for "social inaptitude", or "appendicitis", or "diseased kidney", having no relation whatever to their service, and receiving handsome monthly retired pay several times the amount of compensation paid to the wounded soldier.

SOCIAL INADAPTABILITY

Dr. David O. Smith, of the Veterans' Administration, in giving evidence during the hearing before the Military Affairs Committee on my House Joint Resolution 355, testified that a board of experts examined one of these claimants on August 17, 1925, before the Retired Pay Act was passed, and reported that he had no disability and that he was thoroughly competent; but when this Retired Pay Act was passed, and this emergency officer applied for retirement pay, his examining board on August 6, 1928, reported that he had what they termed was "social inadaptability" upon which they gave him a rating of 70-percent permanent disability, and he was retired on $150 per month for life.

Dr. David O. Smith also testified that when they left the service, all these emergency officers who had not had combat service abroad made oath and swore that they "have no wound, injury, or disease, whether incurred in the military service of the United States or otherwise"; but after the Retired Pay Act was passed in 1928, they then claimed to be diseased and disabled, and that to get around that inconsistent situation General Counsel William Wolff Smith rendered the following opinion:

A statement made for one purpose that conflicts with the statement made for another purpose is not necessarily false. Such conflicting statements are not generally accepted as materially wrong.

DISTRICT JUDGE CARL O. HAMLIN

Judge Carl O. Hamlin, of Breckenridge, was born at Bolivar, Mo., on April 11, 1890; hence was 27 years old when the war started. He had attended Georgetown Law School (Catholic) for 3 years. He had a close relative in the War Congress from the Seventh Congressional District of Missouri, through whose influence he was admitted to the officers' training school at Leon Springs, where he remained from May 8, 1917, to August 1917. Then he went from Leon Springs to Camp Travis, where he remained from August 1917 to September 26, 1918. Then he went to Camp Grant, Rockford, Ill., and remained there from October 1, 1918, to January 30, 1919.

Carl O. Hamlin was never out of the United States during the war. He was never in a danger zone. He never at any time saw a German enemy. His service was performed under perfectly safe environments. When he left the service, he made oath and swore that he had "no wound, injury, or disease, whether incurred in the military service of the United States or otherwise." Then he went to Breckenridge to practice law. Later he was operated upon by Dr. Wilbur Smith, who removed his appendix. He made no claim that appendicitis, an infection for which thousands of men, women, and girls who have never been in the service have been operated upon, was in any way connected with his service. Not until November 1, 1928, many years after he had been district judge, did Carl O. Hamlin file any claim against the Government, and then he claimed that he was troubled with kidney stones.

On October 23, 1928, Hon. Ben J. Dean wrote Hon. Read Johnson, manager of the Veterans' Bureau at Dallas, that Judge Carl O. Hamlin was coming to Dallas to hold court for Judge Royal Watkins, and that he had been bothered with kidney trouble, and asking that he be given consideration. On February 8, 1929, before David Cole, notary public, Judge Carl O. Hamlin, claiming to be disabled, swore to his application for retired pay and sent it to the Veterans' Bureau on February 15, 1929, he then being a district judge, which position he had held for several years, having been appointed to the bench shortly after he got out of the Army. In connection with his application for retired pay, based on being disabled, Judge Carl O. Hamlin filed with the Bureau an affidavit made by Lila Keith, sworn to on November 17, 1928, stating that "Judge Hamlin was nervous, that his lungs gave him trouble, and that he had boils on his head."

The Emergency Officers' Retirement Board on April 1, 1929, decided against him and denied him retirement pay, and he got them to review his case, and then they allowed him retired pay of $150 per month for life, and paid him an adjustment check covering pay at that rate dated back to the date he filed his application for pay. You will find him listed on page 139 of my said House Document No. 802, printed March 3, 1931, as one of the six-thousand-three-hundred-and-odd emergency officers retired on pay upon the assumption that they were disabled on account of their service.

COMMITTEE TOOK DECISIVE ACTION

After holding exhaustive hearings on my said resolution, House Joint Resolution 355, during April and May 1932, the committee by a unanimous vote passed a resolution requesting the Administrator of Veterans' Affairs to discharge William Wolff Smith because of his incompetency and unfitness; and when the House met that day, I took the floor and called attention to their action, and printed their resolution in the RECORD, from which I now quote it:

Resolved, That it is the sense of the Committee on Military Affairs, before which is pending House Joint Resolution 355 and on which considerable hearings have been had, that the Administrator of Veterans' Affairs should discharge from the service William Wolff Smith on the ground of incompetency and unfitness.

Resolved further, That a copy of this resolution be sent to the Administrator of Veterans' Affairs and that a copy be spread upon the minutes of this committee.

Unanimously adopted this the 17th day of May.

And I then made the following observations, which I quote from the RECORD of May 17, 1932:

Mr. Chairman, I want to commend the personnel of the splendid Committee on Military Affairs for having the judgment, the backbone, and the courage to take action when it finds matters going on that ought to be corrected. Gen. Frank T. Hines is a man of his word, and when he assured the committee that he would fire Smith, he meant it, and you will find that he will discharge Smith immediately. We will get rid of one of the biggest parasites in the Government service.

Mr. Chairman, I feel greatly encouraged. We are making great strides in eliminating waste, extravagance, and graft. I feel sure that this splendid Committee on Military Affairs will in a few days report a measure to Congress eliminating from the pay roll of the Government the 876 lawyers whose names and tremendous salaries I placed in the RECORD now employed by the Veterans' Bureau, many of whom are drawing additional retired pay for presumptive disabilities, and at the same time will cause to be removed the hundreds of doctors who are drawing salaries ranging from $3,000 to $8,000 and at the same time drawing additional retired pay for presumptive disabilities, such as "social inaptitude", and so forth, and who are also at the same time engaged in the private practice of medicine.

Two days thereafter the Chairman of the Committee on Military Affairs took the floor and made the following announcement:

Mr. MCSWAIN. Mr. Chairman, I have just received a letter from the Administrator of the Veterans' Bureau to the effect that he has accepted the resignation of William Wolff Smith as special counsel for the Veterans' Bureau, effective immediately after the expiration of his annual leave. [Applause.]

And thus we got rid of "Poker Bill" Smith, and stopped him from drawing a salary of $9,000 per year, and additional retired pay of $187.50 per month for life. And through recommendations of the committee and action that followed taken by Congress and the President, more than 4,800 of said emergency officers were dropped from the pay roll, and their retired pay stopped. They had their cases reviewed by this board, and by that board, and on appeals, and did everything known to the ingenuity of skillful men to get back on the pay rolls. They have cost this Government several hundred thousand dollars in expensive hearings and appeals.

PERSISTENCE OF DISTRICT JUDGE CARL O. HAMLIN

Before getting his retired pay, upon an application for compensation he filed in November 1928, Judge Hamlin was granted compensation and had it dated back. Addressed to Judge Carl O. Hamlin at his post-office box 41, the Veterans' Administration, through S. P. Kohen, on February 27, 1929, notified Judge Hamlin as follows:

Additional allowance for the benefit of your wife and two children; your payments have been increased from $20 to $25 per month from November 1, 1927, through November 19, 1928, and from $80 to $100 per month from November 20, 1928, through December 3, 1928. Effective December 4, 1928, payments will continue at $40 per month.

RETIRED PAY FOR ALLEGED DISABILITY

The Administrator's Board, composed of Chairman J. W. Hayes, Attorney L. A. Lawlor, and Dr. Charles D. Collins, decided against Judge Carl O. Hamlin, holding that he had no disability due to service, and they sent Judge Hamlin their decision, addressed to him at his box 41, from which I quote the following:

The evidence shows that the above-named officer is not entitled to continue to receive retirement pay, * * * the disability for which he was retired with pay is not shown to have been caused by a factor arising directly out of the performance of actual military or naval duty during the World War.

NO DISABILITY INCURRED IN SERVICE

Then, upon insistence, the Central Office Rating Board, in its decision signed by Dr. H. W. Rollings, chief, Dr. C. E. Barton, Dr. O. D. Smith, and Attorney M. D. Gregg, on May 31, 1933, found that Judge Carl O. Hamlin's alleged disability was not incurred in service in the World War, and Judge Hamlin was notified of this decision at his post-office box 41.

On September 19, 1933, from his district judge's office on his district judge's stationery initialed "COH-S", Judge Carl O. Hamlin wrote a letter to the Director of Compensation of the Veterans' Administration, from which I quote:

On June 3, 1933, I was notified by the Director of Compensation that my claim had been carefully reviewed in accordance with the provisions of Public, No. 2, Seventy-third Congress, and that after June 30, 1933, I would not be entitled to any benefits thereunder, for the reason that my disability was not shown to be "service

connected or permanently and totally disabling." The information I respectfully desire is this:

1. Even though I have been dropped from the emergency officers' retirement roll as a presumptive case, would I not then revert back to my former status of "permanent, partial 40 percent disabled" (which status I had prior to my retirement with pay), and be entitled to compensation on that basis until October or such time as my case may be passed upon by one of the reviewing boards created for that purpose?

2. If my case is such as should properly be considered by a reviewing board, will I not be notified to that effect as well as what their final action may be in my case when they have reached a decision?

CARL O. HAMLIN.

On October 12, 1933, the Veterans' Administrator, through Director Brown, notified Judge Carl O. Hamlin at his post-office box 41 that he had been awarded a pension of $30 per month effective July 1, 1933, pending decision on his appeal to be restored to his retired pay of $150 per month.

ADVERSE DECISION AGAINST HAMLIN

On November 28, 1933, another appeal board rendered its decision against Judge Carl O. Hamlin, holding that his claims were not warranted, a copy of same being sent to him at his post-office box 41, such decision being the following:

DECISION

NOVEMBER 28, 1933.

The Adjutant General's Office report shows period of military service from August 15, 1917, to January 30, 1919. This report contains no evidence of kidney disease during service.

The veteran filed claim for compensation November 1, 1928, alleging kidney stone. * * *

The file contains no evidence of the disability during service nor immediately after discharge from service.

It is therefore the decision of the board that service connection for nephrectomy scar, right, following nephrolithiasis, is not warranted. And "is denied." Signed by S. Garland Butler, chairman, Walter B. Bost, Dr. James J. McKinley, Frank C. Tess, and Bernard M. Wise, the board.

On December 6, 1933, Hon. George E. Brown, Director of Compensation, wrote Judge Carl O. Hamlin, at his post-office box 41, advising him the following:

The special review board, central office, has given careful consideration to the evidence in your case, and has reached the conclusion that your condition diagnosed as nephrectomy scar, nephrolithiasis, heretofore presumptively service connected, may not be recognized as service connected as it is not shown that the condition was incurred during or as the result of your active military service in the World War.

In view of this decision of the special review board your award of war-time service-connected pension in the amount of $30 monthly is being discontinued effective November 30, 1933.

From his district judge's office Judge Carl O. Hamlin wrote the following:

DECEMBER 8, 1933.

In reply to: MCC—Bf.
In re: Carl O. Hamlin C-1,433,354.

The DIRECTOR OF COMPENSATION,
Veterans' Administration, Washington, D.C.

DEAR SIR: Your letter of November 24 received, in which you state that, due to the time allotted the special review boards, it would be impossible to decentralize my case file to the regional office at Dallas, Tex., so that I might appear in person before such board. You further assure me, nevertheless, that my case will receive every consideration when heard on review by the special board, central office. * * *

The fact that I filed no application for compensation until in November 1928 * * * ought not to militate against my claim. * * * I cannot help but feel that under Presidential regulation, resolving all reasonable doubts in favor of the veteran, and placing the burden of proof upon the Government, my claim will be established as service-connected by the special board, central office, when they carefully review all of the evidence in my case file.

Respectfully,

CARL O. HAMLIN.

COH—m

REQUIRED TO SHOW SALARIED OFFICE HELD BY HIM

Required to do so by the act of March 20, 1933, and on notice sent him October 12, 1933, and sworn to by Judge Carl Oswald Hamlin on October 24, 1933, before John W. Mackey, notary public, he sent in the following affidavit:

Asked if he held an office, he replied: "I hold an elective office under the State of Texas."

Asked if he had ever applied for any other pension, compensation, and so forth, he replied: "Yes. February 15, 1929, I filed application for retirement under provisions of Emergency Officers' Retirement Act. Application approved effective March 29, 1929. Dropped from retirement roll effective July 31, 1933, under Public, No. 2, Presidential Regulation No. 5, Claim No. C-1,433,354."

HAS COST GOVERNMENT TREMENDOUS SUM

Judge Carl O. Hamlin is still making strenous efforts to be placed back on the pay roll of the Government, and to be granted again his retirement pay of $150 per month for life, same being in addition to his salary as district judge. He is mad at me because he was cut off. He did everything he could against me in my district last election year in trying to defeat me. He imagines that if he can get me out of Congress, he can get back on the pay roll again, and then draw his undeserved retired pay of $150 per month from the Government for life. And he imagines that he can then help to put back the over 4,800 other emergency officers on their big retired pay for life. But we must stop the proposed amendment, to put them back, and not allow this racket to continue longer. As a matter of right and justice Judge Carl O. Hamlin, and these other 4,800 retired officers dropped from the pay rolls, ought to pay back to this Government the thousands of dollars each of them has unjustly drawn from the overburdened taxpayers of the United States. The people ought to know just what effort and hard work it requires to stop racketeering in our departments of Government, especially when the Republicans had absolute control of it for 12 years.

HELPING ONE ANOTHER

You will remember that during the war, before and at the time he entered the service on October 29, 1918, 11 days before the armistice, Maj. William Wolff Smith was employed as a civilian clerk at $125 per month, and he admitted that the only case he had ever tried in his life was a divorce case, and then he represented neither the plaintiff nor the defendant, but the corespondent, and he could not recollect even the style of the case or anything about it; yet after the act was passed granting retired pay to disabled emergency officers—and the amount of such pay was based principally upon their occupation or profession just before entering the service, and the amount of such income they derived from such occupation just before entering the service—it became necessary for the "major" to show "high position" and "big income" at the time he became one of these "paper officers commissioned through influence."

So in his application for retired pay, in filling in the required blanks showing what he did and what he earned just before entering the service, Major Smith stated that he was in "the private practice of law, monthly earnings $600 per month approximately", when he knew that was untrue, and he knew that he had been getting only $125 per month as a civilian clerk. But he had to get two witnesses to swear to the truth of such statement in his application. His two witnesses were Mr. James O'C. Roberts and Miss Annabel Hinderliter, both of whom he had elevated from low civilian clerical positions of $1,500 to high-salaried legal posts in the Veterans' Bureau. And what they all swore to eventually got Smith $187.50 per month retired pay. Roberts had begun as a civilian clerk at $1,400 in 1919 and had been raised to a solicitor at $3,000, and finally raised to $9,000, having taken his law degree while working for the Government.

When Smith took charge of the legal department of the Bureau, he immediately had Miss Annabel Hinderliter transferred from the War Department to the Veterans' Bureau as a civilian clerk at a salary of $1,440 and through rapid promotions elevated her finally to the position of a senior attorney with a salary of $4,800, she having secured her law license while working under Smith for the Government. Here is the record of Roberts' promotions, prior to his final raise to $9,000 per year, as furnished by the Bureau:

James O'C. Roberts, solicitor, central office.

Date of appointment (temporary), $1,500, June 25, 1919; date of appointment (permanent), $1,400, February 1, 1920.

Promotions: $1,620, February 1, 1920; $1,800, August 11, 1920; $2,300, February 16, 1921; $3,000, February 16, 1923; $3,250, December 1, 1923; $3,300, July 1, 1924; $3,800, May 1, 1925; $4,000,

October 16, 1925; $5,200, February 1, 1926; $5,400, July 1, 1926; $6,000, January 1, 1927; $6,500, July 1, 1928; $7,000, January 1, 1930; $8,000, July 23, 1930.

Graduate of Georgetown Law School, LL.B.

Date of graduation, June 1922.

In their affidavits attached to Major Smith's application for retired pay, Mr. Roberts and Miss Hinderliter swore that "they had read the statements made by Smith and that the facts stated were true to the best of their knowledge and belief."

In the hearing on my H.J.Res. 355 before the Committee on Military Affairs, I elicited the following admissions from Miss Annabel Hinderliter from whose testimony I quote the following excerpts:

Mr. BLANTON. Then you admit that on February 12, 1923, you were transferred from the Quartermaster Corps to the Veterans' Bureau as a clerk, at a salary of $1,440?

Miss HINDERLITER. That is right.

Mr. BLANTON. You were assigned to Mr. Smith's office?

Miss HINDERLITER. I was.

Mr. BLANTON. On May 1, 1924, your salary was raised to $1,860?

Miss HINDERLITER. That is right.

Mr. BLANTON. On July 1, 1924, your salary was raised to $2,100?

Miss HINDERLITER. July 1, 1924, I received a $240 bonus.

Mr. BLANTON. Which raised your remuneration?

Miss HINDERLITER. Which added to my salary, increased it to $2,100. That was a bonus.

Mr. BLANTON. Then you did get $2,100 from that date on?

Miss HINDERLITER. No; I got it from May 1, 1924.

Mr. BLANTON. On October 12, 1925, you got $2,400?

Miss HINDERLITER. It started at $2,400 July 1, 1925.

Mr. BLANTON. When did you get $2,500?

Miss HINDERLITER. Effective October 16, 1925.

Mr. BLANTON. On February 12, 1926, your salary went to $2,600?

Miss HINDERLITER. Effective February 1, 1926, my salary went to $2,600.

Mr. BLANTON. On June 29, 1926, your salary went to $3,000?

Miss HINDERLITER. Effective June 1, 1926.

Mr. BLANTON. Then it was effective 28 days before I stated it in this Resolution No. 355?

Miss HINDERLITER. That seems to be right.

Mr. BLANTON. When did you get your license to practice?

Miss HINDERLITER. October 13, 1925.

Mr. BLANTON. When you entered the Bureau in February 1923 as a clerk at a salary of $1,440, you were not then a lawyer?

Miss HINDERLITER. No.

Mr. BLANTON. Now, when your salary was raised to $3,000 on June 1, 1926, you had never tried a case?

Miss HINDERLITER. No.

Mr. BLANTON. You had never prepared a case in a courthouse?

Miss HINDERLITER. No.

Mr. BLANTON. Your salary went to $3,100 on August 1, 1927?

Miss HINDERLITER. On August 1, 1927.

Mr. BLANTON. In December 1927 your salary went to $3,800, did it not?

Miss HINDERLITER. That is right.

Mr. BLANTON. The civil-service examination that gives you a certificate from the Civil Service Commission does not involve any law examination of you, does it?

Miss HINDERLITER. It requires one to show qualifications which are satisfactory before the Commission.

Mr. BLANTON. If you will just answer my question——

Mr. CHIPERFIELD. Give the witness an opportunity to answer the question.

Mr. BLANTON. The question I asked can be answered "yes" or "no."

Mr. CHIPERFIELD. But counsel cannot direct the reply of the witness. It is the right of the witness in every court and everybody to answer questions in reasonable terms, and cowering won't deter me from my position.

Mr. BLANTON. Miss Hinderliter, we will get along, I think, without the General getting disturbed. When I ask you a question which can be answered "yes" or "no", would you mind, please, answering "yes "or "no", and then explain it?

Mr. CHIPERFIELD. One of the most fundamental things which the court would tell a lawyer and witness, either, is that you do not have to answer a question "yes" or "no."

Mr. ROGERS. I do not think that is right. That is one of the places where they make you answer "yes" or "no."

Mr. BLANTON. When did your salary go to $3,800?

Miss HINDERLITER. Effective November 1, 1927, my salary went to $3,800.

Mr. BLANTON. When did it go to $4,000?

Miss HINDERLITER. Effective June 30, 1928.

Mr. BLANTON. When did it go to $4,600?

Miss HINDERLITER. Effective July 1, 1928.

Mr. BLANTON. Then from 1927 to July 1, 1928, you got 3 raises, 1 in November to $3,800, 1 the next June 30, 1928, to $4,000, and 1 the next day, on July 1, 1928, to $4,600?

Miss HINDERLITER. That is right.

Mr. BLANTON. Your salary went to $4,800 in December 1929?

Miss HINDERLITER. It was effective January 1, 1930, but notice of it was dated December 28, 1929.

Mr. BLANTON. Since January 1, 1930, when your salary was raised to $4,800, Major Smith has filed several recommendations that you be promoted to a higher salary, has he not?

Miss HINDERLITER. I know of one.

Mr. BLANTON. You signed that (Smith's application for retired pay) as a witness and swore to it, did you not?

Miss HINDERLITER. As a witness to Major Smith's signature.

Mr. CHIPERFIELD. Is that a part of our record?

Mr. BLANTON. I am going to make it a part of the record. Well, you did sign that document?

Miss HINDERLITER. Yes.

Mr. BLANTON. For whatever it says there—you did swear to whatever it says you swore to?

Miss HINDERLITER. No; not at all.

Mrs. KAHN. No; that was Major Smith swearing to it, and she witnessed his signature.

Mr. BLANTON. Well, whatever it says there that you did, Miss Hinderliter, you, as a lawyer, realize you are responsible for it, do you not?

Mrs. KAHN. Just pardon me 1 minute. I am not a lawyer, but if you witness a will, does that mean you know what is in the will, or do you only witness the signature thereof?

Miss HINDERLITER. You witness the signature, Mrs. KAHN.

Mr. BLANTON. Let me read you something here, Miss Hinderliter. Here is what this application says, "signed and sworn to" and "We, the undersigned, severally solemnly swear"; this is not Smith, this is Miss Hinderliter swearing here, and Mr. Roberts, who is now solicitor—

"We, the undersigned, severally solemnly swear that we have known the person [Smith] whose name is subscribed above, 6 and 9 years, respectively, and that we have read the statements made by him, and the facts stated are true to the best of our knowledge and belief." That is signed by J. O'C. Roberts, and by Annabel Hinderliter, and is subscribed and sworn to before F. W. Krichett, notary public, who is a lawyer down there, is he not?

Miss HINDERLITER. Yes.

Mr. BLANTON. Do you know him well.

Miss HINDERLITER. Yes.

Mr. BLANTON. And he swore you to that, did he not?

Miss HINDERLITER. I would have to see it; may I see the paper?

Mr. BLANTON. Say if that is your signature, please, Madam [handing paper to witness].

Miss HINDERLITER. Yes; that is mine.

Mr. BLANTON. With pen and ink?

Miss HINDERLITER. Yes.

Mr. BLANTON. You signed that and swore to it before Mr. Krichett?

Miss HINDERLITER. I said I did.

Mr. CHIPERFIELD. She said so.

Mr. BLANTON. The 6 years refers to the time Mr. Roberts had known Smith and the 9 years to the time you had known him?

Miss HINDERLITER. I think so. I would say so without seeing the paper.

Mr. BLANTON. Where concerning his occupation and income just before he entered the service, it says "private practice of law" and "monthly earnings, $600 per month approximately", before you swore to that, did you make any investigation to find out that his monthly earnings from May to October 29, 1918, were only $125 per month?

Miss HINDERLITER. No.

Mr. BLANTON. You just signed that and swore to it, saying that was true, without making any investigation, did you?

Miss HINDERLITER. I had no way of investigating. Major Smith was a lawyer with offices in the——

Mr. BLANTON. You just took his word for it.

Mr. CHIPERFIELD. Let her finish her answer.

Mr. BLANTON. You say he had offices there?

Miss HINDERLITER. Yes.

Mr. BLANTON. While he was general counsel?

Miss HINDERLITER. For many years after he was general counsel.

Mr. BLANTON. How do you know, Miss Hinderliter?

Miss HINDERLITER. Why, because I knew; I worked for him.

Mr. BLANTON. You worked for him in his private law office?

Miss HINDERLITER. I did.

General ———. I do not see why she should be dragged here and put on this stand and questioned for 2 hours. I propose to quit attending these hearings.

Mr. CHIPERFIELD. I am with you.

Mr. BLANTON. I do not want to be lectured. I am showing that she swore to his application that during the 6 months just immediately before entering the service, Smith was practicing law, making $600 per month, when he had testified already that he was employed as a clerk at $125 per month. If I find rottenness in a bureau, I condemn it.

The CHAIRMAN. This is a congressional inquiry, and the gentleman from Texas [Mr. BLANTON] is under his obligation as a Member of Congress, the same as we are, and I think that we will have to permit that.

Mr. HILL. In determining this 30-percent disability, the Bureau goes into what is called "different variants", and those variants depend upon a man's vocation and the amount of money the man made in that particular vocation. So it does go into the determination of the retired pay.

Mr. BLANTON. Now, with regard to some of the costs of the Bureau, Miss Hinderliter, for the period between October 1 and 6, 1928, you collected traveling expenses for taking some depositions

of $121.31, transportation and Pullman $87.86, per diem $27, other expenses $6.45. You got a per diem in addition to your salary?

Miss HINDERLITER. Yes.

Mr. BLANTON. On January 2, 1929, you went over to Baltimore and back—transportation and Pullman $2.37, per diem $2.15, other expenses $3.50—total, $8.02 for that day?

Miss HINDERLITER. I will admit that, if you get this from the Bureau certified as correct.

Mr. BLANTON. I got this from General Hines.

Miss HINDERLITER. Well, they are probably right.

Mr. BLANTON. Now, October 13 to 16, 1931, to Atlanta, Ga., $83.24—transportation and Pullman $65.44, per diem $13.50, other expenses $4.30—totaling $83.24?

Miss HINDERLITER. Yes; that is right.

Mr. BLANTON. You went to Baltimore October 26, 1931, gas and oil $2.04, per diem $9, other expenses 50 cents, totaling $11.54.

Miss HINDERLITER. I traveled by motor.

Mr. BLANTON. On January 5, 1932, you went to Philadelphia, returning next day, and the Government paid you transportation and Pullman, $12.06; per diem, $7.50; other expenses, $3.50; totaling, $23.06. On February 6, 1932, you went to Chicago and came back February 19, and there was paid you transportation and Pullman, $72.06; per diem, $15; other expenses, $6.20; totaling, $93.26. Miss Hinderliter, is it not a fact that the Bureau has altogether 876 lawyers employed, scattered all over the United States?

Miss HINDERLITER. I do not know how many they have.

Mr. BLANTON. Did you see the number of names I put in the RECORD and their salaries?

Miss HINDERLITER. Yes.

Mr. BLANTON. There were 876 of them.

Miss HINDERLITER. I did not count them.

Mr. BLANTON. Mr. Chairman, I offer the expense account of William Wolff Smith that the Government paid on his trips to Europe.

The CHAIRMAN. If there is no objection, it is so ordered.

Mr. BLANTON. Now I offer in evidence the list of the 876 attorneys, with their salaries, certified by General Hines to be correct.

The CHAIRMAN. Very well.

I want the Members of this House, Mr. Chairman, to look into the CONGRESSIONAL RECORD for April 26, 1932, and see the evidence I put in there, showing the amount of $688.85 William Wolff Smith spent on his first trip to Europe, and the whole page of expense he incurred on his second trip to Europe. On one of these trips he went to Europe to attend the meeting of the American Bar Association. The only kind of bar association that William Wolff Smith would fit in well with is the kind of long ago, where they had a rail to put your feet on and free lunches on the counter. Additional to his trips to Europe the following will show the travel expense of William Wolff Smith, certified to me to be correct by General Hines, Administrator, to wit:

The data submitted relative to Major Smith's travel are complete, with the exception of a trip made during the current month to Columbia, S.C., and Norfolk, Va. This trip was made in connection with war-risk litigation. The voucher has not as yet been submitted, and detailed information relative to this trip is, therefore, not available.

I trust that the information submitted herewith presents the facts which you desire.

Very truly yours,

FRANK T. HINES, *Administrator.*

Summary statement of travel, William Wolff Smith, period May 18, 1923, through Mar. 11, 1932

Period	Number days	Transportation and Pullman	Per diem	Other expenses	Total
1923					
May 18–23	6	$24.10	$16.00	$2.59	$42.69
May 23–June 29	37	106.75	26.00	9.10	141.85
Aug. 22–Sept. 2	12	108.88	29.00	6.35	144.23
Sept. 21–23	3	16.28	11.00	12.60	39.88
Oct. 6–28	23	283.99	90.00	21.03	395.02
Dec. 28–31	4	23.78	15.00	5.35	44.13
1924					
Jan. 12–16	5	63.20	18.00	5.60	86.80
May 17–25	9	63.20	35.00	5.60	103.80
July 11–Aug. 17	5	70.00	20.00		90.00
Sept. 12–21	10	66.05	37.00	7.50	110.55
1925					
Mar. 18	1	2.14			2.14
Apr. 1–5	5	48.27	18.00	8.45	74.72
May 4–6	3	40.42	11.00	5.60	57.02
May 16–June 1	17	107.23	63.00	11.50	181.73
Sept. 1–8	8	55.86	19.00	5.60	80.46
Sept. 28–Oct. 12	15	116.92	55.00	11.70	183.62
Oct. 28–Nov. 1	5	58.44	15.00	6.30	79.74
1926					
Mar. 24	1	1.75	3.00		4.75
Apr. 1–4	4	40.42	13.00	5.50	58.92
May 12–21	10	114.43	37.00	13.80	165.23

Summary statement of travel, William Wolff Smith, period May 18, 1923, through Mar. 11, 1932—Continued

Period	Number days	Transportation and Pullman	Per diem	Other expenses	Total
1926					
July 10–Aug. 10	32	$307.29	$145.50	$26.83	$479.62
Sept. 22	1	21.91	6.00	3.70	31.61
Oct. 8–15	8	8.85	45.00	1.00	54.85
Dec. 3	1	7.15	3.00	1.80	11.95
1927					
Jan. 7–12	6	63.05	30.00	8.15	101.20
Jan. 27–31	5	69.16	27.00	5.95	102.11
Apr. 20–May 16	27	169.37	153.00	37.50	359.87
Aug. 28–Sept. 4	8	19.70	40.50	5.00	65.20
Sept. 9–Oct. 19	41	594.78	196.00	71.81	862.59
1928					
May 15–21	7	60.26	34.50	8.95	103.71
July 9–12	4	234.71	150.00	20.23	404.94
Oct. 2–21	20	160.16	70.50	17.05	247.71
Nov. 22–24	3	6.60	13.50	1.00	21.10
1929					
Jan. 12–16	5	70.01	25.50	6.25	101.76
Apr. 24–29	6	64.31	28.50	6.55	99.36
May 13–June 4	23	132.55	133.50	33.25	299.30
July 21–27	7	7.50	33.00	1.50	42.00
July 30–Aug. 2	4	18.04	22.50	1.50	42.04
Sept. 2–4	3	23.78	15.00	4.00	42.78
Sept. 23–Oct. 7	15	39.18	81.00	3.50	123.68
Oct. 14–25	12	93.11	63.00	8.20	164.31
Nov. 9	1	2.22			2.22
Nov. 12–20	9	62.26	46.50	7.85	116.61
Dec. 9–12	4	23.78	21.00	5.70	50.48
1930					
Mar. 25–Apr. 13	20	131.86	112.50	16.80	261.16
May 13–17	5	63.20	22.50	4.85	90.55
June 29–July 6	8	56.09	30.00	4.95	91.04
Aug. 9–13	5	42.03	24.00	5.30	71.33
Aug. 17–26	10	76.94	54.00	12.55	143.49
Sept. 27–Oct. 20	24	30.95	132.00	6.00	168.95
Nov. 11–15	5	63.20	22.50	5.00	90.70
1931					
May 12–19	8	67.38	40.50	8.65	116.53
June 12–20	9	16.19	52.50	3.00	71.69
Sept. 16–29	14	97.75	67.50	12.70	177.95
Nov. 16–30	15	76.37	55.00	12.65	144.02
1932					
Mar. 8–11	4	41.36	17.50	5.85	64.71
Total	562	4,435.16	2,545.50	529.74	7,510.40

Because it is such a very important matter to the Government to keep these 4,800 racketeers from being placed back on the pay rolls and their undeserved big retired pay restored to them each month for life, I want you to get a clear insight into the character of this General Counsel, William Wolff Smith, who was responsible for their being placed on the pay rolls in the first instance, and who will do everything in his power to get them put back. You can get a better insight by reading some of his testimony given before the Committee on Military Affairs in their hearing on my resolution, House Joint Resolution 355, and from such testimony I quote the following excerpts:

EXCERPTS FROM WILLIAM WOLFF SMITH'S TESTIMONY APRIL 16, 1932

Q. You were practicing law?—A. No, sir; I was in the newspaper—in the publicity business.

Q. If I understood you correctly yesterday, up until you went with the Veterans' Bureau you never in your entire life had but one contested civil case, and that was a divorce case, which you lost?—A. No; I did not lose it; I did not say that.

Q. I thought you said you lost it?—A. My recollection is that I won it, in this way: I represented the corespondent.

Q. Yes; but if I understood the record right, now, you never in your entire life tried but one contested litigated case?—A. Yes, sir.

Q. Only one, and that was a divorce case?—A. Yes, sir.

Q. Was there any appeal from that case?—A. Well, I do not know.

Q. What was the style of that case?—A. I cannot tell you.

Q. You never tried a case in any State of the Union?—A. No, sir.

Q. Who appointed you as General Counsel?—A. Colonel Forbes.

Q. Was that a Presidential appointment?—A. No, sir.

Q. Then why the necessity for Colonel Forbes to go to President Harding about your appointment?—A. When Colonel Forbes went to the White House, he did it to request my being appointed General Counsel. I presume it was customary to consult the President.

Q. Are the lawyers under you appointed by you?—A. On my recommendation. General Hines accepts it or not as he sees fit.

Q. Has he as a rule accepted your recommendations on those appointments?—A. I would say in the majority of instances.

Q. What was your offer you made yesterday about returning your retired pay to the Government?—A. That I would return my checks as they come in to the Treasury.

Q. What are you going to do about that more than $5,000 you drew when first retired?—A. I have used a considerable portion of it. I will go out and try to raise every cent that I have taken, and return it to the Treasury.

Q. Had the Department, before you came in it, and before your case had been turned down by three boards, ever held that a hernia constituted 30-percent permanent disability?—A. I presume not.

Q. You wrote the opinion holding that?—A. I cannot tell without looking it up.

Q. If you did not actually write that opinion, you confirmed it, did you not?—A. Yes, sir.

Q. And ratified it?—Yes, sir; it is good today.

Q. You were in the service 13 days before the Armistice?—A. Yes, sir.

Q. And you had no permanent disability, of course, at that time?—A. None due to service.

Q. You do not have any now?—A. The Board has found that my injuries are due to service.

Q. If the law is amended as proposed, then you and a lot more would go out?—A. Yes, perhaps three or four thousand.

Q. Now look at it and say whether you wrote that opinion making hernia 30 percent?—A. I would say I did.

Q. That is signed William Wolff Smith.—A. I rendered the opinion. There is no question about that.

Q. In addition to your $9,000 salary, how long have you been drawing this retired pay of $187.50 per month?—A. Since May 25, 1928. It was dated back.

Q. It amounts to about $8,000 you have drawn in addition to your $9,000 salary?—A. About that.

Q. You came to a decision——A. This morning; yes, sir.

Q. That you would not take the monthly retirement pay of $187.50 any longer?—A. That is correct.

Q. You enlisted in the Army on October 29, 1918?—A. Yes, sir.

Q. You had tried but one case, a divorce case?—A. Yes, sir.

Q. And at that time you had written no briefs yourself?—A. No court briefs.

Q. Had you taken any action in court?—A. No, sir.

Q. In your application for retired pay, witnessed by Annabelle Hinderliter, you gave as your business just prior to entering the service as "Private practice of law; address, 400 Commercial National Bank Building"?—A. Yes, sir.

Q. When you were discharged from the Army November 25, 1922, did you not make oath to the fact that you "had no wound, injury, or disease, whether incurred in the military service of the United States or otherwise"?—A. I think so.

Q. Do you not know?—A. No, sir; I do not.

Q. You read this bill (by BLANTON, H.J.Res. 355) now being considered by this committee, before today?—A. Yes, sir.

Q. Before you testified yesterday?—A. Yes, sir.

Q. Did not you check up that charge in the bill?—A. Yes, sir. I am willing to admit that I made the oath referred to.

Q. Here it is, "I certify that at the present time I have no wound, injury, or disease whether incurred in the military service of the United States or otherwise. William Wolff Smith, November 25, 1922."—A. That answers the question.

Q. Did you get an extra year's pay at the time you retired?—A. Yes, sir; I retired under that act when they reduced the army.

Q. And you entered the Veterans' Bureau January 17, 1923?—A. Yes, sir.

Q. Do you recall the year your salary was raised from $7,500 to $9,000?—A. No, sir.

Q. The Board considering your application for retired pay was Dr. B. A. Cockrell, Dr. C. J. Harris, Mr. D. E. Smith, Maj. George B. Kolk, and Chairman J. D. Hayes?—A. Yes, sir.

Q. And that board turned down your application?—A. Yes, sir.

Q. Then you appealed?—A. Yes; I took two appeals.

Q. Then your case went before another retirement board composed of N. E. Bateman, Dr. Collins, Dr. McDermott, and Dr. Charles M. Taylor in May 1929?—A. May 24, 1929.

Q. It decided against you?—A. Yes, sir.

Q. Then your case went to the Division of Appeals on January 25, 1930?—A. I took the ordinary steps.

Q. On April 22, 1930, section A of the Central Board of Appeals filed an adverse decision against you, did it not, signed by Charles O. Shaw, Dr. Garrett V. Johnson, Dr. E. L. Robertson, Dr. J. M. Ladd, Dr. F. Manning, and W. L. Pipen?—A. Yes, sir.

Q. Then on May 29, 1930, you requested a special hearing before the Council on Appeals, Dr. Clark, Dr. Tobias, Dr. Tastet, and J. Q. Buzbee, and asked to be represented by Capt. Watson B. Miller of the American Legion?—A. Yes, sir.

Q. And he filed an affidavit with reference to your playing golf, and so forth?—A. I think he testified orally.

Q. You play cards sufficiently to be known as "Poker Bill"?—A. That title was conferred on me in 1900.

(Witness claimed that he did not feel like continuing.)

The CHAIRMAN. Do any of you doctors know about Major's condition? (No response.)

Major SMITH. I am utterly fatigued. I am worn out. You understand that I do not do much talking. I was on the stand 4 hours yesterday. I slept little last night. I vomited my dinner last night and my breakfast this morning. I am exhausted.

Now, was not that a pitiful spectacle, to see the former General Counsel of the Veterans' Administration, drawing a salary of $9,000 per year and drawing additional retired pay of $187.50 per month, and with 876 lawyers under him at one time, go all to pieces under a few hours' examination! It was not only his conscience hurting him, but it was inefficiency and incompetency and unworthiness that caused his collapse. Let me show you just how the Government has suffered under him:

VETERANS' BUREAU ATTORNEYS LOSE IN COURT 85 TO 90 PERCENT OF GOVERNMENT CASES

When Mr. Abaticchio, one of the leading trial lawyers for the Veterans' Bureau, was testifying before the Committee on Military Affairs I brought out the following:

Mr. BLANTON. Mr. Abaticchio, in your judgment, what percent of the cases have we lost?

Mr. ABATICCHIO. Eighty-five to ninety percent, I understand, is the number we lose.

Then I quoted from the decision of United States District Judge Bourkin, of Montana, on August 12, 1931, when in deciding four cases against the Government, he said:

The Veterans' Bureau having rejected the claim, has made its record; and it would be folly to blink the facts that though it assumed to defend the suit, it does little to investigate, prepare, and present—and its defense is hardly worth the name. The plaintiff has it pretty much his own way. Juries are human, and the verdict goes against the United States almost as a matter of course.

Naturally, the Government suffered this tremendous loss with an inefficient, uninformed, unqualified man like "Poker Bill" Smith at the head of its legal department.

WE MUST KILL AMENDMENT

We have these 4,800 emergency officers, some of whom like Judge Hamlin who never saw an enemy, and who never heard an enemy's gun fire, cut off the pay rolls now, and have stopped their big, undeserved retired pay, and we must keep them off, and we must not let them get back. They are thoroughly organized. They have their influential lobby. They will try to beat us in our districts. They will malign us. They will misrepresent us and our records. We must stop them now, and kill their amendment, and then we must go home and let the people of the United States know about them.

The CHAIRMAN. The time of the lady has expired, and the Clerk will read.

The Clerk read as follows:

Foreign plant quarantines: For enforcement of foreign plant quarantines, at the port of entry and/or port of export, and to prevent the movement of cotton and cottonseed from Mexico into the United States, including the regulation of the entry into the United States of railway cars and other vehicles, and freight, express, baggage, or other materials from Mexico, and the inspection, cleaning, and disinfection thereof, including construction and repair of necessary buildings, plants, and equipment, for the fumigation, disinfection, or cleaning of products, railway cars, or other vehicles entering the United States from Mexico, $536,516: *Provided*, That any moneys received in payment of charges fixed by the Secretary of Agriculture on account of such cleaning and disinfection shall be covered into the Treasury as miscellaneous receipts.

Mr. BUCK. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BUCK: Page 54, line 14, strike out "$536,516" and insert in lieu thereof "$552,966."

Mr. BUCK. Mr. Chairman, with money provided by this paragraph the Department of Agriculture enforces foreign plant quarantines at maritime ports of entry and along the Mexican border and other border stations of the United States. It is highly important to the agriculture of every section of the United States that these quarantine stations be maintained at their highest efficiency. The appropriation bill makes a reduction of some $10,000 for port inspection service and some $32,905 for Mexican border service. The State of California is much interested in what crosses the border at the ports of entry in Mexico, as well as in other parts of the United States; and, as I told the committee the other day, we are much better off if we can keep pests out instead of trying to eradicate them after they come in to the tune of several million dollars, such as has been the case with the Dutch elm disease and the Mediter-

ranean fly. Mr. Strong testified in the hearings that there are still hundreds of foreign pests that have not yet entered the country.

It would not be fair to the committee if I did not tell them that I intended to offer an amendment in a much larger sum of money to restore port inspection and border service in its entirety, but I have consulted with the members of the Committee on Appropriations, and have convinced them that my contention is at least partially right and they have agreed to accept the amendment as I now offer it. This will, in part at least, restore the appropriation that was made last year.

Mr. TABER. Mr. Chairman, I rise in opposition to the amendment for the purpose of asking the chairman of the subcommittee a question. How much money was available under the rulings of the Director of the Budget for this particular item, for this current fiscal year? I do not mean how much was appropriated, but I mean how much was allowed to be expended by the Director of the Budget?

Mr. SANDLIN. Five hundred and sixty-eight thousand five hundred and fifty dollars.

Mr. TABER. How much was the Budget estimate on this item when it came to the House?

Mr. SANDLIN. Five hundred and thirty-six thousand five hundred and sixteen dollars.

Mr. TABER. And how much allotment has been made for this particular purpose from the P.W.A. or the C.W.A., if any?

Mr. SANDLIN. None.

Mr. TABER. Did the Department make justification for the expenditure of more than the Budget allotment?

Mr. SANDLIN. They said it would be hampered; yes. They took off the men on the Mexican border between California and Mexico and Texas and Mexico.

Mr. BUCK. Is it not a fact that this will result in the elimination of at least one border-patrol station and a reduction in the force of 14 inspectors on the Mexican border, if the committee's figures are adhered to?

Mr. SANDLIN. That is our information.

Mr. TABER. Fourteen inspectors at $1,000 apiece?

Mr. BUCK. At 13 different patrol stations.

Mr. TABER. Mr. Chairman, I never heard of Government inspectors working for $100 a month at these stations. I have no question that the gentleman is telling what he believes to be the truth; but I do not believe that any station on the border, for proper inspection of this quarantine, could be maintained for that purpose, and if you give them this extra money, I do not see how they could possibly maintain efficient quarantine stations. Therefore it seems to me we ought to go along with what the Budget recommended without going any further.

Mr. SANDLIN. The Budget reduction in the Mexican border inspection service was in the sum of $32,905, and involved the elimination of the 14 inspectors referred to, which would indicate an average annual compensation for these inspectors of more than $2,000. The pending amendment proposes to restore only one half of the Budget cut, or, presumably, about seven inspectors. Mr. Chairman, we went into this question thoroughly with the chairman of the full committee [Mr. BUCHANAN] and notified the gentlemen on the Republican side. We agreed, so far as the committee is concerned, to accept the amendment offered by the gentleman from California.

Mr. SINCLAIR. Mr. Chairman, in my judgment this item is necessary because of the fact that there are a great many insects along the Mexican border that should be kept out of this country.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from California.

The amendment was agreed to.

The Clerk read as follows:

For the acquisition of areas of land or land and water pursuant to the act entitled "An act to establish the upper Mississippi River wild life and fish refuge", approved June 7, 1924 (U.S.C., title 16, secs. 721–731), as amended, and for all necessary expenses incident thereto, including the employment of persons and means in the city of Washington and elsewhere, $1,862, which shall be available until expended, being part of the sum of $1,500,000 authorized to be appropriated for such purpose by section 10 of said act; and for all necessary expenses of the Secretary of Agriculture authorized by section 9 of said act, $31,933; in all, $33,795.

Mr. BIERMANN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I did not know that this section was in this appropriation. I just happened to come on to it now; but it is a splendid example of the evil to which the gentleman from Texas [Mr. BLANTON] referred a little while ago, of duplicating appropriating bodies.

This upper Mississippi wild life refuge is an area of about 90,000 acres, and nearly all of it is within the banks of the Mississippi River. That 90,000 acres has been acquired at an expense of about $800,000 up to this time. In July 1930 this Congress appropriated about $7,500,000 to the upper Mississippi 9-foot channel, and since July 1930 Congress has not appropriated a single dollar for the upper Mississippi 9-foot channel.

At the special session last year the Rivers and Harbors Committee had before it a proposition to authorize $11,600,000 for the upper Mississippi 9-foot channel, and that bill never came onto this floor. The amount that I call attention to was $11,600,000.

With that state of affairs and with that proposal not having even been brought on to this floor and with no appropriation by Congress since July 1930, Mr. Ickes allots to the upper Mississippi 9-foot channel thirty-three and one half million dollars. A part of the result of that allotment of Mr. Ickes and the completion of the 9-foot channel will be the utter destruction of this Upper Mississippi Wild Life Refuge. Other effects will be that the fishing industry in my district, the clam industry, the button factories in my district, will be absolutely destroyed, and the purpose of it is to supply us a kind of river transportation that is obsolete. The advocates of this proposition tell us that it will open a great land-locked area of the Middle West. It will allow the farmers to transport their grain north and south, when they are transporting it east and west. They are not going to transport it north and south on this upper Mississippi 9-foot channel.

I received a letter yesterday from General Ashburn, the head of this Inland Waterways Transportation Co. I had asked him if the transportation rates on the upper Mississippi 9-foot channel would be different than the rates on the present 6-foot channel, and he said "No." The proponents of this proposition to spend $33,500,000 on the upper Mississippi 9-foot channel tell the people, in effect, that the farmers of the United States, while they will not transport their stuff with 6 feet of water, will transport it on 9 feet of water.

Mr. CULKIN. Will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. CULKIN. I should infer from the gentleman's remarks that those projects should take a course through Congress, rather than going through the P.W.A. or through Mr. Ickes.

Mr. BIERMANN. Yes. I think exactly that; and this particular one, I think, should be thrown onto the ash heap.

Mr. CULKIN. The gentleman thinks that course should be more orderly and more intelligent?

Mr. BIERMANN. Yes, sir.

Mr. TABER. Will the gentleman yield for a question?

Mr. BIERMANN. I yield.

Mr. TABER. This proposition involves an expenditure, as a result of the appropriation in this bill, of $33,795 for the upper Mississippi wild life refuge. As I understand from the gentleman, this refuge will all be destroyed as the result of Secretary Ickes' allotment of these funds for the development of the upper Mississippi 9-foot channel?

Mr. BIERMANN. I will say to the gentleman that I am not prepared to say all of it will be destroyed, but almost all of it will be if the 9-foot channel is completed.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I rise in opposition to the pro forma amendment.

If I may have the attention of the gentleman from Iowa, I would like to ask him, if we are going to destroy this game refuge by one operation of the Government and spend more money on it by another operation, is it not perfectly apparent that we should strike out this paragraph and have an end to this performance?

Mr. BIERMANN. I may say to the gentleman that when this upper Mississippi 9-foot channel was first authorized, the Army engineers estimated it would cost $98,000,000. The next year they estimated it would cost $124,000,000. If Secretary Ickes succeeds in spending his $33,500,000, there will have been spent, after his expenditure has been completed, about $50,000,000. The hope of the people along the Mississippi River, as far as I know their will, is that this Congress, before we proceed any further in expenditures, will have retrieved its power of appropriating money, and that in that capacity they will refuse to appropriate any more money for the 9-foot channel, and thereby the destruction of the 90,000 acres of wild-life refuge will be stopped.

Mr. TABER. It seems ridiculous that we should go on with this operation of spending money, in view of the fact that it is going to be destroyed as a result of the operation of Secretary Ickes' allotting thirty-three and a half million dollars for the development of the upper Mississippi River. Just as soon as this pro forma amendment is withdrawn I am going to move to strike out the section.

Mr. CULKIN. Will the gentleman yield that I may interrogate the gentleman from Iowa?

Mr. TABER. I yield.

Mr. CULKIN. The theory of the upper Mississippi 9-foot channel is that wheat will go to the South through the Port of New Orleans, is it not?

Mr. BIERMANN. Yes.

Mr. CULKIN. And the natural route and the consuming millions lie to the east; is that not true?

Mr. BIERMANN. That is correct.

Mr. CULKIN. So that the theory of the improvement is based on a false transportation hypothesis?

Mr. BIERMANN. Absolutely.

Mr. CHRISTIANSON. Will the gentleman yield for the purpose of asking the gentleman from Iowa a question?

Mr. TABER. Certainly.

Mr. CHRISTIANSON. The gentleman will admit, of course, that they do eat wheat down South also, and there will be a movement down the Mississippi as well as an east and west movement of wheat?

Mr. BIERMANN. I do not admit that they are any more likely to ship this wheat north and south with 9 feet of water than they are on 6 feet of water when the rates are identically the same.

Mr. CHRISTIANSON. Obviously the barge navigating 9 feet of water would carry a larger cargo than one operating in 6 feet of water. The gentleman states that the people along the Mississippi River are opposed to this project. The gentleman may speak for the people of the State of Iowa, but I do not think he would care to speak for the people of the State of Minnesota on the matter.

Mr. BIERMANN. I am speaking for many of them, because I have a great many letters from people of Minnesota in opposition to the 9-foot channel.

Mr. CHRISTIANSON. I can assure the gentleman that the majority of the people of Minnesota are for it.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 58, beginning in line 22, strike out the paragraph ending in line 9 on page 59.

Mr. TABER. Mr. Chairman, I do not know whether the paragraph ought to be stricken out or whether we ought to strike out the $33,000,000 appropriation. It was an unwise use of funds for Secretary Ickes to have set aside $33,000,000 for this work on the upper Mississippi, but he has done it and they are in process of spending the money; and the spending of the money is going to destroy this refuge according to the information that has been presented to us on the floor. Is it not ridiculous that we should carry this language and go on spending money for this refuge while at the same time spending $33,000,000 to destroy it? I cannot go along with such a policy.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. KVALE. I do not believe the gentleman from Iowa undertook to say that the entire area would be flooded and that all the work would be destroyed. I have not any exact information, but I believe certain portions will be flooded. Added land will be acquired perhaps from certain other areas. Land now arid and suitable for no other purpose will be flooded and will add to the territory which is desirable from the refuge standpoint. I know the gentleman wants to be fair. This undoubtedly is the situation.

Mr. TABER. I do not understand that dredging a channel deeper is going to flood more territory.

Mr. KVALE. Dams will be built.

Mr. TABER. Of course where dams are built there would be some flooding; but when Members of Congress who live right there tell us on the floor of this House that the refuge is going to be destroyed by something that Congress has not any control over, it seems to me it is time we stopped it; and, therefore, I have offered this motion to wipe out the paragraph.

Mr. BIERMANN. Mr. Chairman, I rise in opposition to the amendment.

The plea of the people who are opposed to this Upper Mississippi 9-foot channel is that before the thing is completed Congress will stop it. It just happens that these dams that have been authorized by Mr. Ickes are not the dams that are going to make the biggest destruction in the upper Mississippi wild life refuge, so the 90,000 acres for which the appropriation now under consideration is made will not be greatly affected by the program of Mr. Ickes.

Of course, if the building of the 9-foot channel is carried out in its entirety, then unquestionably nearly every acre of these 90,000 acres will be destroyed, will be covered with water.

It may be interesting for those who are not familiar with this project to learn that the 9-foot channel from the mouth of the Illinois River up to St. Paul-Minneapolis is to be accomplished by the building of dams, one about every 30 miles. The dams will back the water up, inundating this 90,000 acres of wild-life refuge that has been acquired, which territory is said to be the best breeding grounds for fowl and small game animals and game fish in the United States. Through the same operation the fishing industry along the Mississippi will be wiped out, the clamming industry along the river will be wiped out, and if the clamming industry is wiped out the button factories will be put out of business, too. Also the basket industry will be wiped out. At Burlington, Iowa, is the largest basket factory in the United States. It gets all its supplies for making these baskets from the quick-growing timber on islands in the river. These islands will be inundated and the timber destroyed.

I do not believe, however, that this is the time for withholding this appropriation for the Upper Mississippi Wild Life Refuge. We should try at the very earliest opportunity to stop this criminal folly of trying to provide an obsolete method of transportation from the mouth of the Illinois River up to Minneapolis, a means of transportation the people do not want.

Mr. BACON. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. BACON. I am in accord with what the gentleman is saying, and I may suggest to him that perhaps the better way to stop the program would be to put a limitation on the War Department appropriation bill when it comes up for consideration in the House in the next few weeks. The War Department appropriation bill carries the rivers and harbors appropriations, and it will be perfectly possible to put a limitation on that bill preventing the use of the $33,000,000 for the building of this 9-foot channel. I suggest to the gentleman that he take it up with the Appropriations Committee and be prepared to offer such an amendment on the floor of the House.

Mr. BIERMANN. Do I understand the gentleman to say that this money that has already been allotted by Mr. Ickes to the War Department for this specific purpose cannot be spent if such a limitation were put in the War Department appropriation bill?

Mr. BACON. It can be stopped by a limitation in the War Department appropriation bill.

Mr. BIERMANN. I am heartily in favor of stopping it, and I promise the gentleman I shall be prepared to offer such a limitation if it can be done at that time.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. DOWELL. Could an appropriation which has already been made be stopped by a limitation in the War Department appropriation bill? I think the gentleman from New York is mistaken about being able to stop an appropriation already made.

Mr. BACON. We might not be able to stop the spending of money under contracts already let.

Mr. DOWELL. A limitation can be put in the appropriation bill against the spending of money carried in it for a certain purpose.

Mr. BACON. Under the Holman rule a limitation may be inserted in an appropriation bill against the spending of money for specific purposes.

Mr. DOWELL. But only for appropriations carried in the bill. If the appropriation has already been made and is then being expended it cannot be stopped by a limitation carried in another appropriation bill, except by legislation, which would not be in order on an appropriation bill.

Mr. BACON. It is a question of allocation. Of course, you cannot stop something that has already been contracted for.

Mr. BIERMANN. The money is now in the course of being spent.

Mr. SANDLIN. Mr. Chairman, does the gentleman press his amendment?

Mr. TABER. I think I should press it; yes.

Mr. SANDLIN. The gentleman from Iowa is not opposed to this paragraph of the bill. I think the gentleman should withdraw the amendment, but I do not care to discuss it.

I do not care to discuss this amendment further. The appropriation has been carried ever since 1921, and there has been a total authorization of over $1,000,000 for this project. No one has information here sufficient to strike this paragraph out of the bill. Therefore I oppose the amendment.

The amendment was rejected.

The Clerk read as follows:

Total, Bureau of Biological Survey, $1,054,084, of which amount not to exceed $252,308 may be expended for departmental personal services in the District of Columbia, and not to exceed $14,450 shall be available for the purchase of motor-propelled passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

Mr. THURSTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, we know that the House of Representatives has a Committee on Foreign Affairs, but I want to call the committee's attention to some of the foreign problems that have become domestic which confronted the committee having charge of this bill. We are providing funds in this bill to exterminate the Mediterranean fruit fly, to control the European corn borer, to eliminate the Japanese beetle, to destroy the Mexican fly, to investigate the Argentine fly, to abolish the Dutch elm disease; also to quarantine and segregate the gypsy moth, which I assume is a resident of all these other nations. So the committee has considered all of these problems from foreign sources in attempting to assist agriculture. I wish our foreign missionaries could induce the people of these nations to keep their pests at home. If they can, a great saving will result for our Treasury.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For carrying out the provisions of the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes", approved July 11, 1916 (39 Stat., pp. 355–359), and all acts amendatory thereof and supplementary thereto, to be expended in accordance with the provisions of said act, as amended, including not to exceed $176,400 for departmental personal services in the District of Columbia, $8,000,000, to be immediately available and to remain available until expended, which sum is a part of the sum of $125,000,000 authorized to be appropriated for the fiscal year ending June 30, 1933, by section 1 of the act approved April 4, 1930 (46 Stat. p. 141): *Provided*, That none of the money herein appropriated shall be paid to any State on account of any project on which convict labor shall be employed, except this provision shall not apply to convict labor performed by convicts on parole or probation: *Provided further*, That not to exceed $45,000 of the funds provided for carrying out the provisions of the Federal Highway Act of November 9, 1921 (U.S.C., title 23, secs. 21 and 23), shall be available for the purchase of motor-propelled passenger-carrying vehicles necessary for carrying out the provisions of said act, including the replacement of not to exceed one such vehicle for use in the administrative work of the Bureau of Public Roads in the District of Columbia: *Provided further*, That hereafter whenever performing authorized engineering or other services in connection with the survey, construction and maintenance, or improvement of roads for other Government agencies the charge for such services may include depreciation on engineering and road-building equipment used, and the amounts received on account of such charges shall be credited to the appropriation concerned.

Mr. DOWELL. Mr. Chairman, I reserve a point of order on the last proviso. My purpose is to make some inquiry about this paragraph.

I note that in this paragraph $8,000,000 is the amount appropriated. There is no other appropriation, I understand, for Federal aid in the construction of roads.

Mr. SANDLIN. There has been no authorization since 1932. The $8,000,000 is a part of the funds remaining from that authorization. The total amount remaining is $16,000,000.

Mr. DOWELL. Is this all that remains of the authorization made at that time?

Mr. SANDLIN. No. There is $16,000,000 plus remaining.

Mr. DOWELL. There is no other authorization since that time. Do I understand from the gentleman that it is the policy of the administration to abolish Federal aid in connection with road building?

Mr. SANDLIN. I cannot tell the gentleman whether that is so or not. My thought is it is not. I am not authorized to speak on the subject at this time, but my thought is that it is not the intention of the administration to abandon contributions to roads. This committee, as the gentleman well knows, is not the proper committee to pass on the matter.

Mr. DOWELL. I understand; but I also know that the gentleman had before his committee, in connection with appropriations, a representative of the Bureau of Public Roads, and the gentleman's committee has had a complete hearing relative to the situation concerning the building of roads.

Mr. SANDLIN. Yes. We held a hearing on this item when it came up.

Mr. DOWELL. Then may I inquire what the program is to be? The gentleman should know, as his committee appropriates the money for the Federal aid system.

Mr. SANDLIN. Speaking for myself, the program will be to appropriate whatever is authorized by Congress for this purpose. The gentleman is a member of the Public Roads Committee?

Mr. DOWELL. Not at the present time. Prior to this time we have been authorizing funds for a regular Federal aid program.

Mr. SANDLIN. Yes.

Mr. DOWELL. Has that been discontinued?

Mr. SANDLIN. I would suggest to the gentleman that as the Committee on Public Roads has full authority to consider bills covering this matter the gentleman take the matter up with the chairman and members of that committee.

Mr. DOWELL. That is the reason I am taking it up on the floor at this time. I have been unable to find out from anyone what the program is to be with reference to the building of roads. I am asking the chairman of this subcommittee, because this is the subcommittee which has al-

ways appropriated money for the building of roads, and I assume it is the proper committee to determine what is to be appropriated for the construction of roads the coming year.

Mr. SANDLIN. My answer to the gentleman is that it is the policy of the Appropriations Committee to appropriate the amount authorized by the Congress.

Mr. DOWELL. As I understand the gentleman, the committee has not appropriated the full amount that is still unexpended?

Mr. SANDLIN. The committee has appropriated all they will use and has followed the custom that has been followed for 16 years by the same committee under both the Republicans and Democrats.

Mr. DOWELL. May I ask the gentleman if he will get the information for the Members of the House as to what the program is to be with reference to the construction of roads in the coming year?

Mr. SANDLIN. I have not the information at this time, and I do not know that it is incumbent upon this committee to say what the legislative committee is going to do. I think the proper course to pursue is to get the information from the committee that is to pass on the authorization. The gentleman well knows that this House is very jealous of the Appropriations Committee legislating. I think wherever possible no items of legislation should be put in an appropriation bill. I have taken this position since I have been a member of the committee.

Mr. DOWELL. The proviso against which I reserved a point of order is legislation. I am asking the gentleman, the chairman of the committee, where there is any authority from the legislative committee to place the provision in this paragraph.

Mr. GOSS. Will the gentleman yield?

Mr. DOWELL. I yield to the gentleman from Connecticut.

Mr. GOSS. I have been on my feet to make a point of order on the word "hereafter" in that paragraph. I was going to suggest that we tie it up to this particular appropriation bill and then it would not be permanent law.

Mr. DOWELL. I do not know that; but this is clearly legislation, as I view it. That is the reason I make the inquiry.

Mr. GOSS. If the committee would accept an amendment to strike out the word "hereafter" and insert the language, "during the fiscal year 1935", that would meet the gentleman's point.

Mr. SANDLIN. If we cut out the word "hereafter", it would accomplish the same thing.

Mr. DOWELL. That is all it would cover if this were cut out. As this reads now it is permanent legislation and should not be in this appropriation bill. I raised the point of order because I thought we should not legislate in this way.

Mr. HASTINGS. Why not move to strike out the word "hereafter"?

Mr. DOWELL. I wanted to find out what is the purpose or the necessity for this legislation?

Mr. SANDLIN. The Bureau of Public Roads, I understand, does work for other departments. They perform certain work for other departments of the Government, such as the Park Service and the Indian Service, and this allows them authority to charge depreciation on the road-building equipment used in such work.

Mr. DOWELL. These machines are owned by the Government, and is there any reason for charging depreciation to one department any more than another?

Mr. SANDLIN. The gentleman understands that this Bureau wants to keep as much of its funds as it can, so that the funds may be used for this particular purpose.

Mr. DOWELL. That is simply a matter of keeping accounts. As a matter of fact, these machines are used by the Bureau of Public Roads; and is there any reason why other departments should be charged for the depreciation of machinery used by the Bureau of Public Roads in its construction of roads?

Mr. HART. If the gentleman will permit, the testimony shows they have to replace these machines and get the money out of these various appropriations. Of course, when their machines are gone they have to come here and get more money.

Mr. HASTINGS. If the gentleman will yield, if you charge the other departments for work done by this Bureau, can the gentleman give any good reason why the depreciation on the machinery used in such work should not be charged to that department? I think the statement is unanswerable.

Mr. DOWELL. If the gentleman please, I am asking a question and trying to get information.

Mr. HASTINGS. That is all this proviso does.

Mr. DOWELL. Mr. Chairman, I have no objection to leaving this legislation in the bill if it is amended to make it apply only to this appropriation and to this year.

Mr. GOSS. Will the gentleman yield there?

Mr. DOWELL. Yes.

Mr. GOSS. If we struck out the word "hereafter" and inserted "during the fiscal year 1935", the gentleman's purpose would be accomplished.

Mr. SANDLIN. If we struck out the word "hereafter", that would cover it.

Mr. GOSS. But we would be absolutely sure if we put in the language I have suggested.

Mr. DOWELL. May I say that the wording of this proviso is such that I believe it might be construed to be permanent law even if the word "hereafter" were stricken out.

Mr. GOSS. But if we insert "during the fiscal year 1935", that will tie it up so that it only applies to this year.

Mr. DOWELL. I think the gentleman is correct.

Mr. GOSS. I had intended to make a point of order on that basis, but if we could have such an amendment accepted, I think it would be better. There is no harm in the language suggested.

Mr. HASTINGS. That is true, and that is what it means anyway. The word "hereafter" makes it permanent law and when you cut out the word "hereafter" it is limited to this appropriation, but there would be no objection to inserting the language which the gentleman has suggested.

Mr. DOWELL. The language is, leaving out the word "hereafter", "whenever performing authorized engineering or other services in connection with", and so forth, which would seem to me to make it permanent law.

Mr. GOSS. Again I suggest that if we include the words "during the fiscal year 1935" there could be no such objection.

Mr. DOWELL. I think that is correct and I will withdraw my reservation of a point of order, if the gentleman will consent to an amendment of this provision to make it clear that it only provides for this fiscal year.

Mr. SANDLIN. I shall accept the gentleman's suggestion.

Mr. DOWELL. With that understanding, Mr. Chairman, I withdraw the reservation of a point of order.

Mr. GOSS. Mr. Chairman, I offer the amendment which I have suggested.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 62, line 15, strike out the word "hereafter" and insert "during the fiscal year 1935."

The amendment was agreed to.

Mr. HASTINGS. Mr. Chairman, I want to detain the Committee for a moment to inquire of the chairman of the subcommittee having the bill in charge, if I am correct with respect to the amount of money that may be expended for road building during the next fiscal year.

My understanding is that the $400,000,000 of the $3,300,000,000 first authorized and afterward appropriated in the National Recovery Act has all been allocated to the several States, but that part of this money has not as yet been expended, and for this reason the Director of the Bureau of Roads did not insist on appearing before the legislative committee or to ask of this committee for a larger appropriation. As I understand from the chairman of the subcommittee having this bill in charge, there only remains $16,000,000 of

the amount of money heretofore authorized to be appropriated, which could be appropriated by the Committee on Appropriations in this particular bill. I am advised that the statement was made by the Director of Public Roads, Mr. MacDonald, that the amount of $400,000,000 allocated to the States, together with the amount of $8,000,000 carried in this bill, will be a sufficient amount to carry the work forward until February 1935.

Mr. DOWELL. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. DOWELL. If that be true, how much money has been unexpended of the amount that was appropriated, added to this $8,000,000?

Mr. HASTINGS. I do not have the exact figures, but I refer the gentleman to page 631 of the hearings, where the allocation of the several amounts totaling $400,000,000 are found, and where there is a statement made by the Director of the Public Roads such as I have indicated, which I understand, in substance, is that it will be sufficient for road building, with the amount appropriated, until February 1935.

Mr. TABER. Will the gentleman yield for a suggestion?

Mr. HASTINGS. I will be glad to yield to the gentleman.

Mr. TABER. If the gentleman will turn to pages 80, 80A, and 81 of the Budget message, I think he will find that approximately $200,000,000 of the $400,000,000 will be available for expenditure in 1935.

Mr. DOWELL. This is the only real information I have received, and I have made repeated inquiries attempting to get this information, as I understand there will be approximately $200,000,000, half of the appropriation made last year, for use in road building next year.

Mr. HASTINGS. Plus $8,000,000 carried in this bill.

Mr. DOWELL. And that will be used in the coming year.

Mr. HASTINGS. I want to say, while I am on my feet, that I think I agree with the gentleman from Iowa. If I had my way about it, I would prefer to see the legislative committee authorize a larger amount of money for road building. I would prefer seeing a much larger appropriation for road building in this bill. But the Director of Roads says that he has sufficient to carry on.

Let me repeat what I have frequently taken occasion to say before in the House, and that is, that I do not believe that any public money is expended to a more useful purpose than in road building. The first good road act was passed in 1916. There was a small appropriation at the time providing for the expenditure of $25,000,000 over a period of 5 years. This act has been amended and enlarged from time to time until a splendid network of good roads has been built throughout the entire country.

There is less criticism of road building than perhaps against the expenditure of money for any other purpose. We earmarked $400,000,000 out of the $3,300,000,000 authorized to be appropriated in the National Recovery Act. As I have just stated, this money has all been allocated to the several States and a detailed statement may be seen on page 631 of the hearings. I notice that my State, Oklahoma, received $9,216,798.

In the event additional funds are asked for the relief of unemployment, it is my judgment that Congress should specifically set apart and earmark a sizeable sum for road building. The building of good roads connects up every section of the country, East and West and North and South. It connects the rural communities with their marketing centers.

It enables children to attend rural schools and all persons to attend churches. It benefits those who live in the cities and those who live in the country. It adds value to the lands in the country and it reduces the cost of hauling farm products to market.

I have heretofore stated that I favor the improvement of every rural-route road and every star-route road. If these routes were improved the local county commissioners, with their funds, would improve the connecting links. This would enable the people to secure employment in every community and remain at home and save part of the money received from their work.

I trust that the Committee on Roads will meet at an early date and authorize an additional appropriation to be made for roads.

This bill carries an appropriation of $8,000,000, leaving only $8,000,000 more unappropriated that has been authorized. I would like to have seen the entire $16,000,000 appropriated. Then if a larger sum for relief work is again asked for I want to emphasize that I think that Congress should earmark, as it did in the National Recovery Act, a large part of it for road building.

We could aid the unemployment situation greatly by expending more money on roads, and second, by expending more money in building standardized public buildings in the smaller cities and towns throughout the country. The larger cities and towns now have adequate public buildings. Certainly every county-seat town should have a public building to house whatever Federal activities there are at that place. Each county-seat town is a permanent town and most of the county-seat towns grow in population and I think we are justified in urging additional appropriations for public buildings in the smaller towns throughout the country, particularly at this time, when the expenditure of money in those places would greatly relieve the unemployment situation.

As stated by the gentleman from New York, that of the $400,000,000 set apart in the National Recovery Act for road building, $200,000,000 remains unexpended, which, with the $8,000,000 provided in this bill, the Director of the Bureau of Public Roads advises will be sufficient to carry on the work of road building until February 1935.

May I again express the hope that prior to that time adequate sums will be made to care for the work of road building and erection of public buildings in the smaller cities and towns throughout the country.

The Clerk read as follows:

Bureau of Agricultural Economics.

Mr. LOZIER. Mr. Chairman, I move to strike out the last word. There are many fallacies which mightily influence individuals, communities, and nations, especially fallacies relating to economic problems. An untruth, if believed, and until it is disproved, has the same psychological effect as the truth. Jeremy Bentham, in his Book of Fallacies, calls attention to a large number of conclusions, formulas, maxims, aphorisms, proverbs, and theories which are quite generally accepted, and although at first glance they appear plausible, on closer examination are found to be obviously fallacious, erroneous, and illogical. The versatile Sydney Smith, the founder and first editor of the Edinburgh Review, in commenting on this posthumous work of Mr. Bentham, said:

> There are a vast number of absurd and mischievous fallacies which pass readily in the world for sense and virtue, while in truth they tend only to fortify error and encourage crime.

A fallacy, if long indulged and unchallenged, soon comes to be accepted as truth. A false philosophy, if its sophistry be not exposed, will be readily accepted as genuine and sound by those who do not investigate for themselves, and who are prone to accept the statements and conclusions of others in reference to matters with which they have no close familiarity. Someone, sometime, somewhere advanced an argument, formulated a maxim, or announced a theory, which the unthinking public acceped without subjecting it to the acid test of logic, reason, and common sense, and once accepted, its accuracy may go unchallenged for years. There are fallacies in religion, science, philosophy, sociology, business, and politics in which much error is cunningly mingled with a little truth.

In every sphere of human activity fallacies flourish on every hand and error in the garb of reason stubbornly contends with truth for the mastery of the world. Every generation explodes old fallacies and incubates new ones. No one familiar with the political history of the American people will deny that skillfully fashioned fallacies have often influenced legislation and dominated the political and economic life of the Nation.

It is not strange that men and multitudes are wedded to some dear falsehood when we consider that nearly every false philosophy has some admixture of truth. Fallacies thrive in the same soil that nurtures truth, just as tares and wheat grow side by side. Our form of government and our complicated business and economic systems furnish a fertile soil for the incubation of fallacies and false systems of political philosophy. Mr. Jefferson, in one of his inaugural addresses recognized this situation when he said:

Error of opinion may be tolerated where reason is left free to combat it.

In connection with the pending bill I desire to call your attention to a fallacy that has been boldly promulgated and pretty generally accepted, to the effect that our agricultural depression is due primarily and exclusively to overproduction of agricultural commodities. No greater or more mischievous fallacy has ever been given such general acceptance.

This false claim and illogical arguments in its support have been so long and so persistently pressed that many well-meaning individuals have, without investigation, accepted this conclusion as sound and axiomatic. Our agricultural distress is not primarily due to overproduction but to underconsumption and to maldistribution of our agricultural commodities. To illustrate:

In the 3 years, 1927, 1928, 1929, we produced in the United States an average of 868,607,000 bushels of wheat annually, while in the years 1930, 1931, and 1932 the annual production only averaged 828,159,000 bushels. That is to say, that in the last 3 years, 1930, 1931, and 1932, we produced on an average annually 40,448,000 bushels of wheat less than the average annual production for the preceding 3 years, 1927, 1928, and 1929.

In the 3 years 1927, 1928, and 1929, the average annual production of corn in the United States was 2,705,793,332 bushels, while for the last 3 years, 1930, 1931, and 1932, the average annual yield of corn was 2,511,664,000 bushels, or an annual average of 194,000,000 bushels less during the last 3 years than during the preceding 3 years.

Now, with reference to cotton. In the 3 years 1927, 1928, and 1929 the average annual production was 14,086,259 bales, while for the last 3 years, 1930, 1931, and 1932, the average annual production was 14,676,368 bales, or an average increase of only 590,109 bales annually.

Take our potato crop. For the 3 years 1927, 1928, and 1929 we produced on an average annually 400,000,000 bushels of white potatoes, while for the 3 succeeding years 1930, 1931, and 1932 the average annual production was 355,000,000 bushels, or an average annual decrease of 45,000,000 bushels.

The total world production of corn in the 3 years 1927, 1928, and 1929 was 12,794,000,000, or an average annual yield of 4,264,666,666; while for the 3 years 1930, 1931, and 1932 the total corn production of the world was 12,866,000,000 bushels, or an average of 4,288,666,666 bushels annually. That is to say, the total world production of corn in the last 3 years averaged only 24,000,000 bushels annually more than the annual production for the 3 preceding years.

The total world production of wheat for the 3 years of 1927, 1928, and 1929 averaged 4,448,000,000 bushels, while the average annual production for the 3 years 1930, 1931, and 1932 averaged 4,782,000,000 bushels, from which it appears that the average annual world production of wheat for the last 3 years was only 334,000,000 bushels in excess of the average annual world production for the 3 preceding years.

The total wheat exports from North America in the 3 years 1927, 1928, and 1929 averaged 476,813,666 bushels, while the exports from North America for the 3 years 1930, 1931, and 1932 averaged 372,569,000 annually. It is significant that the total average annual exports of wheat from the United States and Canada for the last 3 years were 104,244,666 bushels less than the annual average exports for the 3 preceding years.

Moreover, the exports of wheat from all countries has declined in the last 3 years. The total exports of wheat from all countries for the 3 years, 1927, 1928, and 1929, averaged 833,822,333 bushels annually, while the total world exports for the 3 years, 1930, 1931, and 1932, averaged only 708,697,333 bushels annually, or an average annual decline in world exports of 124,125,000 bushels.

These statistics conclusively demonstrate that there has been no overproduction of wheat, cotton, potatoes, or corn, and during the last 3 years the exports of these four major commodities from the United States and from all nations has declined, very largely because the buying power of the masses in all nations has been materially reduced, and in many nations practically destroyed.

On August 1, 1933, the world's stock of wheat amounted to 960,000,000 bushels, of which the United States held 345,000,000, or 36 percent of the world's wheat supply. This was the largest total in history for that date. The world's total supply of wheat August 1, 1933, was 180,000,000 bushels larger than the stock on hand August 1 of the preceding year. On August 1, 1933, the United States stocks of wheat exceeded the combined supplies of Canada, Australia, Argentina, and all other exporting countries, plus the grain then in ocean transit.

Only in recent years have old crop carry-overs become a prominent feature of the world's wheat situation. Changes in August 1 stock had very little bearing on world markets during the post-war period prior to 1929, and until that time neither the United States nor Canada entered the season with as much as 100,000,000 bushels of wheat on hand, and European stocks showed such slight variations from season to season that they were seldom listed in world's tabulations. That is to say, prior to 1929 the world habitually consumed practically all surplus stock of wheat by the time the new crops were harvested and marketed.

From 1925 to 1928 inclusive, the world at no time had a supply of more than 300,000,000 to 500,000,000 bushels of wheat on August 1, but suddenly in 1929 an additional 300,000,000 bushels was piled on top of the already accumulated stock of 500,000,000 bushels, and since 1929 so-called "excessive surpluses" have operated to drive the market price of wheat lower and lower.

But, I repeat these so-called "surpluses" accumulated not as a result of unusual or excessive production, but because of unprecedented and unexpected underconsumption. The people, not only of the United States but of the world, were in such economic distress and their purchasing power had been so tremendously reduced that they were unable to buy wheat or its products, and, therefore, the stocks continued to accumulate in the world's markets, in spite of reduced production.

So I come back to my original proposition that there never was a greater fallacy in the world than that the present agricultural depression and low prices of farm products are attributable to overproduction. It is not overproduction; it is underconsumption; it is a maldistribution of agricultural commodities. I do not believe that since the world began the Almighty has ever permitted the earth to produce more food than was reasonably necessary to supply the wants of mankind, if only the farm products could be brought within reach of the people who were hungry and wanted them.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. LOZIER. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LOZIER. For the past several years there has been just as much demand and actual need in the world for agricultural products as there ever was. There has been a gradual falling off in the per capita consumption of wheat, in the per capita consumption of meat products, and of all agricultural commodities, and as a result the carryover from year to year has constantly augmented the surplus supplies. That, as I have said, is not due primarily to overproduction, but inevitably results from the inability of the American people and the people of the world to buy farm products.

We know as a matter of fact that there are millions of people in the cities whose financial condition will not permit them to have meat at more than one meal a week, and then in very limited quantities. Until the purchasing power of the American people is restored, until the people have funds with which to buy farm commodities and other food products at prices far above present market levels, there can be no rehabilitation of the agricultural classes. There are 30,000,000 people who live on farms and depend directly on agriculture for a livelihood, and until the buying power of those 30,000,000 people is restored, and until the farmer is able to sell his commodities at prices which will not only return to him the cost of production, but a fair profit over and above production costs, permanent and Nation-wide prosperity is impossible.

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. LOZIER. Yes; I yield to my friend from Minnesota.

Mr. JOHNSON of Minnesota. I agree with the gentleman in what he has said, but has he any record of the increase in the production of dairy and meat products?

Mr. LOZIER. No; I have not placed anything of that kind in the RECORD, but what I said about corn, wheat, cotton, and potatoes applies to dairy and all other farm products. No more butter is being produced in the United States than is needed or desired by the people, but more dairy products are being produced than the impoverished people can buy and pay for.

From what I have said, I do not want to be understood as opposing the President's domestic-allotment plan and his other progressive and forward-looking measures for the restoration of prosperity to the agricultural classes. I am whole-heartedly supporting the entire agricultural program of President Roosevelt, and I am convinced that if it is sympathetically administered, it will lead the American farmers out of bondage and out of the swamps of insolvency into the high hills of prosperity. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HASTINGS. Mr. Chairman, I make the same request.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk read as follows:

Farm management and practice: To investigate and encourage the adoption of improved methods of farm management and farm practice, and for ascertaining the cost of production of the principal staple agricultural products, $313,670.

Mr. WHITTINGTON. Mr. Chairman, I move to strike out the last word to ask a question with respect to the appropriation of $313,670 for farm management and practice. Will the amount carried in the current appropriation for the year 1935 be the same as that carried in the appropriation for 1934 except as to the matter of the adjustment of salaries?

Mr. SANDLIN. Yes, sir.

Mr. WHITTINGTON. In other words, there is no curtailment of the work that is done during the current year provided for in the pending appropriation?

Mr. SANDLIN. This bill carries the same amount that was carried for 1934.

Mr. WHITTINGTON. So that there should be no occasion for curtailment of the work, and the same work can be done as during the present year?

Mr. SANDLIN. Yes.

The Clerk read as follows:

Crop and livestock estimates: For collecting, compiling, abstracting, analyzing, summarizing, interpreting, and publishing data relating to agriculture, including crop and livestock estimates, acreage, yield, grades, staples of cotton, stocks, and value of farm crops, and numbers, grades, and value of livestock and livestock products on farms, in cooperation with the Extension Service and other Federal, State, and local agencies, $603,701: *Provided*, That no part of the funds herein appropriated shall be available for any expense incident to ascertaining, collating, or publishing a report stating the intention of farmers as to the acreage to be planted in cotton.

Mr. WEARIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. WEARIN: Page 67, line 7, after the word "cotton", insert the words "or corn."

Mr. WEARIN. Mr. Chairman, I have introduced this very short amendment which will cost the Department of Agriculture nothing. It is quite possible that the amendment may save the American farmer and particularly the corn grower some money. Before I discuss it at length I call the attention of the committee to the fact that under the provisions of the section pertaining to the Bureau of Agricultural Economics there is a limitation that the Clerk read just a moment ago, as follows:

Provided, That no part of the funds herein appropriated shall be available for any expense incident to ascertaining, collating, or publishing a report stating the intention of farmers as to the acreage to be planted in cotton.

My amendment simply adds the words "or corn."

Mr. ARENS. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. Yes.

Mr. ARENS. Why not have it apply to all crops? The prediction of what acreage the farmer is to plant is a damage to all of us.

Mr. WEARIN. I think the suggestion of the gentleman from Minnesota is very good. The reason I did not do that is because I represent a corn section, and I thought the gentleman from Minnesota or some other might be interested in enlarging the amendment to the extent of making it refer to the products from their particular districts. I will support such a motion. I believe the dissemination of such information upon the part of the Department of Agriculture is equivalent to a revelation of what should be a trade secret on the part of the American farmer. There is no reason why the reservation with reference to the publication of planting intentions should be applicable to the cotton producer and not applicable to the corn grower. I think what is true of cotton is also true of corn; that the distribution of such information might readily militate to the disadvantage of the corn grower to the extent that any data indicating increases has a tendency to decrease the market price of the product.

Mr. DOBBINS. Will the gentleman yield?

Mr. WEARIN. I yield.

Mr. DOBBINS. Does not the objection which the gentleman raises to the dissemination of this information apply to the entire paragraph with equal force—information as to the number of acres, planting, crop conditions, and the like?

Mr. WEARIN. Do I gather that the gentleman means that it applies to all farm products?

Mr. DOBBINS. No. I mean does it not apply with equal force to the entire paragraph covering the estimates, crop production, dissemination of information which the Department of Agriculture gives out in monthly estimates? Does not the objection apply with equal force to that?

Mr. WEARIN. I am inclined to think this particular proviso simply refers to the intention to plant cotton and not to the publication of actual data as to the number of acres planted. For that reason I have introduced this amendment including corn. I think the retention of such information, as a matter of secret data within the files of the Department of Agriculture, is of the utmost importance to the corn grower as well as the cotton grower. I trust the committee and the Members of the Committee of the Whole House on the state of the Union will accept the amendment.

Mr. SANDLIN. Mr. Chairman, I am going to leave this question to my friends on the other side, as they come from the corn-growing sections of the country. As far as I am concerned I will not oppose the amendment.

Mr. SINCLAIR. Mr. Chairman, as far as this side of the House is concerned, we have had no discussion of that question at all in the committee. There has not been any

attempt on the part of the committee to insert other crops with reference to this paragraph. However, I have no objection to going along with the gentleman if it is agreeable to the other gentleman on this side. All crops should be considered in the same way, however.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Iowa [Mr. WEARIN].

The amendment was agreed to.

The Clerk read as follows:

Enforcement of the standard container, hamper, and produce acts.

Mr. SANDLIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SANDLIN: Page 71, line 23, after the word "produce", insert the word "agency."

The amendment was agreed to.

The Clerk read as follows:

Total, Bureau of Agricultural Economics, $4,916,031, of which amount not to exceed $1,861,856 may be expended for personal services in the District of Columbia, and not to exceed $22,200 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

Mr. JENKINS of Ohio. Mr. Chairman, I move to strike out the last word. I ask unanimous consent to revise and extend my remarks, Mr. Chairman.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. JENKINS of Ohio. Mr. Chairman, I rise to discuss the parliamentary maneuvers which have attended the course of the independent offices appropriation bill, especially as they apply to the passage or rather to the refusal to pass the veterans' amendments to that bill.

It is very unfortunate that legislation seeking to aid the veterans could not be taken up by itself and upon its own merits. The public, which cannot be well informed on the parliamentary practices of the House of Representatives, fails to understand why this cannot be done. There is no real reason for this except that the administration cannot trust the Congress to legislate, even though it has a majority of over 200 Members out of 435, which is the largest majority for any party since the establishment of the Republic.

To get at the very bottom of this opposition to the veterans shown by the President and the administration we must go back to the passage of the Economy Act by the House of Representatives within a week after President Roosevelt took office. At that time the people of the country were in a state of great anxiety due to the closing by the President of all the banks and financial institutions of the country. Finances, private and national, were the common topic of discussion by the people everywhere. The fortitude and patriotism shown by our people then was most commendable.

When the country was in this condition, the President made a great play to balance the Budget. To do this his spokesmen in the House made it appear that his plan was to reduce the expenditures in the Veterans' Department by a reduction of expensive red tape and unnecessary overhead expenses to the extent of about $225,000,000. He was granted this authority under these conditions. This authority was grossly abused immediately, and thereby was disclosed the animosity of the President and his administration toward legislation favoring the veterans. Since that time the administration has balked every effort made by the veterans to regain that which was unfairly taken from them. This is the reason why it is impossible for those sponsoring legislation favorable to veterans to get their measures considered. The committees, which are dominated by Democrats afraid to act for fear of the President's wrath, pigeonhole the bills. And the Rules Committee, which furnishes the necessary "gag rules" for the administration, refuses consideration to any such measures. The veterans, therefore, are forced to "tack on" their measures as amendments to some other bills. The only bills which must be passed in order to keep the Government going are appropriation bills. This class of bills have very frequently been the vehicle by which much legislation has been passed. In the last session of Congress veterans' legislation seeking to undo the consequences of the Economy Act was appended to the independent offices bill. In order to forestall this procedure in this session, the high and mighty Rules Committee early in this session adopted the most drastic course ever yet attempted by any Rules Committee. They prepared and forced through a rule which was opposed almost unanimously by the Republicans and by many Democrats, and would have been defeated except for fear of Executive retribution. This rule provided, in effect, that when the independent offices appropriation bill would be brought up for consideration no amendments could be offered to it except those which the Appropriations Committee itself might wish, and also provided that on no appropriation bill that might be considered at any future time during the life of the Seventy-third Congress could any amendment be added except those which the committee offered. Thus did the Congress blindly and supinely, and to the everlasting disgrace of those who agreed, surrender to the committee and the grasping administration bunch their constitutional right and duty to legislate for the people.

This was nothing less than a rank, unfair, unjust invasion of the rights of the legislative branch of the Government by the Executive. It was also an invasion of the rights of a large group who took up arms in defense of the country. This is much more serious than those who oppose the veterans' requests appreciate. When the time comes for them to seek redress under the rights given by the Constitution, and they are denied this redress by the interposition of a "gag rule", they will appreciate more clearly how dangerous this is. They will then doubt very much our vaunted boast that ours is the "land of the free."

John W. Davis, the erstwhile leader of Democracy, when Democracy was democracy and not socialism, has much to say recently that is apropos of this situation. He says, in effect, that wisdom and common sense in legislation will carry further than hasty expedients devised to circumvent. Does any Democrat who has been voting for these "gag rules" believe in his heart that John W. Davis or Andrew Jackson or Thomas Jefferson or John C. Calhoun or Jeff Davis himself would have voted for such a rule if he were a Member of this Congress? The House was circumvented from the consideration of any veterans' legislation by the simple process of allowing itself to be scared into inaction and to be gagged into inarticulation.

The independent offices appropriation bill passed the House without any amendment for aid of veterans. The Senate, after the interposition of every possible obstacle by administration leaders, ordered the measure before the Senate for open consideration. The administration failed to gag the Senate. The Senate adopted amendments restoring the Spanish War veterans to the pension rolls as they formerly were with the same pension as formerly less 10 percent. The whole of the four-point program of the American Legion was adopted except the fourth point, which provided a pension plan for World War widows.

While the administration would make no concessions to the House and offered only the "gag rule" as its plan, when the Senate showed some fight the administration immediately countered with a proposition of compromise. The compromise was very liberal when contrasted with "gag-rule" tactics, but those in charge of the fight for the veterans could not then in honor accept any compromise.

After passage by the Senate, the next step in regular parliamentary procedure would be to refer the bill with the amendments to the House for action by the House. The usual procedure would have been for the Chairman of the Appropriations Committee to have asked unanimous consent to have the bill with the amendments referred to conferees made up from the membership of the Appropriations Committee with Members of both parties represented. It would be their duty to bring out some report that would give the House the right to pass upon the amendments offered by the Senate. Instead of following the usual course, resort was

had to an ancient rule that has not been invoked for many years, and the existence of which few, if any, Congressmen knew. This rule gives the Speaker the right to refer the bill back to the committee if he chooses. By virtue of this rule the Speaker, refusing to allow the bill to come up under the heretofore universal custom, arbitrarily referred it back to the Appropriations Committee, where it may be emasculated at will, or where it may be buried forever. The only way this bill may be brought to light again if the committee refuses to act is by the invocation of the discharge rule. This is done by the signing of a petition to that effect by 145 Members of the House. This cannot be done until after the committee has held the bill for more than 30 days.

The administration will not risk this procedure, for there is no question that a sufficient number of signatures can be secured to a discharge petition. The administration will not permit a straight-out vote, for if the gag is taken from the mouths of Congressmen, enough of them will be found with courage enough to reclaim their constitutional rights to vote as they please. The administration, with its great boasting of fairness and liberality, dares not permit a straight-out vote.

As soon as the Senate passed these favorable amendments the Democratic leadership immediately called a caucus of their membership. The object was to bind the membership to oppose the Senate amendments. Fearing a revolt among their members, it was decided to call a conference instead of a caucus, the difference being only a sentimental one. A caucus is supposed to bind, while a conference is supposed to effect a unanimity of sentiment. A short time before the arrival of the hour for the conference the Democratic leaders, still fearing an explosion which was sure to follow any convocation of the Democratic membership, grew panicky, and from a conference at the White House with the President the Democratic floor leader called off the conference. It was then that somebody discovered this age-old rule, which was welcomed by the leaders as a drowning man would welcome even a straw. Thus endeth a chapter full of alternating hope and despair for the veterans.

What the next step will be nobody seems to know. It is safe, though, to assume that the administration will now come forward with a proposition of compromise which will carry a substantial increase to the veterans and which will be accepted by their leaders, just as was done in the closing days of the last session, when the Cutting-Steiwer amendment was defeated and a substitute accepted. Thus will the administration keep itself from a defeat, and thus will it seek to convince the veterans that only from it can come any veterans' relief, and that it is the veterans' best friend. I have no doubt that the veterans will be able to understand that whatever gains they have been able to make for their comrades are due to their own efforts, assisted by Senators and Congressmen who are friendly to their cause. It cannot be fairly claimed that the present administration has shown anything but open hostility toward the cause of the veterans.

The Clerk read as follows:

To enable the Secretary of Agriculture, in cooperation with the authorities of the States concerned, or with individuals, to make such investigations and demonstrations as may be necessary in connection with the development of livestock production in the cane-sugar and cotton districts of the United States, $37,036.

Mr. ARENS. Mr. Chairman, I move to strike out the last word. We heard a little while ago of the possibility of the Government appropriating money to create a game refuge at one place and then appropriating money at another place to destroy it. We are at the present time confronted with the question of reducing the production of dairy products, and we have appropriated in a bill sometime ago $200,000,000, of which seventy-five or eighty million dollars will go to eliminate dairy cows. In this bill we are appropriating here $37,000 to show the people of the South how to raise dairy cows and to encourage them to raise dairy cattle in the southern part of the United States. I just wanted to call attention to this fact. Objections were made to appropriating $33,000,000 for developing a waterway for our section of the country. Here we appropriate $37,000 to create competition for people in our section of the country. We appropriated sometime ago a large sum of money, I mentioned, to eliminate surplus dairy cattle, and here we are spending money in the South to investigate and demonstrate and encourage the raising of dairy stock. I just wanted to call attention to the inconsistency.

I withdraw the pro forma amendment.

The Clerk read as follows:

For the application of such methods of control of grasshoppers as, in the judgment of the Secretary of Agriculture, may be necessary, in cooperation with such authorities of the States concerned, organizations, or individuals as he may deem essential to accomplish such purposes, including the employment of persons and means in the District of Columbia and elsewhere, printing and binding, rent outside of the District of Columbia, and for other expenses, $2,000,000, to be immediately available, of which amount not to exceed $7,500 may be expended for personal services in the District of Columbia: *Provided*, That this appropriation shall be used for expenditures of general administration and supervision, purchase and transporation of poisoned bait, or materials for its manufacture, and such other expenses as in the discretion of the Secretary of Agriculture may be deemed necessary, and that the cooperating State shall be responsible for the local distribution and utilization of such bait on privately owned lands, including full labor costs: *Provided further*, That, in the discretion of the Secretary of Agriculture, no part of this appropriation shall be expended for grasshopper control in any State until such State has provided the necessary organization for the cooperation herein indicated: *And provided further*, That no part of this appropriation shall be used to pay the cost or value of farm animals, farm crops, or other property injured or destroyed.

Mr. GOSS. Mr. Chairman, I reserve a point of order on this paragraph, for the purpose of asking for an explanation as to the apparent emergency need for this appropriation, when it has not ever been authorized by law; and also to ascertain if the committee would accept an amendment which would at least tie up this appropriation to the fiscal years 1934–35, so that it could not in any way be construed as a permanent law?

Mr. SANDLIN. I will refer the gentleman to the gentleman from North Dakota, who is more familiar with the grasshopper situation than I am.

Mr. SINCLAIR. Mr. Chairman, the conditions in effect now are these: There has been an inspection made of the territory in the Northwest this past fall to ascertain the extent to which the whole territory was infested with grasshoppers. The Bureau of Entomology has sent several men up there, working in conjunction with local people.

They find that along the international boundary line from the Rocky Mountains to Lake Superior there is the worst infestation from grasshopper eggs that has been known in this country in 50 years.

Mr. GOSS. The gentleman recalls that a few years ago we had this same item before us, and that it was voted down. It was then stated in March that we needed the money by April; and when April came we needed it by June; and when June came we needed it by July. Finally, the House refused to appropriate the money, and after all there was no grasshopper infestation that year, yet we might very easily have spent a million and a half dollars.

Mr. SINCLAIR Will the gentleman allow me to explain the situation?

Mr. GOSS. Yes; I shall be pleased to, for I want to understand what the emergency is this year and why the money is needed.

Mr. SINCLAIR. The infestation a few years ago, of which the gentleman speaks, was in a limited area. It was severe in spots, nevertheless, and the value of the crops the grasshoppers destroyed was not only thousands of dollars but millions of dollars. The grasshoppers have gradually grown worse each year since and have spread out until now they take in practically the entire area of 8 States on this side of the border and of 3 Canadian Provinces on the other side. The estimated damage done by them last year was $20,000,000.

Mr. GOSS. I want to ask the gentleman in this connection if it is going to be necessary to come in here year after year for $1,500,000 or $2,000,000 if we appropriate this amount today on account of the emergency I understand

now exists? Will this be used as a precedent for other areas seeking other millions to exterminate other bugs? Will we have to appropriate millions each year for this purpose?

Mr. SINCLAIR. I may say to the gentleman from Connecticut that I hope we will not have to come back here another year if we get this appropriation and the poison is spread at the right time; that is, the period when the eggs first hatch and before vegetation becomes very green. If we can catch them at the right time, we will be able to dispose of the grasshopper scourge; and we hope not to have to come back for an additional appropriation.

Mr. GOSS. In order that it may be clear and stand of record, it is not the intention to make this a permanent annual affair?

Mr. SINCLAIR. No; it is not.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. BOILEAU. I may say to the gentleman that we believe if a sufficient appropriation is provided this year we can kill off most of the grasshoppers, and they will not lay eggs to be hatched another year.

Let me say further that had we spent a substantially large amount of money last year in killing these grasshoppers we would not have had to spend so much money as we have been spending right along through C.W.A. and other relief measures to feed livestock because the farm crops were destroyed by the grasshoppers. I feel it will prove to be a saving to the country, and it certainly will be a great help to that great western section.

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. JOHNSON of Minnesota. I think there is an emergency, as the gentleman from North Dakota has stated. In the State of Minnesota during the summer in drought-stricken areas the grasshoppers multiply by the millions.

I do not think we will have to have the appropriation continued for more than the next 2 years if we can have it this year; but we certainly do need it now.

Mr. GOSS. Mr. Chairman, will the chairman of the committee accept an amendment, on page 80, line 23, after the figures "$2,000,000", to insert the words "to be available during the fiscal years 1934 and 1935"?

Mr. SANDLIN. Would that be agreeable to the gentleman from North Dakota?

Mr. SINCLAIR. That is agreeable to me.

Mr. GOSS. That at least limits the period during which it may be used.

Mr. SINCLAIR. To be immediately available.

Mr. GOSS. That language is in the bill. I am not striking that out. I am simply making it available for these 2 fiscal years only.

Mr. ARENS. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. ARENS. Will the language of the gentleman's amendment be construed to mean that this money will have to be spent if it is appropriated?

Mr. GOSS. No. I hope it will not be necessary to spend it, I may say to the gentleman from Minnesota; that is the object of this colloquy; but it would be available if necessary.

Mr. ARENS. Will not the probable effect of the amendment be to encourage the offices to use the money anyway?

Mr. GOSS. No; I will take a chance on that just to tie it up to these 2 fiscal years.

Mr. SINCLAIR. Of course, the gentleman understands another $2,000,000 will be required from the States and counties where this infestation has taken place.

Mr. GOSS. Is there not any language in the bill to indicate that the States are required to contribute an equal amount?

Mr. SINCLAIR. Yes; they are required to cooperate.

Mr. GOSS. They are required to cooperate, but that does not mean necessarily that they are required to appropriate, I may say to the gentleman from North Dakota.

Mr. SINCLAIR. They are required to cooperate. No part of the money appropriated for this item may be used to pay the cost or value of farm animals, farm crops, or other property injured or destroyed.

Mr. GOSS. But the States will not be required to contribute any money.

Mr. SINCLAIR. Yes; they will.

Mr. GOSS. How much; that is what I want to find out?

Mr. SINCLAIR. They will probably have to contribute an amount equal to what we are appropriating.

Mr. GOSS. But the language of the bill does not require it.

Mr. SINCLAIR. The whole cost of distributing and spreading the bait must be borne by the States, the counties, and the farmers. It was brought out in the hearings that this sum will equal the amount here appropriated.

Mr. GOSS. Mr. Chairman, I withdraw my point of order and offer the amendment.

The Clerk read as follows:

Amendment offered by Mr. GOSS: Page 80, line 23, after "$2,000,000", insert the following: "to be available during the fiscal years 1934 and 1935, and."

The CHAIRMAN. The question is on the amendment of the gentleman from Connecticut.

The amendment was agreed to.

The Clerk concluded the reading of the bill.

Mr. SANDLIN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and, the Speaker having resumed the chair, Mr. GREGORY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. SANDLIN. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

WILLIE B. CLEVERLY

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent to vacate the proceedings by which the bill (S. 407) for the relief of Willie B. Cleverly was passed last evening for the purpose of offering an amendment.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent to vacate the proceedings by which the bill S. 407 was passed last evening. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read the title of the bill.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 6, strike out the words "in full compensation."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I wish to renew my request that after the consideration of the privileged resolution

from the Rules Committee which will be presented shortly it shall be in order to call up the bill (S. 2766) to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes, under the general rules of the House, a similar House bill having been reported by the House Committee on Banking and Currency.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PROFITEERING IN MILITARY AIRCRAFT

Mr. SMITH of Virginia. Mr. Speaker, at the request of the Rules Committee I call up House Resolution 275.

The Clerk read as follows:

House Resolution 275

Whereas there are a number of bills pending before the Committee on Military Affairs of utmost importance to the problem of national defense in general, and to the operations of the War Department; and

Whereas allegations and charges of a serious nature have been made relative to profiteering in military aircraft and aircraft engines purchased by the War Department; the leasing of public property by the War Department to private concerns under terms and conditions alleged to be contrary to public interest; profiteering in the purchase of War Department property; the awarding of contracts without competitive bidding, and methods of purchase of military aircraft under which the aircraft purchased is inferior in performance to the military aircraft of other world powers, and to the requirements of national defense: Therefore be it

Resolved, That the Committee on Military Affairs, or any subcommittee appointed by the chairman, be, and is hereby, authorized and directed to inquire into and investigate the allegations and charges that have been or may be made relative to profiteering and irregularities involving the expenditure of public funds for national defense and other matters in which the problem of national defense in whole or in part is involved; be it further

Resolved, That the said committee, or such subcommittee thereof, shall make a thorough and exhaustive investigation of all allegations and charges that have been or may be made in connection with any and all matters pertaining to legislation or proposed legislation coming within the jurisdiction of said committee, and shall make a full and complete report to the House of Representatives, together with such recommendations as it deems advisable; and be it further

Resolved, That for the purpose of this resolution the said committee, or any such subcommittee thereof, is authorized to hold such hearings, to sit and act during the sessions and the recesses of the present Congress, at such time and places, either in the District of Columbia or elsewhere, and to employ such expert, clerical, and stenographic services as may be found necessary, and to require by subpena or otherwise the attendance of witnesses, to administer oaths, to compel the production of books, papers, and documents by Government or private agencies, and to take and record such testimony as the committee or subcommittee may deem advisable or necessary to the proper conduct of the investigation directed by this resolution.

With the following committee amendments:

Page 2, line 6, after the word "defense", insert the words "the use and disposition of surplus property", and on page 2, line 22, strike out the language "and to employ such experts, clerical, and stenographic services as may be found necessary."

The committee amendments were agreed to.

Mr. SMITH of Virginia. Mr. Speaker, I have no demand for time over here.

I may say that this resolution is reported unanimously by the Rules Committee, and at a hearing of the members of the Military Committee before the Rules Committee it was stated that the resolution had the unanimous support of that committee.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman explain the resolution. This is quite an important resolution.

Mr. SMITH of Virginia. I shall be glad to do so.

Mr. MARTIN of Massachusetts. I would also suggest that the gentleman yield me the usual 30 minutes. I do not expect to use it all, but I would like to have the time in case I need it.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts and 5 minutes to the gentleman from South Carolina [Mr. McSWAIN].

Mr. McSWAIN. Mr. Speaker, this resolution is no afterthought. It is the result of long experience and consideration. On March 20, 1933, I introduced House Concurrent Resolution No. 6, asking for a full investigation into matters of this same general nature, and on January 11, of this year, I introduced House Resolution 219, asking for the establishment of a special committee to be appointed by the Speaker, to investigate the same general subject matter.

Inasmuch as it was thought by many, especially some members of the Committee on Military Affairs, it would be better that the investigation be made by those who are already familiar with the general subject, the effort to have resolution 219 passed was abandoned, and this resolution was brought out upon the authority of the committee by its unanimous vote.

Mr. Speaker, I may say this is a broad and sweeping power, but it is not intended that this power shall be exercised with any partisan or political motive or purpose. It is solely for the purpose of discovering the truth in order to guide us in the matter of framing legislation. We will not besmirch any reputation upon hearsay evidence. It is no fishing party for scandal or slander. It is an effort to purge, if there be anything wrong, and to rectify a system which many allege to be wrong.

But, on the other hand, Mr. Speaker, I can assure you there will be no whitewashing, so far as this committee is concerned, and wherever the truth points, there the charge will follow.

Mr. CULKIN. Will the gentleman yield?

Mr. McSWAIN. I yield.

Mr. CULKIN. I note in the press that there is a grand-jury investigation going on with reference to some of this subject matter. Will this investigation have any adverse or unfavorable effect on that criminal investigation?

Mr. McSWAIN. I cannot conceive that it would have any influence whatever.

Mr. CULKIN. In other words, will the effect of calling witnesses before the committee be to give them immunity from criminal prosecution?

Mr. McSWAIN. Oh, no. Any witness that comes before our committee is absolutely liable in any civil court for any proceeding that the truth may justify.

Mr. CULKIN. Would he be liable in a criminal prosecution if you swore him? Would not that fact give him immunity?

Mr. McSWAIN. No, indeed.

Mr. GOSS. He could be required to waive immunity.

Mr. McSWAIN. I understand; but that refers to the civil courts. The Congress, as I understand from the precedents and from good parliamentary and constitutional principles, is a grand jury of inquest in all the affairs of government and all persons are bound, upon the demand of the Congress, to come and testify and tell the truth with regard to Government matters irrespective of their responsibility or liability as witnesses, as defendants, or otherwise, in the civil courts.

Mr. CULKIN. In the gentleman's opinion, the passage of this resolution will not impede or affect unfavorably the present grand-jury investigation?

Mr. McSWAIN. In no way whatever, and this investigation, as I have already said, is not for the purpose of running down and trying to find some particular individual guilty. The purpose is to find out how these things happen and to enable us, knowing these facts, to frame legislation to prevent their recurrence. It is to guide us in the framing of adequate legislation.

While I am on my feet, Mr. Speaker, I may say this resolution is broad enough to cover the inquiry that has been proposed by the gentleman from New Jersey [Mr. HARTLEY] with respect to the relations between the War Department and a concern called the Mercur Corporation, which has some sort of operating arrangement, under contract, for the Port Newark Army base at Newark, N.J.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman 2 minutes.

Mr. BUCHANAN. Will the gentleman yield?

Mr. McSWAIN. I yield to the gentleman from Texas.

Mr. BUCHANAN. What will be the cost of this inquiry?

Mr. McSWAIN. We propose to ask the Committee on Accounts to authorize an expenditure of $10,000.

Mr. BUCHANAN. Is the gentleman prepared to state to the House it will not cost any more than that?

Mr. McSWAIN. I am prepared to state to the House I hope it will cost much less than that, because we have called upon the General Accounting Office, the Department of Justice, and the Department of the Inspector General of the Army to give us assistance. We will not spend one single cent that is unnecessary, and there will be no junketing trips, I can assure the gentleman, because under the resolution pending before the Committee on Accounts, I am to O.K. any expenditure, and I assure the gentleman there will be no junketing and there will be no waste of money.

Mr. MARTIN of Massachusetts. The gentleman from Texas [Mr. BUCHANAN] has asked the question which I intended to ask the gentleman, but may I state that it was also understood when the gentleman appeared before the Committee on Rules that the gentleman would not come back and ask for another appropriation.

Mr. McSWAIN. Yes; I can say that we will not be back asking for another appropriation.

This committee has already been working all day for 4 weeks under the permission of the House to be absent from its sessions. We have been working some days until after dark in an effort to obtain the truth, but having no assistance from auditors and investigators, our efforts sometimes seem to be frustrated by the skillful evasion of those who have appeared before us.

Mr. HARTLEY. Will the gentleman yield?

Mr. McSWAIN. I yield.

Mr. HARTLEY. I may say that the investigation of this Mercur Corporation at Port Newark will result in a saving of many times the $10,000 which the committee has requested.

Mr. McSWAIN. I think we are losing there something like $120,000 a year.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, the people of Kansas have a particular interest in seeing this resolution adopted. The Assistant Secretary of War, Harry H. Woodring, is a former Governor of our State and is a citizen of the district I represent. He is not of my political party. I am glad to speak of him as my friend and neighbor.

I may say to you that the people of Kansas, irrespective of party politics, believe in the character and integrity of Harry H. Woodring. Kansas Republicans seek no political advantage by an unwarranted besmirching of the character of Harry Woodring or any other Democrat.

In the light of grand jury proceedings and newspaper comment thereon, there is no question but that at this time there is a cloud on the War Department.

The people of Kansas, in common with the rest of the people of the United States, want to see the truth served; they want honesty and integrity in the War Department and every other department of this Government.

I believe that the Military Affairs Committee of the House will conduct this proceeding in a dignified and honorable manner. I do not believe the committee will permit it to be used to gain political advantage by blackening the character of people, even though they be officials of the former administration. At the same time, I do not believe the committee will whitewash any official of this War Department.

I am particularly eager to see this resolution go through and be adopted by this House, giving this committee the opportunity to make a most thorough investigation. I would be most amazingly surprised if it should develop that anything has been done by the present Assistant Secretary of War, Mr. Woodring, which would point to any malfeasance on his part.

It is the truth which we want, and when that truth is brought out by this committee it will serve justly every person connected with this or the preceding War Department, and, above all, will serve well the true needs of the people of this country.

Now, all that has been written and printed growing out of hearsay and innuendo has to a greater or lesser degree pointed the finger of suspicion to this great Kansan, a man whom the people of Kansas revere and respect, not only as of yesterday but as of today. We are particularly anxious to see the full proceedings brought out to the sunlight of day. We believe and hope that when that is done there will be no finger of suspicion pointing toward Harry H. Woodring, former Governor of Kansas and the present Assistant Secretary of War, whom the people of Kansas respect very much.

I thank you. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I am glad to add my voice in support of this investigation, particularly as I know it will be conducted by the Chairman of the Military Affairs Committee, one of the ablest men in this House and absolutely fair-minded, who has given his word to the Members of the House that it will be conducted impartially, without regard to politics, and that those who are guilty, irrespective of party, will be prosecuted. I am sure that that is the attitude of everyone on this side of the House. If there is any crookedness or graft in the War Department, it ought to be exposed, and those responsible and who are found guilty sent to jail, no matter to what party they belong or how high or how low in rank or official position. I am more than glad to vote for this resolution because for years I have felt that this House has been shirking its duty; that it had evaded investigations of the bureaus and departments of the Government and had imposed that burden on the Senate of the United States. That body has rendered great service to the people of our country in exposing the Teapot Dome scandal, in exposing Fall and Forbes, and in exposing the tax dodgers, such as Wiggin, of the Chase National Bank, and Mitchell, of the National City Bank, while we have not conducted any investigations on a large scale, except that in respect to the activities of the Communists in the United States, in the many years that I have been in the Congress. I hope this is the beginning of the use of the powers of the House, representing the people and being closer to the people, to keep in touch with the departments of the Government and to investigate executive bureaus and departments of the Government whenever necessary.

I further hope that this committee will investigate the Army Air Corps and the operations of the Air Corps not only for the last 10 days but for a number of years past. When that matter was up for discussion in the House the other day I defended the Army Air Corps, I defended the efficiency of the Army air flyers, and said that the trouble was that they were sent out in open and inadequate machines in heavy snowstorms without proper equipment, without sufficient knowledge of the mail routes and landing places, and without practical experience in the use of radio-beam devices, but since then I have listened to a political speech made by the head of the Army Air Corps, and I doubt if my statements in the House were correct. General Foulois, head of the Army Air Corps, said everything was near perfection in the Air Corps, that they have the best machines, that they could operate the air mail as well or better than the air mail transport companies. The fact is, Mr. Speaker, and we all know it, that six of these Army flyers have been killed either in flying the air mail or preparatory to it or learning routes or ferrying others to carry the air mail. It does not make so much difference to the officer who is killed, or his family, whether he was flying the air mail directly or was preparing to do it. I have repeatedly said that the Army flyers were just as efficient and brave as any, but that they should not have been sent out to fly the mail without knowledge of the routes. The distinguished Speaker of this House had this to say about the Army Air Corps:

We have found out in the air mail emergency that the Army pilots are not properly trained and do not understand beam flying. If we are unfortunate enough to be drawn into another war, the

Air Corps would not amount to much. If it is not equal to carrying the mails I would like to know what it would do in carrying bombs.

This is not an alleged Republican political speech, but the statement of the Democratic Speaker of the House. As I pointed out in the House yesterday, the air mail subsidies cost this Government only $7,000,000 a year, and they have done more to build up the air mail transport service and make it the greatest service in the world on merely $7,000,000 subsidies and to build up and develop aviation for national defense and made available these air mail pilots for national defense than any other like expenditure. These pilots could be used overnight, and if Government money was ever well spent, it was spent to develop the air mail service of our country.

Under this resolution I probably have no right to discuss the air-mail service, but I shall merely read into the RECORD the figures that have been presented to me today of the total number of deaths in the air-mail service: 1 death actually flying the mail, 3 deaths of men who were familiarizing themselves with routes, 1 death on ferry trip with the air mail, 2 deaths in the Air Corps, in no way connected with the air mail. Accidents and injuries: There were 4 Army men injured flying the mail, 2 were not connected with the air-mail operation. Crack-ups, 12. The minor crack-ups, 3; major crack-ups, 9.

I estimate those crack-ups alone have already cost the Government of the United States $250,000. I estimate that the compensation for the deaths of the Army pilots for their families will cost about $10,000 annually, the interest on $200,000. Therefore practically $450,000 is the cost to the Government in the last 10 days for flying the air mail, and the subsidy alone for last year was only $14,000,000, but $7,000,000 was returned in air-mail postage. If this percentage continues, it will cost the Government of the United States a great deal more than $7,000,000 subsidy when air-mail postage is deducted to have the Army fly the air mail if we have any more crack-ups, if we have any more injured Army pilots or any more killed. In conclusion let me say that a blunder is often worse than a crime, and in this case the hysterical and hasty cancelation of the air-mail contracts without any investigation or trial or hearing was a crime, and is now and has been responsible for the death of six air-mail pilots, and we ask, in the name of that mother of Lieutenant Lowry, in her words, What is the Government going to do about it?

That is the question the American people are asking, and that is the question they are entitled to have asked, "What is the Government going to do about it?"

Mr. REILLY. Will the gentleman yield?

Mr. FISH. I yield.

Mr. REILLY. Is it not worth something to the country to have the Army airplanes find out what real flying means?

Mr. FISH. Well, I hope it will be; but I cannot tell, in view of the political speech made by General Foulois, commander of the Army Air Corps.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. FISH. I yield.

Mrs. ROGERS of Massachusetts. Is it not true that our Army flyers and Navy flyers have very remarkable records for their flying, their altitude flying, their close-formation flying?

Mr. FISH. If given a chance and properly equipped, they should be the best in the world.

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. HILL].

Mr. HILL of Alabama. Mr. Speaker, I have listened with a great deal of interest to the remarks of the gentleman from Kansas [Mr. MCGUGIN]. With reference to those remarks, I want to say that as a member of the subcommittee on aviation of the Committee on Military Affairs, before which subcommittee the Assistant Secretary of War, Mr. Woodring, has appeared several times recently, Mr. Woodring made an unusually favorable impression on that subcommittee. He was a most helpful witness, and he certainly impressed me, as one member of the committee, as a Government official who was trying his best to do his duty, and who had tried to carry out the law according to what he thought was the intent and purpose of Congress.

A great deal has been said this afternoon about corruption, malfeasance, and misfeasance. I believe that the passage of this resolution will bring about a thorough and complete investigation. If there be any corruption or malfeasance or misfeasance, I am confident that this investigation will bring it to light, as it should be brought to light, but I want to leave the thought with the House that this resolution was presented perhaps not so much out of any charge of misfeasance or malfeasance or corruption as because of the fact that the law which Congress passed in 1926 providing for the purchase of aircraft and aircraft material has apparently not been carried out, and that through failure to carry out the spirit and intent of that act there has grown up a system for the purchasing of aircraft and aircraft material that has perhaps enabled an air trust to grow up in this country, which has resulted in profiteering on the part of this air trust and kept our Government from getting the planes with that speed and performance that our Air Corps should have.

The gentleman from New York [Mr. FISH] has referred to what he calls a "political speech" by the present Chief of the Air Corps, General Foulois. I want to say that General Foulois was before the Subcommittee on Aviation of the Committee on Military Affairs for over 3½ hours yesterday afternoon. He was sworn as a witness before that committee. He certainly made no political speech, but he answered many questions and presented a statement with reference to the carrying of the mail by the Air Corps pilots in a very solemn and thoughtful manner. The testimony given by General Foulois under oath shows unequivocally that on the night that the Air Corps pilots were sent out to carry the mail they were adequately equipped from the standpoint of safety to those pilots and to their planes.

We have heard a great deal of talk on this floor in these later days about Air Corps pilots and their planes not being properly equipped. The testimony of General Foulois absolutely contradicts any such proposition. It has been said that our pilots did not know how to fly the beam. The testimony of General Foulois shows that before a man can become a pilot in the Air Corps he must graduate as a flyer at the Air Corps school at Kelly Field, Tex., and in that school he is taught to fly the beam, and after he leaves the school and goes out as an Air Corps pilot he practices flying the beam.

Mr. FISH. Will the gentleman yield?

Mr. HILL of Alabama. I do.

Mr. FISH. Is it not a fact that there have been pilots who only graduated a few months before from the air school, who have had practically no experience flying the night mail?

Mr. HILL of Alabama. No, sir. The testimony of General Foulois shows that not a single man, not a single Air Corps pilot was put on the job of flying the mail unless that pilot had been in the service for a minimum of 2 years, and unless he had at least a minimum of 12 or 14 hours of night flying, and nearly all of them had had several hundred hours of day flying.

The reason we had these deaths, gentlemen, was not due to any lack of equipment, was not due to any lack of training, but because the pilots ran into that unusual, that extraordinarily cruel weather that we had during those first nights. Only 1 Air Corps pilot has been killed while flying the mail, and 4 have met their deaths in flying incidental to carrying the mail. Four of these five pilots went down because of the weather, just as did that great ship of the private commercial company go down because of the same weather when eight persons were killed.

Mr. FISH. Will the gentleman yield?

Mr. BACON. Will the gentleman yield?

Mr. HILL of Alabama. I do not have time to yield. I am sorry. I want to say, further, that all this talk we

have heard on the floor of this House about legalized murder is a lot of political claptrap. Furthermore, these private companies, having had their contracts annulled on account of fraud and collusion, have sought to do all they could to get the mind of the public off of that fraud and collusion. They have shouted about "legalized murder" in an effort to make the people forget the collusion and fraud of their companies, and to make the people believe that there was something wrong in having the contracts annulled. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from New Hampshire [Mr. ROGERS].

Mr. ROGERS of New Hampshire. Mr. Speaker, I have an unusual interest, perhaps, in some phases of this investigation which is to be undertaken by the committee of which I have the honor to be a member. To begin with, and it goes back many years, the first time I went up in the air in a plane I came down in a crash and wondered what it was all about, because I had the good fortune to survive. Again, because in the Sixty-eighth Congress I had the honor of being a member of the Lampert special committee which investigated aviation on behalf of this body. Again, because I now have the honor to be chairman of subcommittee no. 3 of the Committee on Military Affairs, which subcommittee has charge of all questions relating to military aviation. And, finally, in perhaps a closer way, because I have a brother who was in the Air Service of the Army during the World War.

It seems to me, Mr. Speaker, that we as Members of Congress, whether Republicans or Democrats, ought to get away from any political question in this matter and to realize that we are investigating a subject which is more dear than politics, a subject which relates not only to property, to lives, but, perhaps, to the integrity and salvation of the Nation itself. [Applause.] When I say this, I say it because we hear charges of legalized murder hurled against the head of the administration for asking the Army air force to carry the mail. Let me bring out, Mr. Speaker, if I may, what the records of this Government show during the last 10 years as to deaths in the military Air Service, during which time we heard nothing about legalized murder. In 1923, 58 members of the military Air Corps of this country were killed; in 1924, 34 were killed; in 1925, 38 were killed; in 1926, 42 were killed; in 1927, 43; in 1928, 27; in 1929, 61; in 1930, 52; in 1931, 26; in 1932, 50; in 1933, 46; and from July 1 to October 1, 1933, 13 were killed. Yet during all this time we heard nothing about legalized murder.

So, Mr. Speaker, let us realize that we are here to investigate this question as servants of our country. Let us not prejudge it today, but let us obtain all the evidence from sources on which we can depend; and let us then see to it that we put the fighting forces of this Nation in proper condition to insure national defense and to protect and safeguard the lives and property of the citizens and young manhood of America. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, I shall take but a minute. I believe in thoroughly investigating this whole situation. There is an interesting editorial in last night's Star. General Foulois did not, when he appeared before the committee, bring out, it seems, the fact that these men had had no real practice in flying over the air-mail routes. As you know, before commercial pilots are sent out alone they must have flown 40 hours with a copilot. It is an entirely different proposition to send a man out alone for the first time over an unknown route in bad winter weather in an open cockpit plane. The copilot who knows the route could have looked up the navigation for the pilot and could have managed the radio control and the maps. Apparently General Foulois did not say that before the committee.

Mr. HILL of Alabama. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. HILL of Alabama. General Foulois did say that in some instances there was a copilot.

Mrs. ROGERS of Massachusetts. But in very few instances, because the Army does not have many of the type of ship to accommodate a copilot. It only has a few of these ships and they are the big passenger ships.

Mr. BACON. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. BACON. The gentleman from Alabama stated that the Army flyers were taught to fly the beam. I find in this morning's New York Times this short paragraph:

> Pilots at Newark actually on mail duty continued yesterday to take instructions in blind flying under the direction of Lt. O. A. Anderson. Arrangements were made with C. S. "Casey" Jones to take over the blind-flying equipment of his flying school at Newark for the next few days.

In other words, this bears out what I said the other day that these young flyers at Mitchel Field had not been taught to fly the beam. I talked to Jones. He is an expert on the subject. Several Army flyers asked him to teach them how to fly the beam.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 additional minutes to the gentlewoman from Massachusetts.

Mr. BACON. Will the gentlewoman yield further?

Mrs. ROGERS of Massachusetts. I yield.

Mr. BACON. We now find that the Army is doing what some of the Army flyers asked Mr. Jones to do, and the pilots are now being taught what they should have been taught 10 days ago.

Mrs. ROGERS of Massachusetts. Yes; that is true.

I also want to bring out the fact that a great many commercial pilots were taught to fly the beam originally by Lieutenant Hegenberger. I think the Army school where he teaches is in Texas. So, although originally the commercial pilots learned to fly the beam from the Army, they have been through their baptism of fire by flying the mail routes over and over again.

I wish I could impress upon the House the terrible blow that has been dealt commercial aviation. As I have said before, I personally know what it means to use commercial planes in an emergency, for once I had to fly west to reach a terribly sick relative. I do hope everything possible will be done to help commercial aviation and to make it accessible to the people in case of emergency and to facilitate business. Air transportation is a great industry and a very much needed one for our country. At the present time the air public is suffering by the curtailed commercial air travel, and business suffers by poor air-mail service. The public is also paying the bill.

If, as some of the Members claim, the Air Corps is not satisfactory, if it is inefficient, then for heaven's sake help commercial aviation, which has proven its worth time after time. It is a very necessary part of our national defense.

Mr. HILL of Alabama. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. HILL of Alabama. According to the testimony of General Foulois these Air Corps pilots who have been flying the mail were taught to fly the beam; and General Foulois testified that this man, Casey Jones, to whom the gentleman from New York [Mr. BACON] referred, has some system he has been trying to sell the Army. He came to Washington and tried to sell it to the Army.

Mrs. ROGERS of Massachusetts. I do not know about that, but I do know that while these men may have been taught the theory of flying the beam, they have not had the requisite number of hours of actually flying the beam over the air-mail routes in the worst months of the year. The average number of hours per Army pilot for the year 1934 is 150, whereas the commercial pilots average 75 or 100 hours a month per pilot.

The Army Air Corps apparently blows hot and then it blows cold as to whether the Army flyers are sent out to fly the mail routes in planes adequately equipped. If the planes have been adequately equipped and the flyers have had the same chance that the commercial flyers had had, then General Foulois makes but a very poor case for the efficiency of his Army pilots. But there is one way both the Army and the administration know that the Army pilots are unequipped, and that is in experience in flying many times over the same air-mail route with a copilot before flying the course alone. I draw attention to the number of heated, closed planes that can be operated by the commercial lines and are operated by them.

Type of plane used by the commercial lines; open or closed pilot's cockpit

	Open	Closed	Total
United Air Lines	13	111	124
American Airways	18	80	98
Western Air Express	3	10	13
Eastern Air Transport	13	31	44
Northwest Airways	3	17	20
Pennsylvania Air Lines	2	10	12
Transcontinental & Western Air	2	40	42
National Parks Airways	2	6	8
Kohler Aviation Corporation	0	3	3
United States Airways	0	7	7
Total	56	315	371

I feel very sure that the commercial pilots never use the open-cockpit planes for flying in the winter months unless they prefer to use them. The Members all know that the Army does not have the necessary number of enclosed planes for use in flying the air mail. As a result the Army fliers of necessity must use the open-cockpit planes.

If the Members think it is easy to fly a plane in an open cockpit in cold stormy weather—and manage radio controls, maps, and instruments for navigation with cold fingers, I just wish they would try it. Much has been said about coddling the Army pilots. No one wants to coddle them. They do not want to be coddled. They are always anxious to serve, to respond to every command. They have proved their ability in very difficult altitude flying, very difficult bombing attacks, very difficult formation flying, and in very difficult air navigation over uncharted courses in this country and other countries. Send the Army pilots back to their regular work of being prepared to defend us in the air. If the pilots are doing air-mail work how can they be trained in work with our troops? How can they be trained in what to do in case of war if they are flying the mails——

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. BACON].

Mr. BACON. I do not think the gentleman's statement about Mr. "Casey" Jones is correct. I have known Mr. Casey Jones for many years. He was a famous World War "ace" and one of the original air-mail flyers. He did not come down to try to sell anything to the Government; he came down at the request of some of the young flyers at Mitchel Field. He told me he was willing to go ahead and teach these flyers at cost without payment for the moment. He made the same statement before the gentleman from South Carolina [Mr. MCSWAIN], who will bear me out, I am sure, because he is a fair man. I took Mr. Jones to see him, and he told the whole story to the gentleman from South Carolina. Mr. Jones told us that the actual cost to him of teaching some 25 flyers how to fly the beam would be about $2,000. He told us he would go ahead and do it and take his chances on reimbursement for the actual cost incurred. He told us he did not want any profit. Therefore, it is unfair to him to say he came down to sell anything to the Government. His only desire was to help in an emergency. If General Foulois is correct that all Army flyers know how to fly the beam, why are they now being taught with Casey Jones' equipment?

Mr. HILL of Alabama. Will the gentleman yield?

Mr. BACON. I yield to the gentleman from Alabama.

Mr. HILL of Alabama. General Foulois testified before the subcommittee yesterday afternoon that Mr. Jones came down to see him and he did have something to say.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. JAMES].

Mr. JAMES. Mr. Speaker, I have been a Member of the House Military Affairs Committee for 15 or 16 years. Part of that time I was acting chairman and chairman. There never has been any politics in the Military Affairs Committee.

As acting chairman I had charge of the hearings in 1926, made the report, and had charge of the bill on the floor. I was chairman of the House conferees. Senator WADSWORTH was Chairman of the Senate Military Affairs Committee and chairman of the Senate conferees. We had the idea at the time we were passing the bill that it would provide 1,800 planes ready for military service. I made the statement a year ago at the first meeting of the new committee that, in my opinion, we had less planes equipped for war in 1933 than we had in 1926. Now we have the admission of the Air Corps in 1934, 8 years after the passage of the act, that we have only 200 attack, bombing, and pursuit planes equipped to go to war. We did not know until the other day, when the Air Corps came around for another program, that they were not complying with the law passed in 1926. We had not the slightest idea that practically every bid is let without real competition.

We had men come before our committee and make the statement that men go from the Army and work for private industry at a good salary and then come back into the Army again. In other words, they go out of the Army and come back again. Personally I do not know of any of these men. I do not believe that the records will show that there is anybody of that kind; but it is due you gentlemen, it is due the Congress, and it is due the people of the United States to find out whether men can go from the Army into private aviation at a salary of $8,000 or $10,000 and come back to the Army—because, if a man comes back to the Army and does business with the concern from which he received $8,000 or $10,000, he does not represent the Army. He represents the concern he was working for.

Mr. WADSWORTH. Will the gentleman yield?

Mr. JAMES. I yield to the gentleman from New York.

Mr. WADSWORTH. Would this transferring in and out be only in the case of Reserve officers?

Mr. JAMES. No. They were talking of men in the Regular Establishment.

Mr. WADSWORTH. Men who are granted leave?

Mr. JAMES. Men who are granted leave. They retain their commissions in the Army; they go into private aviation and then come back to full pay in the Army.

Mr. WADSWORTH. I have understood that quite a number of men in the Army Air Corps held Reserve commissions and are on active duty for a year or two, then pass back to civil life and may be called up for active duty again after a certain period of time.

Mr. JAMES. I am referring to men in the Regular Establishment. I know of no such men myself.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. JAMES. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. There is a law which provides that a retired Navy officer cannot accept employment from a partnership, corporation, or individual selling materials to the Navy. Does not that same law apply to the Army?

Mr. JAMES. I understand the Army has the same law, but I am not referring to that. I am referring to men who leave the Army and go to some aviation concern and then come back to the Army again. As I say, I know of no such men. I stated that we would look up the record of anyone who came within this category; and if we found him out, we would put him out of the Army. We have had men tell us that they have been threatened with court martial if they told the truth to our committee.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the balance of my time to the gentleman from Michigan [Mr. JAMES].

Mr. JAMES. I have been told by responsible Members on this side of certain things that they wanted us to investigate. We are not trying to smear anyone. Having been on the Military Affairs Committee for 15 years in the capacities of acting chairman and chairman, I am not an enemy of the War Department. I say this, and I told the members of the committee the same thing, that until such time as we shall have a thorough investigation and find out who are guilty, recommending these men for court martial and clearing the rest, I would not vote for a single War Department bill, whether it be the Air Corps or any other branch of the Department.

Mr. McSWAIN. Will the gentleman yield?

Mr. JAMES. I yield to the gentleman from South Carolina.

Mr. McSWAIN. Is this not an inquiry which the Army itself ought to invite, because so long as these charges are made and remain uninvestigated and the identity of the guilty unestablished, it constitutes a slur upon the entire personnel?

Mr. JAMES. So I have informed responsible generals in the Army. I have told them that this is their responsibility as much as ours, and that every man in the Army ought to be glad to have the investigation to determine what men in the Army should be court-martialed.

Mr. CULKIN. Will the gentleman yield?

Mr. JAMES. I yield to the gentleman from New York.

Mr. CULKIN. Can the gentleman tell the House how much money we have spent on aviation in the last 2 years? The gentleman states we now have 200 planes.

Mr. JAMES. I stated that we have 200 planes out of all the money we spent since 1926.

Mr. CULKIN. How much have we spent during that period?

Mr. JAMES. I do not know the exact figures. The program we put through at that time Mr. Madden estimated would cost $150,000,000. In addition to that, we have been told by responsible Members of the House that they have been told that the specifications on trucks have been changed. We have been told that in another branch a contract was awarded by the Government to a bidder who was $300,000 above the others. That information I have from the Comptroller General.

Mr. Speaker, I sincerely hope that this resolution will pass. There will be no politics in it. We do not want to blacken the reputation of any man. I am just as careful of everybody's reputation as I am of my own; but, as I said, having been on the committee for 15 years, I sincerely hope that we will be able to conduct such an investigation. [Applause.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, of course I realize that partisanship is responsible in great part for some of the speeches that have been made in connection with the recent experiences of our Army Air Corps.

I want to make a statement to you, and I shall try to leave politics out of it. I favor the return of the air mail to the private transport lines under proper legislative restructions, but I want to say to you that every member of the Army Air Corps is a victim of the veiled partisan attacks leveled at the Army, and I resent it. Those who stand up in the Chamber and refer to them as "these rosy-cheeked boys of the Army who ought not to be up there in the air in open cockpit ships, flying at night or in a storm—it is a shame—it is legalized murder." To my mind every red-blooded American who believes in the traditions of the American Army is sick and disgusted with such partisan attacks, and it is time that these were stopped. [Applause.] Even those who made these speeches believe in the Air Corps, but politics prompts the attacks. I regret every death that ever befell our brave flyers, but such attacks will not help the situation.

I want to say further that on midnight last Monday night if the private transport lines had been flying the mail nearly every ship would have remained on the ground, but even though orders were sent out by the Chief of the Air Corps to keep the Army pilots on the ground in bad weather they took chances. When Army pilots were told to turn back if the storm became too severe, not an Army man stayed on the ground, not an Army man turned back, because it is not the spirit of the Army to turn back, the Army goes through. [Applause.]

So I say enough of this sob stuff. We all regret these unfortunate accidents. Let us be proud of the American Army and Army Air Corps—support and sustain them. Any man who reads the CONGRESSIONAL RECORD and analyzes these unfair statements will come to the conclusion that those who made these partisan speeches charged the administration or the Postmaster General or somebody with legalized murder, and what are the specifications, picayune and petty as they are? Here they are: They are flying the rosy-cheeked boys in open ships; they are without radio; they fly without beam and directional flying; they have no blind-flying apparatus or instruments; no night-flying equipment, and they are ordered to fly with this poor equipment in stormy weather.

Mr. FISH. Will the gentleman yield?

Mr. MEAD. No; I must refuse to yield, because I only have a few minutes to answer 10 speeches on the subject made by the gentleman from New York. If I get more time I will be pleased to yield. [Applause.]

Now, Mr. Speaker, are open ships used by private lines? Yes, of course they are; more open ships were used by private lines than are now being flown by the Army in carrying the mail.

Are they more dangerous than cabin ships? No; the safest ship in the world for air-mail purposes is the open ship. The ship that was flown by every private transport line with an air-mail contract.

What radio equipment has the Army? Every essential bit of radio equipment that any private line has and all that is necessary for safe flying in any kind of weather.

What blind- and night-flying equipment has the Army? One hundred percent of all the night- and blind-flying equipment they need. Every instrument and all the flares required. You stop talking about it if you do not know what you are talking about.

Do they fly on a radio beam? Yes; certainly they fly on a radio beam. And they have directional-flying apparatus.

Now, let us have the facts. I have the specifications here and I shall read them if I have the time.

How does the Army air equipment compare with the equipment used by private companies? It is, in my judgment and in the judgment of the Army Air Corps, as good if not better than the equipment now being used by the private transport lines; and when I say this I mean their equipment, and their planes. Their ships cost more, and are worth more and they are inspected in greater detail than are like ships built for commercial purposes.

Were they ordered to fly in bad weather? No; they were not. They were ordered to remain on the ground, and I have here copies of the radiograms and telegrams sent by the Post Office Department and the Chief of the Air Corps supporting my statement.

But let me answer the critics in the words of General Foulois. This certainly was not a political address. It sounds to me like manly talk coming from a two-fisted, red-blooded American fighting man, who refuses to stand for your coddling and pampering, even though it is politics. Here are the words of the general:

> Much has been said lately of the type of Air Corps officers now actually flying the mail. Some would have you believe them a bunch of rosy-cheeked young babies. On the contrary, they constitute a corps of highly intelligent, rugged, determined, loyal,

and fearless young officers. It is my most cherished honor to be their chief, and no human being worthy of the name could betray their trust.

Let that sink in, those of you who launched those veiled attacks upon the Army Air Corps.

Continuing, General Foulois said:

Today they have no superiors in the world as military flyers; and, given a fair chance, I am certain they will in a very short time be carrying the air mail in a favorable comparison with their excellent commercial-pilot comrades. Our military pilots are not weaklings looking for sympathy. They should be treated like men and not like children. If there is anything that the average, red-blooded American military pilot resents—

And, my friends, when he said this he meant it—

it is this recent twaddle about inexperienced, rosy-cheeked boys being sent to their death. They are proud that theirs is a man-sized job, and they have no desire to be coddled.

Now, Mr. Speaker, let me insert in the RECORD copies of the radiograms sent out to these boys asking them to remain on the ground or to turn back if the storm looked serious enough to turn them back; and do not forget that only 1 man flying the air mail has been killed and that 8 have been killed during this same period of time in a ship operated by one of the commercial transport lines. In all the record of aviation, military and air mail, even when the Army carried the first air mail from San Francisco to New York, the record of the Air Corps compares favorably with the record of the commercial transport lines.

I want you to know that I have the evidence here which shows the Army has the equipment, every bit that is necessary, their records stands out the equal of the private lines; and if these attacks continue, I shall, for one, stand out against the return of the air mail to the private transport lines until the good name of our Air Corps is vindicated again. These attacks directed against our pilots by men on that side of the aisle must stop. [Applause.]

Now, Mr. Speaker, I ask unanimous consent to publish in my remarks certain telegrams and other statements which I have here.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MEAD. Mr. Speaker, I have here a copy of a radiogram sent to zone commanders on February 11, 1934, and also a copy of a radiogram issued on February 16, 1934, which was sent to all zone commanders. They require no further explanation from me. But I trust they will be read by all who are interested in this subject. They indicate the solicitude the Chief has for his corps.

EXHIBIT No. 1

(Radiogram sent to all zone commanders Feb. 11, 1934, by the Chief of the Army Air Corps.)

EXTRACT

Operations will be conducted under present Air Corps flying regulations, especially as concerns weather conditions.

EXHIBIT No. 2

WAR DEPARTMENT,
ARMY AIR CORPS MAIL OPERATIONS,
Washington, D.C., February 16, 1934.

Maj. B. Q. JONES, Air Corps,
Commanding Officer Eastern Zone,
Army Air Corps Mail Operations,
Floyd Bennett Airport, Brooklyn, N.Y.

N-222-EZ 42

Lt. Col. H. M. HICKAM, Air Corps,
Commanding Officer Central Zone,
Army Air Corps Mail Operations,
Municipal Airport, Chicago, Ill.

N-222-CZ 59

Lt. Col. H. H. ARNOLD, Air Corps,
Commanding Officer Western Zone,
Army Air Corps Mail Operations,
Newhouse Hotel, Salt Lake City, Utah.

N-222-WZ 53

In conduct of air-mail operations, zone commanders will govern their operations with a view to safeguarding lives and property at all times, even at sacrifice of mail service. Before clearing any scheduled trip, careful consideration will be given to experience of personnel, suitability of aircraft, night-flying equipment, and blind-flying equipment. Steps will be taken to inculcate all personnel engaged in air-mail operations with the above principle.

FOULOIS.

EXHIBIT No. 3

WAR DEPARTMENT,
ARMY AIR CORPS MAIL OPERATIONS,
Washington, February 17, 1934.

Lt. Col. H. H. ARNOLD, Air Corps,
Commanding Officer Western Zone,
Army Air Corps Mail Operations,
Newhouse Hotel, Salt Lake City, Utah.

N-234-WZ 55

Maj. B. Q. JONES, Air Corps,
Commanding Officer Eastern Zone,
Army Air Corps Mail Operations,
Floyd Bennett Airport, Brooklyn, N.Y.

N-234-EZ 47

Lt. Col. H. M. HICKAM, Air Corps,
Commanding Officer Central Zone,
Army Air Corps Mail Operations,
Municipal Airport, Chicago, Ill.

N-234-CZ 63

Impress most emphatically upon all pilots the utmost necessity for extreme care and judgment in flying the air mail during the first few days of operation. If weather conditions are uncertain, instruct your pilots they must stay on ground, even if this interrupts the mail schedules for several days. The safety of pilots, mail, and planes is of more importance than keeping of air-mail schedules. Drill these instructions into your pilots daily until they thoroughly understand the safety-first policy of Air Corps.

FOULOIS.

EXHIBIT No. 4

[Radiogram]

WAR DEPARTMENT,
ARMY AIR CORPS MAIL OPERATIONS,
Washington, February 24, 1934.

Lt. Col. H. H. ARNOLD, A.C.,
Commanding Officer Western Zone,
Army Air Corps Mail Operations,
Newhouse Hotel, Salt Lake City, Utah.

N--------WZ--------

Lt. Col. H. M. HICKAM, A.C.,
Commanding Officer Central Zone,
Army Air Corps Mail Operations,
Municipal Airport, Chicago, Ill.

N--------CZ--------

Maj. B. Q. JONES, A.C.,
Commanding Officer Eastern Zone,
Army Air Corps Mail Operations,
Floyd Bennett Airport, Brooklyn, N.Y.

N--------EZ--------

Pilots will not be on flight duty more than a scheduled 8 hours in any 24 period and shall have 24 consecutive hours' relief from all duty in each 4-day period. Only pilots of more than 2 years' service in the Air Corps will be used on air-mail operations involving night flying unless weather conditions all along the route to be flown are excellent. After take-off on a night air-mail run no pilot will proceed on his flight unless his flight instruments are working satisfactorily and he is receiving proper reception on his radio. Pilots on night runs will not commence flights under unfavorable weather conditions nor will they continue flights into unfavorable weather conditions. No pilot will take off when weather is doubtful unless he has received a clearance on weather which is not older than 30 minutes before time of take-off. Control officers will be held responsible that every plane which passes through their control station has had required inspections that radio equipment, instruments, engine, and controls are operating satisfactorily. He will check from no. 1 to see that maintenance-inspection requirements have been complied with. All pilots must thoroughly understand that under certain atmospheric conditions ice will form on planes, propeller hubs, and venturi tubes of instruments normally between 28 and 34° F., and no flights will be continued into weather conditions conducive to ice formation. No pilot will be sent on an air-mail trip or ferry flight unless he has had previous experience in flying the type of airplane assigned for the mission. Control officers will be held responsible that every pilot who passes through their control station is fully informed of such of the foregoing instructions as concerns him. When compliance with above instructions necessitates cancelation of trips or delay of mail, postal authorities will be contacted as per previous instructions. Zone commanders will take immediate steps to transmit these instructions to control officers by radio or telegraph and will also take immediate steps to have these instructions printed and distributed without delay to all control officers and pilots.

FOULOIS.

Now, let us see what General Foulois thought about these charges. This information is from his speech delivered over radio February 27 last:

Our initial air-mail operations necessitated a complete redistribution of military airplanes, equipment, and personnel throughout the entire United States, in order to place pilots and planes at air-mail stops, and provide additional ground facilities for all operations. This redistribution was accomplished primarily by Army airplane transportation.

The initial air-mail routes put in operation by the Army Air Corps are those connecting 11 of the 12 Federal Reserve bank districts. These involve 12 main routes covering 70 air-mail stops, over a distance of 13,284 route-miles, which, when considered in connection with the number of scheduled daily trips, total 40,827 miles to be flown normally each day. The cancelation of certain routes in the former airway system, the activities of stamp collectors, and other factors during the first week of operation caused the air-mail poundage to be greatly in excess of that previously carried over the same routes now operated by the Air Corps. In some cases the poundage has been in excess of 100 percent over the loads normally carried, thus necessitating the dispatch of 2, and sometimes 3, planes on a schedule which normally should have been handled by 1 plane.

Army aircraft used in carrying the mail over the initial routes have, from the beginning of actual operation, been adequately equipped for receiving weather broadcasts and for following the directional radio beams operated over air-mail routes by the Department of Commerce. The planes used on the initial routes are also equipped with instruments for blind flying and for night operations.

With further reference to the use of radio I would like to clarify an apparent prevalent misconception in connection with an airplane following a directional radio beam. The ground radio stations transmitting these beams are located along the mail routes from approximately 100 to 150 miles apart. These beams usually overlap between stations, and so long as the pilot follows the beam he will receive through his earphones a continuous hum. If he deviates from the course laid by the beam, the hum is broken into a series of "A's" or "N's", depending on whether he is to the right or left of the beam. Aerial strip maps, prepared by Government agencies, and used by pilots, show these beams and on which side thereof the "A" and "N" signals will be received. The operation of our radio sets used for this purpose is just as simple as the operation of the radio set in your home, and requires only a few hours' time to become thoroughly proficient therein. Radio-beam flying, however, should not be confused with so-called "blind flying", which, although it includes radio-beam flying as one of its requisites, is an entirely different and much more difficult undertaking.

Although the Army Air Corps has been training its flying personnel in radio and in instrument flying for years, it has only been during the past year that improved radio and blind-flying instruments have been available in any quantity for general service use. Our experience in flying the air mail, in which radio and instrument flying play such an important part, will therefore be of inestimable value to our future training, and thus better prepare the Army Air Corps to carry out successfully its air force military operations in any and all kinds of weather, to the end that our national-defense mission of protecting our borders from air invasion during military emergencies may be more fully executed.

We have had, and still have, many other handicaps to overcome, and all facilities placed at my command by the War Department will be used to eliminate such handicaps. The flying of military aircraft designed primarily for combat purposes is recognized as inherently hazardous under all conditions, and accidents increase when flying activities are carried out on a large scale. However, to date only one fatal accident has occurred on a scheduled air-mail run. In this connection I would like to state that no attempt has been made by the Air Corps to maintain a high percentage of mail schedules regardless of hazards involved. On the contrary, I have from the very start continually stressed in my instructions that the safety of operating personnel is the paramount consideration in these operations.

I am honestly and frankly of the opinion that the hazards involved in flying the mail are not as great as those involved in peace-time military flying, when military flying is considered as a whole. Further, the officers on duty with the Air Corps mail operations in an executive capacity are most capable officers of many years' experience in air operations. They are intelligently and efficiently carrying out the foregoing policies and thoroughly understand that the safety of the pilots flying the mail takes precedence over all other considerations.

I would like also to ask you to discount as untrue, unfair, and unfounded certain of the recent accusations and headline-seeking phrases which have reflected not only against the efficiency of the Air Corps personnel but also against the present administration. Much of this, in my belief, is nothing more or less than partisan propaganda designed to advance interests which are by no means unselfish. These attacks, in a number of cases, have emanated from persons absolutely unqualified, in my opinion, to pass judgment on such matters, especially if any weight is to be given to the adage that "air experience is the best teacher."

I seriously question the many statements which have been made by individuals in public and private life during the past few weeks to the effect that the Army Air Corps is poorly trained and poorly equipped, as compared to foreign air powers. I will promptly agree that, insofar as quantity of aircraft is concerned, we are behind at least four foreign air powers. This fact has been frequently stressed in the past. But I will not admit that the normal quality of our material and the general efficiency of our personnel is exceeded by any air power in the world.

Much has been said lately of the type of Air Corps officers now actually flying the mail. Some would have you believe them a bunch of rosy-cheeked young babies. On the contrary, they constitute a corps of highly intelligent, rugged, determined, loyal, and fearless young officers. It is my most cherished honor to be their chief, and no human being worthy of the name could betray their trust. Today they have no superiors in the world as military flyers; and, given a fair chance, I am certain they will in a very short time be carying the air mail in a favorable comparison with their excellent commercial-pilot comrades. Our military pilots are not weaklings looking for sympathy. They should be treated like men and not like children. If there is anything that the average red-blooded American military pilot resents it is this recent twaddle about inexperienced, rosy-cheeked boys being sent to their deaths. They are proud that theirs is a man-sized job, and they have no desire to be coddled. Such public statements are a direct challenge to the average young Army pilot, and detrimental to the iron flying discipline so essential to a military pilot. Therefore, I urge the thinking public to give the Army air-mail pilots its loyal support. Lack of trust eventually will break the morale of the strongest of seasoned veterans, and when morale is gone all is lost.

Every day our pilots and men are rapidly gaining familiarity with their new duties, and I am certain that our entire organization for handling the air mail will soon be working smoothly and efficiently. Please remember, however, that no matter how experienced a pilot may be, or how efficient and modern his aircraft equipment, frequent accidents will still occur, both in commercial and military flying. Both types of flying constitute a stern and serious busines, but, in spite of this fact, the Army Air Corps welcomes this present opportunity to improve its organization, improve its aircraft equipment, and improve the training of its pilots, in proper peace-time preparation for any military war emergency which may arise.

Here is an answer to the charges, furnished upon request by the War Department:

In view of the misstatements that have been made regarding the operation of the air mail by the Army Air Corps, the following is furnished for your information:

On February 19, 10 days after the Executive order was issued, the Army began to carry the mail. It initiated the operation of 12 main routes, including 70 air-mail stops and covering a distance of 13,284 miles. Scheduled trips involve the flying of 40,827 miles each day on air-mail runs.

From the very beginning all Army aircraft used in carrying the mail have been equipped with radio for receiving weather broadcasts and for following directional radio beams operated over the air-mail routes by the Department of Commerce. Similarly, these airplanes have been equipped with instruments for blind flying and with night-flying equipment. Personnel flying in Army airplanes are always equipped with the best procurable parachutes, a safety precaution not usually followed in commercial practice. While many of the military airplanes have open cockpits, the pilots are furnished and use the best procurable protective clothing. Open-cockpit airplanes are conceded to be safer than those having closed cockpits. Commercial companies frequently use them where only mail is carried.

The Air Corps has been training its flying personnel in radio and in instrument flying for years. However, it has only been during the past year that improved radio and blind-flying instruments have been available in sufficient quantity for general service use. The wide experience gained in flying the air mail in which radio and instrument flying play an important part will be of inestimable value in training the Air Corps, and will result in its being far better prepared to perform successfully military operations under all weather conditions. To carry out the Air Corps role in national defense, pilots must be ready to fly at any time and under any conditions that may be imposed by the requirements of the service.

The flying of military aircraft is recognized throughout the world as being inherently hazardous under any and all conditions, and accidents in the military forces necessarily increase when flying activities are carried out on a large scale. Considering the nature of normal military flying, which requires the maneuvering of large fighting forces in formation in the air, it is believed that the hazards involved in flying the air mail are not as great as those involved in ordinary peace-time military flying. To date only one fatal accident has occurred on a scheduled air-mail run.

In flying the air mail, just as in normal military peace-time flying, every effort is made in the military service to safeguard the lives of the personnel involved. From the very start instructions issued have stressed the importance of safeguarding the lives of flying personnel engaged in carrying the mail. Pilots carrying the air mail were selected for their known flying ability under service conditions. Only pilots of more than 2 years' service in the Air Corps are being used in night flying, unless weather conditions all along the route to be flown are excellent.

It is generally recognized that today the quality of our flying material and the general efficiency of our personnel are not excelled by any air power in the world.

The Army will continue to carry the mails as long as it may be necessary with that high standard of performance which has invariably characterized its services in emergencies.

FEBRUARY 28, 1934.

Here are reports of the accidents which have occurred since the Army took over the mail:

FEBRUARY 26, 1934.

Memorandum for the Chief of Staff:

In compliance with your telephonic request of this date the following information is furnished:

On February 16 Second Lts. Jean D. Grenier and Edwin D. White, Jr., Air Reserve, were killed while flying between Cheyenne, Wyo., and Salt Lake City, Utah. The airplane was a two-seater A–12 (attack) type. They were not carrying the mail and were not attempting to maintain an air-mail schedule, but were flying over the mail route to familiarize themselves therewith.

At about 10:50 p.m., February 16, Second Lt. James Y. Eastham, Air Reserve, piloting a B–7 (bombardment) airplane, was killed about 7 miles from Jerome, Idaho. He was flying from Salt Lake City to Seattle, Wash., and under exactly the same conditions as were Lieutenants Grenier and White. Lieutenant Eastham had had considerable experience with the B–7 airplane and had flown over this course twice before.

The three above-named pilots cleared Salt Lake City under favorable weather reports, with further instructions from the commanding officer at that point to come back in case unfavorable weather was encountered. Local weather conditions were threatening, but the ceiling over the mountain peaks was at least 1,000 feet, with the average ceiling along the route up to 5,500 feet. The pilots on both of these runs had communicated their position to the ground stations by radio about 10 minutes prior to the accidents. Lieutenant Eastham circled in the vicinity of the airport at Jerome, Idaho, and was apparently endeavoring to make a landing thereat.

Second Lt. Durward O. Lowry, Army Air Corps, was killed on the morning of February 22 near Deshler, Ohio. He was piloting an observation (O–39) type airplane, and was flying between Chicago and Cleveland, having taken off from Chicago at 4 a.m. Lieutenant Lowry was on a regular air-mail run when killed and was carrying mail. He apparently had attempted to make an emergency parachute jump, for the rip cord was pulled and pilot was caught in the tail of the airplane.

On February 22 First Lt. F. I. Patrick, Army Air Corps, was killed near Denison, Tex., while flying a P–26 (pursuit) airplane. Lieutenant Patrick was in no way connected with air-mail operations, and was on a training flight from Barksdale Field, La., to Sherman, Tex.

During the afternoon of February 23 Second Lt. James H. Rothrock, Air Reserve, piloting a C–29 (amphibian type) airplane, with Second Lts. William S. Pocock, Jr., and George E. McDermott, Air Reserve, as passengers, took off from Floyd Bennett Field, Brooklyn, N.Y., at 2:05 p.m., for Langley Field, Va., via Bolling Field, D.C. They made a forced landing on account of motor trouble in the sea about 5 miles southeast of Fort Tilden, N.Y. Lieutenants Rothrock and Pocock were rescued by the United States naval destroyer *Bernadou* about 7:20 p.m., Lieutenant McDermott having disappeared from the airplane a few minutes prior to the rescue. This flight was for the purpose of ferrying pilots to air-mail stations and was therefore connected with the mail operation but was not on an air-mail run nor carrying mail.

The customary procedure in the Army Air Corps is for station commanders to immediately report by radio a brief account of all accidents. A board of officers is then appointed to make a detailed investigation into the cause of such accidents. Up to date the detailed reports covering the above accidents have not been received, and the information submitted herewith has been taken from the brief radio reports.

Attention is invited to the fact that only one Air Corps officer has been killed while actually carrying the mail.

B. D. FOULOIS,
Major General Air Corps,
Chief of the Air Corps.

No one regrets these unfortunate accidents more than I do, but I am informed that a fatality occurs every 12 days in military aviation and every 29 days in commercial aviation. We should foster and promote aviation by supporting legislation in its interest.

POST OFFICE DEPARTMENT,
SECOND ASSISTANT POSTMASTER GENERAL,
Washington, February 28, 1934.

Hon. JAMES M. MEAD,
House of Representatives.

MY DEAR MR. MEAD: In compliance with the telephonic request made by you for certain statistics, the following information is furnished:

On exhibit sheet no. 1 is a record by fiscal years showing the number of pilots killed, the number of passengers and others killed, the total number of persons killed, and the number of pounds of air mail destroyed, from the time of the establishment of air mail service to the present date.

On exhibit sheet no. 2 is a list furnished by the Department of Commerce showing the number of open- and closed-cockpit airplanes operated by the air-mail contractors.

The Department of Commerce reports that 95 percent of all airplanes on scheduled routes are equipped with some type of radio, and of the 95 percent, 60 percent of the planes are equipped with two-way radio.

While no definite information is available with reference to automatic control for airplanes, it is understood that the operators who held mail contracts prior to cancelation had only used this device in an experimental way on a few individual ships.

With reference to the precautions taken by the Post Office Department to prevent unnecessary loss of life in flying the mail, the Second Assistant Postmaster General personally in every conference with the officials of the Army Air Corps stressed the fact that no unnecessary risks should be taken and that the Post Office Department preferred to take the responsibility for the delay of mail rather than for the Army pilots to jeopardize their lives. Mr. Stephen A. Cisler, general superintendent of Railway and Air Mail Service, also in several conferences with the Army officials reiterated the attitude of the Post Office Department that there should be no unnecessary risks taken. The orders issued by Army officials disclosed beyond doubt that the policy of the Post Office Department was thoroughly understood and that the officers of the Air Corps also took every reasonable precaution to prevent loss of life.

HARLLEE BRANCH,
Second Assistant Postmaster General.

Air-mail fatalities, by fiscal years

Fiscal year	Pilots killed	Passengers and others killed	Total killed	Pounds of mail destroyed
Government operated:				
1918	0	0	0	0
1919	2	1	3	258
1920	5	4	9	1,025
1921	12	5	17	376
1922	1	0	1	164
1923	3	1	4	0
1924	4	0	4	0
1925	2	0	2	155
1926	2	0	2	80
1927	1	0	1	327
1928	0	0	0	0
Contract service:				
1926	2	0	2	0
1927	3	2	5	0
1928	6	2	8	810
1929	11	7	18	3,569
1930	9	0	9	4,665
1931	8	9	17	2,807
1932	16	16	32	1,340
1933	8	1	9	2,065
1934	5	6	11	199
Army: 1934	1	0	1	0

Type of plane—open or closed pilot's cockpit

	Open	Closed	Total
United Air Lines	13	111	124
American Airways	18	80	98
Western Air Express	3	10	13
Eastern Air Transport	13	31	44
Northwest Airways	3	17	20
Pennsylvania Air Lines	2	10	12
Transcontinental & Western Air	2	40	42
National Parks Airways	2	6	8
Kohler Aviation Corporation	0	3	3
United States Airways	0	7	7
Total	56	315	371

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF THE AIR CORPS,
Washington, February 24, 1934.

Memorandum for the Chief of Staff:

With reference to the present agitation over the Army Air Corps accidents during the past 2 weeks there is submitted herewith data on the total number of accidents in scheduled commercial air transport services since January 1928:

	Accidents	Fatalities
January to June 1928	35	6
July to December 1928	51	18
January to June 1929	61	17
July to December 1929	76	22
January to June 1930	44	27
July to December 1930	47	5
January to June 1931	61	14
July to December 1931	65	23
January to June 1932	67	26
July to December 1932	48	14
January to June 1933	48	6
July to December 1933	53	10
Total	656	188

The foregoing is submitted in compliance with your telephonic request of the evening of February 23, 1934.

B. D. FOULOIS,
Major General, Air Corps, Chief of the Air Corps.

Normal casualties of Army Air Corps about 45 per year.

Now, let me read what happened on private lines. Here is the report from the Department of Commerce giving us the civilian accident record since the Army took over the air mail, showing that eight people were killed in one crash and one in another. Why did not you mention these crack-ups? [Applause.]

CIVILIAN ACCIDENT RECORD SINCE ARMY HAS BEEN FLYING MAIL—REPORT FROM DEPARTMENT OF COMMERCE

One fatal accident in scheduled civilian flying during the period the Army has been carrying the mail (accident on United Air Lines at Salt Lake City; eight killed).

One forced landing: none injured (Georgia; Eastern Air).

Four accidents in miscellaneous flying; that is, outside of scheduled flying (1 of these 4 was fatal).

Commerce Department says above report does not cover all the accidents but only those reported upon so far. Reports will probably be coming in from their inspectors as finished for the next 2 months on accidents which occurred during the storm period. They have no record of all accidents for this period at the present time.

Anyone who reads the charges made by some of our Republican colleagues can find an answer for them in these official statements and records. I am only anxious to correct the RECORD and to give you the facts in the case. They made the charges, but they cannot be sustained.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

Mr. SMITH of Virginia. Mr. Speaker, I move to strike out the preamble.

The motion was agreed to.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

On motion of Mr. SMITH of Virgina, a motion to reconsider the vote whereby the resolution was agreed to was laid on the table.

REREFERENCE OF CERTAIN BILLS

Mr. BROWNING. Mr. Speaker, by direction of the Committee on the Judiciary, I ask unanimous consent that the bills, S. 682, to prohibit financial transactions with any foreign government in default on its obligations to the United States, and H.R. 2850, relative to the securities of foreign governments which have defaulted in their contract obligations to the United States, be rereferred from the Committee on the Judiciary to the Committee on Foreign Affairs, with the understanding, however, that such reference shall in no wise constitute a precedent for the reference of any bills which define a criminal offense and prescribe a penalty therefor to any committees other than the Committee on the Judiciary.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that the bills S. 682 and H.R. 2850 be rereferred from the Committee on the Judiciary to the Committee on Foreign Affairs. Is there objection?

There was no objection.

ONE YEAR UNDER THE NEW DEAL

Mr. CARPENTER of Kansas. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARPENTER of Kansas. Mr. Speaker, it is just a year since Mr. Roosevelt was inaugurated as President of the United States. It is therefore well that we review the events as they have occurred to determine whether we can report progress. To do so it is necessary that we first note the condition we were in, in the period just preceding, and at this time 1 year ago.

Wheat was then selling for 30 cents a bushel; corn, 7 to 12 cents per bushel; oats, 10 cents per bushel; cotton, 5 cents per pound or lower; and all other agricultural products at corresponding low prices. Wages were gradually being lowered as unemployment increased until there were about 14,000,000 jobless men and women, directly affecting, including themselves, some 35,000,000 people. The farmers everywhere were facing mortgage foreclosures. Over all the country were closed factories, empty store buildings, and impoverished towns and cities. Taxes were unpaid and municipalities and counties ceasing to function. Despair had taken the place of confidence. There was only one hope that sustained the people in the terrible condition they found themselves in, and that was the coming of a new leader. A leader who talked with understanding terms and in a language that all could understand, and who, instead of condemning the common man, the laboring man, and the farmer, attempted to view their situation from their point of view and interested himself in their cause. In short, he promised them a new deal. Franklin D. Roosevelt, when he became President 1 year ago, assumed the greatest responsibility of any President since the time of Lincoln. Every bank in the country was closed, and we were on the verge of a panic that would have led us to chaos.

The welfare and future of not only our country but each and every individual in this country depended upon him. His utterances on March 4 were calculated to give us much encouragement. Thereupon action became his byword. The banks were saved. Congress was called in an extraordinary session and the President proceeded to set the national house in order. Then followed a series of emergency laws enacted by Congress upon the recommendation of the President. The results of which were to take us off the gold standard; to afford relief to agriculture; to save the farmers from foreclosure; to help the home owners in the towns and cities; to prevent the sale of fraudulent stocks and bonds by making the seller beware as well as the buyer; legislation creating useful camps where the youth of the country could be gathered off the highways and byways and paths that might lead to crime; legislation providing for the guaranty of bank deposits, thereby making the earnings and life savings of all, and especially of the older people, secure; and legislation to assist labor of all kinds, including railroad labor.

This legislation was supported by me, not because I was told to do so by any particular person or because it was popular but because in my judgment it was right and for the best interest of the people of my district and the country at large, and any legislation I did not believe was right or for the best interest of my people I just as vigorously opposed, and will continue to do so as long as I remain in this office.

To be sure, some of the legislation, as might be expected in such an emergency, was not perfect, and in some cases caused hardship, but the results of the legislation as a whole in relieving the terrible conditions in this country should be considered, and what are they? First, confidence in our country, our future, and ourselves has been restored. The price of wheat to the farmer is now better than 70 cents per bushel; cotton better than 10 cents per pound; corn, 50 cents per bushel or better; oats, 38 cents per bushel; and the price of every other agricultural product, with just a few exceptions, has increased or is on the upgrade. Thousands of farms and homes have been saved, most of the factories opened, millions of people put back to work, deposits in banks up to $2,500 secured, protection given from unscrupulous stock-and-bond salesmen, and racketeering and unfair business practices abolished, and all this without any bloody revolution or dictatorship established in this country.

The man in the White House has not assumed the role of dictator; his every action has been with the consent of Congress. In fact, he has not gone anywhere near as far as Congress has authorized him to go, and, more than anything else, he has been satisfied for every Member of Congress to vote according to the dictates of his own conscience, in keeping with our American principles of government.

In conclusion, let me say the American people have been patient and long suffering through it all; their spirit has been wonderful; and regardless of their former party affiliations, they have given the President and Congress their full measure of support and cooperation.

COLLATERAL SECURITY FOR FEDERAL RESERVE NOTES

Mr. STEAGALL. Mr. Speaker, I call up the bill (S. 2766) to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Alabama calls up the bill S. 2766, on the Union Calendar, and asks unanimous consent that it be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the second paragraph of section 16 of the Federal Reserve Act, as amended, is amended to read as follows:

"Any Federal Reserve bank may make application to the local Federal Reserve agent for such amount of the Federal Reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal Reserve agent of collateral in amount equal to the sum of the Federal Reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances acquired under the provisions of section 13 of this act, or bills of exchange endorsed by a member bank of any Federal Reserve district and purchased under the provisions of section 14 of this act, or bankers' acceptances purchased under the provisions of said section 14, or gold certificates: *Provided, however*, That until March 3, 1935, or until the expiration of such additional period not exceeding 2 years as the President may prescribe, the Federal Reserve Board may, should it deem it in the public interest, upon the affirmative vote of not less than a majority of its members, authorize the Federal Reserve banks to offer, and the Federal Reserve agents to accept, as such collateral security, direct obligations of the United States. On such date or upon the expiration of such period so prescribed by the President, or sooner should the Federal Reserve Board so decide, such authorization shall terminate and such obligations of the United States be retired as security for Federal Reserve notes. In no event shall such collateral security be less than the amount of Federal Reserve notes applied for. The Federal Reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal Reserve notes to and by the Federal Reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal Reserve bank for additional security to protect the Federal Reserve notes issued to it."

Mr. STEAGALL. Mr. Speaker, this bill provides an extension of a measure passed on February 27, 1932, which authorized the Federal Reserve banks, upon approval of a majority of the Federal Reserve Board, to issue Federal Reserve notes based upon Government bonds to the same extent and in the same manner that Federal Reserve notes were authorized to be issued when secured by eligible commercial paper. The original act was in operation for 1 year, and a subsequent bill was passed extending that measure down to the 3d of March 1934. It is urgent that this bill be enacted now in order that confusion and embarrassment be not visited upon the Federal Reserve banks in connection with Federal Reserve notes now outstanding which are protected by Government bonds.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. In a moment. There are $570,000,000 of such notes outstanding at the present time. If this legislation is not passed, then after the 3d day of March such notes will have no legal status. It would become necessary for the Federal Reserve banks to take some action to restore the legality of these notes now in circulation. To do that it would be necessary, under the general law, to substitute eligible paper for those bonds. To accomplish that it would be necessary for member banks to borrow of the Federal Reserve banks. Borrowing is not being practiced now, except in a very limited way. Rediscounts now in the Federal Reserve banks amount to only about $150,000,000, so that the Federal Reserve banks, in order to bring about necessary rediscounts of commercial paper, would be forced to unload Government holdings, which would result in the withdrawal and contraction of the supply of the Nation's currency. That is not thought desirable, I am sure, by many Members of the House, and it is not thought desirable by the administration.

This legislation freed something like $1,000,000,000 of gold which had to be carried for protection of Federal Reserve notes at the time of the enactment of the original measure, for the reason that there had been such a decline in rediscounts by the Federal Reserve banks that it became necessary to carry 80 percent of gold as security or collateral for Federal Reserve notes, and that tied up nearly $1,000,000,000 of gold, which was a very uneconomic use of our gold supply. Under the measure passed that gold was freed, and it made possible an increase in the amount of currency in circulation of something like two and a half billion dollars, and more than a billion dollars of Government bonds have been used as a basis for the circulation of Federal Reserve notes.

The SPEAKER. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, it is very important from the standpoint of the general necessity for currency expansion that this liberalized policy of issue be continued. It is also important, or at least might become very important, in connection with the liberal financing program now being carried on by the administration. This authority will relieve the administration, to the amount of several billions of dollars, from the necessity of an appeal to private investors and banks for the purchase of Government securities in the financing program of the Treasury.

The SPEAKER. The time of the gentleman from Alabama has again expired.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. PATMAN] may address the House for 10 minutes.

Mr. McFADDEN. Reserving the right to object, I should like 10 minutes on this bill.

Mr. STEAGALL. As far as I am concerned, I shall be very happy for the gentleman to have it.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent that when the gentleman from Texas [Mr. PATMAN] concludes I may address the House for 10 minutes on this bill.

The SPEAKER. Without objection, the request of the gentleman from Alabama is granted.

There was no objection.

The SPEAKER. Without objection, the request of the gentleman from Pennsylvania is granted.

There was no objection.

BANKERS' BONUS BILL

Mr. PATMAN. Mr. Speaker, I expect to introduce an amendment to one part of this bill, and, of course, expect to get 5 minutes' time to discuss that amendment. That will make up the 15 minutes' time that I expected to get.

This bill is to continue a privilege that was first granted to Federal Reserve banks for 1 year, in February 1932. At that time the distinguished gentleman from Alabama [Mr. STEAGALL] gave as his reason for the adoption of this measure that it was necessary to keep from going off the gold standard. The bill was passed under a gag rule, no amendments were in order. A year ago, 1933, another bill was introduced for the purpose of extending this same privilege another year. The reason given was that there was a panicky condition existing and in order to save our gold and keep us from going off the gold standard we would have to pass this bill. It was again passed under a gag rule, no amendments were in order. I opposed the bill each time.

FACTS EXISTING IN 1932

In 1932 the Federal Reserve banks had $2,900,000,000 deposited with the Federal Reserve agents to secure $2,900,000,000 of Federal Reserve notes. Nine hundred million dollars of that represented eligible paper and $2,000,000,000 of gold, and it was the view of the gentleman from Alabama at that time, that it was necessary to permit the substitution of United States bonds in order to release a billion dollars' worth of gold, which he said was needed at that time to protect the gold standard. It was thought France was going to demand a large amount of gold which she held in the United States, and this bill was necessary to release gold to be used in the event France should make such a demand. But the condition that existed then does not exist now, and this bill is extending a great privilege to a very few people.

WHAT IS FEDERAL RESERVE BANKING SYSTEM?

Let us think for a moment what the Federal Reserve banking system is. The Federal Reserve banking system operates almost solely on the credit of this Nation. The Government does not own one penny of its capital stock. It is owned solely by private banks. It was organized as a nonprofit-making institution for the purpose of extending adequate credit to commerce, industry, and agriculture. Such amendments as we now have before us have diverted the system from the object of its creation and have caused it to be used in the interest of private bankers solely. A Federal

Reserve bank has a right to issue money that is a blanket mortgage upon all the property of all the people of this Nation. Every Federal Reserve note—paper money—so issued is a blanket mortgage. Federal Reserve banks do not guarantee to redeem that money, but the Treasury of the United States, the people of this country, agree to redeem it. It occurs to me that it is an idiotic and imbecile system that will permit a private banking institution so to handle the credit of this Nation that that banking institution can buy United States Government bonds, with Government credit, and then that same Government continue to pay interest to that private banking institution on those bonds that it has purchased on the Government credit. The privilege under this amendment is going much further than that. I doubt that you would vote now to extend the privilege I have just mentioned, but the privilege before you goes much further than the privilege I have just discussed.

The question is squarely before us, Are we going to continue this system of issuing money on Government bonds or will we defeat this bill and do what the Constitution says to do—"Coin money and regulate its value"?

ELASTIC CURRENCY INTENDED

The object of the creation of the Federal Reserve banking system was to extend credit and elastic currency for the benefit of commerce, industry, and agriculture. It was never intended that they would operate in the markets and speculate upon Government bonds for their benefit and for the benefit of member banks. The first bill that was proposed 2 years ago, which allowed the substitution of Government bonds for eligible paper was the first bill that encouraged banks to get out of the banking business and quit loaning money to industry, trade, commerce, and agriculture, and just speculate and make money in United States Government bonds, and that is what they have been doing. There is no incentive for them to loan money to agriculture, commerce, and industry as long as they can manipulate the Government credit in the manner in which they are manipulating it today.

CAMEL'S NOSE UNDER TENT

When this bill is read, I expect to offer an amendment. The bill provides that the privilege shall be extended 1 year and, with Presidential approval, it may be extended 2 additional years. That is the way the Federal Reserve Banking System has always gotten its special privileges, just by getting a little hold and annually securing so-called "perfecting amendments", just like the camel getting its nose under the tent, and finally the camel, hump and all, gets under the tent. That is the way it has been doing ever since the Federal Reserve Banking Act was enacted. This is another attempt to get another great privilege at the expense of the people of this country. First, they just wanted it a year to keep from going off the gold standard. Next, they wanted it for another year to keep from going off the gold standard. Now they want it for 3 years, although we are off the gold standard, and they bring it in here just 1 day before the time expires and they say it is an amergency and that we must pass it now. The very next thing to a gag rule. I am going to offer an amendment providing that instead of this privilege being extended 3 years it shall be extended until June 3, 1934. That is 3 months. That will give the Federal Reserve banks time to let industry have some money. Let them get some eligible paper in exchange for credit which the people need, and let them put up this eligible paper and get the bonds back. It will have a tendency to encourage them to let the people have the money that they want, and that is what we should do. Although I am against the bill and have opposed it every time, I am willing for the privilege to be extended 3 months. During that time another bill can be brought in and full and free discussion may be allowed.

BANKERS' BONUS BILL

This bill should be known as the "bankers' bonus bill." It is another attempt, by bribery and by bonus and by subsidy, to try to persuade the bankers of this country to render a public service to the people by extending to them a part of the Government's credit which they have been using for themselves and for the benefit of themselves. I hope the time will come in the very near future when the Government of the United States will make direct loans to industry, will make direct loans to people who need Government credit. That is necessary. The banking system of this country has fallen down in its efforts, if it has made any effort, to extend sufficient credit to commerce, industry, and agriculture, although such system has been favored by the Government in every conceivable way. No other business is allowed to use the Government credit free, just the Federal Reserve System, which is controlled by a few large banks and such banks as are allowed to deposit Government bonds drawing annual interest of 3⅜ percent and receive in return for them new currency paper money, and while using the money, also get credit on the bonds. I wish someone would give a good reason why the Government should not issue the money in the first place rather than issue bonds, sell the bonds, and then let the holder get money in return for them. The Government is paying the holders of Government bonds a billion-dollar bonus this year.

MONEY ISSUED ON I O U'S

As it is today, the member banks of the Federal Reserve put up their own notes, just I O U's, and get money issued on them, and they even want to enlarge this privilege. When they put up these notes with the Federal Reserve, they want the Federal Reserve to have the privilege of taking the United States bonds that have been purchased with Government credit as collateral security for the issuance of that money and at the same time get interest on the bonds that are put up as collateral security.

Suppose you owed a mortgage on your home and you gave me the money to pay the mortgage, and I got the mortgage transferred to me in return for your money, would it be right for you to continue to pay interest on that mortgage? That is exactly what the Government is doing.

A BIG RACKET

The Federal Reserve Banking System today holds $3,000,000,000 in Government bonds. The Government should not have to pay interest on bonds that have been repurchased with Government credit; but they did it, and are doing it. It is not right that they should do it, and I am not willing for the privilege to be continued or extended.

CONTINUE ONLY 3 MORE MONTHS

Probably the Members do not desire to kill the bill outright since it is just a day before the old law expires, and a full discussion has not been permitted, but let us not continue the privilege more than 3 months, during which time this Committee on Banking and Currency, headed by the distinguished gentleman from Alabama, can bring in another bill, and under the general rules of the House we can thoroughly discuss it. If it is a good proposition, the House will pass it; but if it is not a good proposition, it will be defeated. So, let us attempt to amend the pending bill in order that the privilege may not be extended longer than 3 months without a better understanding of what is allowed under it.

1945 BONDS

Under this bill they can take bonds, due in 1945, payable in 1945—they can do that anyway, but this is an extension and enlargement of that privilege—and deposit these bonds with the proper official and get new money on these bonds; and at the same time they use the money they get interest on the bonds deposited. It is not fiat money, rag money, or greenbacks, it is good money; but offer to let the 3,500,000 veterans ask for the same privilege and the same money is called greenbacks and no good. Of course, they do not want the privilege extended until 1945 in this bill, but they are going to get it if you pass this bill because next time, instead of 3 years it will be 6 years, or maybe 25 years, or maybe longer. Just before the time expires another bill will be brought in to give them an extension of the same privilege. They have never lost a valuable privilege. They always manage to get their privileges extended and enlarged. Gag rules, emergency, and many other methods are used to carry out their purposes.

SUPPORT AMENDMENT

Therefore, my friends, I hope you will support the amendment which I shall introduce to limit the provisions of this bill to 3 months. This will give them plenty of time to bring in a bill and give the House time to consider properly the bill. The records show that most of the country banks are doing their part. It is the large banks that will benefit the most by this bill that are refusing to do their part.

One half of the Government bonds today are owned by the large banks of this country. Think of it, half of them; and the Government is paying the banks a bonus, or a subsidy, of $500,000,000 a year. And yet they will not make deserving loans to industry. If you want to continue this privilege, vote for this bill as it is. The Government will pay holders of tax-exempt interest-bearing bonds a billion-dollar bonus this year. It should not be paid. Think of the many ways a billion dollars could be used to better advantage of the people. The bonus system for the banks must be stopped. If you are in favor of the Congress issuing money as contemplated by the Constitution, vote to refuse the banks this extension of that very valuable right.

[Here the gavel fell.]

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 2 minutes in order that I may ask him a question.

Mr. BURKE of Nebraska. Mr. Speaker, I object.

The SPEAKER. The gentleman from Pennsylvania [Mr. McFADDEN] is recognized for 10 minutes.

Mr. McFADDEN. Mr. Speaker, I am assuming that the House bill is the same in all respects as the Senate bill. I ask the chairman of the committee whether I am correct?

Mr. STEAGALL. The bill passed the Senate day before yesterday, and we are considering the Senate bill in order to expedite passage of the measure to meet the peculiar conditions that exist. The committee, however, unanimously reported the House bill on yesterday, and the House bill is identical with the Senate bill.

Mr. McFADDEN. This is a bill to extend the period during which direct obligations of the United States may be used as collateral security for the basis of the issuance of Federal Reserve notes.

The purpose of the original enactment was to protect the gold reserve. The renewal that was given subsequently was also involved in that same situation. The situation today has entirely changed. The purpose of the enactment of this bill today is to permit the continued use of the hopper into which Government bonds are placed and out of which, when the crank is turned, come Federal Reserve notes.

The real reason that this is necessary is that $10,000,000,000 has to be raised by the United States Treasury, and this is one of the vehicles that is to be used to furnish the inflation which will be necessary in order that the Treasury may sell United States bonds to get the money to carry out its financial program. We might just as well recognize this fact. I am at a loss to understand why they have delayed until the last minute the question of renewing this act.

This is a part of the general plan of the Federal Reserve and the Treasury to avoid any real discussion on the subject of the issuance of Federal Reserve notes and the operations of the Federal Reserve System in this House. We were told on the 4th day of last March that the money changers were to be thrown out of the temple. The Federal Reserve System management represents a large part of the money changers, and during the past 10 days we have seen a definite reversal of the policy of throwing the money changers out of the temple and an endorsement by the President of the United States of a continuance of the Federal Reserve System in the same manner it has been operated for the past several years.

I should like to ask the leader of the Democratic side whether or not any attention is going to be paid to an examination of the operations of the Federal Reserve System. I am asking the leader of the Democratic side now what they are going to do with the impeachment resolution that is lying before the Judiciary Committee. Are you going to act on it, Mr. BYRNS?

Mr. BYRNS. The resolution is before the Judiciary Committee.

Mr. McFADDEN. The gentleman from Tennessee is the leader of his party and there are resting with the committee accusations against the Federal Reserve System and protests against the continued exploitation of the American people by the Federal Reserve.

Mr. BYRNS. As the gentleman has just stated, the matter is before the Committee on the Judiciary, and I have no doubt that this committee will give it the fullest consideration and investigation. As an individual Member of Congress, however, it is impossible for me to say to the gentleman what will or will not be done by that committee.

Mr. McFADDEN. Over 2 years ago, in response to a resolution proposing an investigation of the Federal Reserve, I was assured by the leadership on both sides of this House that at the following session, after the election, a thorough investigation would be made of the operations of the Federal Reserve System. This has not been had and I can get no cooperation from the committees as regards the examination of the operations of the Federal Reserve. The exploitation by the Federal Reserve of this very question of note issue is at stake in this proposed study of their operations. There should be a complete study of the operations of the Federal Reserve System because of the well-known mistaken policy under which they have been operating. They themselves admit the mistaken policy, which was largely responsible for the collapse in 1929, and has caused us hundreds of millions of dollars of loss; yet in the very bill now before us is a clause phrased in these words:

That the Federal Reserve Board may, should it deem it in the public interest.

Has the Federal Reserve, in these important decisions which they have made in the past, when they furnished the money to operate the stock-exchange speculation, as they did, worked in the public interest? Are they working in the public interest now? The same management, the same mismanagement, that was in operation in 1929 is still in charge of the operation of the Federal Reserve System.

As the gentleman from Texas has pointed out, the bill grants a further extension of the operation of this note issue for 3 years. It is a mistake to grant this extension of this note-issuing privilege for 3 years. It should not be more than 1 year, as heretofore.

The gentleman has referred to the franchise that is given to this system to issue these notes. Over $3,000,000,000 worth of these notes are outstanding now. If the Federal Reserve loans that money at 4 percent, they get $120,000,000 a year. The law provides that when the Government lends its credit to the Federal Reserve System they were to pay a certain percent for this credit. Have they done this? Not one penny have they ever paid. This franchising of the public credit to the Federal Reserve System has been a fine racket. It is a racket today.

Mr. McFARLANE. Will the gentleman yield?

Mr. McFADDEN. I am sorry; I have not the time.

If we continue this legislation, we should at least see that the law is carried out in its original intent and purpose, and see that this system pays back into the Public Treasury that which the law said they were to pay back.

I do not want to keep continually talking about what the Federal Reserve is doing to this country. I have done everything within my power to get both sides of this House to audit not only the Federal Reserve System, but the Treasury of the United States. When the banking bill was before this House last spring and when the banks were all closed, I begged the incoming administration to draw a red line through the operations of the Treasury and the Federal Reserve System and audit their books. This has not been done. When you talk about throwing the money changers out, every financial operation that has been passed, every assistance from every board that has been created under the new deal and every assistance from the Reconstruction Finance Corporation has been used to strengthen the position of the bankers who are responsible for the great losses that the people of this country have suffered. It has

been a consistent policy that has been followed. Here is a continuation of the same proposition with an endorsement to continue further to operate this system in order to bolster the banks, the private investment, and the international financial interests. How long must the people of this country wait to know about the operations of their financial system? Let me say as solemnly as I can that you are not going to restore confidence in the United States, in your Government, or in your financial system, until the American people are given assurance that everything is right in the Treasury and in the Federal Reserve System. [Applause.]

[Here the gavel fell.]

Mr. LUCE. Mr. Speaker, we have listened to two interesting arraignments of the Federal Reserve Board. The attitude of my colleague from Pennsylvania toward that body has been made well known to the House. His views so far have not convinced.

The attitude of the gentleman from Texas particularly interested me. If I wished to make this a topic in a political campaign I need not go beyond the four corners of the speech of my friend from Texas to find damning arraignment of his administration.

This measure is brought before us by the administration, by the financial agents of the administration, the Treasury and the Federal Reserve Board. This embodies their program for meeting what is probably the greatest danger and the most difficult situation since the days of the Revolutionary War, when, by reason of the disordered state of the finances this country came near going to wreck. Under these circumstances, for one I am disposed to put the same confidence in the Treasury and in the Federal Reserve Board that when the Democrats were in a minority they gave to the Republican Secretary of the Treasury and the Board as it was then constituted.

The Federal Reserve Board was never contemplated to be a political agency. It was never constituted as such. I am told that at the present moment every member of that Board is a Democrat. If there be any criticism, then it goes to a Democratic Secretary of the Treasury and a Democratic Federal Reserve Board; but I refuse to share in such intimations, such insinuations, such charges.

The finances of this country have always been in the hands of honorable men, men who were never subservient to the financial interests of the country as represented by Wall Street. It is absurd, it is preposterous, to tell this House and to tell the country that the Democratic Secretary of the Treasury and the Democratic Federal Reserve Board are nothing but the servants of the wealthy people of the country, the slaves of the money interests of the country.

Does the gentleman from Texas not know the reason money is not loaned to industry is because his administration, working through the Comptroller of the Currency, demands that loans shall not be made on shaky securities, demands that the banks shall be kept liquid, and demands that payment shall be made on outstanding obligations? The banks would be delighted to lend money to industry. They cannot find borrowers who can present security that will be satisfactory to the examiners sent out by the Comptroller of the Currency. That is the heart of the whole problem.

Mr. PATMAN. Will the gentleman yield?

Mr. LUCE. With the greatest of pleasure, because may I say, the more the gentleman speaks on the subject upon the floor of this House the more he puts his foot in it.

Mr. PATMAN. The gentleman is entitled to be facetious over such an important matter. The gentleman in 1932, when he discussed this bill, gave as a reason for its passage then the fact that they needed this gold that the Federal Reserve banks had put up, amounting to about $1,000,000,000. In 1933 in discussing the same bill the gentleman gave as a reason the fact that the emergency still existed.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that the gentleman be allowed 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. PATMAN. Since we have gone off the gold standard and since the Federal Reserve banks have $4,000,000,000 in gold and they only need $1,600,000,000, and having $2,400,000,000 of idle gold, where is the necessity for the passage of this bill?

Mr. LUCE. I am not going to bandy figures with the gentleman. My answer is adequate to my own judgment and conscience. This measure is asked by the men to whom we have entrusted the responsibility of meeting a tremendous problem with respect to the finances of the Government, due to the measures that his party has put upon the statute books, and the proclamations that his President has issued. I am willing to trust his Secretary of the Treasury. I am willing to trust his Federal Reserve Board. The gentleman is not.

Mr. Speaker, I yield back the balance of my time.

The Clerk read the bill for amendment.

Mr. ELLENBOGEN. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ELLENBOGEN: Page 2, line 16, after the words "United States", insert "and such obligations as are guaranteed unconditionally both as to principal and as to interest by the United States."

Mr. ELLENBOGEN. Mr. Speaker, the purpose of this amendment is to include in this bill not only the bonds of the United States but also those bonds that are guaranteed unconditionally both as to interest and as to principal by the United States. I refer in particular to the farm-loan bonds, which only a few weeks ago were guaranteed by the Government, and also to the home-loan bonds. In a message which was presented to the Congress yesterday the President has requested us to guarantee also the home-loan bonds.

Mr. Speaker, these bonds will be as good as the Government bonds, because they will have behind them not only the unconditional promise of the Government of the United States but also the security of the homes of the country.

If the privilege that is extended to the Government bonds to issue currency on the security of such bonds will also be extended to the farm-loan bonds and later to the home-loan bonds, after they are guaranteed, the Farm Loan Corporation and the Home Owners' Loan Corporation will be able to sell these bonds at a lower rate of interest.

Mr. Speaker, the Farm Loan Corporation and the Home Owners Loan Corporation are going to have losses. Today the Home Owners Loan Corporation is selling its bonds or is exchanging its bonds carrying a rate of interest of 4 percent and charging the home owner 5 percent. There is only a difference of 1 percent, which is insufficient or which, in my opinion, will be insufficient to absorb the losses that will be suffered by the Home Owners Loan Corporation, and I assume the condition is the same as to the farm-loan bonds.

I can see no harm in the passage of this amendment, and on the contrary, I believe it will permit these two corporations—the Farm Loan Corporation and the Home Owners Loan Corporation—to fix a lower rate of interest for their bonds, and thus save money for themselves and absorb some of the losses.

Mr. Speaker, I hope the House will adopt the amendment.

Mr. STEAGALL. Mr. Speaker, any amendment to this bill now would defeat its passage within the time within which it is urgent and necessary. In that connection I say to the gentleman from Pennsylvania [Mr. ELLENBOGEN] that it is contemplated that legislation will be passed dealing with the bonds of the Home Owners' Loan Corporation to which he refers, and to other bonds to which the Government has become responsible as to both principal and interest, and that the purpose contemplated by his amendment will in all probability be taken care of in another bill which will be before this House at an early date, and I ask the gentleman to withdraw his amendment.

Mr. ELLENBOGEN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. ELLENBOGEN. I have looked over the bill introduced by the gentleman relating to the Home Loan bonds, and I do not find such provision in it, and in addition to the Home Loan bonds I also have in mind the Farm Loan bonds; but if the gentleman will assure me that the House will be given an opportunity to vote on a proposition like this, then I do not desire to endanger the passage of the bill, although I believe it is a deplorable policy to bring such an important bill before the House at the last moment. If the gentleman will give me such assurance, I will withdraw my amendment.

Mr. STEAGALL. I can only assure the gentleman that it is expected that such legislation will be considered by the Committee on Banking and Currency connected with the measure providing for Government guarantee of bonds. Such a provision is embodied in a bill now pending and which was introduced by me.

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. McGUGIN. If I read the amendment aright, I do not believe the gentleman from Alabama means to convey to the House that at some time we are going to have legislation that will carry out that amendment. If I read it right, it will provide for issuing currency against all Government bonds. We now have approximately $30,000,000,000 of Government bonds, and with these $4,000,000,000 that will make $34,000,000,000, and it would make possible a 700-percent inflation.

The SPEAKER. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. PATMAN. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Page 2, line 9, after the word "however", strike out "that until March 3, 1935, or until the expiration of such additional period not exceeding 2 years as the President may prescribe" and insert in lieu thereof the words "that until June 3, 1934."

AN AGENT WHO REPRESENTS BOTH BANKS AND GOVERNMENT

Mr. PATMAN. Mr. Speaker, the gentleman from Alabama suggests that he wants this bill passed without delay. There are 12 Federal Reserve banks in the United States, and at each Federal Reserve bank there is a Federal Reserve agent who occupies a dual position. He represents the Federal Reserve bank where he is, and also he is the agent of the Government of the United States. He not only has these bonds in charge but he has the gold in charge; and if we were to fail to pass this bill today or tomorrow or next week, all in the world that he would have to do would be a mere bookkeeping transaction. He would transfer the bonds back and put the gold up as collateral security for the issuance of these Federal Reserve notes.

SURPLUS OF GOLD

The Federal Reserve banks today have $4,000,000,000 in gold. They need only $1,600,000,000 to cover the notes they have outstanding. Therefore, they have idle and unincumbered more than $2,400,000,000 in gold. There is no real necessity for this legislation at all, but in order to be absolutely fair I suggest that we give them 3 months, and that we ourselves have 3 months in which to study the proposition, and if it is a good thing we can pass it, and if it is a bad proposal we can defeat it. I am getting tired of this bill being brought in here under such circumstances every time.

WILLING TO TRUST PRESIDENT

With reference to the remarks of the gentleman from Massachusetts [Mr. LUCE], the gentleman is evidently gratified that one measure recommended by President Hoover and Secretary of the Treasury Mills will probably receive support from leaders of the present administration. He said that I was not willing to trust our Secretary of the Treasury and the President. I want the gentleman to understand that I am perfectly willing to trust them, but I am sure they are not asking for powers they do not need, that have been abused in the past. I am not willing to make them accept a responsibility they do not need, and one that if exercised will not promote the general welfare. If the President or Secretary of the Treasury should suggest to me how this bill would aid the President's program, I would withdraw my objection to it. There are banks in this country that have for the last several years paid 200-percent dividends. There is one in Pittsburgh, Pa., owned by a former Secretary of the Treasury, Mr. Mellon, that has paid a 200-percent dividend a year for years by using the credit of this Nation, free of charge. No other business or industry in the United States is allowed to use the credit of this Nation free of charge. It is only certain bankers in the country who have been allowed to do it.

AMENDMENT SHOULD BE PASSED

There is no reason in the world why this amendment should not be passed, which will allow the time to be extended for 3 months. My objection is not new. When the bill came up in 1932, I opposed it then. We asked for a roll call, and I was 1 of 15, including 2 or 3 other gentlemen from Texas, and others, who opposed it at that time.

NOT AN INFLATIONARY MEASURE

We opposed it a year ago because it is not an inflationary measure. It is not a measure that will expand the currency. It is a measure that will contract the currency. It is a contraction measure and not an inflationary measure, for the reason it induces and persuades banking institutions to put their money in Government bonds, and not in commerce, industry, and agriculture, and any time you induce the banks to use their money by putting it into Government bonds, you are not helping commerce, industry, and agriculture.

ADOPT 3 MONTHS' AMENDMENT

That is exactly what you are doing in this bill. Therefore I ask you to vote for this amendment, which will allow 3 months' more time. The Federal Reserve banks have plenty of power to control the situation without any inconvenience or without any trouble. Banks can still put up their own I O U's, the bankers' note, the note of that bank, and get the money of the United States, guaranteed by the United States, issued upon that banker's note. Therefore if they were to be embarrassed by the failure of this bill, they certainly could resort to the means that they have now to get money in its place. I ask you to adopt this amendment, which will in no way jeopardize the merits of this bill. If we allow another year, this Congress will not be allowed to pass on the question again. Another Congress will pass on it. Since we know something about what is attempted, let us stay with it until the question is finally settled. We are paying holders of Government tax-exempt, interest-bearing bonds a billion dollars this year. It is a pure bonus. It should not be paid.

Mr. BUSBY. Mr. Speaker, I offer a substitute to the amendment just offered by the gentleman from Texas.

The Clerk read as follows:

Substitute offered by Mr. BUSBY to the amendment offered by Mr. PATMAN: Strike out the words "three months" in the amendment and insert in lieu thereof "twelve months."

Mr. BUSBY. Mr. Speaker, I very seriously doubt the advisability of enacting this kind of legislation if we are going to maintain the bank set-up in this country and use it to furnish us a medium of exchange with which to carry on business. Of course, we are committed to it, and we look to it for nine tenths of the efficiency of the exchange that we have to use.

When the Federal Reserve Act was enacted it was thought proper to permit currency to be issued on certain short-term paper and gold for the purpose of benefiting trade and commerce. Now, a great many gentlemen do not know it, but we have been issuing commodity money ever since the Federal Reserve bank was set up. That money—Federal Reserve notes—is 60 percent commodity money, or it was until the first enactment of this act. We used to discount short-term bills and obligations, based on commodity loans and property loans, on which to issue money. When this bill was first

enacted we changed that policy and began to use Government debts on which to issue Federal Reserve notes, a total departure from the original purpose of the issuance of Federal Reserve notes on property loans. Nobody will dispute that. The chairman of the committee will not dispute that. But 2 years ago we were called upon to make this radical change, a change that was favorable, of course, to the holders of Government bonds and obligations. Now, we have gone along here for these years, and this is drifting into a permanent policy which converts the banking set-up of this country into an institution to finance the Government. Is that not ridiculous? Issuing Government bonds with interest for the banks so banks can pledge them with the Government so the Government can issue money, when the original purpose was to finance business and commerce and trade. Is that not ridiculous?

I think 1 year is long enough for us to enact this law. I am not proposing to cut off anything that has been the practice under this act. Let us pass this substitute for the amendment offered by the gentleman from Texas and extend the proposition 1 more year, but keep the power in the hands of Congress. I am appealing to you on a proposition that I believe you will stand for, because the Congress after all is responsible in this money matter, and the President is not particular about having it turned over to him for 3 years. I hope you who are listening will stand by me and help us adopt this substitute so that we can keep the matter in our hands as it has been before. I appeal to you in earnest. If 1 year was a sensible proposition in 1932 or 1933, it ought to be likewise in 1934.

Mr. LAMBERTSON. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. LAMBERTSON. Since these leaders on the committee cannot tell us, can the gentleman tell us why you waited until this eleventh hour to bring this bill in?

Mr. BUSBY. That is a form of strategy in which the House often permits itself to be thrown, in order to coerce Members into doing something that they ordinarily would not do. That is the truth of the matter.

Mr. LUCE. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. LUCE. I should like to say something that perhaps the chairman of the committee would not want to say. This is not the fault of the committee. The committee acted as soon as it was requested to act. The blame, if there be any, is not to be placed upon the committee.

Mr. BUSBY. Will the gentleman let me answer?

Mr. STEAGALL. I yield.

Mr. BUSBY. Of course, the committee only received the bill about an hour before we were called upon to have hearings. The hearings lasted 30 minutes on yesterday. That is the only opportunity we had in regard to the matter.

Mr. STEAGALL. Mr. Speaker, this bill was sent to the Committee on Banking and Currency only a few days ago. In the rush and confusion of the hour, with several subcommittees at work, and repairs under way in the committee room, the committee was not called as soon as perhaps it should have been to consider this measure.

The Senate passed the bill day before yesterday.

The committee was called together and hearings were held yesterday. It was considered in the committee and reported without objection.

One gentleman, who is not here, indicated that he might see fit to offer amendments to the bill when it got into the House. Other members, and I think practically the entire committee was present, agreed—certainly all those who are here now were present—and agreed to the bill, although they had opportunity, then, to suggest amendments for consideration of the committee. So much for that.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I have not time just now.

I wish to say in answer to the gentleman from Texas that going off the gold standard has not affected in the slightest degree the operations of the Federal Reserve banks in the matter of the issuance of Federal Reserve notes.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I beg the gentleman's pardon, but I cannot yield. I want to make a statement. Then I shall be glad to yield.

The only thing that took place was that the gold holdings by the Federal Reserve banks were transferred to the Treasury for revaluation, and gold certificates, so-called—and they are in fact gold certificates—were issued by the Treasury to the Federal Reserve banks in place of the gold taken over. Those certificates, as everybody understands, were for the same amount in dollars and cents as the gold held by the Federal Reserve banks before its transfer to the Treasury. The profit in that transaction, of course, inures to the benefit of the Treasury, I think very properly, and for which I am very glad.

Now, when application is made to issue Federal Reserve notes by the Federal Reserve banks, the Federal Reserve banks must carry against Federal Reserve notes the same amount in gold certificates that were formerly carried in gold or gold certificates which were specifically redeemable in gold. So when the Federal Reserve banks are called upon to issue Federal Reserve notes they must have commercial paper, eligible paper, for 60 percent of the amount of the notes issued and 40 percent in gold certificates. The transaction is just the same in effect as it was under the old order when the Federal Reserve banks held the actual gold and gold certificates specifically redeemable in gold.

The Federal Reserve banks find themselves with only $150,000,000 of eligible paper on hand. They have no power to compel member banks to ask for rediscounts.

The Federal Reserve banks have no power to issue Federal Reserve notes unless they have the collateral to support those notes. The only collateral they may use is eligible commercial paper supplemented by 40 percent of gold or gold certificates. In the absence of eligible commercial paper they must protect Federal Reserve notes by gold or gold certificates. In the present situation it means that they must protect the Federal Reserve notes by gold certificates, unless they are permitted to continue the use of bonds as security. Federal Reserve notes already outstanding—and they amount to $570,000,000—would lose their legal status as money with consequent confusion. The only remedy would be for the Federal Reserve banks to go out into the market and sell Government bonds and draw in money that is now in circulation and contract the currency of the country or substitute gold certificates for bonds. Any such use of gold certificates would curtail the possible enlargement of circulating currency. The tendency would be to contract the currency when many of us believe conditions demand expansion.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

Mr. BUSBY. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 5 minutes, for I wish to ask him a question.

Mr. MARTIN of Massachusetts. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is, Is there objection to the request of the gentleman from Alabama?

Mr. BUSBY. Mr. Speaker, I object.

The SPEAKER. The question is on the amendment of the gentleman from Mississippi [Mr. BUSBY] to the amendment of the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, I move to strike out the last word.

The SPEAKER. That would be an amendment in the third degree.

Mr. PATMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PATMAN. What kind of a motion could a Member make to secure recognition at this time?

Mr. MARTIN or Massachusetts. Mr. Speaker, I demand the regular order.

The SPEAKER. The question is on the Busby amendment.

The question was taken; and on a division (demanded by Mr. BUSBY) there were—ayes 34, noes 35.

Mr. BUSBY. Mr. Speaker, I ask for tellers.

Tellers were refused.

Mr. McFADDEN. Mr. Speaker, I raise the point of no quorum. This is too important a matter to be crowded through in this manner.

The SPEAKER. The Chair will count. [After counting.] One hundred and three Members present; not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 97]

Abernethy	Doughton	Kleberg	Robinson
Andrew, Mass.	Douglass	Lanzetta	Romjue
Andrews, N.Y.	Drewry	Lee, Mo.	Rudd
Arnold	Driver	Lehlbach	Sadowski
Auf der Heide	Duncan, Mo.	Lesinski	Scrugham
Bakewell	Eagle	Lewis, Md.	Sears
Bankhead	Eaton	Lindsay	Shallenberger
Beck	Edmonds	McClintic	Shannon
Beedy	Ellzey, Miss.	McGrath	Shoemaker
Beiter	Evans	McLean	Simpson
Berlin	Faddis	McLeod	Smith, Va.
Black	Farley	McMillan	Smith, Wash.
Boland	Fernandez	McSwain	Smith, W.Va.
Boylan	Fish	Mansfield	Somers, N.Y.
Britten	Fitzgibbons	Marland	Stalker
Brunner	Flannagan	Marshall	Stokes
Bulwinkle	Ford	Merritt	Strong, Pa.
Burch	Frear	Millard	Stubbs
Cannon, Wis.	Fulmer	Milligan	Studley
Carley, N.Y.	Gambrill	Montague	Sullivan
Carpenter, Nebr.	Gasque	Montet	Sutphin
Cary	Gavagan	Moynihan, Ill.	Sweeney
Cavicchia	Gifford	Norton	Taylor, Colo.
Celler	Gillette	O'Connell	Taylor, Tenn.
Chapman	Goodwin	O'Connor	Terrell, Tex.
Chavez	Goss	Oliver, Ala.	Thomason
Claiborne	Granfield	Oliver, N.Y.	Thompson, Tex.
Clark, N.C.	Greenway	Owen	Thurston
Cochran, Pa.	Greenwood	Palmisano	Tinkham
Coffin	Gregory	Parker	Treadway
Cole	Griffin	Perkins	Truax
Condon	Haines	Pettengill	Underwood
Connery	Hancock, N.C.	Peyser	Vinson, Ky.
Cooper, Ohio	Harlan	Plumley	Waldron
Corning	Hart	Polk	Wallgren
Cox	Harter	Pou	Walter
Crosby	Hess	Prall	Welch
Crowther	Hill, Knute	Randolph	Whitley
Cullen	Hoeppel	Rankin	Williford
Cummings	Howard	Ransley	Williams
Darden	Hughes	Reece	Wilson
Dear	Johnson, Tex.	Reed, N.Y.	Withrow
Delaney	Kahn	Reid, Ill.	Wood, Ga.
Dickstein	Kelly, Pa.	Richards	Young
Dockweiler	Kennedy, N.Y.	Robertson	Zioncheck

The SPEAKER. Two hundred and forty-nine Members have answered to their names. A quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

The SPEAKER. The question is on the amendment of the gentleman from Texas.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes in order to explain the amendment that is pending before the House.

Mr. STEAGALL. Mr. Speaker, because of the circumstances I am forced to object, a thing I have never done in this House; but under the circumstances I must do so.

Mr. BROWN of Kentucky. Mr. Speaker, I offer a substitute for the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Kentucky as a substitute for the amendment offered by Mr. PATMAN: On page 2, lines 10 and 11, strike out "March 3, 1935, or until expiration of such additional period not exceeding 2 years" and insert in lieu thereof the following: "such time, not exceeding 1 year."

Mr. BYRNS. Mr. Speaker, I make the point of order that a similar amendment has just been voted down.

Mr. BROWN of Kentucky. Mr. Speaker, I want to be heard on the point of order.

Mr. BYRNS. It is very clear that the House voted down a similar amendment.

Mr. BROWN of Kentucky. It was not the same amendment.

The SPEAKER. The point of order is overruled.

Mr. BROWN of Kentucky. Mr. Speaker, my amendment on page 2, line 10, strikes out "March 3, 1935" and inserts in lieu of that statement "such time not to exceed 1 year as the President may prescribe."

This bill prescribes the authority under which the Federal Reserve System buys Government bonds and get 4, 4½ percent, or whatever it is, on the bonds, then issues currency on these bonds. That authority expires on March 4. The Senate is not now in session. You are brought here on the last day that this authority can be extended and asked by the committee to swallow the bill that they have been holding here since February 14 because this has to be made a law today.

May I say that one of the reasons why you have some insurrection on the part of the 160 new Members of this House is just such action as the committee is taking today. [Applause.] The gentleman from Massachusetts said to one Member who was objecting to this sort of thing that when you opened your mouth you stuck your foot in it. I came here to stick my foot into some things.

I resent such actions as this, that cause us at 6:30 at night to vote on a measure that is more important to the people of the country than anything you can bring before this Congress. "Money", said Adam Smith, "is the lifeblood of the nation." John Stuart Mill said it is like the blood that flows through the human body, and yet on the last day we can extend the authority, the committee brings in a bill it has had since February 14 and asks us to swallow it because it is necessary, the Senate not being in session.

I may say that the Constitution provides that Congress has the right to coin money and to regulate the value thereof. This bill says that the Federal Reserve System has the right to buy the obligations of this Government, collect the interest on the obligations, then lend it to whoever wants to borrow the money at whatever rate of interest they may choose to charge, including brokerage fees and other things which increase the rate of interest. There is no opportunity to amend. This is the last hour this can be passed.

It should be the sense of this House to say once and for all: You cannot bring a bill of this importance in here at midnight and crowd it down the throats of the Representatives of the people. We want time to discuss these things. Why, it has taken generations to teach the people of this country that nobody understands money. Why do we not understand it? Because it serves the interest of organized bankers not to let the people understand money; because it serves their interest not to let us study the bill, not to let us debate, and then bring the bill in at the last minute.

As far as I am concerned I do not want to hinder the progress of this country; I do not want to put any obstacle in the way. I have stood by the program from the beginning to the end, but I am not going to stand for being called up here at 6:30 to vote on a bill that no Member of the House has had an opportunity to read, to discuss, to debate, or know anything about; and to extend to the bankers of the country the right to take our Government credit, draw 4½-percent interest on this credit, and then lend it to the people of this country and charge them 6-percent interest to boot.

It is not so important but what we can wait until Monday. My amendment is an amendment which merely gives the President the authority to extend this thing for a year if he finds it necessary; and if the amendment is voted down, then the gentleman from Texas has an amendment that will extend it to July 1, and we ought to adopt that amendment and extend the time to July 1. [Applause.]

Mr. STEAGALL and Mr. PATMAN rose.

Mr. PATMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PATMAN. Mr. Speaker, the gentleman from Kentucky [Mr. BROWN] has offered a substitute for my amend-

ment. Would I not be entitled to recognition in opposition to that amendment?

The SPEAKER. A member of the committee would be entitled to prior recognition.

Mr. STEAGALL. Mr. Speaker, I am sorry that my brilliant friend from Kentucky has not kept quite apace with the discussion of this measure. I feel sure he would not have taken the position he has if he were entirely familiar with the facts.

Mr. BROWN of Kentucky. Will the gentleman yield? Have I had any chance to get familiar with the facts?

Mr. STEAGALL. Let me say to my friend that this is a measure which should be determined upon its merits. If gentlemen in this House were governed entirely by considerations of personal convenience, all of us would have had our dinners, been enjoying the quietude of our homes and apartments.

The Banking and Currency Committee is not responsible for the trend of business in the House today. When this matter was called to the attention of the leader, he informed me that the Department of Agriculture bill would be out of the way, he thought, in an hour and that this bill should follow another measure which he thought would be passed in a few minutes. In order to be accommodating and courteous, as I thought, I acquiesced in the suggestion and made no insistence that we should take up the bill in advance of those measures.

This bill comes from the Committee on Banking and Currency with a unanimous report, after full consideration and hearings, with only one Member indicating he was not entirely satisfied with the bill, and he is not here.

I want to submit to this House that no Member has offered opposition to the passage of this bill. The only proposals are that it be made effective for 3 months only or that it be made effective for 1 year. It is only operative for 1 year unless extended by the President.

As for clothing the President with power to extend the legislation for a year, the administration is exercising that power now by asking the Congress to pass a bill extending the time by legislative action for a year.

Mr. Speaker, it was not anticipated that in offering this measure, which passed the House without substantial objection in 1932, and again last year without serious opposition, we would be confronted with insistence that because of any delay we were undertaking to force something through the House.

This bill was taken up by unanimous consent under the general rules of the House. If gentlemen are not willing to be governed by the general rules of the House, and are not willing to consider legislation when its consideration is agreed to by unanimous consent, I do not know what we should be required to do in order to satisfy them. [Applause.]

Mr. Speaker, I move that all debate on the bill and all amendments thereto do now close.

The question was taken; and on a division (demanded by Mr. STEAGALL) there were—ayes 75, noes 90.

Mr. STEAGALL. Mr. Speaker, I demand tellers.

The SPEAKER. The gentleman from Alabama demands tellers. All those in favor of taking this vote by tellers will rise and stand until counted.

Mr. STEAGALL. Mr. Speaker, I withdraw the demand.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection?

Mr. MARTIN of Oregon. Mr. Speaker, I object.

Mr. GRAY. Mr. Speaker, I ask unanimous consent to speak for 3 minutes.

The SPEAKER. Is there objection?

Mr. MARTIN of Oregon. I object.

Mr. McCORMACK. Mr. Speaker, I move to strike out the last word. I should like to ask the chairman of the committee, the gentleman from Alabama, if this is the Glass-Borah amendment that was put on the loan corporation bill which was passed last session?

Mr. STEAGALL. It is not the same.

Mr. McCORMACK. Substantially the same.

Mr. STEAGALL. No; it is not. That bill was entirely different. That bill authorized the national banks to issue currency on bonds. This is a measure which authorizes the Federal Reserve banks to use Government bonds as collateral for Federal Reserve notes in the same manner that they may use eligible commercial paper.

Mr. McCORMACK. Does this allow them to use 4¼-percent interest bonds or consols for expansion of the currency?

Mr. BUSBY. In the past we have authorized them to use consols that were formerly permitted to be used by national banks when we authorized the issue of national-bank notes, and the Government said that they could issue currency based on 4¼ bonds drawing interest and issue currency.

Mr. McCORMACK. Is not this substantially along the line of the Glass-Borah amendment?

Mr. BUSBY. No; that was an independent act in relation to eligible paper. If we should refuse to pass this bill today the only effect would be a suspension of their authority to make loans until we passed it next week. It would not invalidate the loans that had been made or the money outstanding on the loans. It would simply suspend the making of loans until we passed the bill next week. It would only delay the passage a few days.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. WEIDEMAN. Under this bill, this is the method where bankers put up bonds and get currency in return, they paying one-half percent for the issue of the currency. Is not that so?

Mr. BUSBY. It might be so.

Mr. WEIDEMAN. Is it not so?

Mr. BUSBY. I do not want to divulge the secrets of the bankers. [Laughter.]

Mr. McCORMACK. What I should like to get an answer to definitely is whether the banks are to issue currency based upon Government bonds which are now paying 4¼-percent interest.

Mr. BYRNS rose.

Mr. BUSBY. Mr. Speaker, I hope this House will not adjourn until we settle this proposition while we are in a humor.

Mr. MALONEY of Connecticut. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Connecticut.

Mr. MALONEY of Connecticut. I should like to ask the gentleman from Massachusetts or the Chairman of the Committee on Banking and Currency what the objection is to a considerable debate upon this particular measure?

Mr. BUSBY. We are ready to vote on the bill.

Mr. McCORMACK. I want to make this thought in my mind clear. Could a national bank issue a million dollars' worth of currency based on a million dollars' worth of Government bonds paying 4 or 4¼ percent?

Mr. BUSBY. No; the national banks cannot use Government obligations that carry more than 3⅜ percent, but this is the Federal Reserve bank.

Mr. McCORMACK. Can the Federal Reserve bank do it?

Mr. BUSBY. That is correct.

EFFORT TO BRIBE BANKERS WITH GOVERNMENT MONEY TO EXTEND CREDIT

Mr. PATMAN. Mr. Speaker, this is another bankers' bonus bill. I want to explain it again for the benefit of the Members who have just come in. It is another effort to bribe, to subsidize, a few big bankers of this Nation into rendering a public service. We have been trying it for the last 2 years and have not succeeded, and they now propose to give them an additional bonus and bribe and subsidy to try to persuade them to do in the next 3 years what they have refused to do in the last 2 years. Two years ago, in 1932, a bill came before this House to allow the Federal Reserve banks to put up United States Government bonds to the Federal Reserve agent instead of eligible paper and get money in return for them. The Federal Reserve Bank System was organized for the purpose of helping com-

merce, industry, and agriculture. This is diverting the course of the object of the creation of the Federal Reserve banks by letting these bankers manipulate, speculate, and make sure profits with United States Government bonds, and not only get money in return for the bonds but get interest on the bonds they put up as collateral security.

GAG RULE OR EMERGENCY EVERY TIME

Mr. KENNEY. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I cannot yield. In 1932 the gentleman from Alabama [Mr. STEAGALL] brought a bill here under gag rule allowing this privilege for 1 year. We had no fair opportunity to debate it. We had no opportunity to offer an amendment to that bill. At that time he said it was an emergency; that we needed the relief quickly to save our gold. He even criticized a Member of the House for insisting that the facts be publicly told as to why the bill was necessary. It was a deep secret. It was whispered around that France would soon endeavor to drain gold from this country. The House passed that bill under a gag rule surrounded by mystery. We were getting ahead of France. We later discovered it was a false alarm—just another bankers' bonus. Last year, 1933, they came in here saying that they needed an extension of the bill for another year in order to release the gold and save the gold standard. The gentleman from Massachusetts [Mr. LUCE] could hardly hold back the tears when he said the emergency still existed; that we must extend the privilege another year. The mysterious bill, after the Secretary of the Treasury visited certain Members early that morning, was ushered through the House under another gag rule. The House fooled again, but the Members are used to that. The people have been, and are, fooled, too, in regard to the Government's idiotic and imbecillic system for the issuance and distribution of money. One of these days the people are going to get wise. When they do, the money system will be changed or their representatives in Congress will be changed. We should help our President by pointing these things out. He has done more against the Money Trust than any President this country has ever had. He is with the folks, so let us help him destroy special privilege.

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I do not have the time to yield. I hope the gentleman will not overlook the fact that he brought both bills here under gag rules in 1932 and 1933. Now he brings another bill here in a way that is tantamount to gag rule and asks you to extend the great privilege for 3 more years. Ever since the Federal Reserve System was established these chiseling amendments have been brought in under just such circumstances as this one is brought in. If you know what this bill is you will not vote for it, but in order that all the Members may know what it is, I have offered an amendment to permit it to remain the law for 3 more months, and during that time we can study it, and the Banking and Currency Committee can bring the bill in here if it is a good thing and ask us to extend it any length of time they want it extended. If it is a good propostion this House will adopt the Banking and Currency Committee's recommendation, but if it is a bad thing the bill should and will be defeated. I say, vote down this amendment of Mr. BROWN'S extending it for 1 year, and then vote for my amendment extending it 3 months.

NO INCONVENIENCE

That will not inconvenience the banking system, it will not inconvenience the Treasury or this Congress and will give you an opportunity to find out just exactly what you are voting for. I tell you, the greatest racket on earth today is our Federal Reserve banking system and the hundred banks of this Nation which have been operating and manipulating the Government's credit of this country through the Federal Reserve banking system. They have been issuing free of charge mortgages upon your home and mine and our income and the income of all the people; they are getting paid for it by the people they issue the credit to, and also getting paid from the Government that gives them the privilege of doing it. If you understand this bill, you will not vote for it, but in order to make it absolutely sure it is all right to defeat it, we will extend the privileges for 3 additional months, and I ask that it be extended no longer than 3 months. Do not overlook the fact that the Government is paying $1,000,000,000 this year to holders of tax-exempt, interest-bearing bonds of the Government.

The SPEAKER. The time of the gentleman has expired.

Mr. BYRNS. Mr. Speaker, I move to strike out the last word. This bill was taken up, I think, about 4 o'clock. I thought it was entirely agreeable, because I had consulted the gentleman from Texas [Mr. PATMAN] with reference to the time that he should have, and he has had that time. I thought it was entirely agreeable to proceed with the consideration of the bill, which I am informed is recommended and requested by the Secretary of the Treasury and the Federal Reserve Board, and I am told that they are anxious to have it passed.

The time expires tomorrow. I am not going to have anything to say about any criticisms of the committee for its failure to bring it in sooner. It was taken up, as the gentleman from Alabama [Mr. STEAGALL] has said, by unanimous consent of the House. Not a single Member objected to its being taken up and considered. It was taken up with the idea that it would be discussed. As I understand, the gentleman from Texas [Mr. PATMAN] was entirely agreeable to the arrangement, because the arrangement was made with him prior to the unanimous-consent request, which was allowed. There seem to be gentlemen who want to discuss the matter.

I am going to move that the House adjourn until tomorrow. I had hoped that we could adjourn over tomorrow until Monday, but the passage of this bill, I am told, is absolutely necessary, and it is important that it be passed. Certainly it should be passed tomorrow, if the time expires tomorrow.

I move that the House do now adjourn, Mr. Speaker.

The SPEAKER. Will the gentleman withhold his motion for a moment?

Mr. BYRNS. I withhold the motion.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution and bills of the House of the following titles:

H.J.Res. 278. Joint resolution to amend Public Act No. 81 of the Seventy-third Congress, relating to the sale of timber on Indian land;

H.R. 93. An act to authorize the Secretary of War to sell to the Plattsburgh National Bank & Trust Co. a tract of land comprising part of the Plattsburgh Barracks Military Reservation, N.Y.;

H.R. 715. An act to award the Distinguished Service Cross to former holders of the certificate of merit, and for other purposes;

H.R. 6219. An act to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma;

H.R. 7205. An act to provide for the care and transportation of seamen from shipwrecked fishing and whaling vessels;

H.R. 7554. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.; and

H.R. 7705. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SUTPHIN, today, on account of illness in his family.

To Mr. HANCOCK of North Carolina, for 3 days, on account of illness in his family.

AMERICAN SUGAR INDUSTRY IS DOVETAILED INTO OUR ECONOMIC STRUCTURE AND MUST BE PROTECTED

Mr. AYERS of Montana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. AYERS of Montana. Mr. Speaker, when the United States produces less than one third of its consumption of any particular agricultural product, I am at a total loss to grasp any reason why we should reduce production on that commodity.

Continental United States produces less than one third—to be more accurate, a fraction less than 28 percent—of the sugar it consumes, and yet a proposal is made to reduce its production and to establish a reduced quota for the United States, and then, in order to meet the consumption demand, the proposal is to increase the quota of foreign sugar, and to invite it by reduced tariff rates. To me such proposal seems ridiculous. Any agricultural commodity, ranking as sugar does in the family of American agricultural commodities, should by all means be encouraged and advanced instead of limited or reduced.

The idea of putting an American agricultural product on a quota basis and retarding its production when the product is produced to the extent of less than one third of our consumption seems to me to be in direct opposition to all established standards of American progress. Really, it seems a step backward.

By reason of the proposal of the Agriculture Department it is my firm belief that the real picture of the situation has not been brought to the Department. I am sure that the purpose of the Department is of the highest and that the intentions of its officers are sincerely for the best interests of all of the people of the Nation. I am equally sure that they desire facts, not only in this but in all cases. I feel sure that these gentlemen will yield when the real facts are put before them. Therefore, it behooves the Members of Congress from the sugar districts to get the true picture of the situation before their colleagues and before the Agriculture Department so that they may be brought to see the actual ruinous results of the contemplated move, on the domestic sugar situation.

The Agriculture Department has explained its purpose to regulate sugar production in this country through the Agricultural Adjustment Administration by the allotment of tonnage to the American producers as well as the import producers. It was frankly put forth that the idea was to cut down our own production and increase Cuba's production. It also proposes to reduce the tariffs on import sugar and to collect a processing tax upon sugar manufactured in this country. Now that, in my judgment, would be a step toward the ultimate destruction of the sugar-beet grower, the cane grower, and the domestic sugar industry in general.

This proposal is made on the theory of opening up a foreign market for other of our products in Cuba. Well, now let us see what a chance we are taking on that proposition. Cuba's entire population is only 3,765,000, about the same as the city of Chicago and its suburbs. Now, in order to experiment on opening a market on an island of that population are we going to jeopardize one of our own industries that brings a decent living to an equal or greater number of our own people? I hope not. Surely our first concern is our own people.

Although Cuba has only this small population, it produces more than twice as much sugar as the United States and at only a fraction of our cost. When the door is once opened, as proposed, we will never be able to shut it.

This is a matter of grave and vital importance to us. Therefore my criticism and opposition is against the plan and against any step toward its advancement. I believe that such a program would ultimately destroy this all-important agricultural industry in this country.

Under the proposed plan, whereby America goes on a limited quota basis, domestic competition with the imports is eliminated. This competition must be maintained and supported by adequate tariffs. Without domestic competition, foreign sugar is incapable of price control. If our domestic production is limited, and this proposal goes into effect, it would ultimately eliminate it and we would then be at the mercy of importers.

Let us see who these importers are. This is a trap set right here at home. About 2 years ago our Commerce Department, in making a survey of the Cuban situation, estimated that there was over a billion and a quarter of American money invested in Cuba. Of this vast sum, nearly a billion, to be exact, $918,957,000, was invested in commercial, industrial, and agricultural enterprises. Let us see what they were—sugar refineries and cane plantations. These American money changers, who already have about 90 percent of our money, are not satified with what they are doing to us here at home, but they are trying to corner the other 10 percent through the channels of tax-reduced and tax-free imports owned by them.

SUGAR PROPOSAL CONFLICTS WITH RECOVERY PROGRAM

No person doubts that Cuban sugar can be produced at a cost far under American sugar, and no one can doubt that without adequate tariff protection against foreign production and processing taxes on our insular production, it would be only a short time before the domestic industry became only a memory.

To impress the seriousness of the Department's proposal, let me inject a few pertinent questions: If it should go into effect what will happen to the 100,000 American farmers who, with their families, depend solely upon the crops that produce the American sugar? These farmers themselves are not the only ones who will suffer by the enactment of this law.

What will happen to the tens of thousands of farm laborers during the growing and harvesting seasons of the sugar beets? What will happen to the thousands of sugar-beet factory workers and the skilled labor and the executives who operate these factories? What is to happen to the livestock growers who depend upon the byproducts from the sugar factories for their livestock feed? What will happen to the annual freight bills paid to the railroads and the trucks for transporting the raw material and the refined products? What will happen to the machinery, the coal, the coke, the lime rock, the chemicals, and all the other products of American industry which are used in sugar production and refining in this country? And remember that all of these separate industries likewise give employment to a lot of people. What is to happen to these thousands upon thousands of employees in these industries? If this program is adopted, what is to become of the sugar-beet refineries in this country? Eighteen in Colorado, 16 in Michigan, 15 in Utah, 7 in Nebraska, 9 in Idaho, 8 in California, 5 in Wyoming, 4 in Montana, 5 in Ohio, 3 in Wisconsin, and 3 in Iowa, around all of which have been built successful, progressive, and prosperous towns and communities. And what is going to happen to all of the other industries dependent upon these towns and communities? Let that include the banks of these towns, the merchants, the butchers, the bakers, and all the other small business men.

What is to become of them? Last, but not least, what is to happen to the other farmers of these States who by reason of affiliation with this industry are interwoven into it? And what is going to happen to the 1,000,000 acres of productive and fertile lands in these States which are now devoted to the growing of beets? These lands are the most fertile and the most highly developed of all the lands in the Western States. They are all under irrigation and have been developed at a great expense and at extreme hardship to the owners. Are these lands, which are just exactly the opposite of borderlands, to be, like borderlands, retired from production, or are they to be devoted to the production of other crops of which we are now producing a surplus? I trust you will find substance for thought in those questions. Surely, when we consider all of these things, we must conclude that the proposed program is absolutely in opposition to the Agricultural Adjustment Administration and the great recovery program that has been undertaken.

By no means should the sugar industry come under the allotment plan. The allotment plan was designed to reduce

production on the agricultural products of which we have a surplus. The fact that our sugar production only meets a fraction less than 28 percent of our consumption divorces it from any idea consistent with the allotment plan.

By the plan proposed we would actually be taking all of the farmers, toilers, and laborers that I have enumerated out of gainful occupation and employment. That would be ridiculous, for they are all now engaged in an industry which can be expanded to the extent of more than 390 percent before it is adequate to take care of our own consumption. For the benefit of foreign labor, foreign industry, a foreign country, and the American capitalist who has invested his money there, this proposal is urged upon us. It will never do. My idea is to protect home people who are devoting their lives and their all in building a home industry rather than protecting those who have seen fit to invest their money in the building of an industry in a foreign country. Let us be for deserving and patriotic home people, for home industry, and for our own country first and all the time. [Applause.]

AMERICAN SUGAR INDUSTRY SHOULD BE EXPANDED

Mr. Speaker and Members of the House, for the life of me I cannot see why our domestic sugar industry should not be fostered, extended, and expanded rather than decreased at all, and particularly rather than be decreased by this proposed method, which will ultimately destroy it. The only reasonable conclusion that can be drawn from the Agricultural Adjustment program that is going on is that lands should be taken from the class of production in which we have a surplus and put into the production of products on which we have a shortage. Common sense tells us that the program should be to let one hand wash the other, and surely that would be the way to do it.

In the sugar-beet States of the West, the beet farmer, by reason of the high character of the soil necessary for this production, and by reason of the fact that it is all under irrigation, and by reason of the fact that there has been a shortage in the production of this commodity, has been the only farmer, during all of this depression, who has been able to keep his head above water. The banks and all the business men of the towns in sugar-beet territory have stood the depression better and have called upon the Government for less relief than any other class in the entire West. I hope that we will not now hit that farmer on the head, for if we do he will go under with the rest and with him will go the towns and the communities he has been supporting.

By the sugar experts favoring this proposal we are told that they expect to take approximately 17 percent of the American sugar-beet acreage out of production; we are also told that it will not reduce the price paid to the farmer for his production, and that it will not increase the price to the American consumer; and at the same time we are told that the deficit caused by a 17-percent reduction will be made up by increased importations, and that the importation tariffs will be reduced. Well, now, ladies and gentlemen of the House, just how can that be done? Somebody has to be hurt, and under the program it is not Cuba, for it is slated for all the benefit. These New York fellows, who are Cuba so far as sugar is concerned, have seen to that. Therefore, it must be Americans who will pay the penalty for the benefits that Cuba gets.

Under the proposal, as it has developed before the various committee hearings, the consumer seems to have been safeguarded, and after he has been safeguarded and Cuba has been protected to the extent of a benefit there is no one else to put the load upon except the producer—the grower. What is worse is that when this proposal is worked out to its ultimate conclusion it will destroy the domestic sugar industry.

It seems to me that just the opposite of this proposal should be put into effect if we intend to apply sugar to and make a success of it under the Agricultural Adjustment Act. The spirit of that act, so far as original production is concerned, is for the curtailment of crops of which a surplus is produced, such as cotton and wheat, and its spirit is to aid and assist in the production of crops of which we have a material shortage, such as sugar. In this way one class of farming takes up the slack of the other and helps to equalize the situation. If the domestic sugar industry could have the encouragement and the protection that would justify its expansion to a point somewhere near domestic consumption it would aid materially in the solving of our agricultural troubles.

HOME INVESTMENT SHOULD BE PROTECTED FIRST

The argument of protecting American money invested in foreign countries is all right so far as it does not affect our own people and their investments in our own country. These farmers, these sugar refineries, and all of the investments incident to this industry here in America, are bearing their share of tax burdens and Government support, and should come before the American capital invested and administered in a foreign country. The Cuban investment of American capital was made by reason of cheap labor and low cost of production in Cuba. Under such circumstances, American money invested in a foreign country is not deserving of a bit of consideration. [Applause.]

These same men who are seeking the protection of their Cuban investments, together with their Wall Street financial allies, are the ones who have for the past 3 years been evading their income taxes; they are the ones who have been drawing the fabulous salaries from the banks when the stockholders and depositors were forced to suffer; they are the ones who have made millions upon millions in ocean-mail subsidies; they are the ones who for years have been selling worthless foreign securities in this country; they are the ones who have broken down and destroyed the independent banking system of this Nation; they are the same ones who control the present banking system; and it is they who go to the Government Treasury and have money issued to them on Government bonds while the Government is paying them interest on it and then pyramid these issues to the end that the money of the country is being taken out of circulation; they are the ones who control and dominate the New York Stock Exchange. They are the ones who exploited the Treasury through the air-mail subsidy contracts; they are of the kind that can, by inside workings, run an investment of a mere $250 up to $35,000,000 in a short time, as did B. F. Rentschler in the aircraft industry. And now they say to us, protect our Cuban investment at the destruction of America's domestic sugar industry and the ruination of the millions of loyal hard-working Americans.

AMERICA FOR AMERICANS

The domestic sugar industry is tied up with and dovetailed into the economics of every region where it is located, and it just cannot be replaced by something else.

Much testimony was submitted before the committee and much argument had there about adopting a "permanent policy" for our sugar industry. Let me suggest along the line of permanent policy that as long as we do not produce our own supply we should be protected by quotas and adequate tariff on both the refined and raw products imported from foreign countries. Quotas should be fixed on sugar imports from our insular possessions, and processing taxes should be imposed upon their raw products imported and refined in this country.

All these should be elastic quotas so that they could be retarded from time to time in conformity with our own production; and as long as our own production is under our own consumption, let our production expand in the ordinary and natural manner. In other words, let the law of supply and demand adjust itself in a natural and orderly manner on our own production and consumption. In short, let us take care of ourselves first, and foreign countries only after that has been done. [Applause.]

It has been urged that we should buy the Cuban sugar because it can be produced there cheaper than in America. If that is a sound theory of economics, then we should buy our wool and mutton in Australia, our beef in Mexico and the Argentine, our cotton in India, our wheat in Canada, our butter and cheese in Denmark and Switzerland. In fact, if that is sound political economy, we should buy all our agri-

cultural products from foreign countries and surrender our entire standard of living to the cheap labor and peasantry of a foreign country, for it is a fact that all of our agricultural products can be produced in some foreign country cheaper than in America. Do we desire to go down to that standard of living? Certainly not. Then let us get the proper picture impressed upon the minds of the administration offices in the Agriculture Department, to the end that the sugar industry of this country get its just deserts instead of being crucified on the cross of Mammon. [Applause.]

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I renew my motion to adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 55 minutes p.m.) the House adjourned until tomorrow, Saturday, March 3, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

368. Under clause 2 of rule XXIV, a communication from the President of the United States, transmitting a supplemental estimate of appropriation amounting to $40,000,000 for the Farm Credit Administration for the fiscal year 1934, to remain available until June 30, 1935, for the purpose of carrying into effect the provisions of the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes" approved February 23, 1934 (H.Doc. No. 271), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DOUGLASS: Committee on Education. H.R. 7059. A bill to provide for the further development of vocational education in the several States and Territories; with amendment (Rept. No. 861). Referred to the Committee of the Whole House on the state of the Union.

Mr. DE PRIEST: Committee on Indian Affairs. H.R. 5871. A bill to provide for the protection and conservation of the grazing resources of the undisposed of ceded Indian lands the tribal title to which remains unextinguished; without amendment (Rept. No. 862). Referred to the Committee of the Whole House on the state of the Union.

Mr. PEAVEY: Committee on Indian Affairs. S. 555. An act to authorize the acquisition by the United States of the land upon which the Seneca Indian School, Wyandotte, Okla., is located; without amendment (Rept. No. 863). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'MALLEY: Committee on Indian Affairs. House Joint Resolution 257. Joint resolution authorizing the Secretary of the Interior to arrange with the several States for the education, medical attention, relief of distress, and social welfare of the Indians, and for other purposes; with amendment (Rept. No. 864). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H.R. 7976. A bill to add certain public-domain land in Montana to the Rocky Boy Indian Reservation; without amendment (Rept. No. 865). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 2850) relative to the securities of foreign governments which have defaulted in their contract obligations to the United States; Committee on the Judiciary discharged, and referred to the Committee on Foreign Affairs.

A bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States; Committee on the Judiciary discharged, and referred to the Committee on Foreign Affairs.

A bill (H.R. 4091) for the relief of Stanley A. Jerman, receiver for A. J. Peters Co., Inc.; Committee on Claims discharged, and referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McDUFFIE: A bill (H.R. 8424) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes; to the Committee on Insular Affairs.

By Mr. ELLENBOGEN: A bill (H.R. 8425) to reduce the tax on articles made of fur to 2 percent, and for other purposes; to the Committee on Ways and Means.

By Mr. CHRISTIANSON: A bill (H.R. 8426) to authorize payment of farm-loan mortgages with bonds issued by the mortgagee banks, and for other purposes; to the Committee on Agriculture.

By Mr. MARTIN of Massachusetts: A bill (H.R. 8427) to release veterans from the liability to pay interest on loans secured by adjusted-service certificates, and for other purposes; to the Committee on Ways and Means.

By Mr. JAMES: A bill (H.R. 8428) to provide for the establishment, maintenance, and operation of one or more branches of a national banking association created by the union or consolidation of two or more national banking associations under the general banking law of the United States and the supervision of the Comptroller of the Currency; to the Committee on Banking and Currency.

By Mr. THOMPSON of Illinois: A bill (H.R. 8429) to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931; to the Committee on Interstate and Foreign Commerce.

By Mr. DOUGHTON: A bill (H.R. 8430) to amend the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. PIERCE: A bill (H.R. 8431) authorizing the payment to the Snake or Piute Tribe of Indians of the former Malheur Indian Reservation of Oregon of damages for the restoration of certain lands to the public domain; to the Committee on Indian Affairs.

By Mr. SMITH of Virginia: A bill (H.R. 8432) to provide for a preliminary examination of Dogue Run in Fairfax County, Va., with a view to preparing plans and an estimate of cost of dredging so as to restore navigation from the Potomac River to the George Washington gristmill; to the Committee on Rivers and Harbors.

By Mr. FLETCHER: A bill (H.R. 8433) to enable the several States and Territories and the District of Columbia to meet the crisis in public education through the cooperation of the Federal Government; to the Committee on Education.

By Mr. CANNON of Missouri. A bill (H.R. 8434) to authorize the reimbursement of the Missouri State Highway Department, certain drainage and levee districts, and certain individuals for funds contributed to the War Department for use in the construction of permanent improvements on the Missouri River; to the Committee on Rivers and Harbors.

By Mr. LAMNECK: A bill (H.R. 8435) to amend the Air Mail Act of February 2, 1925, as amended by the acts of June 3, 1926, May 17, 1928, and April 29, 1930, further to encourage commercial aviation; to the Committee on the Post Office and Post Roads.

By Mr. ELLENBOGEN: A bill (H.R. 8436) to provide for a census of population, occupations, and unemployment, to advance the date of the census of agriculture to November 12, 1934, and for other purposes; to the Committee on the Census.

By Mr. RANKIN: A bill (H.R. 8437) authorizing the War Department to complete the channel-improvement and flood-control project of the Tombigbee River, in Itawamba County,

Miss., which has already been started by the United States Government; to the Committee on Flood Control.

By Mr. DRIVER: A bill (H.R. 8438) to legalize a bridge across St. Francis River at or near Lake City, Ark.; to the Committee on Interstate and Foreign Commerce.

By Mr. MITCHELL: A bill (H.R. 8439) granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the Cumberland River near Carthage, in Smith County, Tenn.; to the Committee on Interstate and Foreign Commerce.

By Mr. KELLER: Resolution (H.Res. 289) to provide for the appointment of a special committee for the purpose of investigating the real-estate-bond situation, investigating the practices of real-estate bondholders' committees, and other things; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of New York: A bill (H.R. 8440) for the relief of Charles Colver; to the Committee on Military Affairs.

By Mr. BURKE of Nebraska: A bill (H.R. 8441) authorizing W. S. O'Brien, of Omaha, Nebr., to bring suit in the Court of Claims of the United States against the United States of America for reimbursement of expenses incurred on account of certain sanitary improvements in the city of Colon, Republic of Panama; to the Committee on Claims.

By Mr. EAGLE: A bill (H.R. 8442) authorizing the retirement of First Lieut. Lucius L. Handly, Medical Corps, United States Army; to the Committee on Military Affairs.

Also, a bill (H.R. 8443) for the relief of the heirs of Frank Boddeker; to the Committee on Claims.

By Mr. FITZPATRICK: A bill (H.R. 8444) for the correction of the naval record of officers and sailors who served on the *St. Louis*, the *Harvard*, and the *Yale* during the Spanish War; to the Committee on Naval Affairs.

By Mr. FOCHT: A bill (H.R. 8445) granting an increase of pension to Mary Rinard; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8446) granting a pension to William M. Atkinson; to the Committee on Invalid Pensions.

By Mr. HAMILTON: A bill (H.R. 8447) for the relief of William Foster Whitlow; to the Committee on Naval Affairs.

By Mr. HOWARD (by departmental request): A bill (H.R. 8448) for the relief of N. Lester Troast; to the Committee on Indian Affairs.

Also, a bill (H.R. 8449) for the relief of George St. Cyr; to the Committee on Military Affairs.

By Mr. KVALE: A bill (H.R. 8450) for the relief of Peter McDonough; to the Committee on Naval Affairs.

Also, a bill (H.R. 8451) for the relief of William J. Darmody; to the Committee on Claims.

By Mr. McDUFFIE: A bill (H.R. 8452) for the relief of the owners of the late American schooner *Three Marys;* to the Committee on Claims.

Also, a bill (H.R. 8453) for the relief of the owners of the late American schooner *Frederick A. Duggan*; to the Committee on Claims.

By Mr. MARTIN of Oregon: A bill (H.R. 8454) granting a pension to Capt. Wama Louie; to the Committee on Pensions.

By Mr. TAYLOR of Tennessee: A bill (H.R. 8455) for the relief of Thomas Green; to the Committee on Claims.

By Mr. THOMAS: A bill (H.R. 8456) for the relief of Ettie A. Shepard; to the Committee on Claims.

By Mr. THOMPSON of Illinois: A bill (H.R. 8457) for the relief of Thomas H. Dolly; to the Committee on the Civil Service.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2682. By Mr. AYRES of Kansas: Petitions of various citizens of El Dorado, Caldwell, and Newton, Kans., protesting against the passage of the Tugwell-Copeland measure; to the Committee on Interstate and Foreign Commerce.

2683. By Mr. BURNHAM: Petitions of residents of the Twentieth California Congressional District, urging restoration of pension benefits to veterans of the Spanish-American War, their widows, and dependents, which they received prior to the passage of the Economy Act; to the Committee on World War Veterans' Legislation.

2684. By Mr. CARPENTER of Kansas: Petition of Mrs. Lon Richards and 20 others living in and around Keats, Kans., protesting against the passage of Senate bill 2000, introduced by Senator COPELAND; to the Committee on Interstate and Foreign Commerce.

2685. Also, petition of Chloe M. Willis and 12 others living in and around Manhattan, Kans., protesting against the passage of Senate bill 2000, introduced by Senator COPELAND; to the Committee on Interstate and Foreign Commerce.

2686. Also, petition of Robert Wisly and 20 others living in and around Abilene, Kans., protesting against the passage of Senate bill 2000, introduced by Senator COPELAND; to the Committee on Interstate and Foreign Commerce.

2687. By Mr. CARTER of California: Petition of F. Rossi, Thomas J. Brady, and 48 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2688. Also, petition of Frank J. Campbell, L. C. Parker, and 48 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2689. Also, petition of Mrs. Herman W. Johnson, Hilda Sears, Mrs. B. Barnett, and 41 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2690. Also, petition of Dr. Thomas C. Hughes, Elsie Curran, Edith Asher, and 47 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2691. Also, petition of Lucy Jamison, Margaret Fisher, and 48 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2692. Also, petition of C. B. Ingram, G. Cammerer, R. J. Clark, and 47 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2693. Also, petition of Mattie A. Richmond, C. W. Wilson, H. A. Walker, and 47 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2694. By Mr. DONDERO: Petition of the Common Council of the City of Detroit, Mich., urging the passage of the so-called "Johnson bill" to limit jurisdiction of Federal courts in suits brought to restrain State officers in enforcement of public-utility rate orders; to the Committee on Interstate and Foreign Commerce.

2695. By Mr. FORD: Petitions signed by numerous voters in the Fourteenth Congressional District of California, asking for legislation which would restore to Spanish-American War veterans, their widows, and dependents, the pensions they were receiving prior to the passage of the Economy Act; to the Committee on Appropriations.

2696. By Mr. GUEVARA: Resolution unanimously adopted at a mass meeting held by the Philippine League for Freedom in the Filipino Community Center Assembly Hall, January 28, 1934, affirming its confidence and faith in the present Philippine independence delegation headed by Hon. Manuel L. Quezon, and refuting the remarks made by Hon. NUMA S. MONTET, Congressman from Louisiana, who de-

clared that the members of the present Philippine delegation, now in Washington pleading for immediate and complete independence, are "obstructionists" and "do not carry the mandate of the Filipino people." The Philippine League for Freedom endorses the stand taken by the Philippine Legislature in rejecting the Hare-Hawes-Cutting Act, and condemns Mr. MONTET's statement against the delegation; to the Committee on Insular Affairs.

2697. Also, resolution unanimously adopted by 600 Filipinos of Chicago, January 1, 1934, commemorating the thirty-seventh anniversary of the death of Dr. Jose Rizal, pledging their whole-hearted support and undivided loyalty to the present independence delegation headed by Hon. Manuel L. Quezon, president of the Philippine Senate; to the Committee on Insular Affairs.

2698. Also, resolution unanimously passed by the League for Philippine Freedom assembled January 28, 1934, questioning the statement by the Chairman of the Senate Committee on Territories and Insular Affairs to the effect that "it was the overwhelming opinion of Congress that the Hawes-Cutting Act is the fairest bill to both Nations which can be passed, and that if the Filipino people do not want it, no better bill can be written and passed which will be acceptable to both Nations"; and asserting that it rejoice in the knowledge that the Filipino people have petitioned, and still petition, the Congress of the United States to grant them the independence which they honorably covet; to the Committee on Insular Affairs.

2699. Also, petition subscribed by the members of Cuyo Camp, No. 35, Veterans of the Spanish-American War, and signed by Manuel Juan, commander, Camp No. 35, and others; Department of Veteran Army of the Philippines, United Spanish War Veterans, Cuyo, Palawan, P.I., November 13, 1933, respectfully requesting, first, that pensions be extended to all Spanish-American War veterans without age limitation; second, that the point of service be above all the measure considered in the matter without discriminating residents and nonresidents in the continental United States; and third, that more equitable and reasonable treatment be accorded to all veterans who fought and gave their best under the American flag; to the Committee on Appropriations.

2700. By Mr. HILDEBRANDT: Petition of the Lincoln Parent-Teacher Association of Sioux Falls, S.Dak., urging passage of House bill 6097 for supervision of motion pictures, known as the "Patman bill and House Resolution 144"; to the Committee on Interstate and Foreign Commerce.

2701. By Mr. JOHNSON of Texas: Petition of C. M. Bredehoft, of Centerville, Tex., opposing the Tugwell bill; to the Committee on Interstate and Foreign Commerce.

2702. Also, petition of Austin Beene, Hillsboro, Tex., opposing the Tugwell bill; to the Committee on Interstate and Foreign Commerce.

2703. By Mr. KRAMER: Petition of California State Chamber of Commerce, protesting against the proposed reductions in the research and extension work of the United States Department of Agriculture; to the Committee on Agriculture.

2704. Also, petition endorsing House bill 5694, pending before Seventy-third Congress, the purpose of which is to create a Bureau of the Blind in the Post Office Department, to provide for the issuing of licenses to blind persons to operate stands in Federal buildings, and for other purposes; to the Committee on the Post Office and Post Roads.

2705. By Mr. LAMNECK: Petition of Stella S. Elder, president, Ada Rees, secretary, Woman's Home Missionary Society, Third Avenue Methodist Episcopal Church, urging early and favorable hearings on the Patman motion-picture bill, H.R. 6097, providing means for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2706. By Mr. LEHR: Petition of the House of Representatives of the State of Michigan (the senate concurring), petitioning the President of the United States, Franklin D. Roosevelt, to recommend to Congress the enactment of legislation providing that as a regulation of interstate commerce all taxes or excises of any State on personal property may be levied upon, or measured by, sales of like property in interstate commerce, by the State into which the property is moved for use or consumption therein; to the Committee on Ways and Means.

2707. By Mr. PETTENGILL: Petition of L. E. Thornton, of Elkhart, Ind., and several hundred others, in behalf of the Hatfield-Keller railroad labor pension bill; to the Committee on Interstate and Foreign Commerce.

2708. By Mr. RICH: Petition of the Abbie M. Everett Woman's Christian Temperance Union of Williamsport, Pa., favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

2709. By Mr. SHANNON: Petition of Elmer Urie and 160 others, urging that the House adopt the Steiwer-McCarran amendment to the independent offices appropriation bill, relating to Spanish-American War veterans; to the Committee on Appropriations.

2710. By Mr. SMITH of Washington: Petitions signed by 2,017 residents of Cowlitz, Thurston, Mason, Lewis, and Clark Counties, State of Washington, requesting that legislation be enacted by Congress to restore to the Spanish War veterans, their widows and dependents, the pensions which they formerly received (the petitions state that practically 98 percent of the people approached signed the documents); to the Committee on Appropriations.

2711. By Mr. SUTPHIN: Petition of the American War Mothers Association, urging that a commemorative Mothers' Day stamp be authorized and issued by the Post Office Department; to the Committee on the Judiciary.

2712. By Mr. WOLCOTT: Petition of Henry J. Welkenbach and 14 others, asking for relief for Spanish War veterans by the restoration of pensions; to the Committee on Expenditures in the Executive Departments.

2713. Also, petition of C. W. Spaulding and 20 others, advocating the enactment of an amendment to the pure food and drug laws to assure continued professional protection of legally responsible registered pharmacists; to the Committee on Interstate and Foreign Commerce.

2714. Also, memorial of the Legislature of the State of Michigan, to enact legislation to correct discrimination against sales at retail; to the Committee on Ways and Means.

2715. By the SPEAKER: Petition of Branch 105, Russian Mutual Aid Society; to the Committee on Labor.

HOUSE OF REPRESENTATIVES

SATURDAY, MARCH 3, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Lord and our God of all comfort, gentleness, and long-suffering, bear with our limitations, teach us, and give us help. Renew and refresh our strength and persuade us that difficulties are the playthings of heroes, and may we not complain. Here we would energize and fortify ourselves by prayer and supplication. O let us feel the breath divine. Take our errors, our pains, and our sins to Thy compassionate breast, and there may we find a place of forgiveness, harmony, and accord. O tell us, Heavenly Father, that there is a place where no eye weeps, no heart bleeds, and the feeblest effort at goodness receives support. We beseech Thee, blessed Lord, give us the power of a mighty faith to satisfy our hunger, a faith that climbs high, heaven kissed; then ours shall be a growth in wisdom, a growth in knowledge, a growth in courage, and a growth in love. Amen.

The Journal of the proceedings of yesterday was read and approved.

COLLATERAL SECURITY FOR FEDERAL RESERVE NOTES

The SPEAKER. The pending business is the further consideration of the bill (S. 2766) to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes.

Without objection, the pro forma amendments will be withdrawn, and for the information of the House the Clerk will report the Patman amendment and the Brown substitute for the Patman amendment.

The Clerk read as follows:

Amendment by Mr. PATMAN: Page 2, line 9, after the word "however", strike out "That until March 3, 1935, or until the expiration of such additional period not exceeding 2 years, as the President may prescribe" and insert in lieu thereof "That until June 3, 1934."

Amendment by Mr. BROWN of Kentucky for the amendment offered by Mr. PATMAN: Page 2, lines 10 and 11, strike out "March 3, 1935, or until the expiration of such additional period not exceeding 2 years" and insert in lieu thereof "such time not exceeding 1 year."

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. I did not understand the original statement of the Speaker with regard to the parliamentary situation. Was one of these amendments defeated last night?

The SPEAKER. No; these amendments are pending. The Busby amendment was defeated. The pending amendment is the Brown substitute for the Patman amendment.

Mr. SNELL. Then it would be in order to offer a substitute amendment to the Brown amendment.

The SPEAKER. An amendment could be offered to the Brown substitute amendment.

Mr. BLANTON. Mr. Speaker, there has been one amendment to the Brown substitute already.

The SPEAKER. That has been disposed of; it was defeated.

Mr. SNELL. Mr. Speaker, may the Brown substitute amendment be again reported?

The SPEAKER. Without objection, the Brown substitute amendment will be again reported.

The Clerk read the Brown substitute amendment.

Mr. McGUGIN. Mr. Speaker, I move to strike out the first word.

Mr. Speaker, I cannot help but believe that the House last evening was taking some matters unduly seriously. It is true this bill was brought up yesterday afternoon when the Membership of the House had no warning that it was going to be brought before the House. I do not like that way of legislating.

Mr. GOLDSBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. GOLDSBOROUGH. I call the gentleman's attention to the fact that the bill was brought up by consent; it was brought up under the general rules of the House.

Mr. McGUGIN. I understand that, but very few of the Members were here. Ordinarily we should have greater opportunity of knowing the contents of bills; but so far as this particular bill is concerned there is not anything new about it. As a matter of fact it is 2 years old; it has been in operation 2 years. Not only have we had time to observe the bill for 2 years but we have the advantage of the experience gained through its operations for these 2 years.

The bill was first enacted during the Hoover administration when the Democrats were in control of the House. For 1 year it was administered under Mr. Hoover, and for 1 year it has been administered under Mr. Roosevelt.

In the light of experience the bill is not subject to the criticism that there is an abuse on the part of the Executive Department of controlling the value of money under this bill. I am in full accord with the gentleman from Kentucky [Mr. BROWN] in his statement that Congress should meet its constitutional responsibility of coining money and regulating the value thereof; but we cannot set up the printing presses on the floor of the House.

This bill is for a temporary period of time, for 1 year plus 2 more years, within the discretion of the President.

Mr. DIES. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I will yield later if I have time.

I was opposed to the so-called "devaluation bill" when it was in the House because it was permanent legislation, and Congress, by a majority vote, was permanently vesting in the Executive power which could only be returned to Congress by two-third vote. That is not this bill. This bill is for a limited period of time, for 1 year, and for 2 more years if the President chooses to extend it. I can see no occasion for the criticism which has been leveled against this bill unless you are opposed to the bill in its entirety.

Now, as to the Patman amendment extending the time for 3 months, I do not believe we want to start into the business of legislating 3 months at a time; that period is too short. Personally, if I had my way about it, I should rather by this bill extend the time for 2 years positively, and then if at a future date there is occasion to further extend the bill it can be done.

I doubt the wisdom of Congress passing a bill extending it for 1 year and then providing that the President can extend it for 2 years. It means that we are extending legislative power to the President for at least 2 years' time. This Congress is taking away from the Congress which will be elected next fall power to pass on the matter. I do not believe we should do that; but I see nothing dangerous in the enactment of this bill.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. SNELL. I find myself pretty nearly in agreement with the gentleman from Kansas. It seems to me that if there is an emergency the emergency would be entirely covered if we extended the time definitely for 1 year.

Then let the next Congress take up the matter. Some Congress will be here a year from now, and let that Congress meet the situation as it exists at that time.

Mr. McGUGIN. I may say to the gentleman that I think the fair thing would be to extend it for 2 years, just the same as the bill was originally enacted under our administration.

Mr. BUSBY. Will the gentleman yield?

Mr. McGUGIN. I yield to the gentleman from Mississippi.

Mr. BUSBY. This has never been enacted for 2 years. It has been enacted for 1 year only.

Mr. McGUGIN. In that event I should rather enact it for 1 year and strike out the provisions extending the period of time.

[Here the gavel fell.]

Mr. SNELL. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas may proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DIES. Will the gentleman yield?

Mr. McGUGIN. I yield to the gentleman from Texas.

Mr. DIES. Does the gentleman believe that the Government should be compelled to pay interest on these direct obligations during the time they are held as security for the Federal notes issued on them? That is the question I should like the gentleman to answer definitely.

Mr. McGUGIN. Viewing it from one standpoint I do not, but if we do not do it we shall have to change the complete principle of issuing currency in this country, not only since the Federal Reserve but before the Federal Reserve.

Mr. DIES. No.

Mr. McGUGIN. Yes.

Mr. DIES. These are direct obligations of the Government and not strengthened with collateral or with gold, but just the direct obligation of the Government on which the Government pays interest that you are going to permit to be taken to the Federal Reserve System, have the currency issued on them, and the holder not only gets the currency but also gets interest.

Mr. McGUGIN. May I ask the gentleman this: Suppose there is a bank in your town that has $50,000 in Government bonds, would the gentleman rather have that bank keep the $50,000 in bonds in its vault or send the $50,000 in bonds down here to Washington and obtain some currency, then take the currency back to the bank and lend it to the people of his community who need credit?

Mr. DIES. I am perfectly willing for the bank to get the currency, but the bank should not want interest on these bonds while it has the benefit and the use of the currency.

Mr. McGUGIN. The thing about this legislation is that 2 years ago when it was being enacted the inflationists in this House were pointing to it as a great achievement and in addition the inflationists in this House in the closing days of the Seventy-second Congress forced the Borah amendment to the home loan bill. The Borah amendment is in principle similar to this bill.

Mr. PATMAN. Will the gentleman yield?

Mr. McGUGIN. I yield to the gentleman from Texas.

Mr. PATMAN. I wish the gentleman would name the inflationists in this House who favored this bill claiming it would cause inflation of the currency.

Mr. McGUGIN. If I had the roll call on the Borah amendment, I should say the gentleman himself perhaps voted for it.

Mr. PATMAN. I am not talking about the Borah amendment. I am talking about this bill. The gentleman charged that the inflationists supported this bill 2 years ago claiming it would inflate the currency.

Mr. McGUGIN. This bill in the first instance was passed by practically the unanimous vote of this House, and if I had the roll call I could probably show that the gentleman himself voted for it.

Mr. PATMAN. I did not.

Mr. McGUGIN. Perhaps the gentleman did not. Most of the gentleman who advocated inflation voted for the bill.

Mr. STEAGALL. Will the gentleman yield?

Mr. McGUGIN. I yield to the gentleman from Alabama.

Mr. STEAGALL. The gentleman is entirely correct when he says that this bill was supported by the so-called "inflationists" in this House. The measure was offered and advocated by Dr. Fisher. It was originally introduced in the House by Mr. GOLDSBOROUGH, whose position is well known to everyone, and the gentleman from Texas, with 14 others in the House, voted against the bill. So the statement of the gentleman from Kansas is borne out by the facts.

Mr. McGUGIN. I cannot yield further, because I desire to make this statement. If the principle of permitting banks to issue currency on Government bonds is wrong, then my answer is that a mistake has been made for many, many years, and we cannot correct by assaulting this one particular bill which is up for consideration today. If we were considering a bill which was providing for a new currency and credit system as a substitute for our present system it might well be worthy of support. Those who are opposing this bill, if they succeed, will wreck our present money and credit system, while they are providing no substitute. Whatever may be said of our system, it is better than no system. At this particular moment it is not within our power to provide a new system. It is only within our power today to defeat this bill and thereby destroy the only credit system which is available for financing Government obligations. We hear it said that only the banks are benefited by this bill and the people receive no benefits. Let us see about that. The Government is spending money by the billions of dollars. Most of it is being used for direct relief and as credit for individuals and business institutions. The Government then in turn borrows the money to meet these expenses. This bill is the only way that the Government can finance these obligations which are being created to meet expenses incident to our various relief measures.

Mr. PATMAN. Will the gentleman yield?

Mr. McGUGIN. I yield to the gentleman from Texas.

Mr. PATMAN. If the gentleman considers Ogden Mills an inflationist, the gentleman's statement is correct. I was before the committee when he appeared there 2 years ago and asked for the passage of this legislation and a year ago when he asked that it be extended, and he certainly did not argue that it was inflationary.

Mr. McGUGIN. A former distinguished Member of this House, Mr. Ramseyer, of Iowa, who advocated inflation, was one of the principal supporters of this bill, and it was Mr. Ramseyer who forced three roll calls in this House on the Borah amendment to the home loan bill, which is practically the same as this bill.

Mr. ELLENBOGEN. Will the gentleman yield?

Mr. McGUGIN. I yield to the gentleman from Pennsylvania.

Mr. ELLENBOGEN. In reference to the example that the gentleman cited about the small bank having $50,000 of Government bonds and getting currency for it, may I ask the gentleman this question: Suppose the bank would take that currency and buy some more Government bonds, and so forth, and would make 4 percent or about 4 percent on the money which it received.

Mr. McGUGIN. I may say to the gentleman that if he and others like him in this Congress do not meet their responsibility in providing enough revenue to meet the appropriations they so cheerfully make, that is exactly what is going to happen.

Mr. ELLENBOGEN. We are anxious to meet our responsibility.

The pro forma amendment was withdrawn.

Mr. SNELL. Mr. Speaker, I move to strike out the last three words.

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry. Are we allowing this by unanimous consent?

Mr. SNELL. The gentleman does not have to allow me anything by unanimous consent.

Mr. BLANTON. Mr. Speaker, I make the point of order that this is an amendment in the third degree. There is already one amendment pending to strike out the last word. There are also two other amendments, which would make the gentleman's amendment an amendment in the third degree. It would be in order were the McGugin amendment withdrawn.

The SPEAKER. By unanimous consent, the McGugin amendment has been withdrawn.

Mr. SNELL. Mr. Speaker, I move to strike out the last two words.

Mr. BLANTON. That motion is in order now, since the McGugin amendment has been withdrawn.

Mr. SNELL. I moved to strike out three words before, and both motions were correct.

Mr. Speaker, it seems to me that in the consideration of this legislation we should really confine ourselves to the matter in this bill before the House. As I understand the Brown substitute, it would give the President the right to extend the existing legislation for a period of 1 year.

I am perfectly willing to accept the statement of the administration that there is an emergency, although personally I think we are overworking that word at the present time, but I am willing to accept it in connection with this legislation. If we do extend this right to the Federal Reserve Board for a period of 1 year, we certainly will meet the emergency situation that is rising at this time. There will certainly be some House in session in another year; and if this emergency exists at that time they can pass on it on its merits.

To me we are making a serious mistake by continually making these emergency measures almost permanent policies of Government, and I am opposed to that part of this bill. I think we are doing all we should be asked to do at this time if we recognize the present existing emergency and extend the period for 1 year. This will meet the objections of practically everyone, it seems to me, who is opposed to this bill at the present time, and I think it would be fair and proper and right to adopt such an amendment.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. FITZPATRICK. If we accept that amendment, it means the measure must go back to the Senate and wait for action by that body.

Mr. SNELL. I am perfectly satisfied in my own mind that that is not going to materially change the situation. The Senate will be in session on Monday, and certainly no banking business is going to be transacted on the afternoon of Saturday.

Mr. BYRNS. Mr. Speaker, I rise in opposition to the pro forma amendment.

I am rather glad that we meet here today under little different circumstances from those of yesterday. I am sure, in the discussion of this bill and our action upon it, we are going to maintain an even temper.

Some criticism was made of the Committee on Banking and Currency because it did not report this bill at an earlier date. I do not think this criticism is entirely just or warranted, especially when we take into consideration the fact that when this bill was reported they did not ask for a rule to put it over but asked unanimous consent, and not a single Member on either side of the Chamber objected to its being taken up for consideration yesterday afternoon. Certainly, this estops any criticism that may be leveled against the committee for any delay in reporting the bill. One objection upon yesterday would have prevented its consideration.

Under these circumstances I think we are all in a position to consider this bill upon its merits and to consider the amendments upon their merits. There are some $570,000,000 of reserve notes, as I am informed, which are backed by these securities at the present time. If this bill does not pass, if we do not continue this authority to the Federal Reserve Board, we are going to have this amount of reserve notes outstanding, with nothing behind them as security except 40 percent of gold certificates and bonds for which authority no longer exists.

Mr. PATMAN. Will the gentleman yield?

Mr. BYRNS. In just a moment. I want to finish this statement first.

As the gentleman from Kansas [Mr. McGUGIN] said a moment ago, these bonds draw interest now, and whatever action you may take with reference to this bill, they will continue to draw interest out of the Treasury; and, for my part, I would rather see these bonds, upon which the Government is paying interest, used for the purpose of providing additional money and currency in this country than to be sent here and the banks deprived of this privilege.

So I say, whether you like this or not, in a sense it is an inflationary measure to a certain extent.

Now, here is the situation in which we find ourselves. The authority lapses today, and I am speaking now upon the authority of officers of the Treasury Department when I say that in order to prevent confusion, it is important that this bill be passed.

Now, what does the amendment of the gentleman from Kentucky [Mr. BROWN] carry?

The bill provides for an extension of 1 year, and then it gives the President of the United States authority to continue it for either 1 or 2 years, as his judgment dictates. The Brown amendment merely leaves this extension of 1 year to the President. You know and I know, with the Secretary of the Treasury and the Federal Reserve Board asking for this extension of 1 year by legislation, undoubtedly the President, acting upon their advice, as I think we ought to act, will extend it for 1 year. Why pass it to the President when we know he will extend it for 1 year? Congress meets in January, and if it is desired at that time to withdraw the discretionary power given to the President, Congress will have the authority to withdraw it before the President can exercise such discretion next March.

So it seems to me it is a tempest in a teapot that we have raised here in the consideration of this bill.

The Senate is not in session today, and, as I have said, the authority lapses today. Suppose you adopt an amendment to this bill. It will have to go back to the Senate, and it may be several days before the matter can be ironed out and the bill become a law, as it must do, in the judgment of the Secretary of the Treasury and the entire Federal Reserve Board.

I hope that we will pass this bill today as the Senate passed it.

Mr. BLANTON. Mr. Speaker, I want to ask the gentleman one question, not to be taken out of his time. The gentleman was not quite correct when he said that the next Congress could stop it. It could stop it if it had two thirds of the votes. Suppose next February the new Congress wanted to wind it up and pass a bill to that effect, the President could veto it and it would take two thirds of the House and two thirds of the Senate to pass it over the veto.

Mr. BYRNS. Of course the gentleman from Texas is correct, but I know that there is no one who is more willing to trust the President of the United States to act with proper discretion than my good friend from Texas.

Mr. BLANTON. I am, and if the President says "pass this bill", I am going to vote for it. But if it were not demanded by the President, I would vote for the Brown amendment.

Mr. BYRNS. I am going to say to my friend—I am not speaking for the President—that the administration, as represented by the Secretary of the Treasury, as I have been personally told, would like to see the bill passed.

Mr. BLANTON. I do not take orders from the Secretary of the Treasury, but just now I do take them from our Commander in Chief, the President of the United States. Since the White House has requested that this bill be passed today, just as it is, I am going to vote for it. [Applause.]

Mr. BYRNS. I hope the House will look at this matter in the same way. Gentleman on the other side of the aisle, it seems to me, ought to feel precluded from any objection to the bill—and I say it in the utmost good faith—because the bill has passed the House twice at the instance of a Republican administration and a Republican Congress.

It is true that in February 1932 a Democratic House acted upon the recommendation and request of the administration and passed this bill. And it was passed, as the gentleman from Alabama has said, with only 15 votes against it. There was practically no opposition to this measure on the floor of the House at that time.

Now, if you are in favor of increasing the currency, it does seem to me, gentlemen, that you are not entirely consistent in voting down this authority to the President of the United States. I feel sure that the President is going to act in accordance with the advice of the Secretary of the Treasury and the Federal Reserve Board. [Applause.]

The SPEAKER. Without objection, the pro forma amendment is withdrawn.

There was no objection.

Mr. BUSBY. Mr. Speaker, I move to strike out the last two words. Mr. Speaker and Members of the House, I desire to discuss the merits of the proposition that we are now considering. I was a little bit surprised to notice in yesterday's afternoon paper these headlines:

Bank holdings of United States bonds soar. Reserve report figures much higher than war-time peak.

A total of $6,195,000,000.

There is a reason why banks are holding more Government bonds today than they ever did before. The report shows that the excess reserves—that is, the money banks have and will not lend to business, but hold to buy United States bonds with—of the member banks amount to $1,100,000,000, which is more idle money than they have ever had in the history of this country. The excess reserves is money of the banks which they are waiting to use with which to buy Government bonds.

I heard the chairman, Mr. STEAGALL, say yesterday—and it is in the RECORD—that not more than $150,000,000 of eligible paper was being used for Federal Reserve loans by the member banks at the present time. When this bill passed 2 years ago there were $4,000,000,000 of eligible paper in this country—that is, the amount of short-term loans made by the banks to business, which paper could be used to borrow on from the Reserve banks.

Mr. SISSON. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. In a moment I shall yield. What happened 2 years ago when this bill passed, giving the banks the privilege of borrowing from the Federal Reserve banks on Government bonds instead of on loans to business, as the law had always required? I hope you will get this.

ONLY LOANS TO BUSINESS COULD BE USED

Before this bill first passed the only way that any bank could get Federal Reserve notes was to take eligible paper—evidence of loans made to business—to the Federal Reserve banks and on it get a loan from the Federal Reserve which was made in Federal Reserve notes. Is not that true, I ask the Chairman of the Committee on Banking and Currency?

Mr. STEAGALL. Oh, absolutely.

FUNDAMENTAL PURPOSE OF THE FEDERAL RESERVE SYSTEM WAS CHANGED BY THIS LAW

Mr. BUSBY. That has ceased to be. The banks have quit making loans to business, because they can now invest their funds in Government bonds, and should they need currency they do not have to have on hand "eligible paper" but they can take those Government bonds to the Federal Reserve and draw currency on them. Business has been left out of the picture, as everyone knows. They do not have anything more to do with business, and this law enacted 2 years ago, renewed for a year in 1933, and now being made practically permanent by being passed for a 3-year period——

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. O'MALLEY. And the banks then take that money and buy more Government obligations, and make a vicious circle out of this whole proposition.

Mr. BUSBY. Of course that could happen.

WHEN BUSINESS IS ABANDONED AND DIES, WHO WILL PAY THE TAXES TO PAY THE BONDS AND INTEREST?

What has happened to business in the last few years? The banking interests of the country have abandoned it. They are now opening up bids for the sale of Government bonds, and each issue is being oversubscribed five or six times, while there is not any help for business in this country.

PURPOSES OF FEDERAL RESERVE SYSTEM DIVERTED

We have totally diverted the purpose of the Federal Reserve System, and this bill now before us is one piece of experimental legislation that we have tried that has almost ruined the business situation in this country, and in truth and in fact, it ought to be defeated outright today. [Applause.] We may sell United States bonds by the use of this legislation, but we will kill business by it and make it hard for the people to pay those bonds and a billion dollars annual interest.

Mr. SISSON. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. In a moment. I say it ought to be defeated outright, because 2 years' experience with it has shown us that we can no longer expect as business men to get accommodations at the banks as long as the Government has bonds to sell. I yield to the gentleman from New York.

Mr. SISSON. I have great respect for the ability of the gentleman from Mississippi and his information on currency, but the gentleman is a member of the Committee on Banking and Currency, and did the gentleman express any objection to this bill when it was before our committee?

Mr. BUSBY. I did not.

Mr. SISSON. Or reserve the right to fight it on the floor?

Mr. BUSBY. I did not. I never had time to consider this, as is the case with most of these bills that are brought in by the chairman of our committee, just like the rest of the House never has time to look into them when they are brought here as rush orders. We could deliberate, we could reason if they would give us a chance to consider, discuss, and deliberate and act intelligently, as I feel we ought to do.

The SPEAKER. The time of the gentleman from Mississippi has expired.

Mr. McFADDEN. Mr. Speaker, I rise in opposition to the pro forma amendment for the purpose of attempting to clarify to this House the main purpose of this bill. Most of the discussion upon the bill so far has been upon the issuance of Federal Reserve notes. Let me try to clarify in your minds this one point: That that is not the main question in the bill. The main question in this bill is the use of Government credit by the Federal Reserve System to make a market for Government bonds through the member banks. The actual practice of the banks that will use money or credit from the Federal Reserve banks will be as follows: A member bank that wants money or credit from the Federal Reserve banks takes, say, its million dollars' worth of United States bonds to the nearest Federal Reserve bank. It then has the privilege of taking the amount in Federal Reserve notes, but as a matter of fact 99 percent of them take it in a book credit on the books of the Federal Reserve bank, which book credit is a checking account. I cannot in the short time allowed me distinguish thoroughly to you gentlemen the difference between a book credit in the Federal Reserve and the issuance of Federal Reserve notes. There is a very great difference. When the member bank chooses to take its advance in Federal notes it is a closed proposition. The Federal Reserve have the member bank's bonds and the member bank has the Federal Reserve notes. When the credit is established on the books of the Federal Reserve bank to the credit of the member bank it is subject to an expansion of 10 to 20 times or more—a very different situation. The use to which this authority is being put is for the purpose of using the Government's credit, which is loaned to the Federal Reserve bank, as a basis for the banks to purchase Government bonds. It can multiply many, many times. It is a hopper into which these Government bonds go in the use of Uncle Sam's credit to further inflate Federal Reserve bank credit and carry on the Treasury operations in the sale of Government bonds to the banks and investors of the country. It is part of that plan which was used in 1928 and 1929 when the Federal Reserve Board gave to the New York stock market in 1928, $60,000,000,000, and in 1929, $58,000,000,000. It is a method of the use of the Government's credit which is extended to the Federal Reserve System, upon which the Federal Reserve banks have never paid one penny, although it was provided in the law that they should. That is the serious question in regard to this kind of legislation.

Mr. McCLINTIC. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. McCLINTIC. When a bank puts up bonds with the Federal Reserve, who clips the interest coupons?

Mr. McFADDEN. The interest coupons might possibly be clipped by the Federal Reserve bank, but the coupons would belong to the member bank.

Mr. McCLINTIC. If the member bank gets the money and also has a right to draw the interest on the bonds, then it has a distinct advantage, because it can collect interest on the money that is derived from the bonds.

Mr. McFADDEN. The Federal Reserve always exacts interest from its member banks. It gets the Government credit free, and the law provides that when this credit is released to the Federal Reserve banks the Federal Reserve banks should pay for it.

I have repeatedly called the attention of this House to the fact that that particular phase of the law has been deliberately violated from the time the act was passed up to the present time.

Mr. FORD. Will the gentleman yield?

Mr. McFADDEN. I am sorry, but I do not have time.

Now, as far as this act is concerned, there is no emergency. There is not any immediate emergency here. No harm can come if this bill is not passed today. It should be understood before it is passed, because the transactions that they have carried on will not suffer. It will simply mean that for 2 or 3 days they may not have authority to grant further credits. The gentleman from Mississippi [Mr. BUSBY] has just told you that the Federal Reserve banks are overflowing with credit. They are. They cannot use it. The need for this bill is for the further extension of the Government's credit to the banks, to permit those banks to buy Government bonds, because the credit of the Government is at stake.

The situation has completely changed since this law was originally enacted. At that time the Treasury, owing to the demands for gold from abroad, wanted to use some of the

gold that was held by the Federal Reserve agents as part security for Federal Reserve note issues. They were then seeking the right to withdraw this gold from the Federal Reserve agents and substitute Government bonds therefor, whereas now all the gold is supposed to have been removed from the Federal Reserve banks and impounded in the United States Treasury, and the situation that then existed, on this account, does not now exist. The Treasury now asks that this authority be continued for the sole purpose of increasing the use of the Government's credit by the Federal Reserve banks to enable the Treasury to sell Government bonds through a pyramiding process of Government credit through the agency of the Federal Reserve, a system so complicated that the average American cannot possibly understand the operation without expert assistance.

The SPEAKER. The time of the gentleman from Pennsylvania [Mr. McFADDEN] has expired.

Without objection, the pro forma amendments will be withdrawn.

There was no objection.

Mr. KELLER. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, in 1864 the National Bank Act was passed by the United States Congress. It became the law and it has been the law from that time until the present time. That national bank law permitted associations to form what we call "national banks", to buy Government bonds, deposit them with the Treasury, and receive currency back for the bonds. They were permitted, of course, to loan that money and to receive interest on it. They were permitted to collect interest on the bonds which they had deposited. That was done in 1864 and that has been continued from that day until this. It is not new, and whether it be just or unjust is not a matter for consideration at the present time, as I look at the matter.

One year ago tomorrow Franklin D. Roosevelt became President of the United States; and out in front, on the main steps of this Capitol, he delivered such an appeal in his inaugural address as has seldom been heard by the American people. In that he pointed out the tremendously difficult condition that the American people were facing at that time, economically. This Congress met at the same time, and we took our oaths of office, and then we proceeded to enter into support of Franklin D. Roosevelt to take us out of the depression. That is a great service that he undertook, and that is a great service that we have been rendering in standing by him in whatever he has asked, looking toward that greatly desired object. I am perfectly frank to say to this body that in theory I am entirely in accord with what the gentleman from Mississippi [Mr. BUSBY] and the gentleman from Texas [Mr. PATMAN] both have said, and at the right time and under the right conditions I shall be glad to help rewrite entirely the banking law of this country, because I believe it ought to be rewritten; but this is not the time to undertake that great work. This is the time to stay put. This is the time to admit that we are progressing and to refuse to do anything that will hinder that progress. This is the time to get something of an idea of what we have accomplished during the past year. You gentlemen on the Republican side have generally stood with Roosevelt, with the people of this country. I hope you will do it today in this matter.

Mr. HOEPPEL. Will the gentleman yield?

Mr. KELLER. I will not, because I do not have time.

I appeal to my Democratic friends, because it has been thrown at us a great many times lately by our friends on the other side, and I do not blame them for it. They are seeking political advantage. If we permit them to get it, that becomes our fault and not theirs. What I am trying to get over to my Democratic friends is this: My individual opinion, as I said before, is in hearty accord with the opinion of the two gentlemen who have spoken so clearly on this question of currency and credits, and I repeat that when the time comes I will be glad to join with the Members of this House in rewriting the entire banking law, so as to give the people of this country every right which they deserve and ultimately must have, but I do not see the possibility at the present time of denying a specific thing which the President's Cabinet member has asked for, without endangering the progress that we are unquestionably making at the present moment. [Applause.] That is what I am trying to do. I am not trying to put forward my individual opinion. [Applause.]

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. GRAY. Mr. Speaker, there is no time like the present time. The future is not ours. I am here in this term of Congress, and I feel assured that I will be here in 3 months. I may not be here in 12 months. The probabilities are that I will not be here in 12 months, nor be here in 2 or 3 years, when this matter will come up again as it has come up at the different times in the past to continue the control of the manipulating bankers and financiers over the money and credits of the country. To make plain what I am trying to impress here is the uncertainty of life and politics. I come from a 28,000 majority Republican district, with 1 Democratic county and 8 Republican counties, and I read, from the rumblings and rumors coming in, that Hon. James E. Watson will oppose me for reelection. Mr. Watson is a good man and a great campaigner. I have some little qualifications in that line myself, but I cannot assure you that I will come back against Watson. I can only assure you that if Watson is a candidate, the campaign will be a spirited one and there will be hell on the Wabash. [Applause and laughter.]

As much as I admire and respect the ex-Senator, it was not my intention to describe Mr. Watson or to designate him as a "good man." That was an inadvertence. What I wanted to say, and I think I should say, would be that Mr. Watson was an able, forceful, and resourceful man. To say that the ex-Senator was a "good man" would leave the misleading inference that he was a Democrat, or follower of Jefferson, which would not only be resented by the ex-Senator himself but would call forth a storm of protests from the rank and file of the Democrats and leave me in disfavor with both sides. [Laughter.]

I am not allowing myself to be misled or thrown off my guard nor to mistake a landslide for individual personal popularity. I know that voters, leaving their party to cross the line and vote for opposing candidates do not leave to vote for candidates. They leave to vote against candidates, and to chastise their party for dereliction of duty. And after they have voted against their candidates and inflicted proper punishment to their party leaders commensurate with their sins of omission and commission, they lose the spirit of animosity and revenge and go back and pursue the even tenor of their ways.

For these reasons as well as others I will vote for the Patman amendment to continue this power of the bankers to control our money and credits for only 3 months. I am reasonably assured that I will be here for 3 months. This will give me ample time to investigate the emergency and pass final judgment upon the pressing need of this bill today, and of the necessity of a surrender for a further time of the constitutional power of Congress to issue money and regulate the value thereof. And because I may not be here during the next or succeeding Congresses to interpose against a further surrender of this vital power over money to the manipulating bankers and financiers, now pressing this concession before the House, I shall vote against the bill unless limited by the Patman amendment.

Mr. Speaker, I know something of the bankers and financiers asking this concession here today, to allow them to use the people's money and credit. I know something of their history. I know something of their antecedents. I know something of their ways, of their shrewdness and cunning.

I know something of the secret bankers' meeting held May 18, 1920, in Washington, D.C., under the very shadow of this Capitol, behind closed doors and curtains. I know something of the secret resolution passed ordering the Federal Reserve Board to contract and withdraw from circulation the money and credits of the country. I know how they

silently folded their tent and secretly moved away, and for 2 years 8 months and 4 days covered and concealed their secret resolution as the assassin conceals his crime. I know these men concealed this meeting and the resolution they passed until the Manufacturers Record, of Baltimore, Md., on the 22d day of February, 1923, published a report of the secret proceedings, when the world for the first time looked in upon the secret conclave of conspiring bankers.

And I know that during these 2 years 8 months and 4 days, while the bankers were concealing their crime from the unsuspecting people of the country, they started the misleading propaganda of mystery and led their puppets, catspaws, stool-pigeons, and parrots to repeat after them in blind, vacant stare, "This panic is all a mystery."

Mr. Speaker, these men, in the background here today, and always in the background, are the same manipulating financiers and bankers, or are their successors in office and place of power of the men who held the secret bankers' meeting; who concealed their crime for 2 years 8 months and 4 days; who started the propaganda of mystery; and who have refused the assent for the President to use Federal Reserve notes, denied the right of the people to use their own money and credit in their struggle to extricate themselves from the panic brought upon them. These same men are here today holding this same bill over Congress, demanding that the Government continue to issue and guarantee money and turn it over to them free or for the trivial cost of printing and paper so that they can loan it back to the Government at 3 or 4 percent, and to the people at 5, 6, or 7 percent.

They are demanding their stranglehold upon industry, commerce, and trade to continue for another 3 years; and with this demand upon Congress they are holding out the veiled threat that unless their demands are complied with, they will withdraw their loans and the bond market will be forced down to a ruinously low level, destroying public credit and forcing a relapse of the panic, if there has been such revival as to make a relapse possible.

Mr. Speaker, this panic is not a mystery; this panic is a conspiracy. This panic is a deep, dark criminal plot. [Applause.] No pirates ever boarded a merchant ship to scuttle and sink the vessel, no highway robbers ever rode masked, no bandit, burglars ever blew a safe with more deliberate, criminal intent than the bankers who held the secret meeting and are, in the background here today, asking this concession from Congress—the right to use the credit of the Government, by and through which to rob the people of their earnings, substance, and income. [Applause.]

But, Mr. Speaker, this money which they are threatening to withdraw is not their money, but under the Constitution is the people's money which the Government has issued and guaranteed by pledge of public credit and turned over to them for the trivial cost of printing and paper to be loaned back to the Government and the people and upon which to collect vast sums of interest. But their demand includes more than that we continue to furnish them money to loan back to us at interest. Their demand includes the power over money, the power to control the volume of money, the power to contract money and lower prices when they are ready and want to buy, the power to expand money and raise prices when they are ready and want to sell, the power to bring prosperity or to make a panic at will.

Mr. STEAGALL. Mr. Speaker, will the gentleman yield?

Mr. GRAY. I yield.

Mr. STEAGALL. I remind the gentleman that the officials who participated in the conference of 1920 to which he refers are all dead.

[Here the gavel fell.]

Mr. MARTIN of Oregon. Mr. Speaker, I ask unanimous consent that the time of the distinguished gentleman from Indiana be extended 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. GRAY. I thank the gentleman from Oregon for this consideration affording me time for answering the gentleman from Alabama [Mr. STEAGALL].

This assurance by my colleague that the gentlemen to whom I have referred are pleading an alibi without a death certificate supports the allegation. As individuals, they may be dead, which, of course, I would regret, but the system lives on to menace the welfare of 120,000,000 people.

I am more interested in the demise of the Federal Reserve System than I am in any of the individuals engaged and participating in the criminal operations which I have tried to describe. And there is another difference to be observed and to which I would call the gentleman's attention. An individual may die, his body perish and disintegrate, while the soul lives on. But a corporation has no soul and its corporate body survives in perpetuity.

I am not begrudging these individuals, with perverted or calloused conscience, a further lease on life, especially if they will recant and atone for their crimes against the people. I prefer to see them spared until they can reduce their bond-bloated and distended bodies to such dimensions as will enable them to pass through the eye of the needle, a figure of speech for the golden gate.

What I am more interested in here is to see the soulless corporate body of the Federal Reserve System die and be interred by this Congress, or be allowed to die a natural death instead of prolonging its existence and continuing its powers from time to time under this or that pretext or the pressure of some great emergency, foreboding dire calamity to the people unless further concessions and powers are granted to them.

I want to see more individuals with souls and conscience in control of the money and credits of the people and less of soulless corporations exercising the constitutional power of Congress over the supply and distribution of currency.

I hope these individuals now strategically reported dead by the chairman of the committee were spared to live long enough to recant and atone for their crime against the people and make peace with their God.

Mr. Speaker, I realize that the committee reporting this bill is acting properly, loyally, and patriotically in the discharge of its duty to this House. I realize that if I were a member of this committee, I would feel constrained to present the bill for the consideration of the House. The responsibility for this bill is on the Members of the House and is not properly chargeable to the committee reporting it out upon the floor. I have full and absolute confidence in the honesty, integrity, and loyalty of the chairman and every member of this committee. In the meantime, I want it understood that I make no retraction of my charge against the international bankers and financiers who held the secret meeting in Washington and passed the secret resolution. My regret is that language fails me and words are inadequate to censure and condemn the men who deliberately brought this panic upon the country and all the woe, want, and destitution resulting, all to increase the value of their bonds and war-debt claims, and for sordid profit and financial gains.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. GRAY. If I were to yield to anyone in the world, it would be to the gentleman from California; but I want to make a few further observations in regard to this bill, and the wisdom and necessity of printing and guaranteeing the money and turning it over to the manipulating bankers to loan back to the Government at interest.

For the benefit of the gentleman from Alabama [Mr. STEAGALL], I wish to read from the bill passed on May 12, 1933. I call attention to part 8, Public Law No. 10, Seventy-third Congress, section 43, clause (b), to show the helpless subserviency and dependency of this Congress and the President under the relentless autocratic power of the international bankers and financiers and their Federal Reserve System, as follows:

(b) If the Secretary, when directed by the President, is unable to secure the assent of the several Federal Reserve banks to the agreements authorized in this section—

For the use of Federal Reserve money—

then the President is authorized to direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order United States notes as provided by existing law.

And here follows other provisions of the act providing for the revaluation of gold or the remonetization of silver to be resorted to concurrently or in the alternate. [Applause.]

Mr. Speaker, think of the humiliating spectacle of the President of the United States and the great American Congress, the Senate and the House of Representatives, speaking for and acting for 120,000,000 free people, all crawling upon their bellies before the throne of the golden calf and the money kings of today, biting the dust at their feet, imploring, supplicating, and entreating the money-mad misers and shylocks to allow, to permit, to "assent", to use their own money and credits. But, Mr. Speaker, were our prayers answered, were our supplications and entreaties met, did the President of the United States obtain the "assent" of these bankers to use and control our own money which the Government had printed and turned over to them at the nominal cost of printing and paper to be used by them in exploiting the people and exacting from the people untold millions in interest charges?

No, Mr. Speaker; I am sorry to say that Congress and the President were turned down, and, failing to obtain the "assent" of the international bankers and financiers to use the people's own money in the recovery program, and to whom we had prayed and supplicated for the right to use and control our own money, and the President on failure to obtain the assent under the powers conferred upon him and under the authority delegated by Congress, declared for the revalution of gold, and failing to obtain the assent to take the corpus of the gold, seized upon and took the gold under the right of eminent domain.

And the President, further failing to obtain the assent of the several Federal Reserve banks and the Federal Reserve Board to finance the recovery program under the powers conferred upon him by the act, declared for and resorted to the revaluation-of-gold plan, from which and under which to make available for use a sufficient volume and supply of money to restore the depleted monetary supply and the relative value of money and commodities as well.

I had not previously favored the revaluation of gold as a first and preliminary step; but realizing that all must join under one theory, I submerged and gave up my own personal preference and joined in the President's program with a will and determination to cooperate with him to the limit.

I did this willingly, freely, and cheerfully, because upon full consideration and determination I was convinced that any one of the several measures provided—whether a resort to Federal Reserve notes, or a remonetization of silver, or the revaluation of gold, or the issuance of United States currency notes—would all lead substantially to the same result—the restoration of the volume and supply of money which had been withdrawn from circulation by the conspiring, manipulating bankers.

But, Mr. Speaker, we are no longer dependent upon these financiers for money. Under the gold-revaluation program we have provided for more money, more than we need or can use. It must be realized and understood that the practical effect of the revaluation of gold is the same as if new gold mines were discovered and the gold supply increased and doubled, doubling the gold reserve as a basis for money. This money is free from the scarecrow, immune from the hue and cry, of "inflation", "fiat money", and "printing-press money." This is money based upon gold, redeemable in that great precious metal, not in single gold dollars but in gold bars. And here the President of the United States is to be congratulated as a strategist in forestalling and meeting the propaganda of fiat and printing-press money at the threshold which would have otherwise succeeded, had the other forms of money been resorted to. And in addition to this redemption in gold, this money is guaranteed by the credit of the Government, the guaranty that makes bonds as good as gold, and by all the property of the people, and by all the wealth of all the people, and by all the earnings and income of the people, and all the natural resources of the country.

But this is not only the best money in the world. The gold base expanded by revaluation provides for an ample and copious supply of currency more than we need or can use and more than is necessary or required to raise values to the 1926 price level and restore prosperity to the country.

What we need here today is not to perpetuate this criminal folly and farce by extending this stranglehold upon the money of the country, but to stop giving up our money to bankers to loan back to us at interest and maintain control over our money and credits not only to pay our own public debts and save interest, but to loan out directly to the people at reasonable rates and take the interest ourselves.

Mr. Speaker, I helped to make the Federal Reserve money system, and under a good-faith administration it could be the most perfect and complete instrumentality for the control of the volume and supply of money and to stabilize values and the price level which has ever been devised by men as a part of the agencies of government. But by reason of its concentration of power in one central body to effect control, it becomes at once a threatening danger, a monster, menacing evil in the hands or subject to the influence of selfish, greedy interests. And by reason of this concentration of power is a greater danger and menace, even greater than the old national-bank money system.

The Federal Reserve money system may be compared with or to a new efficient, effective weapon prepared by men for their own defense, which, falling into the hands of the enemy, can be turned and used against them with deadly, destructive effect, and by which they can be overcome and conquered by means and instrumentalities devised by themselves.

The Federal Reserve System was created following the money panic of 1907 and for the one sole and only purpose of recovering back to Congress and the President, as the sworn and chosen representatives of the people, the constitutional power to regulate money and the value thereof, and the power to control the volume and distribution of money and credit in circulation at all times responsive to the needs and requirements of the people.

The System was provided especially and particularly to take the control of money and credit away from the manipulating financiers and bankers, who had monopolized and cornered the money supply in 1907 in a mad orgy of speculation and brought a panic upon the country. This was when you can remember the bankers told us that they had our money but could not give it to us.

These men had compelled under duress the little country banks to send their deposits of nickels and dimes, the savings of their people, to the New York bankers to be held as a condition upon which the country and small bankers could obtain crop-moving money and to meet their patron's requirements from time to time. It was the intention of the law to protect the small bankers from the imposition of these Wall Street money racketeers and afford them to obtain money for their local use without a surrender of their deposits.

Under this new system the little banks, as a matter of right and without crawling upon their bellies before the money kings and surrendering their saving deposits, could send up eligible paper, notes, and other prime obligations to pay money and obtain the necessary funds with which to meet the business requirements of their respective communities.

On returning here after an absence of 16 years I find these changes in the Federal Reserve law: I find the law enacted to put the bankers out and to put the people in so modified by pressing emergency legislation that the people are put out and the bankers are put back in. The mother of this law would not recognize her own child and the father of the Federal Reserve System, Woodrow Wilson, would spurn it as a spurious offspring. This boasted servant of the people has become a money octopus, resisting the power and defying the Government itself. And today this system not only con-

trols values and the price level here in our own country, but dictates values and the price level in every country of Europe and has become the arbitrator of the economic world.

The system was to be a public institution, the Government was to share in the incidental profits and earnings, and instead of supplicating for the assent of the Federal Reserve Board, was to be the master, commanding and directing the Federal Reserve Board as the servants of the public and to compel its operations to serve the public welfare and in the interests of all the people.

But since the enactment of the law and the creation of the Federal Reserve System the law has been modified, changed, and amended by piecemeal from time to time, until today its whole character as a public agency has been changed and perverted. The Government has been put out of the corporation. It no longer holds a share of stock or participates in the earnings and is left in a praying attitude before a money octopus, begging for the assent of the Federal Reserve Board, only to be turned down and denied the use of the money, the control of which the Constitution vests exclusively in the Congress.

It was following one of these apparent trivial amendments, the amendment of April 13, 1920, amending section 14 of the Federal Reserve Act, that the secret bankers' meeting was held. This was the section which under the law was to wrest the control of money from the manipulating bankers and international financiers and recover that power back to Congress and the President. The amendment passed Congress without notice, debate, or a record vote, but proved to be the dagger or stiletto by which the Federal Reserve System was brought to its death as a public agency to serve the interests and welfare of the people.

Under this new money system—with its boasted flexible provisions for contraction and expansion of currency and credits to meet the needs of the people in every locality of the country, and above all was to insure and safeguard against the recurrence of economic depression and make panics impossible—the greatest and most destructive of all panics has come upon the people, bringing want, suffering, and distress to an industrious, frugal, and resourceful people in a land of plenty and great abundance, and transforming a Canaan into an economic wilderness and a desert of despair. [Applause.]

Mr. GOLDSBOROUGH. Mr. Speaker, sometimes it is unwise to explain the purpose of a measure, but, in my opinion, it is necessary to go into detail about the necessity for this legislation at this time. The administration has gone a long way in its effort to drive the money changers from the temple. The people of the United States are not yet ready, in the judgment of the administration, for a managed currency; they are not yet ready for the issuance of money without some sort of a reserve. The public is in the habit of having the Government issue its bonds when it needs money for public purposes.

Unless this bill is passed the market for Government bonds will drop immediately.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield for a question?

Mr. GOLDSBOROUGH. With great pleasure.

Mr. O'MALLEY. Does it not seem to the gentleman that if this is such a great emergency somebody somewhere has been guilty of gross negligence of duty in waiting until the last minute to bring the bill into the House? I do not know who has delayed this measuse, or for what purpose there was delay, but in the handling of the affairs of this Government no one has a right to neglect the people's business until the last possible minute.

Mr. GOLDSBOROUGH. My own opinion is, my own judgment is, that the administration felt there would be no opposition to the extension of time asked for in the bill.

Mr. O'MALLEY. Does the gentleman mean to say that the Treasury Department is so confident that anything it brings to this House at the eleventh hour will go across without any opposition, and that is the reason the bill came in here last night?

Mr. GOLDSBOROUGH. I may say that this legislation has been on the statute books for 2 years, and I presume the Treasury felt that the membership was quite well acquainted with the situation. I really have no reason to suppose that there was any sinister purpose in bringing this up in the way it was brought up.

Mr. O'MALLEY. But does not the gentleman think that somebody has neglected his duty? He knew for 1 year that this authority was going to expire on a certain day.

Mr. GOLDSBOROUGH. I do not know that it would help the situation any to criticize the Secretary of the Treasury. I may say that I have no doubt that in general there is a feeling down at the other end of the Avenue that Congress will go along with the program.

Mr. O'MALLEY. Go along with the President.

Mr. GOLDSBOROUGH. And they have reason to feel that way.

Mr. O'MALLEY. I will go along with the President. The Brown amendment gives the President entire authority in the matter; in fact more authority than is now in the bill. Adopt the Brown amendment and I may vote for this bill.

Mr. GOLDSBOROUGH. I want to make a statement that I did not make yesterday, and that is you cannot sustain the bond market unless this extension of time is given. Unless the Government can market its bonds, under our present set-up we cannot carry on the extensive public works now in the process of being worked out.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield to the gentleman from Minnesota.

Mr. SHOEMAKER. I do not know why we want to suspend these things. Why do we not issue the bonds, make them interest free, and put the credit of the Government up instead of letting the bankers make a rake-off on us every time we turn around?

Mr. GOLDSBOROUGH. I should like to do that.

Mr. SHOEMAKER. Let us do it then.

Mr. GOLDSBOROUGH. I have not the power to do it, and in my judgment the President does not believe he has the power.

Mr. SHOEMAKER. Let us give him the authority to do it instead of tying ourselves up in this way. It is up to us as Congress.

Mr. GOLDSBOROUGH. I will give you my own view of the situation.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. GOLDSBOROUGH. May I call attention to the tremendous advance we have made in less than a year. The administration has aroused public consciousness to the iniquities of child labor; it has aroused public consciousness to the fact that if we put buying power into the hands of the workers of this country it will make all society prosperous.

Mr. SHOEMAKER. Will the gentleman yield further?

Mr. GOLDSBOROUGH. I will in a minute, because I admire the gentleman.

The administration has taught the country that there is no magic about this metallic standard. It has devalued gold; it has supported a measure which will make the deposits of the poor man in the small banks of this country as safe as in the Chase National Bank of New York. All of these things have been done.

In my judgment, the administration does not feel that it would have sufficient public sentiment back of it to justify the issuance of what has been called fiat money. It is necessary to borrow money from the banks, and therefore it is necessary to sustain the selling price of these bonds. This is the reason, and, in my judgment, the sole reason why the administration is behind this extension. I have been just as frank as I can be. To my certain knowledge

this bill is not asked for to help the bankers. That is not the purpose.

I now yield to the gentleman from Minnesota.

Mr. SHOEMAKER. I am in perfect accord with the gentleman on many of the things he has stated, but so far as the child-labor proposition is concerned, may I call the gentleman's attention to the fact that there are many States that have not ratified it, and may I say further that public opinion is what did away with child labor? They found out it was better that children be taken out of industry and let the fathers work, or they would have to feed the old folks at home. The automatic machine came in and did a lot of work and caused unemployment until public sentiment brought it about. We have issued bonds after bonds that are absolutely never going to be paid by this Government or any other government. If this is the basis the gentleman is going on, if we are going to get everything we can, all right. I am perfectly willing to help the gentleman spend $500,000,000,000 and we will all have a good time and then not pay the bonds, which is what is going to happen in the end anyway.

Mr. AYERS of Montana. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield to the gentleman from Montana.

Mr. AYERS of Montana. This law was first passed for 1 year, and at the expiration of that year for another year. It comes up now and they ask for 3 years. What is the objection of the committee to the Brown amendment?

Mr. GOLDSBOROUGH. There is none, so far as I am concerned. I think the President feels that this trouble will be over in a year, so that the whole thing will be done away with; but if it is not, he wants the power to carry it on. That is my understanding.

Mr. AYERS of Montana. Why not adopt the Brown amendment? The Brown amendment covers 1 year.

Mr. DINGELL. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield to the gentleman from Michigan.

Mr. DINGELL. Is not this measure an inflationary measure which will grant the Federal Reserve banks the privilege to further inflate the currency, something that the United States Government up to this time has not dared do? Is it not true this would inflate the currency and grant a power to the Federal Reserve banks which the United States Government up to this time has refused to grant?

Mr. GOLDSBOROUGH. I could answer the question in the way the gentleman suggests. I want to be perfectly frank. This bill is to preserve on a 40-percent basis the gold-note reserve of the Federal Reserve banks, so that they will not have to go above 40 percent. This allows them to issue more Federal Reserve notes.

Mr. DINGELL. Will these notes be used for a further extension of credit, or will there be a further shrinkage?

Mr. GOLDSBOROUGH. I think they will be used to extend credit to the Government.

Mr. O'MALLEY. Will the gentleman yield?

[Here the gavel fell.]

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent that the gentleman from Maryland may have 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. O'MALLEY. When we gave the authority to the Federal Reserve Board to put up this collateral and get this money last year, we were told at that time by the distinguished chairman of the committee, when this particular legislation was brought up, that its effect would be to ease credit and the banks would make more commercial loans and money would be easier to obtain for business and borrowers. This authority has been exercised for a year, and the actual facts shown by economic surveys are that the total of commercial loans and discounts in this country in 1933 was very much lower than in 1932. So the only thing the Federal Reserve banks can be doing with the money they are getting under this authority of law is to take the money and buy more Government bonds, because they are certainly not putting it out in commercial credit as every merchant knows.

Mr. GOLDSBOROUGH. The money is being loaned to the Federal Government at the present time.

Mr. Speaker, there is one thing I want to call to your attention. There has been a great deal of criticism, and in my judgment very uncalled-for criticism, of the Chairman of the Committee on Banking and Currency. I happen to know, personally, of the tremendous pressure that is continually brought upon the Chairman of the Banking and Currency Committee by the great banking interests. I happen to have personal knowledge of the fact that insofar as his power lies he has stood between the people and the great banking interests, without a single exception. [Applause.]

I want to say that his achievement in getting a deposit insurance bill passed was one of the greatest consummated efforts ever made in the history of mankind against great power. [Applause.]

I want to voice, in concrete form, at this time my tribute to him, just as I did in several speeches I made last summer, when I said this:

The pioneer turns his back upon the feast and renounces the place of power; he leaves it to others to accumulate wealth, to gratify pleasant tastes, to bask themselves in the warm sunshine of the brief day. He works for those he never saw and never can see; for a fame, or maybe for a scant justice, that can only come long after the clods have rattled upon his coffin lid. He toils in the advance, where it is cold, and there is little cheer from men, and the stones are sharp and the brambles thick. Amid the scoffs of the present and the sneers that stab like knives he builds for the future; he cuts the trail that a progressive humanity may hereafter broaden into a high road. Into higher, grander spheres desire mounts and beckons, and a star that rises in the east leads him on. [Applause.]

The pro forma amendment was withdrawn.

Mr. SUMNERS of Texas. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I do not often ask for the time of the House and I would not do it today if I did not feel we face a great crisis. It is a pity when we come to discuss legislative matters that we cannot sit around a table and concede that the other fellow is just as honest as we are and just as patriotic as we are in trying to do his duty. These Members who are opposing this bill are as conscientious as we are. When a fellow gets it into his head that he is about the only honest man and the only smart man and the only patriotic man, he is the biggest fool in the country. [Laughter and applause.] We may have differences of opinion about how to do it. It would be impossible if you had a business matter to consider to get this number of persons together without having differences of opinion. If it were a business problem we were trying to deal with and the other fellow sitting across the table did not agree with you, you would not want to throw a book at him or an inkwell. You would listen to what he had to say, and if you had taken a position which, under the circumstances and after discussing the thing among yourselves, you saw was not a sound position, you would not hesitate a minute to go the other way. This is the reason for a conference. This is the reason for a meeting of this sort, and it is what we are doing today.

I agree with what lies very deeply in this situation. I do not think these leaders have taken us ordinary fellows into their confidence as much as they should. We could have added a whole lot to the wisdom of the guidance of the Democratic Party, and I guess the same thing is true with those on the other side. But these leaders have been pretty busy, and they are not as smart as we are anyway, and are bound to make mistakes that we would not make. [Laughter.]

After all, it is not what the Secretary of the Treasury did or did not do, or what the leaders did or did not do, but it is what you and I are going to do in a very few minutes.

This is the big job ahead of us. Now, what are we going to do about it?

Those of you who have paid any attention to my attitude toward these economic questions know that I have insisted all the time that if we could revive the buying power of the farmers, and possibly, under necessity, reduce the dollar, we would not have to have all these alphabets under which we are working. But I may have been wrong about it. You know, when I disagree with somebody I know one of two things—somebody is wrong, and I may be that person. But here is what we have done—and by the way, I hope I can get by with this, Judge BECK, this time. I have tried a lot of times to do it, and I never have been able to do it.

We are operating under a thing that is pretty close akin to war psychology. We have not changed our Government, but for the moment, sensing the existence of a great crisis, we have concentrated power in the Executive. This urge came from the country, and we have done it. We have gone a long way down that road. We have gone about five or six billion dollars down that road, and now the question is, Are we going along that road or are we going to turn around? Why, half of these things, or two thirds of these things I have been voting for I do not believe in, but I recognize that in this crisis no human being knows whether we are going to reach the shore or not. We know we are far from shore, and we know we are all in the same boat, and we know it is going to take the united resources and the pulling together of the American people to give us a chance.

[Here the gavel fell.]

(The time having expired, Mr. SUMNERS of Texas was given 5 minutes more.)

Mr. SUMNERS of Texas. This is what confronts you, this is a great crisis.

Mr. HOEPPEL. Will the gentleman yield?

Mr. SUMNERS of Texas. Please let me complete this thought and then I will yield. What are we going to do? In this situation I am very fond of Mr. BUSBY; I have a deep affection for the gentleman from Texas, Mr. PATMAN, and this young fellow BROWN—if he stays here a few years, and his people ought to keep him—he will have a lot of sense. He has a good deal now. [Laughter.] He has got the making of a real legislator, and these other boys are all right. [Laughter.]

Now, what is the situation? This recovery thing depends on having the country continue to believe that the legislative branch of the Government and the President are standing close together, and the minute you destroy that you destroy the confidence and the hope of the American people.

Now, do not underestimate that. You cannot put these things on the table and consider them as in normal times. If you defeat this measure our country would say that the Chief Executive and Congress are not standing together. Under the existing situation the President is not only Commander in Chief of the military forces, but he is a Commander in Chief of the economic resources of this great Republic. [Applause.]

I mean that that is the situation. We have to deal with the facts. We are not dealing with theories. I tell you, boys, you should hesitate a long time before you send out word that the President of the United States has lost the confidence of Congress.

Mr. HOEPPEL. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes; I will yield.

Mr. HOEPPEL. The gentleman says that we are all in the same boat.

Mr. SUMNERS of Texas. All but the gentleman from California—everybody else is. [Laughter and applause.]

Mr. HOEPPEL. Will the gentleman yield further?

Mr. SUMNERS of Texas. No; I cannot yield further. Let us see what the situation is. The gentleman stated that notes are not being tendered for rediscount in large volume. It is a fact that they are not in volume. Why? Everybody knows why. Because the economic conditions of the country are such you cannot tender notes in volume that will make good collateral. We have to have Government bonds eligible in order to get a broad enough basis, so we are told.

Now, do not fail to listen to this: The administration has to float about $10,000,000,000 of bonds; and if it should fall down on the floating of one of those issues, what is going to happen? Can you contemplate the economic consequences that would follow?

Mr. HOEPPEL. Will the gentleman yield? I can tell the gentleman what would happen.

Mr. SUMNERS of Texas. No; I cannot yield further. The human mind shrinks from contemplating what would be the result if we failed to float these bonds. We might be in the situation of France, where they are paying 5 percent to induce the French people to take their bonds. We have already reached a situation where it takes about a billion dollars to take care of the interest on the national debt.

Mr. BUSBY. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. BUSBY. Has the gentleman made any calculation as to what point we will have to stop issuing bonds at the rate of a billion dollars a month?

Mr. SUMNERS of Texas. I do not like to think about it, but this is true, we cannot back up now. There is a limit to our bond-issuing and bond-selling ability, and the chance of our bond-selling resources holding out until we reach shore is better with the Congress and the President standing together and a country enheartened and solidified by that teamwork.

The SPEAKER. The time of the gentleman from Texas has again expired.

Mr. LUCE. Mr. Speaker, I move to strike out the last two words. A stranger might look upon this as a lively rendition of Much Ado About Nothing, but those of us acquainted with the conditions at the moment realize that there are two grave questions here concerned. Neither of them relates to the merits of the main proposition, which will undoubtedly prevail. They affect, respectively, the Republican and Democratic sides of the House. First, a word to my Republican friends. This is a measure to continue the life of a bill recommended by President Hoover, renewed while he was still President, and now, by force of circumstances, turned from its original purpose to meet the emergency presented by the necessity of servicing the public debt.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. LUCE. When I have finished my statement.

Mr. HOEPPEL. But I should like to ask the gentleman a question right now.

The SPEAKER. The gentleman declines to yield.

Mr. LUCE. Lest the diversion introduced by the gentleman who accosted me may have broken the thread of my remarks, I may repeat that this is now a measure for servicing the public debt, an exigency which many of us fear will not to be concluded through our lifetimes, an exigency that is certain to last for years, so that whether you restrict the life of this act to 1 year or 3 years is absolutely immaterial. It will be reenacted next year if we confine it to 1 year, and my associates on the Republican side of the House will accomplish only one thing by voting to restrict it to 1 year, and that will be to preclude themselves from saying next October that they have supported the President in every matter of mechanics. There is no principle involved in this issue. It is simply one of detail, one of mechanics, and if gentlemen think it is wise to preclude themselves from the chance of saying that they have supported the administration in all matters of mechanics, that is their own responsibility. For my part I would rather point to the fact that this is a program recommended by the Federal Reserve Board, recommended by the Governor of that Board, who came before us and asked for it, and unanimously supported by the committee.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. LUCE. I will not.

Mr. HOEPPEL. I should like to ask the gentleman a question.

Mr. LUCE. And now a word to my Democratic friends. In England this question would be called one of a vote of lack of confidence. In England and all the other countries of the world where the system of ministerial responsibility prevails there come from time to time votes on unimportant matters, on proposals where gentlemen of the majority who have come to differ from the ministry seek a vote of lack of confidence. Here is an absolutely immaterial thing, because we all know that if the amendment restricting the grant of power to one year prevails the President will come back a year from now, and then a year after that, and then a third year, through some indefinite time, and the power will be extended. So we shall have the problem repeatedly before us, because it is the problem of financing the greatest debt that this country ever saw, and pray God it may be the greatest debt it ever will see. If gentlemen desire to show their insurgency, if they want to revolt, if they want to rebuke the administration, then they will vote for these amendments.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the bill and the amendments to final passage.

Mr. HILL of Alabama. Mr. Speaker, will the gentleman withhold that for a moment until the gentleman from West Virginia can be heard?

Mr. STEAGALL. I withdraw the motion. I do not want to shut off debate.

Mr. EDMISTON. Mr. Speaker, I move to strike out the last two words. I do not like to impose upon the House in this matter, but to my mind this is the most serious piece of legislation that I have been called to vote on since I became a Member of Congress. I do not pretend to be a banker. I never was until necessity closed every bank in my own home county and we had to have a new bank. I know the condition in my own county, and that is the only banking business that I know—the old system did not work—and I know that the new bank which we have organized is not anything more than a medium of changing and storing money for that community. It is not worth a nickel for the home, the industries, or the farmers of that community. I have the statement of that bank which I received in the morning's mail as of the 28th day of February. That small bank has total resources of $1,735,000. Of that amount they have $1,025,000 in Government bonds and on deposit Federal Reserve. They have loans of 24 percent of their resources are in Government bonds or on deposit in the Federal Reserve. They have loans of 25 percent of their total resources, and the bank examiner who comes periodically tells us to collect those loans and put them into Government bonds. How are you going to help a community get back on its feet if you follow that system? As I understand this bill, that is what it does. I am not for blocking the President. I will put this aside if the President tells me it is better to have that money and let my community do without it, but it seems to me that the Brown amendment would put the proposition up to President Roosevelt and give him time to put his "brain trust" and his own brain to work and try to work out something that would modify this and help both the Government and our own home communities and struggling banks.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the bill and pending amendments.

The previous question was ordered.

The SPEAKER. The question is on the substitute amendment offered by the gentleman from Kentucky [Mr. BROWN] to the amendment offered by the gentleman from Texas [Mr. PATMAN].

The question was taken; and on a division (demanded by Mr. O'MALLEY) there were ayes 80 and noes 123.

So the substitute amendment was rejected.

The SPEAKER. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The question was taken, and the amendment was rejected.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. PARKER and Mr. O'MALLEY demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 312, nays 38, not voting 82, as follows:

[Roll No. 98]

YEAS—312

Adair	Dies	Jones	Polk
Allen	Dirksen	Kahn	Powers
Allgood	Disney	Kee	Ramsay
Andrew, Mass.	Ditter	Keller	Ramspeck
Andrews, N.Y.	Dobbins	Kelly, Ill.	Randolph
Arnold	Dockweiler	Kelly, Pa.	Rankin
Ayers, Mont.	Dondero	Kennedy, Md.	Rayburn
Ayres, Kans.	Doughton	Kenney	Reece
Bacon	Douglass	Kerr	Reilly
Bailey	Doxey	Kleberg	Rich
Bakewell	Driver	Kloeb	Richards
Bankhead	Duffey	Kniffin	Richardson
Beck	Duncan, Mo.	Knutson	Robertson
Beedy	Durgan, Ind.	Kocialkowski	Robinson
Biermann	Eagle	Kopplemann	Rogers, Mass.
Black	Edmiston	Kramer	Rogers, Okla.
Bland	Eicher	Kurtz	Ruffin
Blanton	Ellenbogen	Lambeth	Sabath
Bloom	Elizey, Miss.	Lamneck	Sanders
Boehne	Eltse, Calif.	Lanham	Sandlin
Boileau	Englebright	Larrabee	Schaefer
Brennan	Evans	Lee, Mo.	Schuetz
Brooks	Fernandez	Lehlbach	Schulte
Brown, Ga.	Fiesinger	Lehr	Scrugham
Brown, Ky.	Fish	Lewis, Colo.	Sears
Brown, Mich.	Fitzgibbons	Lewis, Md.	Secrest
Browning	Fitzpatrick	Lozier	Seger
Brumm	Fletcher	Luce	Shallenberger
Buchanan	Focht	Ludlow	Sirovich
Buck	Ford	McCarthy	Sisson
Buckbee	Frear	McClintic	Smith, Va.
Bulwinkle	Fuller	McCormack	Smith, W.Va.
Burch	Fulmer	McDuffie	Snell
Burke, Nebr.	Gambrill	McFarlane	Snyder
Burnham	Gasque	McGrath	Spence
Busby	Gifford	McGugin	Steagall
Byrns	Gillespie	McKeown	Strong, Tex.
Cady	Gillette	McMillan	Stubbs
Caldwell	Glover	McReynolds	Sumners, Tex.
Cannon, Mo.	Goldsborough	McSwain	Swank
Carden, Ky.	Goodwin	Maloney, Conn.	Tarver
Carmichael	Goss	Maloney, La.	Taylor, S.C.
Carpenter, Kans.	Green	Mansfield	Taylor, Tenn.
Carter, Calif.	Greenway	Mapes	Terrell, Tex.
Carter, Wyo.	Greenwood	Marland	Terry, Ark.
Cartwright	Gregory	Marshall	Thom
Cary	Griswold	Martin, Colo.	Thomas
Castellow	Guyer	Martin, Mass.	Thomason
Chase	Hamilton	Martin, Oreg.	Thompson, Ill.
Church	Hancock, N.Y.	May	Thompson, Tex.
Claiborne	Harlan	Mead	Traeger
Clarke, N.Y.	Hart	Meeks	Turner
Cochran, Mo.	Harter	Merritt	Turpin
Cochran, Pa.	Hartley	Miller	Umstead
Coffin	Hastings	Mitchell	Utterback
Colden	Healey	Monaghan, Mont.	Vinson, Ga.
Collins, Calif.	Henney	Montet	Vinson, Ky.
Collins, Miss.	Hess	Moran	Wadsworth
Colmer	Higgins	Morehead	Walter
Condon	Hildebrandt	Mott	Warren
Connery	Hill, Ala.	Moynihan, Ill.	Wearin
Cooper, Ohio	Hill, Samuel B.	Muldowney	Weaver
Cooper, Tenn.	Hoidale	Musselwhite	Welch
Cox	Hollister	Nesbit	Werner
Cravens	Holmes	O'Brien	West, Ohio
Crosby	Hope	O'Connell	West, Tex.
Cross, Tex.	Howard	Oliver, Ala.	Whitley
Crosser, Ohio	Huddleston	Owen	Whittington
Crowe	Hughes	Palmisano	Wigglesworth
Crump	Imhoff	Parker	Wilcox
Culkin	Jacobsen	Parks	Williford
Cummings	James	Parsons	Wolcott
Darrow	Jeffers	Patman	Wolfenden
Dear	Jenckes, Ind.	Perkins	Wolverton
Dean	Jenkins, Ohio	Peterson	Wood, Ga.
De Priest	Johnson, Okla.	Pettengill	Wood, Mo.
DeRouen	Johnson, Tex.	Pierce	Woodrum
Dickinson	Johnson, W.Va.	Plumley	The Speaker

NAYS—38

Arens	Gray	Murdock	Tinkham
Blanchard	Hill, Knute	O'Malley	Tobey
Bolton	Hoeppel	Peavey	Wallgren
Burke, Calif.	Johnson, Minn.	Reed, N.Y.	Weideman
Christianson	Kvale	Shoemaker	White
Dingell	Lambertson	Sinclair	Withrow
Dowell	Lemke	Smith, Wash.	Woodruff
Dunn	Lloyd	Swick	Zioncheck
Foss	Lundeen	Taber	
Gilchrist	McFadden	Thurston	

NOT VOTING—82

Abernethy	Corning	Kinzer	Sadowski
Adams	Crowther	Lanzetta	Shannon
Auf der Heide	Cullen	Lea, Calif.	Simpson
Bacharach	Darden	Lesinski	Somers, N.Y.
Beam	Delaney	Lindsay	Stalker
Beiter	Dickstein	McLean	Stokes
Berlin	Doutrich	McLeod	Strong, Pa.
Boland	Drewry	Millard	Studley
Boylan	Eaton	Milligan	Sullivan
Britten	Edmonds	Montague	Sutphin
Brunner	Faddis	Norton	Sweeney
Cannon, Wis.	Farley	O'Connor	Taylor, Colo.
Carley, N.Y.	Flannagan	Oliver, N.Y.	Treadway
Carpenter, Nebr.	Foulkes	Peyser	Truax
Cavicchia	Frey	Pou	Underwood
Celler	Gavagan	Prall	Waldron
Chapman	Granfield	Ransley	Williams
Chavez	Griffin	Reid, Ill.	Wilson
Clark, N.C.	Haines	Rogers, N.H.	Young
Cole	Hancock, N.C.	Romjue	
Connolly	Kennedy, N.Y.	Rudd	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he answered "aye."

So the bill was passed.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Pou with Mr. Treadway.
Mr. Taylor of Colorado with Mr. Millard.
Mr. Montague with Mr. Edmonds.
Mr. Granfield with Mr. Ransley.
Mr. Underwood with Mr. Crowther.
Mr. Haines with Mr. Bacharach.
Mr. Hancock of North Carolina with Mr. Kinzer.
Mr. Flannagan with Mr. Simpson.
Mr. Boland with Mr. McLeod.
Mr. Cannon of Wisconsin with Mr. Britten.
Mr. Truax with Mr. Cavicchia.
Mr. Williams with Mr. Reid of Illinois.
Mr. Sweeney with Mr. Stokes.
Mr. Rogers of New Hampshire with Mr. Waldron.
Mr. Lea of California with Mr. McLean.
Mr. Wilson with Mr. Doutrich.
Mr. Shannon with Mr. Eaton.
Mr. Frey with Mr. Connolly.
Mr. Drewry with Mr. Stalker.
Mr. Farley with Mr. Strong of Pennsylvania.
Mr. Clark of North Carolina with Mr. Darden.

Mr. DOUGLASS. Mr. Speaker, my colleague, Mr. GRANFIELD, is unavoidably absent. If present, he would vote "aye."

Mr. SECREST. Mr. Speaker, my colleague, Mr. YOUNG, is absent. If present, he would vote "aye."

Mr. BYRNS. Mr. Speaker, the following Members are unavoidably absent. If present, they would vote "aye": Messrs. BOYLAN, O'CONNOR, CULLEN, CORNING, RUDD, LINDSAY, PRALL, SULLIVAN, DICKSTEIN, BEITER, GAVAGAN, YOUNG, BEAM, CHAVEZ, BRUNNER, CELLER, DELANEY, GRIFFIN, KENNEDY of New York, LANZETTA, OLIVER of New York, PEYSER, SOMERS of New York, STUDLEY, CARLEY, and CHAPMAN.

Mr. KENNEY. Mr. Speaker, my colleagues, Mrs. NORTON and Messrs. AUF DER HEIDE and SUTPHIN, are detained at home because of illness in their respective families. Were they here, they would vote "aye."

Mr. CLAIBORNE. Mr. Speaker, my colleague, Mr. MILLIGAN, is unavoidably detained. Were he able to be present, he would vote "aye."

Mr. DARROW. Mr. Speaker, my colleagues, Messrs. CONNOLLY, STRONG, and WALDRON, are unavoidably absent. If present, they would vote "aye."

The result of the vote was announced as above recorded.

On motion by Mr. STEAGALL, a motion to reconsider the vote by which the bill was passed was laid on the table. A similar House bill was laid on the table.

S. 2766—EXTENSION OF REMARKS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to extend their remarks on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

Mr. PATMAN. Mr. Speaker, I have offered an amendment to Senate bill 2766, relating to collateral security for Federal Reserve banks which would permit the privilege to continue for 3 months only. The gentleman from Kentucky [Mr. BROWN] offered a substitute to my amendment providing that the privilege may be extended for 1 year, within the discretion of the President.

In one of my speeches on yesterday in discussing this proposal I stated:

> If the President or the Secretary of the Treasury should suggest to me how this bill would aid the President's program, I would withdraw my objection to it. (CONGRESSIONAL RECORD, Mar. 2, 1934, p. 3680.)

The information as to how this bill will aid in the recovery program has been communicated to me; and in compliance with my suggestion I am glad to submerge my personal views, which involve the enactment of a temporary measure, and vote for the bill without insisting upon the amendment.

OPPOSED TO THE PRINCIPLE INVOLVED IN BILL

I am opposed to the principle of the Federal Reserve bank depositing Government bonds, receiving new money in return for them to the amount of the bonds, and at the same time the member banks use the money as a reserve for the issuing of 10 times the amount in credit; they also get interest from the Government on the deposited bonds. There is another way I can oppose this practice without attempting to block the passage of this bill. I expect to continue to oppose this practice. It amounts to a bonus to banks.

PRESIDENT'S PROGRAM

It is realized that our President cannot do everything in 1 year. He has made long steps in the direction of taking the power away from the Money Trust, and I am confident that he will do even more in this respect in a reasonable time. I do not overlook the fact that he is waging a war against high interest rates, which will help the home and farm owners as well as everyone who is in debt. He is using the credit of the Nation to help home and farm owners. Thousands of homes have been saved in this manner.

This has never been done before. Heretofore only the bankers were permitted to use the Government credit. They are the only group now that can use it without charge, and I predict they will not always have this great privilege. People are not starving this winter as they were the two preceding winters. Employment and purchasing power are on the increase. The poor folks, including farmers, laborers, wage earners, and low-salaried people have a friend in the President, who is determined to give them substantial aid, assistance, and improve their opportunities for the future.

The big bankers, and especially the international bankers, were bitterly opposed to the abandonment of the gold standard. He hit them squarely between the eyes by going off gold. They contended that the profits on the gold by reason of devaluation, amounting to about $3,000,000,000, should go to the Federal Reserve banks, and, of course, eventually for the benefit of the member banks, but the President captured these profits for the benefit of the people. This is a sufficient amount of gold to authorize the issuance of more than 7½ billion dollars upon a 40-percent gold base, and the people, not a few bankers, will get the benefit of this money.

May 7, 1933, President Roosevelt made a radio speech in which he stated:

> Let me make the facts very simple and my policy very clear. In the first place, Government credit and Government currency are really one and the same thing.

It is my belief that Government bonds and Government currency are secured in the same manner and by the same security—the credit of the Nation. Gold is not being used at this time as a reserve for money. Thomas A. Edison said:

> If our Nation can issue a dollar bond, it can issue a dollar bill. The element that makes the bond good makes the bill good also.

Judging by what our President has said and done, we know that the day of an unholy alliance between the greedy money trust and the administration in power is over. It is the first time in many years that Wall Street agents do not have entry to the White House for the purpose of getting

advance information that would enable them to invest wisely. They are now as much in the dark at all times as the people generally. They are not accustomed to this and do not like it.

FEDERAL RESERVE BANKS

The Federal Reserve Act became law December 23, 1913. It was intended to decentralize money and credit, furnish an elastic currency, and extend sufficient credit at all times to commerce, industry, and agriculture. These banks are authorized to issue money—Federal Reserve notes—which is a blanket mortgage on all the homes, other property, and all income of all the people. This is a great privilege; one that is not enjoyed by any other group. The Government does not own one penny of stock in these banks. It is all owned by private banks. The paid-in stock only amounts to $160,000,000, an insignificant sum, considering that these institutions often do an annual business amounting to more than a hundred billion dollars. They really operate on Government credit. Section 16 of the act provides that they shall pay an interest charge for this credit. A regulation by the Federal Reserve Board relieved them of that duty. Therefore they use the credit of the Nation free. The law contemplated that all excess profits of these banks should go into the Treasury. Large salaries, big buildings, heavy expenses, and a few perfecting amendments, so called, relieved them of that duty.

PERFECTING AMENDMENTS

It was never contemplated that a Federal Reserve bank should be permitted to issue the Government's money except in aid of commerce, industry, and agriculture. A so-called "perfecting amendment" to the act approved June 21, 1917, on the theory that the World War justified the departure allows gold and gold certificates to be used as a basis for the issuance of new money. This amendment remains the law. Another so-called "perfecting amendment" permitted the substitution of collateral February 27, 1932, by reason of the great emergency. Another so-called "perfecting amendment" was adopted which allowed these banks to issue money on Government bonds. The bonds are purchased on Government credit by the Federal Reserve bank and then deposited with the Federal Reserve agent as collateral security for the issuance of new money. They use the money free of charge and also get interest on the bonds from the Government. In 1933 this great privilege was renewed for another year. Now S. 2766 proposes another extension of 1 year with the privilege of the President to extend it another 2 years. Having faith and confidence in the present administration and being assured that the present emergency makes it necessary for this extension to be granted, I am yielding with the hope that during the next year we can obtain the passage of legislation that will render the continuation of this great privilege unnecessary, as well as securing the passage of a law that will restore to Congress the power to issue money. Such privilege should not be farmed out to a few bankers. We know that whoever controls money and credit is absolute master of all commerce and industry.

MONEY FOR 1945 BONDS

This bill further extends and enlarges upon the privilege now held by certain bankers to obtain new money in return for a collateral security deposit of United States Government bonds. They use the money and also get interest on the bonds. Under present law, a bank can take a $1,000 bond, payable January 1, 1945, deposit it as collateral security, and receive $1,000 in new money. The bank will get the use of the money, which can be used as a reserve for the issuance of 10 times that amount in credit, which will become a deposit in the bank. Each year the bank will collect interest on the bond deposited, in addition to using the money and collecting interest from those who use the credit that is extended by using the money as a reserve.

GOVERNMENT TAKE OVER FEDERAL RESERVE

The Government should take over these banks, coordinate their activities with the Reconstruction Finance Corporation, and extend plenty of credit to commerce, industry, and agriculture.

The Federal Reserve System has proved itself to be a fair-weather friend of the people. When times are good, a rising market, steady employment, ample credit facilities are at the command of the people through this System. But when there is a declining market, unemployment, reduced valuations, and reduced earnings, the Federal Reserve System will not furnish the credit necessary to restore the country.

Mr. SMITH of Washington. Mr. Speaker, I will briefly state my reasons for casting my vote against the passage of this measure, which has been submitted precipitously, under very limited debate, and with very little time allowed for its discussion and consideration. I feel compelled to join with the small group of Members who are voting "nay" on this roll call as a protest against the continuation of a monetary policy which we are convinced is vicious and wrong, in the confident belief that the time is coming, sooner probably than most of us expect, when our vote here today will be approved and vindicated by the majority of our countrymen and a future Congress will legislate accordingly.

Mr. Speaker, this bill is intended to continue in effect the provisions of the Borah-Steagall and Glass-Steagall amendments to the original Federal Reserve Bank Act, which was thereby changed and modified to permit the Federal Reserve banks to substitute bonds for eligible commercial paper, and subsequently gold, which was recently impounded in the Treasury. In other words, the Federal Reserve Banking System, which was originally designed to provide sufficient credit to finance the legitimate transactions and demands of industry, business, and agriculture, has been emasculated, its primary purpose lost sight of, and it has become an instrumentality for the manipulation of the credit and money of the Nation for the benefit of the few of the big bankers in New York who control by ownership the stock in the Federal Reserve banks.

Consequently the primary and paramount purpose of the Federal Reserve Act to issue notes against the collateral of business and property loans to business firms, industries, and farmers was changed to encourage the issuance of Federal Reserve notes against United States bonds and gold. As a result, the Federal Reserve banks have almost entirely ceased making loans to private business, industry, and the farmers, and are making loans exclusively to a favored few who hoard and invest these funds in tax-exempt securities.

The situation which I have described is detrimental to a complete recovery of business, industry, and agriculture, and is caused principally by the monetary policy of our Government, which is vicious and wrong, of issuing tax-exempt Government bonds, drawing interest, for the benefit of the banks so that the banks can pledge these bonds with the Government in order that the Government can issue money to the banks. This policy has been carried on to such an extent that our annual interest charge on the outstanding bonds will soon approximate $1,000,000,000, and it is estimated that the interest on all the indebtedness, public and private, in the United States, amounts to $9,000,000,000 per year, and which cannot be paid. The Constitution of the United States provides that "Congress shall issue money and regulate the value thereof", but this function has surreptitiously been delegated to private interests, and brought about the distressing state of affairs from which all of us are suffering today. I therefore desire to be recorded in opposition to a continuation of this policy which should not be any part of the "new deal."

Mr. THOMPSON of Texas. Mr. Speaker, I have listened to the debate on this measure and I feel a particular sympathy for those who would amend it for various reasons. I have a suspicion that if the bill had been brought out in ample time to discuss it, rather than in the hurried last-minute rush that characterized its consideration on the floor, the differences between the various factions involved would have been easily adjusted.

I am moved to vote favorably, because I believe that the continuation of the act involved is an important factor in the President's recovery program. I understand that he

wishes it to pass and I am glad to cast my vote to assist him in carrying out any program which he may undertake.

I feel that support is more important to the administration today than it has been at any time during the past year. Our national hysteria is passing, the desperate plight of the Nation has been considerably improved, and on all sides we hear murmurings of the selfish individuals—many of them politically opposed to the administration—who would seek to make capital of any weak spots that may develop. For the Democratic Party to split over an issue of this kind and thereby to drive what might be the first entering wedge in the administration would, I believe, be a serious mistake. I shall therefore support the bill.

Mr. DINGELL. Mr. Speaker, I rise at this time in opposition to H.R. 7963, a bill to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes.

I cannot arrive at a compromise with my conscience on this all-important question, because I have always been of the impression that the monetary system and the regulation thereof should be vested in the hands of Congress solely, as the Constitution provides. I am opposed to the further extension of this usurpation of power and of privilege to the Federal Reserve System, composed of private corporations. The committee report makes clear my contention that this bill is primarily a bill of monetary inflation, and Mr. GOLDSBOROUGH, ranking member of the Banking and Currency Committee, admitted that that is its prime purpose. The report on the bill states that—

> In February 1932 Congress passed an act amending section 16 of the Federal Reserve Act providing that until March 3, 1933, the Federal Reserve Board might, upon an affirmative vote of not less than a majority of its members, authorize the Federal Reserve banks to offer and the Federal Reserve agents to accept Government bonds as security for Federal Reserve notes in the same manner as collateral theretofore eligible as such security.

Now I should like to ask why it is that the Government of the United States must fall back upon the Federal Reserve Bank System for an inflationary measure and why it is that the Government of the United States will permit the bankers to inflate the currency, when the Government itself has been reluctant up to the present time in increasing the monetary base. I call your attention, Mr. Speaker, to the fact that the bankers were permitted to inflate the currency during the extraordinary session to the full extent of the amount of certain Government bonds in their possession. At that time the distinguished Chairman of the Banking and Currency Committee told the Members of the House of Representatives that it was an essential part of the administration program and that it was necessary to relieve the credit situation of this Nation. We find at a closer examination that the bankers were permitted to print a tremendous amount of new currency, which was loaned out to industry in but small dribbles, sums of no consequence whatsoever, while the bulk of this money was again reinvested in Government securities. The example cited by the distinguished Member from West Virginia [Mr. EDMISTON] shows conclusively that even the reorganized banks over the country, after being reestablished on a new and substantial basis, are using the money for the purpose of acquiring additional Government securities and not for the purpose of relieving the credit situation. Distressed industry and our merchants have derived no benefit from the previous action, and now we are faced again with the same request which is brought before the House at the eleventh hour, and we are expected to swallow it irrespective of whether or not the measure is digested.

The members of the Federal Reserve System come before the Congress of the United States and ask that they be permitted to print additional currency secured by the bonds which they have purchased with money which was printed after being secured by bonds which they had previously purchased. This practice will continue so long as the Congress of the United States is willing to submit abjectly to the will of the bankers, and in this respect I am not willing to bow my neck and accept the yoke of Wall Street. I am for an orderly expansion of the currency and for as nearly as possible a direct benefit to the people, for direct assistance to distressed industry, to the merchant, and to the home owner. In this respect the banker has failed miserably. He has made every effort to make his own position secure by a marginal safety in what is called "liquidity." I cannot conceive why it is that this same element, and I refer to the bankers—and let me distinguish at this point between the honest, conscientious banker who attempts to serve his community and the international, or Wall Street, banker—can come before this Congress and ask for an inflation backed by Government bonds when it will stand opposed to any inflationary movement in which the people will have a direct equity.

Let me call your attention specifically to the bonds which are in the hands of the ex-service men, secured by the sacred promise of the United States Government to pay in adjusted compensation in the year 1945 to each and every holder thereof the full face amount due the holder. It is manifestly clear, and my statement is unimpeachable, that the adjusted-compensation certificates are just as much a bond and an obligation of the Federal Government as are the Liberty bonds and/or any of the emergency bonds which are being issued at the present time, and as a result that these bonds should be eligible, being deposited with the Treasurer of the United States, to form the basis for an orderly expansion of the currency in the selfsame way and through the selfsame process as that which is proposed by and for the benefit of the bankers connected with the Federal Reserve System. It is my contention that if the United States Government will permit the printing of currency secured by the adjusted-compensation certificates, this money will be placed in the hands of the common man, who is entitled to first consideration under the "new deal." The redemption of the adjusted-compensation certificates will distribute money into every State, every county, every city, and every village of the United States. In every Territory and detached possession—in fact, directly and indirectly—new money will be placed within the reach of every family in America. No stretch of imagination is necessary to portray the results of such action on the part of Congress. It will do more to relieve the present depressed state of the Nation than any other single thing thus far enacted or contemplated. The ex-service men will buy new cars, radios, will install telephones. They will proceed to pay off the grocer and the butcher and other merchants in their community who have extended credit in the past. It will bring money into circulation, and this money will eventually come into the hands of the bankers as deposits in one form or another, and in this respect the inflationary measure, under which the ex-service men will be the medium of distribution, will be of more benefit than any movement or measure under which and through which the banker and the banker only will be the beneficiary.

I cannot support this bill inasmuch as liberal amendments, such as the Brown amendment, have been crushed by an unjustified opposition. Evidently, it is intended that the stranglehold upon the people of this Nation should be made permanent and that the money changers shall reside within the temple in the future as he has in the past.

I am willing that the people of my district sit in judgment on my action in this instance and I make no apologies for the fact that I cannot compromise with Wall Street bankers when the best interests of the people are at stake. What I cannot get through my head, and not a single Member of this House has ever been able to explain to me, is why it is wrong to inflate the currency of the United States Government and expand the currency system in accordance with the needs of the people, when it is all right to do so for the specific benefit of the bankers. Moreover, I should like to know and I have never received an explanation of why it is that bankers will condemn the payment of the adjusted-compensation certificates with currency secured by depositing these certificates, when this same principle has been, in effect, applied for the benefit of the bankers heretofore and when this same method is again authorized by the provisions of this bill.

I am obliged to record my vote in opposition and in doing so I am consistent with my previous actions in voting for

and supporting the guarantee deposit law and in demanding investigation of the bank situation in my State in similar progressive measures.

Mr. WEIDEMAN. Mr. Speaker, on March 3 this branch of Congress was asked to vote on H.R. 7963, a bill to extend the period during which direct obligations of the United States interest-bearing bonds may be used as collateral security for Federal Reserve notes.

This bill was submitted under a rule giving very limited debate and with very little time allowed for its intelligent and free discussion and consideration. On the surface this bill asked for an extension of time of a similar bill passed in February 1932. At that time this same bill was brought up under a rule of the most drastic sort, as the gentleman from Texas [Mr. BLANTON] said on February 15, 1932:

> This most important measure is not before the House under the ordinary rules, which would permit it to be safeguarded by proper amendments. It is called up under a suspension of the rules and has to be passed just as it has been proposed by the committee, and not 1 of the 435 Members of this House can propose a single amendment to it. It cannot be amended in any particular. We have to vote for it just as it is, without the changing of a dotting of an "i" or the crossing of a "t."

He further said:

> These Federal Reserve banks have squeezed, robbed, wrecked, and ruined many banks, merchants, and citizens all over the United States, and I condemn them for it.

Quoting further, he says:

> The huge, unearned salaries they are paying their officials and employees are a stench in the nostrils of all Americans at this time, when millions of men are without jobs and women and little children are starving all over the United States. Just think that they are paying some of their officials annual salaries of $25,000, $30,000, $35,000, $40,000, and $50,000 a year, when people are starving, and the time has come when we ought to stop this abuse and require them to respond to us with proper information.

I want to bring to the attention of the Members of Congress and the taxpayers of America that the Federal Reserve banks have not mended their ways, and every penny that is collected as an interest payment by the Federal Reserve banks is exacted as a tribute, without any moral right so to do, from the workers, farmers, and laborers of this country, either directly or indirectly.

I want to bring to the attention of the House that on the consideration of this bill in the committee in 1932, General Dawes—whose last claim to fame was that he borrowed $90,000,000 for his own personal bank in Chicago—appeared in favor of the bill, as did Ogden Mills, the protector of the vested interests under Hoover; but all the testimony we get in the committee report as to what he—Dawes—said is the following—and I am quoting from the statement of our former Member of Congress, LaGuardia:

> General Dawes thereupon addressed the committee, his remarks not being stenographically reported, at his own request.

LaGuardia further said:

> It is indeed a sad commentary on the banking system of our country when it is admitted that $2,000,000,000 have been withdrawn from the banks and are being hoarded. This is a reflection and to the everlasting shame of the bankers and the system which they have created; and no criticism of the thousands and thousands of persons who have lost millions in bad banks and unsafe securities. I fail to see that even in this bill, with its unlimited latitude and tremendous powers, anything that will guarantee to us that the small business man, the manufacturer, or the merchant will get credit any easier than during the last 2 years. All that we hear is "help the banks; help the railroads"—loans of all sorts to both—and leaving to their tender mercies relief of any kind to the merchants, business men, and manufacturers. After all, the return of normal conditions depends on increased business with increased employment.

And from the working of the original act, passed in 1932, the result predicted by Mayor LaGuardia was a true forecast. On February 15, 1932, the Chairman of the Banking and Currency Committee said, on page 3964 of the RECORD, the following:

> There is a certain delicacy involved in the discussion of credit and banking that forbids that reference to matters of that kind be published to the world, if we are to deal constructively with great and important affairs such as were before the Committee on Banking and Currency when the distinguished gentleman appeared before us.

And it is my personal opinion that if the citizens of this country were informed of all the conditions surrounding the issuance of currency, the floating of bonds, and the paying of interest and the total cost to the country each year, they would have long ago declared that the paying of interest as tribute should now be at an end. The gentleman from Alabama further said, specifically referring to section 3 of the act then before the House:

> It makes possible expansion, not a wild inflation, but sufficient expansion to counteract the horrible deflationary policies and practices in which we find ourselves engulfed at this time in the United States. That is what we are trying to do. That is all there is in this provision respecting note issues by the Federal Reserve banks. It is not a wild scheme. It is to be kept under the control of the Federal Reserve Board. The provision is limited in operation to a period of 1 year. We could not inflate to any dangerous extent so long as the gold requirement is retained. I will say also, in this connection, that if the Federal Reserve Board is to be judged by its conduct in the past, nobody need fear that we are in for a wild period of inflation through the operation of this law, so long as it is under the control of the Federal Reserve Board of the United States.

But remember the Federal Reserve bank is a private bank. I am inclined to believe that when he said we would not have any wild inflation he was correct. And the facts follow that instead of inflating, the total amount of commercial loans and discounts in this country in 1933 was much lower than in 1932, so if the Federal Reserve banks received an issuance of Federal Reserve notes under this act, and industrial and commercial loans were lessened instead of increased, the Federal Reserve banks must have been using their money in the purchase of interest-bearing Government bonds. In the CONGRESSIONAL RECORD of March 3, 1934, in a discussion on this bill, in reply to a question as to whether these notes would be used for a further extension of credit or for a further shrinkage, Mr. GOLDSBOROUGH, the gentleman from Maryland, replied:

> I think that they will be used to extend credit to the Government.

And, further—

> The money is being loaned to the Federal Government at the present time.

And it was not loaned back to business and industry as intended.

I believe that the gentleman from Maryland correctly stated where this money issued under this bill was going; it was being loaned back to the Government. This same money issued by the Federal Reserve agent to the Federal Reserve bank at one thirtieth of 1-percent interest was being used to purchase more Government bonds bearing from 3- to 4-percent interest. In other words, the Federal Reserve banks were getting money from the Government at one thirtieth of 1-percent interest and were reloaning the same identical money to the Government and receiving Government bonds bearing interest of from 3 to 4 percent. The United States is paying the private bankers for the use of the Government's own money from $30 to $40 per thousand per year, while it costs the banks only 30 copper cents.

Under the new bonds to be issued by the Government the bankers have promised to do the people of the United States a favor and charge only 2⅞-percent interest.

While many Members of the House believe in this form of financing they will not get behind a bill such as the Frazier bill to loan money to the farmers to save their farms, at 1½ percent interest, and they will ratify the loaning to the Federal Reserve banks, which are private banking institutions, Government money at one thirtieth of 1-percent interest. Under the Frazier-Lemke bill the farmer pays 50 times as much as the banker.

If this bill embodies a sound policy, which is a comparative term, then the House and Senate should pass without hesitation the Weideman bill (H.R. 8286) authorizing the Reconstruction Finance Corporation to make loans direct to municipalities and other governmental subdivisions at an interest rate not to exceed 1½ percent, said loans to be secured by tax-anticipation warrants, short-term notes, delinquent-tax certificates, or other collateral as the R.F.C. board may deem adequate.

The passage of this bill would save many municipalities and other governmental subdivisions from bankruptcy, and would enable cities, townships, and so forth, to pay up their indebtedness and not default on their obligations, and would guarantee the payments of municipal and county bonds heretofore issued.

Take, for example, the city of Detroit, whose bonded indebtedness amounts to approximately $400,000,000. The city of Detroit has now balanced its budget and is living within its income, but it has an inherited deficit of $13,000,000 which it is carrying on its budget from year to year. In order to carry on the city's business it is necessary for the city to issue scrip bearing interest at the rate of 5 percent per annum. Each time the city has scrip printed there is a printing cost of about $35,000. Therefore, the yearly cost to the taxpayer to carry this scrip, which is used because the bankers claim they cannot loan the city the necessary money needed through short-term obligations, is $650,000 for interest and $35,000 for printing, a total of $685,000. If H.R. 8286 were made a law, the R.F.C. could loan money to the city of Detroit and other governmental subdivisions and cities at the rate of 1½ percent per annum. Under this bill, the cost to the city of Detroit would be $195,000 per year, a saving of $490,000 per year. If municipalities were loaned money at the same rate as the Federal Reserve banks are loaned money, the cost would only be $68,500 per year.

The point I want to make is this: The additional payment of interest is nothing but a bonus for the bankers, paid for by the taxpayers, for which they are rendered no service, and for which they receive nothing in return.

The exorbitant interest demanded by bankers is the reason for the high taxes now levied; it is the reason why, in the name of economy, the salaries of teachers, policemen, firemen, and city employees have been generally reduced. So the divisions of Government could live within their income, so they could continue to pay their tributes to the bankers.

It is about time for the citizens of the United States to again say: "Millions for defense, but not one cent for tribute."

If the illustration were carried further, again using the financial condition of the city of Detroit as an example. The interest charges on the bonded debt of the city of Detroit amounts to $19,000,000 a year on a bonded debt of approximately $400,000,000, a rate of about 4½ percent per annum. If the city's debt could be refinanced by the Government at 1½-percent interest per annum, the city of Detroit would save two thirds of the money it is paying out for interest, or $12,666,666.

It could wipe out its deficit in 1 year, and our municipal employees could be paid a decent salary again, increase their purchasing power, and help this country on the road to prosperity. If the Government can loan money to the private bankers, the Federal Reserve System, at one thirtieth of 1-percent interest, it could make money by loaning the cities money at 1½-percent interest.

There is one serious objection to my plan, and that is that it will not allow the private bankers and buyers of tax-exempt securities to further enslave our citizens. This plan will not meet with the approval of the international bankers, whose only aim in life is to keep us in bondage and to exact their tribute from each and every one.

To get back to the year 1932, on February 15, the gentleman from Massachusetts [Mr. LUCE] said:

> We are here to save the country from impending danger. I shall not particularize but will point out to you that such action as we are now taking by methods justified only under the most imperative circumstances may of itself testify to the extreme need of action—not of finding fault, not of reviewing ancient history, not of discussing wages, but of saving the financial structure of the United States; and before any man casts his vote against a proposal to that end, recommended by 20 out of 21 members of your Committee on Banking and Currency, recommended by your trusted leaders of both parties, recommended by those who are in charge for the moment of the financial destinies of the land—before he for some unrelated reason casts his vote, let him ask of himself what will the people of the United States think of his attitude in this grave hour of peril.

> In two market days the very proposal of this measure added $5,000,000,000 to the value of what we commonly speak of as securities—$5,000,000,000 brought by a ray of hope, brought by the certainty in the mind of the business world that this proposal would open the doors of the banks; that this would send the money out into circulation; that this would turn the wheels of industry; that this would set the tractors going over the plains; that this would renew the activities of the land.
>
> I know well that some short-sighted critics will say that we are doing this for the benefit of the speculators, will say that we are only helping those who gamble in the market. Nothing could be further from the fact. We are doing this to help the banks in order that the banks can help us, in order that the banks now keeping untold millions hoarded through fear of withdrawals of deposits may gain courage in order that they may with safety proceed again to make loans and thus spread the feeling of confidence that alone can bring us out of this crisis.

Well, we followed the course prescribed by the committee, and what happened? Five thousand million dollars were added to the value of securities which were nearly all held directly or indirectly for the benefit of the bankers. And did this action in the year 1932 open the doors of the bank? No! Within 1 year the doors of every bank in the Nation were closed. Did the banks send the money out into circulation that would turn the wheels of industry? No! The actual facts shown by economic surveys are that the total of commercial loans and discounts in this country were lower in 1933 than in 1932. And I leave it to you as to whether or not the banks released their hoarded millions and spread the feeling of confidence throughout the country.

It is further said:

> In all times of great national distress men have turned to individuals and have trusted them with temporary power, power that under other circumstances might seem extreme, might seem full of danger, but which in times of crises is necessary for national preservation. Because such a time is upon us, because the need exists, an imperative, commanding need, I pray that no man may hesitate to entrust this power to men whom we know in our hearts will be patriotic men, will be unselfish men, will have only the welfare of the country at heart, and will use their power for the common welfare.

And within 1 year after the gentleman from Massachusetts engaged in this great display of patriotic oratory, every bank in the country was closed and people driven to the depths of despair like this country had never known before.

The gentleman from Maryland said in 1932:

> The laboring man, the man who lives from day to day, is always the first consideration.
>
> Now, the Federal Reserve System is thoroughly aware of the purposes of this bill. It is thoroughly aware that the purpose of it is to give the Federal Reserve System an opportunity to go into the market and start raising the price level and reestablish the confidence of the people. They are honorable men. They are men of ability. They are men of experience. They have not always in the past used their powers in the way I would like them to, but they have a magnificent opportunity for the demonstration of a high-class and unselfish Americanism, and I believe they will make fine use of this opportunity.

And he guessed wrong then, and in 1934 he says, on page 3644 of the CONGRESSIONAL RECORD:

> Sometimes it is unwise to explain the purpose of a measure, but in my opinion it is necessary to go into detail about the necessity for this legislation at this time. The administration has gone a long way in its effort to drive the money changers from the temple. The people of the United States are not yet ready, in the judgment of the administration, for a managed currency; they are not yet ready for the issuance of money without some sort of reserve. The public is in the habit of having the Government issue its bonds when it needs money for public purposes. Unless this bill is passed, the market for Government bonds will drop immediately.

And further—

> I want to make a statement that I did not make yesterday, and that is, you cannot sustain the bond market unless this extension of time is given. Unless the Government can market its bonds, under our present set-up we cannot carry on the extensive public works now in the process of being worked out.

I challenge the statement that the Government is dependent upon the payment of a tribute, in the form of interest collected on Government bonds, in order to carry out its program. Just a short time ago our President of the United States stated that there must be a general scaling down of interest charges.

We are at the crossroads today, to decide whether or not we as Members of Congress are willing to help cut the shackles that are bearing down upon the American public by declaring our financial independence and by saying no tribute shall be paid to private bankers henceforth in the form of interest. When we take that step our work will have been complete.

Compared to the dangers in this bill, and the dangers of our past financial policies, a highwayman and a safe blower is a gentleman and the racketeer is an angel. The citizens of the United States are paying a yearly toll of $15,000,000,000 to bankers for interest covering all sorts of loans. Do you want this to continue?

The Federal Reserve bank, according to this bill, can take a billion dollars in United States bonds and hypothicate them, but still have them draw interest to the bank at 3 to 4 percent and pay the United States Treasury approximately $300,000 and receive $1,000,000,000 in new money. They can take the billion in cash and buy a billion in bonds, then take the second billion of bonds and three hundred thousand in cash and receive another billion of new money, and with that cash buy another billion of bonds. They can again take the billion of bonds and three hundred thousand of cash and receive another billion in cash, and so on, just like a dog chasing his tail, until the bond issues are completely taken up.

One billion in bonds and $2,700,000 in cash will float the entire bond issue of $9,000,000,000. That is, on an investment of $2,700,000 the Federal Reserve bank can have $9,000,000,000 drawing an interest of $258,750,000 annually, almost a million dollars for each working day of interest. That is 95.219 percent per year on the investment, or 26.06 percent daily interest. That is exactly what the terms of this bill gives to the Federal Reserve bank, a private corporation, and some of the gentlemen on the floor say it is necessary that we give these interests this bonus.

All other robberies in history are pikers as compared with this hold-up.

Suppose you gave the farmers of the Nation that kind of a chance to hold up the Government, it would read like this: Government sells farmers wheat at 30 cents a bushel and then buys back the same wheat and pays the farmer $28.75 for the bushel, then sells it to the farmer again at 30 cents and again buys it back at $28.75, and so on; more than that, the farmer would have all the natural results of the bushel of wheat. It would be his wheat and dole, too.

It would be like the grocer selling the same can of sardines nine times and still have the same can on his shelf. Extract nine profits and have it ready for the next customer. Why, a one-horse independent grocer could make money at that. We are actually giving that privilege to the chain grocers, the owners of the banks and chain stores, through this bill, and we wonder why the chains are outstripping the independents.

This bill is the sum total of all robberies ever pulled off in all history. Beside it all other robberies are but molehills as compared with this mountain of privilege.

The same method that the private bankers use in this bill is the method that could be used to pay off the soldiers' adjusted-service certificates, the only difference being that no one would be paying interest on the currency issued to pay the bonus to the soldier. There is no new principle of issuing money under the terms of the Patman bill, H.R. No. 1. The amount paid to the veterans will be permanent circulating medium and of the same wording, form, size, and denominations as United States notes issued under existing law and now in circulation.

So all may understand the purpose for which the adjusted-service certificates were issued, I quote the gentleman from Texas [Mr. PATMAN], who on February 20, 1934, clearly explained this. And there is no one in the House who can refute the facts, which are as follows:

There are 3,545,284 certificates as of January 1, 1934, of the aggregate face value of $3,543,981,515. Three million nineteen thousand five hundred and eighty-two of these veterans out of a total number of 3,545,000 have borrowed money on their certificates. They have borrowed $1,340,659,199.38, leaving a remainder due of approximately $2,200,000,000, and if that money is paid, it will go into every nook and corner of the Nation. It will not only benefit these veterans but it will benefit everybody. It will find its way into the local banks, and there be used as a reserve for the issuance of ten additional dollars for every dollar of reserve. That will help the country generally, as the people are very much in need of additional purchasing power. This will not be giving away $2,200,000,000, but it will be paying $2,200,000,000 on a debt that Congress has heretofore confessed was due to the 3,545,284 veterans in the United States.

HOW AMOUNT OF ADJUSTED-SERVICE CERTIFICATES ARRIVED AT

The committee that passed on this matter ascertained that there was a difference of between $1 and $1.25 a day between the pay received by the lowest-paid laborer in the United States during the war and what a private in the United States Army received. Many laborers in civilian life received several times as much as the lowest-paid laborers and the skilled workers received very high wages. Therefore the committee said we should at least compensate the soldiers to the extent of that difference between what the lowest-paid laborer received and what the average private received, the difference being between $1 and $1.25. Congress allowed them the $1 a day for home service extra, and $1.25 a day extra for service overseas. If this money is paid as of the time they rendered service, the full amount was due October 1, 1931. The reason it is not due now on its face is because there were 7 years from the time the services were rendered to January 1, 1925, the date of the certificates. The veterans were not allowed interest. So if you will go back and date the certificates as of the time they rendered the service and give the veterans the customary rate of interest paid to everyone else connected with the war, the full face value of each certificate was due on October 1, 1931, and this bill provides that no interest shall be charged the veterans subsequent to that time. I believe it is the best means, it is the best vehicle, that has ever been proposed to put purchasing power into the hands of the masses of the people in every nook and corner of the Nation.

CONTROLLED EXPANSION OF CURRENCY

House bill 1 provides for controlling expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates in new currency—United States notes. These notes will not bear interest and will be lawful money of the United States and shall be maintained at a parity value with the standard unit of value fixed by law. No new principle of issuing money is involved. Such notes shall be legal tender in payment of all debts and dues, public and private, and shall be receivable for customs, taxes, and all public dues, and when so received shall be reissued. Such notes, when held by any national banking association or Federal Reserve bank, may be counted as a part of its lawful reserve.

The State of Michigan would receive $85,418,613 if the adjusted-service certificates were paid. The various counties in Michigan would receive the following amounts:

Alcona	$88,005.96
Alger	164,528.28
Allegan	687,501.36
Alpena	327,645.36
Antrim	176,029.56
Arenac	141,243.48
Baraga	161,723.52
Barry	369,169.92
Bay	1,225,521.36
Benzie	116,194.68
Berrien	1,430,004.24
Branch	422,478.00
Calhoun	1,535,438.52
Cass	368,464.32
Charlevoix	211,344.84
Cheboygan	202,895.28
Chippewa	441,829.08
Clare	124,044.48
Clinton	426,429.36
Crawford	54,631.08
Delta	569,419.20
Dickinson	528,159.24
Eaton	559,681.92
Emmet	266,522.76
Genesee	3,733,347.24
Gladwin	130,959.36
Gogebic	557,018.28
Grand Traverse	352,994.04
Gratiot	533,645.28
Hillsdale	483,635.88
Houghton	932,291.64
Huron	549,168.48
Ingham	2,056,594.68
Ionia	619,040.52
Iosco	132,599.88
Iron	367,000.20
Isabella	372,662.64
Jackson	1,628,242.56
Kalamazoo	1,611,731.52
Kalkaska	67,014.36
Kent	4,242,614.04
Keweenaw	89,540.64
Lake	71,724.24
Lapeer	500,058.72

Leelanau	144,753.84
Lenawee	879,336.36
Livingston	339,993.36
Luce	115,153.92
Mackinac	154,932.12
Macomb	1,360,855.44
Manistee	307,094.76
Marquette	777,500.64
Mason	330,855.84
Mecosta	277,618.32
Menominee	417,221.28
Midland	337,806.00
Missaukee	123,338.88
Monroe	925,835.40
Montcalm	484,588.44
Montmorency	49,638.96
Muskegon	1,492,873.20
Newaygo	300,391.56
Oakland	3,726,467.64
Oceana	243,520.20
Ogemaw	116,335.80
Ontonagon	196,050.96
Osceola	225,897.84
Oscoda	30,481.92
Otsego	97,972.56
Ottawa	967,695.12
Presque Isle	199,861.20
Roscommon	36,250.20
Saginaw	2,129,447.88
St. Clair	1,191,811.32
St. Joseph	540,101.52
Sanilac	489,527.64
Schoolcraft	149,075.64
Shiawassee	697,079.88
Tuscola	580,955.76
Van Buren	575,716.68
Washtenaw	1,155,949.20
Wayne	33,321,007.44
Wexford	296,828.28
Total	$85,418,613.00

The Fourteenth Congressional District of Michigan would receive over $6,000,000.

Do you not think that we all would benefit if this amount of money was used to increase supply of money and the purchasing power of the people? And do not forget that the money which we would use to pay off the debt to the soldier would be the same kind of money we are using to pay the bonus to the bankers for which the bankers contribute nothing, but use to exact a tribute from the people in the form of money loaned to them or their divisions of government for a price, the payment of interest. The payment of the adjusted-service certificates will put money into the hands of nearly 4,000,000 veterans who will use it to purchase goods they have so long needed, pay taxes, and put it in the channels of business. This money will not be hoarded, but spent. The circulation of this money will help the President's program and may be the one thing necessary to guarantee it success.

So the paramount issue of today is this: Shall the Government of the United States be run for the benefit of the international bankers or shall the citizens of the United States be given the right to "life, liberty, and the pursuit of happiness"? Shall we replace the Statue of Liberty with the golden statue erected to the god of greed? Shall we forget that the only time our Saviour used force was when he drove the money changers from the temple? Let us reestablish the principle that we all believe in: That all men are entitled to a right to work, to own their own homes, to reap a just reward for their labors, and to enjoy nature's sunshine as God intended. We owe it to our children that we shall not depart and leave them in a condition of bondage and slavery to organized greed and gold.

Inheritances and incomes must be limited so the powerful few cannot have it in their power to control the life and destiny of the many. The lifeblood of labor shall not be further transfused by the payment of interest.

Mr. LEMKE. Mr. Speaker, there is danger ahead—the Government is still trying to get prosperity by borrowing—by issuing billions more of tax-exempt interest-bearing bonds. By the end of this year, it is said, this Nation's debt will be some $32,000,000,000. The average interest on this huge sum will be about 3½ percent, which amounts to $1,120,000,000 per annum. This is the national debt. It does not include that of States, counties, cities, and other political subdivisions. These States, counties, cities, and other political subdivisions, as well as individuals, have all stretched their credit to the limit.

This Nation is bankrupt; every State in this Union is bankrupt; the people of the United States, as a whole, are bankrupt. The public and private debts of this Nation, which are evidenced by bonds, mortgages, notes, or other written instruments amount to about $250,000,000,000, and it is estimated that there is about $50,000,000,000 of which there is no record, making in all about $300,000,000,000 of public and private debts. The total physical cash value of all the property in the United States is now estimated at about $70,000,000,000. That is more than it would bring if sold at public auction. In this we do not include debts or the evidence of debts, such as bonds, mortgages, and so forth. These are not physical property. They will have to be paid out of the physical property. How are we going to pay $300,000,000,000 with only $70,000,000,000? It cannot be done unless we first put more money into actual circulation—not by doubling it in the hands of a few but by putting it into circulation among the people. Let Wall Street call that debasing of the currency and make the most of it. We are more concerned with not debasing American manhood and womanhood.

At 5 percent the interest on this vast indebtedness amounts to $15,000,000,000 annually, or $120 a year for every man, woman, and child. The amount of money in actual circulation in this country is about $2,000,000,000—by that I do not mean money lost or destroyed, hoarded, or in foreign countries. Therefore, in order to pay the interest on our public and private debts, each dollar in actual circulation—in actual use—will have to be used as a revolving fund and be paid over seven and one-half times a year.

Yet in spite of this vast indebtedness, in spite of these dizzy, incomprehensible figures, millions of our people are forced to seek a position on the Federal pay roll or on a disguised dole system. There is not enough money among the people to enable them to employ and utilize the energy of these men and women in necessary and useful work—there is a money famine. We have made beggars out of a once proud people. States, counties, cities, school districts, and other quasi-public institutions are all asking for help from the Federal Government. Some of these are offering so-called "frozen assets" as security for loans, forgetting that these assets are no longer frozen but have long since evaporated. There is danger ahead, a collapse, and a collapse means devastation and destruction.

What, then, caused this condition? It was caused by the monopolization—not of the wealth of this country but of the medium of exchange—the monopolization in the hands of a few financial monarchs of the money of the country—the unit of exchange. This was brought about by skillful manipulation of the currency, by a monopolizing tariff, by gambling in stocks and bonds and the necessities of life. It was brought about first by virtually doubling the money in circulation through the Federal Reserve banks during the war and then by cruel, brutal, and inhuman deflation, by virtually cutting in two the money in circulation.

May we ask what is money? What is its purpose and its function? Money is not gold; it is not silver. Money as such has no intrinsic value; it is a unit of exchange, a measure of values, a common denominator with which we measure the comparative values of commodities; it is a yardstick with which we measure the comparative values of the things produced by the energy of a people. Money is made by law; demonetize gold today and remonetize silver, and gold would be worth less than silver.

We have heard a great deal about real money and bank money—credit money. It may be well for us to find out just what credit money—bank money—is as compared with real money. In plain words, credit money or bank money is just hot air; it is make-believe money that does not exist. Bank or credit money is a condition where all the banks of this Nation have on deposit, as they had on January 9 last year, $42,000,000,000 and only $684,000,000 of actual money with which to pay the $42,000,000,000. How could

they pay $62 with only $1? That is why we had the bank holiday. The difference between $42,000,000,000 on deposit and $684,000,000 of actual money in the banks is credit money or bank money. In other words, bank money or credit money is imaginary money on which the banks draw interest. The trouble with us is that we have too much bank or credit money and not enough real money. What we need is enough actual money in actual circulation to do the Nation's business and less imaginary bank money or credit money.

To loosen this strangle hold upon our people we propose as a remedy the Frazier-Lemke bill. This bill provides that the United States Government shall refinance existing farm indebtedness at 1½-percent interest and 1½-percent principal on the amortization plan, not by issuing bonds but by issuing Federal Reserve notes secured by the best securities on earth, first mortgages on farm lands; better security than gold or silver, because you cannot eat gold or silver but you can eat the products that grow on the farms, therefore your life depends upon the farms. They are the best security on the face of the earth. If our Government has enough intelligence to do this, it will make a profit of $6,345,000,000 at 1½ percent interest in 47 years, the time required for amortization of the farm indebtedness.

Let us compare the Frazier-Lemke bill with the one passed by the special session of Congress, written in New York in the atmosphere of the money changers. Under that bill, if all the farm indebtedness were refinanced, the farmers of this Nation would pay $12,492,500,000 in 39 years to the coupon clippers. Under the Frazier-Lemke bill, the farmers would have to pay just $6,149,500,000 less interest in 47 years, and, at the same time, the Government would make a net profit of $6,345,000,000, and to that extent lessen our Federal tax burden.

Under the present Farm Mortgage Act the farmer is asked to pay 4½-percent interest if he lives in a Federal Farm Loan Association district and 5 percent if he does not, and in addition pay 1 percent for administration and buy stock in an amount equal to 5 percent of the loan, making 10½ or 11 percent for the first year and thereafter 4½- or 5-percent interest, together with 1 percent for amortization, making 5½ or 6 percent annually until paid. While under the Frazier-Lemke bill he will pay 1½-percent interest and 1½-percent principal, or $30 for each thousand dollars borrowed for approximately 47 years. Under the Frazier-Lemke bill a farmer could carry a $17,000 mortgage loan, as far as his ability to pay goes, as easily as a $5,000 loan under the present law. The Frazier-Lemke bill takes into consideration the farmers' ability to pay.

Our Government now prints Federal Reserve notes and gives them to the Federal Reserve banks at 0.7 of 1 cent per bill—the cost of printing. It makes no difference whether that bill is a one-dollar bill or a thousand-dollar bill—or whether they keep it for 1 year or for 20 years—all they ever pay your Uncle Sam for it is 0.7 of 1 percent per bill. The amount of all the paper money given by the Government to the banks amounted on January 1 last to over $4,878,500,000, of which amount over $3,332,000,000 were Federal Reserve notes.

After your Government had given all this money to these bankers, it found it necessary to borrow back some of the money that it gave away. It had to sell bonds. The amount of these bonds together with certificates of indebtedness on January 31 last amounted to over $25,000,000,000 and will be, it is claimed, some $32,000,000,000 by the end of the year. These bonds bear interest on an average of about 3½ percent and are tax exempt. In other words, these bankers used the $4,878,500,000 paper money which your Government gave them as a revolving fund with which they bought the $25,000,000,000 tax-exempt, 3½-percent, interest-bearing bonds and certificates.

These bankers not only now have the $25,000,000,000 tax-exempt, interest-bearing bonds and certificates but they also have the $4,878,500,000 of paper money which your Government gave them and which they used as a revolving fund to buy these bonds. At this time the Government is borrowing about a billion dollars a month. It prints tax-exempt, interest-bearing bonds to that amount and hands these over to these bankers, and in return the bankers hand to the Government deposit slips. No money is exchanged—the whole thing is merely a bookkeeping transaction. The banks draw interest on the bonds, but the Government draws no interest on the deposit slips. The Government checks on these deposit slips and the persons who receive the checks redeposit them in the banks. The Government, of course, is short changed. If the banks need more money as a revolving fund, they take these bonds and put them up as security for more Federal Reserve notes.

Congress, in passing Senate bill 2766 last Saturday, extended the privilege for 3 years more to the Federal Reserve banks, of buying tax-exempt, interest-bearing bonds and then putting them up with the Federal Reserve Board and receiving Federal Reserve notes—money—for seven tenths of 1 cent per bill—the cost of printing. There is no limitation—the sky is the limit. In other words, the Government farms out the right to have money issued to the banks and they agree to buy tax-exempt, interest-bearing bonds with money that the Government gives them for nothing. In that way the Government can continue to borrow on the one hand by issuing tax-exempt, interest-bearing bonds for the bankers at the expense of the taxpayer, and on the other hand, print the money for these banks until the whole credit structure of this Nation will fall.

There was great confusion and resentment on the floor of the House of Representatives when the party leaders of both parties brought this bill up for consideration on Friday. The majority of the Members then seemed determined to stop this vicious practice of issuing money and giving it to the banks for nothing and then borrowing it back again by issuing interest-bearing tax-exempt bonds. To save the day for this bill, the House was adjourned. The next day, strange as it may seem, the bill that could not have been passed the night before, was passed with only 38 dissenting votes.

To one unfamiliar with how laws are made, it would seem as it did to Alice in Wonderland, where things seem real but are not. No voice was heard about flat money, soft money, nor yet about debasing the currency. The dying shadows of a past civilization, slaves of a dying monetary system won a temporary victory. The bill which pays tribute to the bankers for doing that which it is clearly the duty of the Government to do was passed. We have this consolation, however, that there will be an end to dreamland. It may take another election or two, but ultimately the public wrongs will be righted and the people will triumph.

If our Government can print paper money for the bankers, why can it not do it for the farmers? Why not do it for agriculture? Why not issue Federal Reserve notes secured by better security than the bankers put up—secured by the farms of this Nation? Why not do the reasonable thing—the intelligent thing—the only thing—and pass the Frazier-Lemke bill? When this bill becomes a law, it will reduce a farmer's indebtedness by three fifths in 47 years because of the lower rate of interest, and in addition the Government will make a net profit of $6,345,000,000. On a $10,000 loan the farmer will save $24,000 in interest in 47 years and the Government will make $1,100 net profit. What does that mean to you business and professional men and women? It means that this farmer will spend that $24,000 at home; that he will buy the things that he is so much in need of; and that the wheels of progress will start moving. We will have stopped making beggars of a once proud people. There will be no further need of a disguised dole system—of tax-exempt interest-bearing bonds.

This bill is right in line with the President's monetary policy. The mere seizing of the monetary gold of this Nation by the Government and increasing its value by lowering the gold content in the dollar, while it will make several billion profit for the Government, will not in itself help agriculture or industry unless the medium of exchange—the money in circulation—is also increased. Making gold dearer and thereby making money that is in our possession—silver and paper—cheaper will not expand the currency but, on the contrary, contract it.

Congress must supply the next step—the Frazier-Lemke bill—when Congress passes that, then there will be issued and put into circulation among the people several billion dollars of new money, Federal Reserve notes. It will again give purchasing power to the people. The farmer will pay his banker, his merchant, his lawyer, and his doctor, and they in turn will pay their bills, and all will start in again repairing and improving their homes. Unemployment and starvation will cease. The enforced idleness of millions of men and women will disappear, and we will hear no more of overproduction. Consumption will again be normal; real prosperity will return.

This bill has the official endorsement of the National Farmers' Union; it has the official endorsement of some State farm bureau organizations and of many bureau and grange locals throughout the Nation. It has the approval of 95 percent of the farmers of this Nation; it has the approval of every intelligent banker, business and professional man and woman. Twenty-one State legislatures have asked Congress to pass this bill. They are: Arizona, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, and Wisconsin. It has the approval of the lower house of the State Legislature of New York, the President's own State, as well as that of Ohio and of Delaware. Surely no Member of Congress from these States is justified in ignoring this mandate from his State.

Why, then, does Congress not pass this bill? Is it because Wall Street is still closer to Congress than are the people of the United States? The people have been sleeping at the switch. They expect Congress to do something for them and generally wake up to find that it did something to them—gave them the so-called "Economy Act" and make-believe farm relief. This is the people's fault. They neglect Congress, while the international bankers are on the job with their lobbyists and false propaganda. This Government is the people's. The responsibility rests upon their shoulders. They elect all the Representatives and one third of the Senators in Congress every 2 years. They can and ought to make their representatives responsive to their will.

They have a right to demand that Congress pass the Frazier-Lemke bill—they have a right to ask their Congressmen to sign the petition at the Speaker's desk to bring this bill out on the floor for discussion and passage. Congress must give this Nation the Frazier-Lemke bill and the Patman bonus bill—it must refinance the farmers and pay the soldiers in cash. It must give us an intelligent expansion of the currency, not in the hands of a few, but in the hands of the people. We cannot borrow ourselves out of indebtedness. An aroused and enlightened public opinion will compel Congress to pass this bill eventually, why not now?

THE SENATE VETERAN AMENDMENTS TO THE INDEPENDENT OFFICES APPROPRIATION BILL

Mr. MOTT. Mr. Speaker, I ask unanimous consent to extend the remarks I made on yesterday on veterans' legislation.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MOTT. Mr. Speaker, I stated yesterday in reply to the question of the gentleman from North Carolina [Mr. BULWINKLE] what the provisions of the Senate amendments to the independent offices appropriation bill were in regard to disabled veterans of the World War and the Spanish War veterans. Expiration of the time allotted me for this purpose prevented me from summarizing the remaining veteran provisions of the amendments. I desire to do this now.

In addition to the World War and Spanish War veterans' provisions, the Senate amendments include remedial legislation in regard to hospitalization, to death compensation of World War veteran widows and children, and to disability retirement pay of emergency officers actually disabled in line of duty.

The widow's pension amendment provides that in no event shall death compensation being paid to widows, children, or dependent parents of deceased veterans be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service. The amendment excludes from its provisions any case where death compensation was or is being paid through fraud, misrepresentation of a material fact, or unmistakable error; and this, in my opinion, is an all-sufficient safeguard and disposes of every reason for continuing the inhuman provisions of the Economy Act in regard to death compensation to dependents, under which thousands of helpless widows and orphans of disabled veterans were left destitute.

The Senate amendments also reinstate about 1,900 emergency officers actually disabled in line of duty during the war, and whose disability allowance was cut off by the Economy Act. This restoration includes only those officers whose injury or disease was made a matter of official record by competent military authority during the period of actual service in war time, and to whom a disability allowance was being paid at the time of the passage of the Economy Act.

HOUSE UNDERSTANDS THE ISSUE

Finally, the Senate amendments provide that any honorably discharged veteran of any war who is suffering from disability or disease requiring hospitalization or domiciliary care and who is unable to defray the necessary expenses thereof, shall be entitled to hospitalization or domiciliary care in any veterans' hospital within the limitations existing in such hospital.

Now, Mr. Speaker, I repeat, there is nothing vague and nothing ambiguous in any of these amendments, nothing which the Members of the House do not understand and which they have not been perfectly familiar with ever since the Legion four-point bill and the Spanish War veterans' bill were introduced in January. I say the House is entitled to vote on these amendments now, and that it is competent to vote on them, without the intervention or advice of the Appropriations Committee.

There are gentlemen here who honestly believe that these amendments are not proper. They voted for the Economy Act in the first place, knowing what it would do and what it has done for the sick and disabled veterans, both in the hospitals and out of them. I have no quarrel with them. If they are against the amendments, either in whole or in part, let them vote according to their convictions and their conscience. I do not deny them the right to vote against the amendments, but, Mr. Speaker, neither shall they deny me the right to vote for them, if I can help it. And that is why I have filed these motions to discharge the committees.

In closing, let me say this. If, as the distinguished majority leader assured me on the floor yesterday, it is the intention of the Appropriations Committee to report out these Senate amendments within a reasonable time, and in the exact form in which they received them, I have no great objection to that committee doing so. In that case, however, I am wholly unable to see any reason for the reference of the amendments to the Appropriations Committee. If that committee is simply going to hold the amendments for 3 or 4 days and then send them into the House without any change, for what purpose was the reference to that committee?

The astute, capable, and intelligent leaders of the majority, who, by the way, are opposed to these amendments, do not do meaningless or futile things. If the Appropriations Committee report the amendments out unchanged, within a reasonable time, and allow the House a direct vote upon each one of them separately, my opinion is that it will not be because the majority leaders want them to—otherwise, they never would have had them referred to that committee—but it will be because the pressure of sentiment both within this body and without it, forces them to do so.

That such sentiment exists and exists strongly, I think there can be no possible doubt. Therefore, whatever the reason may have been for referring the amendments to the committee, we are willing to wait a reasonable time, and no more, for those amendments to come out. If they do not, then by the motions for discharge which I have filed, we intend to force consideration of both the American Legion

four-point bill and the Spanish War veterans' bill, notwithstanding the wishes either of the majority leaders or the committee.

EXTENSION OF REMARKS

Mr. DOBBINS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to append thereto a transcript of a radio address on the occasion of the President's birthday, by Mr. Edwin C. Hill.

Mr. RICH. Reserving the right to object.

Mr. TABER. Reserving the right to object.

Mr. RICH. I should like to know what the radio address is.

Mr. DOBBINS. It was a nonpolitical address by Edwin C. Hill, on the night of the President's birthday, on a commercial program, and it has a historical value, as it contained a very vivid newspaper account of the inaugural exercises a year ago tomorrow.

Mr. RICH. Mr. Speaker, I object.

CIVIL WORKS ADMINISTRATION

Mr. SWICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SWICK. Mr. Speaker, since the order to curtail the rolls of the Civil Works Administration was ordered by the administration 2 weeks ago, my office has been deluged with letters coming from men in my district who find themselves overcome with fear of want and hunger for their families.

For the first time in these years of trial I am receiving letters containing words of doubt—fear for the future of America. Men look with awe on the trend of government. I quote a paragraph from a letter written by a foreman on a C.W.A. project in my home county of Beaver, Pa.:

> For God's sake don't let us have a Germany, a France, or an Austria here. Put these men to work again, give them 30 hours a week and the same wages they were getting, or God help our country!

Western Pennsylvania is experiencing the most severe winter it has known in the memory of most of its citizens; inclement weather has caused the cessation of C.W.A. projects for days at a time, for instance, men employed on a sewer project in Pulaski Township, Beaver County, received in wages for the week ending February 24, 1934, the sum of $2.50, according to the foreman whose letter I have quoted in part.

At the time the C.W.A. was inaugurated, it was the announced purpose of the administration to carry it on until the P.W.A. and industry could assimilate the workers into their operations, certainly no person is optimistic enough to believe that can or will be done at this time.

The only conclusion that can be reached is the administration does not believe that which it has attempted to make the people believe that the recovery program of the President is successful or that it is producing the results intended.

We have almost completed 12 months under the new deal; the much-heralded annual review to be issued by the Democratic Party has been postponed.

President Roosevelt, in his inaugural address, used the following words, which, in my opinion, may well be repeated at this time:

> This is preeminently the time to speak the truth, the whole truth, frankly and boldly. Nor need we shrink from honestly facing conditions in our country today. This great Nation will endure as it has endured, will revive and will prosper. So first of all let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance.

My friends, barrages of propaganda, composed of exaggerated reports of employment, charges of corruption against men in high places, and a general smearing of America before the new deal, succeeded for many months to draw the attention of our people from that which menaced them near at hand and focus their eyes on the mirage of the "brain trust."

A few days ago the people of Germany took an oath of fealty and allegiance to Hitler. They have been carried away on a storm of fanatical propaganda until they have submerged every right and become mere pawns for an ambitious politician.

During the past 12 months charges of treason have been hurled at men and women who dared to lift their voices in protest against the practices of the new deal. The legislative branch of the Government ceases to function through the deliberations of duly elected representatives of the people. Legislation is drafted and originated at the other end of Pennsylvania Avenue by men who are long on theory and short on experience. The will of the people as expressed to their Members of Congress is subject to the decree of the executive council, issued through the majority leaders at the Capitol.

Let me quote further from that inaugural address of a year ago:

> And it is to be hoped that the normal balance of executive and legislative authority may be wholly equal, wholly adequate to meet the unprecedented task before us. But it may be that an unprecedented demand and need for undelayed action may call for a temporary departure from that normal balance of public procedure.
>
> I am prepared, under my constitutional duty, to recommend the measures that a stricken nation in the midst of a stricken world may require. These measures or such other measures as the Congress may build out of its experience and wisdom I shall seek, within my constitutional authority, to bring to speedy adoption.
>
> But in the event that Congress shall fail to take one of these two courses, in the event that the national emergency is still critical, I shall not evade the clear course of duty that will then confront me. I shall ask the Congress for the one remaining instrument to meet the crisis—broad executive power to wage a war against the emergency, as great as the power that would be given to me if we were, in fact, invaded by a foreign foe.

Congress has complied with every request made by the Chief Executive; many Members, Republicans and Democrats alike, who have spent years in legislative service, have submerged their own views in the hope that the new deal would succeed. It is admitted now that many of the policies have not worked out and new ones are to be substituted for them; we shall continue to experiment with human lives. In view of this, if the President carries out his plan as stated in his address which I have just quoted, the next step will be to adjourn Congress by placing all authority—legislative and executive, in the hands of the President.

The Government has by its own spokesmen given the millions of unemployed men and women reason to believe they may rightfully expect employment, if from no other source, from the Government itself. Yet the administration admits this is not possible by its avowed intention of stopping the C.W.A., which has furnished temporary employment for about 4,000,000 people, or about one third of those out of employment.

What substitute is proposed for the C.W.A.? The most recent plan is known as the "three-point plan", involving Federal aid through local relief agencies and the transplanting of from 300,000 to 500,000 families from their present localities to other areas, where they will be placed on subsistence farms, and where it is hoped they can eke out an existence by part-time employment in industry. It reminds me a great deal of the fate of the Arcadians. But that would be looking backward.

Mr. Speaker, I call upon the Members of this House to assume the responsibilities of their office; we have listened to a one-man band long enough, so long, in fact, that we are in danger of being lulled to sleep by the monotonous rhythm, and awaken to find the Government which we have sworn to defend, and the Constitution we have sworn to uphold, a matter of history, while our country joins with the many others who have reverted to the ancient form of government now known as "dictatorship."

I do not believe any human being is equal to the task of restoring prosperity in this country by the application of theories which are admitted to be experiments.

I do believe, however, that the American people have the courage to face the facts if they are placed before them in an honest, straightforward manner. They will call upon

their own mental and physical resources, just as their forefathers did in former years, and with the help of Almighty God, go forward, proud Americans, conscious of their duties as citizens, determined to be master of their own lives.

I am willing to vote any amount of money the Nation's credit will stand for relief purposes, but I object to the creation of a great paternalistic government, which will stamp out of our lives those forces which have made America great—initiative, self-reliance, and independence.

I respect the President of the United States; I am confident he is doing his best to make conditions better; I also respect the wisdom of the American people; the brains of this Nation are not concentrated within the craniums of a few men. The voice of experience should be heeded. Let us preserve America for those who subscribe to American principles at all cost.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. REID of Illinois, indefinitely, on account of important business.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 9 minutes p.m.) the House adjourned until Monday, March 5, 1934, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. H.R. 6175. A bill to amend an act entitled "An act to amend sections 3 and 4 of an act of Congress entitled 'An act for the protection and regulation of the fisheries of Alaska', approved June 26, 1906, as amended by the act of Congress approved June 6, 1924, and for other purposes"; with amendment (Rept. No. 866). Referred to the House Calendar.

Mr. JONES: Committee on Agriculture. H.R. 8402. A bill to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes; with amendment (Rept. No. 867). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 8378) granting a pension to Clara J. Masterson, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOEPPEL: A bill (H.R. 8458) to amend section 6 of Public, No. 2, Seventy-third Congress, to provide hospital treatment and domiciliary care to retired personnel of the armed services without additional expense to the Government; to the Committee on Expenditures in the Executive Departments.

By Mr. SWICK: A bill (H.R. 8459) for the improvement of the Beaver and Mahoning Rivers located in Pennsylvania and Ohio; to the Committee on Rivers and Harbors.

By Mr. WOOD of Georgia: A bill (H.R. 8460) to amend section 392 of title 5 of the United States Code; to the Committee on the Post Office and Post Roads.

By Mr. BUCK: A bill (H.R. 8461) authorizing the adjustment of existing contracts for the sale of timber on the national forests, and for other purposes; to the Committee on Agriculture.

By Mr. RUFFIN: A bill (H.R. 8462) granting an easement over certain lands to the Springfield Special Road District in the county of Greene, State of Missouri, for road purposes; to the Committee on the Judiciary.

By Mr. COLDEN: Resolution (H.Res. 290) requesting the Secretary of the Interior to furnish to the House of Representatives a comprehensive plan for the improvement and development of the rivers and water resources of the States of California, Arizona, and Nevada, and, furthermore, to include authority for the establishment of subsistence homesteads and the encouragement of home owning; to the Committee on Flood Control.

By Mr. WELCH: Joint resolution (H.J.Res. 289) authorizing establishment of bulk and pierhead lines in San Francisco Bay from a point near Point Avisadero (Hunters Point), San Francisco County, to Ravenswood Point, San Mateo County; to the Committee on Rivers and Harbors.

By Mr. BUCHANAN: Joint resolution (H.J.Res. 290) to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934; to the Committee on Appropriations.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the State of Massachusetts, memorializing Congress to increase immigration quotas so as to enable persecuted Jewish people in Germany to enter the United States; to the Committee on Immigration and Naturalization.

Also, memorial of the State of Michigan, regarding discrimination against sales at retail; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARDEN of Kentucky: A bill (H.R. 8463) granting a pension to Isaphaine Hufft; to the Committee on Invalid Pensions.

By Mr. MARTIN of Massachusetts: A bill (H.R. 8464) authorizing the Secretary of the Navy to award a Distinguished Service Cross to John Moran; to the Committee on Naval Affairs.

By Mr. MEAD: A bill (H.R. 8465) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claim of Squaw Island Freight Terminal Co., Inc., of Buffalo, N.Y., against the United States in respect of loss of property occasioned by the breaking of a Government dike on Squaw Island; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 8466) for the relief of Lt. Col. Harry W. Stephenson, United States Army, retired; to the Committee on War Claims.

By Mr. RUFFIN: A bill (H.R. 8467) for the relief of A. P. Beazley; to the Committee on Claims.

By Mr. SCHAEFER: A bill (H.R. 8468) for the relief of Sarah Shelton; to the Committee on Claims.

By Mr. SINCLAIR: A bill (H.R. 8469) for the relief of H. M. Pippin; to the Committee on Claims.

By Mr. WOOD of Georgia: A bill (H.R. 8470) for the relief of Eddie B. Black; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2716. By Mr. AYERS of Montana: Petition of L. R. Bateman, of Great Falls, and sundry other citizens of Great Falls, Brady, and Missoula, Mont., praying for repeal or modification of the fourth section of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

2717. By Mr. CARTER of California: Petition of William H. Becker, Elmar R. Beverley, H. G. Preston, and 47 others, residents of Alameda County, Calif., urging restoration of

benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2718. Also, petition of Evelyn Silva, Mary E. Peters, Jewel R. Colbert, and 47 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2719. Also, petition of Harvey Forrester, Effie L. Wickham, Henry S. Thayer, and 19 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2720. Also, petition of L. M. Hudson, S. W. Alexander, George Jenkins, and 45 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2721. Also, petition of L. R. Sapp, Edward Love, R. C. Williams, and 45 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2722. Also, petition of W. P. Hodgkins, J. H. Morgan, and seven others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2723. By Mr. FULLER: Petition of the veterans of the Seventeen Hundred and Eightieth Company of the Veterans' Civilian Conservation Camp at Mount Nebo, Ark., praying for the payment of the soldiers' bonus; to the Committee on Appropriations.

2724. By Mr. HILDEBRANDT: Resolution of the Fortnightly Club, of Mitchell, S.Dak., urging support of House bill 6097, for supervision of motion pictures, known as the "Patman bill"; to the Committee on Interstate and Foreign Commerce.

2725. By Mr. KENNEY: Memorial of the borough of Cresskill, Bergen County, N.J., endorsing House bill 7316, introduced in the House of Representatives by Mr. KENNEY for the authorization of a national lottery to be conducted under the auspices of the United States; to the Committee on Ways and Means.

2726. By Mr. LINDSAY: Petition of the Chamber of Commerce of the State of New York, New York City, opposing numerous provisions in the National Securities Exchange Act, S. 2693; to the Committee on Banking and Currency.

2727. Also, petition of American Ice Co., Jersey City, N.J., protesting against certain provisions of the National Securities Exchange Act of 1934; to the Committee on Banking and Currency.

2728. Also, petition of American Federation of Labor, Washington, D.C., favoring the passage of House bill 3842; to the Committee on Immigration and Naturalization.

2729. By Mr. LUDLOW: Petitions of citizens of Indianapolis, Ind., requesting early hearings and favorable action on the Patman motion picture bill, H.R. 6097; to the Committee on Interstate and Foreign Commerce.

2730. By Mr. MEAD: Petition of the American Legion, Buffalo, N.Y.; to the Committee on World War Veterans' Legislation.

2731. Also, petition of the Sons of the American Revolution, Buffalo, N.Y., urging favorable action on House bill 683; to the Committee on Ways and Means.

2732. Also, petition of the Erie County Board of Supervisors, New York State; to the Committee on Naval Affairs.

2733. Also, petition of O.P. and C.F.I.A., Local No. 9, Buffalo, N.Y., urging adoption of House bills 7202 and 7050; to the Committee on Labor.

2734. Also, petition of the Buffalo Aeronautical Workers Union, Buffalo, N.Y., urging favorable action on bill for insurance for unemployed, and passage of 30-hour week bill; to the Committee on Labor.

2735. By Mrs. ROGERS of Massachusetts: Petition of the General Court of Massachusetts, memorializing the President and the Congress of the United States relative to increasing immigration quotas so as to enable persecuted Jewish people in Germany to enter the United States; to the Committee on Immigration and Naturalization.

2736. By Mr. RUDD: Petition of Sidney Blumenthal & Co., Inc., New York City, concerning certain provisions of the National Securities Exchange Act of 1934; to the Committee on Banking and Currency.

2737. Also, petition of American Ice Co., Jersey City, N.J., protesting against certain provisions of the National Securities Exchange Act of 1934; to the Committee on Banking and Currency.

2738. Also, petition of Chamber of Commerce of the State of New York, New York City, opposing numerous provisions in the National Securities Exchange Act, S. 2693; to the Committee on Banking and Currency.

2739. Also, petition of the Old Glory Council of the American Association for the Recognition of the Irish Republic, Brooklyn, N.Y., protesting against the scuttling and destruction of the American Merchant Marine perpetrated by the British; to the Committee on Merchant Marine, Radio, and Fisheries.

2740. Also, petition of Camp Dewey, No. 41, United Spanish War Veterans, Kenosha, Wis., favoring House bill 7135; to the Committee on Pensions.

2741. Also, petition of the American Federation of Labor, Washington, D.C., favoring the passage of House bill 3842 for the deportation of certain alien seamen; to the Committee on Immigration and Naturalization.

2742. By Mr. SWICK: Petition of the Ministerial Association of Lawrence County, Pa., urging the enactment of House bill 6097 providing higher moral standards for motion-picture films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2743. By Mr. THOMASON: Petition of El Paso County, Tex., urging adoption of amendment to independent offices appropriation bill in behalf Spanish-American veterans and widows; to the Committee on Appropriations.

2744. By the SPEAKER: Petition of the borough of Cresskill, Bergen County, N.J., regarding the conduction of a national lottery; to the Committee on Ways and Means.

2745. Also, petition of Charles Forney; to the Committee on Interstate and Foreign Commerce.

2746. Also, petition of the Young Women's Christian Association of Indianapolis, Ind.; to the Committee on the Judiciary.

2747. Also, petition of Building Owners and Managers Association of Dayton, Ohio; to the Committee on Interstate and Foreign Commerce.

SENATE

MONDAY, MARCH 5, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 406. An act for the relief of Warren J. Clear;

S. 750. An act for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr.;

S. 1069. An act authorizing adjustment of the claim of the Chicago, North Shore & Milwaukee Railroad Co.;

S. 1074. An act authorizing adjustment of the claims of John T. Lennon and George T. Flora;

S. 1087. An act authorizing adjustment of the claim of William T. Stiles;

S. 1115. An act to authorize the Department of Agriculture to issue a duplicate check in favor of Department of Forests and Waters, Commonwealth of Pennsylvania, the original check having been lost;

S. 1347. An act for the relief of Little Rock College, Little Rock, Ark.;

S. 1724. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.;

S. 2201. An act for the relief of the Neill Grocery Co.; and

S. 2766. An act to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes.

The message also announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 2. An act for the relief of C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith;

S. 551. An act for the relief of A. W. Holland;

S. 1496. An act for the relief of Nannie Swearingen; and

S. 1782. An act for the relief of the B. & O. Manufacturing Co.

The message further announced that the House had passed the following bills of the Senate, severally with amendments, in which it requested the concurrence of the Senate:

S. 407. An act for the relief of Willie B. Cleverly;

S. 751. An act authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer;

S. 1083. An act authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C.; and

S. 1426. An act for the relief of the estate of Benjamin Braznell.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 191. An act for the relief of William K. Lovett;

H.R. 207. An act for the relief of Homer C. Chapin;

H.R. 211. An act for the relief of John A. Rapelye;

H.R. 469. An act for the relief of Lucy Murphy;

H.R. 472. An act for the relief of Phyllis Pratt and Harold Louis Pratt, a minor;

H.R. 473. An act for the relief of Irene Brand Alper;

H.R. 526. An act for the relief of Arthur K. Finney;

H.R. 881. An act for the relief of Primo Tiburzio;

H.R. 987. An act for the relief of Sard S. Reed;

H.R. 1127. An act for the relief of O. H. Chrisp;

H.R. 1133. An act for the relief of Silas B. Lawrence;

H.R. 1254. An act for the relief of H. Forsell;

H.R. 1301. An act for the relief of M. Aileen Offerman;

H.R. 1398. An act for the relief of Lewis E. Green;

H.R. 1405. An act for the relief of the Yosemite Lumber Co.;

H.R. 2342. An act for the relief of Mrs. Lota Tidwell;

H.R. 2419. An act for the relief of W. B. Ford;

H.R. 2512. An act for the relief of John Moore;

H.R. 2639. An act for the relief of Charles J. Eisenhauer;

H.R. 2672. An act for the relief of John B. Russell;

H.R. 2818. An act for the relief of Katherine G. Taylor;

H.R. 2990. An act for the relief of George G. Slonaker;

H.R. 3044. An act for the relief of Charles Beretta, Isidore J. Proulx, and John J. West;

H.R. 3296. An act for the relief of Carl F. Castleberry;

H.R. 3318. An act to reimburse Earl V. Larkin for injuries sustained by the accidental discharge of a pistol in the hands of a soldier in the United States Army;

H.R. 4013. An act to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat., p. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926;

H.R. 4056. An act for the relief of Emma F. Taber;

H.R. 7229. An act for the relief of the estate of Victor L. Berger, deceased;

H.R. 8134. An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes; and

H.J.Res. 61. Joint resolution granting compensation to George Charles Walther.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Johnson	Reed
Ashurst	Cutting	Kean	Reynolds
Austin	Davis	Keyes	Robinson, Ark.
Bachman	Dickinson	King	Robinson, Ind.
Bailey	Dieterich	La Follette	Russell
Bankhead	Dill	Lewis	Schall
Barbour	Duffy	Logan	Sheppard
Barkley	Erickson	Lonergan	Shipstead
Black	Fess	Long	Steiwer
Bone	Fletcher	McAdoo	Stephens
Borah	Frazier	McCarran	Thomas, Okla.
Brown	George	McGill	Thomas, Utah
Bulkley	Gibson	McKellar	Thompson
Bulow	Glass	McNary	Townsend
Byrd	Goldsborough	Murphy	Trammell
Byrnes	Gore	Neely	Tydings
Capper	Hale	Norris	Vandenberg
Caraway	Harrison	Nye	Van Nuys
Carey	Hastings	O'Mahoney	Wagner
Clark	Hatch	Overton	Walcott
Connally	Hatfield	Patterson	Walsh
Coolidge	Hayden	Pittman	Wheeler
Costigan	Hebert	Pope	White

Mr. LEWIS. Mr. President, permit me to announce the absence of the Senator from New York [Mr. COPELAND], who is necessarily detained from the Senate.

Permit me also to announce that the senior Senator from South Carolina [Mr. SMITH] is detained by reason of a death in his family.

Mr. HEBERT. I wish to announce that my colleague the senior Senator from Rhode Island [Mr. METCALF] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent from the Senate.

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

A. W. HOLLAND

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 551) for the relief of A. W. Holland.

Mr. THOMAS of Oklahoma. I move that the Senate disagree to the House amendment, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. BAILEY, Mr. TRAMMELL, and Mr. CAPPER conferees on the part of the Senate.

UNCLAIMED DEPOSITS IN NATIONAL BANKS—RECONSIDERATION

Mr. REED. Mr. President, on Wednesday last, during my absence, the Senate passed, without discussion, on the call of the calendar Senate bill 2359, which, in effect, provides for the Federal escheat of unclaimed deposits in national banks. There was no word of discussion about it; there were apparently few Senators present. It is a bill of very far-reaching consequences that involves the right of the Federal Government to escheat to itself property of citizens of the several States, a right which seems to me to be very doubtful under the Constitution and one which belongs to the separate States themselves.

I now enter a motion to reconsider the votes whereby the bill was ordered to be engrossed for a third reading and passed, and move that the House be requested to return the bill to the Senate.

The motion was agreed to.

ESTATE OF BENJAMIN BRAZNELL

Mr. REED. Mr. President, I ask that the Chair lay before the Senate the amendments of the House of Representatives to Senate bill 1426.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1426)

for the relief of the estate of Benjamin Braznell, which were as follows:

On page 1, line 7, after the sum "$2,323.47," to insert "in full settlement of all claims against the Government of the United States"; and, on page 1, line 8, after the word "decisions", to insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. REED. I move that the Senate concur in the amendments of the House of Representatives.

The motion was agreed to.

B. & O. MANUFACTURING CO.

Mr. GOLDSBOROUGH. I ask the Chair to lay before the Senate the amendment of the House of Representatives to Senate bill 1782.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1782) for the relief of the B. & O. Manufacturing Co., which was, on page 1, line 12, after the word "claim", to insert:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. GOLDSBOROUGH. I move that the Senate concur in the House amendment.

The motion was agreed to.

FARMERS' GRAIN CO. OF OMAHA, NEBR.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 751) authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer, which were, on page 1, line 6, after the name "Nebraska", to insert "in full settlement of all claims against the Government of the United States"; and on page 1, line 9, after the word "Treasury", to insert:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. NORRIS. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

NANNIE SWEARINGEN

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1496) for the relief of Nannie Swearingen, which was, on page 1, line 10, after the date "1926", to insert:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. LEWIS. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

C. M. WILLIAMSON AND OTHERS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2) for the relief of C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith, which was, on page 1, line 14, after the word "plant", to insert:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. POPE. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the General Court of Massachusetts, favoring the passage of legislation increasing the existing immigration quotas for the purpose of enabling persecuted Jewish people in Germany to enter the United States, which were referred to the Committee on Immigration.

(See resolutions printed in full when presented today by Mr. WALSH.)

The VICE PRESIDENT also laid before the Senate a paper in the nature of a petition from Charles Forney, of Norfolk, Va., relative to amendment of the Securities Act, which was referred to the Committee on Banking and Currency.

He also laid before the Senate papers in the nature of a petition of several citizens of Iowa and Pennsylvania, praying for the restoration of silver to be used as money along with gold, and the adequate issuance of new currency, which were referred to the Committee on Banking and Currency.

He also laid before the Senate resolutions adopted at a public meeting of citizens of Lafayette Parish, La., favoring the prompt passage of legislation to provide work for all the unemployed until private industry can relieve the situation, and protesting against any diminution of relief activities of the Government, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the council of the city of Dearborn, Mich., favoring immediate payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

He also laid before the Senate papers in the nature of petitions from several citizens of the States of Louisiana and North Carolina, praying for the immediate cash payment of the so-called "soldiers' bonus", which were referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by the mayor and council of the borough of Cresskill, N.J., favoring the passage of the so-called "Kenney bill", being House bill 7316, providing for a national lottery, so as to ease tax burdens, which were referred to the Committee on Finance.

He also laid before the Senate a telegram from the secretaries of the Export Managers' Club and the Foreign Credits Division of the Chicago Association of Credit Men, of Chicago, Ill., favoring, on behalf of the executive committees of those organizations, the passage of legislation granting the President power to negotiate reciprocal trade agreements

with foreign nations, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by La Fayette Lodge, No. 143, B.P.O.E., of La Fayette, Ind., favoring the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a petition signed by approximately 4,000 citizens of the State of Illinois, praying for the passage of House bill 7483, to provide a minimum wage for substitutes in the Postal Service, which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a letter from Henry Saum, of Canajoharie, N.Y., relative to the operations of the N.R.A., which, with the accompanying newspaper clipping, was ordered to lie on the table.

He also laid before the Senate a telegram from Mrs. Arthur Brin, president of the National Council of Jewish Women, New York, N.Y., favoring, on behalf of her organization, the adoption of amendments to the pending naval construction bill controlling profits and calling for 50-percent construction in the Government yards, which was ordered to lie on the table.

Mr. GEORGE presented a resolution adopted by the Woman's Missionary Society of the First Methodist Church of Rome, Ga., favoring the maintenance of peace, which was referred to the Committee on Military Affairs.

Mr. STEPHENS presented a concurrent resolution of the Legislature of the State of Mississippi, which was ordered to lie on the table, as follows:

Concurrent resolution memorializing the Congress of the United States to enact suitable legislation so as to provide for the continuation of crop-production loans to farmers unable to secure production-credit facilities elsewhere

Whereas the break-down of credit facilities incident to the depression resulted in the paralysis of customary avenues of agricultural production credit, to the very grave detriment of all engaged in agriculture; and

Whereas in this emergency the Federal Government of the United States came to the rescue of farmers by making available, through the United States Department of Agriculture, sufficient production finances to enable farmers not in position to obtain credit elsewhere to carry on the business of agriculture; and

Whereas during the year 1932, out of a total sum of $75,000,000 made available to the Secretary of Agriculture for crop-production loans, the sum of $64,203,773 was loaned to 507,643 borrowers in the United States; and

Whereas the total sum of $3,890,262 was loaned from the crop-production fund to 40,066 farmers in Mississippi; and

Whereas, notwithstanding the emergency nature of the crop-production loan, and notwithstanding, further, the fact that such loans were made available only to farmers not able to secure finances elsewhere, approximately 94 percent of the money made available to the farmers in Mississippi in 1932 has been repaid, and indications point a record of repayment as high for 1932; and

Whereas, because of continued financial distress and the prevalence of overburdening farm indebtedness, many farmers in Mississippi will be unable to offer suitable security for the borrowing of crop-production finances upon ordinary business terms, whether through production credit associations now being organized under the Farm Credit Administration or through private banks, to such a prevailing extent that the withdrawal of facilities made available through the operation of the crop-production loan would be extremely detrimental to Mississippi agriculture: Now, therefore, be it

Resolved by the house of representatives (the senate concurring therein), That the Congress of the United States be memorialized to enact suitable legislation so as to provide for the continuation of agricultural production credit facilities such as were available during 1932 and 1933 through the production credit loans.

Resolved further, That copies of this resolution be delivered to Hon. Franklin D. Roosevelt, President of the United States; Hon. Henry A. Wallace, Secretary of Agriculture; and the United States Senators and Congressmen representing the State of Mississippi in Congress.

Adopted by the house of representatives February 5, 1934.

THOS. L. BAILEY,
Speaker of the House of Representatives.

Adopted by the senate February 19, 1934.

DENNIS MURPHREE,
President of the Senate.

Mr. STEPHENS also presented a resolution of the House of Representatives of the State of Mississippi, which was referred to the Committee on Foreign Relations, as follows:

Resolution of the House of Representatives of the State of Mississippi addressed to Hon. Franklin D. Roosevelt, President of the United States, declaratory of a sound foreign policy for the American Government to follow in all its dealings with other nations

Whereas the wisdom of our forefathers who founded this Government, and their virtues which enabled them to abide by their teachings is the most precious heritage of the American people; and

Whereas as long as we were obedient to their philosophy of government, our prestige and influence increased among the nations of the world until they vied one with another for our friendship and good understanding; and

Whereas their doctrine of friendship for all nations but entangling alliances with none was no other than the Golden Rule of "doing unto others as you would that others should do unto you"; and

Whereas our Herculean efforts in the World War and the generous and lofty policies pursued by us in adjusting all matters growing out of said war have only resulted in misunderstanding and bitterness, going to the extent that we are no longer known as the United States, but we are stigmatized throughout the world by the nations that owe us as "Uncle Shylock"; and

Whereas recent investigations have shown us beyond the peradventure of a doubt that the international banker is the real Shylock in the case, and the siren whose dulcet song has lured us from the faith of our fathers and embroiled us in all of our international controversies; and

Whereas the President of the United States has, with commendable courage, with true vision and loyalty to the principles of our forefathers, declined to permit the late unlamented World Economic Conference to fix the value of the American dollar and to dictate America's foreign policy; and

Whereas we commend in unmeasured terms the true Americanism of our President in regard to the acts and powers of said conference; and

Whereas the President has shown a determination to repudiate the international banker and return our country to its true policy of friendship for all nations but entangling alliances with none; and

Whereas we deem it the duty of those who believe in this ancient American doctrine to commend and uphold the hands of the President in his struggle with the international banker and his foreign allies in a determination of America's foreign policy:

Now, therefore, in order that the President might know that his policies are echoed in the hearts of the people, and that they are deeply anxious that a sound foreign policy be formulated, it is hereby resolved by the House of Representatives of the State of Mississippi that the following resolution is declaratory of what we believe to be a sound foreign policy for the American Government to pursue, to wit:

First. That the policy of friendship for all nations but entangling alliances with none is the true, traditional, and sound policy for America to follow in all its dealings with other nations.

Second. That the form of government or its territorial extent, the methods by which it was set up, or its territory acquired, are questions to be settled by the nations involved and not by us.

Third. That it is not the province or purpose of this Government to regenerate the world. We believe that each nation should be free to work out its own destiny. Official intermeddling in the affairs of other nations, or a "holier-than-thou" attitude toward them, is not only impolitic but is wrong in principle, and in the present state of world tension is absolutely perilous. No word or act or deed of ours should be permitted to impugn our sincerity in this respect.

Fourth. That commercial treaties should be negotiated only through the usual diplomatic channels and never in conference such as the late lamented World Economic Conference.

Fifth. That the President should, subject to the approval of Congress, negotiate a final settlement of the war debts owing us by foreign nations. These debts are a cancerous legacy of our efforts to compose a war-torn world. It is manifest now and has been for many years that Europe never intended to pay these debts. The ink on the peace treaty was scarcely dry before the international banker began to put out his propaganda to cancel the war debts in order that he might collect his own. They are a grievous, unjust, and almost overwhelming burden on the American taxpayer. If it teaches us to keep our money at home and steer clear of the international banker in foreign affairs, it may prove like many another sore burden—a blessing in disguise. In any event, this festering sore should be removed from our international relations, yet ever remembered for the lesson it teaches. We should get out of Europe before the next war starts. Provided, however, that nothing herein contained shall be construed as favoring the cancellation of such debts.

Sixth. The President should accept money, favorable trade treaties, and other things of value except land in settlement of our war debts.

Seventh. We should at once redeem the Democratic pledge by freeing the Philippine Islands without restraint, reserving only suitable coaling stations to service our foreign commerce in times of peace and war.

Such an act would disarm suspicion and enable us to make favorable trade treaties with all the nations of the Pacific and Asiatic waters.

Adopted by the house of representatives February 26, 1934.

THOS. L. BAILEY,
Speaker of the House of Representatives.

Mr. WALSH presented a resolution adopted by the Boston (Mass.) Chapter of the Reserve Officers' Association, favoring the making of appropriations providing an Officers' Reserve Corps of 120,000 officers, with annual 14-day active duty with not less than 30,000 Reserve officers; a Regular Army of not less than 14,000 officers and 165,000 enlisted men; a National Guard of 210,000 officers and enlisted men, with 2 weeks' annual field training and 48 armory drills; for the training of 50,000 boys annually in the citizens' military training camps, and the maintenance of the Reserve Officers' Training Corps with 42-day camps, which was referred to the Committee on Military Affairs.

PERSECUTION OF THE JEWS IN GERMANY—IMMIGRATION QUOTAS

Mr. WALSH. Mr. President, I present and ask that there be printed in full in the RECORD resolutions from the Massachusetts General Court memorializing the President and the Congress relative to increasing immigration quotas, so as to enable persecuted Jewish people in Germany to enter the United States.

The resolutions were referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

Resolutions memorializing the President and the Congress of the United States relative to increasing immigration quotas so as to enable persecuted Jewish people in Germany to enter the United States

Resolved, That the General Court of Massachusetts respectfully represents to the President and the Congress of the United States of America the necessity of increasing the existing immigration quotas for the purpose of enabling persecuted Jewish people in Germany to enter the United States; and be it further

Resolved, That copies of these resolutions be forwarded forthwith by the secretary of the Commonwealth to the President of the United States, the presiding officers of both branches of Congress, and to the Members of Congress from Massachusetts.

In house of representatives, adopted February 20, 1934.

In senate, adopted, in concurrence, February 26, 1934.

A true copy.

Attest:

[SEAL]

F. W. COOK,
Secretary of the Commonwealth.

Mr. WALSH. Mr. President, I have also received a large number of petitions and resolutions that I wish to have referred to the Committee on Foreign Relations, which is now considering Senate Resolution 154, submitted by the junior Senator from Maryland [Mr. TYDINGS], entitled "opposing alleged discriminations against Jews in Germany." The list of organizations includes the American Jewish Congress, the Boston city council, and the National Council of Jewish Women, all of Boston; the Brotherhood Temple Ohabei Shalom, of Brookline; the Tifereth Jacob Association, of Dorchester; the Hebrew Beneficial Association, the Jewish National Workers Alliance, and the Sons of Israel Sick Benefit, all of Fall River; Y. M. & Y. W. H. A., of Fitchburg; the Haverhill Lodge B'nai B'rith, of Haverhill; the Lowell Hebrew Community Center and Temple Beth El, and B'nai B'rith Lodge, both of Lowell; Branch 904, Workmen's Circle, of Malden; the National Council of Jewish Women, of New Bedford; Congregation Mishkan Tefila, of Roxbury; the Brotherhood of Temple B'nai B'rith, of Somerville; Touro Lodge No. 814, B'nai B'rith, of Taunton; and Worcester Lodge B'nai B'rith, of Worcester, all in the State of Massachusetts.

I hope that the committee may be able to report this resolution favorably to the Senate in the very near future.

The VICE PRESIDENT. The petitions and resolutions presented by the Senator from Massachusetts will be received and referred to the Committee on Foreign Relations.

THE VIRGIN ISLANDS

Mr. KING presented a letter from Casper Holstein, president of the Virgin Islands Congressional Council, which was referred to the Committee on Territories and Insular Affairs and ordered to be printed in the RECORD, as follows:

NEW YORK, N.Y., *February 7, 1934.*

Senator WILLIAM H. KING.

SIR: The purpose of this communication is to bring to your attention certain salient facts concerning the Virgin Islands of the United States which are of special import at this time.

As president of the Virgin Islands Congressional Council of New York, an organization of Virgin Islanders resident on the mainland, I have followed the conditions in the islands closely for the entire period of American sovereignty, now a matter of nearly 17 years. During that period this organization has worked for two major objectives—citizenship and a civil form of government for the islands—both of which have been achieved.

An altruistic Congress has appropriated money unstintingly for the rehabilitation of the Virgin Islands, but due to the peculiar set-up of the local machinery the results have been in no way commensurate with the sums expended. The following steps, if taken by Congress, would go far, we feel, in correcting the anomalous situation which prevails:

(1) We recommend the creation of an overseas bureau, under which all the insular possessions could be placed. This would have the advantage of centralizing control over them and improving administrative efficiency.

(2) We recommend the creation of the office of resident commissioner for the Virgin Islands to protect their needs and defend their interests in Washington. Unlike Puerto Rico or the Philippines, both of which are adequately represented in Washington, the Virgin Islands are without a spokesman elected by the people to represent them in Washington.

In view of the large allotments now made for the government of the Virgin Islands the salary of the commissioner may be paid out of the customary appropriations, thereby constituting no additional burden on the Federal Treasury.

Under the present arrangements only government officials furnish information to Washington on island conditions. These officials necessarily color their reports, since their personal welfare is often at stake. They must, perforce, give a good account of their stewardship. Only on such occasions as there are hearings before the committees of Congress or the Senate does disinterested testimony by Virgin Islanders and others not officially a part of the island administration get before official Washington.

Recently there was conducted in the Virgin Islands an unofficial plebiscite which revealed the peoples' disfavor of the present island administration under the leadership of Gov. Paul M. Pearson. The vote was 8,000 for his removal and 165 for his retention. A large percentage of this number was actual registered voters, but 10 times their number were from among the people directly affected by the local administration.

By virtue of this popular demonstration in the Virgin Islands against the retention of Gov. Paul M. Pearson, this letter is addressed to you as a member of the Committee on Insular Affairs to inform you that it is the desire of Virgin Islanders in New York also, 8,000 voters, that Gov. Paul M. Pearson be removed from the Virgin Islands.

If necessary, this organization is prepared to obtain the signatures of thousands of Virgin Islanders here, in addition to the voters above mentioned, to a petition urging that action be taken in this connection.

It is hoped that you will give this matter your immediate attention and support in your committee.

Very truly yours,

CASPER HOLSTEIN,
President Virgin Islands Congressional Council.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 1461) for the relief of the Fidelity Trust Co., of Baltimore, Md., reported it with amendments and submitted a report (No. 397) thereon.

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 2153) for the relief of Pinkie Osborne, reported it with an amendment and submitted a report (No. 398) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 1413. An act for the relief of Leonard L. Dilger (Rept. No. 399);

H.R. 2670. An act for the relief of James Wallace (Rept. No. 400); and

H.R. 3997. An act for the relief of Erney S. Blazer (Rept. No. 401).

Mr. SHEPPARD, also from the Committee on Military Affairs, to which was referred the bill (H.R. 3985) for the relief of Charles T. Moll, reported it with amendments and submitted a report (No. 402) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, reported it with an amendment and submitted a report (No. 403) thereon.

Mr. ASHURST, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2379) to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona, reported it without amendment and submitted a report (No. 404) thereon.

Mr. KING, from the Committee on the Judiciary, to which was referred the bill (S. 2460) to limit the operation of statutes of limitations in certain cases, reported it with an amendment and submitted a report (No. 405) thereon.

Mr. STEPHENS, from the Committee on the Judiciary, to which was referred the bill (S. 822) to amend the act entitled "An act to amend section 217, as amended, of the act entitled 'An act to codify, revise, and amend the penal laws of the United States', approved March 4, 1909", approved January 11, 1929, with respect to the use of the mails for the shipment of certain drugs and medicines to cosmetologists and barbers, reported it with an amendment and submitted a report (No. 406) thereon.

Mr. NEELY, from the Committee on the Judiciary, to which was referred the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, reported it without amendment and submitted a report (No. 407) thereon.

Mr. VAN NUYS, from the Committee on the Judiciary (on behalf of himself, Mr. HASTINGS, Mr. HEBERT, and Mr. MCCARRAN), submitted minority views to accompany House bill 5950, which were ordered to be printed as part of Report No. 407.

Mr. THOMPSON, from the Committee on Indian Affairs, to which was referred the bill (S. 1891) to authorize the Secretary of the Interior to cancel restricted fee patents and issue trust patents in lieu thereof, reported it without amendment and submitted a report (No. 408) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers in the Regular Army.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of John B. Colpoys, of the District of Columbia, to be United States marshal, District of Columbia, to succeed Edgar C. Snyder, whose term will expire April 22, 1934.

Mr. VAN NUYS, from the Committee on the Judiciary, reported favorably the nomination of John B. Keefe, of Iowa, to be United States marshal, northern district of Iowa, to succeed Don A. Preussner, term expired.

The VICE PRESIDENT. The reports will be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARBOUR:

A bill (S. 2933) granting a pension to Ada B. Nafew; to the Committee on Pensions.

By Mr. SMITH (by request):

A bill (S. 2934) to facilitate the acquisition of migratory-bird refuges, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. TYDINGS:

A bill (S. 2935) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes; to the Committee on Territories and Insular Affairs.

By Mr. MURPHY:

A bill (S. 2936) for the relief of William Cornwell and others; to the Committee on Claims.

By Mr. LONERGAN:

A bill (S. 2937) to provide for the construction of two vessels for the Coast Guard designed for ice breaking and assistance work; to the Committee on Commerce.

By Mr. NEELY:

A bill (S. 2938) for the relief of Harry L. Reaves; to the Committee on Military Affairs.

By Mr. McGILL:

A bill (S. 2939) for the relief of Arthur Edwin Sanders; to the Committee on Naval Affairs.

By Mr. NYE (for Mr. NORBECK):

A bill (S. 2940) to provide funds for cooperation with the school board of Shannon County, S.Dak., in the construction of a consolidated high-school building to be available to both white and Indian children; to the Committee on Indian Affairs.

By Mr. DAVIS:

A bill (S. 2941) authorizing the Secretary of the Treasury to make payments to the widows or next of kin of certain Army Air Corps pilots; to the Committee on Military Affairs.

By Mr. FESS:

A bill (S. 2942) to create an establishment to be known as the "National Archives", and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. BULKLEY:

A bill (S. 2943) for the relief of William Kemper; to the Committee on Claims.

A bill (S. 2944) for the relief of Albert G. Dawson; to the Committee on Military Affairs.

A bill (S. 2945) granting a pension to Helen M. Harvey (with accompanying papers); to the Committee on Pensions.

By Mr. PITTMAN:

A bill (S. 2946) to provide for the establishment of regional industrial credit corporations by the Reconstruction Finance Corporation, and for other purposes; to the Committee on Banking and Currency.

By Mr. WHEELER:

A bill (S. 2947) granting a pension to Henry Archdale, Sr.; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 2948) authorizing the appointment of Roy M. Kisner as a captain, Dental Corps, Regular Army; to the Committee on Military Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 2949) to promote resumption of industrial activity, increase employment, and restore confidence by fulfillment of the implied guaranty by the United States Government of deposit safety in national banks; to the Committee on Banking and Currency.

By Mr. KING:

A bill (S. 2950) to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. STEIWER:

A bill (S. 2951) granting a pension to Lillian S. Blackwell (with accompanying papers); to the Committee on Pensions.

CHANGE OF REFERENCE

On motion of Mr. FLETCHER, the Committee on Claims was discharged from the further consideration of the bill (S. 2895) granting a pension to Laura F. Carmichael, and it was referred to the Committee on Pensions.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred as indicated below:

H.R. 191. An act for the relief of William K. Lovett;

H.R. 207. An act for the relief of Homer C. Chapin;

H.R. 211. An act for the relief of John A. Rapelye;

H.R. 469. An act for the relief of Lucy Murphy;

H.R. 472. An act for the relief of Phyllis Pratt and Harold Louis Pratt, a minor;

H.R. 473. An act for the relief of Irene Brand Alper;

H.R. 526. An act for the relief of Arthur K. Finney;

H.R. 881. An act for the relief of Primo Tiburzio;

H.R. 987. An act for the relief of Sard S. Reed;

H.R. 1127. An act for the relief of O. H. Chrisp;

H.R. 1133. An act for the relief of Silas B. Lawrence;

H.R. 1254. An act for the relief of H. Forsell;

H.R. 1301. An act for the relief of M. Aileen Offerman;

H.R. 1398. An act for the relief of Lewis E. Green;

H.R. 1405. An act for the relief of the Yosemite Lumber Co.;

H.R. 2342. An act for the relief of Mrs. Lota Tidwell;

H.R. 2419. An act for the relief of W. B. Ford;
H.R. 2512. An act for the relief of John Moore;
H.R. 2639. An act for the relief of Charles J. Eisenhauer;
H.R. 2672. An act for the relief of John B. Russell;
H.R. 2818. An act for the relief of Katherine G. Taylor;
H.R. 2990. An act for the relief of George G. Slonaker;
H.R. 3044. An act for the relief of Charles Beretta, Isidore J. Proulx, and John J. West;
H.R. 3296. An act for the relief of Carl F. Castleberry;
H.R. 3318. An act to reimburse Earl V. Larkin for injuries sustained by the accidental discharge of a pistol in the hands of a soldier in the United States Army;
H.R. 4013. An act to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926;
H.R. 4056. An act for the relief of Emma F. Taber;
H.R. 7229. An act for the relief of the estate of Victor L. Berger, deceased; and
H.J.Res. 61. Joint resolution granting compensation to George Charles Walther; to the Committee on Claims.
H.R. 8134. An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes; to the Committee on Appropriations.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

Mr. FRAZIER submitted an amendment intended to be proposed by him to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT TO AGRICULTURAL DEPARTMENT APPROPRIATION BILL

Mr. TRAMMELL submitted an amendment intended to be proposed by him to House bill 8134, the Agricultural Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following new paragraph:

"Citrus fruits, processing and marketing: For investigating and developing at the United States Horticultural Field Laboratory, Bureau of Plant Industry, at Orlando, Fla., processes of coloring and antiseptic treatment of citrus fruits, and the methods of packing, storage, and transportation thereof, and for the conduct of experimental and laboratory work at such laboratory, $40,130, of which not to exceed $15,130 shall be immediately available for expenditure by the Secretary of Agriculture for the purchase of additional laboratory equipment for such laboratory for the conduct of such investigation and experimental work."

REPEAL OF GASOLINE TAX

Mr. CAPPER. Mr. President, I send to the desk an amendment to H.R. 7835, the revenue bill, which I ask to have referred to the Committee on Finance.

The amendment simply proposes to repeal the Federal tax of 1 cent a gallon on gasoline. This tax adds another $180,000,000 a year of taxes to an already overtaxed industry. Special taxes levied upon the motorists of the country now amount to more than a billion dollars.

It is my contention that gasoline taxes should be left to the States, and that the States should use proceeds from gasoline taxes for the construction and maintenance of highways. That policy justifies gasoline taxes so high that they would be entirely unjustifiable for other purposes.

Very frankly, I regard the Federal gasoline tax for general revenue as an unjust tax, all things considered. I felt that way about it when the tax was imposed in the first place, and opposed its enactment. I still feel that way about it, and hope that the Senate will take that view of it.

There is a limit to what the traffic will bear, and I believe that limit has been reached in most States already, so far as gasoline taxes are concerned. The average gasoline tax now represents a sales tax of 30 per cent. As a mileage toll tax, when the funds are used for highways, that heavy a tax might be justified. As a sales tax for general revenue purposes, it is outrageous.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on Finance.

Mr. CAPPER. I ask unanimous consent to have printed in the RECORD an editorial from the Mobile (Ala.) Register, and another from the Topeka (Kans.) Capital, in favor of the repeal of this tax.

There being no objection, the editorials referred to were ordered to be printed in the RECORD, as follows:

[From the Topeka (Kans.) Capital]

GROSSLY OVERTAXED INDUSTRIES

Owners of automobiles as well as the automobile and oil industries will be in sympathy with Senator CAPPER's proposal to wipe out some of the numerous taxes on automobiles and their use. There are said to be 19 different classes of taxes affecting the automobile, including Federal and State gasoline taxes, Federal manufacturing taxes, personal property taxes, license taxes, and others.

In 1933 taxation of the automobile and its use reached an all-time peak, the American Automobile Association estimating that it returned to the Federal Government, States, and localities $1,180,000,000. Automobile ownership became more and more costly, and the automobile bid fair to be taxed out of existence. Taking all the various taxes together, the average motor vehicle contributed $50.47 annually to the support of government. The full value of the property was turned in in taxes in less than 4 years.

As motorists paid last year about $715,000,000 in gasoline taxes alone, the oil industry was heavily burdened. It could not sell gasoline in normal quantity against such exactions from Congress and the States. The motor industry was similarly discriminated against in taxation.

A halt has been called in the steady rise of the State gasoline tax, which affords no relief, but at least holds out the hope that the maximum has been reached. Last year Florida and Tennessee taxed gasoline at 7 cents, the total tax in those States on the motorist being 8½ cents. It is the only product taxed at more than total cost of production and price at the refinery. Alabama, Arkansas, Georgia, Mississippi, North Carolina, and South Carolina levied a tax of 6 cents. The tax in Arizona, Idaho, Kentucky, Louisiana, Montana, New Mexico, Virginia, and Washington was 5 cents. Seventeen other States fixed the tax at 4 cents and 10 other States at 3 cents, Connecticut, Rhode Island, and Missouri being the only States with a tax under 3 cents. The highest gasoline tax in any Eastern State is 4 cents except in the South.

Fair treatment of motorists would be a paying move, giving badly needed encouragement to the oil and automobile industries, which are important buyers of heavy materials and supporters of the backward capital goods industries. It would give a much-needed stimulation to all private industry and reemployment, and the Government would get out of business expansion more taxes than it relinquished.

[From the Mobile (Ala.) Register]

RELIEF FOR GASOLINE USERS

Senator CAPPER, of Kansas, has introduced in the Senate of the United States a measure that will do away with the 1½-cent-per-gallon Federal tax on gasoline. The passage of this measure will mean a large saving to the consumers of gasoline. It ought to be passed by Congress, for consumers of gasoline are now bearing an unjust part of the burden of taxation in this country. Representatives in Congress from Alabama should be urged to support the Capper measure, and it is reasonably certain that consumers of gasoline in this State will promptly urge them to support it.

Crude oil from wells has been selling for 60 cents a barrel. One barrel of crude oil will yield about 24 gallons of gasoline. Federal, State, and local taxes in Alabama combined result in a levy of 8½ cents per gallon on gasoline used by consumers in this State. Combined, these taxes result in the imposition upon consumers of gasoline a total levy of $2.04 on the gasoline content of every barrel of crude oil consumed in this State. The State tax of 6 cents per gallon amounts to $1.44 per barrel; the Federal tax of 1½ cents per gallon amounts to 36 cents per barrel; and the local tax amounts to 24 cents, making the total indicated.

It is stated that a 42-gallon barrel of gasoline, selling at an average of from $1.26 to $2.10 per barrel, wholesale, pays in local, State, and Federal taxes a burden of $3.57, divided thus: State of Alabama, $2.52; Federal Government, 63 cents; local government, 42 cents.

The Capper bill, if passed, will save motorists of this country about $180,000,000 a year. That is a large and meaningful saving. It ought to be passed, and consumers of gasoline ought to urge Congress to pass it. Its passage will lift at least some of this unjust and hurtful tax burden from the shoulders of consumers of gasoline.

EDWARD K. BACHSCHMID

Mr. REED submitted the following resolution (S.Res. 200), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Edward K. Bachschmid, son of Paul Bachschmid, late a carpenter employed by the Senate under supervision of the Sergeant at Arms, a sum equal to 1 year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

EXPENDITURES BY SPECIAL COMMITTEE ON WILD-LIFE RESOURCES

Mr. PITTMAN (for himself and Mr. NORBECK), Mr. WALCOTT, Mr. MCNARY, Mr. CLARK, Mr. BAILEY, and Mr. BYRD submitted the following resolution (S.Res. 201), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the special committee authorized and directed by Senate Resolution No. 246 on April 17, 1930, to investigate the conservation of wild-animal life, hereby is authorized to expend in furtherance of such purposes $15,000 in addition to the amounts heretofore authorized.

THE STATE OF THE UNION IN RELATION TO FOREIGN NATIONS

Mr. SCHALL submitted a resolution (S.Res. 202), which was read and referred to the Committee on Finance, as follows:

Whereas the Congress has received from the President a message asking for new powers of treaty making and tariff making, and a further message pertaining to the Philippines; and

Whereas the administration is expending large sums of money for military purposes in the form of larger Army, Navy, air forces, and subsidiary forces readily available for war purposes such as the Civilian Conservation Corps and like organizations; and

Whereas the Government has now embarked upon a gold-purchasing plan by paying $35 per ounce for foreign gold, causing large gold movements toward this country which makes possible large sums of credit in the event of war, internal or external; and

Whereas the normal effect of 300 price-boosting codes under the so-called "Recovery Administration" is to invite imports from all nations, thereby forecasting as a defensive measure a world cartel in cooperation with the League of Nations, as advocated by the President when a candidate for Vice President in 1920; and

Whereas the administration recently established a $2,000,000,000 stabilization fund for the purpose of dealing in gold, silver, foreign exchange, and Government bonds with the expressed reservation that there shall be no report about operations of said fund and that no report shall be given Congress of such operations and that they shall specifically be shrouded in secrecy: Therefore be it

Resolved, That the Senate, before taking further action pursuant to the extension of the powers of the President in economic dealing with foreign powers, proceed to investigate the conditions involving the state of the Union with relation to countries abroad, and appoint a committee of five Senators, who shall hold public hearings, call upon Government departments for information, and, when necessary, subpena witnesses to the following end:

1. To investigate the effect upon American labor, agriculture, and industries of the policy involved in the President's proposal that Congress shall grant him power to raise or lower American tariff duties at will;

2. To investigate to what extent the Government is committed to the policy of a world cartel pursuant to the aims of the League of Nations;

3. To lay before the American people full information of our relations with the League of Nations through "unofficial Government observers", international conventions and conferences held pursuant to the policy and advice of said League, and the diplomatic activities of the American ambassador at large in Europe in cooperation with League policies;

4. To obtain information of the vast sums reported to be contributed by American holding companies, or the officers thereof, for League support or for the erection of the new million-dollar office of the League at Geneva, and the activities of international bankers and industrial trusts in making the United States a de facto agent and commercial member of the League, if not eventually a de jure member thereof;

5. To remove the ban of secrecy on our international relations, financial, commercial, and industrial, likewise the political contacts and commitments, to the end that American investors holding $15,000,000,000 of foreign bonds largely defaulted may know what steps have been taken to set up an organization in accordance with title II of the Securities Act of May 1933 and that American taxpayers saddled with $12,000,000,000 of unpaid foreign debts due the United States Treasury may know what is being done to enforce collections thereof, and that the American people engaged in industry may know whither, when, and how the American ship of state is drifting under the so-called "emergency" powers which the President has asked Congress to make permanent.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress and subsequent Congresses until a final report shall be made, to employ such legal and clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $20,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

FEDERAL EMERGENCY RELIEF FUNDS—TRANSIENT CARE

Mr. ASHURST. Mr. President, I have received a letter from a gentleman in Arizona; a constant critic, who complains that I have not been sufficiently energetic in securing funds for transient care.

I ask to have read from the desk a letter from the Assistant Administrator of the Federal Emergency Relief Administration.

The VICE PRESIDENT. Without objection, the letter will be read.

The Chief Clerk read as follows:

FEDERAL EMERGENCY RELIEF ADMINISTRATION,
Washington, February 28, 1934.

Hon. HENRY F. ASHURST,
United States Senate, Washington, D.C.

MY DEAR SENATOR ASHURST: I am in receipt of your letter of February 24. We are putting into Arizona for transient care something like $250,000 per month, more than in any other State in the Union, more than we are putting into Mississippi, Arkansas, Louisiana, Tennessee, and Missouri combined.

Very truly yours,

AUBREY WILLIAMS,
Assistant Administrator.

Mr. ASHURST. Mr. President, I hope that the friendly critic will be gratified to learn that the authorities are putting into Arizona, for transient care, more money per month than they are putting into any other State.

PARTISANSHIP IN THE RECOVERY PROGRAM—STATEMENT BY SENATOR JOHNSON

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD a statement issued by the Senator from California [Mr. JOHNSON] which was published in the press of Sunday morning.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

To those of us who without thought of partisanship have participated in the events of the last year and have endeavored to do our small share in the heroic efforts that have been made by the President to bring us out of the awful depression and give relief to our people, it was a matter of rejoicing to observe that some authority recently curbed the issuance of a book by the Democratic National Committee which, it is alleged, was a mere partisan statement of what had been done.

DOCTRINE OF DEFEAT AND DESPAIR

I observe today a like partisan statement issued by the chairman of the Republican National Committee preaching a doctrine of defeat and despair. What a pity that some authority in the Republican Party did not do with this statement exactly what was done with the partisan statement of the Democratic Committee! Party lines have never been so loose as at present. Partisan activity has never been so little in evidence as during the last year. A common purpose has actuated every man of patriotic instincts in every party—the purpose of acting in cooperation with the President in doing what was essential for the public weal. It is not necessary to agree with all that has been done in every conceivable particular, but unfair and unjust would be the individual who would not emphatically concede that with an enlightened audacity the President has acted and has accomplished amazing results.

It is a sorry policy that now says to 120,000,000 people that nothing has been done that is right and that the President has brought them no relief and the future holds for them no hope. We are better, and our country is better, and our times are better for what the President has done during the past year. Those legislators who in this crisis in the affairs of the Nation have placed country above party and have cooperated to bring about recovery are proud of the part, whether great or small, that they have played in the astonishing work that has been done.

Any statement at this time which would destroy the confidence of our people, which would transmute their present optimism into a disgruntled pessimism, which instead of citing the gains which have been made, which none can deny, would decry them for partisan purposes, does not serve either party or country.

ECONOMIC POLICIES OF THE ADMINISTRATION—STATEMENT BY JOHN W. DAVIS

Mr. REED. Mr. President, I send to the desk and ask to have incorporated in the CONGRESSIONAL RECORD an article by Mr. John W. Davis which appeared in the New York Times of February 28 last.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the New York Times, Wednesday, Feb. 28, 1934]

TEXT OF J. W. DAVIS' ATTACK ON THE NEW DEAL

The full text of the statement by John W. Davis, attacking the economic policy of President Roosevelt, follows:

"Under the title 'America Must Choose', Secretary of Agriculture Wallace has outlined the courses of action that are open to the American people in relation to their farming problem and their foreign trade. I have read his discussion with interest and with great admiration for its excellent temper, its clarity, the restraint with which facts are stated, and the fearlessness with which the necessary conclusions are drawn. In putting it forth the Secretary has rendered a real public service, and I wish that every voter in the land might read and ponder what he has to say.

"The choices which he offers are, in a nutshell: (1) National isolation—raising under strict regimentation only so much as we can consume at home and withdrawing from production anywhere from 40,000,000 to 100,000,000 acres; (2) a revival of international trade, accepting in payment for our goods the goods of foreign buyers and lowering our tariff wall to make this possible; (3) a middle ground, chosen as a matter of expediency, whereby only 25,000,000 acres of good land would be taken out of production and only one half of a billion dollars' worth of foreign goods would be admitted. He leans, he says, to the international rather than the nationalistic policy.

"But he rightly urges that the whole problem, each course and its consequences, should be debated so fully and so generally that every citizen of the United States would be brought to understand just what is at stake. Surely this should be done, for a people that accepts without discussion whatever is proposed has no right to complain when the outcome is unfortunate.

CITES PRICE OF ISOLATION

"What does the choice of national isolation mean, as the Secretary outlines it? His logic is merciless. It would be necessary first to compulsorily retire from forty to one hundred million acres of crop land. In these days of juggling with billions these figures may seem unimpressive; but 100,000,000 acres laid down in a single sheet would cover the combined States of West Virginia, Ohio, Indiana, and Illinois, with barely enough fringe for standing room. Quite a patch of land that, even in this big country. Of course, in actual operation, the doubtful blessing of idle land would be more widely distributed. But wherever the destroying rain might fall it would produce a destruction of land values and would compel a radical shifting of population. There would be needed, too, as the Secretary concedes, forcible control of both marketing and production even to the point where 'every plowed field would have its permit sticking up on its post.'

"Assuming that the Government may do anything it chooses—a concession I for one am quite unwilling to make—I wonder why some advocate of decreased production has not proposed an alternative but even more certain method of abolishing farm surpluses. Why not enact that no machinery whatever should be employed in agriculture except hand implements, a horse-drawn plow and drag harrow? True, that would put more corns, if possible, on the farmer's hands and would probably starve a large part of the urban population. But it would do away with surpluses all right and new occupation as farm laborers would be opened up to those of the unemployed who were not too much weakened by hunger to reach it.

"Is it conceivable that American farmers or American citizens will submit to that sort of thing? Are they ready to support the army of Government agents, employees, inspectors, reporters, and spies that would be used to carry it on? Have they not enough of these already? Are they willing to bow their necks to the flood of rules, regulations, proclamations, and edicts that would be issued in order to fit their daily lives and conduct to the prescribed system?

"If there are to be orders, somebody must give them. Without impugning the high purpose and integrity of the great majority of our public servants, are we so sure of their constant wisdom, their disinterestedness, their ability to resist temptation, their freedom from political influence, that we are willing to trust them with unlimited power?

DEMANDS RULERS BE NAMED

"Every Socialist, every advocate of social discipline, of a planned economy, of a nationalist regimentation—call it what you will—must answer in the end this question: Who is to sit in the driver's seat and hold the reins and whip? And the answer cannot be made in such vague collective terms as 'the state', 'the government', or 'society', for these only move by human hands. Who are the men, gentlemen, that you would set to rule over us?

"I pass the question of constitutional authority, since constitutional questions seem not to lie within the scope of the proposed debate. I say only that I am not aware of any provision in our fundamental laws that gives any power whatever to limit the right of any man to carry on the business of farming to any extent he chooses, unless, indeed, in time of actual war. But the thrust of this proposed regimentation goes even deeper than that. It threatens, if it does not seek, to destroy that personal liberty which Americans of past and present days have been taught hitherto to hold as the most precious of earthly possessions.

"The Secretary stresses the fact that the administration is 'conducting an orderly retreat from surplus acreage' by payments to cooperating farmers for the adjustment of their acreage farm by farm. The money, of course, comes from the taxpayer as the Government's only source of supply. One may approve or disapprove this program, but no one should have any doubt what it means.

"The farmer who raises more than he can sell suffers in not being fully paid for his efforts. That is unfortunate for him and bad for those whose prosperity is linked with his. To avoid this, the Government steps in and pays him in advance to reduce his acreage and lessen his labor so that he may escape the danger of unrequited toil. But what it takes from the taxpayer to make payment to the farmer lessens so much of the taxpayer's return for his own effort.

"So that all that has happened in the end is that one man's burden has been shifted to another man's back. That may do for the moment, but as a permanent policy it is obviously unthinkable. For it is as true today as when Justice Miller wrote it, that for the Government to put its hand in one man's pocket and take money to be given to another is 'none the less robbery because done under the forms of law and called taxation.'

PLEADS FOR INTERNATIONALISM

"The second alternative presented by the Secretary offers a much fairer prospect. There is world trade to be had, he says, and, by paying the price, the United States may have its share. That price is simply that we must buy as well as sell, import as well as export. It subtracts nothing from the weight of the Secretary's words to call attention to the fact that the statement is not new. Every gathering of experts, at home or abroad, since the war ended has proclaimed the same thing. Their advice has been coupled with warnings and the warnings have been in large measure fulfilled.

"Who can doubt that there are natural laws in the social and economic as well as in the physical worlds, and that these cannot be overridden without courting disaster. The law of supply and demand, for example, cannot be thwarted by governmental price-fixing or even by experiments with the currency. Those who bite on that rock are sure to break their teeth. Just as incontrovertible is the axiomatic truth that men live in this world only by exchanging their labor, or the fruits of it, for the labor and the products of other men.

"The larger the circle of those with whom such an exchange is possible, the more surely it will occur and the greater will be the security of those dependent upon it. But for the pressure of special interests, no man could be found to deny this axiom or the conclusions to which it inevitably points. No one could be found to argue for more rather than less restrictions upon industry, commerce, and trade.

"Wisdom in government, I submit, consists in discovering these natural laws and following them—not in devising hasty expedients whereby they may be circumvented. The coming of the depression itself should have taught us that lesson. It was not brought on by the observance of ancient rules and principles but, the effects of the World War aside, by their deliberate disobedience. We ate, we drank, and were merry until inexorable laws claimed their penalty.

"Ever since the blow fell we have been looking for scapegoats and hoping for short-cuts to recovery. I much doubt that we shall find either the one or the other. I do not look for miracles to save us or hope for gold at the foot of the rainbow. I have more faith in the prosaic process of following paths marked out by reason, common sense, and the past experience of mankind.

"This translates, in my opinion, into terms, among others, of less restraint on human activity, not more; a freer exchange of goods and service with other nations, not increased prohibitions; more economy in government and lower taxes, not higher taxes and increased spending—and so on down the line.

"When the wind has blown over the ant heap, the ants will build it again, never fear, if they are given time. But they will not work if they are urged into blind paths or pushed in several divergent directions at one and the same time. By all means let us have the debate the Secretary suggests so that we may chart our true course."

THE MISSISSIPPI VALLEY COMMITTEE AND ITS PLAN—ARTICLE BY THE SECRETARY OF THE INTERIOR

Mr. NYE. Mr. President, the February issue of the Survey Graphic contains an article by the Secretary of the Interior on the subject of the Mississippi Valley Committee and its Plan. The article deals with a matter of such interest to so large an area in the Northwest that I feel free to ask that it may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Survey Graphic, February 1934]

SAVING THE GOOD EARTH—THE MISSISSIPPI VALLEY COMMITTEE AND ITS PLAN

(By Hon. Harold L. Ickes, Secretary of the Interior and Public Works Administrator)

The "inland empire" is one name for the 27 States drained by the river system that stands like a great tree in the center of a map of this country, its roots in the Gulf of Mexico, its topmost twigs across the Canadian border. This region, one of the chief agricultural areas of the earth, shared less than other sections in the late prosperity and feels with peculiar force the burden of the depression. Its problems lie deeper than financial structure or overdeveloped factories. They spring from the soil itself and involve the irreplacable treasure of natural resources. Though these States differ so widely in landscape, in population, in the variety of their crops, their common problems bind them together into a natural regional unit.

To give impetus and direction to the effort to deal with these problems, President Roosevelt recently authorized the setting up, under the Public Works Administration, of a Mississippi Valley Committee. Its chairman is Morris Llewellyn Cooke, a consulting engineer and an authority on power and public works. Its membership includes Harlan H. Barrows, a geographer, head of the geography department at the University of Chicago; Herbert S. Crocker, a civil engineer of Denver, Colo.; Henry S. Graves, dean of the Forestry School at Yale; Charles H. Paul, a civil engineer of Dayton, Ohio; Sherman M. Woodward, civil engineer and a professor at the University of Iowa; and Maj. Gen. Edward M. Markham, Chief of Engineers, United States Army, ex officio.

This committee has a dual mandate: First, to review all projects for immediate execution in the Mississippi Valley under the P.W.A.; second, and this is its great task, to draft a plan for the Mississippi Valley.

This article is not a report of accomplishment, nor an outline of procedure but a glimpse of what such a committee might and, it is hoped, will accomplish. Sometimes when a bridge is to be built the engineer begins by using, instead of drafting board and precision instruments, colored chalks to make a free sketch—lines which can be shifted and modified so long as the scheme preserves a logical relationship to its location. By this means the main outlines of the structure are determined though the detail is changed a hundred times before the final drawings are made. It is not a blueprint but a chalk sketch that is submitted here.

To try to picture 27 States at once is a confusing operation. Let us begin by considering one Mississippi Valley farm and, viewing what has happened there, attempt to define the most urgent problems of the area.

A farm that used to be known as "Point Pleasant" lies in the bend of a stream in a Dakota valley. The square mile of land with the little river on its west and north sides was made up, 30 years ago, of 520 gently rolling cultivated acres and 120 acres of woodland. Its artesian well gave a constant flow for domestic purposes. The fertile soil yielded 25 to 35 bushels of wheat to the acre and other crops in proportion. The woodland supplied fuel, pasturage for a herd of dairy cattle, and sheltered the farm from the worst effects of blizzards, hail, and dust storms. A water wheel in the river filled the barnyard drinking trough. The river also was used for fishing, swimming, and canoeing in the summer, and ice was put up each winter.

Point Pleasant and what has happened there since the turn of the century is typical of the depression that began, long before the "boom" broke, to creep over the Mississippi Valley drainage area. The well has run dry. The river, once a swift stream 4 to 12 feet deep, 30 feet broad, may be crossed on stepping stones, except for a few weeks in early spring. The woods are dead timber, rapidly being cut off for fuel, leaving the farm exposed to the full force of the prairie winds. The fields, instead of their once abundant harvest, yield 10 to 15 bushels of wheat to the acre. The farm's most important crop—the young generation—is gone, unwilling to face the life of hard, ill-paid toil and the lack of all modern conveniences.

On this farm, once beautiful and prosperous (and it is a story that could be repeated all up and down the valley), "hard times" have deepened in the general depression, but their primary causes were a failing water supply, decreased soil fertility, and lack of electric power which would enable the farmer to share in a rising standard of living.

Clearly the essentials in any plan for the region are the conservation, use, and control of water, and, inevitably linked with this, the conservation and wise use of the soil. And while it is desirable to have all P.W.A. projects for the area passed on by one agency, the primary responsibility of the M.V.C. is not projects but such a plan. The committee has, first of all, a coordinating function. It will not engage in research. Rather, it will gather together, correlate, and interpret existing data, and having thus obtained a picture of the valley, its assets and liabilities, it will be ready to prepare the blueprint of a long-term scheme, drawn in units of 5-year or 10-year efforts.

Paralleling the growth of the plan must go schemes for its interpretation. The M.V.C. has accepted as a major responsibility the development of a graphic method of statement and interpretation. This committee does not propose to submit a learned report which will quietly gather dust in the departmental archives. "The engineering of human consent", to borrow George Soule's excellent phrase, is essential to planning in a democracy. The M.V.C. seeks ways of sharing its vision with the Kansas wheat grower, the Louisiana planter, and making its figures "come alive" to them through their "sweet reasonableness."

In drawing its plan, the M.V.C. must, of course, determine how radical are the steps required if the goal is to be attained, and the cost of these steps in dollars and cents, as well as their rewards in social terms; but it has also to show that the steps are suited to the technique of a democracy. For throughout the recovery effort it must be borne in mind that it is one thing to plan and proceed under a dictatorship but quite another where the rights of free people are respected. If the progress I hope for is made, it may be possible to have ready for the reopening of the Chicago Fair a bird's-eye view of plan and procedure.

As a first step the M.V.C. has broken down its task, broadly speaking, into six parts—erosion, forestation, flood control, agriculture, navigation, and power. Let us follow the committee's lead in keeping in mind these factors and try to see their relationship to one another and to the central idea; a plan that will conserve and wisely use the water and the soil of the inland empire.

Great maps have been spread before the committee by the Department of Agriculture showing land little suited or completely unsuited to modern farming. There are 20 types of these marginal and submarginal lands—exhausted acres, dry-farming areas, rocky slopes, swamps, and so on. Using a planimeter, an instrument which measures an area, however irregular its shape, experts are working out the total area of the watershed regardless of State boundaries and the amount of unfertile land and at the same time compiling figures from the census reports to show the population of the good and bad sections. The M.V.C. has found that the population of the million and a quarter square miles making up its field of operations totals about 49,000,000. The percentage living in the less desirable areas is believed to be relatively small. If three out of forty-nine million people are trying to support themselves on exhausted, rocky, or semiarid lands, that is one problem; if there are 15,000,000 the problem would, of course, be different. The committee cannot begin to plan without such basic figures as these. For the same reason, an allotment of $285,000 has been made "for construction, repair, and replacement of river-measurement stations", to maintain reliable records of the flow of the Mississippi and its main tributaries. A recommendation has been made for an appropriation for studies of existing data on rainfall and run-off, with particular attention to the relationship between the two and to the factors that determine the percentage of rainfall absorbed by the soil, as well as the percentage that goes to swell the Mississippi floods.

In the Dakota drought area, which takes in all or parts of several States, studies based on Weather Bureau records reveal fluctuations in rainfall from year to year, but no change in the average amount over the period since 1890. And yet the area shows progressive symptoms of drought; decreasing crop yields per acre, falling water levels in rivers and lakes, scarcity of bird life. The change, it is pointed out, is in the use of the water, not in its amount.

There are three unrelated water levels in this region, which geologists term the ground level, the gravel level (100 to 200 feet down), and the artesian level. The artesian level is a great sandstone bowl, approximately 1,000 feet below the surface, which holds the water that pours down from the Montana heights. Many communities have tapped this water with driven wells. The story of such wells is in most instances typical of our national wastefulness. Pipes have been left uncapped, allowing water to pour forth continuously, with ditches to carry off the surplus not immediately required. The supply of artesian water is definitely limited, and an increasing number of wells are tapping it as other sources fail. North Dakota has passed legislation regulating artesian wells and prohibiting the waste of its waters. It would seem reasonable that no State which is not similarly safeguarding existing water supplies should be given Federal aid in developing new sources.

Though some relief for water famine can be obtained by these deep-driven wells, agriculture's main dependence is on ground water. Devils Lake, N.Dak., is one of the most dramatic examples of the recent disappearance of ground water. The level of the lake has been steadily falling since the region was opened up to settlement and cultivation. A hotel that some years ago was on the margin of Devils Lake is now 4 miles from the water.

There are three ways by which surface water is distributed. H. E. Kiefer, an agricultural authority of Burlington, N.J., has conveniently termed these "fly-off", "run-off", and "sink-off." The sink-off is, of course, the absorption of the water by the soil, the process that the M.V.C. seeks to facilitate. Fly-off, the loss of surface water through evaporation, is many time more rapid with cultivated crops than with native (prairie) grasses. Once the sod covering is broken with the plow, capillary attraction draws the water to the surface where it evaporates. Various mechanical means have been suggested to reduce the fly-off that results from cultivation. Many of them are still experimental. All efforts to conserve ground water have an important bearing on soil conservation.

The problem of run-off is also the problem of erosion, the washing away of the fertile topsoil by wasted rainfall. It is well known that sod and woodland are nature's conservators of soil and water. The amount of water lost in run-off, the acreage despoiled by erosion, increase as we shift from prairie and forest to cultivated fields. South Dakota had over 3,000,000 acres more in five crops (wheat, rye, oats, barley, and corn) in the 1932 drought than in that of 1923. With none too plentiful rainfall in any year, con-

sider the effect of accelerated evaporation and run-off on the added 5,000 square miles planned to these crops.

As a nation, we are not yet "erosion conscious". Twenty-five years ago the late Prof. N. S. Shaler, one of the great geographers of all time, warned us:

"If mankind cannot devise and enforce ways of dealing with the earth which will preserve this source of life (the soil), we must look forward to the time—remote it may be, yet clearly discernible—when our kind, having wasted its greatest inheritance, will fade from the earth because of the ruin it has accomplished."

The typical attitude toward the whole matter was expressed by a well-informed acquaintance who laughingly said, when I commented on our reckless misuse of the land, "If the Chinese have farmed their land for 2,000 years, I guess we can go on for a few centuries." He overlooked the fact that the soil to which he referred is an aerial deposit, accumulated through countless ages from sixty to several hundred feet thick and does not have hardpan or rock within several feet as in our case. Our soils can rarely be measured in feet, being usually from 6 to 16 inches in depth. True, in China the soil has no organic matter in the deeper reaches. Further, the Chinese not only use commercial fertilizer but they do not waste a handful of anything in the cities that might be used for that purpose. With us soil once lost can be restored only through nature's slow processes to be measured by centuries, not seasons.

The extent of our reckless destruction of the soil is revealed by erosion-service estimates, which reveal that 3,000,000,000 tons of good earth are washed out of fields, pastures, and temporarily idle land every year. To haul these 3,000,000,000 tons off the land and dump them into the oceans and valleys would require the continuous loading of a fleet of trucks, 6,000 abreast, simultaneously every minute of every day and night the year around.

But this loss of soil is not the end of the story. Erosion and run-off work together in a vicious circle. Once the sod or woodland cover is gone, erosion planes off the rich, humus-charged topsoil leaving unproductive sand, stiff clay, or rock. The hidden conduits of the soil, the veins made by earthworms and insects and plant roots, are destroyed. In fact, since insects and worms exist on organic matter in the soil they do not penetrate to great depths in the subsoil. The subsoil is hard and smooth. Not being able to penetrate this surface, the rain water runs off, gullying the slopes, and, in some regions, burying fertile lowland fields under sterile sand and clay.

In human terms, the tragedy of erosion is the tens of thousands of hard-working families trying to till land that cracks and bakes and gives meager yields of poor crops in return for weary toil. The homes of these farmers and the yards around them bear the unlovely stamp of poverty. Men and women and children live narrow, dreary lives on these farms that have been despoiled of both soil and water by our prodigal misuse of the land. No one, unless he personally has gone off the beaten path, can have any conception of the existing deplorable conditions. In the last 10 years, more than 30,000,000 acres of American farm land have been abandoned because of erosion. If an enemy army with big guns and trenches laid waste these once fertile farms we would be filled with horror and dismay. But since it was done by our carelessness in letting rain water run wild, for some strange reason it strikes us as nothing to worry about.

With an allotment of $10,000,000 from the P.W.A., the Erosion Service, recently established in the Department of the Interior, is laying out several impressive projects, working whole watersheds of 100,000 acres or more, employing every practical erosion-control measure that conforms to the needs and nature of the land. Farmers who will cooperate with the Erosion Service are to be given C.C.C. aid. The service will not only apply the best methods known but will devise and experiment with new methods.

In almost every instance an attack on erosion is also an attack on drought. "Contour plowing" follows the levels of the land, making ridges that hold the water instead of channels to carry it away. "Strip farming" puts narrow fields of sod crops—alfalfa, clover, and the like—between such crops as corn, tobacco, and cotton, conserving both moisture and topsoil. Fertile slopes can often be terraced to good effect. A field in Texas with a 2-percent grade (almost level) lost 42 tons of topsoil in a single year. Terracing reduced the next year's loss to 19 tons, while a sod field (buffalo grass) alongside lost only 7 tons. The erosion service demonstrations will, it is believed, serve not only as laboratories for testing and devising methods of erosion control, but as convincing educational centers, teaching the importance of conserving our soil and water and the ways and means of fulfilling that great responsibility.

Forestry, which includes the management of existing wooded areas as well as forestation, must hold a big place in any plan for the Mississippi Valley. Forests not only prevent erosion, but by checking run-off in flood periods and increasing the underground water supply, they save the surface water for thirsty farm lands. A first report on forests in relation to water conservation and control has been prepared by Henry C. Graves, of the M.V.C. This report shows that there are left about 250,000 square miles of forest land in the valley, more than 10 percent of it already stripped or devastated. A little less than half the total is in farm ownership, only 27,000 square miles are public property, and the balance is commercially owned. The report points out that "the forests have been greatly impaired by cutting, fire, insects, grazing, and other destructive agencies." It makes clear the need for an enlarged program of forest-fire protection and also for the regulation of grazing, "since heavy grazing of forests reduces their value in watershed protection." Though grazing is well managed in public forest reservations, much damage is done by overgrazing in private forests and on the public domain. There are still some 20,000,000 acres of public domain within the valley. Most of the conservation groups in the country opposed the recommendation of the committee appointed by President Hoover in 1930 which, if adopted, would have transferred this entire acreage to the States. A proposal to place the public grazing land under Federal control, prepared and endorsed by the Departments of the Interior and of Agriculture, is contained in H.R. 6462, now before Congress.

Little progress has been made in the handling of private forests. Commercial timberlands are nearly all cut under the old system of unregulated exploitation. The result is not only destruction of the forests, but soil erosion and drought. The code of the Lumber and Associated Forest Industries contains an article, the details of which are being worked out, committing the industry to proper and intelligent forest practices. This holds a real measure of promise.

Accompanying the committee's first forestry report are maps which show where forests used to be and their extent today. Clearly it would not be advisable to put back to forest all the land that was once grown over with trees. A conservative estimate indicates that for every 100 trees in the valley today we must add 20. In making a forestry plan, we have got to think at least in terms of a 20-year program. Among the questions Mr. Cooke and his associates have posed are: How many seedlings do we need year by year? What varieties should they be? Where are we going to get them? Where can they best be grown? For, as Mr. Cooke points out—

"Any progress in forestation in such an area runs into big figures. You can plan all you want to, but your planning for new forests is no good unless you have the trees to plant, the men to set them out, to supervise their growth, to protect them from fire, to cut and replant as forestry experts, conscious of public responsibility, rather than as lumber dealers, out for big profits."

Closely related to erosion, to surface run-off, to forestry is flood control, the most dramatic problem of the Mississippi Valley. The flood menace is dramatized in the broken levees of the lower Mississippi, but the real flood is a thousand miles north, where the water runs off the fields of Illinois and Iowa. We have tried to control the flood waters of the Mississippi by having our Army engineers build the levees higher and still higher in the effort to restrain our wasted water. But the levees have reached their limit as an engineering possibility. Now we must attack the real problem of flood control. We must reverse our practice and prevent floods. This attack is necessary not only to safeguard the plantations and towns of the lower Mississippi, but to save wide areas from the blight of erosion and drought. There are water supplies on every farm, from the Canadian border to the Gulf, that have simply been poured into the Mississippi and its tributaries. These must be dammed and held where they are needed—the streams that flow through ravines and coulees when the snow melts or when there is an unusually heavy rain, the ponds that collect in low places which we have emptied with drainage ditches. We must go back and fill up a lot of these ditches that carry off both water and topsoil, and we have got to preach the gospel of using the water we have, particularly in low-rainfall areas, not making of it a flood menace for the Delta.

Like our handling of water and our treatment of topsoil, the distribution of farm land in this country and the uses to which it is put show little evidence of the American genius for organization. The homesteads and land drawings in the North Central States, the glamor and excitement of the rush for locations when the Cherokee Strip was thrown open, have been typical of our hit-or-miss agricultural development. It is the policy of this administration not to allow a new piece of land to be brought under cultivation through reclamation without withdrawing an area of less desirable acres of equivalent productive capacity. It is with this policy in mind that irrigation and other reclamation projects are studied today. The shift is to be not a restless moving from old land to new but a change from less desirable to more desirable farming land. Thousands of acres in the South and Midwest should clearly be put back to forests or otherwise taken out of farming use. Turning under every third crop row is a temporary expedient. Turning land equivalent to every other half section back into woods would encourage better methods of agriculture, contribute to the upbuilding of the valley, and provide new employment opportunities in scientific forestry.

The time has come when we must take to heart the lessons of the wise and economical agriculturists of Europe and of the older American civilizations. The careful Danes and Belgians, the French farmers who for 700 years, father to son, have tilled and genuinely improved their small farms, the Incas who so wisely treasure their meager water supply and spade back the topsoil that rain washes into the hedges—these husbandmen are all more skilled than we in the great arts of agriculture. We must recognize erosion and drought as national perils, and the need to plan in terms of decades rather than months.

I remember talking with an expert who had been studying the gypsy moth. He showed me his charts and tables and described how, through the methods he and his associates had developed, the pest had been brought under control. True, there was a long, uphill fight ahead. The number of moths would continue to increase year by year for 15 years, but the final extinction of the gypsy moth was assured. "We have the thing licked", he said triumphantly.

Similarly, facing the realities of the situation and accepting the long-term struggle, we have got to lick erosion. It is fortunate

that we have as our national leader today a man who is fully alive to the problems of agriculture and forestry. I am firmly convinced that the backbone of the Republic will be broken before the century is out unless we formulate and put in motion such plans as he envisages for the wise upbuilding of the farm areas. President Roosevelt has given force and direction to all these efforts. He may well be honored by succeeding generations as the man who saved the land.

The use of the water of the Mississippi Valley for navigation, as well as for agricultural and domestic purposes, is a part of the plan being shaped by the Mississippi Valley committee. In a preliminary way, the committee is using data supplied by the Army engineers to make a map showing the flow of the navigable streams of the area and the movement of local and long-distance river traffic. Inland navigation projects to date have been isolated, related neither to one another nor to any coordinating scheme. The Smith report on the railroads suggested the need for comparative data on dollars-and-cents cost of different means of transportation, and Joseph B. Eastman, Federal Railroad Coordinator, is directing studies along this line. It must be remembered, however, that social as well as financial values are involved, and that the type of transportation facilities to be developed in a given locality cannot be determined by money outlay alone. Even so, some fair basis for computing costs is needed.

Another aspect of inland navigation that must be squarely faced is the day-dreaming of many communities situated on rivers we have termed navigable. On many small streams which thread the Mississippi watershed there are towns and cities that look forward to having foreign vessels tie up at their docks. Luncheon-club speakers continue to paint glowing pictures of the activity (and the profits) that will be enjoyed by local enterprises when French and English freighters load and unload at Smithtown or Jonesville. The persistence of such fantasy accounts in some measure for the unsavory pork-barrel character of many of our rivers and harbors appropriations in past years.

In fitting a scheme for river navigation into a vast plan for the Mississippi Valley, the committee recognizes not only the need for railroad and river data, but for facts on highway traffic. All transportation is affected by the coming of pneumatic-tired trucks, making possible both local and long-distance hauling over highways that can be lightly and hence quickly and cheaply built and maintained.

In modern American life, streams probably play a more important part in developing electric power than they do in their ancient role as highways. Even a cursory study of the Mississippi Valley discloses the need to bring electricity to the largest possible percentage of its rural population. In comfort and convenience as well as efficiency, farm living is heavily penalized by lack of this modern Aladdin's lamp. A water pump—to make possible the kitchen sink and the bathroom that the city dweller takes for granted—electric lights, relief from household drudgery by electric washing machine, electric iron and mangle, mechanical refrigeration, electric churn, a continuous supply of hot water—these are only a few of the means to easier and more satisfactory living that electricity could bring to the farm home. And if Ireland, Bavaria, Alsace-Lorraine, Norway, and Ontario can take cheap electric current to the farms, then the farmers of the United States can have these modern conveniences, too. In the Middle West, where hard times have forced severe economies, the well-equipped farm has usually given up the telephone before turning off its home-made (and relatively expensive) electric lights. This fact often surprises city people, but it surprises no one who knows at first hand the danger and inconvenience of kerosene lamps in an isolated farm home, particularly a home where there are little children.

At present rural electric rates are almost prohibitive. President Roosevelt is leading the effort not only to make cheap current more widely available but to lower the cost of its distribution and of the electrical appliances needed for its functioning.

The dominant factor in rural rates has been the cost of the distribution lines. In a city there are thousands, sometimes tens of thousands, of domestic customers per mile of line; in a farming country there are almost never more than five. This fact has heretofore made distribution costs prohibitive. Today we can put in pole lines at unprecedentedly low costs for materials, with plenty of local labor available.

President Roosevelt recently set going another experiment in the farmers' behalf when, by Executive order, he directed the establishment of the Electric Home and Farm Authority, Inc. This Delaware corporation, with capital of a million dollars, will extend cheap credit to householders within the Tennessee Valley area who wish to purchase electric equipment. The plan is to encourage large orders for appliances, which, eliminating unnecessary gadgets, will be designed for maximum performance and wear. In a press statement, David Lilienthal, of the T.V.A., thus explained the program of the new corporation, a scheme that can easily be extended to other areas:

"The objective * * * is a wider and greatly increased use of electricity in the homes and on the farms. * * * In order to carry out the program there must be a broad-scale distribution of very low cost, standard-quality electricity-using appliances, and concurrently a revision downward of electric rates. The new agency is based on a cooperative program in which the Federal Government, the electric utilities, both publicly and privately owned, the electric manufacturing industry, and dealers will participate."

The Federal Government, he stated, will participate:

"By assisting in financing the consumer in purchasing standard electric equipment at very low prices; by securing reductions in electric rates * * * so as to make the use of this equipment feasible for the average householder and farmer; by engaging in educational work and research further to lower the cost of electric equipment, and to make it better adapted to the needs of the average home and farm."

The enormous demand for refrigerators, washing machines, plumbing fixtures, water pumps, electric irons, sewing machines, and so on, that will follow should such conveniences actually be put within reach of householders and farmers now lacking them will, many enthusiasts believe, give industry a boost similar to that supplied by the expansion of the automobile industry after 1920. But to many of us, and I think that group includes the President, to bring farm and village homes up to a higher standard of wholesome and comfortable living, looms even more important than an increase in business activity. If any such dream is to become a reality, it will be under Government leadership and supervision, insuring a development planned and carried out with advantage to the consumer rather than to the power companies as the first objective.

In this quick chalk sketch I have tried to show not the details but the broad outlines of what this vast regional plan will cover, how it will attempt to correlate the common problems of these 27 States, and the most promising lines of effort for solving them. Like the bridge builder's profiles of the setting for his bridge, the shape and direction of the committee's work is determined by those first essentials for the Mississippi Valley—the conservation, use, and control of its water; and linked with that, the conservation and use of its soil.

But I shall have failed in the task I set myself in attempting to show how vital is planning to navigation, flood control, erosion, agriculture, power, and forestation unless I have at the same time shown the larger considerations that called the committee into being and that inspired its own effort and the effort of all the governmental agencies cooperating with it or working along similar lines in other areas. Here we have the reverse of private industrial planning. Here, within the framework of a democracy, we have a tremendous common effort toward a better distribution of the products of our machine age—a striving for social as well as economic dividends for a better basis of life for the men and women of the Mississippi Valley and for their children.

ADDRESS BY SENATOR M'GILL AT ANNUAL BANQUET OF STATE DEMOCRATIC CLUB OF KANSAS

Mr. LOGAN. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the Senator from Kansas [Mr. MCGILL] on February 22, at Topeka, Kans., on the occasion of the annual banquet of the State Democratic Club.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

My friends, I regard as one of the greatest privileges I have thus far been permitted to enjoy, this opportunity to appear before you and to speak to you and to the people of Kansas concerning the progress thus far made by the administration in power, as well as the program now being carried on by the administration of affairs in Washington.

During the 4 years prior to the induction of President Roosevelt into office we had witnessed nothing but inaction in the affairs of our Government looking toward any measure which would be beneficial to the masses of our people. During this entire period we had witnessed, by virtue of unsound economic policies, the building up of surpluses, the increasing deplorable conditions of unemployment, contraction of our circulating medium, the falling of commodity prices, the strangulation of industry, the paralyzing of agriculture, and the destruction of business and of our financial institutions. During a period of peace, no such calamitous conditions without cause or reason had ever before been foisted upon our people. The present administration came into power with a mandate from our people to rectify the wrongs then existing and to restore to our people at once the highest degree of prosperity possible, and as time would permit to bring to our people a return of normal conditions. Normal conditions could not by human endeavors be brought back immediately. Time was and is necessary. The extremities of the patient required strong restoratives. The administration, among other things, found an appalling state of unemployment existing in labor with millions upon millions of our best citizens forced to depend upon the charity of their more fortunate fellows; found the commodities of the farm selling far below the cost of production, and agriculture standing in a state of ruin. Although production had been bountiful, millions were in want. We also found no adequate medium of exchange with which the business of the country could be carried on, or with which the wealth of the country could be properly exchanged and distributed among our people, or with which to supply labor with employment or with which industry could be made to prosper.

The administration also found a staggering load of debt contracted by our people with a 100-cent dollar, while the same citizens were being called upon to pay those obligations with a dollar which had more than doubled in value, found our farmers losing their farms and our city and urban home dwellers losing their homes under and by reason of this staggering and

unjust weight of debt, and found virtually all banks in America under such dire straits as to require their closing in order to save them from complete ruin and bankruptcy and our people from a complete financial collapse. The administration also found that a policy had been carried on which operated continuously to increase the closing of foreign markets and world trade, the closing down of our factories and the building up of agricultural surpluses while at the same time we were being forced upon a domestic basis. No such calamitous condition had existed since the birth of the Republic when our people were at peace and when seasons and crop yields were normal. Let those who would criticize, especially those who were in responsible positions in our governmental affairs and who would now raise by voice or pen a cry of fear of a dictatorship, when every citizen knows our President would be the first to denounce any effort to establish a dictatorship, consider the picture of the ruin they had wrought by reason of their own financial and official governmental policies. The most charitable view we can entertain is that the last one who should express a sense of fear in behalf of our people is that man who held the important and responsible position of advisor to the Hoover administration with reference to its financial policies. Investigation has disclosed that in March 1933, when this administration came into power, we had over four and one half million families in the United States receiving public relief, which meant that something over 20 million people were on public relief or 1 person out of every 6.

The Emergency Relief Administrator states that he attempted to discover who these people were, where they lived, how old they were, and found that there was on an average of four people in each one of these families, and that among the 20 million people who were on public relief were included approximately 6 million children under 18 years of age.

It is not difficult for one readily to see that the situation in which the administration found the affairs of our people at the very inception of its taking charge of the affairs of Government was such as to require drastic action, and President Roosevelt at once began the task of a recovery program.

Without delay he called the Congress into extraordinary session, and this Congress did not fail to act. Emergency legislation was enacted, most of it due to the then existing conditions, in order to care for immediate needs and in order that a more permanent program could later be put into effect. Nothing transcends the general welfare, and let me warn the self-appointed critics of the administration that this emergency legislation will be held to be, and is, constitutional. We believe in constitutional representative government, and the great charter of American liberty is not being ignored or violated by the Congress; nor will your great President countenance the violation of any of its provisions, or hesitate to operate under its terms in the interest of the average citizen. The rights of the individual citizen to "life, liberty, and the pursuit of happiness", many of which had been denied him, are gradually but surely being restored to the average citizen and will be preserved to him and handed on to children yet unborn.

Let the critics of Roosevelt be candid, take the people into their confidence, state what their program would be and what they would do, or would have done at the time we acted. Would they again drive us down to the bedrock of despair? Industry and agriculture required aid at the earliest moment possible in order for our people to carry on. We therefore, at the special session of the Congress, enacted the National Industrial Recovery Act, the Agricultural Adjustment Act, an act to provide credit for emergency farm loans, the Home Owners' Loan Act, the National Securities Act, and an act to provide for a Public Works program to provide for needed and necessary public improvements and to relieve the serious conditions of unemployment, and an act to provide relief to the then existing national emergency among our banking institutions. Those who would find fault are seemingly unwilling to discuss these laws one by one, analyze them, or to suggest a substitute for a single one of them, although having had the months which have passed since their enactment for mature deliberation. Their speedy enactment simply and distinctly contrasts this administration which came into being with a willingness to act in behalf of the masses of our people with the administration which preceded it which had no program looking to the betterment of their conditions except the hope of the psychological effect upon the minds of our people by the repetition of the thread-worn phrase, repeated from month to month with great gusto, "Prosperity is just around the corner." Results speak for themselves, our people recognize them, and cannot be deceived. Results constitute a complete answer to denunciation.

It has been contended that the National Industrial Recovery Act, usually referred to as the "N.R.A.", does not apply to agriculture and is, therefore, not an aid to our farmers. It was not intended as a direct aid to agriculture but was intended as an aid to labor and to industry; but as time passes it, of necessity, will prove itself indirectly to be advantageous to agriculture and every form of industry. It was never intended to be applicable, and in the very nature of things, except in an indirect way, it could not be made applicable to our rural communities and our cities and towns located in our rural sections; but in our industrial centers it was and is necessary to relieve the obstructions to interstate and foreign commerce, to abolish those practices which were undermining the standards of living of the American people, to outlaw in this land forever child labor and to promote industry and labor under proper governmental sanctions and supervision. Let our farmers realize that during the recent years we had not been suffering so much from an overproduction of the products of the soil as we had been from an underconsumption of them. When we take into consideration the masses of our people it is evident to a thinking man or woman that we must prosper together; we must rise or fall together or return to the policy which leads only to prosperity for and in behalf of a privileged few—the masses receiving only the alms which fall from their tables. The National Industrial Recovery Act is a direct aid to the restoration of a purchasing power among those whom we commonly refer to as "the laboring class", and as they become normal consumers instead of being compelled by the circumstances in which they have inevitably been placed, using less in food and clothing—much less than nature requires—we shall find that agriculture will by reason of the operation of this law in the restoration of their purchasing power and in restoring normal consumption reap a benefit, one that is necessary to the survival of both agriculture and labor. Not only is this true with regard to agriculture but it is likewise true with reference to every form of human endeavor.

Not only had labor lost its purchasing power for the products of the farm but the products of the soil had so depreciated in value in comparison to their exchange value for other commodities as to cause a breaking down of the orderly exchange of commodities so as to render those engaged in agricultural pursuits to be without a purchasing power for the products of industry. A proper governmental program, monetary or otherwise, is one that brings to pass an equitable exchange of commodities. No other program can or will bring to pass prosperous conditions in a nation. This does not mean an exchange of commodities to the advantage of one class, one element, or some particular group, but a policy which makes possible an equitable exchange of commodities among all people. It was therefore necessary that the administration devise a plan whereby value would be established in a bushel of wheat or a bale of cotton to the producers of such commodities. I select those two commodities not to paramount them above others but by reason of the fact that they do constitute the two great crops of our basic industry and by reason of their outstanding position in our recovery program and that they have a direct bearing upon virtually all other products of the farm. By reason of the program previously carried on which gradually but surely resulted in underconsumption and in the destruction of foreign markets we had accumulated over a period of years and had been creating in this country vast surpluses of these two basic commodities until when the Roosevelt administration took over the reins of government we had a surplus in wheat of approximately 400 million bushels and a surplus in cotton of approximately 13 million bales. International trade and the building of foreign markets cannot be reestablished in a brief period, but within a reasonable period this can and will be accomplished. The enormous carry-over I have discussed in the two great crops of wheat and cotton had rendered each of those two basic commodities virtually valueless in this country to those who produced them or who were engaged in the business of producing them. Our carry-over of cotton amounted to more than a normal year's production in this country. The conditions surrounding the basic industry of agriculture made some form of relief necessary at the earliest possible moment, and by reason of this condition the Agricultural Adjustment Act was enacted. It is to be hoped that during the period of a few years foreign trade and markets may again be restored and that we may return to normal production.

The operations of this law and the machinery with which its provisions are carried into effect are so well known in Kansas and the Middle West as to render a discussion or description of them unwarranted. Suffice it to say, however, while futile efforts had in the past been made in the enactment of so-called "farm relief measures" that we can truthfully assert the Agricultural Adjustment Act is the first measure dealing exclusively with agriculture from which the farmers of our Nation have derived any benefits whatever either directly or indirectly. Benefit payments for the reduction of acreage have been and will continue to be made. Notwithstanding the enormous surpluses in these two basic commodities—and in saying this I am not discounting the value of the monetary policies of the administration—this act has had a marked influence in bringing to pass an increase in prices for these and other commodities, which increase has been steadily advancing since the passage of the act. We now have on the Chicago market approximately 90-cent to 92-cent wheat per bushel instead of 40-cent-per-bushel wheat and in the cotton markets 12-cent- to 13-cent-per-pound cotton, instead of 5-cent-per-pound cotton.

For the first time in many years we have as President of the United States a real friend of the farmers of our country and regardless of what may be the pursuit in life of any of our citizens a real friend to what we sometimes refer as "the little fellow." Their welfare is paramount in the Presidential mind. His thoughts are of them rather than of the forever discredited international banking group. Under his leadership your rights and liberties as individual American citizens will be preserved to you and your descendants notwithstanding the outpourings of one Ogden L. Mills to the contrary. I hesitate to contemplate what the state of the average American would have been by this time had we continued under a leadership largely controlled by the counsel and advice of Mr. Ogden L. Mills. He was high in the councils of the Nation while international bankers without molestation were smoothly carrying on their program, under the guise of being financial advisers, of mulcting the American people of their savings and draining the Nation of billions of dollars of its wealth by fraudulently selling among our people worthless foreign

bonds and securities by virtue of which transactions these high captains of finance amassed great fortunes while impoverishing those with whom they dealt. In order that such rank frauds could never again be perpetrated in this country the National Securities Act of the Roosevelt administration was enacted into law at the special session of Congress and is by the present session of Congress being amended and perfected. When I read the speech delivered by Mr. Mills here in Topeka, I could not keep from wondering if the loss of liberty he was then bemoaning were not such liberties as have been removed from the so-called "international-banking group" by such laws as the National Securities Act.

The saving of the homes of our people through the medium of the Home Owners' Loan Corporation Act and the emergency farm credit legislation are among the thus far outstanding accomplishments of the Roosevelt administration. The only fault that can possibly be found is with reference to the administration of these laws. These were enormous undertakings. The farm-mortgage indebtedness in the Nation amounts to approximately $12,500,000,000 and the mortgage indebtedness on urban, town, and city homes amounts to a sum in excess of $20,000,000,000. The machinery to administer the Home Owners' Loan Corporation Act had to be new. It is true the program was slow to begin with but is now speeding up. Almost as much has been accomplished during the last 2 months as had been previously accomplished since the creation of the Corporation and the future must be and will be of material aid to the distressed home owners whose homes are covered by mortgages which have run their course.

The Public Works program in its beneficient results not only in needed public improvements but to the army of the unemployed should meet with the approbation of every forward-looking citizen.

Thus far we have referred to not all of the laws, as time will not permit, but to laws passed during the special session of Congress under the leadership of President Franklin D. Roosevelt, each of which laws can be successfully defended on any forum or rostrum in this Nation.

Certain legislation relative to our monetary policies was enacted at the special session of Congress which was to my mind of great value as an aid to the recovery program but, which to my mind, was inadequate insofar as a monetary policy is concerned. The best way to judge the attitude of a public man toward the masses of our people is by considering his viewpoints with reference to the issues surrounding our circulating medium. Necessary remedial legislation involving this subject has been enacted during the present session of Congress. It is true, from my point of view, as my record in the Senate of the United States will disclose, the Congress did not enact all legislation it should have enacted relative to our monetary system. Nevertheless I congratulate the administration and the Congress under the circumstances for doing what has been done. Much more has been done by this enactment for the American people than had been done in any administration in many years gone by, or than any recent administration has shown a willingness to do.

I have said especially with reference to the $32,000,000,000 of mortgage indebtedness in this country that most of it was incurred by the borrowing of dollars of approximately normal value and that when this administration came into being debtors were being foreclosed against or required to discharge their mortgage obligations by paying with a dollar which had more than doubled in value and which was that much more difficult to acquire and that this increased value of the dollar had operated to drive the prices of commodities down. Notwithstanding these admitted facts, the Federal Reserve Bank of New York rather than allow the dollar to lose a portion of its abnormal purchasing power organized to peg it and hold it to its abnormal purchasing power and thereby prevent a rise in commodity prices. This undoubtedly contributed to cause President Roosevelt to free the dollar under laws enacted at the special session of Congress from its control by a group of organized bankers and thereby causing it to lose some of its abnormal purchasing power and thereby also checking the policy of deflation and bringing to pass a rise in commodity prices. This abnormal purchasing power of the dollar had gradually developed since 1926, and we should at least bring to pass a restoration of the purchasing power of the dollars to the 1926 level and work to the end of establishing our monetary policy so as to give the dollar a constant buying power for commodities as our whole structure rests upon adequate and fair commodity prices and on equitable debt-paying power. I, for one, although I am not authorized to speak for the President, and do not know his mind on the subject, do not believe the administration at Washington has gone as far in legislation governing our monetary policies as it should or will go, but I do believe the steps thus far taken are necessary and in the right direction. The welfare of more human beings is affected by and wrapped up in this all-important issue—more, in my opinion, than in all others—and our people can well applaud the Congress and the President for curtailing the contents of the gold dollar and in reducing its purchasing power and in anchoring the dollar to some fixed standard. Time will demonstrate the beneficence of this legislation and this act of the administration in behalf of our people.

Testimony before congressional committees demonstrated that the same quantities of basic commodities could be bought in the United States in 1933 with 63 ounces of gold as could be bought in 1926 with 146 ounces of gold. In other words, its purchasing power in that period of time had been more than doubled. In other words, it was disclosed that commodities in 1926, worth then to those who had produced them $3,018, in 1933 were only worth to those who had produced them $1,302. If the prices of commodities are raised to the level of 1926, and a reasonable time for recovery is allowed, agriculture and industry will receive their reward and be restored to normal conditions. The debtor will be enabled to discharge his obligations with a dollar no more valuable than the one he borrowed and the taxpayer will be enabled to discharge his tax burdens with commodities produced possessing a value commensurate with the labor employed to produce them. The mere statement of the facts I have outlined, to my mind, demonstrates the value to our people of the monetary program of this administration.

That unwarrantable conditions such as I have described should have been permitted to develop apparently unnoticed by those in charge of the affairs of the Nation is, to my mind, not only unthinkable but constitutes a condemnation of those who, while in authority, permitted and, in fact, encouraged their development—chief among whom was the distinguished former Cabinet member who not long since journeyed to Kansas to warn the people that they were about to be deprived of their individual rights as American citizens. Rugged individualism was indeed necessary to stand up and take it on the chin under the policies then in vogue.

For my part, as my record will disclose, I would have added, and still would add, silver as a basis for the issuance of our currency, and if for no other reason I would do so by reason of the enormous stimulus it would give to the building of our foreign trade. In my judgment, such a course would supply markets which would completely and entirely solve our surplus problem. It is a sad commentary to assume the position that we are producing too much in the way of food and clothing, while millions upon millions in silver-using nations with whom we have no commerce to speak of are suffering for all that goes to make life desirable. By adding silver to gold as a basis for the issuance of currency we would immediately enhance the value of silver, thereby making the money of those silver-using nations as valuable as our own, increase their cost of production to our standard cost of production, and place them on an equitable basis of trade with us. They could then buy from us on a basis of reasonable profit to our producers and would, in my judgment, absorb what we have heretofore regarded as a surplus of commodities.

Any student of the problem must be forced to the unalterable conclusion that the more scarce the basic money is the more easily it is or can be controlled by a few. To add silver would eradicate this evil which has long contaminated our financial policies. Approximately four fifths of the population of the entire world are on a silver standard and can trade with us only on that basis. A program such as this would in no wise hinder or retard our trade with nations which are now on a gold standard or where gold is the basis for the issuance of currency. The ratio of production of silver and gold in the world is about 14½ ounces of silver to 1 ounce of gold, and this has been true over a period of approximately 4,000 years. Eight hundred million people in the Orient with their purchasing power put on a par with our own purchasing power would absorb the surplus of production in this country of both industry and agriculture. A bullion basis for our currency consisting of both gold and silver in fixed proportions would give our money a broader metal base, could not be readily controlled, would be more stable than gold alone and would have a more constant purchasing power in that the production of silver in the world has been more regular in quantities than gold. Such a program should neither alarm a Republican nor a Democrat as this was the theory relative to the money question advocated by both Alexander Hamilton and Thomas Jefferson.

I am not discounting the value of what has been done with reference to silver by the administration and the Congress in the adoption of the Pittman proposal at this session of Congress, but I am contending the program should be carried a step further and in the manner I have attempted to outline. That I am not alone in my contention let me remind you that a very similar proposal was defeated at this session of Congress in the Senate of the United States by a majority of only two votes and my judgment is its adoption in the near future is a foregone conclusion—a consummation to be devoutly hoped for. Let me be not misconstrued. I feel this administration is moving toward recovery much more rapidly than we had a right to anticipate. His loyal supporters should and of right ought to be proud of the part they took in making Franklin D. Roosevelt President of the United States. I feel I have a fair comprehension of the mental processes of President Roosevelt. His great heart beats in unison with the welfare and interests of the masses of our people. He is by nature and education a great humanitarian—to follow his leadership means success. His untiring efforts to save and economically rehabilitate a great Nation and a great people should not, must not, and shall not fail. His name in history like that of Lincoln will be an inspiration to future generations and a grateful people will ever keep green in their memory the Nation's debt of gratitude.

THE DRAMA OF 1933—ARTICLE BY JAMES MORGAN

Mr. COOLIDGE. Mr. President, I ask unanimous consent that there be printed in the RECORD a very ably written article by James Morgan of the editorial staff of the Boston Globe, as of Sunday, December 31, 1933, on the subject the "Drama of 1933."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Boston Sunday Globe, Dec. 31, 1933]

IF ZANGARA HAD NOT MISSED—THE DRAMA OF 1933—NATION NEVER UNDERWENT SUCH STARTLING EMOTIONAL CHANGE AS IN 1 HOUR—BOY SCOUT WITH INDIA-RUBBER SMILE DISCLOSED AS DETERMINED LEADER—STRANGE EVENTS IN YEAR OF LIGHTNING CHANGES

By James Morgan

It may be said, after duly weighing the words, that the year 1933 opened more darkly than any other in the history of the United States. Grave as the situation was in 1861, yet at that time only our political institutions were menaced with a separation of the States into two Nations. Conditions in the beginning of this present year seemed * * * at least seemed to threaten not alone our political institutions but also our economic and social system. It is important to remember that our plight, as a continental Nation, with every diversity of interest, was different from that of smaller, more compact, and less diversified countries and therefore our problem of restoring a balance is more difficult. Our very richness in prosperity had led us into greater excesses, which brought upon us a more violent reaction. Our boom having been more inflated than any other, the deflation of it necessarily was worse.

A YEAR AGO

After long and anxious groping for a bottom to the depression there was a sickening fear that the bottom might have dropped out. Fifty standard industrial and railroad stocks had sunk by January 1 last from an average of $300 a share to $58; New York bank stocks from $357 to $67 a share; the volume of trade from 100 points in 1926 to 54; farm incomes from a high of sixteen billions a year to only a little more than five billions, and farm prices from the pre-war level of 100 to 54, where they hovered close to an all-time low. The operating revenue of the railroads had declined one half, with almost as heavy a cut in the number of railroad workers. Tax collections had so shrunk as to leave the Federal Government facing the prospect of an accumulated deficit of four billions at the approaching end of the fiscal year last June. City after city was drifting in the wake of Chicago toward an insolvency which left it unable to pay teachers, policemen, and firemen, who hold the outposts of public safety.

The unemployment estimates of the American Federation of Labor had risen from a total of 3,000,000 in April 1930, to 7,000,000 in October 1931, to 11,000,000 in October 1932, and the roll of the idle still was mounting toward the 13,000,000 mark, which it reached last spring, with more than 20,000,000 people reduced to dependence on public doles. Counting the farmers, whose products were selling for less than the cost of production, and the urban employed who had been ground down below a subsistence wage, it is possible that near half our population were not making a living.

WHAT MADE IT SO BAD

Unlike England and France and many other countries, our credit system, the nerve center of modern civilization, was in collapse. Those nations had eased the burden of debt resting upon them by depreciating their currencies. We, on the contrary, had rejected that means of relief and our Government, transportations, business, industry, and agriculture were weighted down with an unprecedented overhead of debt which had been contracted when money was cheap and prices were high.

In other depressions our railroads and other great corporations had written down and written off their debts by running them through the wringer of bankruptcy. But this time we had generally resisted that process of liquidation, that method of wiping off the slate and making a fresh start. The debts thus were left intact, to a total variously estimated to be from one hundred and thirty-five billions to two hundred and fifty billions, with a wholesale default on interest payments. These frozen assets so clogged our great fiduciary agencies—commercial banks, savings banks, and life-insurance companies—as to raise an uneasy doubt of the system standing up under the strain through another year. Already 10,000 banks had failed since the war, and so much weakness remained in the system that the report of the Comptroller of the Currency on January 30, 1932, was withheld from the public for 6 months; even then the tell-tale comparison with former years was omitted. Meanwhile the Government, through the Reconstruction Finance Corporation, went on pumping oxygen into the banks until the total of the loans rose to $850,000,000. Some sections of the country were reverting to an age of barter or resorting to "wooden money."

LEADERLESS PEOPLE

It was gravely questioned whether the people, alike the unemployed in the cities and the unrewarded farmers in the country, would stand up to the threat of another such winter as that in which they were floundering from bad to worse a year ago. The loss in dollars that the depression had caused could be measured, but there had been an immeasurable loss in national morale. Leadership had been destroyed in business as well as in politics. The apostles of the new era of limitless expansion had been swept down as false prophets in the crash of 1929. The heralds of prosperity around the corner in 1930–31 became the Pollyannas of 1932. The stark exposures of Insull and Mitchell were shattering to what confidence remained in things as they were.

As a dismal climax to that winter of discontent came the ironically named bank holiday. Starting with the proclamation of the Governor of Michigan on February 14, it spread like creeping paralysis from State to State until 15 States were without an open bank on March 1. At last the unbelievable happened on March 4, when the great banks of New York and Boston shut up and all the exchanges in the land suspended trading in securities and commodities.

A PLEASANT GENTLEMAN

That is the dark background that we need to keep in mind when we review the Roosevelt administration and policies. The country clung to a vague hope that the Democrats would, at least, do something different when they came to power, although the election had gone to them not so much as a vote of confidence as a vote of discontent with the Republicans. There was little confidence left in the Government itself as a means of checking the downward spiral or of breaking the vicious circle. It had shown itself unwieldy and powerless throughout the storm.

Nor was a high hope pinned on the President-elect. The liberal intellectuals, who had almost solidly opposed his nomination and held aloof from his campaign, dismissed him as "a pleasant gentleman with no important qualifications for the Presidency." A preelection poll of the faculty and students of Harvard his alma mater, had gone overwhelmingly against him. Most of his party leaders at Washington were infected with this doubt of his capacity. His outstanding success as Governor of New York for 4 years did not supply a convincing test of his statesmanship or leadership. With a Republican legislature, in which even his own party was controlled by the hostile Tammany machine, he had exercised no independent power at Albany, but had to win his points by displaying the arts of a politician.

Mr. Roosevelt's campaign speeches were lightly discounted at the time as promising too much. Yet he has fulfilled most of these promises in the first 10 months of his administration. The Securities Act and his banking policy were charted by him on the stump at Columbus; his agricultural policy at Topeka; his Budget plan at Pittsburgh; his railroad scheme at Salt Lake; the Tennessee Valley Authority and his water-power policy at Portland, Oreg.; N.R.A. at San Francisco.

THE BOY SCOUT

The refusal of the President-elect, in his conferences with President Hoover, to harmonize his policies with those of his defeated rival was mistaken as confirmation of the suspicion that he lacked decision and was inclined to dodge issues. Nor was there any assurance to be drawn from his attempt, which he made with obvious reluctance, to galvanize into action a "lame duck" Congress, resulting only in making confusion worse confounded at the Capital. Finally, his Cabinet, when announced, contained none of "the big names" that had been urged upon him by those who opposed his election. He called into his council lieutenants rather than leaders. His prestige had fallen low when a new interest in him was aroused by his cool, self-forgetful bearing under an assassin's fire at Miami on February 15. Sometime a dramatist may find a problem play under the title, "If Zangara Had Not Missed."

A Washington cartoonist caught the prevailing mood of the gray dawn of the advent to power of a President whom the jesters of the Capital greeted as "the Boy Scout with an india-rubber smile", and the pessimists as possibly the last President of the United States. The cartoon showed a sadly muddled Democratic donkey, while the Republican elephant lay stretched at ease on a park bench and singing "Hallelujah! I'm a bum!" But the occasion recalled to the minds of the cynics another popular song as they waited to see if any parading band would dare to strike up the Roosevelt campaign tune, Happy Days Are Here Again.

THE CHANGE IN AN HOUR

Surely the Nation never underwent such a startling emotional change in any other hour of its history as it experienced between 1 and 2 o'clock of Saturday, March 4, 1933, when it thrilled to the spirit of the new President's inaugural. He removed the gay, smiling mask behind which he had persisted through a winter of misunderstanding to conceal his purpose until invested with the power to put it into effect. He had lifted it while on his way to the Capitol, when he made an unprecedented pause at the altar of St. John's Church. As he advanced with labored step to the front of the inauguration stand it was plainly to be seen that this also was to him an altar.

What other speech ever produced so great an effect so quickly as that inaugural address. The millions who listened to it over the radio felt the grasp of a firm hand on the loose reins of leadership. Suddenly there was revealed to them a man ready for power and responsibility and action; who convinced them of his sincerity by his frankness in facing the realities of the situation; who infected them with his courage and his high faith in them. In that instant a country that had seemed to be on the point of disintegrating was reunited, with its confidence in itself restored.

PRESIDENT AND PEOPLE

The desperate emergency created by the bank holiday was a gift of fortune to the new President. It gave him the leadership of a people anxious, clamorous to be led. He had promised them action, and he gave it to them in such abundance that week as to work a complete reversal in the national psychology. For the first time a Cabinet was sworn in and called in session on Inauguration Day. The next day Washington saw such a stirring Sunday as she had not seen since the Battle of Bull Run. Under a generally forgotten but unrepealed World War statute, the President took control of the banking crisis, closing all banks everywhere and summoned Congress in extraordinary session on

Thursday. An emergency banking act was rushed through the House in 38 minutes and through the Senate in 3 hours. Thousands of unsound banks were sifted out in a week and the sound banks were reopened in the next week.

But the evening before the reopening began, his second Sunday evening in office, the President, by means of the radio, talked over with millions of his countrymen, like a neighbor dropping in on them, just what it was all about in terms that brought problems of finance and Government close to the general understanding for the first time. That was the beginning of such an intimate contact as no other President ever had established with his vast constituency, which is now overwhelming the White House with a fan mail that has had to be shunted off to another building.

Mrs. Roosevelt also has done her part in focusing popular interest on the White House. At first the public was not sure what it should think of her breaking out of a traditional haremlike seclusion, in which Presidents' wives were to be seen, but always with their minds veiled and their lips sealed. She freely went her way nevertheless, by train and plane and at the wheel of her car, with a strenuousness that recalled to memory her Uncle Theodore, and she has won, little by little, the respect of her countrymen for her independence.

The first weeks of the Roosevelt Presidency, an unforgetable springtime of national hope and courage, produced a great popular revival of interest and faith in democratic government. Parliaments had talked themselves to death in Italy and Germany. The loquacity and inaction of Parliaments in England and France and of our own Congress had exhausted public interest, which is the breath in the nostrils of free institutions.

AT TOP SPEED

With delighted surprise, the country watched last March the huge machinery of the Federal Government throw off its inertia and begin to function with an unexpected efficiency. The President had gathered a new kind of "kitchen cabinet", made up of college professors, formed into his so-called "brain trust", and he kept them preparing bills at top speed which he shot up to the Capitol with machine-gun rapidity. Within 5 weeks after the inauguration the emergency bank bill, the economy bill, the beer bill, and the act establishing the Civilian Conservation Corps were passed by panting Senators and Representatives; the banks were reopened; 3.2 beer started to flow and 25,000 jobless youths were on the march to the C.C.C. camps as the vanguard of more than 300,000 who were recruited, mostly among the idlers on city streets, and more quickly than we had ever mobilized as many soldiers under the pressure of war.

Those measures were a powerful stimulant for the public imagination. More exhilarating than the 3.2 beverage was the proof it gave that the Government could act and not merely talk about doing something. The economy law also was more effective on the spirits of the country than it has been in cutting down expenditures. It demonstrated the willingness of Congress to give the President power to bring the runaway Budget under control. That assurance has enabled him to use the improved credit of the Government for borrowings to finance his campaign against the depression.

STORM SIGNALS

Although the Nation was feeling better, business was not much better; it was still licking its wounds received in the bank holiday. The various barometers continued to be lower than they were in the spring of 1932. Farm strikes flared up as a warning signal.

The huge load of debt still weighted the country down and the dollar had grown dearer than ever in comparison with foreign currencies. A rising demand for inflation was threatening to sweep Congress away from the President's leadership when he accepted, on April 19, an amendment to the farm relief bill which authorized him to employ the several inflationary schemes under consideration; but it left the use of them to his discretion.

At the same time increasing unemployment spurred Congress toward the adoption of a 30-hour labor week for the purpose of spreading work. This incited some leading employers to come forward also with an appeal for the Government to help industry to get on its feet by so relaxing the old antitrust laws as to permit industrialists to combine for the adjustment of production and the prevention of cutthroat competition. That spontaneous movement gained headway with astonishing rapidity and dominated the meeting of the United States Chamber of Commerce, at Washington, early in May, when few dissenting voices were lifted against it. Thus the N.R.A. was born.

Meanwhile the President, to all intents and purposes, had taken us off the gold standard. At his request Congress also had canceled the gold clause in all securities, public and private. The dollar was falling, growing cheaper on foreign money markets.

GENESIS OF THE BOOM

Discounting the possibility of further inflation and the prospect of industrial revival under governmental guidance, a speculative boom started at the end of April. The old familiar race was on again under the old rule of every one for himself and the devil take the hindmost. Eager to "beat the gun", industrialists piled up production before they should come under codes reducing the hours of labor and increasing the minimum wage. Anticipating higher prices, wholesalers stocked up regardless of retail demands. With prices of farm products jumping up, farmers balked the efforts of the Agricultural Adjustment Administration to reduce production.

Between March and July the output of automobiles rose from 10 points to 60, and of the steel mills from 19 to 77. Wheat shot up in July to $1.26 a bushel, corn to 64 cents, and cotton to 12 cents a pound. Prices in general were rising at the rate of 70 percent for the whole year, according to the Annalist index. Business activity, by the New York Times index, had increased 50 percent and was the highest in 3 years. Wall Street was boiling over, with stocks soaring 51 points in 3 months; the prices of all listed securities, taken together, had increased nearly twenty billions.

HALF BOOM AND HALF BROKE

The inevitable collapse of production and prices without the underpinning of employment and purchasing power occurred on July 19. On July 24 the President came on the air to remind a rueful Nation that it could not attain a lasting prosperity half boom and half broke. That wild flight of American optimism had threatened to upset his planned recovery. Industrialists who crusaded for cooperation in April and May were for going it alone when they found the going good. After an existence of more than 5 weeks, N.R.A. had brought only the cotton-textile industry under a code, which in a day abolished child labor and harmonized the old difference between basic wages and hours of labor in northern and southern mills.

That slow rate of progress gravely threatened his whole plan of organized recovery, and the President appealed to all the millions of employers in every kind of trade and business to sign a temporary blanket code for increasing employment and wages. And the Blue Eagle was hatched. It was a doubtful experiment, this reliance on mass emotion in a war-time drive, with its implied threat of mob coercion and boycott. And the net results remain in serious doubt.

WHO IS THE DICTATOR?

In an extra session of 100 days, from March 9 to June 16, Congress enacted many important bills in addition to those already named in this summary. A bare mention of these will suffice to recall them to mind and to suggest the objects of the acts for the Tennessee Valley Authority, Home Owners' Loans, Railroad coordination, $500,000,000 emergency relief, and for the establishment of a Federal Employment Exchange. In the revealing light shed by a spectacular investigation of banks and investment concerns the Securities Act was passed, and the Glass-Steagall banking bill was enacted.

That immense grist of legislation was not only unprecedented in volume of output for one session, but it was also unprecedented for the powers it delegated to the President. It did not, in fact, make him a dictator; our only dictatorship resides in the public opinion behind the President. But the mass of legislation did create an enormous burden of administration, which undoubtedly shortened not a few lives in the course of a sweltering Washington summer. Every N.R.A. code represents an elaborate constitution of self-government and cooperation within an industry under the supervision of the Federal Government.

Although the Recovery Act is an emergency measure which will expire 2 years after its passage, or on June 16, 1935, whatever provisions in it prove to be beneficial and are sustained by the decisions of the courts are likely to become permanent.

The Recovery Act carried also the vastest scheme for public works ever authorized by a legislative body, looking to the expenditure of $3,200,000,000. Like the $4,000,000,000 authorized for farm credits and home loans, this has been a disappointingly slow job. The hope is held out now that the public works will get under way in sufficient force to prime the pump of industry and employment next spring.

BANK INSURANCE

The Banking Act increases the powers of the Federal Reserve Board to prevent the use of credit for speculation; discourages competition for deposits by prohibiting the payment of interest on demand deposits, or ordinary checking accounts; decrees the divorce of Federal Reserve banks from investment companies and private banking from the business of marketing securities; and it establishes an insurance corporation for insuring deposits.

This latter provision will go in effect at the opening of the windows next Tuesday, when all deposits in banks that have passed the examination will be insured up to $2,500 for each depositor. On July 1 next the insurance will cover fully deposits up to $10,000, 75 percent of those from $10,000 to $50,000, and 50 percent of deposits above $50,000. All that can measure up to the standard, whether in or out of the Federal Reserve System, are made eligible; but after July 1, 1936, the State banks will have to come into the System if they wish to continue the insurance for their depositors. The Government has gone into the banking business in a large way by purchasing preferred stock or making loans for the purpose of enabling many banks to meet the requirements of the plan.

WHERE HE SLIPPED

Although the President said in his inaugural that international relations were "in point of time and necessity secondary to the establishment of a sound national economy", he seemed to be among the few who entertained any hope of the World Economic Conference in London in June. Against an almost solid wall of nationalistic policies abroad, and while he himself was building another at home, strangely he went on laboring for an international accord, holding White House conferences day and night with visiting statesmen through April and May. At the same time he made a direct telegraphic appeal to 54 presidents and sovereigns in behalf of an agreement to outlaw aggressive warfare and to reduce armaments.

These remain the least realistic and the least understandable of all the President's efforts. When the nations assembled at London it was instantly apparent that they were ready to talk nothing but the cancelations or the further reduction of their debts to us and the stabilization of our dollar. We ourselves were not ready to talk about anything.

In the presence of such a fiasco the Rooseveltian magic was invoked to save the conference. All the world watched and waited as Professor Moley of the brain trust swooped down in a seaplane upon *Amberjack II* in New England waters, conferred with Skipper Roosevelt in the cockpit and sailed away to London. But when Mr. Moley submitted a plan squinting at the stabilization of exchange, the President threw it overboard from the cruiser *Indianapolis*, on which he was sailing back from a brief vacation. And the conference went glimmering. The foreign policies of the administration have remained ever since deadlocked by its domestic policies except in the one instance of the resumption of diplomatic relations with Soviet Russia.

THE GOLD DRIVE

The President's scheme of depressing the dollar and raising prices by bidding up the price of gold, which he announced in a broadcast of October 22, is almost the only other policy of the administration that the country could not understand. The spectacle presented from day to day of moving up the gold bid a few cents somewhat suggested a ritual of incantation. As the dollar went down in London and Paris there was generally a rise, but not a corresponding rise, in stocks and commodities in New York and Chicago. Thereupon, the opponents of the administration boldly emerged from their cyclone cellars early in November and timed a concerted drive against the gold plan and its "boloney dollar", as Alfred E. Smith called it. The assault was prolonged through November, until it climaxed in the resignation of Dean Acheson, Under Secretary of the Treasury, and of Professor Sprague, adviser to the Treasury. It was almost the first, and by far the most serious, challenge to the popular faith in the President since his inauguration.

But the attack exhausted itself when the man in the street discovered that the President's critics did not agree among themselves. Virtually none of them proposed an immediate return to the old gold standard. Nearly all admitted that it should be changed and modernized, with the dollar reduced in value. Since this seemed to be not very unlike what we were already doing, the general public lost interest in the baffling subject and left it flat.

TWO DIVERSIONS

Instead of involving himself in the debate the President did much to change the topic by launching in November a program of reemploying, by December 15, 4,000,000 persons who were facing another idle winter. A Civil Works Administration quickly was organized and spread its operations over the 3,000 counties of the United States. The sight of crowds of men and women, in their eagerness for work, lined up before the doors of city halls, town halls, and courthouses throughout the land touched the sympathies of the whole country and aroused a new confidence in the speed and efficiency of the Federal Government.

The gold campaign had the misfortune to be telescoped by another distraction in the repeal of the eighteenth amendment on December 6. The most redoubtable champions of that measure in 1932 looked forward to years more of fighting, and many of them doubted if outright repeal could be won in 10 years. But the twenty-first amendment caught the tempo of 1933 and took the necessary 36 hurdles in less than 1 year. And the President is undertaking to curb and guide the revived liquor industry under an N.R.A. code.

A NEW PSYCHOLOGY

The reaction from the bursting of the boom in July has not yet been absorbed; that is to say, the ground lost has not been fully regained in the last half of the year. But at no time and in no respect have we fallen to the 1932 level. On the contrary, the farmers' purchasing power, which stood on March 4 at 49 percent of the pre-war standard, is now above 70 percent, and their income has increased more than a billion dollars in the year. The pay roll of labor, as a whole, has had a similar rise. The American Federation of Labor reckons that, while men went back to work at the rate of 500,000 a month in the boom, the N.R.A. codes increased this to 850,000 a month in August and September, and that the gain has by no means been wiped out by the seasonal recession in the fall.

The credit system alone remains stalled under the staggering load of debt it assumed in the great inflation of 1924–29. This ominous situation thrust upon the Government in the Hoover administration the necessity of stepping into the breach with the Reconstruction Finance Corporation, and Uncle Sam remains the major money lender of the Nation.

The President himself makes no bigger claim than that "we seem to be on our way, but we are not yet out of the woods." A leadership that makes no pretense to infallibility has communicated an unaccustomed patience and open-mindedness to a people much given to dogma, doctrines, ancient fetishes, and traditional catchwords. That change in national psychology is a large part of the battle.

Even before his nomination in 1932 Mr. Roosevelt called for bold, persistent experimentation in attacking the cloud of problems brewed in the witches' cauldron of the depression. "It is common sense," he insisted, "to take a method and try it; if it fails, admit it frankly and try another. But above all, try something." When he started in to raise prices by the gold buying formula he said to the country, "If we cannot do it this one way, we will do it another. Do it, we will." He has likened his strategy to that of the football field, where a second play cannot be decided upon until the outcome of the first play is seen. This is something out of the ordinary in popular leadership, requiring great dexterity and celerity, and that is what we have been seeing in this year of lightning changes.

Many of us who watched the procession of events that has swept by us with bewildering rapidity since last New Year's Day may not live to know whether we have had the rare fortune to see the birth of a new era in human history or have been lookers on at only a brief interlude in the old era. That remains a sealed verdict.

THE WORLD COURT

Mr. PITTMAN. Mr. President, I ask unanimous consent to have printed in the RECORD at this time a statement as Chairman of the Senate Committee on Foreign Relations relative to so-called "World Court."

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

WORLD COURT TREATY

Many inquiries come to me as Chairman of the Committee on Foreign Relations of the United States Senate relative to the status of the protocol concerning adherence to the Permanent Court of International Justice, commonly known as the "World Court Treaty."

In some of these inquiries it is asserted that a poll of the Foreign Relations Committee has been taken and that two thirds of the members of the committee are in favor of adherence. Other writers assert that they are informed that a poll of the Senate has been taken, and that two thirds of the Members of the Senate are in favor of adherence to the World Court.

The situation is this: The protocol as originally ratified by the United States Senate contained a reservation that the Court should not have jurisdiction to render any advisory opinion with regard to any matter in which the United States had or claimed an interest without the affirmative consent of the United States Government. Various governments, adherents to the World Court, refused to approve of such reservation, which, in effect, voided such ratification. Subsequently, in the Seventy-second Congress, the committee again reported favorably the protocol for adherence, with certain other reservations of similar character to those first adopted and which were disapproved by other governments. This report was on a divided vote, and, as I remember, by a majority of only one of the committee.

Under the rules of the Senate, no action having been taken upon the report of the committee before the end of that Congress, the matter automatically came back to the Foreign Relations Committee, where it is now.

I should say that at the present time, without having polled the committee, a majority of the committee are opposed to the pending reservations which were adopted by the committee heretofore as I have stated.

The question, therefore, is not simply one as to whether the committee favors adherence to the World Court, but whether it favors the reservations heretofore adopted. This is a question which will require considerable consideration and will result in long debate, both in the committee and on the floor of the Senate.

Various peace organizations have applied to the committee for an opportunity to discuss not only adherence to the World Court but the pending and attached reservations. It has been impossible for the committee to grant such hearings so far during this session because of pending treaties and other matters of an emergency nature. Again, a majority of the members of the Foreign Relations Committee are also members of other committees which have been considering emergency measures relating to the national recovery program.

As Chairman of the Committee on Foreign Relations, I am giving every effort to secure hearings on these disputed questions at the request of interested parties at the earliest practical moment. I have no doubt that such hearings will be had on some date during the present month.

PRESIDENT ROOSEVELT'S ADDRESS ON THE N.R.A.

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD the address delivered this morning by the President of the United States before the general conference of code authorities and trade-association code committees.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Eight and a half months ago when I signed the Recovery Act I said: "Must we go on in many groping, disorganized, separate units to defeat, or shall we move as one great team to victory?"

That team is before me this morning—3,500 leaders of 600 great organized industries representing, as measured by employment, more than 90 percent of the industrial field which is covered by the N.R.A. Naturally I am deeply gratified that the faith which I expressed last June is so well-justified in March.

I do not undertake today to present either a broad review of all the manifold causes which led up to the distressful situation from which the Nation is emerging, or a recapitulation of the

events, the measures, and the results of this past year. You are here as the direct representatives of only one element in our complex modern life, but at the same time because of the fine spirit you have shown I can congratulate you on an approach to your own problems which shows an understanding of the many other problems which crisscross and dovetail into each other to make up the broad objective of the American people.

It is sufficient for me to point out once more that the difficult and dangerous situation into which the United States had got itself was due to the general attitude, "Every man for himself; the devil take the hindmost." Individuals were seeking quick riches at the expense of other individuals. Geographical sections were seeking economic preference for themselves to the disadvantage of other sections. Cities were recklessly offering inducements to manufacturing plants to move away from other cities. Within given industries unfair competition went on unheeded or resulted in vast consolidations whose securities were peddled to the public at dishonest prices. There was little consideration for the social point of view and no planning whatsoever to avoid the pitfalls of overproduction or of selling methods which foisted articles on a gullible public which the family budget could not afford.

That is a strong picture, but you and I, in the bottom of our hearts, know that it is a true picture. Most of us participated in the making of that picture. We did not know as much then as we know now, and, because our eyes have been opened, it is possible that future history will call that crazy decade of 1919 to 1929 one of the greatest blessings that ever came to the American people.

It was because the situation in March 1933 was so serious, all along the line, that remedies had to be applied to every phase of the illness. The objective was, as you know, to apply these remedies in the American way and not to copy those which are being tried in other countries which do not live under the same form of democratic government as ours. I am always a little amused and perhaps at times a little saddened—and I think the American people feel the same way—by those few writers and speakers who proclaim tearfully either that we are now committed to Communism and collectivism or that we have adopted Fascism and a dictatorship. The real truth of the matter is that for a number of years in our country the machinery of democracy had failed to function. Through inertia on the part of leaders and on the part of the people themselves the operations of government had fallen into the hands of special groups, some of them vociferously led by people who undertook to obtain special advantages for special classes and others led by a handful of individuals who believed in their superhuman ability to retain in their own hands the entire business and financial control over the economic and social structure of the Nation.

The fine response given by the overwhelming majority of the component parts of industry as represented here today proves to me that you have the same understanding of our broad purpose as is held by the average of the workers of the United States—and that word "workers" means almost all of the American people. You have shown sincere desire for real cooperation; you have shown prompt response to the governmental request for national unity. For this support I give you my thanks.

The National Industrial Recovery Act was drawn with the greatest good of the greatest number in mind. Its aim was to increase the buying power of wage earners and farmers so that industry, labor, and the public might benefit through building up the market for farm and factory goods. Employer, wage earner, and consumer groups are all represented on its boards with the Government; all three groups with the Government must have the interests of all the people as their main responsibility.

What we seek is balance in our economic system—balance between agriculture and industry and balance between the wage earner, the employer, and the consumer. We seek also balance that our internal markets be kept rich and large, and that our trade with other nations be increased on both sides of the ledger.

You and I are now conducting a great test to find out how the business leaders in all groups of industry can develop capacity to operate for the general welfare. Personally I am convinced that with your help the test is succeeding.

The very conception of N.R.A. follows the democratic procedure of our Government itself. Its theory of self-regulation follows the American method, rather than any of the experiments being tried in other nations. The very fact that you have been in Washington to criticize and to discuss the way N.R.A. is working out is sufficient proof of this point.

There are some people, of course, who do not think things through, as, for example, the man who complained in one of yesterday morning's papers that criticism was held to be unpatriotic. Let me put the case so clearly that even his type will understand. If we admit that the Government has a specific problem to solve and undertakes to do it in a specific way, the critic is unpatriotic who contents himself with loudly proclaiming that that way, that method is no good; that it won't work; that it is wrong to do this. This critic contributes nothing—he is not constructive; he is unpatriotic because he attempts to destroy without even suggesting a way to build up.

On the other hand, the critic is patriotic, whether he be a business man, a worker, a farmer, or a politician, if he says, "I don't like the methods you are using to solve the problem; I believe it would be far better if we were to use the following alternate method", and thereupon outlines for the benefit of his neighbor and his Government a helpful proposal.

In this great evolution through which we are passing the average American is doing splendid service by coming back at the captious critic and saying to him, "Well, old man, and what do you suggest?" One thing is very certain, we are not going back either to the old conditions or to the old methods.

And now to be more specific in regard to N.R.A. itself. You have set up representative government in industry. You are carrying it on without violation of the constitutional or the parliamentary system to which the United States has been accustomed. Your industrial groups are composed of two parts—labor and management; and the Government is a participant in this organization in order to carry out this mandate of the law. "To promote organization in industry for the purpose of cooperative action in trade groups and to induce and maintain united action of labor and management under adequate Government sanction and supervision." Somebody, of course, must strike the equitable balance between conflicting interests and especially must protect the third group—the consumer—and that word "consumer" means the whole American people.

That group has also been in Washington, invited to come here and to make known publicly any complaint as to the effects of any of the codes. I am sure it will hearten you to know that the great majority of the complaints were directed not at the codes but at errors and omissions in what has been done under codes. The great bulk of complaint or criticism of the Recovery Act does not go to the act itself or to its basic principles but rather to the details of mere method. In this we should feel encouraged and heartened that we are on the right track and can go forward.

In working out the balance on a national scale, of which I have spoken before, we can list certain immediate objectives. I spoke last June of the fact that wage increases will eventually raise costs, but I asked that management give first consideration to increasing the purchasing power of the public. I said, "That is good economics and good business. The aim of this whole effort is to restore our rich domestic market by raising its vast consuming capacity." Complaint has been made of a few industries and of some companies that they have not followed this suggestion, and evidence brought forward shows that in some cases these complaints are justified. What I said was true in June, and it is true now. The first task of industry today, as it was then, is to create consuming power.

We must remember that the bulk of the market for American industry is among the 90 percent of our people who live on wages and salaries and only 10 percent of that market is among people who live on profits alone. No one is opposed to sensible and reasonable profits, but the morality of the case is that a great segment of our people are in actual distress and that as between profits first and humanity afterward and humanity first and profits afterward we have no room for hesitation. With millions still unemployed the power of our people to purchase and use the products of industry is still greatly curtailed. It can be increased and sustained only by striving for the lowest schedule of prices on which higher wages and increasing employment can be maintained.

Therefore I give to industry today this challenge: It is the immediate task of industry to reemploy more people at purchasing wages and do it now. Only thus can we continue recovery and restore the balance we seek. It is worth while keeping in the front of our heads the thought that the people in this country whose incomes are less than $2,000 a year buy more than two thirds of all the goods sold here. It is logical that if the total amount that goes in wages to this group of human beings is steadily increased merchants, employers, and investors will in the long run get more income from the increased volume of sales.

I want to speak for a moment directly to the public. In my initial statement of policy I said:

"Finally, this law is a challenge to our whole people. There is no power in America that can force against the public will such action as we require. But there is no group in America that can withstand the force of an aroused public opinion. This great cooperation can succeed only if those who bravely go forward to restore jobs have aggressive public support and those who lag are made to feel the full weight of public disapproval."

You all know what happened. We gave you the Blue Eagle as a symbol of cooperation. Its display in a shop or factory window, or upon a garment, or product, or delivery wagon, informed you that the firm with which you were dealing was doing its part in this great national cooperation to defeat depression. For the first time—so far as I know—all of the people in this country were given a part in making a law effective.

This is a law for the public benefit. Obviously an employer who pays Blue Eagle or code wages cannot compete with an employer who does not. It is therefore common sense for the consuming public in their own interests, as well as for labor and for industry, to join in seeing to it that the few who think only of selfish gain be made to play the game with the overwhelming majority.

Every examination I make, and all the information I receive lead me to the inescapable conclusion that we must now consider immediate cooperation to secure increase in wages and shortening of hours. I am confident that your deliberations will lead you also to this conclusion. Reduction in hours coupled with a decrease in weekly wages will do no good at all, for it amounts merely to a forced contribution to unemployment relief by the class least able to bear it. I have never believed that we should violently impose flat, arbitrary, and abrupt changes on the eco-

nomic structure, but we can nevertheless work together in arriving at a common objective. The Government cannot forever continue to absorb the whole burden of unemployment. The thing to do now is to get more people to work. Your self-governing groups are not here to devise ingenious plans to circumvent the purposes of the act. You are here in a patriotic spirit to effect these purposes. With few exceptions industry will give wholehearted compliance. It is only in the case of rare exceptions where industrial self-government may fail that the Government itself must and will under the law move firmly and promptly to prevent failure.

Under the code system you and I are aware that experience must be the guide for the working out of difficulties and the prevention of abuses. For example, you on code authorities are your industrial brother's keeper, and especially are you the keeper of your small industrial brother. We must set up every safeguard against erasing the small operator from the economic scene. Many years ago antitrust laws were passed and one of the primary reasons for their enactment was the protection of the little fellow against the big fellow. In many cases these laws failed to protect the little fellow. We do not want to maintain that condition. The essential provisions of the codes should check or reverse competitive methods by which the small-business man was or is being squeezed out.

These same antitrust laws must continue in their major purpose of retaining competition and preventing monopoly. It is only where these laws have prevented the cooperation to eliminate things like child labor and sweat shops, starvation wages, and other unfair practices that there is justification in modifying them.

One more subject I call to your special attention. The law itself has provided for free choice of their own representatives by employees. Those two words "free choice", mean just what they say. It is obvious that the Government itself not only has the right but also the duty to see, first, that employees may make a choice; and, secondly, that in the making of it they shall be wholly free. I ask that the letter and the spirit of free choice be accorded to its workers by every corporation in the United States.

We have been seeking experience in our first 8 months of code making; for that same reason we have been tolerant of certain misunderstandings even when they resulted in evasions of the spirit if not of the letter of the law. Now we are moving into a period of administration when that which is law must be made certain and the letter and the spirit must be fulfilled. We cannot tolerate actions which are clearly monopolistic, which wink at unfair trade practices, which fail to give to labor free choice of their representatives, or which are otherwise hostile to the public interest.

In a word, we cannot tolerate abuses of economic power—abuses against labor, abuses against employers, or abuses against the consuming public, whether they persist either with the aid of codes or despite their prohibitions. This does not mean that we can at once make perfect many hundred codes covering the major trades and industries of the Nation, nor that we can get a mark of perfection in a day or a month. It does mean that we have arrived at the time for taking stock for correcting manifest errors, for rooting out demonstrated evils.

One year ago we were suffering and shrinking under economic pressures so intolerable that collapse was at hand. We had arrived at the day to make our choice. We made that choice. The American people responded to the call for action with eager enlistment—enlistment in the struggle against ruthless self-seeking, reckless greed, and economic anarchy. We undertook, by lawful, constitutional processes, to reorganize a disintegrating system of production and exchange.

The methods and details of that reorganization may and will change from year to year, but it is very certain that the American people understand that the purpose of the reorganization was not only to bring back prosperity. It was far deeper that that. The reorganization must be permanent for all the rest of our lives in that never again will we permit the social conditions which allowed the vast sections of our population to exist in an un-American way, which allowed a maldistribution of wealth and of power.

The willingness of all elements to enter into the spirit of the new deal becomes more and not less evident as it goes on. As an example, I have just received a telegram from Mr. Francis M. Law, the president of the American Bankers Association. In it he said: "On this your first anniversary please allow me in behalf of the country's banks to express our full confidence and our sincere desire to cooperate in your courageous efforts to bring about recovery. * * * The banking structure of the country is sound and liquid and banks have never been in stronger position to function effectively. Conditions have improved to the point where it is no longer necessary for banks to be superliquid. * * * There is a definite call now for banks not to extend loose credits or to make improper loans but for a most sympathetic attitude toward legitimate credit needs and for a recognition of responsibility for their proper and vital part in the program of recovery."

Think back exactly 1 year ago today. You know where the banks stood at that time; you know where your own business stood. That telegram is a living illustration of the progress we have made. Let us consolidate our gains and let us resolve that that consolidation shall be for the continued progress and especially for the greater happiness and well-being of the American people.

EDUCATION, SCIENCE, AND THE NEW DEAL—ADDRESS BY THE ATTORNEY GENERAL

Mr. WALSH. Mr. President, I ask unanimous consent to have printed in the RECORD an able address by Hon. Homer Cummings, Attorney General of the United States, on the subject Education, Science, and the New Deal. The address was delivered before the faculty and students of Rollins College, Winter Park, Fla., February 26, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. President, members of the faculty, students, and friends: In educational methods and aims Rollins College has departed from trodden paths. In this complex world it has individualized education; it has substituted learning for instruction; it has adopted for its students the criterion of accomplishment rather than the old conventions of marks and credit-hours; and it has set as the goal of education complete living. All of this sounds to me like a new deal in education. I felt at home here. As one "new dealer" to another, I greet you.

Our country, almost from the beginning, has been committed to the idea of education. There was, however, at the outset a note of dissent. Governor Berkeley, of Virginia, responding to the question of English Commissioners of Foreign Plantations as to what course was being taken in the Colony for instruction of the people in the Christian faith, said: "The same that is taken in England, every man according to his ability instructing his children." But he added, "I thank God there are no free schools or printing presses, and I hope we shall not have them these 100 years, for learning has brought disobedience and sects into the world, and printing has divulged them and libels against the best of governments. God keep us from both." This was an Old World idea. Wide-spread learning was feared. Ignorance upon the part of the subject was bliss for the monarch, and it was folly to make the masses wise.

In America the earliest impetus to education came from religion. Enacting, in 1647, what has been called "the mother of school laws", the General Court of Massachusetts said:

"It being one of the chief projects of that old deluder Satan to keep men from the knowledge of the Scriptures, as in former times by keeping them in an unknown tongue, so in these latter times by persuading from the use of tongues * * * It is, therefore,

"*Resolved*, That every township in this jurisdiction, after the Lord hath increased them to the number of 50 householders, shall then forthwith appoint one within their town to teach such children as shall resort to him, to write and read."

There was a hint of the secular and of the dissemination of learning in the next sentence:

"It is further ordered, that when any town shall increase to the number of 100 householders they shall set up a grammar school, the master thereof being able to instruct youth, so far as they may be fitted, for the university."

In any event, from this time on, the American idea of free schools grew rapidly. Colony after Colony, State after State, and even the Federal Government itself through congressional school-land grants to the States contributed to the spreading of education. The free school, with its democratized education for the masses, with its educational ladder, upon the steps of which the student might systematically climb from one stage of instruction to another, became a fully and permanently developed system.

The predicate of this idea was that literacy is essential to democracy. Committed to democracy, we are hence committed to education. So long as government rests ultimately upon the consent of the governed, so long as we seek to maintain a government of, for, and by the people, an informed electorate is a first essential. Both the one and the many profit by a trained intelligence in the individual. Our trust is firmly based upon the enlightening influence of education, thereby insuring intelligent cooperation and wise leadership in the conduct and the development of our institutions.

I have mentioned that the first impetus to education in this country was religion, and the second was the ideal of literacy for democracy. There has been a third—science—an impulse drawn from within. For, as the common school developed, as the native intelligence of men and women was trained to the love of learning and the pursuit of truth, there developed, as of course, the scholar of book and tool, of library and laboratory. It is the nature of man to break down frontiers. As the scouts of our early days passed with the conquest of prairie and mountain there arose, to follow and carry on, the scouts of science, clearing the path for their fellows through the frontier of knowledge. Great institutions of higher learning developed, first in the classics, then in pure science, finally in applied science and the various arts. Physics, chemistry, biology, economics, sociology, and, indeed, all the physical and social sciences were developed and applied to the myriad uses of man. As the thirteenth century was essentially an age of religion, so our age is largely one of science—of scientific accomplishment and of scientific method, of collection and classification of data, of formation and testing

of hypotheses, of reaching conclusions and building thereon, of checking one discovery against another so that, ultimately, isolated findings become a part of the pattern of all, and great gains of tested knowledge inspire further quest and lead to still greater accomplishments.

How far these schools and this science have carried us. In transportation, from the canoe and the ox cart to the ocean liner, the transcontinental train, the automobile, and the airplane. In communication, from slow-moving letters to the telephone and the radio. In agriculture, from truck garden and small farm to acres by the million spilling crops toward all the seas. In manufacturing, from village shoemaker and smithy to the specialized factories of today, ravenous for the raw material of the whole earth. In medicine and surgery, from the kit of the country doctor to the great life-saving clinics and hospitals in every part of the land, ministering to health and prolonging the span of life. In sanitation, from successions of plagues, decimating the earth, to relative freedom from contagious disease. In architecture, from hut to skyscraper. In business, from clumsy coins to bank credit, from the corner store to the corporate enterprise. Speed of travel, ease of communication, longevity, health, comfort, wealth, and beauty—these are the fruits of science.

And yet, a short 12 months ago our transportation facilities were largely idle; our abundant crops were rotting in the warehouses; our factories were closed or running upon pitifully short time; 13,000,000 people were idle; and our elaborate and carefully constructed banking system entirely ceased to function. We were confronted with the puzzling paradox of starvation amidst plenty.

A learned jurist once said:

"The law, so far as it depends on learning, is indeed as it has been called the "government of the living by the dead." To a very considerable extent, no doubt, it is inevitable that the living should be so governed. The past gives us our vocabulary and fixes the limits of our imagination; we cannot get away from it. There is, too, a peculiar, logical pleasure in making manifest the continuity between what we are doing and what has been done before. But the present has a right to govern itself, so far as it can; and it ought always to be remembered that historic continuity with the past is not a duty, it is only a necessity.

"I hope that the time is coming when this thought will bear fruit. An ideal system of law should draw its postulates and its legislative justification from science. As it is now, we rely upon tradition, or vague sentiment, or the fact that we never thought of any other way of doing things, as our only warrant for rules which we enforce with as much confidence as if they embodied revealed wisdom. * * *

"The Italians have begun to work upon the notion that the foundations of the law ought to be scientific, and, if our civilization does not collapse, I feel pretty sure that the regiment or division that follows us will carry that flag. Our own word seems the last always; yet the change of emphasis from an argument in Plowden to one in the time of Lord Ellenborough, or even from that to one in our own day, is as marked as the difference between Cowley's poetry and Shelley's. Other changes as great will happen. And so the eternal procession moves on, we in the front for the moment; and, stretching away against the unattainable sky, the black spearheads of the army that has been passing in unbroken line already for near a thousand years."

These are the impressive words of Mr. Justice Holmes, speaking at a dinner of the Harvard Law School nearly 40 years ago. And now we are "in the front for the moment."

Mr. Justice Holmes was entirely right. Literacy is essential to democracy, but not mere literacy. Education and science, if they are to be useful to government, must function within government as they have functioned outside of it. It is a sad commentary that we have used science least where we needed it most. To transportation, communication, agriculture, industry, medicine, sanitation, architecture, finance, and business we have applied science and the fruits thereof, but not to government. There has been learning, but it has gone unusued. Economists, sociologists, historians, students of politics there have been; and, like their brothers in the pursuit of truth, they have sought and they have found. In the books of the dead and the activities of the living they have traced the growth and science of government. In the great laboratory of life down the ages they have seen the trial and error of collective life. All this knowledge they have stored for the use of those of the eternal procession who are for the moment in the front and we have not used it.

The genius of the new deal lies in the application of science to government and contemplates the reapplication of the doctrines of cooperation. The Agricultural Adjustment Act is a planned attack upon unbalanced production, the National Recovery Act upon unbalanced employment, and both upon our diminished purchasing power. These acts were carefully devised. Not only were individual enactments thought out in advance but their relationships to each other and to the whole result were recognized factors in the problem. The Agricultural Adjustment Act complements the National Recovery Act. The Public Works feature sustains both. Thus production, consumption, and capital goods industries are being aided simultaneously. The Civilian Conservation Corps, the Civil Works Administration, and various other modern measures are component parts of a seriously thought-out program. The banking structure is undergoing a necessary rehabilitation. Price adjustments and dollar stabilization are sought by the scientific method of trial and error and not by arbitrary fiat. A cleansing of the public service and a campaign against crime have been undertaken as matters essential to a healthy national life.

In brief, the attack of the new deal is economic rather than political. The very terminology of the present measures is that of finance, accounting, budgeting, crop production, labor distribution, costs of living, costs of production, margins of profit, price levels, and the like. The measures thus operating seek to adjust the economic factors of our life so as to produce efficiency in that sense of the word which means the abolition of idleness and poverty in a land of plenty.

It will be said that the new deal is experimental and that not all of its measures will succeed. But this is no sufficient challenge. The method of the new deal is one of action, not of laissez faire. It refuses to abandon in despair our economic life to the operations of chance. The new deal is education and science in action.

"And so the procession moves on, we in the front for the moment; and, stretching away against the unattainable sky, the black spearheads of the army that has been passing in unbroken line already for near a thousand years."

And in a moment, my student friends, it will be you who are in the front. Let me exhort you to remember, as educated men and women, as scholars, as scientists, as citizens, that literacy must be for, not merely in, democracy. It must function for government, and it must function through you. Only thus shall we have, in the words of Rollins College, "complete living", and only thus, in the words of our great President, "a more abundant life for all."

N.R.A. CODES—ADDRESS BY SENATOR WAGNER

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered today by the junior Senator from New York [Mr. WAGNER] at the conference of code authorities in the city of Washington.

There being no objection, the address was ordered to be printed in the RECORD as follows:

This representative gathering symbolizes the spirit of cooperation and the desire for action that have animated the entire Nation during the past year. The dynamic personality and capacity for leadership of President Roosevelt have struck a responsive chord in the hearts of his countrymen. If I were asked to designate the greatest single accomplishment of the recovery program, I should not refer to revived industrial activity or to reemployment, important though these are. What is new is the philosophy that we are not the helpless victims of natural law, but are able to control our own destinies and provide for our future welfare and prosperity.

You are all familiar with the wealth of statistical evidence that economic recovery is assured. The index of basic industrial output is 30 percent higher than a year ago. During the past 2 months there have been more favorable changes in dividend payments than in any equal period of time since the depression began. Freight-car loadings, residential construction, the automobile industry, electric-power production, and coal and steel operations all tell the same story of rapid progress.

The time has come to ask: Where are we progressing? Are we content to return to the uneven prosperity of the nineteen twenties, with its poverty, its uncertainty, and its seeds of recurrent depressions? Or are we prepared to lay the solid foundations for a saner and happier mode of economic life?

Since the turn of the century this country has been prolific in the production of goods. Wealth has poured forth from factory and mine and field in unequaled abundance. If our social organization had kept pace with our mechanical inventiveness, the paradox of progress and poverty would have vanished completely. Instead, the paradox has become more glaring. No one with a sense of economic realities would attempt to explain this incongruity by a single formula. But patient and careful students, working independently of one another, have almost all arrived at a major agreement. This is that the distribution of income among the masses of our people has not been sufficient to absorb industrial output. Purchasing power has been dried up at the source, with inevitable reactions upon business and upon the entire economic structure.

I bring to the forefront the problem of coordinating production and wages because here lies the most significant economic challenge which faces us. Everyone recognizes this, and everyone admits that upon a satisfactory solution depends the welfare of all groups.

To this task, the entire Recovery Administration, under the extraordinary leadership of General Johnson, have devoted themselves with rare understanding. They have blazed a new trail, and the obstacles have been manifold. It is because they have achieved such splendid results that it is now appropriate to consider the program for the future.

The increase in the real income of the entire wage-earning class has been due to reemployment rather than to improved individual standards. The individual worker employed full time is earning less today than he did last March, and his welfare is still further imperiled by the rising of all price levels in response to our monetary policy.

It is therefore essential that most of the code provisions affecting wages should be revised drastically. Some of the minimum standards set by the codes are lower than those actually prevailing in industry. In the upper wage brackets, there have been reductions in hours without corresponding increases in wage rates per hour. As a result, there has been some tendency for the wage

rises in the lower brackets to be counteracted by reductions in the upper ones. This is a serious evil, for prosperity can neither be attained nor preserved by making workers share with workers.

If we intend to achieve the fundamental reforms of the new deal, we must be careful not to stop short even when wages reach a volume that is sufficient to keep factories open. Under a controlled economy, it would be perfectly possible to balance production and consumption, and still keep workers in poverty. Our efforts should be directed, first toward providing the worker with an income sufficient for comfortable living, and then toward assuring him an equitable share in our national wealth. I believe that to accomplish this there must be considerable change of emphasis in connection with the setting of minimum wages under the codes.

The same considerations apply to the regulation of working hours. Most of the scales under the codes are far too high, even by the narrow test of emergency measures. The Recovery Act, by establishing an average week of 38 hours, has destroyed the slavery of the sweatshop, but it has not reduced hours enough to provide for the 10,000,000 people who have not been reabsorbed by industry. Of these people, only 4,000,000 are being employed by public projects; 6,000,000 remain in desperate need.

It is a mistake to regard the shorter-hour movement simply as a means of spreading work or to criticize it as a lowering of productive efficiency which necessarily would tend to reduce all standards of living. Our technological skills have advanced so greatly during the present century that we can produce more than ever before even while lightening the burden upon the back of labor. During 1919–29 our manufacturing output rose 50 percent despite an actual decline in the number of workers engaged. During this so-called "prosperity era" we had over 3,000,000 unemployed, because we tried to appropriate too large a share of progress to a few in the form of profits and not enough to the many in the form of shorter hours. We apologetically referred to technological unemployment, when in truth we were suffering from refusal to confer the benefits of technology upon workers as well as owners. The shorter week should become a permanent part of our prosperity program. If not, the dead weight of the unemployed will drag us continually into the mire.

This analysis indicates the need for a constant process of wise adjustments between industry and labor. We have reached the period where there must be a gradual transition from an emergency basis to a permanent basis. Permanent problems cannot be solved simply by reopening codes or by general exhortations, although both of these devices may be necessary at the present time. There must be above all cooperation between employers and employees, dealing with one another on an equal footing. Our great leader, President Roosevelt, has been tireless in his advocacy of this ideal.

The first step involved in cooperation between employers and employees is that they should settle their disputes amicably and profitably, without resort to the bitter and indecisive strife of the past. The National Labor Board, of which I have served as chairman for 6 months, has handled disputes involving over 900,000 workers. Of these, over 650,000 have been put back to work or kept at work with high promise of durable peace. This figure does not include the additional thousands who have been aided by the quiet, unspectacular work of the regional labor boards in all parts of the country. The universal esteem in which the members of the Board are held and the unanimity of most of their decisions have gained the confidence of the Nation.

It is certain that almost everyone interested in economic welfare desires the permanent establishment of this Board by Congress. To that end, I have introduced a bill on March 1, and Representative CONNERY has introduced a similar measure in the House. The bill provides for a board of 7 members, with 2 representing employers, 2 employees, and 3 the general public. Provisions are made for the establishment of regional or local boards.

However, the experience of everyone connected with the National Labor Board has shown that no board alone can promote cooperation and industrial peace unless the basic conditions exist upon which peace and cooperation must rest. Section 7 (a) of the Recovery Act sought to establish these basic conditions. But the ambiguity of some of its terms, and the inadequacy of enforcement power, have enabled a minority to flaunt the law and endanger the entire recovery drive. The appeal for the clarification and fortification of section 7 (a) has intensified recently, and has received response in the new legislation proposed last week.

The primary requirement for cooperation is that employers and employees should possess equality of bargaining power. The only way to accomplish this is by securing for employees the full right to act collectively through representatives of their own choosing. The principle of collective bargaining has been attacked as a violation of the constitutional guaranty of freedom of contract, since it does not preserve for each employer the right to make contracts with each of his employees as individuals. Nothing could be more fallacious. The fathers of our Nation did not regard freedom of contract as an abstract end. They valued it as a means of insuring equal opportunities, which cannot be attained where contracts are dictated by the stronger party.

The law has long refused to recognize contracts secured through physical compulsion or duress. The actualities of present-day life impel us to recognize economic duress as well. We are forced to recognize the futility of pretending that there is equality of freedom when a single workman, with only his job between his family and ruin, sits down to draw a contract of employment with a representative of a tremendous organization having thousands of workers at its call. Thus the right to bargain collectively, guaranteed to labor by section 7 (a) of the Recovery Act, is a veritable charter of freedom of contract; without it there would be slavery by contract.

Since the passage of the Recovery Act, the freedom of workers to engage in genuine collective bargaining has been hampered enormously by the growth of the employer-dominated union. The number of employees covered by such unions rose from 432,000 in 1932 to 1,164,000 in 1933, representing a gain of 169 percent. Over 69 percent of the employer-dominated unions now in existence have been inaugurated in the brief period since the passage of the Recovery Act.

I can see no objection to the so-called "company union", if by that term one means simply a union which is not affiliated with any other organization, and whose members all work for the same employer. But I do oppose the domination of such unions by employers who do not permit their workers to become affiliated with outside organizations even when they desire to do so. In many cases, such wider cooperation is necessary to stabilize and standardize wage levels, to cope with the sweatshop and the exploiter, and to combat the employer who is unfair and overweening. Moreover, it is an absolute essential to real collective bargaining that employees should have the right to be represented by independent experts who have a knowledge of business conditions and who are not subject to the economic sway of the employer with whom they deal.

Many of the employer-dominated unions, I am well aware, have amended their rules so as to recognize these outside representatives. But the privilege granted to employees is a barren one if, on the whole, they are dominated by the employer-controlled organization. In truth, the very fact that the grant comes through employer consent is a travesty upon workers' rights.

The bill which I have introduced forbids employers to engage in specific practices whereby they exercise undue control over employee organizations. At the same time, it does not prevent employers from participating in schemes to promote the general welfare of their workers. Employer organizations should be encouraged to serve their proper function of supplementing trade unions, but they should not be allowed to supplant or destroy them.

Another defect of section 7 (a) of the Recovery Act is that it guarantees the right of employees to organize, but does not expressly secure to their representatives the right of recognition. Over 70 percent of the cases before the National Labor Board have resulted from the failure of employers to follow the clear intent of the law. The new bill, modeled after the successful experience of the Railway Labor Act, requires fair efforts to bargain collectively and genuine attempts to arrive at satisfactory agreements.

I believe that most fair-minded employers, when they have occasion to study the provisions of the proposed legislation, will be heartily in favor of it. Fair-minded men who are now allowed to band together in large trade associations do not desire to deny analogous rights to their workers. Fair-minded men do not take kindly to the pretense that industry and labor are cooperating if, in fact, one side controls both parties by holding the strings. Most important, far-sighted, broad-minded employers, who see the threat to industrial peace and economic security implicit in the present state of affairs, will enter whole-heartedly into this plan for improvement.

The new bill empowers the Board to issue restraining orders, enforceable in the courts, against the unfair minorities whose devastating tactics force well-intentioned parties to follow the same course. But the most important function of the new Board, as of the present one, would be the peaceful and voluntary conciliation of industrial disputes. The measure does not have the slightest flavor of compulsory arbitration. It relies upon the good will, common sense, and public spirit of the interested parties. It presents, in my opinion, the best solution to the thorniest problem confronting us all at the present time. When enacted it will remove the chief obstacle to economic recovery and industrial peace, and I earnestly hope that it will win the support of everyone.

RECIPROCAL TARIFF AGREEMENTS

Mr. BARBOUR. Mr. President, the President of the United States today enjoys a degree of esteem and popularity on the part of his fellow citizens certainly equal to, if not surpassing, that of any other Chief Executive within my memory. And while, with many millions of others, I applaud him for the courage he has so far evidenced along the road to recovery, I am convinced, at the same time, that genuine cooperation is not to be found in apathetic acquiescence to any and every program suggested, regardless of what it may consist. A merely "yes man" Congress is not really performing its duty either with respect to itself, its President, or the country.

It is in a spirit of honest criticism that I condemn the proposal to give the President unlimited authority to negotiate any tariff treaties he may see fit, without ratification by the Senate or final review in any quarter. If this proposal shall be adopted, the net result will be, whatever others may say to the contrary, that the Senate will simply go on record

as favoring a reduction, possibly a very drastic reduction, in our tariff rates here and now. I, for one, particularly under conditions prevailing at present in this country, am not willing to place the Senate or myself in that position.

The President, under the National Industrial Recovery Act, has the power under section 3 (e) to increase tariff rates in protection of N.R.A. principles and codes. It is obvious that such protection is necessary because of the basic philosophy of the N.R.A. itself. But it is equally obvious, I admit, that the President cannot enter into any international trading in respect to the tariff when his power is restricted only to increasing tariffs. No foreign power will enter a conference with the President's power so limited. The foreign powers are all looking for decreases in our tariff; they are looking for an outlet into which they may pour the greatest possible volume of the products of their underpaid labor. And I believe the President is being put in a position which ultimately will end in his making only decreases in our rates of duty if he is to move at all in any direction under this latest suggested yielding of a duty and responsibility specifically assigned to the Congress under the Constitution.

Why is it necessary for the Congress to sanction his future acts in advance? If he is committed to international tariff negotiations, he now has ample authority under the Constitution to undertake them; and the mere fact that he must submit such arrangements to the Senate for ratification cannot be of itself considered either harmful or, in the light of past experience, dangerous to any part of his program that is really in the best interests of the country. And, since he now has the right to increase rates, this request in its practical application can only place the Senate squarely on record as favoring tariff reductions. This in the face of the N.R.A., under which protection of home industry is absolutely essential for its proposed maintenance of higher commodity prices, shorter hours, and increased wages. The very law which makes the N.R.A. possible recognizes this truth, as I have pointed out, in section 3 (e).

I am opposed to international bargaining with our tariff because I am convinced that, no matter how we may proceed or for what purpose, it means only in the end no real bargaining at all but simply the undermining of our protective policy, actually more necessary today than ever before.

This Government with very few exceptions has never advanced its own interests to its own advantage at the international round table. We generally come out at the small end of the horn. Foreign nations which have turned their backs on their obligations to us come now seeking to take our home markets. This proposal, as I see it, is in line with a policy which already has cost us far too much, and on this ground I find additional ample grounds for opposition.

There is one more very important consideration which must have force even among those here who really do favor, without camouflage, reductions of our tariff schedules. And it is the fact that tariffs written into treaties remove the whole problem from the consideration and purview of the people as directly represented by the Congress, thereby automatically placing this country in a veritable tariff strait-jacket, from which it can thereafter move neither upward nor downward without assent of the other contracting nation, even should we later find it necessary for our well-being and preservation to change a schedule or rate. There is danger enough on this ground alone to justify opposition to such procedure, whatever one's individual views may be in respect to how low or how high our tariff should be at the present time. Furthermore, treaties are not made in a day, and there can be no real or substantial recovery while business waits anxiously and uninformed for weeks, months, and perhaps even longer for rates of duty to be revised, if they are to be revised, by treaty makers.

I am convinced that recovery cannot be advanced by surrendering home markets to foreign exploitation, even in the avowed adjustment of the foreign debts, adjustments that can, if made at all, only be ever downward.

The significance of all this is greatly emphasized, in my opinion, when viewed in the light of the tremendously increased deficit which now stares the Nation in the face, and which obviously demands every possible national support at home, and no weakening of any stimulation that can be vouchsafed to American agriculture, labor, and industry.

NAVAL CONSTRUCTION

The Senate resumed consideration of the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

The VICE PRESIDENT. The Senator from North Dakota [Mr. FRAZIER] is entitled to the floor.

Mr. FRAZIER. Mr. President, on Thursday afternoon, when the Senate recessed until today, I was talking on the so-called "Vinson bill", to authorize the building up of the United States Navy to the treaty limits of the conferences of 1922 and 1930. At that time I referred to a book written by Mrs. Morgan, the secretary of the National Council for the Prevention of War, published here in Washington.

Mrs. Morgan states in this book that the Washington Conference was made necessary by the situation which had been developed by our own enormous naval building program, undertaken during the war and continued in 1919. A program of building 16 capital ships, including 10 battleships, and 6 battle cruisers, had been started in 1916, and was suspended in 1917, after we went into the war, because of the need of more destroyers to fight the German submarines, and so forth. She also quotes a little statement from Hon. Charles E. Hughes, who was Secretary of State at the time, made on April 28, 1927. He says, in regard to naval competition:

> Whatever the motives that inspired our naval program of 1916, it was clear after the end of the war that it was unnecessarily extensive, and had become essentially provocative.

Mrs. Morgan also gives some tables that are very interesting. One gives the strength of the navies of the United States, the British Empire, Japan, France, and Italy. I will state that this book was written in 1930. The table gives the number of ships and total tonnage of the navies of the five powers built, building, appropriated for, and authorized within the effective age of 20 years for capital ships, aircraft carriers and cruisers, 16 years for destroyers, and 13 years for submarines.

The United States at that time had 452 ships. The British Empire had 339; and, of course, Japan and France and Italy were below that. The tonnage of the British Navy, however, was somewhat larger than that of the United States.

Comparing the strength of the five navies, the chart shows that the United States led in number of ships by 113. The British Empire led in tonnage by 50,440 tons.

Another table shows that the United States at that time was greatly in the lead in the number of destroyers and also in submarines, leading all the other nations of the world.

Mrs. Morgan also gives some interesting figures in regard to the cost of battleships, stating that at that time the modern type of battleship cost from $35,000,000 to $40,000,000; and she goes on to tell that each battleship has a crew of about 1,200 men, and that it costs about $2,000,000 each year to pay the expenses of such a battleship and crew.

Mr. President, it seems to me that the passage of the Vinson navy bill is absolutely unnecessary at the present time, inasmuch as we have already, during the present session of Congress and during the past few months, made provision for the building of a large number of ships. During the summer, money was set aside from the Public Works Administration fund, and 32 ships were laid down under that provision. In the regular appropriation bill of the

Navy Department, passed only a few days ago, 54 ships were authorized, making a total of 86 new ships that will be constructed under the program we have already adopted; and this bill is supposed to carry an authorization for 102 warships, which would make a total of 188 new ships for war purposes during the present year.

It seems to me that it is absolutely unjustifiable to appropriate so much money for the building of new ships. The appropriation for the Navy during the present year, for the building of 188 new ships, amounts to well over a billion dollars. Mr. President, that means that 188 ships that we have at the present time will be scrapped and dismantled—used as targets, I presume—and that 188 new ships will be built in their place; and many of the ships that will be dismantled and scrapped because of this measure that we are asked to authorize at the present time, we are told by people in good authority, are in pretty good shape. Some of them have been reconditioned at an expense of millions of dollars during the past 3 or 4 or 5 years, and these authorities tell us that the life of those ships has not yet run out; that they should be continued; but, of course, under the London Treaty, ships can be scrapped that are, as it is called "over-age."

I desire to read just a word about these over-age ships.

During the recent debate on the floor of the House, Representative COLLINS of Mississippi, who has long been a member of the Naval Committee of the House, made a rather interesting statement in regard to the so-called "over-age" ships. He said:

> At the London Conference some men sat at a table and arbitrarily determined that if a destroyer was laid down before the 1st of January 1921 it would be over-age 12 years thereafter; but if it was laid down 1 day, mark you, subsequently, its life would be 4 years more—in other words, 16 years.

Representative COLLINS cites this particular example to show the absurdity of the so-called "age limit" of our ships.

This group at the London Conference agreed that if these destroyers were laid down prior to this arbitrary date of January 1, 1921, their life would be only 12 years; but if they were laid down, as the Congressman says, just one day after that, on the 2d day of January, 1921, their life would be 16 years. The mere statement shows the arbitrariness and the lack of rhyme or reason for a ruling of that kind; and, of course, most of our destroyers were laid down prior to January 1, 1921. Therefore, they are practically all over-age and obsolete.

I made the statement the other day that all of our battleships would be obsolete if we got into another world war. With the constant improvements of so-called "scientific warfare", our battleships would be obsolete even though they had been completed only a few months.

It has been stated time after time, and thoroughly demonstrated, that in the event of another war our battleships could be sunk by one well-directed bomb. Think of it, Mr. President! A battleship costing thirty or forty or more million dollars can be sunk to the bottom of the ocean with one bomb from a bombing plane! It seems to me the money spent for such a vessel would be practically wasted; and this money could be put to so much better use in these hard times.

I desire to go into that matter further a little later on.

Representative COLLINS continues:

> The life of a submarine was fixed at 13 years unconditionally.

That is, it did not make any difference when the submarines were built; they were considered to be out of date and obsolete and over-age at the end of 13 years. That, of course, was another arbitrary ruling.

> It so happens that practically all of our destroyers were laid down prior to January 1, 1921.

The Representative continues:

> On January 20, 1931, let me tell you what the Chief Constructor of the Navy told the Appropriations Committee.

That is, the Appropriations Committee of the House.

In referring to 86 destroyers that had just been thoroughly overhauled and recommissioned, in response to an inquiry as to whether or not they had had much service, Admiral Rock said:

> They have not; no, sir. They have been kept in fairly good condition. They have had very little service, and therefore the hulls in general are in very good condition.

He was asked:

> That would also be true of the machinery?

Admiral Rock said again:

> It probably would be true of machinery also.

These vessels were reconditioned just prior to 1931. He stated somewhere that they would be good at least another 10 years, "certainly 10 years for the hulls", he said. Those 10 years will not be up until at least 5 or 6 years from now, although technically the ships are over-age and can be scrapped under this treaty and new submarines built in their place.

There is no question about the authorization in the bill of 102 ships, and even more can be built, as well as some airplanes. That was thoroughly discussed in the House and acknowledged there by the Chairman of the Committee on Naval Affairs and not contradicted or denied.

It seems, Mr. President, that practically all of our ships, or nearly all of them, numbering a total of 372, are over the age limit. In fact, all but 86, I believe, are over the age limit technically. But, as has been stated, many of them have been reconditioned and are good for many years to come.

In a discussion on the floor of the Senate a few days ago the Kellogg Peace Pact was interjected into the debate and some comment made upon it. It seems to me the fact that the United States was responsible for the adoption of the Kellogg Peace Pact, responsible for getting practically all of the nations of the world to agree to it and to adopt it, throws on us a little more obligation under that pact than rests on any other nation, although other nations have adopted it the same as did the United States. It seems to me that we have a little more responsibility, because it was our activity that resulted in the adoption of that pact.

We all know that the very title and essence of the Kellogg Peace Pact is the renunciation of war, and now it seems to me contrary to the purpose and intention of the Kellogg Peace Pact, when it was adopted, at least, contrary to the thought of those who believed in it at the time it was adopted, to continue to build up a navy larger than that of any other navy on the face of the earth.

Congress during the seventy-third session has made appropriations, or authorizations, including those in the pending bill, for well over a billion dollars, about a billion forty million dollars, for the building up of a navy, and, of course, that is a great deal more than has been spent by any other nation over a period of several years. I introduced into the RECORD the other day a statement showing the increase in the expenses of navies during the last 15 years, and, of course, those expenses have been increasing rapidly. The United States has spent almost twice as much as any other nation on earth for war purposes in peace times, and that in spite of the fact that we were instrumental in the adoption of the Kellogg Peace Pact for the renunciation of war.

During the last 7 years there has been spent for our Navy $2,413,000,000. During the last 3 years the amount spent for that purpose was $1,085,000,000. For this year, if this bill shall be enacted, we are appropriating and authorizing a billion and about forty million, almost as much as we have spent in the last 3 years, and that amount spent in the last 3 years is more by far than any other nation on the face of the earth has ever spent in peace time for the building up of its navy. When we include the Army appropriations along with these Navy appropriations, it means that in the last 7 years we have spent $5,330,000,000, an immense amount.

Besides this authorization of 102 ships in the pending bill, there is a proviso, beginning on page 2, line 15, in the pending bill, which reads:

> *Provided*, That the President of the United States is hereby authorized to replace, by vessels of modern design and construc-

tion, vessels in the Navy in the categories limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, when their replacement is permitted by the said treaties.

I take it, Mr. President, that means that, in addition to building the 102 ships which are spoken of in the discussion in the House and on the floor of the Senate, the President can also replace some of the great battleships. I want to refer again to what Representative COLLINS said about that particular provision of the bill in the discussion on the floor of the House on January 30 last, as found on page 1616 of the RECORD. He said:

Think of it, gentlemen! We are here asked to approve of the construction of 15 capital ships of 35,000 tons average, that may be laid down after January 1, 1936. Fifteen great, big, lumbering hulks that cost in the neighborhood of $40,000,000 apiece to build, which, in the event of a war with a big naval power, would, as Admiral Sims, I believe it was, who said, "better be tied up somewhere up the Mississippi out of harm's way."

As I remember it, Admiral Sims, in a statement before one of the committees of the House of Representatives a few years ago, stated, in substance, that in the event of another world war, the safest place for the United States Navy would be up the Mississippi River just as far as they could get, because, he explained, one well-directed bomb would sink the biggest battleship afloat. Some of the Members of the Senate who have been here for some time remember, and perhaps some saw, the experiments that were tried out in the Atlantic shortly after the World War in the sinking of a German battleship. It was demonstrated that it could be easily sunk with one bomb.

As I understand it, the provision in the bill to which I have referred authorizes the President to scrap these old battleships and build new ones in their places. Of course if that were done, it would bring the total cost of the bill much higher than the $470,000,000 that is anticipated by those who are advocating the measure.

Mr. KING. Mr. President——

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Does the Senator from North Dakota yield to the Senator from Utah?

Mr. FRAZIER. I yield.

Mr. KING. It occurs to me, from an examination of the bill, that the provision to which the Senator has just referred is one of the most subtle, deceptive pieces of proposed legislation that has ever found its way into the Senate of the United States. I think it is an attempt to commit the Government of the United States to the construction of large battleships, when the bill ostensibly is for the purpose of building auxiliary craft, craft which are smaller than the capital ships. It seems to me that if the proponents of this measure are entirely fair and candid they will consent to the elimination of that proposed provision in the bill. It is too early for us to determine now as to the future policy of the Government in dealing with battleships. We are not ready to commit ourselves to the building of a large number of battleships, certainly not in advance of the expiration of the disarmament conference treaty.

If a measure such as this one shall be passed by the Senate, it will produce repercussions in other nations, will arouse their fears and apprehensions. They will say that this is a sly and subtle and adroit way of committing the United States to the construction of big battleships, and it will induce them to adopt naval policies perhaps against their wishes, certainly against the condition of their treasuries, and they will do that under the pretext that they must defend themselves against the manifestations of an aggressive policy upon the part of the United States.

Mr. FRAZIER. I thank the Senator from Utah for his observations. I think the whole bill is deceptive and misleading. My reason for that statement is this: The naval appropriation bill for the fiscal year ending June 30, 1935, which the Senate passed a few days ago, contained a provision for the building up of the Navy to treaty strength. The naval construction bill contains an authorization of $470,000,000 for the building up of the Navy, beginning a year from the 1st of next July. In the meantime, another Congress will have met, and if it is then necessary to go on with the shipbuilding program, appropriation can then be authorized instead of authorizing it now.

Mr. President, much has been said about the profits that accrue from the construction of battleships. Much has been said about the profits that accrue from a preparedness program. Much has been said about profits accruing from the furnishing of munitions of war. A limit has been placed to such profits by the terms of the pending bill. In the House a limit of 10-percent profit was fixed. The provision was made that contractors and shipbuilders could make no more or no less than 10 percent. The Senate committee amended and modified that provision, making it a little bit better. The Senate committee's amendment restricts profits so they shall never be more than 10 percent, and they might possibly be less.

Mr. President, I am satisfied that if the profits could be taken out of the furnishing of war supplies, if the profits could be taken out of the building of our warships, if the profits could be taken out of the furnishing of other supplies for war purposes, if the profits could be taken out of the furnishing of munitions of war, if the profits could be taken out of war itself, I believe we should have very little propaganda in favor of preparedness for war, and I believe it would be a long, long time before we should go into another war. In other words, if when we conscript the boys to fight our battles we shall also conscript the wealth of the Nation to pay for the war as we go along, I believe we would go a long way toward preventing war in the future. At least, there would have to be a mighty good reason for war before we went into it if such restrictions were placed upon those who furnish the munitions of war, and if we conscripted the wealth of the Nation as well as the youth of the Nation to fight our battles. If war profits can be eliminated, I am satisfied that more will have been done to bring about world peace and disarmament than could be done in most any other way.

The naval construction bill contains a provision limiting profits to 10 percent. Ten percent on the cost of a large battleship means a pretty good profit. A battleship costing $40,000,000 would provide a profit of $4,000,000, and in these hard times that would be a pretty good profit. For the purpose of safeguarding such profits, Mr. President, I presume private shipbuilding companies feel it is worth while to spend some money for propaganda in behalf of preparedness. The propaganda is for preparedness. Preparedness for what? Preparedness for peace? Oh, no; it is preparedness for war.

It is said that the preparedness, of course, is for defense, to insure defense to our great Nation, to our institutions, to the industries of our country, to our Government itself. Such preparedness is not possible. Under the provisions of the pending bill we shall be authorized to build up the United States Navy to be the largest in the world. We are the richest country in the world. So the question is asked, Why should we not have the largest Navy? The excuse offered for the demand for the largest navy in the world is that we are the richest country in the world. We can easily build a navy larger than that of Great Britain, and the bill provides for such a navy. But, Mr. President, suppose there is some sort of agreement between Great Britain and several other of the foreign nations, will it be possible for us to continue to build and keep our Navy larger than the combined navies of the Old World? I believe any thinking citizen must agree that that would be practically an impossibility, and it would not do any good even if we did it.

During the last few years there have been a number of so-called "sham air battles" in which there were a great number of defense planes used, a certain number of Army attacking planes, including bombing planes, and planes of all varieties, of course. One such sham battle, the description of which I recall particularly, was had over the city of London. In that case an official committee was appointed to watch the battle, which lasted 5 days, as I remember it, and the committee made a careful observation and made a thorough study of the whole situation, after which they made their official report, at the conclusion of the battle.

The committee in the official report said, in substance, that it was a practical impossibility to keep the enemy planes from over the city of London. They reported that one of the great bombing planes could come over the city and blow up and burn up a great portion of the city of London, and they said it was impossible to keep such planes from coming over the city; that they could come in under cover of darkness, they could come in under cover of fog or during a storm, and it would be impossible to keep them away. During that sham battle the enemy planes came over London several times.

Another such sham battle was had over the city of Paris a short time afterward. On that occasion the same experience was had. A short time after that a sham battle was held over the city of New York; and in that case the same experience was had, that it was absolutely impossible to keep enemy planes from coming over the city of New York.

Of what good is the great Navy of ours if bombing planes should come over and attack our cities? Mr. President, in the last few months I understand bombing planes have been greatly perfected. Such planes can even be steered and guided by radio. A so-called "robot system" is used for running the airplanes, which system can direct the course of the plane within a distance of three, four, or even five hundred miles, and the plane can be sent almost exactly to the point desired. The plane will move just as the radio operator guides it, and will go to the place to which he sends it. In such case there is no pilot in the ship. Bombs can be let fall from the ship at any point desired unless the plane is shot down, in which case it would explode where it strikes.

Mr. President, I am told that one of these so-called "modern, scientific instruments of destruction" could clean up a territory in a city like New York at least half a mile wide and three quarters of a mile long. Just one bombing plane could do such damage. Should we get into another world war there will be hundreds—yes, thousands—of such great bombing planes sent to bombard our cities.

A few days ago Mrs. Roosevelt, the First Lady of the Land, in speaking at a conference in the city of Washington, made a remark which was quoted on the floor of the House the other day. The statement was made before a convention for the "Cause and Cure of War." The First Lady had this to say:

> I believe anyone who thinks must think of the next war as they would of suicide.

Then she adds:

> But most people do not think. How deadly stupid we are!

Mr. KING. She referred to the Senate, probably.

Mr. FRAZIER. I think she referred to anyone who says we can by building a navy a little larger than that of Great Britain insure the safety and the defense of the people of the United States. Certainly a world war under the so-called "scientific method" would be suicide.

The people who seem to advocate preparedness apparently go on the theory that might makes right. That is rather an old, threadbare argument. It goes back to the cave man's days, when the strongest man, the man who could wield the most deadly club, was the man who dominated. He was right, because he had the might to wield that war club. If we are going to endorse the sentiment that "might makes right", I do not care whether it is in private affairs or in public affairs, if our Government is going to endorse the theory that "might makes right" and build up a navy larger than that of any nation in the world, and have, as well, a larger army, it seems to me that such a policy is repudiating the whole theory of civilization which we have been glad to see developed, that might was not the only thing in the world; that there was right and justice to be considered.

I have before me a little magazine which was published during the war time in the city of Washington. It is called "The Congressional Magazine." The copy I have is volume 1, no. 2, published in June 1916, and is entitled "Peace or War." The discussion in the magazine refers to conditions at that time, of course, when there was a strong sentiment for preparedness. I want to quote some of the statements from this little magazine. Here is a statement from the then Senator Vardaman, who came from the great State of Mississippi. The speech was made January 25, 1916, according to this magazine, and under the subtitle, "The Question of Preparedness", I want to quote Senator Vardaman, as follows:

> I am especially desirous that the people of Mississippi think deeply on this question of "preparedness" for war.

A little further down he says:

> I heard a distinguished officeholder say a few days ago that he was in favor of preparing for war for the purpose of preserving peace.

"Preparing for war for the purpose of preserving peace!" That was back in 1916. We have those among us now who make the same argument today, that we should prepare for war for the purpose of preserving peace.

Former Senator Vardaman goes on to say:

> Germany was prepared for war at the beginning of the devastating struggle now going on in Europe. Did her preparation preserve peace? France was prepared for war; England had the greatest navy the world had ever known at the beginning of this war. Russia with her compulsory military spirit rampant and paramount—did all these influences work for peace? Let the flowing blood and the groans of the wounded in the trenches and the heartaches of the mothers and wives and the cry of orphaned children of Europe answer that dread question. Governments are but the individuals in the aggregate. The same influences move masses of men to action that actuate the individual. Did you ever know a man who really wanted peace ornament his person with a couple of pistols and a bowie knife, and other modern implements of hell, and go out into the street as an apostle of peace? Do you really think that that character of man ever promoted peace in the community in which he lived? Of course you do not. But, on the contrary, he is a disturber of the peace and a fomenter of strife.
>
> Nations, I repeat, are but the individuals in the aggregate; and the same code of laws and morals should govern the nations in their dealings that individuals insist upon governing men in their intercourse with each other.

I think former Senator Vardaman was absolutely correct in that statement.

There are a number of interesting articles in this little magazine.

Here is an article on the Navy League. The Senate will recall that we heard a great deal about the Navy League, the patriotic organization that wants to build up a navy for defense. Oh, yes. They even operate clear over in European countries; the same group having the same purposes apparently are organized and advocating preparedness programs over there.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Utah?

Mr. FRAZIER. I yield.

Mr. KING. The Senator will recall that the Navy League, of which he speaks, when President Hoover delivered an admirable address in which he referred to disarmament and to the importance of reducing military expenditures, denounced him and said that he exhibited "abysmal ignorance." They were willing to denounce the President of the United States as well as everyone else who did not accept their militaristic and navalistic views.

Mr. FRAZIER. I remember that statement, and only a few years previously a similar attack was made, as I recall, against President Coolidge by the same Navy League.

Here is a statement from Hon. Claude Kitchin, who was at that time Democratic leader in the House of Representatives. This statement was made in November 1915. He was talking about the immense appropriations that had been made for years; he quoted from statements from President Wilson and also from Mr. Josephus Daniels, who was then Secretary of the Navy.

> We have under Mr. Wilson's and Mr. Daniels' administration, for the first time in years, the full complement of enlisted men authorized by law.

And he stated that they were spending more money for the Navy, and still there was propaganda going on for greater preparedness and a larger navy and a larger army.

He quotes from the report submitted by Secretary Daniels to Congress in 1914. I wish to read an extract or so from that report of Secretary Daniels:

The naval appropriations in our own country have doubled in a dozen years, and have gone up by leaps and bounds in other countries. If this mad rivalry in construction goes on, the burden will become too heavy for any nation to bear.

At that time they wanted to increase the appropriation for the Navy by $200,000,000. Think of it—$200,000,000! Secretary Daniels said, if the increase in appropriations for the Navy should continue to go up, no nation would be able to bear the expense. Yet what are we doing now? Anybody who would now talk about simply $200,000,000 for the increase of the Navy would be a "piker." They talk in billions now. The appropriations, as I have shown, for this one year, if the appropriation carried by this bill shall go through, will be over a billion dollars. In Secretary Daniels' day he objected to an amount of $200,000,000 which it was sought to have appropriated at that time.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield further to the Senator from Utah?

Mr. FRAZIER. I yield.

Mr. KING. The Senator might with propriety add that the passages of the pending bill, as well as the other measures alluded to, makes commitments which will involve us in an amount greatly in excess of a billion dollars. It is just like the program of 1915–16, which contemplated the construction of 15 great battleships and battle cruisers; but the construction of those vessels meant enlarged harbors, because we had to deepen them; we had also to have larger docks in which to repair the ships; and then auxiliary craft had to be acquired, because, when we build a battleship, we must have auxiliary craft at a cost of millions and hundreds of millions of dollars more; so that the eight or nine hundred million dollars for battleships would have cost at least $1,500,000,000 because of the changes that would be required to supplement the battleships.

Mr. FRAZIER. That is undoubtedly true. In this respect Secretary Daniels also states:

The growing cost of dreadnaughts, of powder, and of everything that makes an efficient navy gives reason to pause. The heavy expense commands national and international consideration. Ten years ago our largest battleships cost $5,288,000.

That would be 10 years prior to 1914, which would make it 1904. At that time the cost of a battleship was $5,288,000, but in 1914 he said:

The next dreadnaught will cost $14,044,000.

Its cost would be $14,044,000; and he was protesting against that. How much do battleships cost now, Mr. President? According to the best estimates, it will cost between $35,000,000 and $40,000,000 for each one of the great dreadnaughts which now may be built.

Mr. KING. Mr. President, will the Senator permit another interruption?

Mr. FRAZIER. Yes.

Mr. KING. The Senator will recall that the four Hoods which Great Britain contemplated building, when we were forcing through the 1916 naval program, each would have cost $75,000,000, because that type of ship had a tonnage of 43,500 against 32,000 and 35,000 tonnage of the largest battleships that are now afloat. So there is no limitation. If we keep on building we may have battleships of the Hood type which will cost, as indicated, at least $75,000,000 each.

Mr. FRAZIER. The Secretary of the Navy, back in 1914, went on to protest that the taxpayers could not pay the increased indebtedness that would be brought about and could not bear the increased burden because of the building up of a great Navy.

Mr. BONE. Mr. President, I understood the Senator from North Dakota to say from the record we have that in 1914 battleships could be built for $5,000,000 each, while now they cost $40,000,000. Did I understand the Senator correctly?

Mr. FRAZIER. That is the statement contained in the report submitted by the Secretary of the Navy in December 1914, in which he says that—

Ten years ago our largest battleships cost $5,288,000.

I do not know whether they were as large at that time as they are now, but approximately they were, I think. I do not know what the profit was on those $5,000,000 battleships at that time, but unless human nature has greatly changed the builders of those ships probably made a fairly good profit at that time.

Mr. BONE. As I recall, during the Spanish-American War the large guns on the battleships were 12-inch guns. I may be in error about it, but it is my recollection that the large guns on the *Oregon*, the *Texas*, and other ships during the Spanish-American War were 12-inch guns. Everything has been increased in size since then, which would step up the cost. I do not know in just what ratio, but nevertheless the cost would be stepped up. If there is a multiplication factor of somewhere near eight in costs, it would indicate certainly the presence of inordinate profit in the building of these vessels.

Mr. FRAZIER. I think there is no question about the profits.

Mr. NYE. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to his colleague?

Mr. FRAZIER. Certainly.

Mr. NYE. In connection with what the Senator from Washington just said, I think his attention ought to be called to the fact that prices have not ceased going up, even during more recent years. I understand that the Joint Committee on Printing of the Congress, dealing this morning with bids received by the Government Printing Office for papers that have to be used during the next fiscal year, found the bids quite similar under the new code system, and found also that the costs of the papers involved were something like 40 to 50 percent higher than they were in 1929, when we presumed we had reached the peak.

I understand certain members of the committee have made inquiry and discovered that in spite of these increases in costs, the cost of labor involved in producing the paper is something like 20 to 30 percent lower than it was in 1929, and the cost of the raw material to which the paper manufacturers must resort is something like 15 percent less now than it was in 1929. Yet the bids to the Government Printing Office call for 40 percent higher prices than were offered in 1929.

On that basis, how much is a battleship or a battle cruiser or destroyer going to cost today if it cost a certain amount in 1904 or in 1929?

Mr. FRAZIER. Of course, most all of our big factories and manufacturing corporations got the habit during the World War of making larger profits than they have ever made up until that time, and it seems they cannot get out of that habit now. They still want to make war-time profits. Battleship equipment, of course, costs more than it did a few years ago. Because the inventors and gun manufacturers of Germany have put out a larger gun, we had to keep pace with them, and so the United States Navy had to scrap the old guns and put larger guns into our battleships.

When Germany made an improvement the United States had to do a little better, and it has been the same all down the line. When Great Britain had 1 battleship we had to build 2. It has been the other way in the recent past, Great Britain being a little above us, but now we are going to show Great Britain that we can build a larger navy and spend more money for it than she can. We are going to have the greatest navy on earth—for peace? No; for preparedness for war. That is what it is for, and there is no getting away from it.

Secretary Daniels, in his report to the Congress, made some further interesting statements. It is stated further in his report—at least, I assume it is a continuation of his report—speaking about the deficit:

After the expiration of the present emergency tax, December 31, 1915, we will be faced with deficits for the coming year of at least $117,000,000.

Think of it! They were worried in those days about a deficit of $117,000,000 back in 1915.

For this program of militarism and navalism, euphoniously called by its advocates national defense or preparedness program, $200,000,000 annual increase of taxation is required. This added to the deficit above mentioned makes a total of $317,000,000.

That was the deficit they were going to have back in 1915 and 1916 because of the naval preparedness program, and the Secretary of the Navy at that time was greatly worried because they had a deficit of $117,000,000 and perhaps would have $200,000,000 more.

The difference between the deficit then and the deficit now, of course, only brings out the changes that have taken place in the last few years. If we had only $117,000,000 deficit now, I think it would not ever be mentioned. It would not be considered. But the deficit now runs into billions instead of millions.

I shall take no further time to read from Secretary Daniels or Congressman Kitchin, but I want to read from a speech of Hon. William Jennings Bryan, who, it will be remembered, was Secretary of State during the first part of the Wilson administration. I have forgotten just when he did resign that position, but it was some time during President Wilson's first term. Secretary Bryan, after he resigned as Secretary of State, in November 1915 made a speech at Johnstown, Pa., and he is quoted in the little magazine to which I have been referring. I want to read a few of the statements the former Secretary of State made at that time. This, remember, was late in the year 1915. Mr. Bryan said:

A propaganda is being actively carried on which has for its object the establishment of the doctrine that the only way to preserve peace is to get ready for war.

It is the same argument that we have today.

The exponents of this theory admit that war is a horrible thing and that it should be avoided, but they contend that the only way to prevent war is to organize, arm and drill, and then stand rifle in hand and finger on hair-trigger, and preserve peace. I never expected to hear this theory advanced after the present war began.

It was in 1915 that he made this statement, and he was speaking of the World War that was then going on.

I never expected to hear this theory advanced after the present war began. * * * When this war broke out I thought that at least one good would come out of it, namely, that no one would hereafter stand before an intelligent audience and argue that preparedness would prevent war.

They were continuing that propaganda in the latter part of 1915, however, and they are still continuing it.

Mr. Bryan goes on:

If war could be prevented by preparedness, there would be no war in Europe today, for they have spent a generation getting ready for this war. They had the kindling all ready; all they needed was a match. When the war broke out those best prepared went in first, and others followed as they could prepare, and I believe that if we had been as well prepared as some now ask us to be we would be in the war today shouting for blood as lustily as any of them.

Mr. President, those were the words of William Jennings Bryan, who was Secretary of State in President Wilson's Cabinet and probably knew more about the actual cause of the World War, and what we were getting into, and why we were being dragged into it or expected to be dragged into it, than any other man in the United States. You will remember that he finally resigned his position because he disagreed with the President's program. It, however, was not until after his second election, in 1916, that President Wilson apparently changed his program to one of war instead of peace; but Secretary Bryan had resigned, as I remember, in 1915, sometime along in the middle of the year.

Mr. Bryan makes some more very interesting statements. Here is another paragraph that I desire to read. He says:

Do not allow yourselves to be deceived or misled as to the real issue. The question is not whether this Nation would defend itself if attacked. We have a potential power of defense such as no other nation has today—such as no other nation has ever had—and other nations know it.

That was in 1915, mind you. He said at that time we had a potential defense such as no other nation had; and we have been increasing that defense year by year, Congress by Congress, ever since that time.

Mr. Bryan continues:

There is no danger that an attack would not be resisted, and we would not depend upon the jingoes. They would be too busy making Army contracts and loaning money at high rates of interest to reach the front. If we ever have a war, we will depend, as in the past, upon those who work when the country needs workers, and fight only when the country needs fighters.

The same prediction would stand good in the event we get into another world war.

Here is another statement that interests me from Secretary Bryan's speech:

The people who profit by furnishing preparedness have been playing the nations of Europe against each other for a generation. Every battleship that is built in one country is made the excuse for building more battleships in other countries.

And that is just as true today, although the navies have increased to a marked degree since that time; yet, because we are not quite up to the limit of Great Britain, we have to build more battleships. We have to have the leading navy in the world.

Here is another statement from Mr. Bryan:

There is no excuse for the attempt which is now being made to lash the country into a fright over possible wars.

That was in 1915.

Let us do what we can to stop the war in Europe; humanity, as well as our own security, demands it. But if we cannot stop the war there—if the dogs of war must fight—we should at least keep hydrophobia out of this country while the war lasts.

Mr. President, if we had taken Bryan's advice, and kept hydrophobia out of this country while the World War lasted, we would not be in the terrible financial and economic conditions we are in today. We would not have the eleven or twelve million unemployed that we have had during the past few months. We would not have the terrible conditions that we have now if we had stayed out of the war. We would not have the billions of dollars of deficit, instead of the few millions that Secretary Daniels speaks of, if we had kept hydrophobia out of the United States while the World War was going on in Europe. Yet, Mr. President, there is a certain group that is advocating preparedness. Bryan says somewhere that those who are advocating preparedness are generally the people who expect to make some profit out of that preparedness, and I think he is absolutely correct in that statement. That, in all probability, has a great deal to do with it.

Mr. BONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BULOW in the chair). Does the Senator from North Dakota yield to the Senator from Washington.

Mr. FRAZIER. I yield to the Senator from Washington.

Mr. BONE. Can the Senator tell us what the total national debt was in 1914? I wonder if any of the data he is employing there contain that information.

Mr. FRAZIER. I am very sorry that I have not those figures.

Mr. NYE. Mr. President, my recollection is that it was about $9,000,000,000 just before our entry into the war.

Mr. BONE. In 1914, $9,000,000,000? I think the Senator must be in error.

Mr. FRAZIER. Mr. President, I do not believe it was anything like that, but I have not the figures regarding it. They could easily be obtained, of course. What I was interested in was the statement of the Secretary of the Navy at that time that there was a deficit of $117,000,000, and he was worried about the taxpayers raising money to pay that deficit, and intimated that the taxpayers would be likely to rise up in protest against an increased tax burden to balance the Budget and raise enough to pay this deficit of $117,000,000, especially if Congress put on $200,000,000 more for war purposes.

During the World War a tremendous drive was put on all over the United States for compulsory universal military training. A real organization was formed; I have forgotten what it was called, but it had some high-faluting, patriotic-sounding name, and it sent men all over the country advocating compulsory military training for every able-bodied man. The War Department said we should have an

army of three or four million men, and could have if we had this universal military-training law put through. I happened to be in office up in North Dakota at that time, and one of these men made a special trip out there from Chicago and had a statement all ready; all I had to do was just to put my signature on it to endorse this patriotic proposition of universal military training, which I did not do, to train our young men and have them ready for war in the event of another war, so that we could go in at once, so that we would not have to wait and train men and build up a navy, and so forth, after a war started.

There was a great deal of opposition to universal military training, growing out of the fact that a war was going on at that time, and Germany and some of the other countries had had universal military training for years, and a lot of us thought that was one thing that led to the war, because they had their soldiers all trained, because they had a great navy; in other words, because they were prepared for war. Just as Mr. Bryan said, the countries that were best prepared were the ones that went into the war first; and I am satisfied that that would be the case if another world war should come.

So the universal military-training scheme was blocked; but, as you all know, we have compulsory military training in our land-grant colleges and universities in practically every State in the Union, I think, with the single exception of the State of Wisconsin. There the State legislature, when former Senator Blaine was Governor, passed a law to provide against compulsory military training in the agricultural college and State university. So far as I know, that is the only State in the Union that bars compulsory military training in its land-grant colleges and universities.

In the great State from which my friend the senior Senator from Kansas [Mr. CAPPER] comes, a farmer's son cannot go to the great agricultural college there to get a training in agriculture without taking 2 years of compulsory military training, if he is an able-bodied man—and most of our farm boys are. He cannot take a course in agriculture in the State college there—or in any other State college, so far as that goes, with the exception of Wisconsin—unless he takes 2 years of compulsory military training. He must do that in order to get his training in agriculture in one of those colleges.

As I say, it is the same way at the other State universities. A boy must take 2 years of compulsory military training in order to get his degree at any State university in the United States, as far as I know, except the State University of Wisconsin.

You may remember that out here in Maryland, right at the border of the District, in the University of Maryland, only a year or two ago a couple of boys refused to take compulsory military training, and they were expelled from the university. They took the matter into court, and I do not remember how it was settled, but they had quite a time over it. I understand that in at least one of the Middle West universities in the past fall the same thing occurred, and the boys were expelled there because they refused to take compulsory military training. Of course, we have been building up our Army, potentially at least, ever since the World War, with the R.O.T.C. and the compulsory military training.

We have great need for public funds for the unemployed, to put people to work, and for improvements of many kinds. The Civil Works Administration, which has been doing such remarkably good work in giving the unemployed something to do, giving them a meal ticket, and accomplishing a lot of good work, are compelled now, and have been for the past few weeks, to cut down their forces because of lack of money. They say they will have to quit entirely unless large appropriations shall be made at this session of Congress.

We have not money for this public work, we have not money to keep these men on the pay rolls, but we have money for the preparedness program, so called, over a billion dollars this year for the building up of a great navy. A billion dollars would go a long way toward keeping the Civil Works program going. But we must use it to build up a navy, to make our Navy just a little bit bigger and a little bit better than that of Great Britain.

Business men are either broke or are going broke all over the Nation. Thousands of cities are going bankrupt, municipalities, townships, and counties are practically bankrupt now, and some of the States mighty near it, and the national deficit runs away into the billions. Farmers by the wholesale have been losing their farms and their homes during the last few years because they could not make money enough, under the existing conditions, to pay their running expenses, to pay their taxes, and to pay the interest on their mortgages. Mortgages have been foreclosed on their farms, and the farmers have been put out of business.

Home owners in cities have lost their jobs, or have lost their savings in bank failures, have lost their homes in the cities, and they are not being taken care of. The farmers are not being taken care of, because we have not the funds to take care of them, we are not taking care of the little business man, we are not taking care of the home owner in the town who is losing his home, but we have the money, apparently, or will have when we pass the pending bill, carrying over a billion dollars for this year, for the building of a great navy in preparedness for war, not preparedness for peace, but preparedness for war.

Mr. President, a great many of the World War veterans have felt the need of immediate payment of the balance of their bonus, but the movement in that regard has been turned down. They were denied because we did not have the money to pay the boys the money which was coming to them, the money the Government owes them, without any question of a doubt. I think no one will deny that the Government owes them the money; yet we did not pay them because we did not have the money.

During the special session last spring an economy bill was enacted cutting down the appropriations for the Veterans' Administration by $400,000,000, which resulted, as everyone knows, in untold hardship to many veterans of the various wars, veterans who were disabled, who were diseased, who were sick, who in some instances had been hospitalized or bedridden for years in Government hospitals. They were turned out to shift for themselves and do the best they could. Men who had been depending upon their little pensions, who were disabled and could not work, depending upon the little compensation they were getting from the Government for their living and for the support of their families, were cut out entirely or their compensation was cut down to such a point that it would not begin to support their families. That was in the name of economy, saving $400,000,000. Yet in the pending bill we authorize the expenditure of at least $470,000,000, while denying to the boys who fought in the recent World War enough compensation or pension, where they are disabled or sick, to take care of themselves and their families.

Mr. President, that seems mighty strange to me. I think Mrs. Roosevelt was right when she said that people do not think much. It seems strange that measures of this kind can be put across, the Congress of the United States cutting out $400,000,000, in the name of economy, from the pensions of those who served in the various wars, and then appropriating over a billion dollars this year for the building up of a greater navy, merely that we might have a little bit larger navy than that of Great Britain. That is why we are to build it.

Many public schools throughout the Nation are closed because the taxpayers cannot pay their taxes to support those schools. Schools are still running where the teachers have not been paid for months and months because there was no money with which to pay them. School district after school district, city after city, county after county, and State after State have appealed to the United States Congress for aid to keep their public schools going. We have no money to help keep the schools going in these various States, cities, counties, and school districts which cannot keep them going, but we have plenty of money to appropriate for preparedness for war.

A strange situation confronts us at this time. When this bill passed the House a few days ago they could not get a

record vote on it. There were not enough on the floor of the House, when the bill was passed a few days ago, to second the motion for a record vote. I am not surprised at any who were ashamed to vote for the bill, but I was rather surprised that there were not enough present who had courage enough at least to join in a demand for a record vote on the measure. We may have some difficulty in getting a vote when the bill comes up in the Senate, but we are going to try to get a record vote, regardless of who opposes it, because I believe the people of this great Nation are entitled to know how every Member of the United States Senate stands on this big-navy bill, a bill increasing the appropriations for this single year to over a billion dollars for the building up of the greatest navy on earth.

Mr. President, I have taken more time than I had expected to take, but there are one or two other points I want to make. I hold in my hand one of the little slips entitled "Information for the Press", from the United States Department of Agriculture, Office of Information, Press Service, Washington, D.C., Agricultural Adjustment Administration, January 12, 1934.

Beginning made in increasing farmer's share of food dollar.

That sounds pretty good, but they will have a hard time convincing the farmers out in the "sticks" that their dollar goes any further than it did before the so-called "new deal" program started. I was out among the farmers during the fall months, I talked with them, and almost universally they told me that their dollar did not go as far in most cases as the dollar did a year ago. This press release states:

In 1932 the farmer got 33 cents of this consumer dollar. In 1933 his share had increased, but only to 35 cents.

I think that is largely an estimate. On the average there has been an increase of perhaps a few cents on a dollar's worth; but even granting that the farmer gets 35 cents out of the consumer's dollar, that is not anywhere near enough. The spread is altogether too great yet between the price the producer gets for his commodity and the price the consumer pays. Think of it! When a farmer gets a dollar for his product—and oftentimes it takes a whole cow or steer or hog to bring that dollar—the consumer pays on the average $3 for that for which the farmer gets $1. About 35 cents of the consumer's dollar goes to the farmer who produces the raw material.

Mr. President, the farmers need some help; there is no getting away from that. Congress has seen fit to help most everyone else. Of course, we have had some assistance for the farmers, too. We passed a farm bill at the special session of Congress. It will be remembered that when that bill came to us, in the Committee on Agriculture and Forestry of the Senate we inserted another method by which the Secretary of Agriculture might increase the prices of farm products and restore the purchasing power of the farmers, and according to the title of the bill and according to those who were backing the bill the purpose of the bill was to increase the prices of farm products and thus increase the purchasing power of the farmer.

We put in another method that the Secretary might use, and that was to fix the prices of the principal farm products, based on cost of production and a fair profit, covering the amount used for home consumption in the United States. After debate on the floor of the Senate, it was adopted by the Senate. The measure went to the conferees, and the conferees struck out the cost-of-production feature of the farm bill, because, they said, the administration was opposed to it.

A little later, when the Industrial Recovery Act came along, a provision was included in it for studying the cost of production for the manufacturer, the distributor of farm products and other products, and the Industrial Recovery Act was adopted. N.R.A. codes have been put into operation under that act providing for a price based on the cost of production and a fair profit to the manufacturer, the wholesaler, the retailer, the jobber, and everybody else handling the product—to practically everyone excepting the farmer. The cost of production was all right for industry but not for the farmer. The statement is made that we do not have the money in order to assist the farmer in getting adequate prices. On the other hand, it is proposed that we shall spend a billion dollars to build up the Navy in order to defend the poor farmers who are losing their homes and their farms, to defend the poor fellows in the cities who have lost their jobs, and because they have lost their jobs they cannot pay the installments on their homes, and, therefore, they are now losing their homes, if they have not already lost them.

Mr. President, it is not that kind of defense the farmers want. It is not that kind of defense that the workers want. What they want is a square deal.

A few weeks ago a hearing was held in Washington before the Interstate Commerce Commission on general grain rates. I have a letter from one of the State railroad commission workers in my State on this subject, and the case interested me especially because from my home county in North Dakota the proposed increase in freight rates, if carried out, would result in increasing the freight rates on grain in my home county 51 percent.

The freight rate is so high now that the farmers cannot make any money on their grain at the prices they are forced to sell the grain. Yet it is said the railroads are not getting a rate sufficient to pay the cost of operation, therefore they desire to increase the freight rates 51 percent up in my county on wheat, flax, barley, oats, and so forth. I cannot see how it is figured that such action would help the farmers. I cannot see, Mr. President, how anyone can figure that the spending of a billion dollars for a big navy would help the farmers or help anyone else outside of those who make a profit in the building of the warships.

I have a copy of a speech made by the Honorable George H. Dern, Secretary of War, at the Armistice Day ceremonies at the Tomb of the Unknown Soldier in Arlington, November 11, 1933, at 11 a.m. The Secretary of War makes some very interesting statements. I desire to read a paragraph or two. After talking about the World War the Secretary said:

The post-war years form a drab, dreary chapter. After the exalted idealism of the war period—

I do not think the general public will appreciate the statement about the exalted idealism of the war period, but there were certain groups of so-called "100-percent patriots" who were exalted by the talk that we were in the World War in order to prevent war, in order to make the world safe for democracy, and all that kind of thing. That is what the Secretary of War undoubtedly referred to. He further said:

No need to recite the story. Let it be sufficient to say that the world, as seen today, was not made safe for democracy, and war was not abolished nor even made any more remote than it was in 1914. The lofty aims that Woodrow Wilson thought had been accomplished were after all not realized.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. DAVIS. I think the World War made it safe for dictators more than it did for democracy.

Mr. FRAZIER. That has been a result, yes. Whether it is safe or not I do not know. I have my doubts about dictatorship. The Secretary continues with this remarkable paragraph:

There has been too much dispute as to who won the war.

Mr. LONG. Mr. President, I hope the Senator from North Dakota is not confused over who won the war.

Mr. FRAZIER. Oh, no, I have no doubt about it. The Secretary of War has no doubt about it either, as the Senator will see as I continue reading. He said:

The plain fact is that nobody won. Everybody lost. The war was purely negative in character and the cost was ruinous. In a prolonged modern war both sides, in ultimate results, are bound to lose.

That, Mr. President, is a statement made by the present Secretary of War. He said further:

Although the United States and the nations associated with her were victorious in battle, yet they shared the terrific losses of their defeated adversaries. It could not be otherwise, with up-

wards of ten million lives lost, twenty millions injured, billions upon billions of the accumulated wealth of the world destroyed, and civilization itself disarranged. That was a terrible price to pay for a negative result.

Yes, a terrible price to pay for negative results. The Secretary states that in future wars there are bound to be the same results. Of course, in future wars there will be more losses, there will be more destruction, and the cost will probably be greater than in the last war, because great improvements have been made in the development of scientific instruments of war. Inventions have been made to conduct war by so-called "scientific" methods. It is now stated that a disease germ has been discovered which is potent enough so it can be placed in little glass test tubes, the tubes corked up and dropped from airplanes and when they strike the ground they will break open and the disease germs will spread out, and it is said that one little test tube containing such disease germs will be sufficient to kill practically every living being in a great city within a few days' time.

Yet we want to prepare for another world war.

The Secretary of War makes some other statements which are rather interesting. He says:

I have said that one of our main aims in the war was to abolish war. That sublime dream did not come true, and the age-old aspiration of the human heart for everlasting peace and brotherhood is still far away.

Yes; it is still far away. The Secretary might well have added that it will continue to stay far away as long as we continue to set the example of building a greater navy than that of any other nation on earth just because it is said we have more money than any other nation on earth.

Mr. President, I suppose our indebtedness probably is not taken into account when the wealth of our great Nation is considered. But because we are a wealthy Nation we can have a navy just a little bit larger than Great Britain's. Great Britain has boasted for generations of being queen of the seas; yes; and having a larger navy than any other nation on earth; and now we are going to change this situation about and let Uncle Sam strut as the king of the seas, with the largest navy in the world if the rest of this billion-dollar appropriation is put through.

Mr. President, it seems to me in summing up the situation that it is absolutely unfair and unsound to pass a bill of this kind authorizing an appropriation that will bring this year's appropriation to over a billion dollars for the Navy. And that in spite of the fact that there is no apparent danger from any source of an attack upon the United States. If there is such danger of attack I do not know where the attack is coming from. No one can convince me that Great Britain has any thought of attacking the United States. Then why must we have our Navy just a little bit bigger than that of Great Britain? No one can make me believe either that Japan will attack us. I know Japan is a warlike nation, but I do not believe that Japan wants to attack the United States. Our Navy at the present time is greatly in excess of that of Japan.

If we continue to build, of course, we shall make them that much larger; but, in my opinion—and I know in the opinion of many others—there is no prospect whatever of war at the present time; and yet we are told that we must prepare for war; yes, we must build the largest navy that we have ever had or that any other nation has ever had, and so defend this country. Prepare for defense, it is said, but it just does not work out in that way, as past history has abundantly proven. Those who have been prepared for war have been the ones that have gone to war, and, as Secretary Dern states, even though they won the battle they have not won the war because of the economic results that naturally follow the termination of great wars.

Mr. President, I shall now take no more time on this subject, but may later on discuss some other phases of it. I have some amendments which I desire to offer if I can get an opportunity to do so.

Mr. BORAH obtained the floor.

Mr. NYE. Mr. President, will the Senator from Idaho yield to me?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from North Dakota?

Mr. BORAH. I yield.

Mr. NYE. During the discussion of my colleague [Mr. FRAZIER] the Senator from Washington [Mr. BONE] made inquiry as to what the national debt was in 1914. I undertook at the time to draw upon my memory, which I find was very faulty. I now desire to state that the national debt in 1914, the statistics before me reveal, was $1,188,235,000.

Mr. BORAH. Mr. President, I desire to discuss a subject which seems to me entirely relevant to the bill which is now before the Senate, and that is the position, power, and influence, and activities of munition manufacturers in the building up of armaments, and in questions affecting peace and accord between the nations of the world. So long as the munition manufacturers exercise the influence which they now wield with governments we shall make little progress in reducing armaments or holding navies down to a reasonable program. It is well known that one of the great contributing causes to the World War was the naval race between Great Britain and Germany. But the naval building program of itself, in my opinion, did not so much contribute to the estrangement and the ill feeling between Great Britain and Germany as did the propaganda, sordid and vicious, which was constantly in those days disseminated by the munition manufacturers. They carried on with ability and persistency a campaign of misrepresentation.

It is now known that many of the reports which went to Germany as to what Great Britain was doing with reference to preparation for war and which went to Great Britain as to what Germany was doing with reference to the building up of her navy and her preparation for war constituted false propaganda, issued and disseminated by the great munition manufacturers of Europe. They were seeking a market for their instruments of murder and that market was war. Those men then, as they do today, held positions of great prestige and influence, and they were often successful, as I believe they are at this time, in inducing public men and statesmen to accept as facts the baseless statements of their false propaganda. When one turns back and reads the numerous statements, some of them made by public men in England, as to the program of Germany and vice versa the program of England, many of them are now found to be utterly unfounded. It is also true that those which were unfounded and have been shown in history to be without support came from those who were interested in selling munitions to the respective nations.

I read yesterday in one of the newspapers a statement coming from an admiral of the Japanese Navy which is so similar to the statements made prior to the actual breaking out of the great World War that one is prone to believe that it had its inspiration in the same source as had those which preceded the outbreak of that war. The Japanese admiral says:

The United States has now restored normal relations with Soviet Russia. We naturally think that the restoration of normal diplomatic relations between them, two good neighbors of Japan, involves a scheme to surround Japan for some military purpose.

In other words, it is now being propagandized that the recognition of Russia by the United States has as its ultimate object and purpose the surrounding of Japan for military purposes.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. CLARK. Has it not been the Senator's observation that for the last 25 years, at least, every time a big Navy bill came before either the House or the Senate of the United States it was invariably accompanied by propaganda as to the possibility or probability of a war with some foreign power, usually with Japan?

Mr. BORAH. Yes; that is true. The first disagreement I ever had with President Theodore Roosevelt was when a vessel-building program was proposed in the Senate. When

I expressed my disapproval of it I was informed that we were upon the verge of a war with Japan.

I was proceeding to say, Mr. President, that this statement purporting to come from an admiral of the Japanese Navy, in my opinion, is the result of some such propaganda as that which emanates from munition manufacturers of the world. No sane, thoughtful, healthy mind knowing anything about the attitude or disposition of the people of the United States would for a moment entertain the view that the recognition of the Soviet Government by the United States had an ulterior purpose with reference to Japan or that we in doing so entertained anything in the way of an unpeaceful attitude toward the people of Japan. The people of the United States desire nothing but peace with reference to the great Japanese nation, and those who disseminate the propaganda that we are disposed to formulate our policies and our program with a view of attacking Japan must do so not because they are misled, but because they have sordid ulterior motives such as have characterized the great munitions manufacturers throughout the history of the world whenever an occasion of this kind has arisen.

Mr. BONE. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. BONE. May I express the hope that as the Senator from Idaho proceeds he will discuss the feasibility of this Government preparing for war in its own plants? I mean by that, the public manufacture of munitions and the instrumentalities of war. I think it will be opportune to discuss that question at this time, in face of the pending bill.

Mr. BORAH. I thank the Senator. I am of the opinion my general proposition may include the suggestion of the able Senator.

Mr. President, everything at the present time points unfortunately to a naval race, to a competitive naval-building program. I do not know what can be done, or whether anything can be done to mollify the situation, but I do think that, in view of the circumstances as they now present themselves with reference to the naval-building programs of several great nations, it is worth while to stop and consider what we can do with reference to controlling the evil, pernicious influence of those who will make vast gains in case a disturbance shall occur. A naval-building program means that the munition manufacturers will aggravate the situation in every conceivable way.

A short time ago one of the leading statesmen of Great Britain, Winston Churchill, declared that Great Britain should denounce the London Naval Treaty in order to enable Great Britain to build a navy in proportion to her needs and in harmony with her desires.

We are informed by the press that a very strong sentiment now obtains in Great Britain with a view to denouncing that treaty. On yesterday the ex-Premier of Great Britain said:

> An understanding on armaments is also remote and the present situation will inevitably lead to a competitive increase in arms. Agitation in Britain for a more powerful air fleet and a larger number of cruisers is growing in momentum and its influence will be felt in the coming budget.

In the magazine known as "Contemporary Japan" we read an article by a prominent Japanese publicist who said:

> It is for this reason that the present writer wishes to state that Japan cannot accept any arrangement at the forthcoming conference which seeks to perpetuate the present ratio of 5–5–3, the inadequacy of which for purposes of Japan's national defense he hopes to demonstrate in what follows.

A vast amount of material might be gathered and presented to disclose that at the present time we seem to be entering upon a real naval race or a competitive armament race instead of making progress toward disarmament. A naval race or anything which looks like a naval race is a Christmas holiday season for the munition manufacturers. They take advantage of that kind of situation to circulate just such statements as I read a few moments ago as to the evil purposes of the United States in recognizing Russia, and to circulate such statements as are calculated to augment the purposes on the part of the respective nations to build armaments and to bring about a greater estrangement and a deeper feeling of resentment on the part of the respective nations.

I have reached the conclusion that it would be about as absurd to turn the War Department or the Navy Department over to private interests as it is to leave the manufacture and sale of the instrumentalities of warfare in the hands of private interests. The influence of these interests is so very great that they can directly shape and dominate the policy of a nation toward war and away from peace. Yea, more, they can shape and dominate the policy with reference to budgets for armaments. So long as that is true—and it will be true so long as profits are made out of war; so long as war means vast gains, so long as vast corporations have the influence which they have, that will continue to be true, and the only remedy, in my opinion, is for the Government to take control and dominate the manufacture and output of armaments, either naval or land. This can be brought about by the Government manufacturing armaments or by adopting a policy of licensing under which the Government could control the amount of armaments built and when and to whom they might be sold. This would involve our establishing our own policy and, if possible, extending the policy through treaty. In some way we should seek to eliminate profits in the matter of manufacturing the instrumentalities of warfare.

Let us survey some of the facts with reference to the armament manufacturers and the influence they exert upon the expenditures which the people are called upon to make for navies and armies, and the influence which they exert in breaking down disarmament conferences, in blocking all efforts to bring about peace and a better understanding among the nations of the world. Armament manufacturers are in every sense of the word international criminals engaged in disseminating such false facts as are calculated to bring their fellow man into war. When they bring him into war they reap the reward of their influence.

During the period of depression, while millions of men and women walk the streets ill-clad and half-starved, while governments have been unable to pay their debts, while educational institutions have been starved of funds, it is a fact that the munition manufacturers have been realizing profits of 12 and 20 and 30 percent during the entire period of the depression. While the world was struggling to get from under the catastrophe of the great World War and to relieve itself of the untold and immeasurable burdens which it imposed, these manufacturers have been engaged in disseminating the news which brings another world war. I know of no way to restrain or control them except for the Government to take from them the power to manufacture, to take it over by the Government or to take it under license so they can put out only the amount which the Government itself determines they shall put out.

In an article which appears in this month's Fortune, a great publication which came to my desk today, I read:

> According to the best accountancy figures, it cost about $25,000 to kill a soldier during the World War. There is one class of big business men in Europe that never rose up to denounce the extravagance of the Government in this regard, to point out that when death is left unhampered as an enterprise for the individual initiative of gangsters, the cost of a single killing seldom exceeds $100. The reason for the silence of these big business men is quite simple: The killing is their business; armaments are their stock and trade; governments are their customers; the ultimate consumers of their products are, historically, almost as often their compatriots as their enemies. That does not matter. The important point is that every time a burst-shell fragment finds its way into the brain, the heart, or the intestines of a man in the front line, a great part of the $25,000, much of it profits, finds its way into the pocket of the armament maker.

It is not alone that they are engaged even at a reasonable profit in an enterprise which would be a matter in itself sufficiently serious for consideration, but the exorbitant profits and gains which they make in furnishing instruments to maim, to destroy their fellow men, is something almost unbelievable.

> For without a shadow of a doubt there is at the moment in Europe a huge and subversive force that lies behind the army and counterarmy of nations: Their mines, smelters, armament works, holding companies, and banks, entangled in an inter-

national embrace, yet working inevitably for the destruction of such little internationalism as the world has achieved so far. The control of these myriad companies vests, finally, in not more than a handful of men whose power, in some ways, reaches above the power of the State itself. Thus, French interests not only sold arms to Hungary in flat violation of the Treaty of Trianon, but when Hungary defaulted on the bill the armorers got the French Government to lend Hungary the money to pay the French armorers.

They are proceeding in utter disregard of treaties. No treaty, no law made by man or God, controls them, and when the default arises, growing out of the violation of the treaty, they have sufficient influence upon their government to make their government, their own taxpayers, get behind the default which has resulted from the violation of the treaty. They break down laws; they break down governments; they kill human beings; they trample upon everything which gets in their way, human or divine; and they do it for gain—nothing but sordid gain.

Thus, too, the great Czechoslovakian armament company, controlled by Frenchmen, promoted the rise of Hitler in Germany, and contributed millions of marks to Hitler's campaign.

Manufacturers of armaments in France promoting the rise of Hitler in Germany; manufacturers of armaments in France shipping armaments to Hitler, and then contributing millions of marks to Hitler's campaign!

These same Frenchmen own newspapers that did more than any others to enrage France against Hitler. It is time we had a dramatis personae of arms, and the men.

Now, what is the game? Here are France and Germany in a tense situation, the result of centuries of disagreement. The munitions manufacturers ship armaments to Germany, to Hitler. They have the influence to help build up the Hitler regime. They loaned money to the Hitler campaign, not because they cared for Hitler but because they knew it would furnish a place to sell their armaments. They betray their own country; they sell their own people's security; they coin the blood of their fellow citizens.

Capone, Dillinger on the highway, are not more heartless and bloodthirsty than the man who builds up armaments in another nation for the purpose of sending his own people to the front that they may furnish the means by which to murder them.

This magazine—this is a most extraordinary article, and I shall read only brief paragraphs from it—gives a list of the different munitions manufacturers—the Krupp people in Germany, the Bethlehem Steel Co. in this country—and, on that subject, says:

We have * * * our Colt's Patent Firearms Manufacturing Co., which supplies machine guns as well as squirrel rifles, which declared an extra dividend in 1933; our Remington Arms Co., * * * whose output of firearms and ammunition together is one third of United States production. And we have our Bethlehem Steel Co.

Bethlehem's Mr. Charles M. Schwab dismayed the cadets of West Point in 1927 by saying: "Today the Bethlehem Steel Co. has definitely abandoned any thought of ever again engaging in the manufacture of ordnance except in times of great national emergency." Such times are apparently with us now—have, in fact, been continually with us since Mr. Schwab unloosed this shaft of oratory. In the official listing of Bethlehem's products * * * you will find armor plate, projectiles, gun and shell forgings, battleships, battle cruisers, scout cruisers, destroyers, submarines, and airplane carriers, all listed as products of Bethlehem's plants—

And so forth.

Then we have a description of Vickers-Armstrongs in England. This article says:

The sun never sets upon Vickers. It has its factories in Rumania where, for greater convenience, Sir Herbert Lawrence is a director of the Bank of Rumania (and Vickers to some degree allies itself with the Czechoslovakian armament firm of Skoda). In Italy it latinizes its name to Società Vickers-Terni; in Japan it has as a subsidiary the Japan Steel Works, and thus allies itself with the Japanese armament and industrial firm of Mitsui. There are Vickers factories or subsidiary companies in Spain, Canada, Ireland, Holland * * * and New Zealand.

In other words, while the pantomine called the "International Disarmament Conference" is going on in Geneva, this tremendous power located in Great Britain has spread out its network into every nation in the world, and is interested in selling its armaments and is selling its armaments, fit for no other purpose than carrying on war, to all the nations with which the conference is undertaking to bring about disarmament.

Through these industrial and financial interlockings, Vickers-Armstrongs conducts its affairs. They are profitable affairs—for as the agreement with Sun Insurance indicates, a profit of some $4,500,000 a year is considered so unsatisfactory that insurance must be carried against it. And England's aristocracy takes pleasure in clipping its coupons. Among the more prominent shareholders of Vickers or allied concerns in 1932 were: Right Honorable Neville Chamberlain, Chancellor of the Exchequer; Sir Austen Chamberlain, M. P., winner of the Nobel Peace Prize in 1925; and Sir John Simon, Secretary of State for Foreign Affairs (but who sold out his shares last year). In 1914 the list was even more imposing. It included that lofty philosopher, Lord Balfour, * * * Lord Curzon, and also Lord Kinnaird (president of the Y.M.C.A.), three bishops, and Dean Inge, of St. Paul's. It was in that same year that Socialist Philip Snowden spoke in Parliament:

Listen to his words:

It would be impossible to throw a stone—

Says the ex-Chancellor of the Exchequer—

on the benches opposite without hitting a member who is a shareholder in one or the other of these firms.

Great opportunity to disarm. No wonder the disarmament conference and disarmament have come to be a kind of an organized piece of hypocrisy. There is lying back of it, constantly in operation, the influences which work against anything in the nature of disarmament. It is not to their interest to see disarmament. They see, therefore, that nothing is really accomplished; and there, Senators, is the influence which in some way or other men must control before we will secure any success in disarmament; and, secondly, before we will have any real assurance of amity among the nations of the world.

What does a declaration of good will, such as the President of the United States announced when the recognition of Russia took place, amount to in the way of arousing friendly feeling and sentiment as against what is given out, purporting to be the actual fact, that the United States is seeking to surround Japan and to enforce her military dominance upon Japan? A more cowardly or infamous falsehood could not be circulated, and yet you can imagine what effect it has among the masses in the great nation of Japan. If the lips which publish or pronounce such falsehoods cannot be silenced—and they cannot be silenced so long as there is gain—we will not have any real amity or good will among the nations of the world.

Another paragraph or two from this article, which I trust will be very generally read, and I shall pass from it.

This article says:

France stands at the very top. She stands at the top in the amount her Government spends on armaments; at the top in the amount of arms she exports to other nations; at the top also by virtue of the billion francs she has spent to build a military Chinese wall of forts, many of them underground, along her eastern boundaries.

We read just a few minutes ago how, at the very time France was seeking to make herself secure against the invasion of Hitler's forces, the French manufacturers were selling armaments to Hitler, and were furnishing money for Hitler's campaign. What a medley of crime!

She stands today as a queer paradox: France, the democracy, a quiet pastureland for the world's most famous peasantry, coexisting with France, the greatest military power of modern times, with an army which all but equals in number and far surpasses in equipment Germany's vast militaristic machine of 1914.

At the head of this latter France stands the figure of Gen. Maxime Weygand (vice president of the higher war council, inspector general of the army, possessor of the grand cross of the legion of honor, member of the French Academy), ruling an army (including colonials) of 650,000 men. But, despite his decorations, his medals, his orders, and the power he has, once a new war begins, to order several million men to death, General Weygand * * * represents not the urge for war but, on the contrary, France's desire for peace—by means of security. The French threat to the peace of the world lies elsewhere—in France. For in France, and only in France, a new situation exists: The armament makers are no longer, like Alfred Krupp or Sir Basil Zaharoff, in his younger days, humble petitioners of government, hat-in-hand solicitors of orders—their influence is so infiltrated into the industrial, social, and political affairs of the nation that they have

power in some ways beyond the state; a power so mighty that they are all but able, for their own individualistic reasons, to sweep the state along in a course of action against its own will.

They are displeased by publicity and are well able to enforce their displeasure. But we must now displease one of them and present the figure of M. Charles Prosper Eugène Schneider.

Charles Prosper Eugène Schneider is a man of many offices—the executive head of hundreds of armament firms throughout Europe. He is the president of the Schneider-Creusot Co., armament manufacturers with mines, smelters, and foundries scattered throughout France. He is director of the Bank de l'Union Parisienne, one of whose most profitable sources of business is the financing of loans for armaments. In 1920 he founded and became the president of l'Union Européenne Industriale et Financiére—a holding company capitalized at 140,000,000 francs. Through it Schneider-Creusot controls 182 French companies that manufacture heavy ordnance, machine guns, tanks, shells, ammunition, and warfare chemicals. Out of the $300,000,000 which, at the most conservative guess, represents the annual billing of France's armament concerns, Schneider-Creusot or subsidiaries take the lion's share.

But l'Union Européenne has an even more important function. Through it Schneider-Creusot reaches out to control 230 armament and allied enterprises outside France. The greatest of these concerns is that glittering jewel in the crown of the principal ideal state that came into being in 1919 as the result of the self-determination of oppressed people. The state is Czechoslovakia, and its jewel is Skoda.

In other words, the French control the munitions manufactures of all the nations now allied with France, either directly or indirectly, in what we might call a "military alliance."

Mr. SHIPSTEAD. And they are also members of the League of Nations.

Mr. BORAH. Yes; France is for the League.

Let me read what Lord Cecil said on the question of disarmament, speaking sometime ago.

Therein lay one difficulty. But why could concerted action toward disarmament make so little progress?

One important reason was first laid bare by Lord Robert Cecil. He said:

There is a very sinister feature to all the disarmament discussions. I refer to the tremendous power wielded against all the proposals by armament firms. We must aim at getting rid of this immense instrument in the maintenance of suspicion. Yet in 1932 the Disarmament Conference was enriched by the presence of Mr. Charles Dumont of Schneider-Creusot, president of the Schneider-controlled Banque Franco-Japonaise, on the French delegation. The British delegation was similarly benefited by the advice of Col. A. G. C. Dawney, the brother of a director of Vickers-Armstrongs, and now the political supervisor of the British Broadcasting Corporation.

If the armament business were conducted by an outlawed band of international gangsters, the problem would be simple to define. The difficulty is that precisely the opposite is the case. The armament business is a part of the most essential industries of industrialized nations—steel and chemicals. But even so the problem does not become acute until you have a nation in which the biggest part or a very, very large part of these essential industries is the manufacture of the actual munitions of war. Such is the case in France, and also in Czechoslovakia.

Also in Great Britain, also to a marked extent in the United States. And yet we talk about disarmament and peace.

I said a few moments ago that during the depression these great munitions manufacturers have enjoyed a profit of from 12 to 20 and 30 percent. That is not to be compared, however, with the profits they enjoy during a struggle in any part of the world, and particularly when it is a struggle such as that which began in 1914.

Mr. President, I venture to believe, and I have no hesitancy in saying, that when we shall have passed this bill, we will see circulated by someone interested in these munition manufactures, possibly imposing upon public men sufficiently to believe that they are true, statements to the effect that the United States, in addition to recognizing Russia for the purpose of aggression upon Japan, is completing her Navy for the purpose of attacking Japan; and against that the world must be prepared to stand, or we will drift into a situation which we and the whole world may have cause to regret.

Mr. President, I read a paragraph or two from other publications. I now read from an article appearing in the Living Age, from an article issued by the Union of Democratic Control, London. I read briefly:

While scientists, acting on the instructions of the politicians, make war more and more deadly, the armament manufacturers and the makers of material essential to this manufacture watch their profits grow. While almost every other form of industry is in the slough of depression, the shares of armament firms improve in value.

The Aeroplane, a paper which may be fairly described as the unofficial, and sometimes surprisingly outspoken, voice of the Air Ministry, says:

The manufacturers of both aeroplanes and engines may hope for increased turnover and profits a year or so hence when the Disarmament Conference has faded out and the program of expansion (of armaments) is allowed to proceed.

Does anyone suppose that they are listless or indifferent in seeing that the Disarmament Conference fades out? Has anyone any doubt that the inability of these nations to get together has been largely influenced by these same forces? The peoples of the world do not want to go to war. As Woodrow Wilson once said, the peoples of the nations do not make war. They desire peace. But they are not permitted to have that which they desire, because sitting on the throne of power, speaking from the source of authority, are those who make their unspeakable fortunes out of the fact that we do not have disarmament, and that we do not have peace.

I quote from an article by George Hoog, on Steel Against Peace, the following:

During the last half century many monarchies have collapsed, but monarchy itself is not dead. It has simply changed its name. We are now living under a capitalistic monarchy which, like all others, has its kings and dynasties. It even has its princes of the blood, cannon merchants, the purpose of whose industries is to fill the charnel houses of all nations impartially by means of war. They are the real aristocrats of modern times. Before the war they included four principal dynasties:

Vickers and Armstrong in England, Schneider in France, Krupp and Stumm in Germany, and Putilov in Russia. Naturally the governments treated such powerful families like aristocrats.

In fact, all governments did them honor, no matter what the nationality of these princes of the blood might happen to be. For princes demand international courtesy.

Thus Napoleon III made the head of the Krupp dynasty an officer in the French Legion of Honor. And, of course, the German Emperor had to treat the Krupps at least as well as the French Emperor did, so that William II offered one of the Krupps the title of prince. But, since Krupp was more accustomed to financial activity than to court titles, he refused the honor. However, he accepted for his daughter what he had refused for himself.

Again, this article says:

The question of the labor member of Parliament from Liverpool applied to English industrialists. Here is something about French industrialists. "We bring back from Geneva", wrote the deputy, Pierre Cot, in the Republic for February 21, 1932, "a piece of information that stands in no danger of being denied. Here it is: The House of Schneider has received orders for heavy artillery from Japan."

One of the gentlemen attending the Disarmament Conference was unable to bring anything home of any moment with reference to peace, but he was able to notify his associates and those in interest that he had brought home a large order for military supplies to Japan, and our people, our own manufacturing institutions, are now selling on a very large scale military equipment in the Orient, to both Japan and China.

Mr. President, I have no expectation whatever of any contest or conflict between the United States and Japan. I do not believe that even the munitions manufacturers can bring about such a war. Suppose, however, it should happen. Suppose such a war should come. The American soldier would be torn limb from limb, disemboweled by the munitions sold by his own compatriots in the United States to the enemy. And if war should come, even the approaching hour of conflict would not stay the insatiable greed of the men engaged in the manufacture of munitions. To the very hour when the embargo would be laid they would be selling and sending away their munitions, which munitions would be used for the purpose of enabling the enemy to destroy the American boys.

Mr. President, the thought of making profits out of war, of building fortunes out of the misery and the sorrows of the maimed, the broken in health, and the insane is revolting enough to anyone who has left in him a spark of human

sympathy or a sense of decency. But to foment discord and to spread false and sordid statements, to engender bitterness and suspicion and hate and fear among nations, all that such profits may be made and enlarged reaches the dead level of human depravity. There is nothing lower in the scale of human avarice.

Mr. President, I ask permission to print two editorials from the Baltimore Sun.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Baltimore (Md.) Sun, Mar. 4, 1934]

REPETITION

The State Department's latest announcement of American policy on disarmament repeats in weariness what President Roosevelt said with enthusiasm in his address to the heads of all nations on May 16 last.

Much water has gone over the diplomatic dams since that earlier pronouncement. Speaking through Norman H. Davis, our Government has offered to modify its traditional doctrine about the freedom of the seas as our contribution to the solution of Europe's problem of security. Europe in its turn has gone from hope to despair as a result of Hitler's disturbing influence on German policy. The Disarmament Conference, which the President sought to save by his proclamation of last May, is now concerned more with finding a formula to camouflage its failure than with concluding a treaty of positive disarmament. It is not surprising, therefore, that the State Department should be disposed merely to reiteration of what has been said before. Nor is it surprising that our policy should seem to be inspired by benevolence rather than by determination.

The negotiations of the Disarmament Conference are now in reality subordinate in importance to the question of German policy. It may be possible for the conference to find some way to check the rapidity of the rearmament to which the Hitler government in Germany is dedicating its energies. But positive reduction in the forces of any of the other European governments seems out of the question in the light of the new German attitude. And as for a pact of nonaggression, do we not already have the Kellogg Pact outlawing war as an instrument of national policy? If the nations will not honor that, of what avail to create another obligation of the same tenor?

This is not to say that any blame attaches to our own Government for the impasse which exists. Washington has done its part by the Disarmament Conference time and time again. President Hoover presented a formula in 1932. Mr. Roosevelt presented another in 1933. There have been occasions when we seemed to move half-heartedly and when a little more get-up on the part of our spokesmen might have exercised a favorable influence. But, by and large, the distressing situation by which we are now confronted is due not to anything in the disarmament negotiations in themselves, but to the failure of Europe to make readjustments in the post-war system while there was yet time.

Our own intransigeance on debts and reparations perhaps contributed to the failure, but our course in the Disarmament Conference is, at least, as clear if not clearer than that of any other first-rate power.

[From the Baltimore Sun of Feb. 12, 1934]

TRAGIC NAVAL POLICIES

Next year or early in 1936 there should be held a new naval conference for the purpose of revising and extending the Washington and London treaties. We say "should be held" and not "will be held", for there have lately been accumulating many indications that the conference may never be called. In that event the existing naval treaties will automatically lapse and we shall then without question be treated to a spirited competition in ship construction such as the world has never witnessed. And for this, if it really comes to pass, we will have the tragic naval policies of the three great maritime powers to blame.

The British, strangely enough, have until now pursued a less aggressive course than either of their two rivals. Although the admiralty and an influential section of the press, disturbed by the huge American and Japanese programs, have been demanding new ships, the MacDonald-Baldwin government has been reluctant to encourage them. The British program has been expanded somewhat, but by no means on a scale comparable with the Japanese and American extensions. Now, however, the British are reaching the end of their patience. Spurred on by men like Winston Churchill, who is demanding that the Geneva Conference be dropped and the naval treaties be forthwith denounced, and who is said to have the support of a majority of the Conservative (Government) Party, spokesmen for the cabinet have given notice that England will increase its armaments if its latest effort—the Simon plan providing for partial rearmament of Germany and abolition of all offensive weapons—should fail. According to Stanley Baldwin, "If we fail, the Government will feel their duty is to look after the interests of this country, first and quickly."

Meanwhile the Japanese admirals are going their perilous way quite without regard to its probable consequences. The liberal and moderate elements in Japan have been speaking out a bit more bravely of late, but this has not chastened the admirals one whit or reduced the naval budget a single yen. Though warned by business men and responsible Government officials that war will almost certainly follow if the admiralty continues along its present course, the Minister of the Navy, Admiral Osumi, has not for a moment stopped discussing the ways and means by which the Japanese Navy is preparing for what he calls "the extraordinary situation" on the seas. The Navy, he declares, will go ahead with its building plans, though it knows that these plans exceed the limits set down in the Washington and London Treaties.

Nor does there seem to be anything that will stop the Roosevelt administration. It is not yet clear whether the administration actually means to build all of the ships included in its present program or intends to keep most of them on paper for bargaining purposes at the 1935 conference. In either case the success of the conference is bound to be endangered, for it does not seem likely that real success can be built on a big-stick policy. The Roosevelt program has aroused Japanese liberal opinion to active realization of the foolhardiness of a naval race with America, but since the Japanese admirals, far from being deflected from their course, seem only the more determined to carry on with their own plans, it should be obvious that as a threat the Roosevelt program is doomed to failure.

It would be worse than futile to hold the 1935 conference with the three maritime powers in their present frame of mind. It is imperative, nevertheless, that the conference be held. Preparations should begin at once, and the first step in that direction should consist in a resolution by the three countries that in order to show they are sincere in desiring naval disarmament they will promptly call a halt to their senseless and costly building programs.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 2277. An act to establish fish and game sanctuaries in the national forests;

S. 2461. An act to amend an act entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict"; and

S. 2529. An act to promote the conservation of wild life, fish, and game, and for other purposes.

The message also announced that the House had concurred in Senate Concurrent Resolution 10, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby authorized and directed, in the enrollment of the bill (S. 1759) to extend the time for the construction of dams and dikes in Lincoln County, Oreg., to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith, to correct an error by striking out, in line 1, of the House engrossed amendment, the words "June 13" and inserting in lieu thereof "June 17."

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 2. An act for the relief of C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith;

S. 406. An act for the relief of Warren J. Clear;

S. 750. An act for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr.;

S. 751. An act authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer;

S. 1069. An act authorizing adjustment of the claim of the Chicago, North Shore & Milwaukee Railroad Co.;

S. 1074. An act authorizing adjustment of the claims of John T. Lennon and George T. Flora;

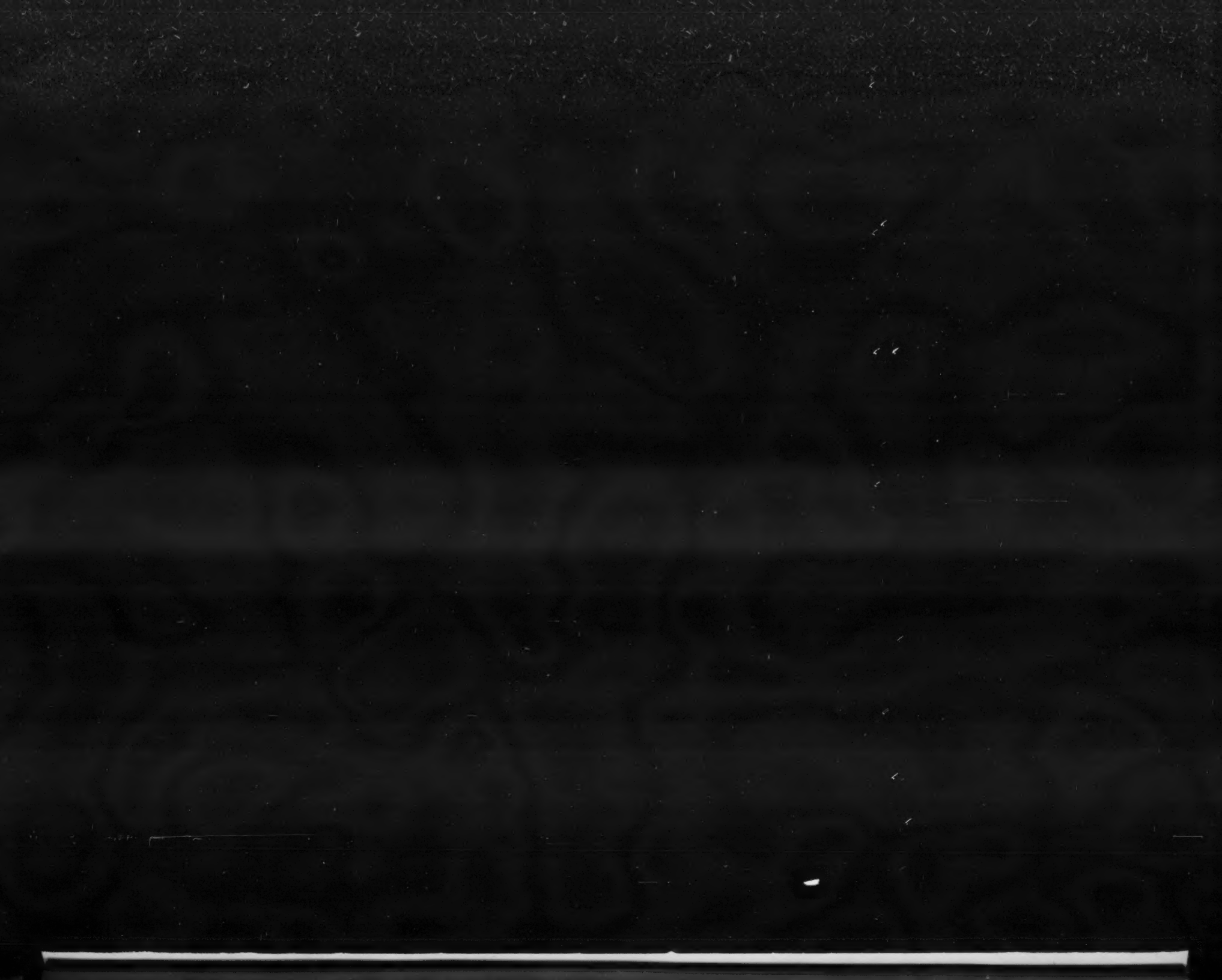
S. 1087. An act authorizing adjustment of the claim of William T. Stiles;

S. 1115. An act to authorize the Department of Agriculture to issue a duplicate check in favor of Department of Forests and Waters, Commonwealth of Pennsylvania, the original check having been lost;

S. 1347. An act for the relief of Little Rock College, Little Rock, Ark.;

S. 1426. An act for the relief of the estate of Benjamin Braznell;

S. 1496. An act for the relief of Nannie Swearingen;





S. 1724. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.;

S. 1782. An act for the relief of the B. & O. Manufacturing Co.;

S. 2201. An act for the relief of the Neill Grocery Co.; and

S. 2766. An act to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes.

MAKE CORRECTION OF THE MALDISTRIBUTION OF WEALTH

Mr. LONG. Mr. President, I have presented to the Senate and there are now pending two resolutions looking toward the correction of the condition of maldistribution of wealth in the United States. On this morning our President delivered an address, a copy of which I saw some several hours ago, and I was moved to write the President a letter, a copy of which I have in my hand, which I send to the desk and ask to have read.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

UNITED STATES SENATE,
Washington, March 5, 1934.

Hon. FRANKLIN D. ROOSEVELT,
President of the United States,
Washington, D.C.

DEAR MR. PRESIDENT: I have a copy of the speech delivered by you this morning over the radio. In it you said:

"We undertook by lawful, constitutional processes to reorganize a disintegrating system of production and exchange * * *. The reorganization must be permanent for all the rest of our lives in that never again will we permit the social conditions which allowed the vast sections of our population to exist in an un-American way, which allowed a maldistribution of wealth and power."

Many of us are happy, Mr. President, that you again take occasion to pronounce against maldistribution of wealth in the hands of the few brought on in this country through the means as you indicate.

We are clearly of the view that you would wish the lawmakers of this Congress to correct the maldistribution of wealth, but possibly there are some who might not be so convinced, notwithstanding your expressions, unless you so advised.

Can it be announced, in following up your declaration of today, that you would desire this maldistribution of wealth and power corrected by this Congress?

Assuring you that such a pronouncement made open to this Congress would gladden the hearts of the millions suffering from such maldistribution, I am, my dear Mr. President,

Yours sincerely,

HUEY P. LONG.
United States Senator.

REKINDLE THE FIRES OF AMERICA'S DREAM OF 1776

Mr. LONG. Mr. President, the foundation upon which this Government rests is the guaranty to humanity in the Declaration of Independence. It says:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights—

Of life, liberty, and happiness—

governments are instituted among men, deriving their just powers from the consent of the governed. That whenever any form of government becomes destructive of these ends—

Of life, liberty, and happiness—

it is the right of the people to alter or to abolish it, and to institute new government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness.

Which meant no less than among mankind all should be brothers—every man a king.

Gentlemen of the Senate, I call your minds to the fact that too long have we praised the form and forgotten the substance of our Government. The spirit and purpose of this Government is pure, wholesome, and all sufficient for the human beings of this country to be fed and clothed, to be given the liberties of free people and the things which go to make them happy. This principle, upon which our forefathers rested this Government, was the same as a written insurance policy to every child. On the day of birth, it said to the new-born babe:

You are created equal with all the balance; you are guaranteed life, liberty, and happiness so long as you do nothing to take away that right from someone else.

And our Declaration of Independence, from which I have just read, declares that the form of our Government is set up only as a means of carrying out that principle and purpose, and that Declaration says that when the form does not serve to that end, that it is the right of the people to change or abolish it for another one that will protect, safeguard, and promote human rights. The Government therefore rests upon humanity and not upon form, for, says this Magna Carta of our Nation, we have made and constructed this vehicle of government that shall distribute the blessings which have been guaranteed to our people, and, when this vehicle breaks down, or when some few get hold of the drivers and will not let the vehicle serve anybody but themselves, then the human family of American people will have to force such a change as will serve their needs.

If the form of our Government has been so rigged and perverted as actually to deny the human purpose of this society, then that corruption can be, should be, and must be swept aside for the life, liberty, and happiness guaranteed to our people.

If legislative bodies, executives, or courts should hold that there are forms of law which prohibit all the people, through their government, from being supplied with a fair share of the things with which God has blessed this country, then such rulings of the powers, whoever they may be, would cause to turn over in their graves those sleeping patriots who wrote: "All men are created equal, endowed by their Creator with rights of life, liberty, and happiness. * * * To secure these rights, governments are instituted among men. * * * Whenever any form of government becomes destructive of these ends, it is the right of the people to alter or abolish it."

The failure of government to take the steps necessary to guarantee life, liberty, and happiness to all our people is just as bad as though we did something to keep the people from having those rights. The sad fact is that on many occasions our laws have been used actually to keep the common run of mankind from enjoying what they were told they should have since July 4, 1776.

Once each year on our great national holiday, the Fourth of July, we celebrate the signing of the Declaration of Independence. Why do we celebrate it? Because it marks the anniversary of the day when the people of America threw down the gauntlet to a tyrant 3,000 miles away and said:

The government has not given us life, liberty, and happiness; it has not served the cause of equality among mankind; we are, and of right ought to be, free and independent; we declare ourselves organized into a government to promote equality among human beings and to guarantee those inalienable rights of life, liberty, and happiness to our people; and we say more, that it is the right of the people to change or get rid of any government that fails to hold such rights sacred for all persons walking the face of this American earth.

How, now, should we celebrate the 4th of July? Can we nail a placard across the canopy of heaven on that day to read:

This anniversary is to remind that on July 4, 1776, we set the standard that all men are created equal, with the inalienable right of life, liberty, and happiness to all.

What would be the response if we dared to say to our people just what it is we are supposed to be celebrating?

Would the tens of millions who have searched for a living, for something to do, so that they could make a living for their families, understand that kind of a celebration? Would the man and woman who have struggled for a lifetime understand why, if we celebrated such an accomplishment, they had no food or clothes for themselves and those whom they were struggling to rear in this world? O Senators, would the children of tender years grasp what it was all supposed to mean when millions of them are born to starvation, raggedness, homelessness, and while others are born to a life where there is so much about them they see little use for it all?

And how could we who sit in this Chamber, which before these days when we abdicated so many of our functions to others was called the forum of the highest legislative tribunal in all the world, knowing what is happening in America today, how could we go before the American people on the anniversary of July 4 and say:

> We are celebrating this day with you because, in our work, we have kept the standard straight that all men are created equal and because we have fulfilled that guaranty of life, liberty, and happiness to the people.

Here in this land where there is too much to eat and wear and an oversupply of houses of all kinds, here where we have more than all Americans can consume, blessed by God with everything in superabundance, the land flowing with milk and honey, how can we tell anybody there is a semblance of equality or justice, how can we say to our people they have been protected in their rights to life, liberty, and happiness when there is starvation, nakedness, and homelessness in this land of too much of everything?

I could not say any such thing to the people. None of you here can say it.

In 1929, when the fortune holders of America grew powerful enough that 1 percent of the people owned nearly everything and 99 percent of the people owned practically nothing, not even enough to pay their debts, a collapse was at hand.

There is no rule so sure as the one that the same mill that grinds out fortunes above a certain size at the top grinds out paupers at the bottom. The same machine makes them both; and how are they made? There is so much in the world—just so much land, so many houses, so much to eat, and so much to wear. There is enough—yea, there is more—than the entire human race can consume if all are reasonable.

All the people in America cannot eat up the food that is produced in America; all the people in America cannot wear out the clothes that can be made in America; nor can all the people in America occupy the houses that stand in this country if all are allowed to share in homes afforded by the Nation. But when one man must have more houses to live in than ninety-nine other people; when one man decides he must own more foodstuffs than any other ninety-nine people own; when one man decides he must have more goods to wear for himself and family than any other ninety-nine people, then the condition results that instead of one hundred people sharing the things that are on earth for one hundred people, one man, through his gluttonous greed, takes over ninety-nine parts for himself and leaves one part for the ninety-nine.

What can this one man do with what is intended for ninety-nine? He cannot eat the food that is intended for ninety-nine people; he cannot wear the clothes that are intended for ninety-nine people; he cannot live in ninety-nine houses at the same time; but, like the dog in the manger, he can put himself on the load of hay and say, "This food and these clothes and these houses are mine; and while I cannot use them, my greed can only be satisfied by keeping anybody else from having them."

Wherefore and whence developed the strife in the land of too much? Because, by action or inaction, this Government had either provided for just such a thing to happen or else had not provided against a few owning all and the masses owning nothing above their debts.

The gangsters have killed hundreds, maybe thousands, to carry out their nefarious rackets to extort money.

The hoarders of wealth have destroyed humanity by millions in their quest for greater accumulation.

From the new-born babe to the man bowed with age, some have been denied the sustenance for life; they have been thrown from the shelter above their heads; to keep children warm, they have been placed in the ground; to start life not in the cradle but in the grave; half-naked bodies have been thrown against the winter's wind; some have become beggars, some thieves, and some have been murderers; others have been driven insane and still others to suicide—all in the wake of the drive that the masters of fortunes may own and control so much that, even in the land of too much to eat and too much to wear, people perish in their shadow.

Jefferson, Jackson, Webster, Lincoln, Theodore Roosevelt, and Bryan have clamored to spread our work and our wealth among all the people.

It is the law of God that a nation must free and refree its people of debt, and spread and respread the wealth of the land among all the people.

Mr. President, we do not need to change even the form of our Government to bring to our people all they were assured by the proceedings which set this Government in motion on July 4, 1776. We have only to relight the candle that will illuminate the lettered words of America's dream.

We can allow all our people to accumulate and grow prosperous. We can allow so much to any one person as will encourage ambition and inspire genius, but to do so there must be such a limit as will curb greed and avarice. Beyond that point where the accumulation of one becomes a menace to our society and well-being of others no one should be permitted to go. That point is reached when one man or set of men become possessed of more than they and their children and their children's children can use for all the comforts and luxuries of their lifetimes. When more than such an amount is permitted to one person, then his ambition and genius turn to the color of greed; his desire for the well-being of himself and others is turned to the ravenous avarice of hoarding to the detriment of humanity. Therein is the chance and the hope that are needed to bestir the ambition and genius in countless millions of other people, who may be of talent superior to that of any money master, crushed or suppressed without so much as an opportunity to assert itself. Much greater would be the development in science and intellect if all our millions had a fair chance to exert their genius than to confine it to the fortunate few who possess the greater amount of money.

Mr. President, we hear much about the great genius of the Morgans, the Mellons, the Rockefellers, the Fisks, and the Bakers, and are told if we were to suppress them and hold their fortunes within millions or even hundreds of millions that the world might be deprived of some scientific or financial genius that otherwise it would have. In order to give them the superior outlook of greed, we have crushed, Mr. President, the hope that would have inspired the ambition and the genius of millions of people whose talents might have given the world many, many times more than it has ever received from the Rockefellers and the Morgans and their ilk.

There is a great problem in mathematics which the talent of the world has tried to solve throughout the ages. It is said that someone found that solution, only when he had become so impoverished that he did not have the penny to buy the paper needed to make the proof of his table, and thus was the fruit of his genius denied to the world. And so it is in America today, with millions of fine young men turned into the world, trained for work in science, law, agriculture, and industry, but who, by reason of never having the chance to exert their talents, must deny to the country the benefits which some day they would be able to confer if opportunity were not in the control of a few money masters.

Oh, yes; there are occasionally some 1 or 2 or 10 who get an opportunity. Perhaps some young man makes the acquaintance in college of the son of one of these rich gentlemen; it may be that a liking and a friendship spring up between the son of the rich man and some poor fellow from the forks of the creek, and perhaps that one particular individual will be taken into some law firm or into some counting house or some other kind of institution and given a chance; but that is the exception, Mr. President; it is not the rule.

An inspired talent and encouraged ambition to 120,000,000 people would show improvement and benefit many times beyond what may come from those few whose energies can only be excited by greed. When they tell us of a need for greater desire from the few masters of finance, we tell them the need for hope and possibility that there may be such desire in the breasts of the millions. If one who is allowed to have more of this world's goods than he and his children

and their children can ever use is not encouraged enough to put forth all his efforts of genius and brawn that may be needed by the country, then it is far better that we depend upon a talent that we are sure to exert in the hundreds of millions of other people.

In line with that thought, Mr. President, this morning the President of the United States has felt inspired to say something that is not new so far as his own words are concerned. I repeat, he has not said anything new; but the President of the United States, by the words which he has uttered this morning, has reaffirmed the promise he made to the American people when he was a candidate for the office which he now holds. It was the promise of the President of the United States when he was a candidate for that high office, a promise which he reaffirmed this morning—that this party that was going to be placed in power was going to abolish poverty; and he said it in those words.

It was the promise of the President that every man needing work was going to have wholesome work to do.

It was the promise of the President of the United States that he was going to sponsor legislation designed to limit the amount which any one man could own; and those are virtually the words of the President of the United States.

It was the promise of the President of the United States that the man laboring the number of hours required of him for a day's toil would have enough from that day's earnings to provide a home and the comforts of life for himself and his family; and those are virtually the words of the President of the United States.

It was the promise of the President of the United States, Mr. President, that we were going to shorten the hours of labor in order that there would not be a surplus production as compared with consumption; and that statement virtually is in the words of the President of the United States.

It was the promise, Mr. President, of our candidate that if he were elected there was going to be given to the man plowing the soil a profit for his products above the cost of production in order that he might sustain and support the family which he was raising into this world, and before today's speech was made there was another address delivered by the President of the United States, which I have previously read on the floor of the Senate and a few lines of which I will again read. I refer to the address delivered at Chestertown, Md., October 21, 1933, as given out to the newspapers by the courtesy of the Associated Press.

I quote the words of the President:

> In wealth and education there is represented only a minority of the people; I recall the words of a professor in my school, "the wider a distribution of wealth there is in the proper way, the more we can make it possible for the men and women of the land to have the necessities of life in such shape that they will not have to lie awake at night worrying where the food for tomorrow will come from. Then, and only then, will we have the security necessary for the country."

Mr. President, notwithstanding the promise we have made to the people, notwithstanding the pledged word of the President of the United States, notwithstanding the words as they have been uttered by our distinguished Chief Executive, I call the attention of the Senate to the fact that until this time not one single thing has been done by the Congress, directly or indirectly, to take the big fortunes of this country that are cursing this land and strip them down in their size or in their power. Consequently people are still destitute, millions are unemployed, and there are starvation and misery in this land that has too much. I defy any man on the floor of the Senate or off the floor of the Senate to tell me one thing that has been done by the Congress or by any agency of the Government operating through the authority of the Congress, or any one else—one single thing that means that the fortunes of the financial classes of the country are any less than they were when we came into power on the 4th day of March 1933.

And now our President says we must not return to that old system which allowed a maldistribution of wealth and power. So said the President! We must not return to that old system of government which permitted this maldistribution of wealth and power. Then I take it, and I have the word of the Chief Executive uttered many times before, that if we are not to return to the system that allowed the maldistribution of wealth in this country, we should not silently sit here and permit the maldistribution to remain and to continue. If it was a curse for the old system to allow the maldistribution to accumulate, if it was a curse to allow the concentration of wealth in the hands of a few, then it is a curse just as much to permit it to continue after denouncing what the other men did. To this date the fruits of all financial piracy remain in the hands of the money masters.

I am of the opinion, so far as I am concerned, that nothing further need come from the President to indicate that he would desire that the Congress take action to put an end to this orgy and this agony of maldistribution of wealth brought on by the old system. I say that, so far as concerns myself, I need no further light, I need no further advice, I need no further information to convince me, not only by reason of the statement made by the President today, but by reason of the many other statements and promises which he has made, I need nothing further to come from the President to convince me that he wants something done by the lawmaking body of this country to break up the maldistribution of wealth.

I would not think for a moment that the President was of such a single-track mind that he would curse the administration of the past for permitting a condition to go on, and then do nothing himself to break up what he has said is a menace to the country. I think I know our candidate, I think I know our Chief Executive, too well to believe that he would say to the people of America on this very day on which I now stand on the floor of the United States Senate that this old orgy which permitted the maldistribution of wealth must not be allowed to come back into power and then to believe that the President would mean that the present Congress of the United States should sit supinely by and allow the fortunes of the mighty to continue to curse the country. Such an inaction by this Congress would be just as bad as inaction by the Congresses which preceded us and which allowed this condition finally to come to where we now find it.

Mr. President, on the word and authority of our Chief Executive and the promises of our party, I have undertaken to bring action by the Congress. I have introduced resolutions. I have, I might say, reintroduced resolutions which I offered to the Senate a few days after I became a Member of this body, long before the last national election. I have proposed to limit the amount which one man may own. I do not pride myself as being possessed of the only intellect to say how far one man should be allowed to own. Perhaps he should not be allowed to own more than a couple of million. Perhaps he should be permitted to own $5,000,000. My opinion is that that would be enough, and maybe too much. But I have set the limit that no one person's fortune, to start with, should be more than $50,000,000.

I do not propose to say how far the Congress must go in order to eliminate poverty among the families of the land. I do not propose to claim that I have the only intellect that can say just how far we will allow a family to fall toward the mire of distress before we begin to help it, but I have proposed that when an ordinary deserving family of the country has left only one third of the average family accumulation in this country, probably that is as far as that family should be allowed to fall toward destitution before the hand of the Government steps in to prevent poverty for the manhood, womanhood, and childhood of America.

I do not propose, gentlemen of the Senate, to say what should be the exact hours of labor, but I do say that there should be such a shortening of the hours of labor as will spread the work that must be done to the point where there will be none seeking employment, none who must of necessity be idle. I have voted for bills in the Congress which would have limited such weekly hours to 30, and I would vote to make it less than 30 hours per week if the inventions con-

stantly being made in the country should make unnecessary the 30-hour week.

Mr. President, I have offered to the Senate a resolution to carry out another promise made by the Democratic Party in the Chicago convention and approved by the people of the United States. I have offered to carry out the old-age pension promise as another means, first, of decentralizing wealth and, second, taking care of the surplus labor in America. I have proposed that at the age of 60 the old-age pension should begin. Perhaps the age should not be 60; maybe it should be 62, perhaps 58. I am not quibbling as to the exact age when the pension should begin, but I have selected the age upon which most people seem to agree, and I have proposed that at the age of 60 we shall begin to pay a pension of $30 per month to all men and women who have not a sufficient income or who do not possess property in a sufficient amount to care for themselves.

Then I have also coupled with my proposal another that we care for the veterans of the wars along the lines and upon the basis that the men who went to the front were given to understand they would be cared for. I do not believe that a pledge based upon the integrity of a government, depending upon the soldiers of the past and soldiers of the future, should be broken. I believe in the word being kept. I believe in the disabled veterans of the World War and the veterans of the other wars being given the allowance which the Government assured them they would have, not only as a means of caring for the veterans, but in carrying out the work of spreading the wealth of the land among the people as a whole.

I have further issued a circular which I presented to the Senate and which I distributed to many people throughout the United States, showing the means and methods by which this could be done. I am not picking my means; I am not picking the method. Perhaps someone else will come forward with a proposition bearing the approval of the administration to carry out the words which the President uttered today.

I will bow myself in the most humble form of submission if the President of the United States or any leader on this floor or in the other House of Congress comes here with any kind of proposed legislation to carry out what has been said to be necessary by the President of the United States. But are we going to have it in this Congress? Is it going to be introduced by someone else? If not, Mr. President, then the only thing I can urge upon this Congress is that we should proceed as the President and the American people have a right to expect us to proceed; that we should instantly set in motion the processes of law on our own motion, as the legislative body that is primarily vested with that duty and with that function, to do something to decentralize the wealth of America, which we have not done up until this time; to spread the work and the wealth of this land among the people; to care for the aged and the dependent; to care for the veterans of the war, by limiting the amount which one man can own, by limiting the amount of poverty which we will allow to be imposed upon the average human family.

Such is the promise of the party, such is the hope of the people; it is the dream of America, the spirit of 1776.

INCLUSION OF CATTLE AS A BASIC COMMODITY

Mr. ROBINSON of Arkansas obtained the floor.

Mr. CONNALLY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Brown	Costigan	Frazier
Ashurst	Bulkley	Couzens	George
Austin	Bulow	Cutting	Gibson
Bachman	Byrd	Davis	Glass
Bailey	Byrnes	Dickinson	Goldsborough
Bankhead	Capper	Dieterich	Gore
Barbour	Caraway	Dill	Hale
Barkley	Carey	Duffy	Harrison
Black	Clark	Erickson	Hastings
Bone	Connally	Fess	Hatch
Borah	Coolidge	Fletcher	Hatfield
Hayden	McCarran	Pope	Thomas, Utah
Hebert	McGill	Reed	Thompson
Johnson	McKellar	Reynolds	Townsend
Kean	McNary	Robinson, Ark.	Trammell
Keyes	Murphy	Robinson, Ind.	Tydings
King	Neely	Russell	Vandenberg
La Follette	Norris	Schall	Van Nuys
Lewis	Nye	Sheppard	Wagner
Logan	O'Mahoney	Shipstead	Walcott
Lonergan	Overton	Steiwer	Walsh
Long	Patterson	Stephens	Wheeler
McAdoo	Pittman	Thomas, Okla.	White

Mr. LEWIS. I desire to announce that the Senator from South Carolina [Mr. SMITH] is detained because of death in his family, and that the Senator from New York [Mr. COPELAND] is unavoidably detained.

The PRESIDENT pro tempore. Ninety-two Senators have answered to their names. A quorum is present. The Senator from Arkansas is entitled to the floor.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. I yield to the Senator from Texas.

Mr. CONNALLY. I should like to have the attention of the Senator from Oregon [Mr. MCNARY]. I ask unanimous consent that when the pending business, the naval bill, shall have been disposed of, the Senate may proceed to the consideration of House bill 7478, known as the "cattle bill."

Mr. MCNARY. Mr. President, I think on three distinct occasions I have objected to the consideration of this bill because of the absence of the able Senator from Wyoming [Mr. CAREY]. On Thursday, when I last objected, the Senator from Texas stated here on the floor that he had an understanding with the Senator from Wyoming [Mr. CAREY], which was satisfactory, that the bill might be brought up today. In view of that statement, I feel that there is no further responsibility resting upon me. For that reason I shall make no objection to the consideration of the bill referred to by the Senator from Texas.

Mr. CONNALLY. I thank the Senator.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent agreement proposed by the Senator from Texas? The Chair hears none, and it is so ordered.

THE ADMINISTRATION'S NATIONAL RECOVERY PROGRAM

Mr. ROBINSON of Arkansas. Mr. President, probably no session of the Congress held during recent years, save perhaps that which assembled in extraordinary session last March, has had more important business before it than the present session.

The Senate has disposed of its work up until this date with very gratifying promptness and efficiency. There still remain many subjects matter to be acted upon.

If the Senate were ready to vote on the pending amendment, I should be glad to yield for that purpose; but it is my understanding that the debate will continue for some time. Therefore, I avail myself of this opportunity of discussing certain phases of national recovery, which appears to me to be the one subject around which almost all others revolve.

All the great legislative and administrative measures of the present administration are aimed at accomplishing or promoting the business and industrial recovery of the citizens of the United States. There may exist, no doubt there do exist, marked differences of opinion as to the extent to which recovery has been accomplished, and in what degree the various measures constituting the administration program have contributed. There is, I believe, unanimity of sentiment in favor of throwing off the strange yoke of fear and helplessness which for some years has restrained both capital and labor.

A year has passed since the political control of the Government was changed. During that year the Congress has been in session about one half the time—a little less than 6 months. Perhaps it may be said without great objection that the Congress has recognized and followed the leadership of the President. This does not mean that doubts and differences of opinion have not arisen and been asserted; but it does mean that there has been general recognition of the necessity for promptness and for compromises, and

the end of the first year of the new deal, it is believed, signalizes the initiation of radical changes in both the legislative and the executive policies of the Government.

Some are disappointed that the new policies are not more radical; others believe that the new policies have been too radical; but the point I am attempting to make now is that a change has taken place in both the legislative and the executive policies of the National Government.

Barring the first few days following the 4th of March 1933, when the banking system of the country had broken down and all business had come to a standstill, there has been no effort in this body to restrict discussion and deliberation concerning the numerous and important bills that have been brought forward and enacted. The pressing emergency which menaced public affairs at the beginning of the administration caused everyone in the Senate to waive the right of prolonged debate in order to prevent delay. This course was not only justified because of the clouds which enveloped our country in dense gloom but also by the strange and fearsome noises which came from the darkness on every side.

The effort has been made by some to make it appear that Senators have been gagged in the expression of their views. There is no truth in this propaganda. No effort has been made to restrict debate in the Senate for the purpose of concealing any fact or suppressing any argument pertaining to public measures or affairs. Here, it appears to me, is an appropriate point at which to make clear that as to the bills which the Senate will consider during the remainder of this session, ample opportunity for deliberation and debate will be afforded, but filibusters will not be invited or encouraged and, insofar as possible, will be avoided.

Whether the stock exchange regulation bill may be ready for disposition during this session no assurance at this time can be given. The pendency of the measure has had two important effects: First, it arouses interest among those who control the exchanges in attempting to set their own houses in order. It is the neglect of this duty and obligation by those who operate the exchanges that has created the necessity and demand for the legislation.

In the second place, knowledge that the subject is being carefully studied by committees of the Congress with the determination to reform outstanding abuses pertaining to stock markets will deter those racketeers who have prospered by plundering ill-informed and unsuspecting investors. The spotlight will shine on their malignant practices and motives.

THE RECIPROCAL TRADE AGREEMENT BILL

The one subject undisposed of which will provoke more prolonged debate in the Senate than any other is that pertaining to the bill authorizing the Executive to enter into reciprocal trade agreements or tariff arrangements with foreign nations.

Ample time will be available before the 15th of May for disposing of the bill authorizing the President to enter into reciprocal trade arrangements with other countries. It would be impracticable, almost impossible, to enter upon a general revision of the tariff during the present session, and there is no thought of any such movement. To revise the tariff is a task requiring many months because of the numerous details and interests to be dealt with. While the proposal to grant the President power to enter into tariff agreements relates to emphatically controverted principles, the issues involved in the proposed legislation are, nevertheless, comparatively few and simple. This characterization does not minimize their importance or their far-reaching effects on governmental policies.

JUSTIFICATION OF EXECUTIVE TARIFF AGREEMENTS

It is not my intention now to enter into a discussion of the constitutionality of the proposed bill. Let it suffice on this to say that, in my judgment, the rule for the President's action as the agent of the Congress is more clearly defined than was the rule in the flexible tariff statute, which has been confirmed as valid by the Supreme Court of the United States. The rule referred to is found in the first section of the bill. It sets forth the object of the authorization, and the findings necessary on the part of the President, as the agent of the law-making branch of the Government, in order that he may exercise the power to change existing tariff rates.

Without doubt, the objection will be interposed that the selection of the President as its agent by the Congress is unwise, even though the rule for the government of the President's action is clearly defined. I freely concede that the Congress should never delegate any part of its work, unless the delegation be under conditions which promise better results to the public than may be accomplished by direct congressional action.

Of course, it is admitted that the Congress cannot delegate the power to make laws. It can choose its agent, define the rule for the agent's action, and enable its agent thus to execute the details of tariff making, just as has been done with respect to the transportation rates through the instrumentality of the Interstate Commerce Commission.

It is easily demonstrable that in the present crisis the task of reviving commerce through reciprocal trade agreements can be more effectively accomplished under the plan in the bill than by pursuing the course ordinarily to be followed, that is, by negotiating a large number of treaties and bringing them back to the Senate for ratification.

One of the factors which makes direct congressional action difficult is found in the constantly changing relation of foreign exchange to tariff duties imposed by law. This, added to the prolonged period which would be required to secure action in the Senate on tariff treaties, would make the terms of the trade arrangements obsolete before they could be put into effect.

Of course, the same argument applies, but in a very much less degree, to any plan for promoting international trade during a period when exchange rates are in constant flux. If the principle of reciprocity in tariffs is sound, if it is desirable that this principle be employed as one means of reviving commerce, it follows irresistibly that some such plan as that which the President proposes shall be resorted to. Another point. The power to fix transportation rates in interstate commerce is just as much a legislative duty as is that to levy import duties, imposts, and excises. There can be no distinction between the principle of the power to regulate commerce and the power to levy tariffs, unless it be that the latter is inseparable from the taxing power; but even this is a distinction without material difference. In some sense transportation rates constitute a tax on the free flow of commodities in commerce just as import duties impose a burden on international commerce. The details involved in the transportation rates are so numerous as to make impossible the intelligent performance of the task of fixing transportation charges through direct action by the Congress.

The time may come, indeed some believe it is approaching, when the law-making authority may find it wise and essential in the public interest to delegate a measure of its authority with respect to tariffs to agencies especially trained and equipped for the study and solution of the problems which tariff making involves.

Indeed, instead of saying that the time may come, it may with confidence be asserted that the action already has been taken in connection with the work of the Tariff Commission, particularly in relation to the flexible tariff.

The proposed arrangement for reciprocal trade agreements, however, is to be regarded more as an emergency measure than as a change in the policy of the Congress regarding the execution of its powers over the subject of tariffs.

There is a provision in the pending bill which makes terminable at the end of 3 years, at the option of either party to a trade agreement negotiated and entered into under the terms of the act, "every foreign-trade agreement concluded pursuant to its provisions."

Undoubtedly, this is quite different from limiting the period in which agreements may remain in effect to 3 years. It is a very different thing from saying that the agreements may be terminated at the end of 3 years, and some criticism of the measure has been indulged in by the press, and I think in both the House and the Senate, on that account.

It seems to me it is well worthy of consideration that if the agreement proves effective and satisfactory it might be wisely permitted to continue in force, and that it is better to leave its termination optional rather than to make it mandatory. But admittedly it does give the proposed statute a more permanent character than it would have possessed if the language were such that the agreements entered into should be terminated at the end of 3 years without regard to the manner in which they were operating. But, Mr. President, at last that is a consideration of relatively minor importance.

Recognizing the fact that this bill presents one of the issues that will be most bitterly fought out in the Congress during this session, I am taking advantage of the present opportunity to indicate my views concerning the value and the importance of the measure. I recognize that there are those here who entertain radically different opinions. It may be asserted that this is a new course marked out for the Congress.

It cannot fairly be claimed, in my judgment, that this is a surprising delegation of authority on the part of the law-making body. It differs in no material particular from the principle of the flexible-tariff provision. The difficulty about that is that it has not functioned very effectively for the promotion of American trade and commerce. If the old custom of working out, either separately or in a general tariff revision, changes in the tariff rates for the purpose of promoting our commerce, is to be adhered to and followed, I think I can demonstrate to any mind that it will make it impossible to negotiate the treaties and secure their ratification until such time as conditions will have so changed that the arrangements in the agreements may be entirely ineffective for the accomplishment of the purposes for which they were intended.

We all know the manner in which tariff laws have been framed and enacted. We all know the delays necessarily incident to the performance of so great a task, particularly when it is to be performed by many who are not familiar with the details of the work that they are required to do. And in addition to that there has prevailed a practice commonly called "log rolling" which has resulted in a combination of influences and factors desiring special recognition in tariff laws, which combinations have not produced results favorable to the general public interest.

There is not any excuse for anyone to say that the consideration of this measure will keep the Congress in session all summer. There is not any excuse for a filibuster on such a measure. There is ample justification for careful study of the subject and for such discussion of it as will enlighten the minds of those who are charged with the responsibility of reaching a decision.

Always since the formation of political parties in the United States the tendency has been for those in political control to exaggerate achievements, and on the other hand the natural tendency of the opposition has been to minimize and discredit the performance of their adversaries. In the long run, fairness and moderation prevail. No permanent advantage can be secured through misrepresentation. Every measure must be tested by its effects upon the public welfare. Cloud-capped towers and gorgeous palaces erected in brilliant but vain imaginations tumble and crumble into ruins in the heat, the light, and moisture of argument, truth, and consequences.

That the Roosevelt administration has substituted a policy of decisive action for the dominant policy of the Hoover administration, which is fairly epitomized in the expression, "let conditions correct themselves", it is believed cannot be conclusively denied. That this alteration in national policy has worked and is working notable changes, some of them revolutionary in character, cannot be controverted, either by the sponsors or the critics of the administration. Furthermore, that on the whole the changes have been beneficial in the promotion of national recovery is supported by the preponderance of the evidence and the argument. Whether the benefits to the public shall be permanently secured is a question locked among the secrets of the future. As to that we may and shall differ and dispute. It is natural that mistakes will be made. The important thing is to correct them when they have been disclosed. This is a task to which we may devote ourselves in a spirit of earnestness and cooperation. The result depends, in part at least, upon the frankness and fairness of our efforts. Piracy on the seas has been outlawed and destroyed. Plunder by monopoly and privilege under law must be condemned and prevented.

Those who stand for the old system must remember that it is directly responsible for the depression which has so nearly wrecked our industrial and social system. They must answer to the people how it is they hope that its return will bring peace, comfort, and happiness. They must respond to the inquiry, How shall unrestrained speculation be relied upon to secure honest investments? How shall the industrial structure of the Nation be safeguarded against a recurrence of the evils which have had both birth and nourishment in monopoly and special privilege?

On the other side, what assurance shall be given that the National Industrial Recovery Act, the agricultural adjustment plan, the regulation of transactions on exchange, the attempts to slay the octopus will not prove futile and abortive?

It has been asserted with confidence that general conditions are improving. The supreme task is to make the reforms which finally are to be relied upon effective in averting the oppressions of monopoly, while at the same time giving just assurance to honest and fair-minded business men that their efforts will be free from unreasonable handicaps and unnecessary restrictions.

In that great newspaper, the New York Times, appears today an editorial signalizing the end of the first year of the Roosevelt administration. It is entitled "Annus Mirabilis"—"A Wonderful Year." That editorial discusses the accomplishments of the administration and the spirit in which they have been accomplished. It says, among other declarations:

> "Measures, not men." That political saying appears to have received its quietus in the person of President Roosevelt. He has sponsored many measures, but not one of them has made upon the country an impact anything like that of his own personality. Critics say that he was the most fortunate of men in assuming power when misfortunes were heavy upon the land. Doubtless there is something in that, politically speaking. Any change must be for the better when things are at their worst. But it requires a man of heroic mold and great strength of character to deal with public misfortunes so as to win from them glorious gain both for his own reputation and for the country's good.
>
> This is what Mr. Roosevelt has done, even his political opponents being witnesses. One of his great efforts has been to restore commodity prices for the farmers. But he has bestowed upon them and upon the whole Nation a more precious gift. It is that of "the commodity called a man."

Mr. President, there is a summary contained in the Associated Press report sent out from the Capitol on March 4, 1934, under the headline, Upturn Grows as New Deal's First Year Ends. I ask unanimous consent to have printed in the RECORD, at the conclusion of my remarks, both the editorial from the New York Times and the Associated Press dispatch.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(The editorial and the Associated Press dispatch appear at the conclusion of the remarks of Mr. ROBINSON of Arkansas.)

Mr. ROBINSON of Arkansas. Mr. President, assuming that there is a purpose, which may be regarded as common among Americans without regard to the partisan political affiliations, to promote by legitimate action national recovery; assuming that this is the end in mind, it can only be intelligently sought in an atmosphere of free thought and expression and in processes of legislation and administration earnestly intended to be responsive not only to the necessities of the present but also to those which will grow out of the changes which are taking the place of the old methods and policies.

Manifestly purchasing power cannot be re-created while unemployment is general and while labor is inadequately compensated. Neither can it be if monopoly shall be permitted to strangle consumers in the name of freedom to industry and labor.

The modified monetary standard has justified itself in combating the effects on American trade and commerce resulting from depreciated foreign exchanges. It has terminated hoarding; but we have yet to find some means of stimulating private credit to avoid thrusting the Government further and further into the banking business. Until business shall have been revitalized and earnings shall have been increased there will exist the necessity for drawing on the national credit. There is real danger that this may go to the point of permanently impairing the national credit through uncontrollable inflation, an expedient which has rarely, if ever in the history of mankind, been confirmed as safe.

There remains so much to be thought out, so many steps to be taken, so many dangers to be warded off, that there is time neither for boastful exultation nor mournful lamentation.

The cries and complaints of those who have nothing to suggest, however voluminous, cannot win back power and confidence to those described as financial wizards, and who were dumb and helpless in the extremity which their own misjudgment brought upon mankind.

Studying history one learns that vainglory and selfishness disappear in the knowledge that enduring power rests upon and is inseparable from wisdom. Wisdom in leadership is chiefly the ability to profit by experience, which means a determination to discard and reject institutions which fail to accomplish the purposes for which they are established. Wisdom is the capacity to turn away from well-trodden paths, however beflowered, if they lead downward; it is the farsightedness to select and determine the ends essential to the accomplishment of indispensable purposes and to move toward them with irresistible force in spite of obstacles and difficulties.

Partisan efforts conceived in honest conviction and expressed in temperate language have their proper place, even in times of emergency and crisis. They are a forceful check on the vagaries and misdirection of energy which oftentimes emanate from misguided genius as well as from blindfolded mediocrity.

There has been general acceptance of the President's leadership, for the reason, among others, that advancement is thus facilitated and delay avoided. Instances where partisan attacks have gone beyond fair criticism have been rare. Unfairness and injustice usually react against their perpetrators. No experiment which cannot justify itself by trial and argument is worthy to be perpetuated. This is the spirit of the President's leadership. He has recognized from the beginning that the necessity for prompt and decisive action may cause errors to be made, but that they cannot prove greatly harmful if corrected when discovered.

What matters it that blunders, whether trivial or grave, may in good faith occasionally be made if the efforts for reform, in which every loyal American should be interested, shall finally meet with success, and this Government shall prove itself to be "a government of the people, for the people, and by the people."

(The editorial and Associated Press dispatch ordered printed in the RECORD at the conclusion of the remarks of Mr. ROBINSON of Arkansas are as follows:)

[From the New York Times of Mar. 4, 1934]

ANNUS MIRABILIS

"Look on this picture—March 4, 1933—and then on that—March 4, 1934." That might pass for sufficient defense and praise of President Roosevelt's first year in the White House. When he took office, the gloom in this country was so thick that it could be cut with a knife. All the banks had to be closed; industry and commerce were at their lowest; the unemployed numbered at least 13,000,000; every citizen exchanged with his neighbor blank looks of doubt, alarm, and despair; the general feeling was that the new President had taken over a state of things which it would be impossible for him to repair. But a year later we have the happy contrast of steadily increasing recovery, of improved business and manufacture, of the banking crisis ended, of several millions more at work, and, more important than all, a sweeping change of sentiment, with revived hope and renewed courage visible on all sides. To the question still put by some obstinate pessimists, what the President has done, the answer is just to look about and note the concrete evidence everywhere.

No President in his first year—not even Van Buren in the panic of 1837—ever faced such desperate necessities of action as confronted Franklin D. Roosevelt a year ago. His personal contribution to the mental uplift of the American people has been without precedent. He has done many important things, but the spirit in which he has done them has been still more important. The qualities which he has displayed came as a surprise to the closest observers of his previous public career. As Governor of New York for 4 years he had seemed to be more of a politician than a statesman; too often timid and hesitant and compromising; occasionally stooping to conquer questionable support; his eye more on a nomination for high office than on achievement in it. Then there was his campaign for election in 1932. It was, to be sure, shrewdly planned in the sense that he held himself as an inevitable beneficiary of the immense popular revolt against President Hoover, but it was marked by little bold and forthputting utterance and gave the people only an inadequate conception of the man whom they were about to elect President.

From the moment of his taking the oath of office, all the old hesitancies and veilings fell away from him. He stood forth as one willing to assume the heaviest responsibilities with the utmost resolution and firmness. Withal, he set about his arduous labors with cheery optimism; having confidence in himself; sure of the response of the people to his leadership; versatile, resourceful, daring, and with a fine courage and hopefulness that never failed him. He went far to justify the old latent belief of Americans that the hour would bring forth the man. Certainly the black hour of March 4, 1933, marked the accession to power of a man whose blithe energy was all that could have been hoped for.

"Measures, not men." That political saying appears to have received its quietus in the person of President Roosevelt. He has sponsored many measures, but not one of them has made upon the country an impact anything like that of his own personality. Critics say that he was the most fortunate of men in assuming power when misfortunes were heavy upon the land. Doubtless there is something in that, politically speaking. Any change must be for the better when things are at their worst. But it requires a man of heroic mold and great strength of character to deal with the public misfortunes so as to win from them glorious gain both for his own reputation and for the country's good. This is what Mr. Roosevelt has done, even his political opponents being witnesses. One of his great efforts has been to restore commodity prices for the farmers. But he has bestowed upon them and upon the whole Nation a more precious gift. It is that of "the commodity called a man."

Such a meed of praise will be accorded Mr. Roosevelt by the almost universal voice of the country today. This does not mean that he has solved every problem or vanquished every foe. Indeed, it may fairly be said that he has created new problems and raised up formidable obstacles in his future path. He is at least partly responsible for the new and exigent demands of organized labor, which are today like a cloud on the horizon of industry. He also sees rising before him new and powerful blocs of voters who maintain that they now have a vested right to support by the Government. It would be possible, and even desirable, on other occasions to point out serious mistakes which the President has made and inconsistencies into which he has fallen. But on this anniversary day every note except that of congratulation should be stilled. Americans will salute their President at the end of his first year in office, will be proud of the vigor and high spirit with which he faced a frowning world, and will count upon him to go on with the same ardor and good cheer in the great and trying work which remains to be done.

[From the Washington Post of Mar. 4, 1934]

UPTURN GROWS AS NEW DEAL'S FIRST YEAR ENDS—ROOSEVELT SPURS REVIVAL, DISREGARDING STORMS OF CONTROVERSY

The first year of the new deal ends today with much of its program buried in controversy, but with the Nation in a bettered economic condition than upon that dismal day on which Franklin D. Roosevelt took office.

While the political opposition on Capitol Hill reiterates its charges of dictatorship, and both industry and labor berate the National Recovery Administration, the President proceeds with his plans, undisturbed by the hullabaloo that surrounds them.

The individual items of the Chief Executive's program have, roughly, fallen into one of two categories—temporary measures designed to expedite business recovery, and projects of a permanent nature intended to bring about lasting changes in the fundamentals of the country's economic system.

TEMPORARY MEASURES

In the first category are listed the Public Works and Civil Works Administrations, Federal purchases of agricultural surpluses for relief purposes, the Emergency Conservation Corps, Federal refinancing of home and farm mortgages; Reconstruction Corporation loans to banks and railroads.

On the side of reconstruction are the farm act, the Tennessee Valley Authority, the devalued dollar, the securities law intended to protect the public against rapacious financiers, the President's request for governmental control of the stock and commodity exchanges.

Some of the administration projects originally regarded as temporary are now slowly advancing into the permanent category.

Outstanding among these is the National Recovery Administration, which has become an ever-increasing subject of controversy both in Congress and out.

C.W.A. TAPERING OFF

Administration critics have argued, too, that the Civil Works Administration, through which more than 3,000,000 jobless have been given made work, has a distinct tendency to become permanent. The idea behind it was that it should furnish employment until industry and the advancing Public Works program could absorb its workers.

But, when the President recently asked for $950,000,000 to continue it until May, congressional conservatives were quick to predict that the administration would find it just as difficult to abolish civil works then as in February and predicted another request for funds at that time. However, the President is following a well-defined program for tapering off which has resulted already in its dropping thousands of workers.

The N.R.A., conceived as a plan for industrial self-government under which the units of an industry would work in cooperation to prevent overproduction, reduct hours, and raise wages, has been wrapped in dispute from its very inception. Complaints have come from both sides of the industrial conflict. Employers have contended in some instances that the plan has operated to the detriment of the small business man. Labor has called for more representation and asserted that the employers were denying them the rights contemplated in the National Industrial Recovery Act.

PROVISIONS OF LAW

That law, charter of the N.R.A., stipulated that the workers should have the right to bargain collectively through representatives of their own choosing and that labor should be free to affiliate itself with any organization, or refuse to affiliate itself with any union, without that being made a condition of employment.

Labor's complaint is that the employers have by devious methods sought to nullify this provision, and in some instances have done all in their power to perpetuate the company union, anathema to organized labor. Both consumers and labor have charged that local compliance boards have been ineeffective in removing abuses and have been dominated by employers.

When Mr. Roosevelt took office virtually every bank in the Nation had closed its doors against the crowds seeking to withdraw deposits. Mr. Roosevelt completed the job on his second day in the White House with his famous proclamation imposing a general Nation-wide banking holiday.

OPENING OF BANKS

The next task was to get the banks that had been closed open for business as quickly as possible, and for those institutions which could meet tests of solvency and reasonable liquidity the ban was lifted March 16.

In the months that followed, the Reconstruction Corporation poured millions of dollars into hundreds of banks to improve the position of those already operating and enable those still closed to open for business.

Now only a very small proportion of the banks whose doors remained shut on March 16 are not operating, and the Federal Government, over the opposition of the banks, has guaranteed all deposits of $2,500 or less in full. A permanent plan for deposit insurance was to have become effective July 1, 1934, but has now been postponed 1 year.

GOLD PROGRAM

Slowly Mr. Roosevelt developed his monetary program. It saw the country abandon the gold standard and resume it in modified form, and reached its culmination a month ago in devaluation of the dollar to 59.06 percent of its former gold worth. At the same time, the Treasury made a standing offer to buy imported gold at $35 an ounce, which it said had put the country upon an international gold-bullion standard.

Primarily the President's recovery program has been aimed at increasing commodity prices. This objective has linked together virtually all of his individual projects, whether the method be by increasing purchasing power or by manipulation of the currency.

Mr. FESS. Mr. President, I have received a great number of letters during the last two months making inquiry why there has been no attempt to classify the various activities undertaken in connection with the recovery program and why there seems to be an acquiescence that looks like what might be called subserviency on the part of the minority in the Senate of the United States. My reply to all such inquiries is that, in the first place, so far as I am concerned, I have never dragged in out of order a discussion of a subject unless it was under consideration by the Senate at the time. I am now, however, in view of what has been said by the Democratic leader of the Senate [Mr. ROBINSON of Arkansas], afforded an opportunity to say what I have wanted for a long while to say.

Mr. President, it matters not what efforts may be put forth through the agencies of communications to the public in attempting to sell any kind of a program, that program must be measured by the results and not by an effort of ballyhoo. It is true that there seems to have been a friendly conspiracy, including the press, the air, and the screen, to give every possible publicity to everything that has been attempted by the President, largely because there has not been any other program before us and because in the public mind there has been constantly the query, "What will take place if this program shall fail?" I have never in my own experience, either as an observer or as a reader of history, known of a period when there has been such united support of those in power and authority, first, on the part of those who believe in the program, and, second, in the quietude on the part of those who have not any faith in the program.

We do not have a government such as that of Great Britain; we cannot change a governmental policy whenever we want so to do. In a parliamentary system of government, where there is a responsible ministry, if the government announces a policy, and that policy is rejected, the responsible ministry is left to one of two alternatives: One is to resign and allow the opposition to form the government, and the other is to ask the king to prorogue parliament and go to the people for a popular vote on the issue involved. We do not have any such system here. Consequently President Roosevelt is in charge of the program until 1937; there is no possibility of changing it, and he is responsible for it. I have felt all along that the furthest I could go would be to point out what I thought was unsound in the items of the program, but not to go beyond that, and I have not taken the opportunity to do that simply because we have not been considering subjects such as would open the matter to a discussion. Now, however, the Senator from Arkansas, the Democratic leader, for whom we all have not only a high opinion but an affectionate regard, has brought up the subject of the accomplishments of the new deal during the first year of President Roosevelt's administration.

I desire to ask some questions in the light of the report which has come from the Labor Department in response to a resolution which I submitted on the 11th of January of the present year. The response came on the 12th day of February. In the resolution submitted by me, in order that we might understand whether there has been any recovery, or whether the expenditure of billions of dollars of Government funds has been and is to continue to be limited to relief and not recovery, I asked that the Senate be given a report on employment and unemployment, first, in the durable-goods field, and, second, in the consumptive field, knowing that if there has been an increase of employment in the durable-goods field it is a very promising indication and points directly to recovery, while, if there has been no reemployment in the durable-goods field, the outlook is not promising at all; knowing also that if there has been reemployment in the consumptive-goods field, beyond that which would be brought about by Government expenditure, it is also somewhat promising, but if there has been no reemployment in the consumptive field except that which has been stimulated by the expenditure of Government funds, then in that aspect the situation is not at all promising.

I asked, also, that the report furnish information on unemployment in the case of all labor producing goods and also as to all labor-providing services. Unfortunately, we are not furnished with that information. It is stated by the Labor Department that they have not the facilities to enable them to give us the figures in that field. That is unfortunate for the reason that those providing services are out of employment if industry is not employing labor. If the industries employing labor and paying wages are prosperous, there is no unemployment among those providing services, because services depend wholly upon industry employing labor and paying wages. I regret that the Labor Department do not have the figures in that field. I am not complaining, because, if they do not have the facilities, of course that is a sufficient explanation.

I also asked for a statement as to the volume of labor employed on both private projects and Government projects, the one separated from the other. I also wanted to know the number of people employed by the Government on public undertakings, such, for example, as public works,

civil works, and so on. I could not get the figures covering the last two.

I also asked that we be given the figures as to unemployment in all these fields, the specific inquiry being as to the number of unemployed. What do we get in response from the Labor Department? On February 12 I received the following information:

The number of persons employed during the month of November 1929 in the capital or durable goods industry is estimated to have been 4,207,900. That was the high point of employment. In November 1932, being the low point of employment, the number is estimated to have been 2,082,900. That is a falling off of 50 percent in employment from the high point of November 1929 to the low point of November 1932. That is in the durable-goods field. The employment in the same field in November 1933 was 2,654,200, or an increase of 571,300 persons, which is a mere bagatelle in the face of the expenditure of billions of dollars in an effort to stimulate business and in view of the statement that there were 12,000,000 unemployed. In the consumptive field, where I would expect a very much larger increase, in November 1929, at the high point, 4,468,600 people were employed. In November 1932, the low point, there were 3,231,000 people employed, a falling off of a little more than 1,100,000. In the durable-goods field there was a falling off of 50 percent, while in the consumptive field there was a falling off of less than 33 percent. The increase in the consumptive field, which I had expected would be tremendous, was only 499,501, less than half a million in a field that employed 4,400,000. Yet we are talking about recovery!

When I speak of the durable-goods field, I mean heavy manufacturing, such as iron and steel, the machinery group, the nonferrous metal group, the transportation equipment group, railroad repair shops, lumber and allied products group, stone, clay, and the glass group. Those are in the durable-goods field, and only a little over half a million out of a total number of over 4,000,000 were reemployed.

I refer to the consumptive group as embracing the food group, textile group, leather group, paper and printing group, chemical group, rubber-products group, tobacco-products group, and all other industries not included in the durable goods group. In that field where the N.R.A. operates, as in the rubber industry, where I would have assumed there would be a tremendous increase in reemployment, the Labor Department reports on February 12 of this year that there were less than 500,000 reemployed in all the groups comprehended in the durable-goods field. I have here the figures indicating the percentage of increase. It is true that in some particular lines there is more than 25 percent increase, while in others there is a falling off and less employment in 1933 than in 1932.

Anthracite is one of the industries in which employment fell off. Telegraph and telephone communication is another where employment fell off. The motor-bus business is another. There are several industries in these fields that were employing less people in November 1933 than in November 1932, and the average increase is somewhere between 16 and 18 percent.

The increase of employment under the N.R.A., if General Johnson's statement is to be relied upon, is 25 percent; for he stated, not only over his pen but the other day officially, that the N.R.A. had caused the reemployment of 3,000,000 people. I have asked one of the industries to give me the statistics as to their own business, to indicate what has been the increase under the operations of the N.R.A. Part of this industry is located in the city of Milwaukee. The official of whom I made the request stated that they had three stations there for doing this particular work, and they were required under the N.R.A. to make certain additions, which represent just 41-percent increase. That is much more than the 24 or 25 percent suggested by General Johnson.

Not only that, but the match industry increased its labor personnel 20 percent, and increased its labor cost from 28 to 32 percent. As long as there is a compensatory increase of return, business can safely add such costs; but if there is not a compensatory increase of return, a certain type of business—that is, one that cannot stand running at a loss for any length of time—cannot continue operation very long.

Mr. President, generally speaking, of all the manufacturing industries of the country, 8 percent produce 50 percent of the product. Those are the big industries. The other 50 percent is produced by the remaining 92 percent of the industries. It is true that the big industry may be able to spread its work and add from 20 to 40 percent to the cost of the article and assess it upon the public. It may be able to do that and live; but there is a doubt in the mind of every man whether the small industries, each employing 250 people and less, which make up the 92 percent, can live under the conditions under which the big industry can live. That is a question that to my mind is most doubtful; and if they cannot live, then the operation of the N.R.A. is going to be injurious to that great proportion of the manufacturing industries.

There has not been a time from the beginning when there has not been objection to the N.R.A. on the ground that it was getting rid of law by agreement. I do not like that phase of it at all. We tried to amend the antitrust laws under the recommendation of President Woodrow Wilson. We did not succeed. Their amendment was recommended by Presidents Harding, Coolidge, and Hoover, but without success. Now, by agreement, where men get together and avoid the provisions of laws which cannot be amended by Congress we have a government of men rather than a government of law; and it is unwise in the degree that it is such a government. In the case of a government of law, we know from the beginning what it is, for the law stands until it is changed by the body that made it. An agreement, however, can be changed just as frequently as the minds of the individuals change; and we should not be put under the rigidity of obeying a rule that is merely agreed upon by individuals.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. LEWIS in the chair). Does the Senator from Ohio yield to the Senator from Louisiana?

Mr. FESS. I will yield in a moment.

Mark my words, Mr. President; the charge of a trend toward monopoly under the N.R.A. is bound to grow. It is inevitable. There is no way to avoid it. Furthermore, the assessing of additional costs through the N.R.A. upon 100 percent of our people is bound to create a protest that will be vocal; and no amount of ballyhoo on the part of communication agencies to "sell" a program will be able to overcome these facts, which are more stubborn than any attempt at propaganda.

Mr. LONG. Mr. President——

Mr. FESS. I yield to the Senator from Louisiana.

Mr. LONG. I rose at the point where the Senator mentioned the great harm involved in intrusting the powers of the Government to the ipse dixit of individuals and therefore to change and modification overnight. Some of us on this side of the Chamber brought out that point.

Mr. FESS. I recall that very well.

Mr. LONG. If we could have convinced our Republican friends at that time as well as they now seem to be convinced, I believe that we might have averted some of the legislation now complained of.

Mr. FESS. There was not any difficulty in convincing the present speaker, because, as the Senator knows, I did not vote for the bill. I opposed it here at the time on the ground that it was a movement in the wrong direction.

Mr. President, I do not want to be misunderstood at all. If a man is to be judged by his good intentions; if a public personage is to be judged by his industry; if a man is to go down in history upon the basis of his desire to help, or of his courage and daring to do what never before has been undertaken, the present President of the United States will occupy a very high place in the history of the country. I desire to have that understood as my belief. Unfortunately, however, reputation never stands upon promises; it is not

measured by good intentions. Reputation must stand upon what is accomplished, and not upon something that is promised; and we must await the results and what I feel absolutely certain will be a breaking down before we can judge as to the greatness of accomplishment of this new, adventurous effort on the part of a very daring Executive.

Mr. KING. Mr. President——

Mr. FESS. I yield to my friend from Utah.

Mr. KING. Is the Senator quite accurate in his exposition of the effect of the N.R.A. in permitting monopolistic agreements?

My understanding is that no agreements may be entered into that would be in contravention of the provisions of the Sherman anti-trust law or of the Clayton Act. The Senator will recall—and he will pardon me for making the suggestion—that recently a decision of the Supreme Court affirmed the validity of the agreements or acts or conduct of corporations and individuals in furnishing information to one another, in conferring with a view to determining what would be fair and reasonable prices, even though the particular industry in which they were engaged controlled a very considerable part of the product that was consumed in the United States.

Mr. FESS. Mr. President, I desire to be not only accurate but entirely fair. What I fear, as the Senator knows—and I think he fears it, too—is that if we substitute for existing law the power of agreement to be approved by the President, the agreement thus entered into becomes a fair-trade practice having the force of law and having a penalty attached to its violation which is to be assessed not in a court but by the order of the Director. That is something the Senator and I certainly would think over for a long time before giving any carte blanche authority. That is what I have in mind.

Mr. KING. Mr. President, if the law were susceptible of the interpretation which, as I understand, the Senator places upon it, I think I should agree with him; but my understanding of the N.R.A. and the terms and provisions of the act, is that no agreement may be entered into—I do not care whether it receives the validating signature of the President of the United States or that of General Johnson—which in letter or in spirit would be in contravention of the Sherman antitrust law through permitting the organization or perpetuation of a monopoly.

Mr. FESS. Mr. President, the Senator may be correct, but I certainly think he is not, because if the Sherman antitrust law is to remain in full force without any diminution by agreements, certainly the business of the country would not be asking for a suspension of the Sherman law, which they thought they were getting when they entered into the agreements.

I desire to repeat that, in my judgment, the forces in opposition to the plan now being carried into execution under the N.R.A. will be so cumulative and so commanding that it cannot last; and I shall not be at all surprised if within a year the Blue Eagle shall become an emblem for ridicule, and people will decline to remember that they ever had been devoted to it.

My reason for thinking so is that the only interest the business man has is to get a suspension of the operation of the antitrust laws, and with that desire a lot of people have sympathy. If that consideration is to be removed, business will have no further interest and the support of business will be gone; and I think that condition will have to eventuate. Otherwise, we are almost certain to move toward monopoly, with the cumulative protests on the part of people who will have to suffer the increased costs, whose complaints will be so commanding that there will be no question as to what will be done later on. I merely throw that out as a suggestion of what I think is bound to come.

I have referred to a business in Ohio. I asked the man who ran that business how his business was prospering, and he said, "I have been manager of this business for 42 years. We have always cut our expenditures so as to keep within our income. In August we went under the N.R.A., believing that was the thing to do. In September we went into the red for the first time, and we have been in the red every month since August." He stated further, "We cannot continue to go on without some recovery in the way of increased business, which we are not getting."

How representative that illustration is I do not know, but every man who can think two thoughts in a row knows that condition cannot continue, if it is true of most of the small industries of the country, as I fear it is. So in due time we will be looking for some other method in which to solve this particular problem.

Mr. President, in the light of the figures from the Department of Labor which I have quoted, which give us so little to hope for, so little promise, let me remind Senators of some statements which are difficult for me to understand. The Secretary of the Interior states that his Department has taken up 5,000,000 unemployed. Of course, he meant that in that number would be included those employed under the Civil Works Administration, which was a proper interpretation. General Johnson says that under the N.R.A. 3,000,000 unemployed have been afforded employment.

With 1,000,000 employed on the Public Works program, under the Secretary of the Interior, 4,000,000 on the Civil Works program, under Director Hopkins, and 3,000,000 in the N.R.A., under General Johnson, that makes 8,000,000 who have been reemployed. That is three quarters of the unemployed, if we take the maximum figure, and most people give the figure as 10,000,000. So that there should not be such a great number of unemployed at the present time.

However, let us look at the figures of William Green, the president of the American Federation of Labor. I telephoned his office and asked whether they had his statement, and whether it had been verified, and it was stated it had been. That statement sets forth that industrial unemployment increased 921,000 in January, a month ago. They state that the total unemployed in industry today amounts to 11,690,000.

I am willing to include in that 11,690,000 the 4,000,000 temporarily employed in the C.W.A., but take the 4,000,000 in the C.W.A. and subtract that from 11,690,000 and we find today over 7,000,000 out of employment in industry. We have been operating under this program now for a year. The year closed yesterday.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. WAGNER. I want to ask the Senator whether a great improvement is not manifested by the fact that there are, according to reliable estimates, only 6,500,000 unemployed today, compared with over 15,000,000 a year ago?

Mr. FESS. Mr. President, that is a nice sort of a question, a question from a propagandist. In accordance with the statements of the heads of these unemployment agencies, under an expenditure of money which will create a deficit of $7,000,000,000 this year, how many have been put on the pay roll purely as relief, in response to humanitarian impulses? At least 5,000,000. I am not finding fault with putting 5,000,000 on the pay rolls for relief purposes, but the employment of the 5,000,000 is not an aid to recovery. There is not a scintilla of recovery in that. Those people are employed out of Government funds which come from taxation, which money must be paid by business, and we cannot make an unlimited demand upon the Treasury to take up unemployment and call it recovery. That is only relief.

Now, if the Senator asks me if that is not an improvement, I say that it is an improvement from the standpoint of the relief of the unemployed, certainly, but it is no improvement in what we call "national recovery." If that is the cost of national recovery, the more we do it the more difficult it will be for us ever to get back to stable conditions. I think the Senator will sympathize with that contention.

Mr. WAGNER. No; I do not sympathize with it. Besides, 4,000,000 people have been reabsorbed by private industry. There may be a little seasonal slack here and there——

Mr. FESS. Now, wait a minute.

Mr. WAGNER. Let the Senator wait a minute.

Mr. FESS. I have the floor; let the Senator wait a minute. I am not basing my observations on newspaper articles.

I am basing them on the report of the Secretary of Labor. Secretary Ickes says a million people are employed under the Public Works program and General Johnson says 3,000,000 are employed under the N.R.A. He said that day before yesterday. That makes 8,000,000, with those employed under the Civil Works program.

The Senator may say that the reemployment under the N.R.A. is in industry, but it is in industry at the cost of industry, not recompensed by returns, and it will destroy industry if there is not some other relief.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. WAGNER. May I be enlightened as to what the Senator means when he says that recovery is at the expense of industry?

Mr. FESS. The improvement, whatever it may be, is at the expense of recovery. It is not recovery.

Mr. WAGNER. Is it not recovery when shorter hours, minimum-wage provisions, and the abolition of child labor lead to the absorption of nearly 4,000,000 workers in this country?

Mr. FESS. No; it is not a recovery. When child labor is eliminated, that is splendid, and I will go as far as the Senator will go in that direction. When the sweatshop is eliminated, that is a fine accomplishment. When the number of hours of labor is reduced without destroying industry, when industry undertakes to work out that problem itself, that is an accomplishment.

Mr. WAGNER. Does not the Senator think that reducing hours of labor, so that the ordinary worker will have some leisure time, is a desirable achievement?

Mr. FESS. He will have too much leisure time. That is the trouble.

Mr. WAGNER. Is that what troubles the Senator? Is he disturbed because the worker is having too much leisure or because hours of work have been shortened?

Mr. FESS. No. If it is leisure the Senator wants the working people to have, just let them quit work, and they will have plenty of it. The lack of work is our difficulty now.

Mr. WAGNER. Does the Senator want us to go back to the 64- to 70-hour working week?

Mr. FESS. Mr. President, the Senator from New York is trying to get away from the theme on which we started. Let me state again, so that he never need be confused about it, recovery results when industry is enabled to absorb unemployment; and when the work is spread through a shorter day, unless there can be an increase in the return from the sale of the product, there will not be recovery, because every business will lay off its men, as industry is now doing.

We had the same problem with the railroads. We established the 8-hour day on the railroads for humanitarian as well as for economic reasons; but when the 8-hour day was adopted, the railroads reduced the number employed on the roads in order to take up the difference in the cost. Now we are talking about a 6-hour day on the railroads. Suppose we enact a law establishing a 6-hour day, as we likely will. As soon as the railroads shall reduce their operations to 6 hours as a basic day, instead of 8, they will immediately absorb the additional cost by laying off more men. That is what has always been done.

Mr. WAGNER. Then the Senator's theory is that we should not reduce hours of labor?

Mr. FESS. No, Mr. President; it is not. I am talking about what the policy advocated by the Senator will inevitably bring about. I am in favor of shorter hours of labor. I think we must come to shorter hours, under our method of machine production.

Mr. WAGNER. Of what is the Senator complaining, if he is not complaining of shorter hours?

Mr. FESS. My complaint is that the Senator is holding that the N.R.A. is spreading work and bringing about recovery. It is not recovery unless it is shown that there is an increase in return that will take up the additional expense. Otherwise, employers will lay off their labor, and instead of resulting in recovery it will result in increased unemployment.

Mr. WAGNER. Mr. President, will the Senator further yield?

Mr. FESS. I yield.

Mr. WAGNER. The Senator talks about profits. Were not excess profits the cause of the depression? Did not the tendency to reinvest these profits in production goods, instead of translating them into purchasing power by the payment of adequate wages, bring on the collapse? Did not the selfish greed of industry, manifested by low wages and long hours, ruin us all?

What we are now trying to do is to shorten hours and increase wages, thus giving the worker his fair share of the wealth of the country, which he is still a long ways from getting. When he reaches that goal, we shall have economic stability.

That is the object of the N.R.A., and that is the thing which the Senator from New York is upholding.

Mr. FESS. Mr. President, I am not opposing that. What I am opposing is the administration's undertaking to impose an artificial regulation, which regulation cannot subsist in business methods.

Mr. WAGNER. Mr. President, what is that artificial regulation? Is it the reduction of hours?

Mr. FESS. No.

Mr. WAGNER. Is it the abolition of child labor? Is it the increase in minimum wages?

Mr. FESS. Increasing the cost to the public. The administration is increasing the cost of the product to the public, brought about by the shorter hours; and when the public will not buy, business must stop.

Mr. WAGNER. Who are the consumers of the country, if not the wage earners?

Mr. FESS. The consumers are the people, and the extra cost is assessed on them, thus making it more difficult for them to live.

Mr. WAGNER. Not at all.

Mr. FESS. The Senator will find out before the year shall be over.

Mr. WAGNER. If the consumers of the country—and, by the way, wage earners with incomes of less than $2,000 per year now buy two thirds of all the products of the country—are given a higher wage, they will live better lives, and they will save industry by consuming the goods which industry can produce. But if industry insists upon adopting the policy which the Senator proposes, we shall have another collapse.

Mr. NORRIS. Mr. President——

Mr. FESS. Mr. President, I have great admiration for the Senator from New York, but I do not very much appreciate his undertaking to make my speech.

Mr. WAGNER. Oh, no; I am not doing that, Mr. President.

Mr. FESS. The Senator seems to be doing so. He is talking about a doctrinaire idea. He wants to eliminate profit. He says that business is selfish; that business ought to be run as a philanthropy; that we must take out the profit element and run business in the interest of the public. There is not a man outside of the insane asylum who will risk a dollar in business if there is not some chance for a profit, and the Senator knows it.

Mr. WAGNER. Business is entitled to a reasonable profit. The Senator knows that I have never stated otherwise.

Mr. FESS. Certainly.

Mr. WAGNER. I have been talking about excess profits; and if the Senator will look at the figures——

Mr. FESS. I agree with the Senator that excess profits are not justifiable.

Mr. WAGNER. That is what caused our collapse; and what I am saying to the Senator is that if he will examine the figures——

Mr. FESS. Mr. President, our collapse was due to speculation.

Mr. WAGNER. I do not care what the Senator calls it. Speculation was involved in the purchase of securities, but excess profits made excess speculation possible. The invested money went into excess production facilities. If the Senator will take the trouble to examine the figures of the time just before our collapse, he will see the disparity that existed between the tremendous profits and the low wages. Then, I am sure, he will take a different attitude.

Mr. FESS. If we continue on this kind of a program for another 18 months, Mr. President, we will hear a different story from the Senator from New York. He will then see the fruitage of his plan. Theories have been and are being hatched in the brains of individuals who could not make a living if they were turned out to make it; and men who know nothing but theories are undertaking to tell the Government how to run the greatest business in the world, and are running it on the basis of some untried theory, such as that of Soviet Russia, State socialism, the elimination of profits, not permitting anybody to make and retain any money, but, when it is made, compelling him to give it to others.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Nebraska?

Mr. FESS. I yield.

Mr. NORRIS. Since the Senator has made his argument with the view of showing that the present program is all a failure, will he now tell us what he would do, or what his plan would be to save the situation?

Mr. FESS. That is very much the sort of question I should expect to come from the Senator from Nebraska. In order to justify one's self in opposing a half-baked theory which would result in revolutionizing the fundamental principles of the American business, it seems to be considered that one must offer some other artificial plan. I say to my friend from Nebraska that we do not need to do more than retain the fundamental principles underlying sound business, and stop penalizing business because there happens to be some culprit in its ranks. Let us not burn down the house because we have found some bedbugs in one bedroom.

Mr. NORRIS. The Senator will admit that there is a considerable depression, and we are in a dilemma. He has criticized everybody else's effort to get out of it. Why will not the Senator answer a civil question, and tell us what his plan is for getting out of the dilemma?

Mr. FESS. I would not do anything artificial.

Mr. NORRIS. Of course the Senator would not. The Senator would go to hell in 15 minutes, and take the country with him. [Laughter.]

Mr. FESS. I certainly shall be on the way to that place if I follow the Senator from Nebraska, and I will be traveling at a high rate of speed, too. [Laughter.]

Mr. NORRIS. The Senator is going to get there soon enough if he has his way. The Senator will not need to follow me. [Laughter.]

Mr. FESS. Mr. President, this is a fine display; is it not? Here we have a Senator sitting on this side of the aisle joining a Senator sitting on the other side of the aisle in criticism of the legitimate contentions on the part of a minority Senator; and yet we talk about an aggressive minority, the function of which is to call attention to the foibles and the dangers of the experimentation that is now going on. In connection with that experimentation, small reference is made to gambling with the value of the dollar—the most amazing thing that any nation ever witnessed—by which the power of the Government is being used to break down the purchasing power of our dollar, although up to date not much has been accomplished along that line, except over in Europe. That gives a suggestion of the stability of our money based upon 70 years of integrity, during which the Government never stooped to the dishonor and the perfidy of breaking its contract with its citizens as has been done during the present administration.

The time is coming, as certainly as that I am looking into the face of the Presiding Officer, when we shall see the same thing done about the public debt. We have today a large deficit, a deficit that will approach $9,000,000,000 before the year is out. We shall run our public debt next year beyond $32,000,000,000. The public debt ultimately will reach $40,000,000,000. When we get through, what will be done? The President will announce "We cannot pay it", just as it was announced that we could not pay in gold. When people asked, "What will you do if you do not pay in gold?" the reply was made, "We will eliminate the gold clause." It is not a question of whether we have a contract. A contract means nothing. The pledge of the Government has no force. Take it out! Why? There is not enough gold in the country with which to pay. On the same principle, it might be said that there are not enough bushel baskets to measure the wheat of the country. It is perfectly silly, however, to suggest that we have to have a new basket for every bushel of wheat we measure.

When we come to the time when it is plainly seen that there is no recovery, as there has not yet been in the country, with unemployment increasing after 10 months of present experiments, with 7,000,000 persons out of employment and an expenditure next year that must be repeated as it has been made this year, what will we do with the deficit? Then we will start on the road that Germany took, on the ground that there is not anything else to do. When I have talked to some of my friends on the other side who, I know, do not believe in these measures, they have said, "There is nothing else for us to do. We must do it."

So, Mr. President, we are in this remarkable program of experimentation, with the White House serving as a laboratory in which all sorts of agents and reagents are used, such as will be found in laboratories where tests are being made. There all these experiments are going on, with the President announcing, "I do not know what this will do," and then the statement is repeated here on the floor, "We do not know what this will do; we only hope it will do something"; and it is thought the expression of that hope is an excuse for going on in this way. It is like the man who does not know whether he can swim or not, but jumps into the sea in order to make ascertainment, and if he cannot swim he will be the first to admit the fact. That is a difficult situation for a country as well as for an individual.

Mr. WAGNER. Mr. President, will the Senator yield again?

Mr. FESS. I will have to yield now to the Senator.

Mr. WAGNER. I want to ask the Senator if it is his wish that we should follow the advice and guidance of those industrialists and those bankers and those public officials who, through their management of our economic system, brought us last March to the point of economic and social disintegration? Are those the doctors whose advice we should follow?

Mr. FESS. There have been evil practices. I would punish those who are guilty of malfeasance. I will join anybody in putting them behind the bars. I have not any respect for the high-jacking and racketeering that went on in certain financial circles. I have no more respect for that than has the Senator from New York. I will join anybody in bringing about proper punishment. But the Senator from New York must know that he is seizing upon incidents such as that as an opportunity on occasion to overturn fundamental principles of the country. I know that there are not less than 50 Senators on the other side of the aisle who believe at this minute that we are taking steps and sowing seeds the results of which no living person is able to foresee and that we are starting things the end of which we will never see, and it is all being done on the basis of relief. I do not believe that is a wise course to pursue.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Arkansas?

Mr. FESS. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Will the Senator tell us what he would do? He is objecting in general terms to what is being done, and is doing that very violently, in such terms and in such spirit that I feel assured that if he will

just take us into his confidence he will tell us the way out of our troubles.

Mr. FESS. Mr. President, had the American people not made the mistake of rejecting a program constructive in every degree, except for the Reconstruction Finance Corporation, which was not a sound one, but which was much more sound at the time than its administration is today, if we had gone on with that program and not tampered with the medium of exchange and the measure of value and if we had kept our faith with our people and our country, we would have been far out of the depression today instead of being in a worse condition than the Nation has ever before known.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield further?

Mr. FESS. I yield.

Mr. ROBINSON of Arkansas. To what program is the Senator referring?

Mr. FESS. I am referring to the program which the Senator from Arkansas assisted in supporting under President Hoover in the last administration.

Mr. ROBINSON of Arkansas. Oh, the Senator is advocating a return to the Hoover program? Is that the fact?

Mr. FESS. The Senator is recommending a repeal of revolutionary measures recently enacted. I voted against the agricultural adjustment measure, and anyone who is free from political bias and loyalty to his administration will admit with me that there has never been such a dismal flat failure as the agricultural program, so confessed by its authors.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield further?

Mr. FESS. I will yield if the Senator is mild, but I will not yield if he is not mild. [Laughter.]

Mr. ROBINSON of Arkansas. I shall be compelled to be mild, whatever may be my inclination. [Laughter.] Of course, in all probability the Senator from Ohio has included me in the class which he regards as incapable of impartial action.

Mr. FESS. Oh, no; of course, the Senator from Arkansas could not do otherwise; he simply could not.

Mr. ROBINSON of Arkansas. The Senator knows that the prices of agricultural commodities on the average have been raised 57 percent.

Mr. FESS. To what is that due?

Mr. ROBINSON of Arkansas. It is due in large part to the very measures which the Senator from Ohio condemns.

Mr. FESS. That gives me another opportunity to show that the Senator from Arkansas does not know what he is talking about.

Mr. HASTINGS. Mr. President, will the Senator from Ohio yield?

Mr. FESS. No; not now. I want to go after this good man from Arkansas right now. [Laughter.]

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. FESS. No; I will not yield until I answer the Senator's statement.

Mr. ROBINSON of Arkansas. The Senator from Ohio refuses to yield. That is like him. [Laughter.]

Mr. FESS. I am going to yield after I have answered the terrible break the Senator from Arkansas just made. He said the increases in prices of agricultural commodities are due to the very measure which I am indicting. I am indicating the measure known as the "Agricultural Adjustment Act." That covers seven commodities, wheat, corn, rice, tobacco, milk, hogs, and cotton. The prices of those agricultural products have somewhat increased except as to hogs. Hogs have gone down 7 percent.

Mr. ROBINSON of Arkansas. That is just like hogs, is it not? [Laughter.]

Mr. FESS. Exactly; yes. The greatest increase in agricultural products is 175 percent, and that is in the price of wool, which is not covered by the A.A.A. The next greatest increase is in oats, 137 percent, and that is not covered by the A.A.A. The next greatest increase is in rye, 132 percent, and that is not covered by the A.A.A. The commodities not covered by the A.A.A. have increased in percentage more than the ones covered by it, and some that are covered by it have gone down. What now becomes of the Senator's statement?

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Ohio yield at that point?

Mr. FESS. I yield.

Mr. ROBINSON of Arkansas. The Senator did not understand, I assume, that it was expected that the benefits of these measures would be confined exclusively to the particular commodities directly involved in the processes of the Agricultural Adjustment Administration?

Mr. FESS. The Senator knows that those increases were largely due to the reduction in the value of the dollar. There has been an increase, of course.

Mr. ROBINSON of Arkansas. Oh, the Senator, then, will admit that one thing the administration has done has caused a substantial increase in prices even as to those commodities which were not directly involved in the Agricultural Adjustment Act.

Mr. FESS. Yes; it increased some prices, but they were——

Mr. ROBINSON of Arkansas. I thank the Senator for that.

Mr. FESS. Does the Senator from Arkansas, this lovable character from Arkansas, this great leader—and he is a great leader—say that if I change the yardstick to 18 inches, I thereby buy more cloth because a yard costs more?

Mr. ROBINSON of Arkansas. Why, Mr. President, I could not be responsible for anything that would result from the vagaries of the Senator from Ohio.

Mr. FESS. Now the Senator has gotten himself into a box. [Laughter.] Here is a dollar that is worth 50 cents, and the price of the article purchased with a 50-cent dollar increases, but it does not feed any more stomachs.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. FESS. Wait a minute. It does not put any more clothing on anybody's back. It changes the price, but it does not change the value, just as halving the yardstick does not increase the number of yards we buy. That is the box in which the Senator has gotten himself.

Mr. ROBINSON of Arkansas. Mr. President, I do not conceive that I have gotten myself into any sort of a box.

Mr. FESS. Oh, yes; the Senator has.

Mr. ROBINSON of Arkansas. The difficulty with the Senator from Ohio is that he never knows when he is in a hole or in a box.

Mr. FESS. I am not in a hole as yet, as the Senator knows.

Mr. ROBINSON of Arkansas. Perhaps the Senator is not the exclusive judge of the situation he is in.

Mr. FESS. I would not let the Senator from Arkansas be the judge of that.

Mr. ROBINSON of Arkansas. If the Senator will permit me in his time to say so, I think that in attempting to maintain that there has been no improvement in conditions since the 4th of March 1933 the Senator is disregarding every material evidence that has been presented during the last 12 months. I think the conviction of the country is that there has been a great measure of improvement, and I do not believe the Senator can maintain successfully, even by resort to fallacious arguments, that conditions are as bad as they were on the 4th of March 1933.

If the Senator is right in that, then he has me in a hole; but if he is wrong in that, then he has concealed himself in a hole from which he cannot escape.

Mr. FESS. Mr. President, I am not going to yield to the Senator any more until I finish with him.

The Senator refers to the question of improvement. The word "improvement" may mean something different from "recovery." I have stated, and I state again, that there is no recovery. I have not said there is no relief. We are pouring out money for relief; and when we spend billions of dollars for employment as a relief measure, that money naturally goes from Washington through various hands into

business. When we limit the improvement to purchases by Government money, that is not a healthy improvement, and that is to what it is limited. It is not only not healthy, but it is a dangerous improvement unless it opens the way for substantial recovery, which it has not done up to date.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. FESS. Mr. President, I rose to speak on the question of recovery upon the basis of the report of the Labor Department. I rose to give figures which cannot be disputed, and which show that although it is claimed that 8,000,000 people have been reemployed, there still are 11,000,000 out of employment, which means—I do not want anybody to misinterpret my statement—that unemployment in industry is on the increase. That means that the taxing power, which is dependent upon industry, is lessening all the time in the degree that we make exactions upon the Government in public expenditures; and unless we change this course, Senators on the other side of the aisle will change their tone before the year is out, because without doubt that is coming.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. FESS. Not yet.

Mr. President, this program has had three great basic objects in view: One is reform, another is relief, another is recovery.

Recovery is the last thing that is being considered, but it ought to be the first thing, for we can reform and change our system into a socialistic system; we can adopt Russian sovietism here, if we desire; we can abandon American institutions of government, if we desire, and call our action reform.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield.

Mr. FESS. Just a moment.

Reform, however, will not mean anything unless there is recovery. Relief is important, and we must go through with it now. We have destroyed the local agencies for relief. The Government has stepped in, and is supplying the funds. We must go on with it; but relief ought not to interfere with recovery. We ought to have made recovery the first step; but, as we have dealt with the subject, it is the last step, and little, if anything, has yet been accomplished.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield now?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Arkansas?

Mr. FESS. I yield.

Mr. ROBINSON of Arkansas. In his last statement the Senator has raised an issue which I am glad to meet. He states that recovery should have preceded either relief or reform. I ask Senators on the other side of the Chamber whether relief was not necessary, whether reform was not essential before any recovery might be looked for, and whether the course that has been taken by the administration has not been the logical course—first, relief, and with it reform, and then hoped-for recovery.

I admit—I admitted in my remarks this afternoon—that recovery has not progressed to an extent that justifies boastfulness; but I do believe that it was impossible for the Nation to recover without measures of relief and without measures of reform.

Mr. FESS. Mr. President, I admit to the Senator from Arkansas and the other Senators present that relief was essential while we were working out recovery, especially when the emergency was such that local agencies and State agencies could not provide it. That statement I ought to have made; but relief must be based upon recovery. Recovery cannot be based upon relief. Recovery becomes the cause from which effects can be produced. That is not true of relief. Let reform come along as, in the light of discussion, we find it wise to transform our Government from the basis on which we have developed for 150 years to some untried basis.

Mr. President, I was drawn into this discussion because of the statement of the Senator from Arkansas. We will discuss with him later the tariff measure which proposes to transfer the making of tariffs from the legislative body to the Executive. That is in keeping with the entire program from the day we abdicated our functions here and gave the President complete control over agriculture and all industries. If we go a little further, we shall see the Fascist idea fastened upon us, with the people voting for it as the people in Germany voted for Hitler. That is what I am afraid of; and while regarding with the greatest degree of respect those responsible for the administration of public affairs, it is the right and the duty of every man in this body to point out the signals of warning that today confront everyone who has watched the events of the past year.

The existing condition is not pleasant to me. It is ominous; and I am wondering whether, when the President of the United States was given this broad authority, we were surrendering the freedom and democracy for which our fathers fought and battled for more than 200 years. I think not.

Mr. McKELLAR. Mr. President, the Senator from Ohio says there has been no recovery. I desire to read from the Washington Post of March 3, 1934, a complete refutation of every word the Senator from Ohio has said. The article is headed "Commodities price range. Leaders in markets." It covers the leading commodities, farm commodities, and other commodities.

Mr. FESS. I have that statement, and I will discuss it when the Senator concludes.

Mr. McKELLAR. I do not yield to the Senator now. This is a complete answer to what he has said. This statement shows the relative prices of commodities today and a year ago.

Wheat, Chicago, a year ago, 47¼; today, 87⅞.
Corn, a year ago, 24; today, 51⅝.
Oats, a year ago, 16¼; today, 35⅜.
Cotton, a year ago, 6.09; today, more than double, 12.28.

Mr. FESS. To what is that due?

Mr. McKELLAR. That is due to the recovery measures this Congress has passed, and the President has signed.

Mr. FESS. It is due to the 50-cent dollar.

Mr. McKELLAR. I do not blame the Senator for rising and trying to interrupt, because this absolutely destroys every argument the Senator from Ohio has made today.

Mr. FESS. It is due to the 50-cent dollar.

Mr. McKELLAR. I do not yield.

The PRESIDING OFFICER. The Senator from Tennessee does not yield, and the rules of the Senate compel the Chair not to recognize the Senator from Ohio.

Mr. McKELLAR. Even cattle went up in price.

Cattle, a year ago, 4.75; today, 5.50.
Hogs, which the Senator said had gone down, a year ago brought 3.90; today, 4.50.
Lambs, a year ago, 6.25; today, 9.50.
Eggs, a year ago, 15; today, 18.
Butter, a year ago, 19; today, 27¼.
Flour, a year ago, 3.70; today, 6.55.
Steel, a year ago, 1.60; today, 1.75.
Pig iron, a year ago, 14.50; today, 17.50.
Tin, a year ago, 23.50; today, 52.55.
Copper, a year ago, 5; today, 8.
Gold, a year ago, 20.67; today, 35.

Mr. FESS. Of course.

Mr. McKELLAR. The Senator says "Of course." That "of course" is the Senator's stock argument. He has given us no facts; he has merely made assertions. I am stating the facts as to all the principal products.

Mr. FESS. Measured by the 50-cent dollar.

Mr. McKELLAR. The Senator does not know what he is talking about if he does not know any better than to deny that all commodities have gone up in price. The statement continues:

Silver, a year ago, 26.05; today, 46.25.
Zinc, 2.65 a year ago; 4.40 today.
Lead, a year ago, 3; today, 4.
Coal, a year ago, 1.85; today 2.06.

Mr. President, I ask that this statement be printed in full in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Commodities price range

Leaders in markets	Today	Yesterday	Week ago	Month ago	Year ago
Wheat (May), Chicago	87⅞	86¼	88½	89¾	47¼
Corn, yellow (May), Chicago	51⅝	50⅜	50½	49½	24.00
Oats, white (May), Chicago	35⅛	34⅜	35.00	37.00	16¼
Cotton (May), New York	12.28	11.88	12.18	10.90	6.09
Cattle, choice steers, Baltimore	5.50	5.50	5.25	5.25	4.75
Hogs, choice, Baltimore	4.50	4.50	4.62	3.55	3.90
Lambs, choice, Baltimore	9.50	9.25	10.00	8.65	6.25
Eggs, special, New York	18.00	17.00	17½	20⅝	15.00
Butter, New York creamery	27¼	26½	25¾	24.00	19.00
Flour, New York	6.55	6.70	6.50	6.87	3.70
Coffee, New York	11½	11½	11¾	10½	8¾
Raw sugar, New York	3.31	3.34	3.30	3.25	2.80
Steel, Pittsburgh, bar	1.75	1.75	1.75	1.75	1.60
Rubber, New York	10.73	10.63	10.45	9.90	6.75
Pig iron, foundry	17.50	17.50	17.50	17.50	14.50
Tin	52.55	52.37	52.40	50.00	23.50
Copper (electrolytic)	8.00	8.00	8.00	8¼	5.00
Gold	35.00	35.00	35.00	35.00	20.67
Silver	46¼	46¼	46.40	43.09	26.05
Zinc, East St. Louis	4.40	4.40	4.40	4.25	2.65
Lead (New York pig)	4.00	4.00	4.00	4.00	3.00
Coal (bituminous)	2.06	2.06	2.07	2.05	1.85

Mr. McKELLAR. Mr. President, the Senator from Ohio says there has been no recovery. I have read a list of the leading products, and every one of them has increased in price, some having more than doubled in price. The four principal ones—corn, cotton, wheat, and oats—have doubled in price and even more. Yet the Senator says there is no recovery. Will he tell the oat farmer, the wheat farmer, the cotton farmer, and the corn farmer that there has been no recovery in this country? If so, they will not accept any such statement. They know from the prices they have received that conditions are better. If the Senator wants to go to the stock market, he will find that all of the principal stocks have increased in value. Yet he talks about there being no recovery. There has been the greatest kind of a recovery; and if we can keep Senators on the other side of the aisle from constantly complaining and distorting the facts, as has been done here this afternoon, the recovery will come very much more quickly.

Mr. BYRNES. Mr. President, I ask permission to insert in the RECORD a number of editorials and news articles from newspapers of the State of Ohio; and because the Senator from Ohio seems to be so unhappy this afternoon about conditions, lest he should be forced to retire to his home in that unhappy mood, I want to read a few of the headlines.

Under date of February 14 the Cleveland Press states:

Business and jobs up 18 to 20 percent. Cleveland leads the country average in January recovery.

From the Akron Times Press:

Akron satisfied with the N.R.A. results. Objectives generally approved by business leaders.

From the Youngstown Vindicator:

Ohio business showing gains. Reserve bank reports marked change for the better.

From Toledo:

Willys-Overland tunes up plant to put 3,000 on jobs. Orders for materials to build 5,000 cars go out; operate in month.

From Canton, Ohio:

Ohio finances satisfactory, C. of C. reports. State has made excellent showing, chamber survey says. Cash balance improved. Checkup made by O.S.U. professor to guide organization.

From Youngstown:

Coal miners back at work. One hundred and fifty men win fight for $1.25 rate—scale to be retroactive.

From the Cleveland Press, February 2:

Textile mills here speed up in trade boom. Clothing manufacturers look forward to big spring business.

From Dayton, February 10:

Four million one hundred thousand four hundred and ninety-three dollars paid workers here in past month. Pay roll for January is above figures for same month in 1933.

From Akron, February 24——

Mr. FESS. Mr. President, will the Senator designate how much of that money comes from Washington?

Mr. BYRNES. Mr. President, these articles do not indicate, but if, as a result of the activities of the administration at Washington, the people of Ohio are in the prosperous and happy mood indicated by these press articles, they would sincerely hope that this administration would continue in power, and that more of this kind of relief would come from Washington. I am now speaking in behalf of the people of Ohio.

Mr. FESS. The Senator would have the people look to the same source from which the money has heretofore come, to the Government?

Mr. BYRNES. I sympathize with the Senator. I listened to him for several years during the last administration telling the people of his State and the country that prosperity was just around the corner, a corner no man, woman, or child could ever see. Now he is spending his time telling them that destruction is just around the corner, and that is a corner they never will see.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from South Carolina yield to me?

Mr. BYRNES. I yield.

Mr. ROBINSON of Arkansas. The Senator from Ohio says the only way to promote national recovery successfully is to return to the policies and practices of the Hoover administration.

Mr. BYRNES. Mr. President, the Senator from Ohio said more than that.

Mr. HARRISON. Mr. President, the Senator from Arkansas does not want to do the Senator from Ohio that injustice.

Mr. FESS. Oh, yes; he does. [Laughter.]

Mr. HARRISON. I am sure the Senator from Arkansas will disclaim any such intention.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from South Carolina yield to me further?

Mr. BYRNES. I yield.

Mr. ROBINSON of Arkansas. My friend the Senator from Mississippi must have been absent. The Senator from Ohio expressly stated, in answer to a question I asked him, that what is necessary is a return to the policies of the Hoover administration.

Mr. HASTINGS. Mr. President——

Mr. BYRNES. Mr. President, in response to a question of the Senator from New York, the Senator from Ohio said he would undo everything that had been done. I believe he was sincere and meant that he would return to the period before March a year ago, when we were passing through Congress a bill to provide for placing railroads in bankruptcy, when men were being driven out of their homes all over the United States, when millions were walking the streets, and when in the West and in the Senator's own section men were even defying the courts, when distracted citizens had lost confidence not only in the Government but in themselves; and the Senator this afternoon says he would have us return to those conditions. I dare say, however, the Senator is today the only man in the United States of America who would say he would undo everything that has been done and return to the pessimism and the despair of March 3 of last year.

Mr. FESS. We shall wait and see what the Senator will see a year from now.

Mr. BYRNES. Mr. President, my friend from Ohio is in the unfortunate position that he now is willing to admit conditions have improved, but he fears that a year from now we shall be in an unfortunate situation. No man can now say what condition we shall be in a year from now, but every man in America knows what condition we were in a year ago.

Mr. FESS. Have we improved by going in debt $9,000,000,000? Is that improvement?

Mr. HARRISON. Mr. President, the Senator talks about a year from today. The Senator from Ohio will not be here a year from today.

Mr. FESS. Mr. President, that is possible; but the Senator from Ohio will be somewhere where he can remind the Democrats of their follies.

Mr. BYRNES. Mr. President, in the hope that I may make the Senator from Ohio feel a little better, may I read some newspaper clippings to the Senator?

Mr. HASTINGS. Mr. President——

Mr. BYRNES. Mr. President, I do not care to yield at this point. I am insisting upon giving some happiness to the Senator from Ohio. He has discussed hogs, and, therefore, I advise him that a Dayton, Ohio, paper called the News has a large headline as follows:

Rise in hog prices first break farmers have had for months.

Mr. FESS. Mr. President, that is Jimmy Cox's paper.

Mr. BYRNES. Mr. President, the paper further says:

Predictions by experts are that $6 mark will soon be touched. Immediate benefits clearly apparent.

Mr. FESS. Mr. President, as I said, that is Jimmy Cox's paper.

Mr. BYRNES. I will read from the Akron (Ohio) Times-Press——

Mr. FESS. That is another Democratic paper.

Mr. BYRNES. I am glad to know that in Ohio there are now so many Democratic papers that really, Mr. President, there may be something to the pessimistic prediction of the Senator from Mississippi with respect to the Senator from Ohio. Here is a clipping from another Ohio paper, the Vindicator, of Youngstown, Ohio.

Mr. FESS. The Youngstown Vindicator is a Democratic paper.

Mr. BYRNES. I think, Mr. President, all the newspapers of Ohio are now Democratic.

Mr. FESS. Yes.

Mr. BYRNES. And nearly all of the voters in Ohio are Democratic.

Mr. FESS. They are printing the news sent from Washington.

Mr. BYRNES. Mr. President, the unfortunate situation is that the Senator from Ohio will not believe even the newspapers of his own State. He will not believe the Washington Post's figures. In fact, he will believe nothing that does not convince him that in the very near future the Government is to be destroyed, and its people returned to the poverty of the last administration; but he asks too much, and no one can join him in that wish.

I hasten to read further, Mr. President, to give the Senator a little more encouragement.

Mr. FESS. What is the next one?

Mr. BYRNES (reading):

Two million two hundred and seventy-two thousand five hundred and fourteen dollars net profit shown by Goodrich.

Mr. FESS. What newspaper is that in?

Mr. BYRNES. The Akron, Ohio, Times-Press.

Mr. FESS. Yes; that newspaper was previously referred to.

Mr. BYRNES. Will the Senator say that it was not so—that the Goodrich Co. did not make that much?

Mr. FESS. The newspapers print what is sent out from Washington.

Mr. BYRNES. That is sent out from the Goodrich Tire & Rubber Co. Does the Senator mean to say that this newspaper deliberately misstated the facts as to the financial condition of the Goodrich Co.?

Mr. FESS. The N.R.A. is spreading the news of 25 percent increase. That is not recovery.

Mr. BYRNES. I read the statement. Does the Senator say that these newspapers in the State of Ohio deliberately misstated the facts?

Mr. FESS. The newspapers are engaged in the same sort of ballyhoo in which the Senator is right now engaged.

Mr. BYRNES. Does the Senator say the newspapers have misstated the facts?

Mr. FESS. I say that the newspapers are working in support of the administration, hoping nothing worse shall come from this administration.

Mr. BARKLEY. Mr. President, what is the date line of the article sent out from Washington?

Mr. FESS. It is dated yesterday. It is a part of the ballyhoo of "The Year of Roosevelt." Everyone knows about that.

Mr. BARKLEY. Will the Senator from South Carolina tell us the date line?

The PRESIDING OFFICER. Does the Senator from South Carolina yield; and if so, to whom?

Mr. BYRNES. No, Mr. President; I do not yield, because I want to have the RECORD show that these articles were printed in Ohio. They are not sent out under a Washington date line. When the Senator from Ohio says they were sent out yesterday or the day before, the Senator is speaking, as he so often is willing to do, without having knowledge of the facts, and without seeing the newspaper clippings.

I have here an article dated February 14. It is printed in Akron, and is not printed under any Washington date line.

Mr. FESS. The Senator has been gathering those articles for several weeks in order to put them in the RECORD.

Mr. BYRNES. Well, I love to read the Ohio newspapers, especially since the Senator says they have all gone Democratic.

Mr. FESS. The Senator likes to read especially the Democratic newspapers.

Mr. BYRNES. Oh, they are really splendid newspapers.

Mr. McKELLAR. Especially since they have been showing the results of the recovery.

Mr. BYRNES. It would give the Senator much distress to know that the people in his State are recovering.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. BYRNES. One second, Mr. President. I have here a clipping from the Beacon Journal. The item in this Akron paper is headed:

Would absorb 2,000 idle men. Move fits United States program for fewer hours in all industries. Workers' assembly sponsors proposal, asks $21.75 salary minimum.

That is a local story. It does not come from Washington. It may make the Senator unhappy, but I dare say it brought happiness to 2,000 men who were given a chance to make a living and support their families.

Mr. CLARK. Mr. President, when the Senator speaks of making the Senator from Ohio happy by reading the news of recovery as it appears in the various newspapers of his State, of course the Senator from South Carolina realizes that the news which would make the Senator from Ohio really happy would be the unthinkable news of an impossible thing—the recovery of the Republican Party.

Mr. BARKLEY. Mr. President, I want it to appear in the RECORD also that the Akron Beacon Journal is a Republican newspaper.

Mr. BYRNES. I judge so, for the reason that the Senator from Ohio did not interrupt to say anything about it being a Democratic newspaper.

The Toledo Blade, under date of February 6, has an article headed:

GLASS WORKERS GET PAY BOOST—250 TOLEDOANS AFFECTED BY RESTORATION OF HIGHER WAGES

A wage increase of from 10 to 17½ percent for members of the American Flint Glass Workers' Union, including 250 Toledo workers, was made effective Monday, it was announced here today at the union headquarters.

If this be a Democratic newspaper, it certainly brought to the people of Ohio the happy news that 250 more were restored to jobs.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. BYRNES. Yes.

Mr. FESS. How much recovery does the Senator think would have come if the last administration had had nine billion dollars to distribute among the people?

Mr. BYRNES. The last administration, Mr. President, never would have distributed nine billion dollars among the





people. They might have distributed it among those who were despoiling the people, but never among the people.

Mr. FESS. Mr. President, I suppose the Senator from South Carolina is satisfied with that answer.

Mr. BYRNES. Absolutely; just as satisfied as he was with the answer of the Senator from Ohio.

Let me read further:

Increased output of steel forecast.

This is from Cleveland, by the Associated Press. I presume the Senator would say that the Associated Press is Democratic.

Cleveland district gains.

This is from the New York Times, but the story comes from Cleveland.

Operations in some industries increase—retail sales rise.

Let me read this for the Senator from Ohio, from the Toledo Blade again:

$4,200,542.38 profit shown by glass company. Business upturn carries Libbey-Owens-Ford plants into full operation.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Tennessee?

Mr. BYRNES. I yield.

Mr. McKELLAR. The Senator from Ohio asked the Senator about the distribution of the $9,000,000,000. What would have happened if the $9,000,000,000 had been in the hands of the last administration? How much of the $9,000,000,000 does the Senator estimate would have gone to the subsidy people in this country?

Mr. BYRNES. Mr. President, I do not want the Senator to engage in the discussion of so unpleasant a subject as that.

Mr. FESS. I would not do that with the Senator from Tennessee. That would be unkind.

Mr. BYRNES. Mr. President, let me read further, under date of February 10, a local story in the Cleveland Press showing that employment in Cleveland during the month of January was 20.7 percent higher than in the corresponding month of 1933.

Again, under date of February 5, an article from the Cleveland Plain Dealer:

Jobs in industry up sharply here. More employed than at any time since May 1931.

Another one from the Beacon-Journal, of Akron, Ohio; also an article from the Toledo Blade:

Industry looks up.

An article from Cleveland, published in the New York Times:

Cleveland trade swells. Some gains are as much as 60 percent over 1933 period.

Then from the Columbus (Ohio) Dispatch:

Telephone installations continue to show gain. Net gain of 1,056 stations reported in Columbus since August 1, 1933, with 103 for January.

Aid for building and loan depositors seen in new State regulation.

Again, from the Cleveland Plain-Dealer, an article by the financial editor, Guy T. Rockwood, headed:

Increased sales shown in month by chain stores. Run ahead of January 1933; employment gains; merchandise sales are on increase.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BYRNES. Certainly.

Mr. FESS. My contention was that there has been no recovery. I have never contended that there was no business. We are spending hundreds of millions of dollars a month out of the Treasury. Certainly that money is going into business. There will be a revival of business in every State, not alone in the State of Ohio, but that is not recovery.

Mr. BYRNES. As the Senator has been heretofore told, he is in the unfortunate position of telling a man who has been out of employment for a year, whose family were in want and who now has a job once more, that he is not prospering again, that he is not looking forward to life with some pleasure. He would tell him, "You are all wrong. You are not prospering. You have not anything. You have experienced no recovery. You are in want." The Senator will never find anybody in America believing in the doctrine he has been preaching this afternoon, because the United States today is in better shape than any man in the Senate dared to believe 1 year ago it would be.

Mr. FESS. But that is relief. That is not recovery.

Mr. BYRNES. Whenever the Senator goes to the people of Ohio to tell them that he wants to draw a distinction between relief and recovery, I fear the prediction of the Senator from Ohio will be found to be correct.

Mr. President, I ask permission to have printed in the RECORD the statements from the press of Ohio to which I have referred.

There being no objection, the statements were ordered to be printed in the RECORD as follows:

[From the Press, Cleveland, Ohio, Feb. 14, 1934]

BUSINESS AND JOBS UP 18–20 PERCENT—CLEVELAND LEADS COUNTRY AVERAGE IN JANUARY RECOVERY

More jobs and more business were reported for Cleveland and the Nation today by B. C. Seiple, head of the State-city free-employment bureau, on his return from a conference in Washington.

"January employment figures were 18 to 20 percent above January of last year", he said. "This is slightly above the national average of 18 percent flat. Except Youngstown, Cleveland shows the best rate of improvement among Ohio cities. There are still signs of a shortage of skilled labor in metal trades.

"Meanwhile we are approaching May, the peak job opportunity month of the year."

The Washington conference was held by the National Advisory Council for the United States Employment Service. Mr. Seiple told of reports of heavy increases in retail trade, the textile and shoe industries.

[From the Times-Press, Akron, Ohio, Feb. 28, 1934]

AKRON SATISFIED WITH N.R.A. RESULTS—OBJECTIVES GENERALLY APPROVED BY BUSINESS LEADERS

Akron has little criticism to offer against N.R.A. and much commendation, a check disclosed today. With Recovery Administrator Hugh Johnson's fault-finding congress in session at Washington, Akron business, industrial, and commercial leaders generally approved N.R.A. objectives.

Some adjustments were believed necessary to lighten the added financial burden on small businesses, but the N.R.A. program as a whole was hailed as a step in the right direction.

Business men pointed out that increased trade, due to better times, has more than offset the additional outlay for increased wages, under codes.

[From the Vindicator, Youngstown, Ohio, Feb. 1, 1934]

OHIO BUSINESS SHOWING GAINS—RESERVE BANK REPORTS MARKED CHANGE FOR THE BETTER

CLEVELAND, OHIO, February 1, 1934.—Business conditions in the fourth Federal Reserve district are showing a marked change for the better in comparison with the picture a year ago, it is stated in the monthly business review of the Federal Reserve bank released today.

Money paid to workers on governmental projects is beginning to bounce back into retail and wholesale channels, and this circumstance combined with the fact that industrial pay rolls have increased makes the business scene a little brighter.

The review points out that department-store sales in this district in December had a 14.4 percent greater dollar value than in the closing month of 1932; wearing apparel store sales were up 15 percent and furniture-store sales, 38 percent.

"In mid-January", it is stated, "operations in most steel centers of this district expanded, and the industry was turning out steel at double the rate of January 1933."

[From the News Bee, Toledo, Ohio, Feb. 8, 1934]

WILLYS-OVERLAND TUNES UP PLANT TO PUT 3,000 ON JOBS—ORDERS FOR MATERIALS TO BUILD 5,000 CARS GO OUT—OPERATE IN MONTH

Orders for the materials necessary in the manufacture of from 5,000 to 7,500 autos by the receivers of the Willys-Overland Co. were in the mail Thursday, and actual operation of the big plant out Central Avenue was scheduled to begin in approximately 4 weeks.

This was announced by David R. Wilson, corecelver in charge of plant operation, who said that the starting date depended largely on how soon the receivers can obtain delivery of pressed steel for bodies and forged steel for crankshafts.

Mr. Wilson added that approximately 3,000 men would be put to work here; that 500 would get employment in the company's assembly plant in Los Angeles, Calif., that several hundred more would be employed in subsidiaries in Elmira, N.Y., and Pontiac, Mich., and that 30,000 workers would be affected indirectly.

AUTHORIZES CERTIFICATES

Court orders authorizing the construction of the autos, the issuance of $750,000 in receivers' certificates to finance this construction, and the payment to the bondholders of $500,000 proceeds from the sale of unneeded machinery were signed in Federal court Wednesday afternoon by Judge George P. Hahn, who expressed his delight in the action in no uncertain terms.

Mr. Wilson characterized Judge Hahn's orders as "of paramount importance to Toledo" and added that Willys-Overland executives already were shaping their merchandising plans for the year, presumably in the belief that manufacture would continue beyond the 7,500. The operating executive, who viewed the reemployment of so many men as in line with President Roosevelt's policies, praised the Willys-Overland "77" highly.

FEW CHANGES MADE

"Introduced a year ago, it still stands as America's only fully stream-lined economy car", he said. "Only a few changes have been made in the 1934 Willys model. The louvres have been more completely stream-lined to fit in the entire styling of the car and wire wheels have replaced the pressed disk wheels."

The court orders were handed to Judge Hahn by Bert P. Hebenstreit, a young attorney in the office of Brown & Sanger, who has been in charge of the receivers' legal work during the past week because of a brief illness of Sigmund Sanger. Both Mr. Sanger and Walter Brown, former Postmaster General, were in court at the time.

"I have here the orders", Mr. Hebenstreit said.

"All right", said the judge, "you can't get them up here any too soon." Then, as he finished his signature, he added:

"I've always felt that the seventh day of the month was a lucky day for me and this proves it."

FINAL HEARING IS BRIEF

The final hearing on the orders, which were drafted after a month and a half of disagreement between attorneys for the bondholders and those for the general creditors, consisted simply of Hebenstreit's handing the papers to Judge Hahn after George Welles, attorney for the bondholders' trustee, had made a hurried inspection of a report by the receivers showing that they already had agreements from purchasers of the cars and of the receivers' certificates.

This report was in process of preparation in the Brown & Sanger office when court opened.

While it was awaited, the treasurer of Lucas County appeared, through Assistant Prosecutor Paul L. Alexander, to press an application for $65,000 in personal taxes due, and Charles W. Racine, special master to determine claims against the receivers, appeared to ask for an extension of time when his report is due to May 1.

TAX DECISION DUE SOON

The bondholders are opposing payment of the personal taxes and Judge Hahn is expected to make a decision in the near future, now having briefs before him. Mr. Racine reported that more than 1,000 creditors had placed claims for more than $12,000,000. This does not include the bondholders' claim for $2,000,000, plus interest. It is expected that some of the claims will be disallowed.

The last possible chance of the order not going through disappeared before court when the National Supply Co., 384 South Erie Street, withdrew an objection it had filed as the claimant to a $35,054 mechanic's lien against the Willys-Overland for machinery and supplies.

[From the Repository, Canton, Ohio, Feb. 4, 1934]

OHIO FINANCES SATISFACTORY, CHAMBER OF COMMERCE REPORTS—STATE HAS MADE EXCELLENT SHOWING, CHAMBER SURVEY SAYS—CASH BALANCE IMPROVED—CHECK-UP MADE BY OHIO STATE UNIVERSITY PROFESSOR TO GUIDE ORGANIZATION

COLUMBUS, OHIO, February 3.—Results of a survey on the financial condition of the State, conducted at the request of the Ohio Chamber of Commerce by Walter D. Wall, certified public accountant and professor of accounting in Ohio State University, were revealed here today.

The survey, which was taken to enable the chamber to consider intelligently tax problems and legislation, showed that at the close of 1933 there was a cash balance in the general revenue fund of $716,902.93, but that there were encumbrances payable amounting to $2,055,472.45, leaving a net deficit in the general revenue fund of $1,338,469.52.

SAYS REPORT REASSURING

"The report", said a bulletin issued by the chamber, is "reassuring."

"In comparison with past years, the State's finances make an excellent showing", the bulletin said.

After all of the funds, including the general-revenue fund, the highway maintenance and repair, highway improvement, institutional building, State office building, and Ohio Racing Commission, are taken into consideration, the report disclosed, it is found that the total cash balance is $9,300,334.34, with encumbrances payable amounting to $7,374,914.15, or a net cash balance of $1,925,420.19.

In addition to the above, the report shows, there are certain subsidy funds, such, for instance, as educational aid and poor relief, which show a cash balance of $2,896,741.65, but with encumbrances payable of $343,425.87, or a net cash balance of $2,553,315.78.

CASH BALANCE LARGER

Total revenues for 1933, exclusive of highway maintenance and repair, highway construction (including Federal funds), the racing commission, and office building funds, amounted to $27,110,066.49, whereas the expenditures from such revenues and funds amounted to $27,317,613.22.

The amount of the encumbrances in the general-revenue fund were not as large at the end of 1933 as they were at the end of the previous year and the cash balance on hand was greater than at the end of 1932, the report stated.

[From the Vindicator, Youngstown, Ohio, Feb. 7, 1934]

COAL MINERS BACK AT WORK—ONE HUNDRED AND FIFTY MEN WIN FIGHT FOR $1.25 RATE—SCALE TO BE RETROACTIVE

By James Gregg

SALEM, February 7.—Idle 3 weeks, 150 striking pick miners returned to work this morning as 9 mines in the Salem-Leetonia-Greenford district reopened under a ruling made late yesterday by the divisional labor board.

The miners will receive $1.20 and $1.25 a ton for coal mining, including "dead work." The scale, approved last fall, was made retroactive to October 1.

Under the ruling operators will refund to miners the difference between the agreed scale and wages paid since October 1. The approved scale sets wages at $1.20 for coal 3 feet thick or more and $1.25 for coal under 3 feet thick.

The labor board, representing division 2, district 6, in Ohio, ruled that the operators were in error in abrogating the $1.20-$1.25 scale, including all "dead work."

The miners have contended that the wage agreement was made effective from October 1, 1933, to April 1, 1934, but that it never was put into effect, and that they have been receiving 88 cents per ton for coal mined, plus certain charges for "dead work." They claim that, under the wage paid, coal could be mined for 93 cents to $1.06 per ton.

The operators contend that in signing the wage agreement they believed the scale was to be in effect but a few days.

The board's ruling was signed by John Wynn, Canton, chairman; Ivor Harris, New Philadelphia; F. J. Barnes, Coshocton; and W. W. Dunn, Salem, board members; Thomas J. Price, Midvale, miners' commissioner for Ohio, and W. H. Haskins for the operators' commission of Ohio.

[From the Press, Cleveland, Ohio, Feb. 2, 1934]

TEXTILE MILLS HERE SPEED UP IN TRADE BOOM—CLOTHING MANUFACTURERS LOOK FORWARD TO BIG SPRING BUSINESS

Bobbins are spinning gaily in Cleveland textile mills these days and nimble fingers are flying over coats and dresses getting ready for the biggest spring trade in years.

There is no question about it, clothing manufacturers will tell you, smiling, business is getting decidedly better. Old customers are ordering much heavier than last year. New customers are appearing.

Plants are running on capacity time with capacity staffs. Volume of anticipated production has increased anywhere from 10 to 30 percent.

STORES STOCKING UP

Of course the clothing industry is an off-and-on business. This is always a busy time of the year for the manufacturers. Merchants are taking inventory and stocking their shelves for spring.

Prohibited from overtime work by N.R.A., employers have added many employees in an attempt to catch up with demand. Pay rolls have increased as high as 50 percent.

Here are some typical examples:

Printz Biederman Co., makers of women's coats: Reports orders 35 percent ahead of last year. Has outlined ambitious spring program which is expected to keep plant running full time through April. Pay rolls up 25 percent.

Korach & Co., makers of women's dresses: Order volume up 10 to 30 percent. Full staff of 150 at work. Decidedly better feeling of prospects ahead. Pay rolls up 30 to 50 percent.

Friedman-Blau-Farber Co., knit goods: Business very much better than last season's production value, and pay rolls up approximately 25 percent.

Industrial Rayon Co.: Business looking up all along the cloth-manufacturing line.

Joseph & Feiss Co., men's clothing: Running to capacity with staff of 1,650 as compared to 1,200 last season. Will take 3 months to finish present orders on hand. Prospect of $2,000,000 spring business as compared to $1,250,000 last year. Orders on unit basis show 50 percent increase.

Bloch Co., men's clothing: Running full speed; still too early to tell whether orders will fulfill expectations, which are for considerably increased business.

Stone Knitting Mills Co.: Feeling regular seasonal increase and doing good business, though not appreciably better than last year.

Federal Knitting Mills Co.: Business good. Volume not expected to exceed 1933 noticeably.

Keller-Kohn Co., women's coats: Full staff of 300 at work. Increase over last spring's trade noticeable, with feeling it will grow still larger.

Cleveland Worsted Mills: General improvement noticed since last November. Outlook considerably better than in past, attributed to generally improved conditions throughout Nation. Export trade still lagging due to unsettled foreign exchange.

And so on down the line. From mill to maker, worker to consumer, wholesaler to retailer, a lighter, brighter spirit is making itself felt. New money, new business, new hope.

[From the News, Dayton, Ohio, Feb. 10, 1934.]

$4,100,493 PAID WORKERS HERE IN PAST MONTH—PAY ROLL FOR JANUARY IS ABOVE FIGURES FOR SAME MONTH IN 1933

Total pay rolls in Dayton in January amounted to $3,484,308.46, according to figures released Saturday by A. C. Wolf, secretary of the Dayton Clearing House Association.

The total does not include the Civil Works Administration pay roll, which for January amounted to approximately $616,185.10.

Comparatively, the January figures, including both industrial and C.W.A. totals, are only $431,695.94 less than the December 1933 figure of $4,532,189.50. The January total exceeded by $1,137,065.90 the pay roll for January 1933, which was $2,963,427.66.

Business and financial leaders were much enthused by the payroll reports, particularly as to its comparison with December 1933, which was unusually large.

They pointed out the fact that the amount of money paid workers in the various business interests here shows a decided improvement in business conditions.

The total C.W.A. pay roll for Dayton for the week ending Saturday amounted to $96,474.55, according to Walter Conway, disbursing officer.

That amount of money was less than the total for last week. The difference was caused by weather conditions and the fact that the pay roll on C.W.A. projects at Wright Field was paid out of the Columbus office. Wright Field pay roll totals approximately $12,000.

Conway also reported that 7,277 men were given employment for a total of 158,736 hours.

[From the News, Dayton, Ohio, Feb. 10, 1934]

RISE IN HOG PRICES FIRST BREAK FARMERS HAVE HAD FOR MONTHS—PREDICTIONS BY EXPERTS ARE THAT $6 MARK WILL SOON BE TOUCHED—IMMEDIATE BENEFITS CLEARLY APPARENT

The first real good break farmers have had in a month of Sundays is the steadily growing price quoted on hogs. The rise has been almost phenomenal. What the future holds is any man's guess, but if present prices hold, farmers will be in the way of seeing a profit in the business of raising and feeding hogs for market. Predictions and forecasts, issued by acceptable authorities, promise $6 hogs within a few days, and there are some who give even higher figures. At present prices the quotations on corn and hogs more nearly represent an even ratio between the two commodities than has been the case for several months.

Farmers with feed lots crowded with hogs that were quoted around $3 or slightly higher knew they were feeding at a loss when corn was quoted at 40 to 45 cents a bushel. The position of such farmers was unenviable, because they were forced to continue feeding in order to prepare the animals for market, while at the same time they knew the practice was ruinous unless hog prices advanced. With improved prices feeding operations may be carried on with greater confidence. Reliance on still higher prices is not entertained by experienced farmers, who realize that market fluctuations may change the picture overnight.

Government experts explain that the current upward tendency in hog prices is caused by the sweeping policy of the A.A.A. last fall in drawing pigs from the farm to market centers. The greater number of the pigs so taken from farms would now be coming into market, with the effect of retarding price advances. If this is the correct explanation it proves the wisdom of the plan, which, briefly, was and is to reduce production in order to raise prices. The present benefit to farmers is apparent when consideration is given to the unbalanced ratio between corn and hogs which has prevailed for months.

If farmers still had those pigs in feed lots, at this time about ready for market, there is little doubt prices would be even lower than they were a few days ago, because of an oversupplied market, and 40- to 45-cent corn would be fed to hogs at a possibly lower price than prevailed a short time ago.

The Government's plan to reduce production and raise prices is simple and easily understood. It was not so easily put into effect. Millions of hogs and pigs had to be bought outright and practically destroyed in order to reduce the number of swine in the country to meet the calculations of A.A.A. experts. Accepting present price schedules as directly creditable to the plan, farmers are joining the Government's corn-hog program by thousands in every section where hogs are raised commercially.

In southwestern Ohio but few hog-feeding farmers will stay out of the program. The response is almost unanimous among farmers who have a feeling that they should be sufficiently patriotic to do their individual best to help forward the tremendous program. Here and there a farmer prefers to stay out, and the Government apparently contemplates no action against him. They may continue to produce their usual quota and market them under the advantage in price secured by the A.A.A. program. Nevertheless, community feeling is potent and those who choose to decline to cooperate are in a more or less marked position.

The Government asks no one to incur loss. Production reduced to the prescribed base will decrease the normal number of hogs normally produced, but the loss will be repaid to the farmer, which is a most generous proposition, as all fair-minded persons will admit.

The ultimate purpose justifies whatever means may be required to accomplish it, but the Government cannot bring it about without the practically unanimous support of hog feeders everywhere.

[From the Times-Press, Akron, Ohio, Feb. 14, 1934]

$2,272,514 NET PROFIT SHOWN BY GOODRICH—SALES INCREASE 6.43 PERCENT FOR 1933, SAYS ANNUAL REPORT—POSITION IS GOOD—LAST YEAR'S STATEMENT REVEALED LOSSES OF $6,582,148

Net profit of $2,272,514 was shown today in a preliminary statement of the B. F. Goodrich Co. 1933 annual report.

A loss of $6,582,148 in 1932 was changed to the two and a quarter million profit last year, according to the report read at a meeting of directors in New York.

SALES UP 6 PERCENT

Last year's sales amounted to $79,293,495, an increase of $4,791,691 or 6.43 percent over the previous year. Current assets were placed at $53,322,766 and current liabilities $8,330,854, a ratio of 6.4 to 1.

Cash, short-term deposits, and Government securities amounted to $12,091,364, which exceeded total current liabilities by $3,760,510, according to the report.

The company was seen in good position to meet 1934 by reason of increase in prices of raw materials. Materials on commitment at the end of the year were at prices below the market at that date.

MOHAWK SHOWS LOSS

The difference between cost and face value of company bonds and debentures acquired during the year and credited to income amounted to $2,374,937, compared with $2,500,957 in the previous year.

An operating profit of $316,488 was shown by the Mohawk Rubber Co. report, issued at the annual meeting yesterday, but adverse conditions reduced this to a net loss of $181,141.

[From the Beacon Journal, Akron, Feb. 24, 1934]

WOULD ABSORB 2,000 IDLE MEN—MOVE FITS UNITED STATES PROGRAM FOR FEWER HOURS IN ALL INDUSTRIES—COLONEL LEA VISITS AKRON—WORKERS' ASSEMBLY SPONSORS PROPOSAL, ASKS $21.75 SALARY MINIMUM

By Harry H. Harriman

The Goodyear Tire & Rubber Co., Saturday, through its workers' industrial assembly, called upon the N.R.A. for a 30-hour minimum week and a minimum wage of 60 cents an hour for all the codes of the rubber industry.

The present code provides for a 36-hour week and a minimum rate of 40 cents an hour.

The action, taken with acknowledged support from C. C. Slusser, vice president and general factory manager, was passed unanimously by the senate and house of representatives of the assembly Friday afternoon.

FORWARDED TO JOHNSON

Copies of the resolution were immediately forwarded to Gen. Hugh S. Johnson, N.R.A. Administrator, and Goodyear officials.

Meanwhile, heads of the tire industry in Akron were speculating over significance of a "mysterious" visit Col. Robert S. Lea, Assistant N.R.A. Administrator, is reported to have paid Akron last Wednesday and Thursday.

Reached in Washington Saturday, Colonel Lea told the Beacon Journal his visit to Akron was "entirely personal" and added, "I didn't talk a word of business while there."

The Assistant Administrator said that Goodyear's action "anticipates a program" which will be discussed the week of March 5, when more than 7,000 business executives assemble in Washington for conferences on the N.R.A. and its future.

DENIES PREVIOUS KNOWLEDGE

Lea denied he previously had known of Goodyear's new labor and wage stand, but said it was "in line with policies the Government is advocating."

Goodyear's action is believed to be the first taken by a major company of the country in asking for more liberal labor and wage provisions in its industry's N.R.A. code.

The assembly's resolution pointed out that although the tire industry is operating at "near normal production schedule" there are 2,000 former Goodyear workers who have not been taken back on the pay roll under the 36-hour-a-week working plan.

WOULD AID WORKERS

"A shorter work week with a corresponding increase in pay would enable these workers to be brought back at Goodyear and consequently relieve the C.W.A., P.W.A., and direct charity."

The statement also asks that weekly minimum wage for all salaried employees be increased to not less than $21.75.

Slusser, who is the "official contact" between the workers' organization, which has been functioning for 15 years, and the company, Saturday announced his hearty approval of the resolution.

"It will be a good thing for Akron and help Akron companies", he said.

AVERAGE WAGE HIGH

"The average wage here is 85 cents an hour, while outside of Akron it is about 70 cents. Smaller companies in other parts of

the country should pay the same labor rates that Akron tire manufacturers pay", he added.

Although most Akron labor leaders have held out for the 60-cent wage minimum Goodyear asks, Coleman Claherty, American Federation of Labor representative, said 60 cents would not be a satisfactory base rate.

"If the industrial assembly passed such a resolution, it plainly was at the request of the company management which dominates the assembly. They know very well that labor will not be satisfied with such a minimum wage.

MUST BE BETTER

"They will have to do better than that before they forestall our efforts.

"If the Goodyear has millions to give to the Sears, Roebuck Co., we want to get part of that money for the workers."

John House, president of the Goodyear rubber workers' union, said:

"It is right in line with what organized labor wants. In fact, it is not surprising that the assembly passed such a resolution, since most of the assemblymen are also members of our union."

WORDING OF RESOLUTION

The complete resolution reads:

"Subject: Protesting maximum hours and minimum wage as defined in the rubber tire manufacturing, rubber mechanical goods, rubber reclaim, and rim manufacturing codes:

"Whereas it is very evident at this time that the present maximum number of hours per week as defined within the abovementioned codes will not absorb the labor classified under these codes; and

"Whereas the rubber industry is at present operating on a near normal production schedule; and

"Whereas there are approximately 2,000 former employees of the Goodyear Tire & Rubber Co., who to date have not been recalled on the Akron plant; and

REDUCE CHARITY BURDEN

"Whereas a shorter work week with a corresponding increase in pay would enable these workers to be brought back at Goodyear and consequently relieve the C.W.A., P.W.A., and direct charity; therefore, be it

Resolved by the Fifteenth Goodyear Industrial Assembly (both bodies concurring), That the labor provisions for all factory workers under the above codes be the same, with a maximum week of 30 hours and a minimum wage of 60 cents per hour, with a leeway of 80 hours per year as at present, and that the weekly minimum wage for all salaried employees be increased to not less than $21.75."

It was signed by Jack Shirley, president, and C. D. Clark, secretary of the senate, and H. W. Harmon, speaker, and Paul Hedges, secretary of the house of representatives.

[From the Blade, Toledo, Ohio, Feb. 6, 1934]

GLASS WORKERS GET PAY BOOST—250 TOLEDOANS AFFECTED BY RESTORATION OF HIGHER WAGES

A wage increase of from 10 to 17½ percent for members of the American Flint Glass Workers Union, including 250 Toledo workers, was made effective Monday, it was announced here today at the union headquarters.

M. J. Gillooly, president; Harry H. Cook, vice president; Charles J. Shipman, secretary-treasurer; and Arthur Elbert, assistant secretary-treasurer of the union, returned here today from Pittsburgh following a 10-day conference with manufacturers at which the wage levels were lifted to affect all of the 15 departments of the union. E. J. Barry, chairman of the Manufacturers Association of Pressed and Blown Glass Ware, presided at the meeting.

The increases restore the wage level for the glass workers to that in effect in 1929 and 1930, which marked the salary peak. It was agreed also that the workers will operate under the N.R.A. code for the glass industry which means, according to Mr. Gillooly, that some of those who suffered salary reductions of 17½ percent will actually receive increases amounting to 21 percent.

The agreement will remain in effect until the first Monday in September when another conference will be held in Atlantic City.

[From the Baltimore Sun, Jan. 8, 1934]

INCREASED OUTPUT OF STEEL FORECAST—PRONOUNCED FEBRUARY-MARCH "BULGE" IN PROSPECT, TRADE MAGAZINE SAYS—PENNSY LOAN FACTOR—EXPECTED TO RELEASE HEAVY TONNAGE FOR COMPLETION OF RAILROAD'S IMPROVEMENTS

CLEVELAND, January 7.—A pronounced increase in the production of steel in February and March is considered likely, the magazine Steel said today.

The "pronounced February-March bulge", as the magazine described it, will follow the expected placing of steel orders by the railroads, the automotive and the building industries, and a 60-percent production rate is seen as a possibility by steel executives, the magazine said.

TWICE RATE OF YEAR AGO

"Miscellaneous requirements from a diversified list of customers, plus some moderate automotive, railroad, and structural business, have been sufficiently broad to prevent the steel works operations last week from going below 31 percent, exactly twice the rate in the comparable week last January. All indications appear to assure a rebound of several points this week."

Operations in the Wheeling, New England, Cleveland, and Detroit districts increased during the week, in the case of Detroit 27 points to 79 percent. Operations in the New England district rose 23 points to 95 percent, in Wheeling 15 to 56, in Cleveland 6 to 51.

At the same time Chicago operations dropped off 6 points to 34, Youngstown was down 6 to 32, Pittsburgh 5 to 22, eastern Pennsylvania 2 to 22½. Birmingham remained at 52.

ORDERS UNEXPECTEDLY HEAVY

Unexpectedly heavy steel orders were received during the first week of January and with inventories out of the way the general manufacturing industries are expected to negotiate their first-quarter contracts, the magazine said.

Approval by P.W.A. of a $77,000,000 loan to the Pennsylvania Railroad is expected to release a heavy tonnage of structural material for completion of the railroad's electrification program, construction of 7,000 freight cars and orders for 100 locomotives.

The daily average pig-iron production for December was 38,456 gross tons, 6.5 percent higher than November. The total for the month, 1,192,136 tons, brought the output for the year to 13,221,707 tons, 52.3 percent over 1932.

Steel's iron and steel composite is unchanged at $32.42; the finished steel composite remains $51.10; while the scrap index is up 13 cents to $10.83.

[From the New York Times, Jan. 27, 1934]

CLEVELAND DISTRICT GAINS—OPERATIONS IN SOME INDUSTRIES INCREASE—RETAIL SALES RISE

CLEVELAND, January 26.—Operations in some of the smaller industries of the district in early January expanded at a greater-than- or contrary-to-seasonal rate. The National Pottery Show at Pittsburgh had more buyers in attendance than for several years and orders for china and glassware were placed in large volume. Plants now are advancing operating rates. Orders were over 50 percent in excess of January 1933.

Paint sales also have increased contra-seasonally as Civil Works Administration projects consumed large amounts. Retail sales also have increased.

Construction contracts awarded in this territory the first half of January were at a rate exceeding the December figure, which was the highest for any month since May 1931. Public Works contracts, financed by Federal funds, continue to represent by far the greater part of total building.

Steel operations and work at automobile parts and accessories plants increased the past week as a result of orders received from automobile producers, who, according to reports, have more orders than in several years.

[From the Blade, Toledo, Feb. 22, 1934]

$4,200,542.38 PROFIT SHOWN BY GLASS COMPANY—BUSINESS UPTURN CARRIES LIBBEY-OWENS-FORD PLANTS INTO FULL OPERATION

The Libbey-Owens-Ford Glass Co. in 1933 had a net profit of $4,200,542.38 as compared to a loss of $295,019.16 in 1932.

These figures of the upturn that has favored this company's business are contained in the annual report mailed to stockholders Wednesday night.

The report shows that during 1933 all convertible gold notes of the company were retired and notes of a par value of $2,638,000 were purchased for cash, the remainder with a par value of $5,400,500 being exchanged for 216,200 shares of common stock of the company, leaving the only security issue of the company the common stock.

CAPITAL SURPLUS INCREASED

The report shows that there was an increase in the capital surplus of the company of $4,050,375. In the year, too, the company authorized the purchase in the open market of 8,000 shares of the common stock. This stock was purchased at an average price of $25.94 per share and since has been retired, having the status of unissued, authorized shares.

Cash and Government securities of the company totaled $4,138,988.58 at the close of the year, a gain of $209,722.02 for the year.

AUTO BUSINESS HELPS

The report says that plate- and safety-glass sales increased substantially as a result of the revival of the automobile business in the latter part of 1933. Motor-car production climbed 43 percent over the low level of 1932, the report says. The increase in safety glass, the report says, was caused not alone by the pick-up of the automobile industry but to the use of safety glass by industry generally. The report says that 40 percent of the glass used in the motor industry in 1933 was safety glass as compared with 20 percent in 1932.

WINDOW SALES GAIN

During the last months of 1933, also, the report says, there was a sharp increase in window-glass sales. The report says that to cooperate fully with the recovery program the company, July 16, 1933, restored one of the two 10-percent wage and salary reductions made in the previous 2 years, and put into effect the minimum wages of the N.R.A. code of the glass industry. In addition, the report says, the company introduced the 6-hour day, providing work for 1,200 new employees. All employees, the report said, received the equivalent of 8 hours' pay for the 6 hours of work.

ALL FACTORIES OPERATE

All factories of the company, the report says, are in operation and maintained at a high rate of efficiency. The plate-glass plant at Ottawa, Ill., which was closed for 2 years, resumed operations last July, the report adds. A $100,000 addition to the safety-glass plant was built in the last year and work has been started on a storage plant at Rossford. The new building will cost $250,000.

The report says the company resumed dividends during the year at the rate of 30 cents a share a quarter. The balance sheet of the company shows it has assets of $34,309,609.89.

RESERVE IS $2,044,827

It has set up reserves for contingencies and for rebuilding furnaces amounting to $2,044,827.84, and at the end of the year had an earned surplus of $7,427,150.70 and a paid-in capital surplus of $7,268,770.60, or a total of $14,695,921.30.

The company showed a manufacturing profit for the year, after deducting material costs, labor, and manufacturing expenses, of $7,671,657.75. It charged off in depreciation on manufacturing properties $1,794,533.93. Other income, including dividends, royalties, etc., amounted to $448,671.29.

[From the Plain Dealer, Cleveland, Ohio, Feb. 5, 1934]

JOBS IN INDUSTRY UP SHARPLY HERE—MORE EMPLOYED THAN AT ANY TIME SINCE MAY 1931, CHAMBER OF COMMERCE REPORTS

By Paul L. Einstein

Cleveland industry has hit a stride that bids fair to return most of its remaining unemployed to places on factory pay rolls before the spring of 1934 is out.

With forces up to a level not seen since May of 1931 and the peaks of last summer already left well behind by soaring activity in January, Cleveland is stepping out with a pace that even the optimistic had not dared to anticipate.

The chamber of commerce survey of employment in 100 representative concerns shows that on January 31 these concerns had 2,261 more on their pay rolls than in August, when the best previous record since the depression began was made, and 17,362 more than in the gloomiest days last March. The January 31 total was 59,840 employees.

Fifty-four of the 100 reporting concerns increased their forces in January and 27 of them expect to make further additions in the current month, while only 3 anticipate any lay-offs.

ADVANCES DISTRIBUTED

"The most significant thing about the January record", J. W. Vanden Bosch, the chamber statistician, said yesterday, "is that the advances were well distributed throughout almost every line. Seasonal declines in one branch of the textile industry, for instance, were more than made up by extraordinary advances in another division of the same field. The automobile and iron and steel activity was particularly strong and encouraging."

Increases in the iron and steel group from December to January were 12.2 percent, or 1,690 men, and in the automotive group 15.7 percent, or 1,713 men.

Industrial observers calculated that succeeding months will find a steady upward climb in the employment index for industry, whether or not there is any marked rise in the index of general business activity, because Cleveland in predepression years almost invariably saw longer factory pay rolls in the late winter, spring, and early summer months than in January. Even including the depression years, February activity has generally stepped fractionally ahead of January.

UPTURN FOUNDED ON DEMAND

With the extraordinary influences which built up the July, August, and September peaks of 1933 behind us and out of the way, the present upward trend is founded on actual current demands, rather than anticipations of soaring prices and mounting buying power, which led to the piling up of huge inventories. The goods are for the market and not for the warehouses.

The January employment record showed the following changes for the various fields covered by the chamber survey: Food and food products, off 2.1 percent; textiles, up 1.8 percent; iron and steel, up 12.2 percent; lumber, up 7.7 percent; paper and printing, up 0.5 percent; chemicals, off 1.6 percent; nonferrous metals, up 2 percent; automobiles, up 15.7 percent; miscellaneous, off 1 percent.

The aggregate was up 5.8 percent over last month, for an increase of 3,303 persons.

[From the Blade, Toledo, Ohio, Feb. 1, 1934]

INDUSTRY LOOKS UP

Expansions of Toledo industries last year exceeded the losses by more than $2,000,000. There are now listed by the chamber of commerce exactly 1,106 industrial concerns in this city. A new high mark is thus established.

Of course the total number of industrial employees is still much below the peak of the late 1920's, but this is attributable chiefly to the virtual shut-down of the Overland under receivership during reorganization negotiations. However, a definitely encouraging report of absorption of workers by private industry comes from local C.W.A. headquarters. Fifty to one hundred men are going back daily to the stores and factories, making place for equal numbers of idle men to take their places on C.W.A. jobs to maintain the local quota of that organization.

The gain, at least in some respects, is permanent. The greater diversification of local industry brings about gradually a greatly to be desired condition.

While Toledo wants, and must have, great factories, it should not be dependent upon any one industry for well-being and prosperity.

[From the New York Times, Feb. 17, 1934]

CLEVELAND TRADE SWELLS—SOME GAINS ARE AS MUCH AS 60 PERCENT OVER 1933 PERIOD

CLEVELAND, February 16.—Comparison of current business operations in most lines of importance in this district reveal some startling gains from a year ago. Besides, considerable added improvement has occurred in recent weeks in many lines.

Consumption of crude rubber in February is estimated as 60 percent above a year ago at rubber and tire plants. Operations at china and pottery plants have been increasing and orders and shipments for the year to date are reported 50 per cent ahead of the same period of 1933.

[From the Dispatch, Columbus, Ohio, Feb. 14, 1934]

TELEPHONE INSTALLATIONS CONTINUE TO SHOW GAIN—NET GAIN OF 1,056 STATIONS REPORTED IN COLUMBUS SINCE AUGUST 1, 1933, WITH 103 FOR JANUARY; AID FOR BUILDING AND LOAN DEPOSITORS SEEN IN NEW STATE REGULATION

By Albert E. Redman

Installations and cancelations of telephone stations, still one of the best guides for general business, continued to show improvement in Columbus, it was revealed in the latest report of H. W. Lindaman, district commercial manager for the Ohio Bell Telephone Co. here.

Net gain in the number of stations in Columbus since August 1, which represented the low point in the number of stations in service, was 1,056.

Gains for the various months since August 1 follow:

August 82, September 312, October 278, November 76, December 95, January 130, and the first week of February 83.

In order to make the gain of 130 stations in January, according to Lindaman, it was necessary to connect 902 telephones, or practically 7 stations for each 1 gained.

At the end of January 1934 the number of stations in service in Columbus was 60,559, which is 3,096 less than was in service at the same time last year.

"Since the loss for the first 7 months of 1933 was 4,545, it will be observed that the company is slowly reducing severe losses sustained up to the turning point, August 1," Lindaman said.

[From the Plain Dealer, Cleveland, Ohio, Feb. 5, 1934]

INCREASED SALES SHOWN IN MONTH BY CHAIN STORES—RUN AHEAD OF JANUARY 1933—EMPLOYMENT GAINS—MERCHANDISE SALES ARE ON INCREASE

By Guy T. Rockwell

First reports of leading chain stores show that January business was considerably in excess of the corresponding month last year, reflecting the increase in spending that is being done as a result of the increase in employment and business activity.

According to the Alexander Hamilton Institute, 37,249,000 persons were employed in the United States in December exclusive of C.W.A. projects, an increase of 415,000 over November.

S. S. Kresge sales last month were 14.51 percent greater than January 1933, totaling $8,824,000. The company was operating 721 stores January 31, just 2 more than a year ago. F. W. Woolworth reported January sales as $18,137,341 against $15,844,684, while W. T. Grant's sales totaled $4,832,562 against $4,272,878 and Neisner Bros. $984,463 against $793,048.

The advance guard of 12,000 merchandisers reaching Chicago yesterday for the twenty-fifth semiannual Interstate Merchants' Council convention reported business ranging from 28 to 60 percent ahead of last year. C. D. Southard, wholesaler, stated that "we are entering a period of rising prices. Merchants generally have depleted their stocks and are anxious to replace them, taking advantage of any price increases."

From Dayton comes the report that business of the National Cash Register Co. last week was substantially better, domestic sales being 63.7 percent above January 1933, S. C. Allyn, general manager, reports.

THREE OHIO PLANTS BENEFIT

Railroad-equipment plants in Canton, Columbus, and Lima, Ohio, will benefit from the equipment business allocated by the Chesapeake & Ohio and Nickel Plate. The official allocations announced yesterday total $24,170,000, which, with the Erie awards announced Saturday, bring up the equipment purchases of the Van Sweringen roads to approximately $35,000,000.

Of these awards the Ralston Steel Car Co. of Columbus will get 750 hopper cars, the Canton Car Co. 500 hoppers, and the Lima Locomotive Works five 0–80 locomotives and 20 extra tenders for the Nickel Plate.

The American Locomotive Co. was awarded 15 of the 2–8–4 type locomotives and tenders for the Nickel Plate. When it is recalled that this latter order calls for more locomotives than were bought by all the railroads in 1932 and 1933 the importance of this buying looms all the greater. The car orders announced yesterday are as follows:

American Car & Foundry Co., 1,900 gondola, hopper, and automobile; Pullman Co., 1,150 box cars; Standard Steel Car Co., 1,150 hoppers; Pressed Steel Car Co., 500 hoppers; General American Car Corporation, 2,250 hoppers; Ralston Steel, 750 hoppers; Bethlehem Steel Co., 675 gondolas; Canton Car Co., 500 hoppers; Mount Vernon Car Manufacturing Co., 100 furniture cars; Ryan Car Co., 25 flat cars; Pullman Car Manufacturing Co., 7 coaches; St. Louis Car Co., 12 mail and express cars and 15 coaches.

PENNSY ORDERS AIR BRAKES

Other railroad purchases announced yesterday included 7,000 sets of air-brake equipment placed by the Pennsylvania with the Westinghouse Air Brake Co. The equipment will cost about $1,000,000. The Philadelphia & Reading Coal & Iron Co. announced 1,000 men were returning to work with the reopening of the Alaska Collier at Mount Carmel, Pa.

CAR LOADINGS GAIN

Companies reporting yesterday showed that car loadings for last week were substantially above corresponding week last year. The C. & O. reported 25,720 cars against 25,937 handled the previous week and 22,388 a year ago. On the Atchison loadings totaled 20,607 against 21,621 week before and 19,358 in 1933 week. The Nickel Plate handled 11,725 cars against 11,882 week before and 10,081 year ago.

[From the Beacon-Journal, Akron, Ohio, Feb. 1, 1934]

AUTOMOBILE TIRE PRICES TO CLIMB—INCREASES TO FOLLOW BOOST IN COMMODITIES, ADVANCE IN WAGES—DUE TO GOLD POLICY

Increase in Akron tire prices appeared almost certain Thursday as President Roosevelt's gold policy forced commodity prices up, and wage boosts for tire factory workers went into effect in Akron.

Rising commodity prices, as a result of the President's offer to buy and sell gold in foreign markets, will undoubtedly carry with it an advance in the price of rubber, experts say.

RUBBER PRICES CLIMB

Since October, during which the Treasury has been buying gold at higher than the market price, the most pronounced price effect has been on rubber and silver. Their increase was in greater percentage than gold.

Approximately 40,000 rubber-factory workers are to receive larger pay envelopes for their work starting today, the average pay increase being announced as 10 percent.

Reports of tire-price increases have been current for more than a week, with dealers anticipating an announcement boosting the prices some time this month.

WAGES ARE INCREASED

Both Goodyear and General announced that wages for practically all factory workers were increased an average of 10 percent, effective today.

Firestone's boost in pay was in effect Monday, while the Goodrich, although making no formal announcement yet of exactly what adjustments are being made, is also reported to be increasing pay.

Tire manufacturers in the fourth Federal Reserve district reported a production increase in January which would put their output about 30 percent above the level of the last 2 months in 1933, the Monthly Business Review of the Federal Reserve Bank of Cleveland said Thursday.

SALES ARE HEAVIER

Excess of production over shipments was attributed partly to the seasonal character of the tire business. Sales, it was revealed, have been larger than a year ago in every one of the last 6 months.

The increase in stocks in recent months, which on December 1 represented an estimated 4.2 months' supply, accompanied the sharp reduction in automobile production prior to the introduction of new models.

January increase in crude rubber price gave tire inventories a much higher value than those of a year ago.

[From the Plain Dealer, Cleveland, Ohio, Feb. 27, 1934]

BANK DEPOSITS MAKE BIG GAIN IN 6 MONTHS—CLIMB NEARLY $1,000,000,000 SINCE LAST AUGUST—OHIO GROCERY TRADE SHOWS INCREASE

By Guy T. Rockwell

Due to large Government expenditures and renewed confidence in the banking structure which has brought money out of hoarding, deposits in member banks of the Federal Reserve System increased nearly $1,000,000,000 from mid-August to mid-February.

This huge gain was cut down $86,000,000 in the week ended February 21 when net deposits dropped, due in all probability to the financing of the recent Treasury issues. Secretary Morgenthau announced last night that this financing was six times oversubscribed thus keeping the rate of oversubscription in line with other issues brought out by the Government since the program to raise $6,000,000,000 of needed money was undertaken.

Net deposits of $4,372,000,000 represent an increase of $868,000,000 since August 23 but are still $120,000,000 under the total a year ago.

In the latest report of member banks investments increased $340,000,000 and loans on securities increased $99,000,000. Of the $99,000,000 increase in loans on securities $97,000,000 represented an increase in loans to brokers. Business loans declined $27,000,000 and at $4,718,000,000 such loans are $89,000,000 under the 1933 figure.

Principal assets and liabilities of member banks, with changes for the week and same week last year are, in millions of dollars:

	Feb. 21, 1934	Feb. 14, 1934	Feb. 21, 1933
Loans and investments, total	17,494	[1] 402	[1] 1,179
Loans, total	8,348	[1] 62	[2] 152
On securities	3,630	[1] 99	[2] 63
All other	4,718	[2] 37	[2] 89
Investments, total	9,146	[1] 340	[1] 1,331
United States Government securities	6,199	[1] 332	[1] 1,363
Other securities	2,947	[1] 8	[2] 32
Reserves with Federal Reserve banks	1,996	[2] 14	[1] 274
Cash in vault	230	[2] 5	[2] 13
Net demand deposits	11,246	[2] 86	[1] 579
Time deposits	4,372	[1] 28	[2] 120
Government deposits	1,418	[1] 427	[1] 1,289
Due from banks	1,359	[2] 44	[1] 156
Due to banks	3,147	[2] 57	[1] 512
Borrowings from Federal Reserve banks	11	[1] 1	[2] 54

[1] Increase. [2] Decrease.

MORE CREDIT TO GROCERS

Grocery sales in Ohio are on the upgrade, but the increase is being carried on a credit basis, according to the Ohio State University bureau of business research. Where sales had an average December–January loss of 7.7 percent the past 5 years, there was a gain of 4.7 percent last month, the bureau points out.

"The increase in January sales", the bureau reported, "was due to the gain in charge sales, cash sales having declined 6.7 percent. Charge sales as a percentage of total sales increased from 82.8 percent in December to 84.1 percent in January. Average daily sales during January were 23.8 above January 1933, and physical volume, as indicated by dollar sales adjusted for price changes, was 0.7 percent higher."

OHIO GETS AUBURN BUSINESS

Ohio companies have received orders from the Auburn Co. for $1,250,000 of materials. An additional $600,000 of orders were released over the week-end, according to W. H. Beal, president Auburn Automobile Co., the Weatherhead Co., Elso Grease & Oil Co., and National Copper & Smelting Co., of Cleveland, shared in this additional order, according to Beal.

Ohio Rubber Co., Willoughby; Mullins Manufacturing Co., Salem; Firestone Tire & Rubber Co., Akron; Couche-Uthe Co., of Elyria; Falls Steel Tube & Manufacturing Co., Newton Falls; Powell Pressed Steel Co., Hubbard; Columbus Bolt Works, Columbus; Bingham Stamping & Tool Co. and Doehler Die Casting Co., of Toledo, also received portions of the order.

Cash dividend payments by the Standard Oil group the first quarter this year are estimated at $24,424,434, compared with $42,457,920 preceding quarter and $32,406,332 first quarter of 1933.

The absence of a payment by the Standard Oil Co. of New Jersey this quarter, while payments were made in both the preceding quarter and the first quarter of 1933, accounts for the greater part of the decline. At this time last year the New Jersey company paid a quarterly dividend of 25 cents a share, or approximately $6,450,000, while in preceding quarter a semiannual distribution of 50 cents a share amounting to approximately $12,900,000 was made. This followed a similar payment in the June quarter, at which time company inaugurated the policy of paying dividends semiannually instead of quarterly.

[From the Press, Cleveland, Ohio, Feb. 2, 1934]

BUTTER PRICES SOAR—HITS NEW 12-MONTH HIGH AS STORAGE HOLDINGS DECREASE

Cleveland wholesale butter prices today soared to a 1933–34 high market. Extra grade was up 1 cent at 28 cents a pound, standard grade up 1¼ cents to 27½ cents a pound. This is a 27-percent increase since January 1, 1934.

[From the Press, Cleveland, Ohio, Feb. 10, 1934]

REPORTS SHARP GAIN IN CLEVELAND JOBS—O.S.U. REVEALS 20.7-PERCENT INCREASE IN JANUARY OVER LAST YEAR

Employment in Cleveland during the month of January was 20.7 percent higher than in the corresponding month of 1933, but declined 3.1 percent from the figure reached in December of last year.

This was revealed yesterday in a report issued in Columbus by the business research bureau of Ohio State University.

The State as a whole showed a decline of 2.9 percent from December's high mark. However, employment in Ohio was 26 percent higher in January than in the same month of 1933.

WILLIE B. CLEVERLY

The PRESIDING OFFICER (Mr. LEWIS in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 407) for the relief of Willie B. Cleverly, which were, on page 1, line 6, after the sum "$124.23." to insert " in full settlement of all claims against

the Government of the United States"; on page 1, line 6, to strike out "in full compensation"; and on page 1, line 12, after the word "station" to insert:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. WALSH. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

PHILIPPINE INDEPENDENCE

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Territories and Insular Affairs, as follows:

To the Congress:

Over a third of a century ago the United States as a result of a war which had its origin in the Caribbean Sea acquired sovereignty over the Philippine Islands, which lie many thousands of miles from our shores across the widest of oceans. Our Nation covets no territory; it desires to hold no people over whom it has gained sovereignty through war against their will.

In keeping with the principles of justice and in keeping with our traditions and aims, our Government for many years has been committed by law to ultimate independence for the people of the Philippine Islands whenever they should establish a suitable government capable of maintaining that independence among the nations of the world. We have believed that the time for such independence is at hand.

A law passed by the Seventy-second Congress over a year ago was the initial step, providing the methods, conditions, and circumstances under which our promise was to be fulfilled. That act provided that the United States would retain the option of keeping certain military and naval bases in the islands after actual independence had been accomplished.

As to the military bases, I recommend that this provision be eliminated from the law and that these bases be relinquished simultaneously with the accomplishment of final Philippine independence.

As to the naval bases, I recommend that the law be so amended as to provide for the ultimate settlement of this matter on terms satisfactory to our own Government and that of the Philippine Islands.

I do not believe that other provisions of the original law need be changed at this time. Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples.

May I emphasize that while we desire to grant complete independence at the earliest proper moment, to effect this result without allowing sufficient time for necessary political and economic adjustments would be a definite injustice to the people of the Philippine Islands themselves little short of a denial of independence itself. To change, at this time, the economic provisions of the previous law would reflect discredit on ourselves.

In view of the fact that the time element is involved, I suggest that the law be amended as I have above suggested and that the time limit for the acceptance of the law by the proper authorities and by the people of the Philippine Islands be sufficiently extended to permit them to reconsider it.

For 36 years the relations between the people of the Philippine Islands and the people of the United States have been friendly and of great mutual benefit. I am confident that if this legislation is passed by the Congress and accepted by the Philippines, we shall increase the mutual regard between the two peoples during the transition period. After the attainment of actual independence by them, friendship and trust will live.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 2, 1934.*

TRADE AGREEMENTS WITH FOREIGN NATIONS

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Finance, as follows:

To the Congress:

I am requesting the Congress to authorize the Executive to enter into Executive commercial agreements with foreign nations; and in pursuance thereof within carefully guarded limits to modify existing duties and import restrictions in such a way as will benefit American agriculture and industry.

This action seems opportune and necessary at this time for several reasons.

First, world trade has declined with startling rapidity. Measured in terms of the volume of goods in 1933, it has been reduced to approximately 70 percent of its 1929 volume; measured in terms of dollars, it has fallen to 35 percent. The drop in the foreign trade of the United States has even been sharper. Our exports in 1933 were but 52 percent of the 1929 volume and 32 percent of the 1929 value.

This has meant idle hands, still machines, ships tied to their docks, despairing farm households, and hungry industrial families. It has made infinitely more difficult the planning for economic readjustment in which the Government is now engaged.

You and I know that the world does not stand still; that trade movements and relations once interrupted can with the utmost difficulty be restored; that even in tranquil and prosperous times there is a constant shifting of trade channels.

How much greater, how much more violent is the shifting in these times of change and of stress is clear from the record of current history. Every nation must at all times be in a position quickly to adjust its taxes and tariffs to meet sudden changes and avoid severe fluctuations in both its exports and its imports.

You and I know, too, that it is important that the country possess within its borders a necessary diversity and balance to maintain a rounded national life, that it must sustain activities vital to national defense and that such interests cannot be sacrified for passing advantage. Equally clear is the fact that a full and permanent domestic recovery depends in part upon a revived and strengthened international trade and that American exports cannot be permanently increased without a corresponding increase in imports.

Second, other governments are to an ever-increasing extent winning their share of international trade by negotiated reciprocal trade agreements. If American agricultural and industrial interests are to retain their deserved place in this trade, the American Government must be in a position to bargain for that place with other governments by rapid and decisive negotiation based upon a carefully considered program, and to grant with discernment corresponding opportunities in the American market for foreign products supplementary to our own.

If the American Government is not in a position to make fair offers for fair opportunities, its trade will be superseded. If it is not in a position at a given moment rapidly to alter the terms on which it is willing to deal with other countries, it cannot adequately protect its trade against discriminations and against bargains injurious to its interests. Furthermore, a promise to which prompt effect cannot be given is not an inducement which can pass current at par in commercial negotiations.

For this reason, any smaller degree of authority in the hands of the Executive would be ineffective. The executive

branches of virtually all other important trading countries already possess some such power.

I would emphasize that quick results are not to be expected. The successful building up of trade without injury to American producers depends upon a cautious and gradual evolution of plans.

The disposition of other countries to grant an improved place to American products should be carefully sounded and considered; upon the attitude of each must somewhat depend our future course of action. With countries which are unwilling to abandon purely restrictive national programs or to make concessions toward the reestablishment of international trade no headway will be possible.

The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit and not to injure such interests. In a time of difficulty and unemployment such as this the highest consideration of the position of the different branches of American production is required.

From the policy of reciprocal negotiation which is in prospect, I hope in time that definite gains will result to American agriculture and industry.

Important branches of our agriculture, such as cotton, tobacco, hog products, rice, cereal, and fruit raising, and those branches of American industry whose mass-production methods have led the world, will find expanded opportunities and productive capacity in foreign markets and will thereby be spared, in part at least, the heartbreaking readjustments that must be necessary if the shrinkage of American foreign commerce remains permanent.

A resumption of international trade cannot but improve the general situation of other countries and thus increase their purchasing power. Let us well remember that this in turn spells increased opportunity for American sales.

Legislation such as this is an essential step in the program of national economic recovery which the Congress has elaborated during the past year. It is part of an emergency program necessitated by the economic crisis through which we are passing. It should provide that the trade agreements shall be terminable within a period not to exceed 3 years; a shorter period probably would not suffice for putting the program into effect. In its execution the Executive must, of course, pay due heed to the requirements of other branches of our recovery program, such as the National Industrial Recovery Act.

I hope for early action. The many immediate situations in the field of international trade that today await our attention can thus be met effectively and with the least possible delay.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 2, 1934.*

A MENACE TO RECOVERY—EDITORIAL FROM ST. LOUIS POST-DISPATCH

Mr. WHEELER. Mr. President, I present an editorial from the St. Louis Post-Dispatch of February 15, 1934, entitled "A Menace to Recovery", which I ask may be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the St. Louis Post Dispatch, Feb. 15, 1934]

A MENACE TO RECOVERY

The text of section 7A of the Recovery Act is so clear that no interpretation is needed, but if its meaning must be stated in rulings by administrative groups, the language of the St. Louis Regional Labor Board could hardly be improved. This section, the local board says, "recognizes not only the right of employees to be free from interference, restraint, and coercion of employers in their designation of representatives, but also in all activities relating to their self-organization. This section both creates rights in employees and imposes reciprocal obligations in employers. The statute is explicit in forbidding interference by the employer with the self-organization of his employees."

Members of a board which appreciates so fully the guaranties of this historic piece of legislation could come to only one conclusion in the case of Chevrolet Motor Car and the Fisher Body companies and their employees. Any activity on the part of an employer to dictate or influence workers to join a company union or association is a violation of the law. Discharge of employees who have refused to adhere to the company organization is both unfair and illegal. They should be taken back. The company union is not prohibited, but employees must join it voluntarily.

The chief complaint of the workers, presented at a hearing to which the companies named failed to send representatives, was that when the plants resumed operations after the seasonal summer and fall lay-off, the companies did not take back approximately 1,000 workers who were members of the United Automobile Workers' Federal Labor Union, opposed to the company organization known as the "works council." Failure to reemploy these workers, the men contend, could not have been because there was no work for them, since the companies found it necessary to engage C.W.A. workers and former employees who had been dismissed for inefficiency.

This is the situation as reported by the protesting employees. If the regional labor board did not have a true picture, that is the fault of the companies. Obviously, the purpose of a hearing before an impartial tribunal is to get at the facts through the recital of both sides. As a matter of fact, the situation is the one common wherever employers seek to evade section 7A by the company-union device.

We believe employers who are menacing the success of the recovery program through the institution of company unions will find it profitable to study the experience of the Rocky Mountain Fuel Co., which has just been reported by Miss Mary Van Kleeck, director of the department of industrial studies of the disinterested Russell Sage Foundation.

This Colorado company, located in a region of great labor strife, has tried both types of organization—company and workers' unions—and has found that the latter is more beneficial to the company as well as to its employees. Freedom of the workers to organize and manage their own union inspired loyalty to the company, which greatly increased its good will and was the leading factor in enabling it to increase its business, even in a time of depression.

The company-union issue falls like a black shadow across the door of the N.R.A. In the case of the Weirton Steel Co., the workers sent a delegation direct to President Roosevelt when their effort to organize their own union was resisted by the company. The New Republic tells what happened:

"His response was definite and to the point. In a proclamation issued 2 days later, he directed the National Labor Board to determine 'in any manner it sees fit' whether a substantial number of workers are against the company union and for a union of their own. If that is the case, then an election shall be held under the Board's exclusive control, and a majority vote in favor of a given union shall make that union the accredited instrument for collective bargaining."

This is a matter as to which the Government must display great firmness if we are to make any progress along the route charted by the Recovery Act. It is not easy for industry to abandon the practices of decades and realize that its own interest lies in a greater diffusion of the profits of industry among the workers. The failure of industry to see this was one of the causes of the depression. How many times have we pointed out that, by taking always a greater proportion of this profit, industry collapsed itself?

We do not wish to be understood as believing that the company union is always without merit. What we do believe is that in its more beneficent aspect it is on all-fours with the slave owner who was kind to his slaves. That estimable man stood in the way of a great social reform, and so does the company union.

ONE WAY OUT

Mr. WHEELER. Mr. President, I present an open letter from John D. Pearmain, of Scarboro, N.Y., entitled "One Way Out", reprinted from the February 10 issue of Today, which I ask may be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[Reprinted from Feb. 10, 1934, issue of Today]

AN OPEN LETTER TO THE PRESIDENT, MEMBERS OF CONGRESS, AND PRESS OF AMERICA—ONE WAY OUT—WE HAVE PAID TRIBUTE LONG ENOUGH

(Foreword.—The article below assumes that interest, as well as principal, on the present public debts will be paid in full—but that few, if any, new interest-bearing debts will be contracted in the future—and that it is these millions of annual interest on new financing that will be saved to the public by the method suggested below.)

Billions for revenue—not one cent more for tribute.

We have paid tribute long enough.

Isn't it time we inaugurated a new method of financing public improvements, a method that would eliminate in the future the present mounting interest charges?

Why should the wealthiest nation on earth pay two times for everything it needs—once for materials and labor and a second time all over again in accumulated interest charges?

What is the power of these money lenders, anyway, that the wealthiest nation on earth should go to them on bended knee to borrow money at interest?

Why pay interest to others to perform a service that the Government can perform equally well for itself?

Isn't the name and backing of the wealthiest nation sufficient security for such issues of credit as are needed in this time of emergency?

We have paid tribute long enough.

Why should the dumb public forever go on paying more in unnecessary interest charges than the original cost of any project?

To pay once for a public improvement is enough; to pay a second or third time for it, in interest charges, is to change it from a public asset to a public liability.

Why pay hundreds of millions in interest to the money lenders when public improvements can be financed by the Government itself through non-interest-bearing currency (issued to pay for labor and materials on public improvements), such currency, thus issued to create public works, to be retired—at the rate of depreciation of each property so created—from taxes and tolls collected by the Government, State, or local community?

A famous case in history of this type of financing is found in the experience of the isle of Guernsey, which, between 1819 and 1829, financed the building of its new market hall and other public improvements by an issue of non-interest-bearing currency, secured by the value of the new improvements and the credit of the island of Guernsey, backed up by its power and ability to collect taxes. The currency so issued was not convertible into gold or other medium of exchange but was retirable, and was retired from taxes and tolls during succeeding years. The experiment was successful, and the interest saved to taxpayers enormous on the $400,000 worth of currency so issued.

Another famous case in history of this type of financing is found also in the experience of Venice where the state bank (which existed for a period of 600 years) issued, throughout the period of the last 400 years non-interest-bearing certificates of indebtedness, nonconvertible into gold or other coin, and these non-interest-bearing certificates of indebtedness were used by the merchants of Venice as their principal medium of exchange during the entire 4 centuries—a credit on the State bank—in the form of one of these certificates, being exchangeable for goods and passing at a premium of 20 percent over gold or other current medium of exchange; and during this entire time the State Bank of Venice functioned without panic or crisis, continuing in successful operation until the end of the Republic of Venice, when Napoleon, in 1797, invaded Venice and carried off the archives and records of the bank.

We all know that the fact that the Government is back of the present interest-bearing bonds and currency issued against them is what maintains our present currency at par.

Isn't it obvious, then, that if the Government is back of the new non-interest-bearing currency bonds that fact equally will maintain at par the currency issued against such non-interest-bearing bonds?

The two kinds of currency, both being legal tender and both being backed by the full taxing power of the Government, would be indistinguishable from each other—would be acceptable to all.

Isn't it universally recognized now that our $4,000,000,000 of gold at best is but a nominal base for our total of $5,600,000,000 of currency—our $40,000,000,000 or so of bank deposits—and our $135,000,000,000 or more of bonds and mortgages—most, or all of which currency, bank deposits, bonds, and mortgages at least until recently, were supposed to have been convertible into gold?

Isn't it universally recognized now—not only that individuals can no longer convert paper money into gold, but also that if a paper dollar is exchanged for a silver dollar—and that silver dollar is melted down, that the silver in that silver dollar is worth less than 30 cents if returned to the United States Mint to be recoined?

So, isn't it daily becoming clearer that the strength we have behind our currency is the credit of the Government—and the credit of our Government is such that people generally are willing to accept the present paper money without discount as a medium of exchange?

Thus it is seen from historical example as well as from our own experience that there is no greater security for currency issued by a government than the credit of that government supported by its power and ability to collect taxes—and there is no question as to the power and ability of the Government of this country to collect taxes from its citizens.

But, that the interest-weighted load is getting heavy enough, and too heavy, without being added to further, is evidenced by the fact that some 2,019 communities—from Detroit, the fourth largest city in the country, down to the smallest—are said to be in default on debts of about $2,000,000,000, and that the number of such communities in default is increasing at the rate of about 100 a month. To cite a typical example—not of default in this case but merely typical of conditions holding all too widely throughout the country: Recent Westchester County, N.Y., budget figures show, of taxes collected, only 17 percent as going to operating expense, 28 percent for relief purposes, and 55 percent for service on the county debt—which shows the extent to which funding and refunding of public debts can go. Clearly, for such communities throughout the country hasn't the tax burden already become too hard to bear?

Well, then, apply the foregoing to the present situation and see that, since there is no greater security in the world than the power and ability of the Government to collect taxes, you can finance future public improvements without borrowing money at interest from the money lenders, that you can finance and pay for future public improvements through an issue of currency backed by non-interest-bearing Government bonds. These bonds and the currency back of them, to be retired at the rate of depreciation of each property thus created, from taxes and tolls collected by the Government, State, and local community.

Obviously, so long as the Government collected the taxes or tolls to retire it, the new non-interest-bearing currency would maintain its parity with other present forms of currency.

The Federal Government would advance non-interest-bearing currency to the States for construction of approved capital improvements of a public nature and the States would either use the money themselves on projects of their own, or reloan the non-interest-bearing currency to local communities within each State, the loans so made to be guaranteed by the States to be repaid to the Government from State and local taxes, or from tolls collected on self-liquidating projects.

Thomas A. Edison, after a visit to Muscle Shoals is quoted as asking, "Why cannot the people have the benefit of their own gilt-edged credit by receiving non-interest-bearing currency on Muscle Shoals, instead of the bankers receiving the benefit of the people's credit in interest-bearing bonds?"—and the Rev. Chas. E. Coughlin, of Detroit, in commenting on this statement of Edison's, is quoted as saying, "Mr. Edison, to my mind, was sensible in his suggestion—Government public works can be built with Government non-interest-bearing bonds, or currency. These bonds, or currency, can be redeemed from the profits gained from the Boulder Dam, the Muscle Shoals, the Federal highway, or from any other productive national enterprise."

Thus, if a new capital improvement were self-liquidating, as in the case of newly-erected buildings, in a slum-clearance project, there would be no need to tax the general public at all for cost of such a project. The Government would issue new currency to cover the cost, would loan the currency to States, the currency to be paid out as bills came due for materials and labor. The new buildings would be rented, and the State or municipal government would then recover, during the lifetime of the buildings, the amount originally put into the project by collecting from the tenants, as rent, both amortization of principal and cost of upkeep of the buildings, but in such charge for rent there would be no charge for interest on the investment unless the Government, Federal, State, or local, wished to make a profit on its venture.

In the case of the proposed St. Lawrence River waterway it is estimated that the tolls collected from sale of power, from freight charges, and from other sources, may just about meet the interest charges on the cost of underwriting the American share of the project, which means that the bonds behind the project might run for the full 50 years allowed by law, whereas, if the St. Lawrence River waterway were financed by the method herein proposed, any earnings, above cost of maintenance from the very start could be set aside for amortization of cost, and for retirement of the currency issued originally to build the waterway, and on this project alone the saving to the taxpayers in interest would run into hundreds of millions over such a term of years.

Of course it has been said by well-known financiers that, to curb undue borrowing and spending on the part of any government, local, State, or Federal, it is perhaps both wise and necessary to impose on such governments the penalty of interest on sums they borrow.

But, I ask you, doesn't making the borrower pay two times for everything, once at the start for materials and labor, and a second time in interest charges before the loan is repaid, put the borrowing government just twice as badly in debt? The answer is obvious, that it does.

Certainly a government's having to borrow at interest, having thus to pay twice, for what it gets, makes it just twice as hard for that government to get out of debt, makes it just twice as hard for that government, local, State, or Federal, to balance its budget—and the theory, nice for the money lenders, of the necessity of a government's having to penalize itself with interest to keep from spending too much, actually results in exactly the opposite, and makes that government spend twice as much as it otherwise would over a period of years to fill its needs—and the total of dollars borrowed by that government, and spent by it on capital improvements of a public nature, must be repaid twice—once the principal borrowed originally, and a second time in interest payments over the period of the loan.

So, I ask you again, would it make the security back of such new currency any greater to add interest in an amount which over a period of years would double the tax rate? It is ridiculous to suggest it.

Isn't it obvious by now that the financial position of the local, State, and Federal Governments would be improved proportionately by their not having to carry indefinitely a constantly increasing burden of interest on the public debt?

Just why should the richest nation in the world be mortgaged to the hilt with interest-bearing bond issues?

Just how is it even to the advantage of money lenders that this country be slowly strangled with mounting interest charges?

Isn't it daily becoming clearer that that part of our taxes, $1,600,000,000, which goes to paying interest on the public debts, local, State, and Federal, would do more good creating capital improvements of a public nature, than paid, in largest part, as now, in interest to the banks and corporations which are largest holders of Government bonds?

Isn't it daily becoming clearer that the use of such millions, in creation of public works, in normal times would take up the

slack of unemployment, in the spending of those millions where they are needed most—i.e., amongst the unemployed?

Why should the Government and taxpayers longer be "bled white" by a system that repeatedly exceeds the capacity of the average borrowing community to pay? Isn't any such system of interest, that levies tribute beyond the capacity of the average borrower, confiscatory of the community's and the Nation's wealth and capital?

We have certainly paid tribute long enough.

The interest charged on money borrowed by governments, local, State, and Federal, may not seem too high in normal times, or in times of great prosperity, and may never have seemed exorbitant when the total amount borrowed was relatively small compared to national wealth and income, but, when public debts expand as rapidly as now, due thought and consideration must be given not only to the number of billions of principal being borrowed but equally to the mounting interest charges, which, in time, will double that principal unless checked.

Federal debts of $23,000,000,000, plus State and local debts of $19,000,000,000, make $42,000,000,000 in all of present public debts—soon to rise to $50,000,000,000 when the Nation has borrowed to fill its immediate needs—interest alone already totaling $1,600,000,000 on the present $42,000,000,000 of public debts, and soon to rise to $2,000,000,000 a year in current interest charges, unless we improve our method of financing.

We have paid tribute long enough.

Certainly the new method of financing suggested here need put substantially neither more nor less of currency into circulation than the present Government method of paying billions directly and indirectly to the country's unemployed; but the new method eventually would save to the taxpayers hundreds of millions a year in interest.

Under the new method of financing, the taxing power of each local community, plus the taxing power of the States, plus taxing power of the Federal Government, would be back of the new non-interest-bearing currency.

The value of the new capital improvements (wealth) thus created would be back of the new non-interest-bearing currency.

Thus there would be ample security—the taxing power of the local, State, and Federal Government, plus the value of the new wealth created.

In summary—it is seen that, of the three roads that lie ahead of us, the right-hand road would continue, as now, in piling up of further interest charges—the left-hand road would lead us eventually to repudiation of present public debts through printing of flat money—but the middle road suggested here would steer a course between these two, would lead to incurring of no new debts at interest, while yet allowing present interest-bearing debts to be paid off.

In future the Government primarily would collect taxes for two purposes—to cover current cost of Government operation and to cover obsolescence on capital improvements of a public nature.

Credit, in emergency, would be a public utility, issued as needed to put the unemployed to work, issued as needed to create new wealth of any kind, issued as needed for construction of capital improvements of a public nature.

The future would not be mortgaged with increasingly prohibitive interest charges.

The cost of Government eventually would be cut about in half.

JOHN D. PEARMAIN,
Scarboro, N.Y.

NAVAL CONSTRUCTION

The Senate resumed the consideration of the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

Mr. NYE obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from North Dakota yield to enable me to move a recess?

Mr. NYE. If I yield, am I to understand that I shall have the floor upon reconvening in the morning?

The PRESIDING OFFICER. The Senator from North Dakota having the floor at this time and yielding to enable the Senator from Arkansas to move a recess, he will have a right to the floor tomorrow morning upon the convening of the Senate.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate recess until tomorrow morning at 11 o'clock a.m.

The motion was agreed to; and (at 5 o'clock and 50 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, March 6, 1934, at 11 o'clock a.m.

HOUSE OF REPRESENTATIVES

MONDAY, MARCH 5, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Merciful God, we rejoice and wonder at Thy infinite nature. Thou art the music that knows no discord, the beauty that suffers no blemish, the love that touches no limit, and the purity that excludes all evil; we linger here with hallowed hopes and hushed memories. Holy Spirit, whisper Thyself into our souls. Despising nothing, neglecting nothing, O minister unto us a sense of Thy nearness. Be Thou the purity of every stained life, the cup of water for every parched lip, the light for every starless sky, and the springtime of promise for every dreary winter of discontent. Gracious Father, teach us that patience, endurance, and fortitude are of the essence of the great and the heroic. O cross the horizon of our souls, inspiring, uplifting, and cleansing all within. In these sadly disordered times, Almighty God, come, O come and rule over this Congress, and may wisdom, understanding, and good government be the trumpets of our victories. Amen.

The Journal of the proceedings of Saturday, March 3, 1934, was read and approved.

COMMITTEE ON ROADS

Mr. BYRNS. Mr. Speaker, at the request of the Chairman of the Committee on Roads, the gentleman from Oklahoma [Mr. CARTWRIGHT], I ask unanimous consent that this committee may sit during the sessions of the House today and tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

CROP-PRODUCTION LOANS

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 290, to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934.

The Clerk read the joint resolution, as follows:

House Joint Resolution 290

Resolved, etc., That to enable the Governor of the Farm Credit Administration to carry into effect the provisions of the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other puposes", approved February 23, 1934 (Public Act No. 97, 73d Cong.), including personal services and rent in the District of Columbia and elsewhere; paper, printing and binding; supplies and services, without regard to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5) when the aggregate amount involved does not exceed $50, and such other expenses as may be necessary, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $40,000,000, to remain available until June 30, 1935.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

Mr. BUCHANAN. Mr. Speaker, I wish to make a short statement in order that the Membership may understand the import of this bill. It will be remembered that the House recently passed a bill authorizing the appropriation of $40,000,000 to make crop-production loans. The Budget estimate came up to my committee last Saturday. I received word from the Farm Credit Administration as well as Members of the House that if these appropriations are to be made and are to be available for this year they must be made at once to serve the purposes Congress intended by the passage of the legislative act.

In order that the House may have the figures with regard to past appropriations for this purpose I shall read a short statement.

FARM CREDIT ADMINISTRATION,
Washington, D.C., March 3, 1934.

Hon. J. P. BUCHANAN,
Chairman House Committee on Appropriations,
House of Representatives, Washington, D.C.

MY DEAR MR. BUCHANAN: In response to your informal request of this date there are transmitted herewith the following schedules:

(a) Estimate of the appropriation of $40,000,000 authorized by the act of February 23, 1934 (Public, No. 97, 73d Cong.), showing the distribution of estimated expenditures for loans and administrative expenses.

(b) Statement of crop production and farmers' seed loans from 1921 to 1933, as of January 31, 1934.

I hope that the approval of the appropriation estimate of $40,000,000 now pending before your committee can be expedited because it is essential that it be treated as a special emergency item of legislation. The funds should be available forthwith for the preliminary work incidental to the filing of loan applications, and the approval thereof, to the end that the actual loan disbursements may be begun as soon after the middle of March as may be possible.

Yours very truly, W. I. MYERS, *Governor.*

Farm Credit Administration estimate of appropriation for loans to farmers for crop production and harvesting, act of Feb. 23, 1934 (Public, No. 97, 73d Cong.)

Loans to farmers	$38,500,000
Administrative expenses for period Mar. 1, 1934, to Feb. 28, 1935: [1]	
Personal services	1,400,000
Communication services	25,000
Travel expenses	500,000
Transportation of things	20,000
Printing and binding	75,000
Rent	10,000
Miscellaneous (including recording fees)	450,000
Equipment	20,000
Total	2,500,000
	41,000,000
Less interest withheld on loans [2]	1,000,000
Net appropriation	40,000,000

Farm Credit Administration statement of farmers' seed and crop-production loans as at Jan. 31, 1934

LOANS AND REPAYMENTS

	Approved amount of loans	Amount collected on principal	Unpaid principal Jan. 31, 1934
Farmers' seed loans, 1921-31	$72,348,709.60	$36,380,714.49	$35,967,995.11
Crop-production loans:			
1932	64,204,503.06	30,193,881.41	34,010,621.65
1933	57,442,217.46	40,111,569.17	17,330,648.29
Total	193,995,430.12	106,686,165.07	87,309,265.05

COLLECTIONS OF PRINCIPAL AND INTEREST

	Amount collected on principal	Amount withheld or collected on interest	Total
Farmers' seed loans, 1921-31	$36,380,714.49	$630,537.44	$37,011,251.93
Crop-production loans:			
1932	30,193,881.41	2,571,893.62	32,765,775.03
1933	40,111,569.17	1,755,010.14	41,866,579.31
Total	106,686,165.07	4,957,441.20	111,643,606.27

PRINCIPAL UNPAID AT JAN. 31, 1934, AND ESTIMATED FUTURE COLLECTIONS

	Unpaid principal	Estimated future collections	Estimated uncollectible
Farmers' seed loans, 1921-31	$35,967,995.11	$15,967,995.11	$20,000,000
Crop-production loans:			
1932	34,010,621.65	9,010,621.65	25,000,000
1933	17,330,648.29	7,330,648.29	10,000,000
Total	87,309,265.05	32,309,265.05	55,000,000

[1] The necessary administrative expenses after Mar. 1, 1935, will be paid from collections of interest and principal as provided in section 5 of the act of Feb. 23, 1934 (Public, No. 97, 73d Cong.).

[2] Interest is deducted from the face amount of the loan for the period from date of note to the date of maturity.

In some years the collections were greater than in others. As a general rule, we collected about 70 percent of these loans. In 1932 we collected only 58 percent, but that was due to two causes. We had some droughts in certain sections of the country in 1932 and, also, that was an election year, and the President, through the Department of Agriculture, issued an order that they should not pay in the Northwest more than 25 percent of the amount they borrowed, the balance to be disposed as Congress directs. Of course, the 25 percent was all that was ever paid under those conditions. Then the South got to raising sand about it, so the President issued another order letting the southern farmers pledge their cotton at 9 cents a pound for these loans when it was worth only 6 or 7 cents a pound; and, of course, they paid no more. This, Mr. Speaker, is the history of our embarkation upon this uncharted sea of making loans, a thing the Government should stop as soon as possible. We have caught a cub bear by the tail and have not yet been able to turn it loose. Thank goodness, under the Farm Credit Administration we are now organizing throughout the Nation permanent farm-credit institutions that will, we hope, hereafter supply all needed agricultural credit.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question?

Mr. BUCHANAN. I yield.

Mr. SNELL. I understood the gentleman to say that we had caught a bear by the tail and could not let go. Can the gentleman see any indication that at some future time we are going to be able to let go of this kind of appropriation?

Mr. BUCHANAN. Yes; I have great hope and great faith in letting go of this kind of an appropriation, because we have organized farm-credit institutions throughout the country through which the farmers will be advanced credit upon reasonable security; and that is the reason this appropriation is $40,000,000 instead of $60,000,000 or $70,000,000, as heretofore.

That is the very reason. So far as I am concerned, I hope that this is the last of this character of appropriation the Congress will be called upon to make.

Mr. SNELL. I may state to the gentleman that I will assist him because I have been opposed to such appropriations right along. I think the time has come when we ought to quit this kind of business and I hope the gentleman stands solidly on his statement.

Mr. BUCHANAN. I thoroughly agree with the gentleman.

Mr. BLANTON. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Texas.

Mr. BLANTON. At the same time that the distinguished minority leader aids our very able Chairman of the Committee on Appropriations in stopping loans to farmers, he ought at the same time to help stop making loans to big insurance companies, some of whose presidents have drawn as high as $200,000 a year in salary.

Mr. SNELL. That has nothing to do with the question before the House.

Mr. BLANTON. Yes it has.

Mr. SNELL. And the gentleman knows it.

Mr. BLANTON. It involves the very fundamentals of good government.

Mr. SNELL. It has nothing whatever to do with this subject. The gentleman should talk about the subject before the House.

Mr. BLANTON. Would the gentleman from New York continue to loan money to insurance companies and allow them to pay $200,000 a year to their presidents, but when it comes to aiding the farmers who feed the people of New York City, Potsdam, and Abilene, would the gentleman vote "No"? Is that the situation?

Mr. SNELL. The gentleman from New York has never been in favor of paying these salaries, and the gentleman from Texas has no reason to say that, either.

Mr. BLANTON. Let us stop it all when we stop any of it. Do not make fish of some and fowl of others.

Mr. SNELL. I am ready to stop it now, and I will vote against this appropriation if the gentleman will.

Mr. BLANTON. If we will stop loans to railroads, banks, and insurance companies at the same time, I may go along with him.

Mr. SNELL. I have voted against all of these. If the gentleman is serious he will vote against them, too.

Mr. BLANTON. I will vote with the gentleman to stop loans to them all, but let us stop them all together. We are not going to cripple the farmer by stopping loans to him, and then make huge loans to the insurance companies paying $200,000 a year to their presidents.

Mr. BUCHANAN. Since the cyclone has passed, let me make a further general statement.

I hope the time will soon come when we may stop making loans to insurance companies or this character of loans to farmers, and every other character of loan that the Federal Government is now called upon to make, and let private enterprise, business, and the farmers themselves furnish their own credit, and let the Government attend to strictly Government affairs. I hope this appropriation will pass. It is needed at this time. I will vote for it and hope you will all vote for it. [Applause.]

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to insert a table which bears on the matter just considered by the House.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS of Mississippi, from the Committee on Appropriations, submitted a privileged report on the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes (Rept. No. 869), which was read a first and second time, and, with the accompanying report, referred to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. TABER reserved all points of order on the bill.

CONSTRUCTION OF DAMS AND DIKES IN LINCOLN COUNTY, OREG.

Mr. MARTIN of Oregon. Mr. Speaker, I ask unanimous consent for the present consideration of Senate Concurrent Resolution 10, the purpose of the resolution being to correct a date in the engrossment of the bill.

The Clerk read as follows:

Senate Concurrent Resolution 10

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby, authorized and directed, in the enrollment of the bill (S. 1759) to extend the time for the construction of dams and dikes in Lincoln County, Oreg., to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith, to correct an error by striking out, in line 1, of the House engrossed amendment, the words "June 13" and inserting in lieu thereof "June 17."

Mr. SNELL. Mr. Speaker, reserving the right to object, this is merely to correct a clerical error?

Mr. MARTIN of Oregon. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The concurrent resolution was agreed to.

COMMITTEE ON ACCOUNTS

Mr. WARREN. Mr. Speaker, I ask unanimous consent that the Committee on Accounts be permitted to meet today during the session of the House.

Mr. SNELL. Mr. Speaker, reserving the right to object, are we going to have all the committees meet in the afternoon? Practically every committee is now meeting during the session of the House.

Mr. WARREN. This is the first time this request has been made on behalf of the Committee on Accounts, and it is for the accommodation of certain members.

Mr. SNELL. I am not going to object, but I call the attention of the House to the fact that soon there will be no one here because all the committees will be meeting in the afternoon instead of in the morning.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

LIABILITY OF COMMON CARRIERS BY RAILROAD FOR INJURIES TO EMPLOYEES

Mr. MEAD. Mr. Speaker, I ask unanimous consent that the bills (H.R. 7484 and H.R. 7794) to amend section 51 of chapter 2, title 45, of the Code of Laws of the United States of America, which have been referred to the Interstate and Foreign Commerce Committee, be recalled and referred to the Committee on the Judiciary. In this connection I may say that I took the matter up with the Chairman of the Interstate and Foreign Commerce Committee, and he agrees to the rereference.

Mr. SNELL. Will the gentleman state what these bills are?

Mr. MEAD. They are two bills that pertain to the Federal Liability Law and they were referred to the Committee on Interstate and Foreign Commerce, and more properly belong to the Judiciary Committee. I took this matter up with the Chairman of the Committee on Interstate and Foreign Commerce, and he agreed that they should be rereferred.

Mr. SNELL. The gentleman wants them to be referred to the Judiciary Committee?

Mr. MEAD. Yes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PENSION RATES OF ARMY MAIL FLYERS

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD both the peace-time and war-time pension rates that will apply in the case of Army flyers engaged in the Air Mail Service, in compliance with a request by the gentleman from Wisconsin [Mr. BLANCHARD] made at the time the bill was under discussion on the floor of the House. The gentleman asked at that time what the rates would be and I did not have them available, but stated that as soon as I could get them I would have them inserted in the RECORD for the convenience of the Members of the House.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MEAD. Mr. Speaker, during the debates on the emergency air mail legislation I was asked to have printed in the RECORD the pension rates payable to those of the Army personnel who are engaged in flying the mail.

The peace-time pension rates are as follows:

	Per month
Widow but no child	$22
Widow and 1 child	30
(With $4 for each additional child.)	
No widow but 1 child	15
No widow but 2 children (equally divided)	22
No widow but 3 children (equally divided)	30
(With $3 for each additional child; total amount to be equally divided.)	
Dependent mother or father	15
Both (each)	11

NOTE.—The total pension payable shall not exceed $56.

The following are the war-time pension rates:

	Per month
Widow but no child	$30
Widow and 1 child	40
(With $6 for each additional child.)	
No widow but 1 child	20
No widow but 2 children (equally divided)	30
No widow but 3 children (equally divided)	40
(With $5 for each additional child; total amount to be equally divided.)	
Dependent mother or father	20
Both (each)	15

NOTE.—The total pension payable shall not exceed $75.

Pensions to injured enlisted men for peace-time service range from $9 to $125 a month.

Pensions to injured enlisted men for war-time service range from $10 to $250 a month.

(Pensions to widows and dependents as shown in tables, above.)

Retired pay to officers of the Regular Army is the same for peace-time service as for war-time service—three fourths of their regular pay; in the event of death, the gratuity to their beneficiaries is the same—6 months' pay; pensions to their widows and children are higher for war-time service than for peace time, as indicated above, in tables.

Pensions to Reserve officers on an active-duty status injured in line of duty are the same as the above general rates of pension, ranging from $9 to $125 a month for peace-time service and from $10 to $250 a month for war-time service. (Pensions to widows and dependents, as shown in above tables.) Present law does not provide gratuity to beneficiaries of Reserve officers.

Army has employed no civilian pilots so far, but may do so later. However, a few civilians have been employed in connection with the carriage of the mail by the Army, but not as pilots. Pensions for such civilians are provided by the Employees' Compensation Act and are based upon salary, as follows:

Maximum pension for disability (based upon monthly wage of $175), $116.66 per month.

If salary is less than $175 per month, pension would be two thirds of salary.

	Percent of husband's salary
Widow	35
Children (under 18 years of age)	10
Parents:	
1 parent wholly dependent	25
Both parents wholly dependent (each)	20
If partially dependent, a proportionate amount.	
Minor brothers and sisters:	
1 wholly dependent	20
More than 1 wholly dependent, equally divided	30

NOTE.—Aggregate compensation shall not exceed $116.66 per month.

ARMY OFFICERS' PAY RATES

Base pay of Army officers ranges from $1,500 a year, for lieutenants, to $7,500 a year, for generals.

Allowances are granted for quarters, subsistence, and so forth.

Flight pay, 50 percent of base pay, in addition, when on regular flying duty (must fly at least 4 hours a month).

Retired pay is 75 percent of base pay only.

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein some facts compiled by General Mitchell, as expressed in an address he delivered in New York on March 3, 1934, on the subject of Profiteering in Preparedness.

Mr. TABER. Mr. Speaker, I think that is going a little far with extensions. It seems to me that should go in the hearing of the committee and should be printed there. It hardly seems proper that we should put in the RECORD statements of people outside of the congressional body who hold no official position.

I object, Mr. Speaker.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent that the speech delivered by the President today at the N.R.A. conference be printed in tomorrow morning's RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[See p. 3675.]

THE CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the calendar.

BRIDGE ACROSS LAKE SABINE, PORT ARTHUR, TEX.

The Clerk called the first bill on the Consent Calendar, H.R. 4870, to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.

Mr. DIES. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXEMPTION FROM THE QUOTA OF PARENTS OF AMERICAN CITIZENS

The Clerk called the next bill, H.R. 3519, to exempt from the quota parents of citizens of the United States, and for other purposes.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, I expect to object——

Mr. BLANTON. Let us stop it now.

Mr. JENKINS of Ohio, Mr. BLANTON, and Mr. SWICK objected.

EMPLOYEES COMPENSATION ACT

The Clerk called the next bill, H.R. 1766, to provide medical services after retirement on annuity to former employees of the United States disabled by injuries sustained in the performance of their duties.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, this bill came up at the last call of the calendar and it was developed that the gentleman from Tennessee [Mr. BROWNING] acted as spokesman for the Judiciary Committee. The gentleman is here and I would like to ask if he has made the investigations that were requested at the last call of the calendar. [After a pause.] Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

THIRD-CLASS POSTMASTERS

The Clerk called the next bill, H.R. 1626, granting equipment allowance to third-class postmasters.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That on and after July 1, 1934, postmasters at third-class offices in which post-office fixtures and equipment are not provided by the Post Office Department shall be paid, as allowances for personally owned or rented post-office fixtures and equipment, an amount equal to 50 percent of the box rents collected at such offices, the allowances to be paid quarterly, under such rules and regulations as the Postmaster General may prescribe: *Provided*, That when post-office fixtures and equipment are furnished by the Post Office Department at post offices of the third class, the provisions of this act shall become inoperative.

With the following committee amendment:

Page 1, line 3, strike out "1933" and insert in lieu thereof "1934."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS MISSOURI RIVER, RANDOLPH, MO.

The Clerk called the next bill, S. 2308, to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, I do not intend to object, but I thought there might be something about this bill that needed correction. I am not sure about the correctness of the language.

Mr. ZIONCHECK. I am going to ask unanimous consent that the bill be passed over.

Mr. JENKINS of Ohio. I withdraw my reservation, Mr. Speaker.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

BRIDGE ACROSS COLUMBIA RIVER NEAR THE DALLES, OREG.

The Clerk called the next bill, H.R. 7060, to extend the times for commencing and completing the construction of a bridge across the Columbia River, near The Dalles, Oreg.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

ELECTIONS IN ALASKA

The Clerk called the next bill on the Consent Calendar, H.R. 6185, fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the Territorial Canvassing Board, defining its duties, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the election of a Delegate from the Territory of Alaska to the House of Representatives provided for by the act of Congress entitled "An act providing for the election of a Delegate to the House of Representatives from the Territory of Alaska", approved May 7, 1906, as amended, and the election of the members of the Legislature of the Territory of Alaska, provided for by the act of Congress entitled, "An act to create a legislative assembly in the Territory of Alaska, to confer legislative power thereon, and for other purposes", approved August 24, 1912, shall hereafter be held on the second Tuesday in September in the year 1934, and every second year thereafter on the said Tuesday next after the first Monday in September.

SEC. 2. That the Legislature of the Territory of Alaska shall hereafter convene at the capitol at the city of Juneau, Alaska, on the second Monday in January in the year 1935, and on the second Monday in January every 2 years thereafter.

SEC. 3. That the canvassing board for the Territory of Alaska created by the act of Congress entitled "An act providing for the election of a Delegate to the House of Representatives from the Territory of Alaska", approved May 7, 1906, shall hereafter consist of the Governor, the secretary of the Territory, and the collector of customs for Alaska. It shall be the duty of the said canvassing board to canvass and compile in writing the vote specified in the certificates of election returned to the Governor from the several election precincts in the Territory and to keep an accurate record of each voting precinct in the Territory and the date of its creation.

The said canvassing board shall commence the performance of its duties at the office of the Governor within 10 days after the second Tuesday in October in each year in which an election is held as hereinabove provided, and shall continue with such work from day to day until the same is completed. No packages containing election returns shall be opened until the canvass commences, at which time they shall be opened in public and in such manner and under such conditions, as nearly as possible, as to give all parties interested an opportunity to see the returns. In case it shall appear to the board that no election return, as herein prescribed, has been received by the Governor from any precinct in which an election has been held, the said board may accept in place thereof the certified copy of the certificate of election for such precinct received from the clerk of the court, and may canvass and compile the same with the other election returns. The canvassing board shall terminate the canvass and issue the certificates of election so soon as it is satisfied that no missing return would, if received, change the result of a canvass based upon the returns at hand, but when the board has information that an election was held at any precinct from which no return has been received and which return, if received, the board has reason to believe will affect the result of the election, it shall be the duty of the board to await the arrival of such return until 4 o'clock p.m. on the 10th day of December in the year during which the election is held, but no longer, and any return received after that time shall not be counted by the board.

Upon the completion of the said canvass as herein provided, the said board shall declare the person who has received the greatest number of votes for the office for which he is a candidate elected to such office for the term for which he is elected, and shall issue and deliver to him in writing, under their hands and seals, a certificate of his election. It shall be the duty of the Governor to preserve all election returns carefully and inviolate, and, after the certificates of result have been canvassed, to replace the returns into the packages from which they were taken and carefully seal the same and preserve all such returns inviolate for at least 2 years thereafter, unless sooner called upon by the House of Representatives of Congress or some court or tribunal of competent jurisdiction to produce the same for inspection. It shall also be the duty of the Governor to notify each successful candidate of his election, and to do so by the speediest means of communication.

SEC. 4. Except as herein otherwise provided, all of the provisions of the acts of May 7, 1906, and of August 24, 1912, hereinabove referred to, shall continue in full force and effect until altered, amended, or repealed by Congress. And any and all laws enacted by the legislature of the Territory of Alaska pertaining to elections in said Territory shall remain in full force and effect until altered, amended, or repealed by the said legislature or by Congress. That the legislature of the Territory of Alaska shall have the power from time to time as the need therefor may arise, to change the date of general elections in the said Territory, including the date of election of a delegate from the Territory of Alaska to the House of Representatives and of the members of the Territorial legislature; and that the Legislature of the Territory of Alaska shall also have the power by law to change from time to time the personnel of the canvassing board, the dates of its meetings, and may prescribe its duties.

With the following committee amendment:

Page 2, lines 7 and 8, strike out the words "Tuesday next" in line 6, and all of line 7, and in lieu thereof insert the following: "second Tuesday in September."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS

The Clerk called the next resolution on the calendar, House Joint Resolution 271, providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts.

The SPEAKER. Is there objection?

Mr. JENKINS of Ohio. Reserving the right to object, I should like to ask the gentleman whether there are any other expenses involved which are not discoverable on the face of this bill?

Mr. FORD. No; it is an annual expenditure of $3,000 to pay the expenses of a committee to attend the meeting of the International Technical Committee of Aerial Legal Experts to codify and modify the air laws.

Mr. JENKINS of Ohio. Can the gentleman tell us what they did last year—what benefit is it?

Mr. FORD. We are attempting at the present time to establish a single international code of private aerial law. The United States wants to take part in it and be in on the original make so that when they get through we will not have to get the law changed to fit our situation.

Mr. JENKINS of Ohio. Is this a permanent appropriation.

Mr. FORD. It is.

Mr. JENKINS of Ohio. What was done last year?

Mr. FORD. We did not participate in the conference; we did not attend last year for we did not have the money.

Mr. GOSS. This makes a permanent appropriation?

Mr. FORD. It does.

Mr. GOSS. I know; I happen to be on the subcommittee. We are putting these permanent appropriations into the law year after year, and they go for a hundred years and are never called to the attention of Congress. Why does not the gentleman make it an authorization and then appear before the Appropriations Committee and justify it? If the gentleman will do that I will not object. I am going to object to permanent annual appropriations in the future.

Mr. TABER. Mr. Speaker, in order that a proper amendment may be made, making this an authorization rather than a permanent appropriation, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

DETERMINATION OF INDIAN HEIRS AND DISPOSITIONS OF ALLOTMENTS OF DECEASED INDIANS

The Clerk called the next bill on the Consent Calendar, H.R. 5075, to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended.

The SPEAKER. Is there objection?

Mr. ELTSE of California. Reserving the right to object, I should like to ask the gentleman a question. As I understand, all moneys paid by the purchaser, whether it is 75 percent or 90 percent, with the accrued interest, will be forfeited.

Mr. WERNER. Section 1 of the act of June 25, 1910, provides for the determination of heirs of deceased Indians and for the descent and distribution of lands owned by deceased Indians. The act also provides for the sale of inherited lands and the purchaser is required to make a payment of one fourth of the purchase price. The remaining three quarters is required to be paid in three equal installments. The law has been construed to mean that where a purchaser makes his second payment or his third payment

and then defaults and refuses to make further payment or final payment, in such event only the first payment is forfeited and the Indian owner of the land is required to repay to the purchaser the second payment, or the second and third payment made by the purchaser. This has resulted, in many cases, in extreme hardship to the Indian heirs, and it is the only statute under which such a condition exists.

Where tribal lands, as contrasted to inherited lands, are sold and where the purchaser defaults, all payments made up to and including the default are forfeited to the tribal fund. In many instances, tribal lands and inherited lands lie side by side. The purchaser of tribal lands can make no recovery against the tribe in the event of default, but the purchaser of inherited lands may require the Indian heir to repay to the purchaser all payments made, with the exception of the first payment.

This bill corrects this condition by putting the purchaser of inherited lands on the same footing as the purchaser of tribal lands, and all payments made up to and including a default are forfeited.

In many instances, Indian heirs, still under restrictions, have found themselves charged with repayment to defaulting purchasers after the money itself has been expended for their benefit, and this charge then remains upon the books of the agency as a charge against the Indian heirs' individual funds.

This bill will correct a condition which never should have existed and which is inequitable, and which imposes an undue burden upon heirs of deceased Indians.

Mr. ELTSE of California. Is it not true that if the purchaser gets within 10 percent of the completion of the contract, and some adverse situation occurs where he cannot make the final payment, a forfeiture can be invoked?

Mr. WERNER. I think that is correct, for the reason that it is in effect a foreclosure of a mortgage, and it puts the Indian in the same position as the white man.

Mr. PEAVEY. Mr. Speaker, will the gentleman yield?

Mr. ELTSE of California. Yes.

Mr. PEAVEY. As a member of the committee that reported this bill, I might say that the purpose is to give the Indian just the same protection that the white man has. These contracts are not being foreclosed hurriedly by the Department or without cause. On the contrary, they are being repeatedly extended for the benefit of the contract holder, and the gentleman will readily see that that not only robs the Indian of the benefits of his land but of the benefit of the purchase price.

Mr. ELTSE of California. The gentleman says that he wants to put the Indian on the same basis as the white man in respect to forfeitures?

Mr. PEAVEY. Yes.

Mr. ELTSE of California. I contend that this will put the Indian far ahead of the white man, because the white man has to go into court, and here the Secretary of the Interior says, "All right, Mr. Indian; you can forfeit."

Mr. PEAVEY. If the gentleman will pardon me, it is not the Indian who forfeits; it is the white man buying the Indian's land.

Mr. ELTSE of California. But it is the Indian who does the forfeiting.

Mr. PEAVEY. It is the Indian Bureau, and they never do this without having exhausted every resource to make the collection. They extend these payments repeatedly.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. ELTSE of California. Yes.

Mr. BLANCHARD. There is no provision whereby these lands can go through the courts as provided in the case of an ordinary foreclosure of a land contract or a mortgage.

Mr. PEAVEY. No.

Mr. BLANCHARD. In any event, it will have to go through the Indian Bureau.

Mr. PEAVEY. Yes.

Mr. WERNER. This bill merely puts Indian inherited lands in the same status as tribal lands.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WERNER. Yes.

Mr. BLANTON. Have there been hearings upon this bill?

Mr. WERNER. Yes; and the committee unanimously reported the bill.

Mr. BLANTON. Were the hearings held by a subcommittee or by the full committee?

Mr. WERNER. The full committee.

Mr. BLANTON. Were all of the members of the committee present?

Mr. WERNER. Most of them were.

Mr. BLANTON. I served on that committee a few years myself. It is a little unusual for the author of the bill to report out his own bill, which was done in this case.

Mr. WERNER. I was instructed to report the bill by our worthy chairman and merely followed orders without any intent or desire to do anything unusual.

Mr. BLANTON. That proves that he has excellent standing in his committee. I want to commend my friend for his good work.

Mr. WERNER. I have no pecuniary interest in this legislation; neither am I motivated by any selfish interest. My only desire is to correct a long-standing wrong; a wrong which has, in my humble opinion, worked a grave injustice on the Indian landowners. The speculators in land have had their day and the hour has arrived to deal justly with the Indian. This bill will give the Indian greater protection. It has the approval of the Secretary of the Interior, unanimous favorable action by the Committee on Indian Affairs after hearing; is just, fair, and right.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes" (36 Stat. 855), be, and the same is hereby, amended to read as follows:

"That when any Indian to whom an allotment of land has been made, or may hereafter be made, dies before the expiration of the trust period and before the issuance of a fee simple patent, without having made a will disposing of said allotment as hereinafter provided, the Secretary of the Interior, upon notice and hearing, under such rules as he may prescribe, shall ascertain the legal heirs of such decedent, and his decision thereon shall be final and conclusive. If the Secretary of the Interior decides the heir or heirs of such decedent competent to manage their own affairs, he shall issue to such heir or heirs a patent in fee for the allotment of such decedent; if he shall decide one or more of the heirs to be incompetent, he may, in his discretion, cause such lands to be sold: *Provided*, That if the Secretary of the Interior shall find that the lands of the decedent are capable of partition to the advantage of the heirs, he may cause the shares of such as are competent, upon their petition, to be set aside and patents in fee to be issued to them therefor. All sales of lands allotted to Indians authorized by this or any other act shall be made under such rules and regulations and upon such terms as the Secretary of the Interior may prescribe, and he shall require a deposit of 10 percent of the purchase price at the time of the sale. Should the purchaser fail to comply with the terms of sale prescribed by the Secretary of the Interior, the amount so paid shall be forfeited; in case the balance of the purchase price is to be paid on such deferred payments, all payments made, together with all interest paid on such deferred installments, shall be so forfeited for failure to comply with the terms of the sale. All forfeitures shall inure to the benefit of the heirs. Upon payment of the purchase price in full the Secretary of the Interior shall cause to be issued to the purchaser patent in fee for such land: *Provided*, That the proceeds of the sale of inherited lands shall be paid to such heir or heirs as may be competent and held in trust subject to use and expenditure during the trust period for such heir or heirs as may be incompetent as their respective interest shall appear: *Provided further*, That the Secretary of the Interior is hereby authorized, in his discretion, to issue a certificate of competency, upon application therefor, to any Indian, or in case of his death to his heirs, to whom a patent in fee containing restrictions on alienation has been or may hereafter be issued, and such certificate shall have the effect of removing the restrictions on alienation contained in such patent: *Provided further*, That hereafter any United States Indian agent, superintendent, or other disbursing agent of the Indian Service may deposit Indian moneys, individual or tribal, coming into his hands as custodian, in such bank or banks as he may select: *Provided*, That the bank or banks so selected by him shall first execute to the said disbursing agent a bond, with approved surety, in such amount as will properly safeguard the funds to be deposited. Such bonds shall be subject to the approval of the Secretary of the Interior."

With the following committee amendment:

Page 3, line 6, after the word "the", where it occurs the second time, insert the words "allottee or his."

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

PRESENTATION OF FALSE INSTRUMENTS WITH INTENT TO DEFRAUD THE UNITED STATES

The Clerk called the next bill, H.R. 8046, to provide a penalty for the knowing or willful presentation of any false written instrument relating to any matter within the jurisdiction of any department or agency of the Government with intent to defraud the United States.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object.

Mr. JENKINS of Ohio. Mr. Speaker, I reserve the right to object. I do this more to ask a question than really to object. It strikes me that this is using a cannon to kill a snowbird. Here is a bill with a penalty of 5 years and a fine of $5,000. It just sounds as if somebody is reaching out to do somebody else an injustice. I do not know wherein our criminal laws are so deficient now that they cannot reach such terrible offenses as this penalty seems to indicate.

Mr. McKEOWN. We just took the statute as it now is and tried to make it applicable to the new operations of the Government. We know that there are men who have been making some false affidavits as to the quantity and quality of material that goes into these projects that the United States Government is lending its money to construct. We were asked to pass this bill to correct that situation, and decided that we may as well make one bite of the cherry, so we included every species of fraud where an attempt is made to defraud the United States Government in any of these operations.

Mr. HEALEY. Is not this bill aimed at collusive bidding?

Mr. McKEOWN. Yes; at collusive bidding, where these vast sums of money that the Government is spending are involved, such as in road material and bridges and work that is being done by municipalities on the 30-70 proposition.

Mr. JENKINS of Ohio. The gentleman does not mean to say that we have not now sufficient laws to meet cases of the violation of law with reference to bridge contracts and things of that sort?

Mr. McKEOWN. We have not sufficient statutes to prosecute in cases covered by this bill.

Mr. JENKINS of Ohio. The gentleman knows I have heretofore tried to show due deference to bills recommended by the Committee on the Judiciary, but I should like to ask this question: Has this bill been considered by the full committee?

Mr. McKEOWN. Yes, sir; it was very thoroughly considered by the full committee, and it was gone over very carefully. It was practically rewritten in the committee.

Mr. JENKINS of Ohio. Is it not a fact that the reason for this bill is that someone who has to do with the Public Works program or the C.W.A. program is afraid that the law is not broad enough to reach violations of some of these numerous spending organizations that we have to contend with?

Mr. McKEOWN. There was a representative from the Department who came down and stated that they wanted to stop collusive bidding, and we had examples where, on gravel alone, for instance, in one project the gravel could be bought for 20 cents, but the contractors got together and the lowest bid was $2.05 and the other was $2.10. Things like that ought not to be tolerated.

Mr. JENKINS of Ohio. If the full Committee on the Judiciary has passed on this and made a unanimous report I do not want to inject my own personal opinion about it. I will withdraw my reservation of objection.

Mr. ELTSE of California. Reserving the right to object, I should like to ask if this is limited to written instruments?

Mr. McKEOWN. It is. All instruments or contracts or representations in writing.

Mr. ELTSE of California. It does not provide for false verbal testimony, then?

Mr. McKEOWN. No. That would be a different offense. Does the gentleman mean if a man makes a false representation orally?

Mr. ELTSE of California. If he appears before any board or commission or agency or administration, as it is provided in this bill, and gives testimony that is false, why should it not apply to him just the same as it does the man who makes a written bid?

Mr. McKEOWN. The trouble is, there is always a dispute as to whether he said it or whether he did not, but when he puts it on paper there is no dispute about it.

Mr. ELTSE of California. As a matter of fact, is there not more proof offered by way of verbal testimony than by these written documents?

Mr. McKEOWN. The offense charged is if he signed a written document. It is the purpose of the Department to print this statute right on every proposal so as to deter persons from getting into this trouble rather than punish them after they get into it.

Mr. ZIONCHECK. Reserving the right to object, I think this provision takes care of it where it is stated, "or who with such intent in anywise procures the making or presentation of any false or fraudulent affidavit, declaration, statement, certificate, voucher, or paper, or writing purporting to be such."

Mr. ELTSE of California. No. I submit it does not, because it goes on to say "or paper or writing."

Mr. ZIONCHECK. It is in the disjunctive.

Mr. McKEOWN. He must do it willfully and knowingly, and he is protected if he does not do it knowingly and willfully.

Mr. ELTSE of California. If you are going to make the bill effective, why do you not extend it to verbal testimony?

Mr. McKEOWN. It is an unheard-of proposition to try to convict a man for a mere statement unless he has testified under oath. If he has testified under oath, then there is a penalty provided for that.

Mr. ELTSE of California. As a matter of fact, are not all of these witnesses who appear before these boards and commissions sworn?

Mr. McKEOWN. If they make a false statement, they are liable to punishment now, under the perjury law.

Mr. JENKINS of Ohio. Mr. Speaker, I withdraw my reservation of objection.

Mr. MARTIN of Oregon. Mr. Speaker, I object. There is so much trouble among the lawyers that I am going to object. The lawyers must agree. They are having all this talk.

Mr. McKEOWN. Certainly, the gentleman does not want to put himself in the attitude of objecting to this bill.

Mr. MARTIN of Oregon. Well, you lawyers should get together.

Mr. McKEOWN. We are through.

Mr. MARTIN of Oregon. Are you all in agreement?

Mr. McKEOWN. Yes.

Mr. MARTIN of Oregon. Are all the lawyers agreed?

Mr. BLANTON. All the lawyers are agreed and all the generals.

Mr. MARTIN of Oregon. Then I agree if all the lawyers agree. God bless them. I withdraw the objection, Mr. Speaker.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That every person who with intent to defraud the United States knowingly or willfully makes or aids or assists in the making, or who with such intent in anywise procures the making or presentation of any false or fraudulent affidavit, declaration, statement, certificate, voucher, or paper or writing purporting to be such, concerning or pertaining to any application, bond, bid, loan, or payment thereof, or concerning or pertaining to any matter within the jurisdiction of any department, establishment, administration, agency, office, board, or commission of the United States, or any corporation owned or controlled by the United States in whole or in part, shall be punished by a fine not exceeding $5,000 or by imprisonment for a term of not more than 5 years, or by both such fine and imprisonment.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CONSERVATION OF WILD LIFE, FISH, AND GAME

The Clerk called the next bill, H.R. 7672, to promote the conservation of wild life, fish, and game, and for other purposes.

Mr. JENKINS of Ohio. Reserving the right to object, this bill is one of three conservation bills that seem to be harmless on their face, and are very particular to recite that it is not going to cost anybody anything. At the same time, they extend into the activities of the various departments, and they carry every earmark of being just a forerunner to a very extensive onslaught upon the Treasury in the days to come. If somebody can relieve me of that fear, I shall not object.

Mr. BLANCHARD. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. BLANCHARD. I think the gentleman is familiar with the very last provision of the bill—

That no authority is given in this bill for setting up any additional bureau or division in any department or commission and shall not authorize any additional appropriation for carrying out its purposes.

I appreciate just exactly what the gentleman is striking at. He is concerned with possible commitments under this bill, and also is concerned with what may happen in connection with future departmental requests. Of course it will be up to the gentleman from Ohio and other Members of Congress to be diligent and alert to see that the ordinary coordinating activity of effort on the part of Government officials shall not lead to the creation of another bureau. I think the gentleman from Texas [Mr. KLEBERG] can assure us on that point, that it is not designed to create any new department or any new bureau or engage in any additional obligation on the part of Government agencies. Am I right about that?

Mr. JENKINS of Ohio. My opening statement was to the effect—and I appreciate what the gentleman has to say—that the bill is very well written and the language would indicate that the bill is going to be very harmless, but there are several pages in the bill that provide for extensive activities. I should like to know, if this bill is not going to cost anything, how these extensive preliminary steps will be paid for?

Mr. KLEBERG. I might illustrate that by citing examples of what has been done.

Mr. JENKINS of Ohio. I shall be glad to hear them.

Mr. KLEBERG. I call attention to the Chesapeake swamp which was made salty at an expense of $500,000 to the Government by the opening of a lock, which was afterward abandoned, and the territory returned to a condition where fish, for instance, could live and where ducks could feed. This was done purely through an effort made by the Biological Survey with the help of interested parties to restore this great area to this use.

What we are trying to do is to provide ways by which other similar projects can be carried out and to economize by calling on every agency of the Government affected by this bill. The result will be that at the time matters such as the building of dams and the draining of areas are undertaken the various departments of the Government interested will give consideration not only to wild-life resources but to other natural resources.

This bill is known as "the coordination bill." It merely makes effective the operation of the various agencies of the Government along economical lines by providing that they shall coordinate their activities before the individual department or bureau take steps to effectuate them.

Mr. BLANCHARD. Mr. Speaker, will the gentleman from Ohio yield?

Mr. JENKINS of Ohio. I yield.

Mr. BLANCHARD. I may state to the gentleman from Texas that this bill, as he indicated, will result in economies in the future administration of the conservation laws and cooperation between our great governmental agencies. And, if I may make one other statement, this is but a forerunner of future efforts on the part of the special committee recently created by the House to secure coordination and cooperation.

Mr. KLEBERG. The gentleman is correct.

Mr. JENKINS of Ohio. I have no reason to doubt that the gentleman is just as much interested in protecting the Treasury as I am. With this idea in mind, I withdraw my reservation of objection, Mr. Speaker, believing this bill will do what the gentlemen have indicated.

Mr. KLEBERG. I may say further that the Senate conducted hearings on this bill, as did the Subcommittee of the House Committee on Agriculture. We went into the very subject the gentleman has spoken of. The hearings with reference to this particular bill have not been printed, but the gentleman will find they were exhaustive.

The pending bill is identical with a bill which has already passed the Senate.

Mr. JENKINS of Ohio. One other question; the gentleman from Texas, I presume, will champion the passage of the two succeeding bills?

Mr. KLEBERG. Yes.

Mr. JENKINS of Ohio. These three are companion bills, are they?

Mr. KLEBERG. Yes.

Mr. JENKINS of Ohio. They intermesh and work together.

Mr. KLEBERG. They are all involved in effecting the completed program for conservation of wild life.

Mr. JENKINS of Ohio. And the same fears I voice with reference to the first one are groundless also with respect to the other two bills?

Mr. KLEBERG. Neither of the three provide for the appropriation of money or any increase in the expense to the Government of the United States.

Mr. Speaker, I ask unanimous consent to substitute an identical Senate bill.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of Agriculture and the Secretary of Commerce are authorized to provide expert assistance to and to cooperate with Federal, State, and other agencies in the rearing, stocking, and increasing the supply of game and fur-bearing animals and fish, in combating diseases, and in developing a Nation-wide program of wild-life conservation and rehabilitation.

SEC. 2. The Secretary of Agriculture and the Secretary of Commerce are authorized to make such investigations as they may deem necessary to determine the effects of domestic sewage, trade wastes, and other polluting substances on wild life, with special reference to birds, mammals, fish, and shell-fish, and to make reports to the Congress of their investigations with recommendations for remedial measures. Such investigations shall include studies of methods for the recovery of wastes and the collation of data on the progress being made in these fields for the use of Federal, State, municipal, and private agencies.

SEC. 3. (a) Whenever the Federal Government through the Bureau of Reclamation or otherwise, impounds water for any use, opportunity shall be given to the Bureau of Fisheries and/or the Bureau of Biological Survey to make such uses of the impounded waters for fish-culture stations and migratory-bird resting and nesting areas as are not inconsistent with the primary use of the waters and/or the constitutional rights of the States. In the case of any waters heretofore impounded by the United States, through the Bureau of Reclamation or otherwise, the Bureau of Fisheries and/or the Bureau of Biological Survey may consult with the Bureau of Reclamation or other governmental agency controlling the impounded waters, with a view to securing a greater biological use of the waters not inconsistent with their primary use and/or the constitutional rights of the States and make such proper uses thereof as are not inconsistent with the primary use of the waters and/or the constitutional rights of the States.

(b) Hereafter, whenever any dam is authorized to be constructed, either by the Federal Government itself or by any private agency under Government permit, the Bureau of Fisheries shall be consulted, and before such construction is begun or permit granted, when deemed necessary, due and adequate provision, if economically practicable, shall be made for the migration of fish life from the upper to the lower and from the lower to the upper waters of said dam by means of fish lifts, ladders, or other devices.

SEC. 4. The Office of Indian Affairs, the Bureau of Fisheries, and the Bureau of Biological Survey are authorized, jointly, to prepare plans for the better protection of the wild-life resources, including fish, migratory waterfowl and upland game birds, game

animals and fur-bearing animals, upon all the Indian reservations and unallotted Indian lands coming under the supervision of the Federal Government. When such plans have been prepared they shall be promulgated by the Secretary of the Interior, the Secretary of Commerce, and the Secretary of Agriculture, who are authorized to make the necessary regulations for enforcement thereof and from time to time to change, alter, or amend such regulations.

SEC. 5. The Bureau of Biological Survey and the Bureau of Fisheries are hereby authorized to make surveys of the wild-life resources of the public domain, or of any lands owned or leased by the Government, to conduct such investigations as may be necessary for the development of a program for the maintenance of an adequate supply of wild life in these areas, to establish thereon game farms and fish-cultural stations commensurate with the need for replenishing the supply of game and fur-bearing animals and fish, and, in cooperation with the National Park Service, the Forest Service, or other Federal agencies, the State agencies, to coordinate and establish adequate measures for wild-life control on such game farms and fish-cultural stations: *Provided*, That no such game farm shall hereafter be established in any State without the consent of the legislature of that State.

SEC. 6. In carrying out the provisions of this act the Federal agencies charged with its enforcement may cooperate with other Federal agencies and with States, counties, municipalities, individuals, and public and private agencies, organizations, and institutions, and may accept donations of lands, funds, and other aids to the development of the program authorized in this act: *Provided, however*, That no such donations of land shall be accepted without consent of the legislature of the State in which such land may be situated: *Provided*, That no authority is given in this act for setting up any additional bureau or division in any department or commission, and shall not authorize any additional appropriation for carrying out its purposes.

Mr. COCHRAN of Missouri. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I seek recognition to call the attention of the gentleman from Texas [Mr. KLEBERG] to a situation right here in the District of Columbia. One of the greatest fishing streams in the country is the Potomac River. On its banks is built the Capital of the Nation; but the sewage from the Capital is polluting the stream right below Washington. Now, I have fished this stream and I know what I am talking about. It is literally filled with bass, but on the Maryland side the fish are living in water polluted by the sewage from this city. This should be corrected immediately.

I suggest to the gentleman from Texas that he make use of this legislation we are now passing to call upon the Biological Survey or the Government department that has control to get busy and see if this cannot be remedied in some way. The people of Washington are entitled to some place to play. They have a river at their door which will give them plenty of enjoyment; but until this sewage is disposed of and we stop the pollution of the river the people of Washington are not going to get the pleasure from this source they should receive from this wonderful stream. [Applause.]

Mr. Speaker, within a half hour's drive of the Capitol on the Maryland side of the Potomac you will find celery and cabbage leaves and all other kinds of sewage, still you can drop a fly or minnow in the water and get plenty of big-mouthed bass. I have caught dozens of them but always returned them to the water knowing the water was polluted. Aside from the fish, the people of Washington are deprived of a fine river at this point that would be used for bathing if this condition that I refer to did not exist.

Clean up this river below Washington and you will see clubhouses spring up along the banks of the Potomac. As a fishing stream you cannot ask for more.

Across from Mount Vernon the Bureau of Fisheries formerly had a fish hatchery station. It has been moved to the Virginia side of the river and while I cannot speak with authority still I understand that it was moved on account of the polluted water.

Is the Government of the United States going to ask and demand that citizens discontinue polluting our streams and then permit the District of Columbia over which it has control to dump its sewage in one of the greatest bass streams within its borders? I say to my friend from Texas, start at home, right here in the District of Columbia and clarify the Potomac. I will take the gentleman down the river anytime he desires and show him what exists.

It is hard to picture a more beautiful stream. It might be well for the special committee that was recently appointed by the House to investigate this situation right at our front door. [Applause.]

Mr. KLEBERG. I appreciate what the gentleman has said. It demonstrates the need for this kind of legislation. There are hundreds and even thousands of cases throughout the country which will be brought to the attention of the Biological Survey and other agencies of the Government such as the Engineers of the War Department engaged in river and harbor work.

This legislation will mean much to the people of the interior of the country as well as to locations where there is this pollution to which the gentleman has referred and where other waste is growing. These conditions will in time certainly be corrected by this bill.

By unanimous consent, the pro forma amendment was withdrawn.

The bill was read a third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

FISH AND GAME SANCTUARIES IN NATIONAL FORESTS

The Clerk called the next bill, H.R. 2277, to establish fish and game sanctuaries in the national forests.

Mr. TABER. Mr. Speaker, reserving the right to object, I notice the report on this bill states that it does not place any additional burden on the Treasury, but the bill itself does not so state, as the previous bill did. Does not the gentleman think we should amend the bill?

Mr. KLEBERG. I do not understand just what the gentleman refers to. The matter involved in the bill that we are now discussing has to do merely with the establishment of sanctuaries in the various national forests and, of course, taking into contemplation certain sanctuaries to be established under the program for the retirement of marginal land. The gentleman will realize that the three bills are very definitely companion bills, and one guards against the other with reference to failure to economize and failure to harbor the natural resources in the most economical manner. The gentleman will readily see that there is little or no chance for an additional expense under this bill. I call his attention also to the fact that the bill is drawn with great care to protect the interests of the various States and not change their position with reference to sanctuaries located within their boundaries.

Mr. TABER. The authority to establish carries authority to maintain, which would authorize annual appropriations unless it were indicated that maintenance should simply flow from the stamp tax, which is provided in Calendar Bill No. 90, H.R. 5632. Does not the gentleman think, in view of this fact, that the bill should carry a limitation to the effect that it shall not authorize an additional burden on the Treasury?

Mr. KLEBERG. I do not think that would be at all necessary in view of the hearings on this bill in the Senate and before our committee. We discussed this phase of the matter at great length. We felt that in the national program for conservation such a limitation might not only be unwise but, for instance, if there should be an outbreak of disease in a certain Federal sanctuary in which very important game animals and birds found refuge, does the gentleman think it wise to fix a reservation which would preclude the expenditure of money in such cases of emergency? An emergency would be the only way in the world that an extra expenditure would be involved under any of these bills.

Mr. TABER. I am inclined to believe that we ought not to tell the people we are bringing out a bill which will not carry an expense on the Treasury when it is understood that perhaps it will. When these things are put through in this way the invariable result is that there is an added expense to the Treasury.

Mr. GLOVER. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Arkansas.

Mr. GLOVER. This bill was before the subcommittee, of which I am chairman. We had before us Senator HAWES and Senator WALCOTT. Each of these gentlemen said that the bill had been so framed that it covered every objection, and so far as we could find there was not a single objection to the three bills. As the gentleman from Texas [Mr. KLEBERG] stated, they dovetail together and make a complete system for the care of wild life in the United States. I may say to the gentleman that last year I introduced a special bill to establish a preserve, and had the matter up with the Department. A statement was made at that time that the employees they had looking after affairs in the respective areas would be able to take care of the enforcement feature without any expense whatever. It is not contemplated that there will be any expense in the administration of this bill. Besides that the bill is safeguarded so that it has to have the approval and consent of the legislature of each State before one can be established, and there is not contemplated one penny of cost to maintain this so far as the National Government is concerned. There is a fund which is created from the fees charged in the duck stamp bill, amounting to a million dollars, that takes care of looking after all of this. This is a general bill, which would obviate the necessity hereafter of having a special bill passed.

Mr. TABER. Would it not be better under the circumstances to limit it so that it did not carry an additional appropriation?

Mr. GLOVER. I do not think it would affect the bill at all. As the gentleman stated, there might be an emergency come up where it would be necessary to spend some money and you would then have this legislation. There is not in contemplation the expenditure of money at all.

Mr. TABER. Would not the gentleman accept such an amendment?

Mr. KLEBERG. I would appreciate if the gentleman would not push his request for the amendment for this reason. If the gentleman will look into the future with reference to the conservation of wild life, he could readily understand that there might be an emergency occur in some locality which would necessitate possibly the expenditure of a small amount of money. Under the bill just passed all of the agencies of the Government having to do with the establishment of these sanctuaries are well within the province of the public domain, such as highways and things of that sort, and there might be required the diversion of a highway or a new route and it might be laid to this bill, whereas as a matter of fact, it would not touch it at all. The provisions of this bill provide for the setting aside of the sanctuary and I hope the gentleman will not press his amendment.

Mr. TABER. My experience has been that unless such a thing is guarded against, the very next year there is an application for an appropriation in the Budget estimate. This is the reason for my feeling as I do.

Mr. KLEBERG. I understand the gentleman's position, but I hope he will not press his request with reference to this one bill, which merely provides a power in the Government to establish these sanctuaries on forest reserves and under the marginal land retirement program.

Mr. TABER. After the bill is once passed without such an amendment it is impossible to prevent appropriations. Does not the gentleman really think it would be better to have the amendment in here?

Mr. KLEBERG. As a matter of fact, to be frank with the gentleman, I do not think so. I do not feel there should be that amendment with reference to this permissive measure permitting the allocation of sanctuaries in the various forest preserves. The idea that there might be some expense connected with the allocation seems to me to be completely out of the picture.

Mr. BACON. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. BACON. I hope the gentleman will not press his amendment. Any future appropriation will have to be subject to the will of the Appropriations Committee and of the Congress. These three measures are companion measures. They dovetail with each other. Each is important to the other, and I congratulate the gentleman from Texas for the fine work he has done in bringing this legislation before the House.

Mr. KLEBERG. May I say to the gentleman, in a last plea to him not to press the proposed amendment in connection with this particular bill, that the bill provides for the establishment of sanctuaries in the national forests; in other words, the setting out of a boundary if and when the various States in which these properties are located agree thereto. Insofar as the matter of expense involved under this bill is concerned, there could not be an expense other than the ordinary expense in the Division of Forestry for the running of a line or survey to set out and establish what might be construed to be a boundary line. The bill has nothing to do with the expense involved in maintenance. It has to do with allocation only.

Mr. CHASE. Mr. Speaker, will the gentleman yield?

Mr. TABER. Yes.

Mr. CHASE. Supporting the statement of the gentleman from Texas [Mr. KLEBERG], the State of Minnesota is a typical example of the operation of such a bill and can be taken to illustrate how the measure will work out. In that State is the Superior National Forest. All through the Superior National Forest are working the game wardens of the State of Minnesota as well as Federal and State timber cruisers.

Every State park in the State of Minnesota is a State game refuge or sanctuary and has supervision by superintendents and game wardens engaged and active in that part of the State. This measure applies the same principle to the Federal forest lands that applies to the State park system in the State of Minnesota. The bill will involve no more money and no more men. It simply establishes artificial lines outlining a game refuge or game sanctuary. Consequently, there cannot, or certainly should not be any reason for expecting additional expenditure, and I hope the gentleman from New York [Mr. TABER] will not urge his point.

Mr. KLEBERG. I am only anxious to satisfy the gentleman from New York by my explanation.

Mr. TABER. I am going to let this bill go by, but I do think we must begin to be careful about these additional expenses.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That for the purpose of providing breeding places for game birds, game animals, and fish on lands and waters in the national forests not chiefly suitable for agriculture, the President of the United States is hereby authorized, upon recommendation of the Secretary of Agriculture and the Secretary of Commerce and with the approval of the State legislatures of the respective States in which said national forests are situated, to establish by public proclamation certain specified and limited areas within said forests as fish and game sanctuaries or refuges which shall be devoted to the increase of game birds, game animals, and fish of all kinds naturally adapted thereto, but it is not intended that the lands included in such fish and game sanctuaries or refuges shall cease to be parts of the national forests wherein they are located, and the establishment of such fish and game sanctuaries or refuges shall not prevent the Secretary of Agriculture from permitting other uses of the national forests under and in conformity with the laws and the rules and regulations applicable thereto so far as such uses may be consistent with the purposes for which such fish and game sanctuaries or refuges are authorized to be established.

SEC. 2. That when such fish and game sanctuaries or refuges have been established as provided in section 1 of this act, hunting, pursuing, poisoning, angling for, killing, or capturing by trapping, netting, or any other means, or attempting to hunt, pursue, angle for, kill, or capture any wild animals or fish for any purpose whatever upon the lands of the United States within the limits of said fish and game sanctuaries or refuges shall be unlawful except as hereinafter provided, and any person violating any provision of this act or any of the rules and regulations made under the provisions of this act shall be deemed guilty of a misdemeanor and shall upon conviction in any United States court be fined in a sum of not exceeding $100 or imprisonment not exceeding 6 months, or both.

SEC. 3. That the Secretaries of Agriculture and Commerce shall execute the provisions of this act, and they are hereby jointly authorized to make all needful rules and regulations for the administration of such fish and game sanctuaries or refuges in accordance with the purpose of this act, including regulations not

in contravention of State laws for hunting, capturing, or killing predatory animals, such as wolves, coyotes, foxes, pumas, and other species destructive to livestock or wild life or agriculture within the limits of said fish and game sanctuaries or refuges: *Provided*, That the present jurisdiction of the States shall not be altered or changed without the legislative approval of such States.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MIGRATORY-BIRD HUNTING STAMP

The Clerk called the next bill, H.R. 5632, to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes.

Mr. WARREN. Mr. Speaker, reserving the right to object, I have prepared an amendment which several of us think will greatly improve this measure. On page 1, line 4, after the word "person" insert "over 16 years of age."

This would have the effect of not requiring a young boy 16 or under to take out this license, which he is not going to do anyway. I hope the gentleman will accept the amendment.

Mr. KLEBERG. I may say, in response to the gentleman's plea, that so far as accepting the amendment is concerned, of course, I shall be glad to help out the boys and girls, but I think the gentleman is unnecessarily alarmed with reference to the application of the bill to those who are not required now to pay a hunting license in the various States.

As a matter of fact, since my friend and I talked about the situation involving this amendment it has occurred to me that the amendment is not necessary, but in order to make their rights doubly sure I shall agree to the amendment.

Mr. DIES. Mr. Speaker, reserving the right to object, I want to ask the gentleman a question. What does this bill propose to do?

Mr. KLEBERG. This bill proposes to tax all hunters in the various States who desire to shoot ducks or other migratory or upland game birds which come under the treaty between the United States and Canada and are known as "migratory birds" under the Migratory Bird Treaty $1 for a stamp license.

Mr. DIES. What is proposed to be done with this money?

Mr. KLEBERG. The money is to be expended in the purchase of sanctuaries.

Mr. DIES. Who is going to buy these sanctuaries?

Mr. KLEBERG. The Department of Agriculture, on the advice and with the assistance of the various agencies that operate under the coordination bill.

Mr. DIES. What are those agencies?

Mr. KLEBERG. They are very well defined in the measure itself.

Mr. DIES. I have heard of instances where land was proposed to be bought for migratory birds and exorbitant sums were proposed to be paid for the acquisition of practically worthless land. I want to know if there is any restriction upon any Government agency to prevent it from going out and buying practically worthless land for three or four or five times its value.

Mr. KLEBERG. Has the gentleman read the bill?

Mr. DIES. No; that is the reason I am asking the question.

Mr. KLEBERG. I may say to my friend that the purchase of these sanctuaries will only be made after exhaustive study and recommendation by the Biological Survey and the Bureau of Forestry and other agencies of the Department of Agriculture that are well acquainted with plant life and the adaptability of the various areas to the production of edible food that these birds are supposed to be able to live and thrive on.

Mr. DIES. Is the gentleman acquainted with lands that have been purchased in the past 2 or 3 years by the commission established for the same purpose? Has the gentleman any information as to how much has been paid by the Federal Government in the last 3 or 4 years for the acquisition of land to establish sanctuaries?

Mr. KLEBERG. No; I know nothing about the purchase of land by the Federal Government in the last few years for such purpose, and I would appreciate it if the gentleman would call my attention to instances of the sort that he has referred to.

Mr. DIES. We have a commission that has purchased land for the purpose of establishing bird sanctuaries, and I understand quite a bit of land has been purchased under that law.

Mr. KLEBERG. As far as I am concerned, the gentleman is discussing something I know nothing about.

Mr. GIFFORD. Mr. Speaker, reserving the right to object, some of you may remember that I made a few remarks on the floor the other day on a sort of companion measure to this one. I want to refer the House to the fact that some 7 or 8 years ago we debated for almost an entire afternoon practically this same measure and it was defeated. No such bill should be presented to the House under unanimous consent with such limited time to make any remarks.

I also want to remind the House that here is a bill requiring another license fee of $1 for everybody and the license is to be on sale only in post offices in towns larger in population than 2,500. A real nuisance to many who would not be unwilling to pay $1, but the inconvenience of getting the license might be considerable.

It is another nuisance bill. I wish the Members could read the debate of 7 or 8 years ago in which this bill was defeated. You ought to stop and think whether you are trying to pass legislation simply to help the sportsmen and against the native population in many sections. In my section we oppose taking of large tracts for game refuges.

I dislike to object; I know that these three bills go together; but I want to remind you that we ought to have considerable debate on this important matter.

Why do you not bring in a bill that will prevent the oil pollution that is killing great numbers of our migratory birds? I dislike to object to this bill. I do call your serious attention to its provisions. You will notice in the last paragraph of the bill that anyone who may appear to pursue or chase a wild fowl and is caught by an inspector may be taken in many cases a distance of 50 or 75 miles before a Federal court to have his case tried. If you look back at the former debates, this was a chief objection. It seems to me that this is too important a matter to try to pass by unanimous consent.

Mr. JONES. Mr. Speaker, I desire to state to the gentleman that I happened to be a member of the committee when the bill he refers to was before the House, and I joined with those who fought the bill. We fought it because, instead of appropriating money for sanctuaries, it provided for public shooting grounds. That is an entirely different proposition. All those who fought that bill, or practically all, stated that they were willing to have sanctuaries to protect the wild fowl—sanctuaries that will be kept inviolate. On no other basis can the wild life of this country be preserved.

We are going to adopt an amendment which exempts anyone under 16 years of age. If you will study the disappearance of the migratory birds in this country I do not believe you will object to this bill. No one likes to think of America stripped of her wild life. We have a treaty with Canada, and this is to enable us to comply with our part of the agreement with Canada.

Mr. BEEDY. Will the gentleman yield to me?

Mr. JONES. I yield.

Mr. BEEDY. Mr. Speaker, I come from a section of the country where the conservation of fish and game is one of our main problems. I have gone to some length to try and ascertain the best sentiment of my State. My best judgment is that my people are in favor of the adoption of the pending legislation. I am happy to say that the best thought we have is that this is one of the most constructive

pieces of game-conservation legislation that has recently been proposed.

It aims not only at properly conserving our game but it puts the burden of supporting the conservation program on those who are most vitally interested. It is not the rich fellow, it is not the millionaire sportsman alone to whom reference has been made as the group who will benefit by this proposed legislation. We have some of those who come up to Maine, but it is the man in the shop who likes to take a gun on an afternoon and go out when he has a half day. It is that type of man in my State who is back of this program. These men come from the small towns. I attended a dinner within a month where, in the midst of one of our biggest storms, over 500 of our local people were present to urge the adoption of this and similar legislation.

Mr. JONES. That is the universal report all over the country. This is an entirely different bill from what the gentleman from Massachusetts [Mr. GIFFORD] has in mind. I thoroughly sympathize with the statement of the gentleman. I was opposed to that bill just as much as he.

Mr. BEEDY. I have always had great respect for the opinion of the gentleman from Massachusetts [Mr. GIFFORD]. He is always sincere and forceful in his advocacy of what he believes. Unquestionably he represents one phase of thought on this problem, but I do hope that he is not going to object to this bill, and I have my doubts that he represents the majority thought.

Mr. GIFFORD. Mr. Speaker, I said that I would not object, but that I did, however, wish that we could have a proper debate upon this subject. I remind the gentleman and others again how far it may be from your home to a Federal court. A boy may be caught and carried to a Federal court 100 miles, even 200 miles away, as is the case in some sections of Maine. He has to go there on this little matter.

Mr. BLANTON. Mr. Speaker, I reserve the right to object. This bill starts out by purporting to exempt the owner of the property, and then does not exempt him, because it indicates that before the owner of the property is exempt the Department must ascertain that he was attempting to kill the migratory birds for the protection of his crop. That is a question of fact. It may be determined in his favor or it may be determined against him, and the tribunal that determines it against him may be rather prejudiced sometimes.

It would be a hard, harsh law to say that the owner of a ranch, not a large ranch, but a small one of 200 or 300 acres, who has a little tank, cannot go out there and kill a mallard duck that is flying through the country, even if it is on his own property. Even though the duck may have been feeding on his own tank for weeks, he is haled 60 miles away to a Federal court. That kind of a law must not pass.

Before I shall agree to let this bill pass by unanimous consent it must allow the question of necessity to be decided by the owner of the property, and not by the Department. It ought not to require him to have a Federal license on his person all of the time before he can go out to his own tank and kill a teal duck.

The plover is a migratory bird. There are certain seasons when they fly through Texas. A few Texas boys go out and kill a few plover on their own land, and then, if some Federal game warden is out there spying on them, they may be taken away to a Federal court. I am not in favor of that, and as long as I am a Member of this House no such law as that is going to pass by unanimous consent. The owner of the property must be protected under this law.

In the State of Texas for a hunting license we pay $2. That is a reasonable fee. But the State of Texas has never required an owner to get a license to hunt on his own land. Any man in Texas can hunt on his own land without a license. I am thinking about the ordinary citizen back home who ought to have the right to hunt on his own land, without Federal supervision, and until amendments are agreed upon to go into the bill, I shall object to it.

Mr. KLEBERG. Mr. Speaker, I have profound regard for the views of my friend from Texas [Mr. BLANTON] on these different matters involving the ownership of property and the sanctity thereof.

My friend, with reference to this particular proposition, is overlooking something. He is overlooking the proposition that this bill benefits the owners of land, where ducks may light, where that owner is interested in killing that duck. This bill benefits that man to the extent of $1 a year, for all expenses involved, for a whole season's sport. If this bill is not passed and if something is not done to not only protect the migration of these migratory birds, and give them a place to land and feed and rest, the landowner will not have the ducks to shoot at any price before long. This is why I say my friend is mistaken. He has said nothing about the difficulty involved in protecting the crops under ownership or tenant from damage or destruction by ducks. If we exempt the owners, a regular slaughterhouse would be set up under this bill. A club, for instance, could buy a lake and it would have 500 owners of the lake, all exempt to shoot migratory birds. What is my friend going to do about that?

Mr. BLANTON. Limit it. Exempt from license only the resident, individuals, excluding all collective ownership.

Mr. KLEBERG. Just a moment. My point is that my friend is taking an attitude on this proposition, based upon a perfectly natural objection to this kind of legislation, when you go back to the legislation referred to by the gentleman from Massachusetts [Mr. GIFFORD] with reference to the public shooting grounds bill. As a matter of fact, if the gentleman insists upon an amendment exempting owners in this bill, in my candid and honest opinion he will make it impossible for the United States of America to live up to its obligations under the treaty with Canada, insofar as the protection of bird life is concerned.

Mr. BLANTON. How about limiting it to the small resident, individual owner?

Mr. KLEBERG. Why do that? The gentleman recognizes the fact that we have been in the position in this House for years of listening to what might be termed "differentiation between large and small owners." There are many owners of real property, and my friend knows it, who have hundreds of places of less than 200 acres in different places, scattered all over the United States, and they would come under the provision of exempting owners.

Mr. BLANTON. I want my friend to answer this one question: Does he know of a single State in the Nation that taxes a man for hunting on his own land?

Mr. KLEBERG. I will say to the gentleman——

Mr. BLANTON. Can he name one State?

Mr. KLEBERG. I have always paid for hunting on my own land or land, I should say, that I have been in charge of.

Mr. WEIDEMAN. If the gentleman will yield, the State of Michigan is one State.

Mr. ZIONCHECK. To exempt the small farmer would render this bill unconstitutional, because of an unreasonable basis of classification. It would be class legislation.

Mr. KLEBERG. That is correct.

Mr. BLANTON I want to say to my friend, every male constituent of mine in the State of Texas probably goes hunting once in a while on his own land.

Mr. KLEBERG. Is he interested in keeping up the duck shooting?

Mr. BLANTON. I do not want the Federal Government to put restrictions on him respecting his own land that the State does not.

The regular order was demanded.

Mr. BLANTON. Mr. Speaker, if the regular order is demanded, I object. I will reserve the objection, and probably will not object if we can have some definite understanding about this bill; but if I am forced, I will object.

The SPEAKER. Regular order is demanded.

Mr. BLANTON. I object. Mr. Speaker, if my friend will allow an amendment to remain in the bill as it was originally written, without tacking it onto a provision that the Department of Agriculture first must ascertain and determine that he was doing it to protect his crops, and will give

him the right as an owner to kill migratory birds on his own land to protect his crops, I shall not object to the bill.

Mr. KLEBERG. Will the gentleman permit me to explain for the benefit of the committee as well an amendment that I propose to offer to this bill, in line 4, page 2, after the word "owner", including "tenant or sharecropper"? The question involved with reference to the owner's exemption and the Department of Agriculture in connection therewith has simply to do with this proposition: It is not necessary for the owner of property to call on the Department of Agriculture to protect it, nor, after inclusion of the words "tenant or share-cropper", for them to call on the Department of Agriculture for permission; but it is necessary for them, if they want assistance from the Department of Agriculture, to notify the Department, and the language of the amendment is for the sole purpose of permitting the Government to cooperate with that owner for the protection of that property.

Mr. BLANTON. Who is going to determine the urgent necessity to save the crop? If it is left to the owner to make this determination, I will not object. But if the Department of Agriculture is to have control of it, then I will object.

Mr. KLEBERG. There is no determination, except by the owner.

Mr. BLANTON. If that is so, and if that is the legislative interpretation of this act, I will withdraw objection. But I wanted to have that understanding, and to have that legislative interpretation, because I do not want the Department of Agriculture, through some Dr. Tugwell, autocratically to determine whether a farm boy down in my district has violated the law, after he has killed a plover or duck on his own home farm. I withdraw my objection, Mr. Speaker.

The SPEAKER. Is there objection?

Mr. CARPENTER of Kansas. Mr. Speaker, reserving the right to object, I do not want this legislation to pass without taking this opportunity to register in the RECORD my objection to it. I am in favor of the objectives of the sportsmen and hunters of this country to preserve the wild life and protect our migratory birds by providing refuges for them.

It has been my experience, however, that after game laws are passed giving the average person an opportunity to do a little hunting that hunting clubs and rich hunters will lease up all of the country where there is good hunting, have some of their members appointed deputy game wardens, and do their utmost to prevent everyone who is not a member of the club from hunting; therefore I do not believe that such amendments as have been suggested will make this legislation any less objectionable or for the benefit of the greatest number of hunters.

What I object to is putting an extra tax upon the average hunter and requiring him to go to the post office and pay further tribute to the Government to enjoy that to which he has the right as a citizen of this country.

We have had experience in my State with legislation that provided for increasing the cost of the hunting license. The license fee for hunting out of the county was increased from $1 to $3, with the idea of bringing in more money to the fish and game department. The result, however, was, with this added increase in the license fee, fewer licenses were sold; and instead of getting more funds, the fish and game department discovered they were getting less funds. In my judgment, such a tax as here proposed may result in injuring the fish and game department of the various States with the same result just mentioned in Kansas.

I doubt very much whether the fee paid into the post office under this act will amount to enough to permit game refuges to be established over very much of the United States. We will be just adding another criminal law to our statute books, which will result in more disregard for the law and will further result in more persons being subject to be arrested by snoopers going about the country and being dragged into Federal courts many miles from where they live.

I believe it is proper for the Government to establish sanctuaries, refuges, and breeding grounds for the propagation of these migratory birds and to pass adequate legislation to protect them, but I do not believe that we ought to annoy the average hunter of this country with this additional stamp tax.

While I am not going to object to the consideration of this bill, I do want to register my ideas and objections in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That after the expiration of 90 days after the date of enactment of this act no person shall take any migratory waterfowl unless at the time of such taking he carries on his person an unexpired Federal migratory-bird hunting stamp issued to him in the manner hereinafter provided; except that no such stamp shall be required for the taking of migratory waterfowl by Federal or State institutions or official agencies, for propagation purposes or for the killing of such waterfowl when found injuring crops or other property, under such restrictions as the Secretary of Agriculture may by regulation prescribe. Any person to whom a stamp has been issued under this act shall upon request exhibit such stamp for inspection to any officer or employee of the Department of Agriculture authorized to enforce the provisions of this act or to any officer of any State or any political subdivision thereof authorized to enforce game laws.

Committee amendment: Section 1, page 2, line 4, after the word "or", insert "by the owner of the property or officially designated agencies of the Department of Agriculture."

Mr. JONES. Mr. Speaker, I suggest that the committee amendment should be modified to read "resident owner."

Mr. KLEBERG. Yes; it should be resident owner.

Mr. JONES. Mr. Speaker, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES to the committee amendment: Before the word "owner" insert "resident."

The amendment to the committee amendment was agreed to.

Mr. KLEBERG. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KLEBERG to the committee amendment: Page 2, line 4, after the word "owner", insert "tenant or share cropper."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The Clerk read as follows:

Committee amendment: Page 2, line 7, strike out the word "property" and insert the word "property" with a comma after it.

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 2, line 9, after the word "prescribe", insert the following: "The Secretary of Agriculture shall, immediately upon the passage of this act, adopt and promulgate such regulations as are pertinent to the protection of private property in the injury of crops."

The committee amendment was agreed to.

Mr. WARREN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WARREN: On page 1, line 4, insert after the word "person" the words "over 16 years of age."

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. That the stamps required under this act shall be issued, and the fees therefor collected, by the Post Office Department, under regulations prescribed jointly by the Secretary of Agriculture and the Postmaster General: *Provided*, That stamps shall be issued at the post office or post offices of all county seats in the several States, at all post offices in all cities with a population of 2,500 or over and at such other post offices as said officers may by regulation prescribe. Each such stamp shall, at the time of issuance, be affixed adhesively to the game license issued to the applicant under State law, if the applicant is required to have a State license, or, if the applicant is not required to have a State license, to a certificate furnished for that purpose by the Post Office Department at the time of issuance of such stamp. For each such stamp issued under the provisions of this act, there shall be collected by the postmaster the sum of $1. Each such stamp shall expire and be void after the 30th day of June next succeeding its issuance.

SEC. 3. Nothing in this act shall be construed to authorize any person to take any migratory waterfowl otherwise than in accordance with regulations adopted and approved pursuant to any

treaty heretofore or hereafter entered into between the United States and any other country for the protection of migratory birds, nor to exempt any person from complying with the game laws of the several States.

SEC. 4. All moneys received for such stamps shall be accounted for by the postmaster and paid into the Treasury of the United States, and shall be reserved and set aside as a special fund to be known as the "migratory-bird-conservation fund", to be administered by the Secretary of Agriculture. All moneys received into such fund are hereby authorized to be appropriated for expenditure as follows:

(a) Not less than 75 percent shall be available for the acquisition, administration, maintenance, and development of suitable areas for migratory-bird sanctuaries, refuges, and breeding grounds under the provisions of the Migratory Bird Conservation Act, to be expended for such purposes in all respects as moneys appropriated pursuant to the provisions of such act, and for the administration, maintenance, and development of other preserves, reservations, or breeding grounds frequented by migratory game birds and under the administration of the Secretary of Agriculture.

(b) Not more than 20 percent shall be available for the enforcement of the Migratory Bird Treaty Act and any other act to carry into effect any treaty for the protection of migratory birds.

(c) The remainder shall be available for administrative expenses under this act, including reimbursement to the Post Office Department of funds expended in connection with the issuance of stamps, and printing and engraving of the same, and for administration expenses under the Migratory Bird Treaty Act and any other act to carry into effect any treaty for the protection of migratory birds, and the Migratory Bird Conservation Act.

Mr. KLEBERG. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KLEBERG: Page 3, line 20, strike out section 4 down to and including line 25, on page 4 and insert the following:

"SEC. 4. All moneys received for such stamps shall be accounted for by the postmaster and paid into the Treasury of the United States, and shall be reserved and set aside as a special fund to be known as the "migratory-bird-conservation fund" to be administered by the Secretary of Agriculture. All moneys received into such fund are hereby appropriated for the following objects and shall be available therefor until expended:

"(a) Not less than 90 percent shall be available for the location, ascertainment, acquisition, administration, maintenance, and development of suitable areas for inviolate migratory-bird sanctuaries, under the provisions of the Migratory Bird Conservation Act, to be expended for such purposes in all respects as moneys appropriated pursuant to the provisions of such act; for the administration, maintenance, and development of other refuges under the administration of the Secretary of Agriculture, frequented by migratory game birds; and for such investigations on such refuges and elsewhere in regard to migratory waterfowl as the Secretary of Agriculture may deem essential for the highest utilization of the refuges and for the protection and increase of these birds.

(b) The remainder shall be available for administrative expenses under this act and the Migratory Bird Conservation Act, including reimbursement to the Post Office Department of funds expended in connection with the printing, engraving, and issuance of migratory-bird hunting stamps, and including personal services in the District of Columbia and elsewhere: *Provided*, That the protection of said inviolate migratory-bird sanctuaries, shall be, so far as possible, under section 17 of the Migratory Bird Conservation Act, passed February 18, 1929."

The amendment was agreed to.

The Clerk read as follows:

SEC. 5. (a) No person shall alter, mutilate, loan, or transfer to another any stamp issued to him pursuant to this act, nor shall any person other than the person to whom such stamp is issued use the same for any purpose.

(b) No person shall imitate or counterfeit any stamp authorized by this act, or any die, plate, or engraving therefor, or make, print, or knowingly use, sell, or have in his possession any such counterfeit, license, die, plate, or engraving.

SEC. 6. For the efficient execution of this act the judges of the several courts, established under the laws of the United States, United States commissioners, and persons appointed by the Secretary of Agriculture to enforce the provisions of this act shall have, with respect thereto, like powers and duties as are conferred upon said judges, commissioners, and employees of the Department of Agriculture by the Migratory Bird Treaty Act or any other act to carry into effect any treaty for the protection of migratory birds with respect to that act. Any bird or part thereof taken or possessed contrary to such acts shall, when seized, be disposed of as provided by the Migratory Bird Treaty Act or acts aforesaid.

SEC. 7. Any person who shall violate any provision of this act or who shall violate or fail to comply with any regulation made pursuant thereto shall be subject to the penalties provided in section 6 of the Migratory Bird Treaty Act.

Mr. COCHRAN of Missouri. Mr. Speaker, I move to strike out the last word for the purpose of asking a question.

I wish the gentleman from Texas would inform the House of the penalties provided by section 6 of the Migratory Bird Treaty Act. The same penalties will apply to this law. Can a man be sent to the penitentiary under the Migratory Bird Act? If so, I am sure the gentleman from Texas does not want to send a man to the penitentiary for failing to have a stamp in his possession at the time he kills a duck.

Mr. KLEBERG. The penalties under the Migratory Bird Treaty Act would be effective in the enforcement of the terms of this bill. The penalties would be the same as those provided under the Federal game law pertaining to migratory birds for willful extra-legal slaughter of those birds; that is all.

Mr. COCHRAN of Missouri. I know that. It is for that reason I ask, What are those penalties?

Mr. KLEBERG. It can be $10 and costs or as high as $500 or imprisonment for not more than 6 months.

Mr. COCHRAN of Missouri. Under the Migratory Bird Act can a man be sent to the penitentiary?

Mr. KLEBERG. Yes; but that is for a greater offense than extra-legal shooting.

Mr. COCHRAN of Missouri. The gentleman can assure the House then that the judge would have the power to provide a small sentence for violations of the terms of this bill?

Mr. KLEBERG. The judge has the same freedom of action with reference to the imposition of penalties under this bill as he has under the Federal law applicable today without regard to this bill.

Mr. COCHRAN of Missouri. The terms of the pending bill would not compel a judge to send a man to jail for violation?

Mr. KLEBERG. No.

Mr. COCHRAN of Missouri. The gentleman is sure of that?

Mr. KLEBERG. Yes.

Mr. COCHRAN of Missouri. As the judge has the option of imposing a small fine, I am satisfied. I now have section 6 of the Migratory Bird Act before me. This section provides that any person, association, partnership, or corporation that shall violate any of the provisions of the act shall be fined not more than $500, or be imprisoned not more than 6 months, or both. This will enable a judge to impose a small fine. To that I do not object.

The Clerk read as follows:

SEC. 8. The Secretary of Agriculture is authorized to cooperate with the several States and Territories in the enforcement of the provisions of this act.

SEC. 9. (a) Terms defined in the Migratory Bird Treaty Act, or the Migratory Bird Conservation Act, shall, when used in this act, have the meaning assigned to such terms in such acts, respectively.

(b) As used in this act (1) the term "migratory water fowl" means the species enumerated in paragraph (a) of subdivision 1 of article I of the treaty between the United States and Great Britain for the protection of migratory birds concluded August 16, 1916; (2) the term "State" includes the several States and Territories of the United States; and (3) the term "take" means pursue, hunt, shoot, capture, collect, kill, or attempt to pursue, hunt, shoot, capture, collect, or kill.

With the following committee amendment:

Page 6, line 16, after the word "States", insert "and the District of Columbia."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed.

A motion to reconsider was laid on the table

ANTOINE BARADA AND OTHERS

The Clerk called the next bill, H.R. 5881, to investigate the claims of and to enroll certain persons, if entitled, with the Omaha Tribe of Indians.

Mr. BAKEWELL. Mr. Speaker, this is a very unusual bill, and more unusual still is the committee report that accompanies it. It contains a lengthy preamble which has no relevance whatever to the question at issue. It is a very pretty romance, and for the benefit of those who have not the report before them, I shall give an outline of the story.

It appears that some time before the French Revolution a French count, a roistering blade, saw a dusky Indian maiden by the name of "Laughing Buffalo" on the streets of Paris and became forthwith enamored of her, and sought a meeting with the fair charmer, but without success. She had left for her home in the New World before he had the opportunity of making her acquaintance. He immediately followed, but, unfortunately, Laughing Buffalo had set sail for New Orleans, and the count found himself on a boat bound for Montreal. Nevertheless, the ardor of his passion unabated, he still determined to find the maiden, and engaged in trading and in trapping with that end in view. Now, such was the affinity of these two souls that the count setting out from Montreal and Laughing Buffalo from New Orleans, they were drawn together somewhere on the prairies of Nebraska. They were married, and in due course of time three children resulted from the union. There are numerous grandchildren and great-grandchildren. Some 57 of them are enumerated in this bill, and no one knows how many more there may be.

This bill proposes that these descendants of that romantic union be forthwith enrolled as regular members of the Omaha Indian group, with all the rights and privileges thereto appertaining, including certain payments which are to be made, and a certain sum which is to be set aside, amount not specified, for the benefits that they would have received had they been enrolled earlier in this group.

The second peculiarity about this bill is that the Department of the Interior has been asked to express an opinion and has not yet done so. Under these circumstances it seems to me we should not pass the bill without hearing what the Department of the Interior has to say about it.

Mr. FISH. Will the gentleman yield?

Mr. BAKEWELL. I yield to the gentleman from New York.

Mr. FISH. Was this a Frenchman that married the Indian girl?

Mr. BAKEWELL. This was a Frenchman.

Mr. FISH. I may suggest to the gentleman that we might deduct this from the French war debt.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BAKEWELL. I yield to the gentleman from New York.

Mr. O'CONNOR. If the gentleman objects to the bill, perhaps he has no objection to the report.

Mr. BAKEWELL. Oh, no! It is a most interesting story. The gentleman from New York, with his well-known gifts, might elaborate it into a charming novelette.

Mr. O'CONNOR. I see some very prominent names in here and we ought to find out whether they are a part of the Omaha Tribe. I see the names here of James, Mitchell, Mott, Beck, and others. We cannot tell how far this investigation will go in finding out who belongs to the Omaha Tribe.

Mr. CHAVEZ. Mr. Speaker, I believe the Chairman of the Committee on Indian Affairs can give the gentleman all the information he desires with reference to the merits of the bill, and I should like to have him listen to the gentleman from Nebraska.

Mr. HOWARD. Mr. Speaker, in view of the fact that the gentleman has so magnificently portrayed in his own way the language of my colleague, Mr. CHAVEZ, who wrote the report, I do not think it is necessary to make other explanation. I do not know how I can improve upon the gentleman's reading of the report.

I may suggest to the gentleman and to all others that there is nothing unfair in this bill. It is simply asking that an investigation be made; and if the Secretary of the Interior discovers that the claim of these people is good, then they shall be admitted to all the rights and privileges of the Omaha Tribe. If the gentleman will take the trouble to read the report, he will discover that the Omaha Tribal Council is in favor of this legislation with the amendment, provided that in the granting of the request for enrollment it does not detract from the property of the Omaha Tribe in any respect. There is no objection, and it seems to me fair that the Secretary of the Interior should be privileged to investigate this matter and see whether or not these people are justly entitled to be enrolled.

Mr. BAKEWELL. This bill does not simply authorize the Secretary of the Interior, but instructs him, after investigation has been made, to do certain things.

Mr. HOWARD. If he shall so find.

Mr. BAKEWELL. My contention is that the Secretary of the Interior has been asked for an opinion on this matter and has not seen fit to answer the committee, and this bill should not be passed until we hear from the Department of the Interior.

Mr. MOREHEAD. Mr. Speaker, I seldom annoy anyone, and in the 12 years I have been here I have never advocated the passage of a bill on the Consent Calendar. These people do not live in my district, I am not related to them, and I am not here to defend the romance; but for some 50 years I have been personally acquainted with this family and with their descendants. If my statement as a Member of Congress and my service here and as Governor of my State means anything, I want to testify to the justness of this claim. No more righteous or just claim was ever offered on the floor of this House, at least in my 12 years' service. I repeat, these are not constituents of mine. The reservation is not in my district, but I know the people and I know them well. They were at one time customers of mine.

Mr. BAKEWELL. All 57?

Mr. MOREHEAD. No; not that far back. Here is a statement in the report:

> In some cases the failure or refusal to record the full rights of an Omaha Indian appears to have been based upon some minor technicality, a matter always somewhat of a mystery to the Indian. In other cases such failure or refusal appears to have been wholly arbitrary and discriminatory. In some instances there is evidence before the committee to the effect that parties who refused to pay tribute were denied their right.

It is regretable that we have to dig up old historical, musty records, but that was the case in this instance.

The heads of the families that appealed for their rights adopted the poor policy which was established in those historical early days of paying a small tribute to certain parties. They refused to buy a feast or to give a fee, as was customary at that time. After they were denied their rights, of course, there have been refusals by the directly interested members of the tribal council.

As I understand this bill now, all these demands upon the tribe are released. The only thing they are asking for in this bill is, if the Secretary of the Interior finds that they have the necessary blood, that they shall be entitled to certain benefits. Even their sisters and cousins were placed upon the list in the earlier days. I say in defense of this, these claimants have a just claim under the law.

Mr. BAKEWELL. What is the amount involved?

Mr. MOREHEAD. I am not able to answer the gentleman's question. May I ask the gentleman from New Mexico [Mr. CHAVEZ] to furnish the technical information? I only desire to state the justness of this claim and testify to the deservingness of these people. There is no question in the world but that they are as justly and rightfully entitled to go upon these rolls as anyone that has ever been enrolled.

Mr. DONDERO. What will this cost the Government of the United States?

Mr. CHAVEZ. It may not cost the Government one cent. because, after all, unless the Secretary of the Interior finds they are entitled to this right, there will be no authorization to pay a nickel. All this does is to authorize the Secretary of the Interior to investigate the particular claim; and if he finds that they have a just claim, then he is to make a report to the Congress. The matter has been investigated by the Indian Affairs Committee very thoroughly; and not only this, but we also wanted to protect the Omaha tribal Indians in Nebraska, and we inquired of the tribe whether or not they objected to this bill, and if the gentleman will look on page 3 of the original bill——

Mr. BAKEWELL. Yes; I have seen that.

Mr. CHAVEZ. We put in a proviso suggested by the tribal Indians of Nebraska that the enrollment of the persons named in the act shall not be permitted to disturb or affect the Omaha tribal land nor the proceeds of the sale of the Omaha tribal lands, nor shall any such person share in the distribution of any money now in the United States Treasury to the credit of the Omaha Tribe of Indians.

Mr. BAKEWELL. I admit the force of what the gentleman says and he may be entirely right, and as the gentleman from Nebraska [Mr. MOREHEAD] has said, this may be a just claim, but I want to read the last sentence from the committee's report:

> The views of the Department upon this bill were requested by the committee under date of January 30 last, but up to the present time have not been received.

It seems to me we should pass this bill over without prejudice.

Mr. JENKINS of Ohio. If the gentleman from Connecticut will permit, I should like to ask the gentleman from Nebraska [Mr. MOREHEAD] a question with reference to this matter which I think goes to the meat of the whole thing. Whoever prepared the report seems to think it is an argument in favor of the bill to provide that the funds of the Omaha Indians shall not be invaded in any way to meet these payments. If these people want to come in as Omaha Indians, the other Omaha Indians who have their share ought to be compelled to divide up with them. In other words, I maintain that if these people are going to come in or if we are going to do anything for them at all, they ought to be brought in as Omaha Indians, and then they should get their share or whatever they are entitled to out of the funds of the Omaha Tribe instead of the Federal Government.

Mr. MOREHEAD. The gentleman, of course, will realize that after an effort has been made here for 45 or 50 years, the clients become mightily disgusted and are willing to get in, in any way, to get justice. I think the Secretary of the Interior has held that they are not entitled to this on account of subsequent legislation fixing a certain time for all of them to be on the rolls; but there is no justification for such action by reason of their blood or their tribal relations and if this bill is allowed to go through here, it is simply giving an opportunity to right a wrong that has existed, as I have said, for 50 years.

Mr. BAKEWELL. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

Mr. BLANTON. Mr. Speaker, I reserve the right to object, for a moment, because I want to ask a question. The gentleman from Connecticut, under his reservation of objection, only has a right to his share of the time.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask for the regular order.

Mr. BLANTON. Then, I object. I want to ask some questions.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask for the regular order.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, since the regular order is demanded, I object.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the last paragraph on the first page of the committee report and the second paragraph thereafter be printed in the RECORD along with this argument.

Mr. TABER. Mr. Speaker, I think that ought not to be in the RECORD. I object.

Mr. HOWARD. Mr. Speaker, may I ask the gentleman who objected to this bill if he will be kind enough to let it go over without prejudice?

Mr. MARTIN of Massachusetts. I did not object to the bill. I called for the regular order.

Mr. BLANTON. The gentleman forced the objection by demanding the regular order. That precipitated the objection.

Mr. BAKEWELL. No——

Mr. BLANTON. The gentleman from Connecticut cannot take up all the time. The bill goes over automatically under the objection.

PROCEDURE IN CRIMINAL CASES AFTER VERDICT

The Clerk called the next bill, S. 2461, to amend an act entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict."

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

FORT MORGAN MILITARY RESERVATION, ALA.

The Clerk called the next bill, H.R. 8208, to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, I should like to ask the gentleman from Alabama [Mr. HILL] if this bill does not establish a new precedent in appropriating money for the Federal Government to go into oil exploitation.

Mr. HILL of Alabama. I may say, frankly, to the gentleman that that construction might be put on section 1 of the bill. The idea of putting section 1 in the bill was simply to give the Secretary of the Interior power, if he thought it was necessary, to go down to the reservation and do anything necessary to acquire knowledge with which to make the right kind of lease. It was not the idea that it should cost the Government any money.

Mr. ELTSE of California. Why is the provision put in the bill?

Mr. HILL of Alabama. If the gentleman has any very strong objection to the provision, as the author of the bill, I shall interpose no objection to striking section 1 from the bill.

Mr. GOSS. Will the gentleman yield?

Mr. ELTSE of California. Yes.

Mr. GOSS. This land in Alabama is in a remote section. It used to have on it this fort, which is of no more use to the War Department or the Federal Government.

I say this because I happen to be on the subcommittee and heard the evidence—in drilling wells for water they ran across oil in the water, and inasmuch as the War Department is authorized by law now to sell this property, it seemed advisable to the committee that the Government should determine whether there is oil there before the War Department sells. If oil exists there, it would be more valuable to the Government than if it did not.

Mr. HILL of Alabama. I believe the gentleman concurs with the Committee on Military Affairs that while the land is in the hands of the Government it should be determined whether or not there is oil on it. The last time the land was appraised it was appraised at $15,000. Suppose the War Department sold the land for $15,000 and it went into the hands of a private party and then oil should be developed on it. It would seem that someone was derelict in his duty in disposing of Government property.

Mr. ELTSE of California. There is nothing to prevent the Government's leasing it. There are people who could exploit it.

Mr. GOSS. The Military Affairs Committee sometime ago declared this surplus property for sale, and at one time the War Department advertised for bids for sale, not for lease, but for sale.

Now, if at the end of 2 years oil is not discovered it goes back to the War Department for that sale.

Mr. ELTSE of California. Mr. Speaker, in view of the fact that the Secretary of the Interior sees no justification for the Government to prospect for oil, and in view of the statement from the Geological Survey that this would be setting a precedent for the appropriation of money for the discovery of oil, I shall have to object to the bill.

Mr. HILL of Alabama. Would the gentleman object if I agreed to strike out section 1? That would simply leave it as a leasing proposition.

Mr. ELTSE of California. Very well; I will withdraw my objection.

Mr. HILL of Alabama. If you strike out section 1, that will give the Government the right to lease it under the general leasing law.

Mr. ELTSE of California. I will withdraw my objection.

There being no further objection, the Clerk read section 1 of the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized to make exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation situate in the county of Baldwin, State of Alabama, including that portion of said lands which has been transferred to the Department of Commerce for lighthouse purposes, that portion of said lands which has been transferred to the Treasury Department for quarantine purposes, and that portion of said lands quitclaimed to the State of Alabama comprising 493.92 acres, more or less, and appropriations for such exploitation are hereby authorized: *Provided*, That the operation upon the tract quitclaimed to the State of Alabama shall be only by and with the consent of the State of Alabama.

Mr. GOSS. Mr. Speaker, I move to strike out section 1 of the bill.

The amendment was agreed to.

The Clerk read section 2 of the bill, as follows:

SEC. 2. The Secretary of the Interior is hereby authorized to lease within the period of 2 years from the date of the passage of this act said lands or parts thereof for exploitation for oil, gas, and other minerals under the act of February 25, 1920 (41 Stat. 437), as amended, and regulations thereunder. The Secretary of the Interior shall within 30 days from the date of the passage of this act advertise said lease for sale under the act of February 25, 1920 (41 Stat. 437), as amended, and regulations thereunder: *Provided*, That in case but one offer or bid is received, the Secretary may, in his discretion, award the right to extract the oil and gas to such bidder: *Provided further*, That the operation of the lease shall not interfere with the use for military purposes or for lighthouse purposes of that portion of said land transferred to the Department of Commerce nor with the use for quarantine purposes of that portion of said lands transferred to the Treasury Department: *And provided further*, That the operation upon the tract quitclaimed to the State of Alabama shall be only by and with the consent of the State of Alabama. If a lease be made the Secretary of the Interior is directed to make a written report to Congress of its terms and conditions within not less than 30 days after the execution of the lease.

Mr. HILL of Alabama. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 2, line 10, after the word "act", strike out "said lands or parts thereof" and insert "and lands comprising Fort Morgan Military Reservation situated in the county of Baldwin, State of Alabama."

The amendment was agreed to.

The Clerk completed the reading of the bill as follows:

SEC. 3. Any part or parts of the act approved March 12, 1926, authorizing the sale of the Fort Morgan Military Reservation is hereby suspended for a period of 2 years following the passage of this act or until it has been determined by the Secretary of the Interior that it is impracticable and uneconomical to exploit this reservation for oil, gas, and other minerals under the provisions of this act: *Provided*, That the failure of private interests to submit satisfactory proposal for the leasing of this property under the provisions of section 2 of this act, after due advertisement thereof, may be accepted as proof of impracticability of exploitation.

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to correct numbers.

There was no objection.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

RULES OF PRACTICE IN CRIMINAL CASES AFTER VERDICT

Mr. MILLER. Mr. Speaker, I ask unanimous consent to return to Calendar No. 92, S. 2461, to amend an act entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict."

The SPEAKER. Is there objection?

Mr. JENKINS of Ohio. Mr. Speaker, I reserve the right to object for the purpose of getting an explanation of this bill.

Mr. MILLER. Mr. Speaker, in the Seventy-second Congress we authorized the Supreme Court to make certain rules and regulations pertaining to appeals from the United States courts after a verdict of guilty. The Supreme Court is about to promulgate these rules, but they are not certain that they have a right under that statute to promulgate the same rules governing an appeal from conviction by a court sitting without the intervention of a jury, or in the case of a plea of guilty.

Mr. JENKINS of Ohio. Is the report from the committee unanimous?

Mr. MILLER. Yes.

Mr. JENKINS of Ohio. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act of February 24, 1933 (ch. 119), entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict" (U.S.C., title 28, sec. 723a), be, and the same is hereby, amended to read as follows:

"That the Supreme Court of the United States shall have the power to prescribe, from time to time, rules of practice and procedure with respect to any or all proceedings after verdict, or finding of guilt by the court if a jury has been waived, or plea of guilty, in criminal cases in district courts of the United States, including the District Courts of Alaska, Hawaii, Puerto Rico, Canal Zone, and Virgin Islands, in the Supreme Courts of the District of Columbia, Hawaii, and Puerto Rico, in the United States Court for China, in the United States Circuit Courts of Appeals, in the Court of Appeals of the District of Columbia, and in the Supreme Court of the United States: *Provided*, That nothing herein contained shall be construed to give the Supreme Court the power to abridge the right of the accused to apply for withdrawal of a plea of guilty, if such application be made within 10 days after entry of such plea, and before sentence is imposed.

"SEC. 2. The right of appeal shall continue in those cases in which appeals are now authorized by law but the rules made as herein authorized may prescribe the times for and manner of taking appeals and applying for writs of certiorari and preparing records and bills of exceptions and the conditions on which supersedeas or bail may be allowed.

"SEC. 3. The Supreme Court may fix the dates when such rules shall take effect and the extent to which they shall apply to proceedings then pending, and after they become effective all laws in conflict therewith shall be of no further force."

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

PRELIMINARY EXAMINATION OF OGEECHEE RIVER, GA.

The Clerk called the next bill, H.R. 7793, authorizing a preliminary examination of the Ogeechee River in the State of Georgia with a view to controlling floods.

The SPEAKER. Is there objection?

Mr. JENKINS of Ohio. Mr. Speaker, I should like to ask the Chairman of the Flood Control Committee a question with reference to this bill, because it embodies a matter of policy. As I remember it, in the sessions gone by all these matters have been referred to the Committee on Rivers and Harbors and the omnibus bill of the Committee on Rivers and Harbors took care of these items. I remember distinctly in the last Congress all these were objected to. I had a bill that I was interested in myself. These bills were all set aside and everyone was instructed to take steps to get his bill heard before the Committee on Rivers and Harbors and put into the omnibus bill, which I did, and had my survey made.

Mr. PARKER. Mr. Speaker, the gentleman from Louisiana [Mr. WILSON], Chairman of the Flood Control Committee, does not appear to be here at the moment, but this is my bill, and I happen to be a member of both the Rivers and Harbors Committee and the Flood Control Committee and I happen to know that the Rivers and Harbors Committee did not report a bill at the last session of Congress and they do not plan to report a bill at this session, if I am correctly informed——

Mr. JENKINS of Ohio. I meant the last Congress.

Mr. PARKER. If I am required to change procedure, I shall lose the chance of having my bill passed, because there will not be any possible chance to get it passed in the suggested manner——

Mr. JENKINS of Ohio. Would the gentleman allow this matter to be passed over until the next call of the calendar so that it can be looked into? I think a very serious matter is involved here because, as I remember it, we had exhaustive discussions and a question then was raised as to whether or not the Flood Control Committee should embark on the same thing that the Rivers and Harbors Committee had been doing. The opinion at that time was that they should not do so. I ask unanimous consent that the bill go over without prejudice.

The SPEAKER. Is there objection?

Mr. PARKER. Mr. Speaker, will the gentleman withhold that request for a moment until I can make a statement?

Mr. JENKINS of Ohio. Yes.

Mr. PARKER. If this is not a flood-control measure, Mr. Speaker, it is not anything. It is a bill that my people are vitally interested in. It means something to me and it means something to them. If the gentleman is going to object purely on the ground of procedure, then I think I ought to have some remedy. I have already stated to the gentleman that there will be no omnibus bill from the Committee on Rivers and Harbors. This bill comes from the Flood Control Committee with a unanimous report.

Mr. JENKINS of Ohio. That may be justification of my position, because the Committee on Rivers and Harbors has refused to report an omnibus bill.

Mr. PARKER. It has not refused to report it. The committee desires to report such a bill, but I am told there are reasons why it will not be reported by that committee.

Mr. HILL of Alabama. Mr. Speaker, let me say to the gentleman from Ohio that there is good precedent for the Flood Control Committee reporting this type of bill.

I remember some 2 years ago I had a similar bill, and the gentleman from Alabama [Mr. STEAGALL] had a similar bill. Those bills were referred by the Parliamentarian of the House to the Flood Control Committee and were reported out by that committee and passed this House unanimously.

Mr. JENKINS of Ohio. I remember distinctly that I had a bill and it went off, and we had to go to the other committee and have it passed. Now, this is my objection, and it is not a captious objection at all; but in this bill you seek to amend a big program. For instance, each of these bills that comes up contains language to the effect that it is sought to "amend the act for the control of floods in the Mississippi Valley and the Sacramento Valley of California."

All of these are bills that are amendments to the great Mississippi Valley control bill. It was considered that that was a law unique in itself, and that these matters should not come in under the cloak of that great improvement, and they should all go back to the Committee on Rivers and Harbors. If the gentleman will agree to my suggestion that this go over until the next session, I shall not object. Then we can marshal these precedents and see about it.

I therefore renew my request, Mr. Speaker, that the bill be passed over without prejuduice.

Mr. PARKER. Mr. Speaker, I object. I had rather the gentleman would object to the bill.

Mr. JENKINS of Ohio. Then I object to the consideration of the bill.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate requests the House to return to the Senate the bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 551) entitled "An act for the relief of A. W. Holland", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BAILEY, Mr. TRAMMELL, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to the bills of the Senate of the following titles:

S. 2. An act for the relief of C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith;

S. 751. An act authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co. of Omaha, Nebr., income taxes illegally paid to the United States Treasurer;

S. 1426. An act for the relief of the estate of Benjamin Braznell;

S. 1496. An act for the relief of Nannie Swearingen; and

S. 1782. An act for the relief of the B. & O. Manufacturing Co.

DEPORTATION OF ALIEN SEAMEN

Mr. DICKSTEIN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3842) to provide for the deportation of certain alien seamen, and for other purposes.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Alien Seaman Act of 1933."

SEC. 2. Every alien employed on board of any vessel arriving in the United States from any place outside thereof shall be examined in quarantine by an immigration inspector to determine whether or not he (1) is a bona fide seaman, and (2) is an alien of the class described in section 7 of this act; and by a surgeon of the United States Public Health Service to determine (3) whether or not he is suffering with any of the disabilities or diseases specified in section 35 of the Immigration Act of 1917.

SEC. 3. Unless such alien was shipped in a port in continental United States, then if it is found that such alien is not a bona fide seaman, he shall be regarded as an immigrant and immediately be ordered removed from the vessel to an immigration station; and the various provisions of this act and of the immigration laws applicable to immigrants shall be enforced in his case. From a decision holding such alien not to be a bona fide seaman the alien shall be entitled to appeal to the Secretary of Labor, and on the question of his admissibility as an immigrant he shall be entitled to appeal to said Secretary, except where exclusion is based upon grounds nonappealable under the immigration laws. If found inadmissable, such alien shall be deported, as a passenger, on a vessel other than that by which brought, at the expense of the vessel by which brought, and the vessel by which brought shall not be granted clearance until such expenses are paid or their payment satisfactorily guaranteed. If an alien shall be shipped in a port of the United States and subsequently shall be returned to the United States by the same vessel, his right to remain in the United States shall not thereby be improved, extended, or altered.

SEC. 4. If it is found that such alien is subject to exclusion under section 7 of this act, the inspector shall give immediate order to the master to remove such alien together with his effects and wages, if any, to an immigration station, and such alien shall then be deported in accordance with the provisions of said section 7.

SEC. 5. If it is found that, although a bona fide seaman, such alien is afflicted with any of the disabilities or diseases specified in section 35 of the Immigration Act of 1917, disposition shall be made of his case in accordance with the provisions of the act approved December 26, 1920, entitled "An act to provide for the treatment in hospital of diseased alien seamen."

SEC. 6. All vessels entering ports of the United States manned with crews the majority of which, exclusive of licensed officers, have been engaged and taken on at foreign ports shall, when departing from the United States ports, carry a crew of at least equal number, and any such vessel which fails to comply with this requirement shall be refused clearance: *Provided, however*, That such vessel shall not be required when departing to carry in the crew any person to fill the place made vacant by the death or hospitalization of any member of the incoming crew.

SEC. 7. No vessel shall, unless such vessel is in distress, be granted entry into a port of the United States if such vessel has as a member of her crew any alien who if he were applying for admission to the United States as an immigrant would be subject to exclusion under subdivision (c) of section 13 of the Immigration Act of 1924, except that any ship of the merchant marine of any sovereign nation may freely bring any excluded citizen or subject of such nation or any person not racially excluded who is a bona fide seaman as a member of the vessel's crew, exclusive, however, of any citizen, subject, or inhabitant of any colony, dependency, or mandate who is racially excluded from coming to the United States as an immigrant. Any alien seaman brought into a port of the United States in violation of this provision shall be excluded from admission or temporary landing and shall be deported, either to the place of shipment or to the country of his nativity, as a passenger, on a vessel other than that on which brought, at the expense of the vessel by which brought, and the vessel by which brought shall not be granted clearance until such expenses are paid or their payment satisfactorily guaranteed.

SEC. 8. This act shall take effect 60 days after it is passed.

Mr. BLAND. Mr. Speaker, I demand a second.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BLAND. I am.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Speaker, ladies and gentlemen of the House, this bill has been sponsored by the American Federation of Labor for many years. It has been endorsed at the conventions of the American Federation of Labor for a number of years. It passed the Senate, but its sponsors were never able to get it through our committee and have it considered by the House. I introduced the bill at the request of organized labor on March 30, 1933. We conducted extensive hearings on the bill, and during the last session a majority of the committee reported the bill unfavorably. Several weeks ago we succeeded in getting the committee to reconsider the vote by which the bill was previously rejected and to report the bill favorably. During all of the years that organized labor has exerted itself to have this bill passed certain shipping interests have conducted a well-organized and highly financed lobbying activity against the bill because it would prevent them from employing oriental labor as a substantial part of their crews instead of American labor. They have contended that they could not operate their vessels successfully unless they had the benefit of oriental labor. Others have opposed it because they did not want to carry away from our ports as large a crew as they brought and they do not want to pay the expenses for deporting aliens brought by them illegally under the guise of seamen.

SITUATION TO BE CORRECTED BY THIS BILL

Now, what is the situation that we want to correct? In the first place, we want to prevent the entry of aliens into the United States under the guise of seamen. Since the enactment of the La Follette Seaman Act in 1915 every seaman coming to the ports of the United States on any vessel has the right to go ashore and to remain there for 60 days. He can reship on the same vessel that he came on or on any other vessel that he desires to. He cannot be arrested until after the expiration of 60 days. Since the passage of this act immigrants who were inadmissible have entered the United States illegally under the guise of being seamen. Our immigration laws and Chinese Exclusion Act have been steadily, and in a constantly increasing number of instances, violated by means of substitution by young Chinese for aged ones, desiring to return to China, departing as seamen on the same ship (b) by smuggling Chinese excluded by law into the United States, (c) by bringing to the United States a larger number of persons as seamen than the vessel carries away on departure, (d) by shipping as seamen persons who are in fact immigrants unable to obtain a visa and who, on the vessel's arrival in the United States, leave the vessels to mix at once with such of the population as are of their own language and nationality.

The hearings have shown that large sums of money—in some instances as much as $1,100—were paid by Chinese in order to secure entrance into the United States; and that a large number of persons from Europe have entered the United States as seamen, although they were immigrants and not entitled to enter the United States. These persons are designated as mala fide seamen under this bill. The record shows that more than 500,000 so-called "seamen" have deserted their vessels during the past 25 years and become a part of the population of this country in violation of our immigration laws and exclusion acts. Among this number are thousands of Chinese and others who are excluded by law from entrance to the United States. We only have a partial record of the number of immigrants who have masqueraded as seamen and entered the United States in violation of our laws. Investigation has shown that there are many thousands of others concerning which we have no record who have come to this country illegally.

SECRETARY OF LABOR'S STATEMENT

The Secretary of Labor, in her annual report for the fiscal year ending June 30, 1933, made this pertinent and very interesting statement:

In the past, oftentimes as many as half of the crew of vessels of certain flags, passed as bona fide seamen, would desert in port, and when the vessel came to sail the master would sign on none or very few others to replace them, a plain indication that the crew was excessive upon arrival, and a moral certainty that aliens have been signed on for a consideration and with fore knowledge that illegal entry into the United States was planned. This is one of the many rackets to circumvent the immigration laws, but is not actionable unless convincing and corroborative evidence of conspiracy is obtained, which is almost impossible, as the deserters speedily lose themselves in our population.

WILLIAM GREEN'S STATEMENT

The American Federation of Labor, through its president, Hon. William Green, sent to each Member of Congress a letter dated March 2, 1933, which expresses the need for this legislation so well that I wish to include it at this point.

DEAR SIR: H.R. 3842, a bill for the deportation of certain alien seamen, which has been reported out of the Committee on Immigration and Naturalization, is expected to come up under the suspension of the House rules on Monday, the 5th of March.

The American Federation of Labor and all its affiliated organizations are deeply interested in the passage of this bill. The purpose of the bill is to make the exclusion and immigration laws applicable to seamen, and to compel vessels to take away as many seamen upon departure as they brought into our port.

Nearly all of those who have come by evasion of the exclusion and immigrations laws, in late years especially, are men who could not obtain a visa and, therefore, come as seamen. The number of seamen so coming—many of whom are being smuggled in at rates running from $200 to $1,100 per man—are interfering with the enforcement of the immigration law, and are scattering all over the country, causing trouble everywhere. It has been proved that a large number of gangsters and racketeers have so entered.

The American Federation of Labor in its several conventions for the last 10 years has urged the passage of this bill. We respectfully request your presence and ask your assistance in getting the bill passed.

THIS BILL WILL STOP SMUGGLING OF ALIENS

This bill provides that when any vessel arrives in the United States from any place outside thereof every employee on board of it shall be examined and quarantined by an immigration inspector to determine whether or not he (1) is a bona fide seaman and (2) is an alien of the class described in section 7 of this act; and by a surgeon in the United States Public Health Service to determine (3) whether or not he is suffering with any of the disabilities or diseases specified in section 35 of the Immigration Act of 1917. Section 3 of the bill provides that unless such alien was shipped in a port in continental United States, then if it is found that such alien is not a bona fide seaman, he shall be regarded as an immigrant and immediately be ordered removed from the vessel to an immigration station. If found inadmissible, such alien shall be deported, as a passenger, on a vessel other than that by which brought, at the expense of the vessel by which brought, and the vessel by which brought shall not be granted clearance until such expenses are paid or their payment satisfactorily guaranteed. The bill also provides that all vessels entering ports of the United States manned with crews the majority of which, exclusive of licensed officers, have been engaged and taken on at foreign ports shall, when departing from the United States ports, carry a crew of at least equal number, and any such vessel which fails to comply with this requirement shall be refused clearance.

Of course, no vessel shall be required when departing to carry in the crew any person to fill the place made vacant by the death or hospitalization of any member of the incoming crew. The bill also provides that no vessel entering our ports can carry as a member of her crew any alien who, if he were applying for admission to the United States as an immigrant, would be subject to exclusion under subdivision C of section 13 of the Immigration Act of 1924, which applies to Asiatic people such as Chinese, Japanese,

and so forth, with the exceptions provided in section 7 of this bill.

Investigation has shown that the examination of the crew of any vessel seeking entrance to our ports for the purpose of determining whether or not members of the crew are bona fide seamen must be made in quarantine. Many of our consuls have stated that it is impossible for them to adequately examine the crews of vessels coming to the United States because of insufficient force and principally because even after an examination is conducted in a foreign port the masters of ships succeed in substituting immigrants for seamen and there is no way for the consul to check up on this. It is also necessary to order an immigrant who has been found in quarantine to be masquerading as a seaman taken from the vessel and detained at an immigration station because the law of the United States gives every seaman the right to go ashore and forbids any master from holding any such seaman on the vessel. It is also necessary to send the alien to an immigration station and to require that he be deported on some other vessel at the expense of the guilty vessel, because if the vessel which has been found guilty of bringing a mala fide seaman is only required to carry the immigrant back, there is not sufficient penalty to discourage the violation of the immigration laws and induce the shipowners and masters to be extremely careful in selecting crews. But when vessels know that if they try to smuggle an alien into the United States in violation of the law, or if they permit the violation of our law through their carelessness and indifference they will be required to pay the expenses of sending the alien back on some other vessel, it will not only deter them from violating the law, but it will make them be very careful and diligent in selecting their crews so as to prevent immigrants from masquerading as seamen. This safeguard against violation or negligence on the part of the vessel owners and masters is also strengthened by the requirement that the vessel carry away with her as large a crew as she brought. It is well known that most nations require a minimum crew, but do not forbid any number above the minimum. Therefore, owners and masters who want to smuggle aliens into the United States bring a large number of immigrants in excess of the minimum crew and when they anchor in our ports all of the immigrants in excess of the minimum crew required by the law of the particular nation immediately go ashore and mix at once with such of the population as are of their own language and nationality. Unless the masters see fit to report these desertions, the Government is not likely to know about them, and if the Government does find out about it, it is extremely difficult to discover the whereabouts of the deserting aliens. But when the owners and masters of a vessel know that they will be required to carry away with them as large a crew as they brought there will be no inducement to smuggle aliens into the United States.

OBJECTIONS URGED TO THE BILL

A number of nations have filed vigorous protests against the bill with our State Department. The grounds of their objections are so numerous that it would be impossible to state them here. Some of them oppose the provisions of the bill which will forbid them from bringing into our ports as members of their crews Chinese, Japanese, and other aliens who belong to the races who are now excluded under our immigration laws. They do not wish to be deprived of this cheap, pauper labor. The answer to this is, first, that the same law will not only apply to foreign vessels entering our ports but also to American vessels. It is true that a British, German, or French vessel will not be permitted to enter our ports carrying Chinese, Japanese, or members of one of the excluded races; but neither will an American vessel be allowed to enter our ports with these people on board as seamen. So the law does not put any greater burden on foreign vessels in this respect than it does on American vessels, and therefore it does not discriminate in favor of American vessels or the vessels of any other flag. Not only does this law apply to all nations alike, including our own, but it has been found necessary to apply the Exclusion Act to seamen in order to prevent the illegal entry of thousands of Chinese and other Asiatics who come into the United States under the guise of seamen. It has been found very difficult, if not impossible, to arrest a Chinaman after he has gone ashore and mixed with his own nationality in some thickly populated center. Under the law of the United States he has a right to remain ashore 60 days, and during that time he loses himself so completely with the aid of his friends that his identity and whereabouts cannot be discovered. Even if our immigration officers knew that a certain number of Chinese had come in on a vessel under the guise of seamen, the Chinese have a way of substituting older men for the young ones, so that when the vessel sails she carries back with her the same number of Chinamen that came. This is usually what the Chinese want. The older one, who has earned his money, wants to return to China so that he can spend it and be with his wife and children or relatives during his declining days. On the other hand, the younger Chinaman wants to enter the United States so that he can make his money and later on return to China and spend it. So many Chinamen and other Asiatics have entered the United States in the past 25 years under the guise of seamen that it has been thought necessary to prevent vessels from entering the ports of the United States with such Asiatics as members of their crew.

Insofar as the protesting of foreign nations is concerned, they can be answered by simply referring to the fact that foreign powers have objected to every immigration law that we have ever passed. The State Department has agreed that this does not violate any treaty with any foreign nation. No nation has a right to dictate to us what laws we shall pass in the protection of our own people.

Certain shipowners have objected because this law will not permit them to use Chinese crews and other Asiatics to man their ships. The United States Shipping Board has informed me that the labor cost of an American vessel is only about 10 or 15 percent of the total cost of operating the ship. Therefore assume that it will cost the American shipowners more money to operate their vessels with American labor, the increased cost will only constitute a trivial part of the total cost of operation. Certainly this increased cost is justified if we can give to the American labor the jobs that are now filled by the Chinese coolie. We have approximately 7,000,000 men unemployed, and we can only find work for these people when we give them preference. Many of the ships sailing American flags are subsidized by our taxpayers, and yet some of them carry as high as 60 percent aliens in their crews. If an American vessel is going to be subsidized by our taxpayers and if her profits are to be made by the transportation of American merchandise and goods, it is certainly not asking too much that such vessels be required to employ American labor.

AMERICAN VESSELS NOT DISCRIMINATED AGAINST

The American vessel is not discriminated against by preventing her from carrying Chinese and other Asiatics as members of her crew, because the same provision applies to all other vessels entering our ports. This bill really helps the American ships because it puts our vessels in a position to compete with foreign ships. By denying foreign vessels entering our ports the right to use Asiatic labor will make it possible to require American vessels to employ American seamen and to pay decent wages. We, therefore, not only aid labor but we prevent the Asiatics from being exploited and enslaved by greedy shipowners.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. DIES. I yield.

Mr. LANHAM. The gentleman made the statement that in years gone by approximately 500,000 of these seamen became intermixed with our own population.

Mr. DIES. That was during the past 25 years.

Mr. LANHAM. What has been done to check up on them, and to what extent have they been deported under present law?

Mr. DIES. I do not have those figures with me now. Some of them have been deported, but a large number of them are still here.

Mr. LANHAM. Mr. Speaker, will the gentleman yield further?

Mr. DIES. I yield.

Mr. LANHAM. I am in sympathy with the gentleman's contention in this matter. I am just wondering to what extent these 500,000 people who were absorbed into our population have been deported and whether the majority of them were allowed to remain in this country or were sent back.

Mr. DIES. I think it can be safely said that the majority of aliens who have entered this country illegally during the past 25 years are still here. As I previously stated, they lose themselves and conceal their identity in the great populous centers of the country. I might also add that there is no question that most of these aliens can be deported by appropriate legislation and vigorous enforcement of the law.

This bill is also objected to by shipowners because they say it imposes too great a burden upon vessels by requiring them to pay the expenses to deport inadmissible immigrants brought by them under the guise of seamen and making it necessary for the vessel to carry away with her as large a crew as she brought. The answer to this is that if the master or owner of the vessel will obey the law and will exercise prudence and care in selecting as members of the crew bona fide seamen, they have nothing to fear. Shipowners who do not wish to obey our laws and help us prevent smuggling and illegal entries should be penalized. Although many shipowners have opposed this bill for many years and successfully blocked favorable consideration, they have never proposed any adequate substitute for it. They all admit that thousands of aliens are entering this country illegally by desertions and that this condition is making ineffective our immigration laws, but they have never come forward with any constructive plan to remedy the situation.

This bill is one of the most important bills that organized labor has sponsored in many years. It will not only materially aid American seamen by giving them the jobs now filled by Asiatics on board American vessels, but it will help all other classes of American labor. The thousands of aliens illegally entering the United States under the guise of seamen compete with the American workmen. Perhaps the word "compete" does not adequately express the true situation. These aliens do more than compete. Their willingness to work for low wages and under any conditions make it impossible for the American workmen to compete with them. The unemployment problem can never be solved so long as we permit foreigners to enter this country legally or illegally and take the jobs that should be filled by American labor. This bill will not only help labor but it will promote law enforcement in the United States and maintain our standard of living. Many of these aliens become racketeers and criminals.

This bill will go a long way toward the solution of the great problem caused by the thousands of aliens who illegally come to the United States but it does not completely solve the problem. We must prevent the thousands of aliens who are illegally crossing our Mexican and Canadian borders from coming here and we must reduce the quota of all nations and prevent new seed immigration. I have a bill pending before the Immigration Committee to accomplish this purpose. Hearings on this bill will begin tomorrow and I certainly hope that after this bill has been enacted today the Committee will favorably report my other bill and the House will pass it. With the passage of these two bills and their honest enforcement, our immigration problem will be solved and when we have solved our immigration problem we will have accomplished a great deal in the matter of solving our unemployment problem. Let it be remembered that the unemployment problem can never be permanently solved in this country as long as our labor supply is increased by additions from abroad. Such additions are not needed and will not be needed for many decades.

Mr. BLAND. Mr. Speaker, if there were nothing more in this bill than has been presented by the distinguished gentleman from Texas, who is always fair, I should not oppose it. My opposition to this bill is based first upon a fundamental conviction that a bill of this magnitude involving questions affecting relations between America and foreign countries and affecting very vitally the interests of some of our ports, ought not to be considered under a suspension of the rules without the right to change any part of the bill.

There are provisions in this bill which, in my opinion and in the opinion of industries in Hampton Roads, would vitally affect that port in its bunkering business.

The great argument that carries this bill—and in principle I agree with the desire and purposes of those sponsoring the bill—is to exclude alien seamen who are coming into this country. I will go further than this bill goes. When the La Follette Act was passed we extended an invitation to alien seamen to come into this country, and we are reaping today what was then sown. In many particulars I agree with that bill, but, Mr. Speaker, when we denied the right to a foreign shipmaster to arrest a deserting alien seaman, we invited the alien seaman to stand upon our docks while his ship sailed and to go into the population of this country. I do not claim that there should be the right in the master of a ship to arrest to enforce a contract, but if an alien seaman seeks to enter this country other than by the prescribed modes of immigration, let him be arrested and taken back to the ship. On the one hand we are inviting these aliens to come in, and on the other we are penalizing the ship when the ship has no power to stop them from coming in.

Mr. Speaker, I will go as far as anyone in stopping immigration into this country. I have voted for every bill that would restrict immigration that has ever been brought up on the floor of the House since I have been here; and I think my record is consistent on this point. I will go further: Let these gentlemen require that a certificate shall be given to every man who goes ashore as an alien seaman, and if he is found in the body of the population after its expiration let him be deported.

I am perfectly willing to go along with the registration of immigrants in this country and have a check-up on them so that they may be sent out. This bill will be nothing else but stopping at the spigot when you ought to be stopping at the bunghole. Has the Secretary of State been heard on this measure?

Mr. DIES. The gentleman asks me the question?

Mr. BLAND. Yes.

Mr. DIES. I may say to the gentleman that we have heard the Labor Department and the State Department many times. The State Department has said repeatedly that this does not violate any treaty with a foreign nation.

Mr. BLAND. But the State Department has stated that 10 nations have protested against this bill. I do not care much about the protests of other nations, but we are dealing with nations who can play at the same game, and when we pursue pin-prick policies they can retaliate.

Mr. DIES. May I say to the gentleman that when we passed the 1924 immigration law practically all the nations objected.

Mr. BLAND. I am not going to bind myself by what the other nations say or do, but we are pursuing a policy that will result in pin pricks. Now let us get down to facts.

Mr. BRITTEN. Will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Illinois.

Mr. BRITTEN. Can the gentleman tell me whether the State Department or the Labor Department is opposed to this bill?

Mr. DIES. I will tell the gentleman. The subordinates of these Departments that appeared before our committee opposed the bill. I undertook to get them to say whether or not the Secretaries themselves opposed it, and I know of nothing in the record to the effect that the Secretary of Labor or the Secretary of State has opposed this bill, but their subordinates have objected.

Mr. BRITTEN. Were they in favor of the bill or opposed to the bill?

Mr. DIES. They opposed the bill.

Mr. BLAND. Every time these Departments have come before the committee they have opposed this bill. They have opposed it on the ground that we have not the deten-

tion camps in which to keep these people. It is going to cost $600,000 more a year to enforce the law. That is one of the grounds of objection. In a few minutes I will show you what the Assistant Secretary of State had to say in former hearings. I submit that this matter should be threshed out by consideration under the ordinary rules of the House. This bill has been heard many times, but not by this Congress. There have been hearings, but we have no printed hearings here for our guidance.

Mr. DIES. The gentleman wants to be fair I know. We have had something like four or five hearings in the Senate and House and they have been printed from time to time.

Mr. BLAND. Yes. I have two or three here.

Mr. DIES. I know the gentleman wants to be fair. He said something about this increased cost of enforcement. This does not require any more of a set-up than we have at the present time. The Labor Department does not say that they would employ any other set-up except the one they have now.

Mr. BLAND. But they will have to employ more men. May I remind the gentleman that he is taking my time? I am sure he would not want to do this.

Here is what the Secretary of State said when a similar bill (S. 7) was before the Senate in 1932. Mr. Carr, the Assistant Secretary of State, testified as follows:

Approximately 1,000,000 alien seamen arrive in the United States ports during a fiscal year and are examined by the Public Health Service and the Immigration Bureau officials. Of this number, the record of desertions as shown by the figures of the Bureau of Immigration during the past 5 years has been as follows:

1926–27	23,447
1927–28	12,357
1928–29	11,314
1929–30	9,117
1930–31	3,341

Mr. Carr goes on to say that of that number approximately one third remain in the United States and two thirds reship on other vessels, so that the total number remaining in the United States in the year 1930–31 by virtue of the desertion clause, which I have referred to, was approximately 1,114.

Mr. O'MALLEY. Out of a million?

Mr. BLAND. Out of a million. I am in favor of keeping them out, but keep them out in a proper way.

The gentleman has made reference to the question of bunkers. The ports of Norfolk and Newport News do more bunker business than any other ports in this country. These other ports do a large bunker business. Under this law a British ship cannot come into port with Lascars in her crew, although they are from Great Britain's own dominions. They are people of her own country. A Japanese boat can come in with Japanese in the crew, but a Japanese boat cannot come in with Chinese in the crew. I am not in favor of Chinese coming in, but should we undertake to regulate these other ships and say that they shall not carry such crews as they desire? Let us approach this question in a bigger, broader way. Every time these alien seamen are permitted to come ashore, let them be equipped with a certificate which certifies to their right to come ashore only as bona fide seamen. If they are found without the certificate afterward, subject them to deportation. The difficulty with this bill is that it will impose such hardships that these boats will not come in for bunkers and provisions.

I call attention to another point. The answer that the gentleman from Texas will make, unquestionably, is that under the Tariff Act of 1930 a ship may come in for bunkers and is not subject to these provisions.

Mr. DIES. Every ship has a right to come in for 24 hours. I agreed with the gentleman that we would accept his amendment. I told the gentleman a few days ago that insofar as I was concerned if this bill passed and went to the Senate I would go to the Senate with him and help him get an amendment that will meet the situation.

Mr. BLAND. I have not the slightest doubt that the gentleman will do everything he said he will do, but I have no guaranty that the Senate will listen to the gentleman, although I think they would be very foolish if they did not listen to him. I have no guaranty that they will carry out his wishes.

There is another point that I desire to bring out. It is true that the law of 1930 does provide that vessels may come in for bunkers if they go out in 24 hours, but this bill in my opinion would repeal by implication the law of 1930 relating to bunkers. This would be done under the principle familiar to the lawyers in this House that a statement of one thing is an exclusion of another. I have forgotten what the Latin maxim is. Here it says, "No vessel shall unless such vessel is in distress", and so forth. The law of 1930 gives the vessel that is in distress and also the vessel desiring bunker fuel the right to come in for 24 hours. This bill gives the right to come in only when the vessel is in distress. Therefore the privilege expressly given to vessels in distress contained in the law might be construed as an exclusion of the vessel coming in for bunker fuel.

Mr. DIES. The gentleman will agree that regardless of this law every ship would have a right to come in for 24 hours for refueling purposes.

Mr. BLAND. Without this law, the gentleman is right, but this law provides that the ship in distress may come in.

Mr. DIES. This law does not repeal that provision.

Mr. BLAND. I think the right of entry for bunkers would be repealed by implication.

Mr. O'MALLEY. Will the gentleman yield?

Mr. BLAND. Yes.

Mr. O'MALLEY. I want to ask if the gentleman does not think that an alien registration law brought in by the Committee on Immigration would largely solve not only this problem but most of the other problems in connection with this entire question.

Mr. BLAND. Exactly; and I am for that.

Mr. KRAMER. Would this repeal section 20 of the act of 1924?

Mr. BLAND. What is that section?

Mr. KRAMER. That is the section that would take power from the immigration inspector, so that an immigrant would not be considered an immigrant under the provisions of this bill.

Mr. BLAND. I am not prepared to answer that question.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BLAND. I yield to the gentleman from New York.

Mr. O'CONNOR. Is this the same bill that has been hanging around here for years?

Mr. BLAND. It has been hanging around a long time.

Mr. O'CONNOR. Is it not a bill that was championed by the former Chairman of the Committee on Immigration, Mr. Johnson of Washington?

Mr. BLAND. I am not sure about that.

Mr. O'CONNOR. I thought I recognized whiskers on it. It has been around here for about 12 years and no one has ever thought seriously enough about it to bring it up before.

Mr. BLAND. I reckon that is true. They have tried to get it up under suspension of the rules.

Mr. Speaker, I reserve the balance of my time.

Mr. DICKSTEIN. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. CONNERY].

(Mr. CONNERY asked and was given permission to revise and extend his remarks.)

Mr. CONNERY. Mr. Speaker, the Members of the House have all received, probably, this letter from the President of the American Federation of Labor, but I should like to read it at this time.

WASHINGTON, D.C., *March 2, 1934.*

Hon. WM. P. CONNERY, Jr.,
House Office Building, Washington, D.C.

DEAR SIR: H.R. 3842, a bill for the deportation of certain alien seamen, which has been reported out of the Committee on Immigration and Naturalization, is expected to come up under the suspension of the House Rules on Monday the 5th of March.

The American Federation of Labor and all its affiliated organizations are deeply interested in the passage of this bill. The purpose of the bill is to make the exclusion and immigration laws applicable to seamen and to compel vessels to take away as many seamen upon departure as they brought into our port.

Nearly all of those who have come by evasion of the exclusion and immigration laws, in late years especially, are men who could not obtain a visa and, therefore, come as seamen. The number of seamen so coming—many of whom are being smuggled in at rates running from $200 to $1,100 per man—are interfering with the enforcement of the immigration law and are scattering all over the country, causing trouble everywhere. It has been proved that a large number of gangsters and racketeers have so entered.

The American Federation of Labor in its several conventions for the last 10 years has urged the passage of this bill. We respectfully request your presence and ask your assistance in getting the bill passed.

Most respectfully yours,

WM. GREEN,
President American Federation of Labor.

My distinguished colleague the gentleman from Virginia has mentioned the fact of ships coming into Norfolk to coal, and the distinguished gentleman from Texas [Mr. DIES] has stated there is nothing in the bill which would interfere with the 24-hour provision allowing the coaling of such ships, and has further stated that if this bill passes the House and goes to the Senate the committee of conference will agree to an amendment offered by the gentleman from Virginia which will clarify this situation to which the gentleman from Virginia referred. I should like to call the attention of my friend from Virginia to the fact that during all the years during which the American Federation of Labor and the Seamen's Union have tried to get this legislation through the shipowners have been asked time and time again, if they disagreed with this sort of legislation, to bring in a bill which they considered fair and equitable, and up to date they have not done it.

This bill is favored by the Seamen's Union and by the American Federation of Labor. The man up there in the gallery with glasses, the grand old man of labor, Andrew Furuseth, for 40 years has been fighting in the interest of the seamen through the Seamen's Union to get this sort of legislation enacted and to protect the real, bona fide seamen of the United States.

As regards the alien seamen referred to in this bill, these men desert, and the gentleman from Virginia [Mr. BLAND] gave figures of some 1,000 or 1,100 that they know are in the country; but these are the figures of the masters of the ships. The masters of the ships are not going to give the actual figures as to all the men whom they know have actually deserted. They are interested in keeping the figures down as low as they can. There are undoubtedly thousands of these men in the United States who are Japanese, Chinese, and other national aliens, and, as the president of the American Federation of Labor tells you, many of them are racketeers and gangsters who have come into the United States.

Mr. BLAND. Will the gentleman yield there? I know the gentleman wants to be fair.

Mr. CONNERY. Certainly; I shall be very pleased to yield to the gentleman.

Mr. BLAND. The gentleman made the statement that these figures were given by the masters of the ships. The statements I have given come from the Bureau of Immigration.

Mr. CONNERY. But those figures are given to the Bureau of Immigration by the masters of the ships. We know there are thousands of other immigrants in the United States who come over the Mexican border, or come in from Canada, or Cuba, and are not here legally, and certainly, the Department of Labor has not the figures of how many there are. We know there are 1,100 seamen and that probably means that there are thousands who have come in unknown to the Department of Labor.

As the gentleman from Texas [Mr. DIES], has said: "This bill does not interfere with any treaties we have with foreign nations." This is not a question of whether you are in favor of the immigration laws or not. I do not agree with my distinguished colleague from Virginia that we ought to restrict immigration as tightly as we do. I am on the other end of that picture, but I believe when people are coming into the United States illegally we ought to deport them whether they come in as alien seamen or come in over the Mexican border, or over the Canadian border, or in any other way. If they are illegally in the United States we ought to deport them and this is one measure that will actually deport people who have no right to be in here under the laws of the United States.

Mr. BACON. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. BACON. I am in sympathy with the general purpose of the bill, but I am somewhat troubled by the international aspect of it. For example, India is a part of the British Empire, but under this bill you tell England they cannot bring their own colonials into our ports on their own ships.

Mr. CONNERY. Unless they conform with the laws of the United States. When we had the immigration bill on the floor of the House the Japanese were objecting, but the entire California delegation were interested in the welfare of their State and did not cease because Japan did not like their attitude. They wanted California protected, and I believe we ought to protect the United States.

Mr. BACON. I hope the gentleman is in favor of a large American Navy.

Mr. CONNERY. You bet your life I am—the largest we can get—larger than any in the world. (Laughter and applause.)

Mr. BLAND. I yield 2 minutes to the gentleman from Massachusetts [Mr. ANDREW].

Mr. ANDREW of Massachusetts. Mr. Speaker, I agree with my colleague, Mr. CONNERY, and with the sponsor of the bill as to the purpose of the bill, with which I am wholly in accord, but I am sure that my colleague, Mr. CONNERY, coming from the county where I come from and interested in people who make their living by the sea, would not want to see a discrimination made against them.

In section 7 of this bill there is a provision that seems to me to involve a rank discrimination against American vessels, and I am thinking of those fishermen who sail from the Massachusetts coast and who fish on the Nova Scotian coast.

This section provides that no American vessel shall be allowed to enter an American port which has as a part of its crew any alien who, if he were applying for admission to the United States as an immigrant, would be excluded. That does not mean only aliens of a banned race or aliens subject to banned diseases among immigrants, to whom the gentleman from Texas [Mr. DIES] referred. But if a fishing vessel from Gloucester went to Nova Scotia and shipped a man who cannot read or write in order to replace men lost in some disaster, the ship could not come back to its harbor in America. The Gloucester captain might lose his whole fare, the fruits of weeks of labor, because he had not conducted a literacy test when taking on a new member of his crew.

On the other hand, there is a provision that any foreign vessel having such an illiterate alien not of a banned race shall be allowed to enter and may freely bring any such alien with him. It seems to me that this is a clear discrimination against the American vessel and in favor of the Canadian or European vessel.

Mr. DIES. Will the gentleman yield? This does not apply to any coastwise shipping. It is no discrimination against an American ship.

Mr. ANDREW of Massachusetts. Does not it say that "no vessel shall, unless such vessel is in distress, be granted entry into a port of the United States, if such vessel has as a member of her crew any alien who, if he were applying for admission to the United States as an immigrant, would be subject to exclusion"? And does it not make an exception for a foreign vessel to do that very thing?

Mr. DIES. That does not apply to coastwise vessels.

Mr. ANDREW of Massachusetts. I am talking about United States vessels arriving from Nova Scotia. It seems to me that this only illustrates why the bill ought not to have been brought up under suspension where it is impossible to revise it or amend it. I think the bill ought to be referred back to the committee and brought before the House in the ordinary way.



Mr. BLAND. Mr. Speaker, I have 1 minute remaining, and I want to call attention to the parliamentary situation that a vote of "no" against the passage of the bill does not defeat the bill. It only forces the gentleman to bring the bill up under the ordinary rules of the House, where we may fully debate it and where amendments may be offered.

Mr. DIES. Will not the gentleman yield? Did not the gentleman say that the bill had whiskers?

Mr. BLAND. Yes; but we want to shave the whiskers off in the regular way. [Laughter.]

Mr. DICKSTEIN. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, this is not a new question by any means, but I disagree with my colleague from New York [Mr. O'CONNOR] that it has whiskers. I concede that this bill has been here in one form or another for nearly 15 years. Many praiseworthy efforts have been made by organized labor through that game old intrepid gladiator who sits in yonder gallery—Andrew Furuseth, president of the Seamen's Union of America—to secure this legislation. I am, indeed, pleased that I have a chance for the first time to favor the adoption of this bill on the floor of this House, because up to this session, contrary to statements of my learned colleague from New York [Mr. O'CONNOR], the bill never was reported by the former Chairman of the Committee on Immigration, Mr. Johnson, who was an ardent restrictionist. Whenever we had the bill up in our committee he would invariably find many excuses for not reporting it to the House. So for nearly 10 years, although a majority of the Committee on Immigration was in favor of the bill, we never could get consideration of it on the floor of the House.

I think this bill has been carefully studied and prepared and that it deserves the support of each and every Member of the House. Most of you gentlemen know me. I am not one of those who can be classified as a restrictionist, but I have always been for liberal and sane restrictive immigration measures. I have always been opposed to people coming into the country in violation of law. I would oppose any unreasonably restrictive bill, but after a bill has been enacted and becomes a law it binds all good citizens and should be enforced.

The gentleman from Texas [Mr. DIES] who introduced this bill, and whose name it bears, states that we have more than half a million deserter seamen in this country. I think he has been misled in his youthful enthusiasm as to the number, but I do not believe that we have a large number here—possibly 50,000—illegally, and who ought to be deported. They should not have been permitted to enter. The statement of the gentleman from Virginia [Mr. BLAND] that the number is only nominal—about 1,100—is also erroneous, because the reports received by the Department of Labor are only those from the masters of the vessels, and we know the practice of some of the largest lines that are in the habit of bringing in an extra hundred or two hundred men, unloading them here, and then going back with a normal crew. In the last year or so, if I am reliably informed—and I believe I am—not only the Chinese and the Japanese vessels bring in large crews, but the North German Lloyd and the Hamburg-American and the Italian lines are, perhaps, guilty of this condemnable practice to a greater degree than are the Japanese and the Chinese.

All this bill does is to require that a ship coming into the United States shall take back on its return trip as many seamen as were on a ship when it reached our port.

For the reason I have given, I feel that the bill should receive favorable consideration. It is legislation that has been pleaded for these many years. I am glad of the opportunity to voice my approval of the bill and of the privilege of saying a few words in its favor.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Yes; I am glad to yield to my assiduous and aspiring friend.

Mr. O'MALLEY. Are any alien seamen coming into the port of Chicago?

Mr. SABATH. Yes; we have some there. They did not come directly, but they are there, and we have apprehended in and deported many from the city of Chicago. Of course we have not as many Chinese there as, perhaps, have gotten into the gentleman's State, which may have more poachers and smugglers than has the great State of Illinois. Then, too, there is this deterrent—the city of Chicago is enforcing all law in such a manner as to merit the approval and even the plaudits of all worthy citizens of our good country, including those who once delighted in holding the good city of Chicago up as a haven of the lawless of all our country. But, happily, those days are gone and gone forever. Law and order and the highest type of citizenship now prevail in Chicago, and we Chicagoans, with heads held high, are justifiably proud of our fair and worthy city, and this, of course, under able and efficient Democratic control.

The SPEAKER. The time of the gentleman from Illinois has expired. All time has expired. The question is on suspending the rules and passing the bill.

The question was taken; and on a division (demanded by Mr. DICKSTEIN) there were—ayes 77, noes 18.

So (two thirds having voted in favor thereof) the rules were suspended, and the bill was passed.

ARMY APPROPRIATION BILL, 1935

Mr. COLLINS of Mississippi. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes. Pending that, Mr. Speaker, I ask unanimous consent that general debate continue throughout the afternoon and tomorrow, and that on Wednesday 2 hours shall be set aside at which time the bill shall be generally debated, all time to be equally divided between the gentleman from Ohio [Mr. BOLTON] and myself.

Mr. BOLTON. Mr. Speaker, that is satisfactory.

Mr. BRITTEN. Do I understand that the debate will be general in its character today and tomorrow?

Mr. COLLINS of Mississippi. Yes.

Mr. BRITTEN. But that on Wednesday the debate shall be confined to the bill?

Mr. COLLINS of Mississippi. Yes.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. COLLINS of Mississippi. Yes.

Mr. BANKHEAD. When will it be possible under that agreement to take the bill up for consideration under the 5-minute rule?

Mr. COLLINS of Mississippi. Immediately after the 2 hours have expired.

The SPEAKER. Pending his motion to go into the Committee of the Whole House on the state of the Union, the gentleman from Mississippi asks unanimous consent that debate upon the bill extend through today and tomorrow, and that 2 hours be devoted to debate, to be confined to the bill, on Wednesday next, all time to be equally divided between him and the gentleman from Ohio [Mr. BOLTON]. Is there objection?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question now is on the motion of the gentleman from Mississippi that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the Army appropriation bill.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the Army appropriation bill, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

Mr. COLLINS of Mississippi. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman, I feel highly honored to have this opportunity to address the House on the pending War Department appropriation bill. As a retired Army enlisted man, I feel more or less qualified to discuss this question. I thank the Chairman of the Subcommittee on Appropriations [Mr. COLLINS] for giving me the opportunity to open the debate on this bill.

Mr. Chairman, I am very proud of the fact that the House took action last Saturday with a view to investigating the functions of the War Department. Through my long experience in the service I feel that that investigation will be welcomed by the officials of the War Department. My only hope and wish is that they will not only investigate possible corruption and collusion but that the committee at the same time will investigate the state of efficiency of the Army, especially in its application to the personnel. I am in favor of all such investigations. I am in favor of every sort of petition. I am in favor of publicity of governmental activity. Just a moment ago I had the pleasure and the honor of signing a petition to bring before the House a bill to grant independence to the Filipinos.

I am a firm believer in the democratic principle of self-determination. I also had the privilege of signing another petition today, a petition submitted by the gentleman from Illinois [Mr. DE PRIEST], which seeks to prevent racial discrimination. In my service in the Army I have served with men of every character and creed. I have no animosity and no prejudice against any man because of his color or his creed. In the days of the Spanish-American War the Roosevelt Rough Riders were pleased to receive the support of a Negro regiment, the Tenth Cavalry, at the battle of San Juan. That same principle and thought should actuate us here in the Congress. I feel that any citizen of the United States should be entitled to equal consideration one with another. Incidentally, my good friends, especially those of you on the Democratic side, that is in our platform, the platform of 1932—equal rights to all.

We are living up to our party platform again, my friends; at least we did when we passed the Navy bill. The Democratic platform speaks in favor of adequate defense, but in this bill which we are now considering I feel we are not going far enough. We have never gone far enough in the past 10 or 12 years. The defense of our Nation should not be a partisan subject. It is a problem which is pertinent and important to us all. Partisanship should be effaced. While I could justly criticize the Republicans for their constant whittling of the Army and the Navy, if I did so I would merely be criticizing my own colleagues, because we Democrats are doing the same thing.

May I call your attention to our state of unpreparedness? I visited Honolulu last summer. I then and there found that we had only two modern artillery pieces in Honolulu. Two well-directed aerial bombs from a foreign foe would put Hawaii entirely at the mercy of a foreign fleet. If we lost Hawaii, we would also lose the Philippines, and as a consequence our sugar supply would be seriously curtailed.

I also know conditions on the west coast. We have not a single piece of artillery on the entire west coast which can shoot within 5 miles of the range of a modern naval rifle. This is a question we should consider when we speak of economy. Because of economy we cannot have target practice for heavy artillery or even small arms. Our Nation today, as far as the Army is concerned, is in a high state of unpreparedness. We on the west coast do not have any representation on the Military Affairs Committee in this House, yet we have a large proportion of the personnel of the service. I think the Democratic Congress ought to be investigated on its own committee assignments. We should put men on committees according to sectional lines and also in accordance with their experience. With 36 years' experience in the Army and study of military affairs I endeavored to get on the Military Affairs Committee. Did I get there? There is not a man from the entire west coast on that committee. Political expediency prevented my assignment to the committee for which I consider myself best qualified.

Speaking of preparedness, the question was brought up recently regarding our aviation policy. We have been parsimonious with our aviation appropriations. Our aviators were grounded, unable to fly, because they did not have sufficient gasoline. In the last Congress we attempted to cripple military aviation by withholding extra pay for flying hazards. We did whittle it down as far as enlisted men were concerned. The Republican and Democratic parties are both responsible. We have failed to build up our national defense. We have an admirable aviation field in Texas. I notice that the gentlemen from Texas have quite a bit of influence in this Congress. Notwithstanding that flying conditions are more perfect in California, the good State of Texas garnered to itself the excellent and extensive flying field of Randolph Field near San Antonio. Despite our facilities for training we are actually training very few of our citizens in the art of flying. Economy! Many of us think you can train a man overnight. That was disproved in every war in which we have engaged. You cannot even train a man to carry a musket in a short period, let alone train him to fly. I think sufficient provision should be made in this bill for that service. I understand there is $1,000,000 more for aviation. It should be $10,000,000 more for aviation, in order that the young boys graduating from college can have military aviation training at the expense of the Government. Once they become proficient, let them return to private life and go in the reserves. In case of war, you can understand how effective they would be. Future wars will be fought in the air. There is no question about that. Aviation and gas will be the principal weapons in all future wars.

We heard a great deal about consolidation and about economy, both on the Republican side and on the Democratic side in the past sessions of Congress. We are squandering money needlessly in this Government of ours with the Army and Navy. We ought to consolidate our Army posts. Why have an Army post in ever village and hamlet in the United States? We should consolidate in order that our men can be trained, in order that the Army can be administered economically.

With reference to the Navy, we have another situation. We heard a great deal about consolidation there. The Navy should absorb the Coast Guard, the Coast and Geodetic Survey, and the Lighthouse Service. They are all kindred. But, instead, we have extensive duplications. In the same city we will be paying for two docks, one used for the Navy and another used for the Coast Guard, and both unoccupied most of the time. In the city of San Diego we have 3 distinct aviation fields, 3 different machine shops, and 3 different groups of personnel all taking care of airplanes and training for the Army, the Navy, and the Marine Corps, when 1 facility could serve all.

Politics has prevented this. While we are having investigations, and investigation appears to be the mode, why not investigate the politics which is in charge of the Congress and which prevents us from economizing in the Army as well as in the Navy by proper consolidation?

Notwithstanding that the Congress has permitted the Army and Navy to fall behind other leading Nations in relative strength and equipment, the Congress has been even more derelict in contributing further to inefficiency of the service by reducing the pay of the personnel out of all proportion to that in the civil branches of Government. The armed services have received an average increase in compensation of only 11 percent since 1908, while the civil branches of Government have received as high as 175-percent increase in compensation since that period. Notwithstanding this disparity, the Congress, under the stimulus of economy, has reduced the pay of the armed services in complete parity with the reduction applying to civil em-

ployees, and, as a consequence, the pay of the armed services under the Economy Act is approximately the same as it was in 1908. The enlisted man of the service today receives only $17.85 and is subject to call every hour of the day or night throughout the month. If he dies in service as a result of disease or injury, his dependents receive $22 per month pension. Boys in the Civilian Conservation Corps work 30 hours per week only and receive $30 per month. If they die of disease or injury their dependents receive $45 per month. This discrimination should be recognized by the Congress, which should immediately restore the pay of enlisted men of the services. In justice, in the light of comparison with the Civilian Conservation Corps, the pay of the enlisted men should be increased. Under the stimulus of economy, the Hoover administration, as well as the present Democratic administration, reduced the clothing and ration allowances of enlisted men. In addition to this, the enlisted men are subject to a 15-percent pay deduction, and also, they have had taken from them their reenlistment allowances. As a consequence, the total loss which enlisted men suffer today is approximately 33 percent of the pay and allowances which heretofore applied.

Retired enlisted men are especially discriminated against. The per capita allowances to convicts in Federal penitentiaries are higher than the per capita allowances which the Government pays to its retired enlisted men. The allowance for subsistence, clothing, and quarters for retired enlisted men is only $15.75 per month and is today wholly inadequate. These allowances were established in 1908 and have not been changed one iota since. As the retired enlisted men receive only three fourths of the pay of their rank, plus these insignificant allowances, and in addition suffer a 15-percent pay deduction, the plight of these aged and enfeebled men, in many instances, is especially desperate. They served for years on the western plains at $13 per month. They served in Cuba, the Philippines, and China at $15.60 per month—yet this Democratic Congress discriminates against them and takes from them 15 percent of their retired pay!

Retired civil-service employees receiving $100 per month are not subjected to a reduction in pay under the Economy Act. In addition, this class of personnel, if veterans, is permitted to receive pension or emergency officer retired pay while the poor enlisted man, receiving the allowances of 1908 and only three fourths of the pay of his rank, whether he bears service-connected disabilities or not as a result of service in two or more wars, is denied equality of treatment with the retired civil-service employee.

The plight of a lower-grade officer of the service is pathetic and tragic in its consequences. Only yesterday, an enlisted man, speaking to me, stated that he felt sorry for the lower-grade officer of the service whose wife and family, according to his own observation, are compelled to wear shabby clothing and shoes run down at the heel; and if he has an automobile, it is of an ancient vintage, because of the fact that the pay of the lower-grade officer was reduced below the reasonable cost of living.

From the standpoint of fair play, kindly analyze, if you will, the high caliber and character of these men, most of whom are graduates of West Point or Annapolis, who, because of an unsympathetic attitude of the administration, suffer not only inordinate pay reductions but at the same time suffer the unfair pay freeze which prevents them attaining an increase in pay, predicated upon service, which has always been basic law in military circles. In the parlance of the street, practically all that the enlisted men and lower-grade officers have left are their nightshirts. But nevertheless, even though the Government is so niggardly toward them, it has not diminished their loyalty one whit, nor has it diminished their patient hope that under the new deal, the enlisted men and lower-grade officers of the service will at least be given some consideration for a justifiable pay increase.

Retired officers in the lower grades suffer, in a sense, even more than do those in the active service because of the fact that on account of the low pay received during their service they have been unable to amass a competency of any sort. They had every reason to believe that the Government which they served so faithfully in two or more wars would not permit them in their old age to suffer a reduction in their retired pay, which is nothing other than an earned annuity, predicated upon the fact that such annuity was earned because of diminished pay or lower pay received during their service in comparison with wages in civil life.

We Democrats ought to make amends for our lack of sympathy and understanding of the problems of the armed services by restoring to them at once their full pay and by the release of the so-called "pay freeze" for both officers and enlisted men. We are quite liberal in dispensing high-salaried positions to individuals—so-called "experts" in the various bureaucracies which we have in Washington and elsewhere under the various alphabetical organizations—very few of whom, I predict, could measure up educationally or professionally with our officers of the service. Since we are so liberal in our treatment of those of our friends who fought political battles for us quite vociferously and successfully, may we not, and should we not, at the same time be just a bit more liberal to the enlisted men and officers of the services who stand ready at all times to fight any battle or to enter any conflict as the Congress may direct, even to the sacrifice of their own lives? [Applause.]

Mr. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I wish at this time to make a few observations relating to the twentieth amendment to the Constitution. Some of you may remember that I had charge of that resolution on the floor for several years. Therefore, I may be pardoned for speaking now on this particular subject.

Last session I introduced a bill containing, as we thought, the provisions of law made necessary by the adoption of this twentieth amendment. As you will readily appreciate, it will be necessary to advance the date when the electoral college of the several States must meet, the day for the counting of the vote, and also to incorporate several other provisions. Fortunately, we have recently had a Presidential election so that the larger, and most important, part of this legislation may not be needed for a couple of years. I wish, however, to make some remarks about the interregnum between November 4, the date of the election, and the date of the inauguration. We may rejoice in the fact that the lengthy interregnum which formerly occurred can never happen again, and that after a President is elected on November 4 he will take office early in the following January.

The country should know, as soon as possible after a Presidential election, what the policies of the President-elect may be. It has many times been discussed on the floor of the House what might or might not have happened had Abraham Lincoln been able immediately to have taken his seat after his election as President of the United States.

I will read a little editorial that I found in one of the most important magazines in our country on the interregnum between Roosevelt's election in November and his inauguration in March.

It was a period of futility. The Government tried to do things but couldn't, because the incoming Government had not formulated its program and would not cooperate on a Hoover program. Bank runs were in progress, but were hushed up. The open panic and Nation-wide blow-up came at the tail end of February, and paralysis descended. At this point a new, untried, mysterious President stepped in.

The Government grabbed agriculture with one fist (A.A.A.), industry with another fist (N.R.A.). It voted three billions for Public Works, out of which quicker-acting Civil Works were born belatedly. It picked up Hoover's much-cussed R.F.C. and gave it new powers. The public looked with amazement and acquiescence at all these Washington goings-on, delighted to see anything done, right or wrong.

Mr. KELLER. Will the gentleman yield?

Mr. GIFFORD. No; I will not yield.

Then came the summer boom, a speculative boom, like the spree of a sick man just out of bed. The public took all of the extravagant promises of Washington at face value and went to it.

Mr. KELLER. I shall object to the reading if the gentleman does not want to give us a chance to ask him a question.

Mr. GIFFORD. Mr. Chairman, I do not know how such an objection can be made. I think I am perfectly within my rights in reading this article.

Mr. KELLER. I am putting it up to the Chairman. I want to know whose article it is.

Mr. GIFFORD. This is taken from the Saturday Evening Post. I think the gentleman knows the editor.

The CHAIRMAN. Does the gentleman from Illinois object?

Mr. KELLER. Mr. Chairman, I was going to object unless the name was given.

Mr. GIFFORD. I have given the name. The gentleman knows the editor of the Saturday Evening Post. Mr. George Lorimer is supposed to be the editor. I do not know whether he wrote this article or not.

Mr. KELLER. That is all I want to know.

The CHAIRMAN. Does the gentleman from Illinois withdraw his objection?

Mr. KELLER. Mr. Chairman, I withdraw the objection.

Mr. GIFFORD. I thank the gentleman.

The fall, up through November, was spent paying for the summer spree. Business and prices and confidence fell off largely because demand hadn't caught up with earlier preparations for supply, and because N.R.A. proved to be no great factor in emergency recovery. Inflation was in the air, but didn't take hold. In October the President started his gold buying, and the dollar continued its depreciation in foreign exchange, or world value, but this did practically nothing to domestic commodity prices. It was a period of new harrassment and discouragement. The low occurred in late November.

Then came Civil Works, as a shot in the arm. Due largely to them, business began to be a little better. In late January came devaluation and return to the gold standard—a new and different gold standard.

I might remark here that we had embarked on some very peculiar monetary experimentations and many of the gentlemen, particularly on the other side of the House, had been drinking in a lot of what Professor Fisher had been telling them about inflation of the commodity dollar. This same Professor Fisher said last Christmas at the Economic Congress that we would have been farther on the road to recovery if we had not had any election last year. This ungrateful thrust was from one who had done so much to promote the cause of currency tinkering.

Mr. FISH. Is that the same Professor Fisher who made the statement back in 1929 that the high levels of 1929 were to continue indefinitely?

Mr. GIFFORD. I presume so.

Mr. Chairman, during the last day or two the newspapers of the country have been carrying much edulation for the present President of the United States. I also want to congratulate him and to join in these encomiums. He is a most remarkable man. He has done all that has been done. He, perhaps, has done all that could be done with his corps of advisers, and I admire him just as much as you do. But I am now speaking of the remarkably low estate in which the Congress of the United States has fallen.

Where are our statesmen? Why the wails of John W. Davis, Al Smith, Carter Glass, and all of these elder statesmen, who were formerly shown so much consideration? The people are with the President of the United States because they believe in him. The President of the United States has had to send down here practically every scrap of legislation that is written and we, under the pressure of an emergency, have passed it without question or without having the slightest degree of credit for it. I fear our people's reaction toward our apparently useless parliamentary body and I now ask: When are we going to reassume our legislative duties? The President of the United States should make his recommendations, and let the statesmen in the Congress write the necessary legislation.

Our present President is trying to do all he can. I am not criticising him for assuming this burden Congress seems to have abdicated. He is trying these various experimentations because Congress is so helpless in constructive suggestions.

At the session of Congress in December 1932 the former President reported on the state of the Nation and sent his recommendations to the Congress, realizing that Congress itself should frame and enact the essential legislation. Suppose I read a few of these recommendations made by President Hoover so that the gentlemen on the other side of the House may see how they later embraced practically all of the recommendations. Let us refer to the R.F.C. How you have enlarged upon it, how you have boasted about its achievements during the year just passed! I also wish to refer to President Hoover's recommendations in his message to Congress in December 1931.

Mr. BANKHEAD. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Alabama.

Mr. BANKHEAD. If I understand the gentleman's premise, he has admitted that the people of the United States are now with the President.

Mr. GIFFORD. Oh, yes.

Mr. BANKHEAD. They are supporting his experimental policies. Does the gentleman think that the Congress ought to fight the will of the American people by having them differ with the President?

Mr. GIFFORD. Oh, no; but I would have the statesmen, which I do hope this Congress may have within its Membership, frame their own legislation. Consult with the President, if you will. But let not these many professors, whom we do not know and who cannot be blamed or given credit for the framing of legislation, continue to send it here for us to put our rubber stamp upon, without reasonable consideration and with the scantiest of knowledge regarding its probable effect upon the Nation.

[Here the gavel fell.]

Mr. BOLTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. KELLER. Will the gentleman yield?

Mr. GIFFORD. For a brief question.

Mr. KELLER. The gentleman refers in that editorial to Mr. Hoover's R.F.C., as I understood the reading of the article.

Mr. GIFFORD. Yes.

Mr. KELLER. As a matter of fact, is not the R.F.C. simply a revamping of the War Finance Corporation?

Mr. GIFFORD. I fully understand that. That great statesman, CARTER GLASS, during the Roosevelt-Hoover campaign informed the country that Hoover had no reason for accepting any credit for that; but Hoover did invoke this former plan, and when it was invoked, with its loans to banks, insurance companies, railroads, and so forth, what a barrage of criticism was laid down. The statement by the Democrats was made, "You are beginning at the top. Why don't you make the loans to everybody from the bottom up?"

Mr. KELLER. Then it was not Hoover's R.F.C.

Mr. GIFFORD. I do not yield further.

Mr. Chairman, in December 1932 President Hoover came before this Congress and made a recommendation that, above all other things, we must balance the Budget. Your President said the same thing in 1933 and asked us to maintain the credit of the United States by the enactment of some exceedingly harsh measures, some of which you and I greatly regret now and will remedy at this session. We cannot feel the full force of these appeals after some $10,000,000,000 has been or is to be spent on other things bearing no relation to the ordinary expenses of government. An $830,000,000 reduction was recommended by the Budget presented by Mr. Hoover, and he also declared that the credit of the country was predicated upon the balancing of that Budget.

He asked for a reduction of 14.8 percent in all salaries over $1,000. Did you grant this to Mr. Hoover? No; but on March 4 you granted more to the new President.

He recommended the elimination of certain payments to the veterans. Would you help eliminate them under the Hoover recommendation? No.

He issued orders consolidating over 50 Government departments, and you said, "No; wait for the incoming Presi-

dent." Then you proceeded to reorganize and were going to save $100,000,000. We read in your Budget Director's report last fall that it was thought you might have saved a mere $5,000,000 by your consolidations.

Economic cooperation with foreign nations was recommended by Hoover. We have just received a message relating to the tariff, and we are going to act upon it very soon. We are to have economic tariff cooperation, about which we will hear more later. But President Hoover recommended economic cooperation with foreign nations.

He recommended ratification of the St. Lawrence waterway, a matter which has now been discussed for a month or more in another body and greatly favored by President Roosevelt.

But the great difference is this: Mr. Hoover declared that government should never be a competitor with the people; that whenever it became a competitor with the people, then it became tyranny.

Today we have a nationalistic, socialistic program. Nobody knows where we are going, as is being constantly stated by Cabinet heads. I was disturbed on Saturday to hear the gentleman from Maryland [Mr. GOLDSBOROUGH] explain the pending bill by declaring it was necessary to bolster up the market for our own Government bonds; and also to hear the gentleman from Mississippi [Mr. BUSBY] put in the RECORD a statement, which seemed to be confirmed in the newspapers this morning, commenting on the report of the Federal Reserve banks, which indicate that large amounts of new money have been deposited in the member banks, but that a smaller amount was loaned out to our citizens than was loaned a year ago.

This shows that private industry is frightened, and you can do nothing with "scared money." I beg this administration to begin soon to give a little aid and comfort to private industry and stop cussing out the banks all the time. There are many banks in my district. There are probably 1,000 bankers, and all of them are really doing a public service, with none of them getting very much salary nowadays. However, because of the action of a few large bankers, you keep on abusing them and frightening the so-called "money changers" so that they dare not do legitimate business any longer. [Applause.]

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. YOUNG].

Mr. YOUNG. Mr. Chairman, a fundamental defect of the Home Owners' Loan Act has been that the principal of the bonds was not guaranteed by the Government. I am happy that our President has recommended the elimination of this weakness. Guarantee of bonds of the H.O.L.C. will, of course, enhance the market value and marketability of these bonds. Certainly there is a moral obligation on the part of the Government to guarantee the principal as well as the interest. This should be made legal.

With the bonds unconditionally guaranteed by the Government and backed by the full faith and credit of the United States and in addition supported by the assets and property upon which loans are made, it will be seen that the additional factors of safety are likely to cause investors to switch from Liberty bonds and other Government obligations to H.O.L.C. bonds.

It is my belief that the interest rate should be reduced from 4 percent to 3 percent. This would be in line with most securities issued by the Government of the United States. The profits accruing to the H.O.L.C. would be materially increased. Home owners should profit by reason of this differential. Instead of paying interest on their loans at the rate of 5 percent, I advocate that the interest charge to mortgagors intent upon saving their homes be reduced to 4 or 4½ percent. There would still be a differential of 1 or 1½ percent to provide for the operating expenses of the Corporation and for the creation of a reserve fund to take care of any losses which might be sustained upon some of the loans.

All bonds of the H.O.L.C. heretofore issued at 4 percent, without Government guaranty as to payment of the principal, should immediately be recalled and new bonds bearing 3-percent interest should be substituted therefor.

My bill, H.R. 7646, provides for bonds bearing 3-percent interest, fully guaranteed by our Government as to principal and interest. It provides that the home owners pay 4 percent only instead of 5 percent.

The Federal Home Loan Bank Board has adopted an unbelievably stupid policy in dealing with home owners who have secured home loans through the H.O.L.C. All mortgagors must remit interest payments and later payments on the principal as well to the treasurer of the Board, Patrick J. Maloney, at Washington. Few of these mortgagors have checking accounts. A great many do not understand the mechanics of making remittances by mail and are compelled to consult with attorneys at an expense. In any event, they are compelled to go to the expense of purchasing postal or express money orders. Red tape of this sort should be cut. If any judgment at all were exercised, the Chairman, John H. Fahey, would allow State administrators some discretion. Certainly the Federal Bank Board should establish collection agencies in each State. Payments of interest and on principal will be facilitated as soon as a sensible policy is adopted and mortgagors are enabled to make payments in the cities and States where the loans are made instead of sending on money to Washington. Success of the Home Owners' Loan Corporation is jeopardized even now by the red tape and restrictions imposed here in Washington.

"What will the Government do to help save my home?" This question has been asked thousands of times. The Congress, in the extraordinary session last spring, passed the Home Owners' Loan Act. Two hundred million dollars was appropriated. A bond issue of $2,000,000,000 of Home Owners' Loan Corporation bonds, interest at 4 percent, interest guaranteed by the United States Government for 18 years, was authorized. This law became effective June 13.

More than 600,000 of our people have already applied to the Board and the 257 offices of the Home Owners' Loan Corporation established throughout the country to save their homes. More than $2,000,000,000 has been asked for mortgage relief.

The Home Owners' Loan Corporation may refinance mortgages up to 80 percent of the value of the property, exchanging its bonds for the mortgage. The home owner then owes the Corporation the amount of the mortgage, plus interest. He is obligated to pay this by installment payments during 15 years. His mortgage, however, provides that no payments need be made on the principal for 3 years.

The bonds may or may not be salable. Success of the Home Owners' Loan Corporation, even in a small degree, depends upon the salability of the bonds at close to par value. They are currently quoted at about 95. These bonds must be sufficiently attractive to cause creditors to desire to exchange their mortgages for the bonds. At present a large number of mortgagors refuse to exchange mortgages for the bonds.

The Congress should now, in my judgment, amend and strengthen the Home Owners' Loan Act by authorizing issuance of at least $3,000,000,000 additional bonds and enhance the value of the bonds by guaranteeing payment of principal as well as interest. It is a moral obligation on the part of the Government to pay off these bonds upon maturity. This moral obligation should be made legal.

Under the laws of many States insurance companies, banks, and executors are prohibited from investing funds in such bonds as the present Home Owners' Land Corporation bonds. As 80 percent of the home-loan mortgages in this country are owned by trust companies, executors, insurance companies, and others handling trust funds, it is apparent that the present act will help but very few mortgagors. This is further apparent when one considers that home owners of this country owe on mortgages more than $21,000,000,000. I consider that it would be dangerous to let down the safeguards which for generations have been built around the investment of insurance and trust funds. We have too many horrible examples of the consequences of unsound investments. It would be far better to remedy this

deplorable situation by legislation. We should make the bonds of the Home Owners' Loan Corporation discountable at Federal Reserve banks. They would then be attractive to investors and convertible into cash.

The bonds issued to take up mortgages of home owners must certainly be maintained at a price close to par, otherwise the Home Loan Corporation cannot provide real relief and people will be disappointed and disillusioned.

This law was signed by President Roosevelt June 13. William F. Stevenson, Chairman of the Federal Home Loan Bank Board, notwithstanding that the need for action was acute, permitted many precious weeks to elapse before he took action that amounted to anything. No bonds were, in fact, prepared and issued up to November. Interim certificates were prepared but not the bonds. It is unfortunate that under the present set-up a home owner is not permitted to borrow 40 percent of the appraised value of his property in cases where the creditor refuses to take the bonds except where the property is in the process of foreclosure. It is stated to home owners that even then it must be a very special case in order to procure the loan as it is the desire to conserve the money appropriated by Congress. I hope this situation will be remedied during the coming session of the Congress.

The operation of the Home Loan Corporation throughout the country has been disappointing to date. This is particularly due to the inadequacy of the act itself and because of the procrastination and ineptitude of administrators in some of the States.

A surprising situation has developed. Some greedy and avaricious mortgagees are demanding that home owners pay the difference between the market value and par value of these bonds. Mortgagees should be glad to accept these bonds in exchange for their mortgages at face value notwithstanding temporary fluctuations that at present cause the bonds to be quoted at about 95.

Conscienceless creditors, who insist that the home owner pay the difference between the market and par value of the bonds would squeal loudest at the suggestion they should repay this money when the bonds sell for par or above.

There is too much red tape in connection with the operation and administration of the Washington office of the Loan Corporation. More discretion must be given to State and district administrators. Home owners need relief now. A few years longer will be too late. Relief of home owners from staggering debts is a tremendous problem. It is of paramount importance. The problem should be studied from all angles.

The Congress should amend the present Home Owners' Loan Act, authorize an increased bond issue, strengthen the law, and make the bonds attractive as an investment. Principal as well as interest could properly and safely be guaranteed by the Government with this Corporation managed properly and functioning perfectly.

Doubtless it will be necessary to appropriate more than $200,000,000 in order to make cash loans to those mortgagors where the mortgagees refuse to accept bonds. The first thing to do, however, is to make the bonds more attractive. If this is done, most creditors will gladly accept them at face value.

Under the present procedure home owners seeking relief make formal application at the local office of the Home Loan Corporation. Accompanying the application for relief must be the consent of the mortgage holder or mortgage holders to accept bonds of the Corporation paying 4-percent interest, guaranteed by the Government for 18 years, in exchange for the mortgage. The property is then appraised. Loans may be made up to 80 percent of the appraisal.

If the mortgage holder arbitrarily refuses to accept bonds, then the home owner applies for an emergency loan in cash. This, however, can be made only to the extent of 40 percent. In most instances the mortgage indebtedness far exceeds 40 percent of the value of the property. Many applications for loans have been rejected because of the inadequacy of the law. My bill, H.R. 7646, provides for cash loans to the extent of 50 percent of the appraised value of the property.

The Home Owners' Loan Corporation and its success is of utmost importance. It is something that goes right down to the people. If home owners who listened to radio talks by Secretary Louis McHenry Howe, and who have read of the relief promised by this act, meet with bitter disappointment in their efforts to refinance and save their homes, they are going to be skeptical of the President's program and of the new deal.

During the first 5 months of operation there were about three times as many forms used in connection with each application for a home loan as were used by most banks or insurance companies. It was necessary that more than 1,000 items be checked and answered and 22 forms completed before the application could even be sent from the branch office to the State office. Then new rules were promulgated from Washington with great frequency. For many weeks it was the rule that every loan in every part of the country must first be sent to the loan examining committee in Washington for scrutiny and further checking before the loan application, previously thoroughly checked at the local and State offices, could be granted. For many weeks it was necessary for each district manager to affix his signature to each application for a loan 18 times and the State manager 22 times.

Although it is true that loans have not been made as promptly as possible, it is only fair to report that many foreclosures have been averted and much valuable time gained for the mortgagors due to the existence of the Home Owners' Loan Corporation.

Mortgage holders are subject to criticism in many instances for refusal to accept the 4 percent interest guaranteed bonds. Had these bonds been properly placed before the public it would be apparent to all that they are really very attractive from an investment viewpoint. Notwithstanding this, some mortgage holders have attempted to add to financial burdens already oppressing distressed home owners by forcing the home owners to agree to pay in cash any difference existing between the face and market values of these 4 percent long-term bonds. Such a practice was never contemplated in the Congress and should not be tolerated anywhere. It is highly reprehensible.

In some sections of the country the offices have been established on an altogether too extravagant basis. In New York City the Home Owners' Loan Corporation is located in the Empire State Building, probably the most luxurious office building in the world. In Illinois and many States the State and local headquarters have been organized upon a most extravagant scale.

The procedure following application for a loan is somewhat as follows: A preliminary appraisal of the home is made. An appraiser or perhaps two appraisers simply drive in front of the house and look over the house and lot and estimate the value. This is called "flash appraisal." If the appraisal shows that 80 percent of the value will be adequate to take care of the present mortgage or mortgages and delinquent taxes, then the home owner and his creditor are asked to come in. If the creditor will accept the bonds, the property is appraised. The second appraisal is thorough. Then all the papers relating to the transaction are turned over to lawyers employed by the Home Owners' Loan Corporation. The attorneys examine the title of the owner, the liens against same, the insurance policies carried, the amounts due mortgages and taxes, and the entire matter is figured out carefully. The entire file is then forwarded to the State office for rechecking the title, insurance policies, amount of taxes owing, agreements signed by mortgage holders, amounts of judgments and mortgage liens; and after this has been gone over, if the loan is approved by officials of the State office, all of the papers together with the bonds and checks for the fees and taxes are mailed to the district office from the State office. Then officials of the district office must arrange for the cancelation of the old mortgages and satisfaction of judgment liens and for

the recording of the new mortgage. After this has been done and the Home Owners' Loan Corporation given first lien against the property, the interim certificates are given to the creditors, checks are disbursed, and the home has been saved to the owner. He need pay only interest for 3 years and then for the next 15 years make payments on principal in addition to the interest payments, liquidating the indebtedness at the end of that period. [Applause.]

Mr. FOCHT. Will the gentleman yield?

Mr. YOUNG. I yield.

Mr. FOCHT. The gentleman has stated the amount asked for. Does he happen to have the figures as to how much has actually been loaned to the home-mortgage people? I have had great difficulty in getting anything done—there is so much red tape. It seems to me that although they had their heart in it they did not know themselves what they were going to do. They had the intention and the purpose of relieving the people, but they did not know the details. It was the same with the farmers' loan bill. There it required an amount of money to make the loan, and if the farmer had that he would not require a loan. The heart was there, the President wanted to do it, Congress wanted to do it, but they did not have sufficient details to get the thing done.

Mr. YOUNG. It would be impossible to tell the exact number of homes that have been saved to their owners throughout the country. Many have been saved merely by reason of the enactment of this legislation.

Mr. FOCHT. Why is it impossible to tell?

Mr. YOUNG. More than $56,000,000 has actually been loaned through the office of the State administrator to home owners in my State.

Mr. BOLTON. Does the gentleman know the average cost of the loan?

Mr. YOUNG. The average cost in Ohio of making the loan has been less than $15 for each loan. That includes payments to attorneys for examining the title, appraisal fees, examination of title, and is the total cost. In some sections of the country some State administrators are subject to criticism because they established offices on too extravagant a basis.

[Here the gavel fell.]

Mr. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman and members of the Committee, my purpose in appearing before you today is to place in the RECORD a notice, because I realize that few Members at this late hour are now on the floor.

On the 21st of February the Secretary of Agriculture sent out a notice of a hearing to be held March 3 in Washington to determine the minimum price to be paid by the canners to the producers of tomatoes.

There are 18 States that are interested in the production of tomatoes in a large way.

In a normal year the business amounts to $56,000,000. Two hundred and fifty thousand acres are devoted to the production of tomatoes. The canners held their convention in Chicago, and as a result they suggested a hearing with the Secretary of Agriculture to consider the minimum price per ton to be paid by the canners to the farmers for tomatoes. Mr. Chairman, I ask unanimous consent to insert that in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

Mr. REED of New York. There is a schedule in the marketing agreement showing the proposed minimum prices per ton to be paid by the canners to the farmers for tomatoes.

Mr. McFADDEN. Will the gentleman yield?

Mr. REED of New York. Certainly.

Mr. McFADDEN. Did they fix a minimum price?

Mr. REED of New York. A tentative price. Hearings on the subject have been held. The notice that went out was dated February 21, 1933, and the hearing was held on Saturday, March 3, in Washington. Only 10 days elapsed between the notice and the hearing. I have made inquiry and I find that the farmers generally who were interested in the proposal of the Secretary of Agriculture were not aware of the hearing. A few men came down from my district, because I had been watching the tomato situation very closely and notice of the hearing had been announced in some of the local papers. A few men prepared hurriedly and attended the hearing. I want to bring home to you gentlemen who are here, and to those who are not here, who represent the 18 States vitally interested in the price to be paid the farmer by the canners for tomatoes the importance of permitting the farmers full opportunity to show the cost of production as a basis for establishing a minimum price for tomatoes. The hearing on this subject is closed. The only recourse the farmer now has, unless further hearings are held, is to file briefs, and the briefs must be under oath, showing the cost of production. Four copies of each brief duly sworn to must be filed within 7 days from March 3 with the Secretary of Agriculture. The farmers who testified as to the cost of production at the hearing on March 3 were under oath. Farmers generally did not receive notice of this hearing. It is of vital importance because, for instance, the minimum price suggested for New York State was $11.50 a ton, and the cost of production in my State is over $105 per acre.

Mr. McFADDEN. May I ask the gentleman whether the minimum price was fixed by the Department of Agriculture here or by the State authority?

Mr. REED of New York. It is going to be fixed as a result of the hearings held here. The minimum price is something like $11.50 per ton and the cost of production is $105 per acre, and the average production in my State is about six and a half tons to the acre. In Virginia, in the Shenandoah Valley, the average production is only about two and a half tons per acre. The hearing held here March 3 was largely a canners meeting, and I want the farmers to have a chance to be heard on this minimum-price proposal.

Mr. McFADDEN. The point I make is this: The Department of Agriculture has construed the law to give them the right to fix the price?

Mr. REED of New York. Yes; under section 8.

Mr. McFADDEN. Of the code?

Mr. REED of New York. Under the A.A.A. I hope my remarks will bring notice to the Members of the House and through the Members of the House to the farmers who may wish to file briefs showing the cost of production. Hearings fixing the price of a product, national in scope, should not be held on such short notice. The canners are highly organized. The farmers are not. It takes time for them to get the necessary statistics to present their case. I hope you gentlemen who are interested in the proposed marketing agreement will urge the Secretary of Agriculture to give the tomato growers a further opportunity to be heard.

The proposed marketing agreement to which I have referred and which I have leave to extend in the RECORD, is as follows:

[Docket No. 154]

UNITED STATES DEPARTMENT OF AGRICULTURE,
AGRICULTURAL ADJUSTMENT ADMINISTRATION.

PROPOSED MARKETING AGREEMENT FOR CANNED TOMATOES AND TOMATO PRODUCTS INDUSTRY

This proposed marketing agreement for the canned tomatoes and tomato-products industry in its present form merely reflects the proposal of the above-mentioned industry, and none of the provisions contained herein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this industry.

ARTICLE I. PURPOSE

The parties to this agreement are the contracting canners of tomatoes and tomato products and the Secretary of Agriculture of the United States.

Whereas it is the declared policy of Congress, as set forth in section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended—

(a) To establish and maintain such balance between the production and consumption of agricultural base commodities and such marketing conditions therefor as will reestablish prices to farmers at a level that will give agricultural base commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural base commodities in the base period, the base period in the case of all agricultural base commodities except tobacco being the pre-war period, August 1909–July 1914;

(b) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate

as is deemed feasible in view of the current consumptive demand in domestic markets; and

(c) To protect the consumers' interest by readjusting farm production at such a level as will not increase the percentage of the consumers' retail expenditures for agricultural base commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August 1909 to July 1914; and

Whereas, pursuant to the Agricultural Act, the parties hereto, for the purpose of correcting conditions now obtaining in the packing and selling of canned tomatoes and tomato products in the United States and the distribution thereof in interstate commerce and to effectuate the declared policy of the act, desire to enter into a marketing agreement under the provisions of section 8 (2) of the act:

Now, therefore, the parties herein agree as follows:

ARTICLE II. DEFINITIONS

SECTION 1. As used in this agreement—

(a) The term "Secretary" means the Secretary of Agriculture of the United States.

(b) The term "act" means the Agricultural Adjustment Act, approved May 12, 1933, as amended.

(c) The term "person" means any individual, partnership, corporation, association, or any other business unit.

(d) The term "tomato" means each and every variety of the vegetable commonly known as a "tomato" grown in continental United States, and includes all tomato products.

(e) The term "tomato products" means the products made from the juice and pulp of red, ripe tomatoes, exclusive of seeds, skins, and cores, concentrated or unconcentrated, with or without the addition of condiments such as sugar, salt, vinegar, etc., packed in hermetically sealed containers, and sufficiently processed by heat to preserve the product. This shall be taken to include, among others, the following: Tomato pulp, tomato puree, tomato catsup, tomato juice, tomato chili sauce, tomato paste, tomato sauces, tomato cocktail, or any other product of which the principal ingredients are tomatoes.

(f) The term "canned tomatoes" means the normally flavored and normally colored canned food consisting of the peeled, cored, and trimmed whole or large pieces of the mature red fruit of the tomato vine (Lycoforsieum esculentum), with or without tomato juice to fill the interstices, and with or without added seasoning, and with or without added puree, packed in hermetically sealed containers and sufficiently processed by heat to preserve the product.

(g) The term "grower" means any person engaged in growing tomatoes within continental United States, or any cooperative association of such growers.

(h) The term "canner" means any person engaged in the business of canning tomatoes and/or manufacturing tomato products within continental United States.

(i) The term "books and records" means any books, records, accounts, contracts, documents, memoranda, papers, correspondence, or other written data pertaining to the business of the person in question.

(j) The term "subsidiary" means any person, of or over whom a canner has, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.

(k) The term "affiliate" means any person who has, either directly or indirectly, actual or legal control of or over a canner, whether by stock ownership or in any other manner.

(l) The term "national committee", means the National Tomato Commodity Committee, created pursuant to article IV hereof.

(m) The term "regional committee" means the Regional Tomato Commodity Committee, created pursuant to article IV hereof.

(n) The term "packing season" means the period during which a cannery is in operation for the actual processing of tomatoes or tomato products.

(o) The term "case" means a package containing 24 no. 2 cans, or their equivalent.

ARTICLE III. MINIMUM PRICES TO GROWERS

SECTION 1. Price districts. The following price districts for the purchase of tomatoes for canning are hereby established: New York, New Jersey, Pennsylvania, Ohio, Indiana, Illinois, Iowa, Missouri, Delaware, Maryland, Virginia, Kentucky, Tennessee, Colorado, Utah, California, Michigan, and Arkansas.

Any canner having a plant in an area not included within those specified shall be considered in the nearest price district. The Secretary may set up such additional price districts as he may deem necessary or advisable.

SEC. 2. Minimum prices to growers. Each canner shall pay for tomatoes purchased in any price district during the 1934 season a minimum price as set forth in schedule A of this agreement. The contracting canners agree that the Secretary, after consultation with the national committee, may modify such schedule on or before January 1, 1935, to be effective during the 1935 canning season, provided that the minimum prices so determined do not exceed parity; and the contracting canners agree that the minimum prices so specified shall be the minimum prices effective for the several varieties of tomatoes in each district during the 1935 season.

SEC. 3. Payment to growers. In no case shall any contract for the purchase of tomatoes from a grower provide a later date for final payment and/or settlement than was contained in the 1933 contracts with such grower. In no event shall such final payment and/or settlement be made later than December 31 of the contract year. Within 5 days after such final payment and/or settlement, each canner shall file with his regional committee a verified report showing that he has made such final payments and/or settlements and the amount paid to each grower. If any canner fails to file such statement by January 5 following each contract year, the regional committee shall immediately report such fact to the national committee and to the Secretary for such action as the Secretary shall deem necessary.

SEC. 4. Contracts. All contracts for the purchase of tomatoes for canning entered into prior to the effective date of this agreement in contemplation of its execution and for the purpose of evading its provisions and defeating the purposes of the act shall be subject to the terms of this agreement.

SEC. 5. The procedure specified in this article and schedule A shall be followed for the canning season of 1935.

ARTICLE IV. NATIONAL AND REGIONAL COMMITTEES

SECTION 1. Regional areas. New York, Pennsylvania, New Jersey, Delaware, Maryland, eastern shore Virginia, tidewater Virginia, western Virginia, West Virginia, Tennessee-Kentucky, Colorado, Michigan, Ohio, Indiana, Illinois, Iowa-Nebaska, Missouri-Kansas-Arkansas-Oklahoma, New Mexico, Utah, northern California, southern California, and Washington-Oregon shall each constitute a regional area. Any canner not included in any of the foregoing regional areas shall be included in the nearest regional area above specified, or the Secretary may create such new areas as shall be necessary. Any two or more of such areas may combine for the purposes of this agreement.

SEC. 2. National and regional committees: A national committee and regional committees shall be created as follows:

(a) Within 3 days after the effective date of this agreement the director of extension of the agricultural college, having the largest enrollment in any regional area, or such other person as the Secretary may designate, shall call a meeting of all canners in such area to be held at a convenient place. Such notice as in his judgment is reasonable under the circumstances shall be given by mail and in the public press.

(b) At each of these meetings called pursuant to subparagraph (a) above, not less than 3 nor more than 7 persons (not necessarily canners) shall be selected to serve as members of the regional committee; such election shall be by majority vote of the canners present. Each canner shall be entitled to one vote.

(c) Each regional committee shall elect one of its members to serve as a member of the national committee. In addition, the Secretary may appoint to the national committee not more than five additional members without vote.

(d) The members of the national and regional committees shall serve for the period of this agreement or until their successors are elected or appointed.

(e) Any regional committee may appoint the member elected by any other regional committee to serve as their representative on the national committee by duly notifying the secretary in writing of such authorization. The regional committee from any area may at its option send a substitute or proxy to act in the place and stead of the duly appointed delegate by giving notice in writing to the secretary on or before the meeting date of the national committee.

(f) The members of the national and regional committees shall be subject to the disapproval of the secretary.

(g) The members of the national committee and the regional committees shall serve without compensation from the national operating fund, but shall be allowed all expenses incurred in performing their duties.

(h) The expenses of calling and conducting the meetings specified in this section shall be met from the operating fund provided in article V of this agreement.

SEC. 3. Powers and duties of the national committee. The national committee shall, in addition to the powers and duties specifically conferred herein, have the following powers:

(a) To supervise the performance of this agreement and to act as intermediary between the secretary and the canners.

(b) To appoint such employees as may be necessary and to determine the salaries and define the duties of such employees.

(c) To incur such expenses and make such expenditures as may be necessary to carry out the provisions of this agreement.

(d) To investigate suspected violations of this agreement and to hear and rule upon any question, dispute, or complaint existing in connection with the performance of this agreement. Said committee may require any canner to furnish a statement of facts under oath, and may, in its discretion, conduct such hearing as it may deem advisable. If a member of the national committee shall be an interested party, or the representative of such interested party, he shall be disqualified from participating in the consideration and decision of such dispute or complaint.

The contracting canners agree to abide by the decision of the national committee unless an appeal in writing is taken to the secretary from any such decision of the national committee within 10 days after the decision is announced, which appeal shall be addressed to the secretary and a copy thereof shall be forwarded to the chairman of the national committee. Pending the disposition by the secretary of any such appeal, the parties involved shall abide by the decision rendered by the national committee unless the secretary shall rule otherwise pending such disposition. In the event of an appeal, it shall be the duty of the national committee to forward to the secretary its complete record with regard to the manner and the contracting canners agree to abide

by any final decision rendered by the secretary pursuant to this section.

(e) To adopt such rules and regulations for the conduct of its business as may be necessary. Rules and regulations shall be subject to the approval of the secretary.

SEC. 4. Powers and duties of regional committees: Each regional committee shall, in addition to the powers and duties specifically granted herein, have the following powers and duties:

(a) To employ, subject to the approval of the national committee, such employees as may be necessary, and to determine the salaries and define the duties of all such employees.

(b) To incur, subject to the approval of the national committee, such expenses and make such expenditures as may be necessary to carry out the provisions of this agreement; such expenses shall be paid out of the operating fund provided in article V.

(c) To investigate suspected violations of this agreement in its regional area and to report results of such investigations to the national committee.

(d) To adopt such rules and regulations for the conduct of its business as may be necessary. Rules and regulations shall be subject to the approval of the secretary.

ARTICLE V. EXPENSES

SECTION 1. Each canner shall pay to the national committee a share of all expenses incurred pursuant to this agreement. The national committee shall establish an operating fund for 1934 as follows:

(a) Every canner intending to can tomatoes and/or manufacture tomato products in 1934 shall pay to his respective regional committee for deposit with the national committee the sum of one tenth of 1 cent for each case packed by him in 1933. A canner who did not pack tomatoes and/or tomato products in 1933 shall deposit one tenth of 1 cent per case based upon his esimated 1934 pack. Payment of such initial deposit shall be made on or before March 15, 1934.

(b) If the operating fund is inadequate, the national committee may, subject to the approval of the secretary, levy additional assessments ratably on all canners on the basis of each canner's 1934 allotment.

(c) When the 1934 pack is completed, or upon the termination of this agreement, as the national committee may elect, the assessments covering the entire expenses incurred by the national committee and the approved expenses of the regional committees for the administration of this agreement shall be computed, and adjustments or collections made on the basis of the proportion of the total expenses which each canner's total actual pack of canned tomatoes or tomato products during 1934 bears to the total of canned tomatoes or tomato products by all canners in 1934.

SEC. 2. The procedure specified in section 1 shall be followed for the 1935 canning season, except the assessment shall be based on the 1934 pack.

ARTICLE VI. MISCELLANEOUS

SECTION 1. The members of the national committee or of any regional committee, and any employees thereof, shall not be held responsible individually in any way whatsoever to any canner or any other person, for errors in judgment, mistakes, or other acts either of commission or omission, of such member or employee, except for acts of willful misfeasance or malfeasance.

SEC. 2. The liability of the canners under this agreement is several and not joint, and no canner shall be liable for the default of any other canner.

SEC. 3. Nothing herein contained is or shall be construed to be in derogation or modification of the right of the Secretary to exercise any powers granted to him by the act, and, in accordance with such powers, to act in the premises whenever he shall deem it advisable.

ARTICLE VII. REPORTS

SECTION 1. To the Secretary:

(a) The contracting canners shall severally, from time to time, upon the request of the Secretary, furnish him such information, on and in accordance with forms of reports to be supplied by him as may be necessary for the purposes of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this agreement, and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the act and the purposes of this agreement will be effectuated, such reports to be verified under oath.

(b) The contracting canners also severally agree that, for the same purposes, and/or to enable the secretary to verify the information furnished him on said forms of report, all their books and records, and the books and records of their affiliates and subsidiaries, shall, during the usual hours of business, be subject to the examination of the secretary.

(c) Contracting canners shall severally keep books and records which will clearly reflect all financial transactions of their respective businesses and the financial condition thereof, and shall see to it that their respective affiliates keep such records.

(d) All information furnished the secretary pursuant to this article shall remain confidential in accordance with the applicable general regulations, Agricultural Adjustment Administration.

SEC. 2. To the regional committee:

(a) Each canner shall maintain an adequate record of acreage for which he has contracted, planted, or agreed to use. He shall also keep records of the yield, pack, shipments, payments for tomatoes on hand, and shall have a written contract for all purchases of tomatoes.

The contracting canners shall severally, upon the request of the regional committee, furnish to such committee on and in accordance with forms of reports to be supplied by it, full particulars in regard to matters specified in this section. The regional committee shall furnish the Secretary and/or the national committee all information obtained from the canners pursuant to this section.

(b) The contracting canners also severally agree that to enable the regional committee to verify the information furnished on said forms of reports, such of their books and records, and the books and records of their affiliates and subsidiaries, as are pertinent to such inquiry, shall, during the usual hours of business, be subject to the examination of the regional committee.

ARTICLE VIII. PROTECTION OF CONTRACTS

No processor shall knowingly purchase or receive any tomatoes for the purchase of which any other processor has an effective contract.

ARTICLE IX. EFFECTIVE TIME

SECTION 1. This agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and this agreement shall continue in force until the close of business December 1, 1935, or until terminated as follows:

(a) The Secretary may at any time terminate this agreement as to all parties thereto by giving at least 1 day's notice by means of a press release or in any other manner which the Secretary may determine.

(b) The Secretary shall terminate this agreement by giving notice in the same manner as provided in paragraph (a) above upon the request of a majority of the contracting canners, providing such canners packed not less than a majority of the total canned tomatoes or tomato products packed by all canners.

(c) This agreement shall, in any event, terminate whenever the provisions of the act authorizing it cease to be in effect.

ARTICLE X. DURATION OF IMMUNITIES

SECTION 1. The benefits, privileges, and immunities conferred by virtue of this agreement shall cease upon its termination, except with respect to acts done prior thereto; and the benefits, privileges, and immunities conferred by this agreement upon any party signatory hereto shall cease upon its termination as to such party except with respect to acts done prior thereto.

ARTICLE XI. COUNTERPARTS

SECTION 1. This agreement may be executed in multiple counterparts, which, when signed by the Secretary, shall constitute, when taken together, one and the same instrument as if all such signatures were contained in one original.

ARTICLE XII. ADDITIONAL PARTIES

SECTION 1. After this agreement first takes effect any canner may become a party to this agreement if a counterpart thereof is executed by him and by the Secretary. This agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this agreement shall then be effective as to such new contracting party.

ARTICLE XIII. AGENTS

SECTION 1. The Secretary may by a designation in writing, name any person, including any officer or employee of the Government, to act as his agent in connection with any of the provisions of this agreement.

ARTICLE XIV. AMENDMENTS

SECTION 1. Any amendment to this agreement shall become effective at the date designated by the Secretary upon approval of such amendment by the Secretary: *Provided*, That such amendment shall have first been approved by a majority of the contracting canners and by contracting canners who packed not less than a majority of the total canned tomatoes and tomato products packed by all canners.

ARTICLE XV. SIGNATURE OF PARTIES

In witness whereof the contracting parties, acting under the provisions of the Agricultural Adjustment Act, for the purposes and subject to the limitations herein contained, and not otherwise, have hereunto set their respective hands and seals.

SCHEDULE A

SECTION 1. Flat-price buying: The following is the price schedule for 1934 canning season for the areas set out in article III, section 1, whether tomatoes are purchased on contract or open market:

Area and flat price per ton

New York	$11.50
New Jersey	13.00
Pennsylvania	11.50
Ohio	9.50
Indiana	9.50
Illinois	9.50
Iowa	9.50
Missouri	9.50
Delaware	11.50
Maryland	11.50
Virginia	10.25
Kentucky	9.50
Tennessee	9.50
Colorado	9.00

Area and flat price per ton—Continued

Utah	$9.00
California	11.50
Michigan	9.00
Arkansas	9.50

SEC. 2. Definition of flat price: The term "flat price" means the price paid for merchantable tomatoes on a tonnage basis, irrespective of grades.

SEC. 3. When tomatoes are purchased on the basis of U.S. grades, the minimum price paid by grade shall be as follows:

(a) U.S. no. 1 grade, 135 percent of the flat price for the area as per section 1 above.

(b) U.S. no 2 grade, 75 percent of the flat price for the area as per section 1 above.

The Chief Hearing Clerk, Department of Agriculture, does hereby certify that this is a true and correct copy of the proposed marketing agreement for canned tomatoes and tomato products industry delivered to this office by H. R. Wellman, Chief, General Crops Section.

NOTICE OF HEARING WITH REFERENCE TO A PROPOSED MARKETING AGREEMENT

Under the Agricultural Adjustment Act, approved May 12, 1933, as amended, and under the general regulations, series 1, revision 1, of the United States Department of Agriculture, Agricultural Adjustment Administration, issued pursuant thereto—

Notice is hereby given of a hearing to be held at the United States Chamber of Commerce, room A, Washington, D.C., March 3, 1934, at 9:30 a.m., at which hearing interested parties will be heard with reference to a proposed marketing agreement which the National Tomato Canners Committee have requested the Secretary of Agriculture to enter into pursuant to section 8 (2) of said act. A copy of such proposed agreement is now on file and available for public inspection at the office of the Chief Hearing Clerk, in the Department of Agriculture, Washington, D.C. Copies of such agreement may be obtained in such office. The proposed agreement relates to prices, practices, and conditions in the tomato canners' industry.

HENRY A. WALLACE,
Secretary.

WASHINGTON, D.C., *February 21, 1934.*

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. MCKEOWN].

Mr. MCKEOWN. Mr. Chairman, I rise to say a word or two about the soldier, Beryl M. McHam, whose bill to give him an honorable discharge and pay him adjusted compensation was vetoed. It was a Senate bill, substituted here, and for that reason cannot be brought up in the House. It is my judgment that the President never saw or heard of this man's record. Otherwise I do not believe that he would have vetoed the bill, although it was a veto recommended by the War Department. McHam's record as a soldier will compare with the record of any soldier in the World War. It is remarkable. He enlisted for the service on March 27, 1917, at Fort Sam Houston. He was assigned to Company A, Nineteenth Infantry, and when the President called for volunteers to go with the First Division, he was one of the first volunteers that went with the First Division, and sailed on June 14, 1917, from Hoboken, N.J., and landed at Saint-Nazaire, France, on July 28, 1917. He went into training at Le Mans; in October 1917 with Company C, Twenty-sixth Infantry, he went to the front in the Toul sector with the American Expeditionary Forces, First Division, and he served in active service from that time until the armistice was signed on November 11. He was at the front along with the First Division and was under shellfire for 72 consecutive days, without relief, and upon being relieved he received new clothes, and, having a few days' rest, went again into action, leading in the first major offenses in which American forces participated in an effort to dislodge the enemy from its advanced position before the gates of Paris.

Under the leadership of Maj. Theodore Roosevelt, he was fighting within 10 feet of him when he was wounded by machine-gun shot in the leg and arm. He was one of 12 men who volunteered to make a raid into No Man's Land which resulted in the capture of 29 Germans and loss of their gallant captain and one of the privates. After going over the top on July 18, 1918, in the Soissons drive he was permitted a few days' rest in camp, and then went again into action at St. Mihiel, and there it was that he walked right over Mount Seck, where 30,000 Frenchmen had lost their lives in an attempt on the part of the French to take that point. When Armistice Day came he was one of only 15 of a company of 250 soldiers that had started in with him in the early part of June 1917. He was one of only 15 survivors. He was shot, he was wounded, he was gassed, and today he suffers from the injuries that he received. He volunteered to go into the Army of Occupation and did go and served and never deserted at any time while he was in the Army until after the war closed, and I want to give you the whole history. While he was in the Army of Occupation he went one night with some comrades to a German cabaret, and he freely admits that he became intoxicated, and on his way back he got into a fist fight with some of his companions and struck one or two of them with his fist and said something to a corporal to the effect, "I will meet you," "I will see you later." He has no recollection about that. He was court-martialed, and what do you suppose they did to a man who had been 72 days in the front ranks without any relief, a man who had been wounded, who was a grenadier, who was a messenger at the front?

He was discharged, dishonorably, and sentenced to serve 5 years in United States Army disciplinary barracks at such point as the reviewing authorities might direct. Upon review the board cut it to 15 months.

Mr. BIERMANN. Will the gentleman yield?

Mr. MCKEOWN. I yield.

Mr. BIERMANN. Does the gentleman mean to say that he got that sentence for that brawl?

Mr. MCKEOWN. For that little fight he was given this sentence. I say here and now that you can read the record of these court-martial trials in France and they are the most inhuman sentences ever pronounced upon any brave man. I say to you it is a black spot on American civilization that an army would visit such punishment upon its gallant men.

Mr. BIERMANN. Does the record of that court martial show that he got that severe sentence just for that fight?

Mr. MCKEOWN. That is all it was—a fight. They dishonorably discharged him. They took away from him all the privileges he had. He cannot draw his $1,500 adjusted-service compensation. In order to get by an objection in this House I agreed to let them put in all of the provisos except that he have his adjusted compensation. I do not believe that under the Constitution even the War Department can visit upon a man the right to take his property away from him. That is what this judgment did. He had earned that money. He had earned that $1,500, and I stood pat in this House and refused to let it go without putting in some compensation.

Now, what took place? After he was discharged, then, he thought he could wipe out the infamy of his dishonorable discharge which they had put upon him, and he went back into the Army and enlisted, and he undertook to wipe out the dishonor. But when the officers found that he could not do that, that he could not correct his record, they let him go home. They were human men. They knew that he had been a gallant soldier, and I say to you that a man who has gone through what he has, suffered the hell of the trenches that he has suffered, is entitled to better consideration at the hands of his Government than to say they did not want to set a precedent. He went home. That was 12 years ago. The Army has never from that day to this attempted to lay its hands upon him or to put him back because he walked off up here at Camp Dix, N.J. His comrades told him to go. They said, "There is no use for you to stay here and fill out this service. You cannot wipe it out." Although he comes back to Congress and asks Congress to wipe out this judgment, yet, because of precedent, the War Department says we cannot afford to let this man have what is his. I say to you it is an outrage that any judgment of any tribunal, I care not whether it be a court martial or what, that deprives a man of his property for so slight an offense, a little assault with his fists, should stand. He never deserted under fire. He fought. He was there to fight. As I say, he was 1 of only 15 men left in his company after the armistice was signed. When the roll of his company was called there were only 15 men out of 250.

I am not blaming the President of the United States. I say he does not have the information. General Bridges did

not ask that the bill be not passed when he was in charge of the War Department. He did not make any recommendation. He simply gave this man's history and said he had deserted from his second enlistment and had not returned, but he did not make any recommendation that the bill be not passed. Every fighting man in the Army that knows anything about this man knows that he ought to have every right returned to him, and he ought to have an honorable discharge. He was cited by General Summerall for bravery in battle. [Applause.]

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. McKEOWN] has expired.

Mr. BOLTON. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. ELTSE].

CONCERNING NAVAL POLICY AND EQUITABLE DISTRIBUTION OF NAVAL CONSTRUCTION AND EXPENDITURES

Mr. ELTSE of California. Mr. Chairman, I rise to address the House on the subject of naval policy and equitable distribution of naval-construction contracts and the distribution of naval expenditures. I realize that the announcement of that subject may sound rather dry, but I can assure you that it is a good, juicy subject, and I will demonstrate that to you before I have finished.

The people of the United States are vitally interested in this question of naval policy and the matter of naval construction and the awarding of these contracts and the distribution of these vast sums of money appropriated for naval purposes; but there is no part of the United States that is more interested in this subject than the people on the Pacific coast and the people of the western area of the United States, as has been indicated by the gentleman from California [Mr. HOEPPEL]. The eyes of the whole Nation are turned toward the Pacific because of the grave international problems that have existed in that theater over the last decade and more, and because of the fact that they exist at the present time. The eyes of the Nation have also been turned to that ocean, inasmuch as we must look to the Orient for an outlet for our exportable surpluses of agricultural and manufactured products. Both questions of national defense and expansion of commerce concern policy.

As a background for what I have to say, I wish to quote from the promulgated naval policies of the General Board of the Navy Department. The General Board of the Navy Department has recently announced that the fundamental naval policy of the United States is—

To maintain the Navy in sufficient strength to support the national policies and commerce and to guard the continental and overseas possessions of the United States.

The general naval policy is—

To create, maintain, and operate a Navy second to none and in conformity with treaty provisions—

And—

To support American interests, especially the development of American foreign commerce and the merchant marine.

The fleet building and maintenance policy is—

To build and maintain a fleet of all classes of fighting ships of the maximum war efficiency as permitted by treaty provisions; to replace over-age ships under continuing programs.

The fleet-operating policy, among other things, is—

To exercise economy in expenditures compatible with efficiency.

The shore-establishment policy, among other things, is—

To maintain a shore establishment sufficient to sustain the forces afloat in peace and capable of expansion to meet their needs in emergency—

And also—

To further the development of two main home bases on each coast.

I shall confine my remarks strictly to these announced current policies of the Navy Department; and at this particular point I want to say that I urgently advocate these announced policies as being in fulfillment of an adequate national defense and by way of preparing for an expansion of commerce and trade of which this Nation stands in need. At the same time, however, I want to stress the importance of the announced policy of the Navy Department to exercise economy in expenditures compatible with efficiency.

That you may get the whole picture of this construction program, the present and the projected construction program, I want to point out to you that under the act approved February 13, 1929, provision was made for the construction of six cruisers. As yet no appropriation has been made for this construction. Under the regular naval appropriation bill for 1935, provision is made for the construction of 1 aircraft carrier, 6 heavy cruisers, 1 light cruiser, 3 submarines, and 12 destroyers, 22 vessels in all. Under the N.I.R.A. allocation made under Executive Order No. 6174 by President Roosevelt, and for which contracts have already been let, there will be built 2 aircraft carriers, 1 heavy cruiser, 3 light cruisers, 4 submarines, 20 destroyers, and 2 gunboats, or 32 vessels in all. Therefore, we have a total of 54 ships under the 1935 regular naval appropriation bill and the N.I.R.A. program. Under the Vinson bill, H.R. 6604, which we recently passed, provision is made—and this is in addition to all these other items I have mentioned—for 1 aircraft carrier, 99,200 tons of destroyers, 35,530 tons of submarines, together with replacements, by vessels of modern design and construction, of over-age vessels of the Navy within categories of existing treaties.

What has been done to make this program effective? The preliminary steps have already been taken. First, as I have indicated, by Executive Order No. 6174, $238,000,000 of P.W.A. funds were allocated to the construction of 32 ships. Secondly, by the passage of the Vinson bill under which naval construction will continue over a 5-year period and it is estimated that the expenditure under that bill will be about $475,000,000. Adding these together gives us an estimated total expenditure for new construction in the Navy of $713,000,000. This is a stupendous sum but it is not all that will be involved.

I quote from the testimony of Admiral Land before the Naval Affairs Committee:

It is estimated that for every dollar expended from the Treasury during the first year of a shipbuilding program $4 is expended in outside industry in the purchase of material, appliances, machinery, boilers, and so forth.

Of course, the ratio of outside expenditures in the subsequent years will not be as high; but for the millions poured into this construction program there will be other millions spent on the outside.

I said a moment ago that there was plenty of juice in this subject. It is not a dry one by any means. On the Atlantic coast and also on the Pacific coast private shipbuilding yards and navy yards are involved. The question of national defense is also involved.

In his testimony Admiral Land went on to say that the value of the orders for materials to be purchased by the shipbuilder from sources outside his plant is about 40 percent of the value of the contract. If this be the case, then of the total of approximately $713,000,000 to be expended on this naval-construction program, with approximately $285,000,000 to be expended outside, we have a grand total of approximately $1,000,000,000 to be expended over this 5-year period. On both the Atlantic and the Pacific coasts we have private yards and navy yards vitally interested in this subject.

Breaking down the costs of ship construction, we find that 84 per cent of the cost goes to labor—40 percent to labor at the site, 28 percent to labor away from the site, back into the forests and in the mines; 16 percent of the overhead likewise goes into labor. Then there is 16 percent, roughly, which goes into the cost of materials in a ship.

Mr. Chairman, bees do not gather honey of rocks but they go to plants that have been provided with some juice. The Pacific coast needs and is entitled to a few shipbuilding plants provided with financial juice. With this enormous amount of money to be expended, we on the Pacific coast are interested to know why practically all this terrific sum which already has been appropriated or allocated has been diverted to private shipyards on the Atlantic coast with prac-

tically all the other money going to the navy yards on the Atlantic coast. We wish to know why this is the case.

Much has been said about the spread of labor, about the relief of the unemployed, about the increased purchasing power of the people of the Nation, about a fair distribution of Public Works funds, and a fair distribution of naval-construction contracts. It has been contended, and I would have you hear this, that the Pacific coast has been getting the lion's share of P.W.A. funds. Now, of course, I cannot accede to this statement.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. ELTSE of California. I yield.

Mr. HOEPPEL. The records show that California has received 131 percent of the revenue it pays to the Government. There are some States which have received as much as 1,680 percent. Most of the Southern States have received from 200 to 500 percent more than they pay to the Federal Government in taxes.

Mr. ELTSE of California. I thank the gentleman for the information. As I say, I cannot accede to the contention. The facts do not support the contention as indicated by my colleague from California. I have something further to say on that subject. Before I finish I hope to make those who have made such a contention, shall I say, blush with shame?

P.W.A. ALLOTMENT OF $238,000,000

Under Executive order, $238,000,000 was allocated from the P.W.A. fund. May I show you what part of this went to the Atlantic and what part went to the Pacific? Naval vessels are either constructed in private yards or navy yards. That is obvious. There are plenty of yards on the Pacific. There are more on the Atlantic. At this point, touching the question of national defense, I remind you that there are 6 navy yards on the Atlantic coast and but 2 small navy yards on the Pacific coast. The Pacific Ocean is recognized by all as being the emergency center. We have a navy yard at Bremerton, Wash., and a small one at Mare Island, Calif.

In view of Admiral Land's testimony that "the private shipyards are fast approaching the starvation point", it is indeed surprising to note that all of the awards to private yards for ship construction under the P.W.A. went to the private yards on the Atlantic coast and not one red cent went to private yards on the Pacific coast. It is true that 4 destroyers of the 1,850-ton class went to the 2 navy yards on the Pacific coast; that is, 2 to Bremerton and 2 to Mare Island. This means that 17 ships out of the 21 under the program went to private yards on the Atlantic. Out of a total of $238,000,000 the small sum of $15,000,000 went to the navy yards on the Pacific coast. This is at the ratio of 15 to 1.

In addition to the P.W.A. allotment under this Executive order there was also allotted to the naval establishments on the Atlantic coast $12,727,355, and $5,836,887 to the Pacific coast. In that connection it is interesting to make a comparison with these figures. The States west of the Mississippi River have a representation in this House of 135 Members. The population west of the Mississippi River is in excess of one third of the total population of the United States, the population being approximately 37,370,000 west of the Mississippi River. Therefore, Mr. Chairman, I think I have a sufficient basis, coupled with what my colleague [Mr. HOEPPEL] said, to make the statement that the Pacific coast has not received the lion's share. I believe such assertions are disproved.

Mr. BOLTON. Will the gentleman yield?

Mr. ELTSE of California. I yield to the gentleman from Ohio.

Mr. BOLTON. Has the gentleman figures to indicate the total amount allotted west of the Mississippi River and east of the Mississippi River out of the total Public Works fund?

Mr. ELTSE of California. Yes; $15,000,000 to the navy yards on the Pacific coast.

Mr. BOLTON. That is the naval allowance?

Mr. ELTSE of California. Yes.

Mr. BOLTON. I refer to the total P.W.A. fund.

Mr. ELTSE of California. No. I have not any figures on that.

Mr. BOLTON. I am sympathetic with the gentleman's situation, but my knowledge of the activities in other directions leads me to believe that the State of California has been pretty well taken care of.

Mr. ELTSE of California. I think when the statements are finally made up we can demonstrate to you that is not the case.

May I make a further comparison? This also appears in the testimony taken before the Naval Affairs Committee. Breaking down the naval expenditures for the year 1932 we find that out of a total of $353,628,363 the sum of $298,442,571 plus went to States east of the Mississippi River with but $55,185,791 going to States west of the Mississippi River. This is at a ratio of more than 5 to 1, and I would have you remember at the same time that the population west of the Mississippi River is in excess of one third of the population of the United States. Total estimated expenditures under the Vinson bill is $475,000,000. There is a vital point I want to bring out. If the construction of naval craft and vessels under the Vinson bill is to be geographically distributed in the same manner that distribution was made under the allotment of the P.W.A. funds, the private yards on the Pacific coast will get exactly nothing, and may I say again that we have many private yards? Under such a division the two navy yards on the Pacific will get about one fifth of the $475,000,000, or $31,666,000. The Atlantic private yards and navy yards will get all the rest or $423,334,000.

[Here the gavel fell.]

Mr. BOLTON. Mr. Chairman, I yield the gentleman from California 5 additional minutes.

Mr. ELTSE of California. But if the existing administrative policy of the Department is pursued, the Pacific coast will not be awarded as favorable an allotment as that which I have indicated. Judging from the past, we are to be met with the objections that there are no private-yard facilities available, and that it would be extremely unwise to assign any more construction to the Pacific coast navy yards, since they would be congested so that ships of the fleet could not be repaired and since they would not be available in case of an emergency. I stop to ask what emergency they have in mind? These two objections have actually been raised.

Mr. BIERMANN. Will the gentleman yield?

Mr. ELTSE of California. I yield to the gentleman from Iowa.

Mr. BIERMANN. A couple of weeks ago, when we were discussing the Vinson naval bill, we were told that the Pacific coast was going to be attacked by Japan. In spite of the fact that San Francisco is 5,200 miles from Yokohama, they said San Francisco would likely be the point attacked by Japan. I presume that for this reason they have to keep the shipbuilding activities away from the Pacific coast, out of harm's way.

Mr. ELTSE of California. Not at all. But that involves the reason why we are contending we must provide for more adequate naval facilities on the Pacific coast.

As to the first objection which has been raised, may I say that the private yards on the Pacific coast are just as rapidly approaching the starvation point as those on the Atlantic coast, and our private yards are just as much in need of financial sustenance as the private yards on the Atlantic coast. The Pacific coast private yards will come to life quickly enough if certain remedial bills are passed and if equity and fairness are allowed to creep into the making of these contracts under the naval-construction program.

As to the second objection, it has been said that it would be unwise to congest the yards on the Pacific coast because we may need them for repairs in case of an emergency. The objection contains within itself the very reason why the naval facilities should be expanded on the Pacific coast and why naval construction should be undertaken there as a part of our naval policy and as a measure of national defense. Without elaboration, I venture to prophesy that unless naval facilities are expanded on the Pacific coast, as a part of the present construction program, this Nation will some day find hopeless and inadequate facilities available in

emergency. Again may I remind you that there are 6 navy yards and 1 naval gun factory on the Atlantic coast with but 2 small navy yards on the Pacific. Moreover, we have no jealous guardian of the seas in the Pacific Ocean to lend support and to unite in a common Anglo-Saxon cause such as we have in the Atlantic, where the battle-fleet forces of the English Navy ride the waves.

In line with the shore-establishment policy, as promulgated by the General Navy Board, I contend that the Pacific coast should have shore establishments sufficient to sustain the forces afloat in peace and capable of rapid expansion in case of emergency. They say that one reason they do not want to congest our yards is because an emergency might arise. In line with shore-establishment policy I say to you that each coast should be provided with two fully developed main home bases. The existing shore establishments are wholly inadequate.

There should be established on the Pacific coast a centrally located naval supply depot. This is urgent. I have talked with many officers of the Navy, and they are all agreed that this should be done; and I venture to assert that all the operative officers of the Navy will agree with this point of view.

Now, happily, I am prepared to point out to you the method by which such a shore establishment and central naval supply depot may be constructed without any increase whatsoever in the naval budget. This can be done through the simple application of the policy promulgated by the General Board, to exercise economy in expenditures compatible with efficiency.

The order was recently given that the fleet should be transferred from the Pacific to the Atlantic Ocean; and the testimony before the Naval Affairs Committee shows that this will be at an additional cost of $3,709,740, with an indication that the cost might run as high as $4,000,000, the additional cost being by reason of the fact that oil costs approximately 54 cents a barrel more on the Atlantic than on the Pacific.

Think of it! Burn up $4,000,000 for this transfer when that money might be used, in strict accordance with the rule of economy and efficiency, for more useful purposes in the expansion of much-needed shore establishments and in particular the construction of a much-needed supply depot on the Pacific coast. Practically all of this vast sum would be paid to labor. Such use would greatly increase employment. The officers and the men of the Navy are already employed and will continue to be employed anyway so that the development of such a project and the expenditure of $4,000,000 would be in fulfillment of the administration's program to spread employment and increase the purchasing power of the people of the Nation. Spend $4,000,000 for a transfer of the fleet from the Pacific to the Atlantic and that program is not set forward in the slightest degree.

Moreover, while it has been said that it is the approved policy of the Navy Department to concentrate the fleet in the Atlantic now and then, what about the policy of maintaining the fleet in the Pacific as a measure of national defense at the time when the fleet is needed in the Pacific? Some time ago I saw in the press that the reason for sending the fleet to the Atlantic was by way of a friendly gesture toward the Japanese. Bring the fleet to the Atlantic and then when the order is given to return it to the Pacific a howl will go up from Tokio of an unfriendly gesture on the part of the United States.

Adverting to the subject of a reasonable and fair distribution of the new naval construction to the Atlantic and Pacific yards, I call your attention to the fact that Senator DILL has introduced a bill in the Senate by way of an amendment to the Vinson bill, [H.R. 6604] providing—

That in making awards under contracts for the construction of vessels in private shipyards, bids may be accepted from shipyards located on the Pacific coast; *And provided further*, That the cost of the construction on the Pacific coast does not exceed the cost of construction on the Atlantic coast plus the cost of transportation of necessary materials from the Atlantic to the Pacific.

Representative CARTER of California has introduced a similar bill in the House.

The purpose of these bills is laudable, and the principle of differentials should be established as promoting a reasonable and fair distribution of naval construction and naval expenditures. The analysis of the naval expenditures heretofore made and the distribution of naval construction which I have described presents conclusive reasons why differentials should be established such as that suggested under the Dill and Carter bills. There are other vital considerations which I will mention later.

There are numerous private shipyards on the Pacific coast in need of contracts. We have a vast army of unemployed; this army is not all in the East. There are hungry men, women, and children on the Pacific coast as well as on the Atlantic.

During the World War our Pacific yards were spots of high activity where hammers clanged, riveters made machine-gun music, and between thirty and fifty thousand men worked like bees. We still have those yards but they are silent, practically deserted, out of commission as shipbuilding plants, their forces scattered, all because none of the ships built with Government money have been assigned to these yards. This is a lamentable situation. We of the Pacific coast ask why it is that all—I say all—of the recent awards of contracts to private shipyards have been made to those on the Atlantic coast. There is no justification! Oh, I know that it will be said, as has been said, the contracts were let on open bidding, and that no bids were received from yards located on the Pacific coast, but I say to you that had the Pacific coast yards been given due consideration, due and proper notice, some encouragement granted, some indication of the extensive building construction program to be pursued by the Government, those shipyards would have submitted bids. Moreover, I humbly submit that it is the duty of the Government to provide or to see to it that adequate naval facilities are provided and encouraged on the Pacific coast as a measure of national defense.

There is a national necessity for the development and maintenance of shipyards on the Pacific coast. There is far more than the question of comparison of costs of naval shipbuilding by the Atlantic and Pacific yards. As a measure of national defense the maintenance of shipyards on the Pacific coast is vastly more important than the differential assumed to exist between building costs on the two sides of the continent.

The only reason for the existence of an American Navy is to defend the country in case of war and to encourage commerce between the nations, to guard the continental and overseas possessions of the United States, and to protect American lives and property. In war time it is highly essential that there be adequate yards on the Pacific coast for the building and repair of ships, and we cannot wait until war breaks out to provide the yards. Moreover, it is universally agreed that since European markets for American products have practically been closed to us forever, we must turn to the markets of the Orient for an outlet for our exportable surpluses.

Now that there is a definite Navy building program being undertaken, a fair and reasonable share of the construction and of the expenditures ought to be allotted and provided to the yards on the Pacific coast. It is their right as enterprises that stand ready to serve, and the policy of national defense demands it. [Applause.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 10 minutes to the gentleman from Alaska [Mr. DIMOND].

Mr. DIMOND. Mr. Chairman, my only purpose in asking leave to be heard today in the consideration of the bill now before the House in Committee of the Whole is to try to point out the place that Alaska has, by virtue of geography, in any proper scheme of national defense.

I have here a small map showing a part of the Northern Hemisphere, called the Great Circle Map. I have outlined on this map in blue the Territory of Alaska and the United States, and also you will see some red lines running from the Pacific ports of the United States to Alaska, other lines to Honolulu, and all converging in the Orient.

You probably do not know that the journey from San Francisco, or from Seattle, to Tokio or Manila is considerably shorter by way of Alaska or by way of the Aleutian Islands, which I am now pointing out, than it is by way of Honolulu or the Hawaiian Islands. You all know, particularly those of you who have been here for some years and have watched the building of our national defense, that Honolulu is fortified. A good many million dollars—I do not know how many—have been spent in the fortification of Honolulu, not alone to defend the Hawaiian Islands, but to defend the Pacific coast of the United States. The pouring of all this money into defenses in the Hawaiian Islands can be justified only upon the theory that it is necessary or advisable in order to provide a proper defense for continental United States; but, as one rather high officer said to me not so long ago, "It is true we have locked one door, but we have left the other door open." I said, "What other door?" and he said, "The Territory of Alaska." Because, so far as continental United States is concerned, the distance to the Hawaiian Islands is 2,200 miles, while the distance from Seattle to the harbors on the southern coast of the main body of Alaska is only 1,400 miles.

In other words, it is 800 miles shorter to go from Alaska to Seattle and it is somewhat shorter to go from Alaska down to San Francisco, than it is to go from Hawaii to the city of San Francisco. I simply mention the city of San Francisco because it is one of the largest cities on the Pacific coast. Seattle, of course, is about 800 miles farther north and that much closer to the Territory of Alaska.

Mr. HOEPPEL. Will the gentleman yield for a correction?

Mr. DIMOND. Yes.

Mr. HOEPPEL. Los Angeles, as the gentleman knows, is on the Pacific coast and its territory extends down to the harbor at Wilmington.

Mr. DIMOND. I beg the gentleman's pardon, I had overlooked that. Los Angeles is a great city.

As a matter of fact, steamships sailing out of Seattle for the Orient ordinarily go south about 50 miles from the Aleutian Islands. They do not go to Honolulu, but they go to the north because it is the shortest route. It is some three or four hundred miles shorter to go that way than it is to go farther south and follow the parallels of latitude around.

Without being unduly considered an alarmist, the gentleman from California [Mr. ELTSE], who last spoke, said what is universally recognized: That the theater of discontent, the theater of danger, if there is any danger to the United States, does not lie to the east or does not lie across the Atlantic Ocean, but lies across the Pacific Ocean; and I say this without in any manner indicating that I am of the opinion that war is going to break out the next day, or the next week, or within a year or so.

We all know that in the last administration, under the policy then pursued, if it had been pursued much further, we would have found ourselves in a state of war; the only thing the Government could do was to back up in order to maintain peace, and I am not saying that that was wrong.

Here we have the Territory of Alaska that is an important part and parcel in the proper scheme of national defense. The southern coast of the northern part of Alaska lies within 1,400 miles and the southern tip of Alaska within 800 miles of the continental United States.

Alaska is close to the United States and has many magnificent harbors and furnishes possible bases of operations for any foreign power that may attempt to attack the United States; but nothing has been done there by way of defense. In fact, we have gone the other way. In the four-power treaty, the United States entered into a covenant that they would not put any fortifications on the Aleutian Islands west of Dutch Harbor, which I point out to you on the map.

Here we have a string of islands running toward Asia. It is American territory and furnishes one, at least, of the finest harbors in the world for a base for a hostile power, and we agreed not to put any fortifications out there. I do not mean to say that there were not sufficient reasons for that, although it seems inexplicable to me.

Now, it seems to me that we should place fortifications here, so that if a foreign power tries to attack us we can cut in and stop them. How is that to be done? It can be done simply by the establishing of an air base in Alaska.

A fleet of planes properly equipped for war could cut in on any hostile army or fleet, and could give us ample warning of what is taking place.

There is another good and substantial reason why an Army air base should be established in Alaska, that is, that it would give the military pilots some experience in flying in cold weather in a sub-Arctic climate, which they have not had heretofore in any proper proportion. Recently the famous Col. Carl Ben Eielson flew across the top of the continent, as I indicate on the map, with Capt. Sir Hubert Wilkins, over to Spitzbergen. He came back to Alaska afterwards and established an air company there, and in a commercial flight made to Siberia he was forced down along the Siberian coast and was lost. It was months before his body was found. The people of Alaska appealed to the Government to send Army planes up there and search for Colonel Eielson, and we found that the Army did not have any equipment fit for flying in that climate or in that country or in that weather, and so in the end we had to appeal, indirectly, to the Soviet Government, and that Government spent a good many thousand dollars in the effort to find Colonel Eielson.

They sent up there military planes which were equipped for sub-Arctic and Arctic flying, and they went there and searched for a long time, but finally the body of Colonel Eielson and that of his mechanic Earl Borland were discovered by Joe Crosson, an almost equally famous American flyer, accompanied by the intrepid pilot, Harold Gillam. While our flyers could not think of going into Alaska to face the storms at that same time, the military pilots of Soviet Russia were properly equipped, and they sent their ships into northern Siberia and searched for Colonel Eielson.

One would think that under any adequate scheme of military defense our air pilots ought to be trained in that sort of flying, because Alaska may be the theater of war in the future. Some may say, "We don't care what happens to Alaska, let the foe take it." That might be all right for the people in continental United States, but did you ever consider the position the United States would be in if a strong and hostile power got possession of the Territory of Alaska. Then you would have a potential enemy within a very few hundred miles of Seattle and San Francisco, and—I shall not forget this time—also not so far from Los Angeles.

Let me, if I may, sum up, since my time is limited:

So far as the United States is concerned, the theater of discontent lies to the westward, not across the Atlantic. Trade expansion in the Orient and racial antagonisms involve this country whether it pleases to be involved or not. Our economic stake in Asia is large, and constantly growing.

We are separated from the Continent of Asia not by the broad Pacific but by the narrow Pacific. The western arm of the Aleutians juts out past 172° longitude. Alaska proper lies far to the west of continental United States. Alaska is the very close neighbor of Asia.

An enemy from Asia could scarcely hope to send his fleet east to the main cities of the Pacific coast via the Hawaiian Islands. Two factors would deter him: First, the United States fleet; second, distance from bases of supply which such an attempt would involve. But he naturally would make the attempt via Alaska. He would have many advantages by so doing:

First. Route is shortest and regularly used by commercial vessels at present.

Second. Alaska offers harbors without number, and enemy could take shelter therein, and any effort to dislodge him would be difficult.

Third. Under present circumstances it would be wholly within his power to make a surprise sortie upon Pacific

Northwest from Alaska, and the advantage would be all his. He would have harborages to which he could retreat; he could consolidate his gains and a greatly superior fleet would be necessary to drive him back.

Fourth. It is entirely conceivable that once he was in possession of Alaska that he could not be driven out. From that position he could not only worry continually the American fleet and cities on the Pacific coast but he could establish a transport route by which soldiers could be massed in Alaska for invasion of the United States.

To obviate any such possibility—

First. Establish at Anchorage or Fairbanks and also in the Aleutian Islands, and elsewhere in Alaska at points deemed proper by naval and military authorities, such fortifications, and particularly an adequate air force, as would effectively prevent a successful attack by an enemy fleet or army. Such a program is essential for the proper protection of the United States. Alaska, too, is deserving of adequate protection.

Second. There should be periodical voyages to Alaskan waters by the United States fleet so that the personnel may become acquainted with the waterways as a matter of preparedness. Of course, such visits need not be made by the entire fleet at one time, but substantial units should be sent north in rotation.

This program is advocated by the people of Alaska; it has the support of the American Legion in Alaska. I wish that I had time to read the letters I have from the several posts of the American Legion in Alaska. I believe that it is in entire harmony with the views and policy and plans of the command of the Army, and particularly that of the Army air force. I say to you, Defend the United States by defending Alaska. And do not forget that 60,000 citizens of the United States who love our common country, and are as much entitled to protection as any other citizens of the United States, live in Alaska.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. THOMPSON].

Mr. THOMPSON of Texas. Mr. Chairman and members of the Committee, I did not intend to ask you for any time during this first term of mine, and I came here this afternoon with a good deal of reluctance. However, you are dealing with a group of men who are friends of mine, whose lives you hold in your hand, and if I did not raise my voice in behalf of them I would feel very disloyal. Last week and the week before we heard some soul-stirring oratory incident to the air mail bill. It was prompted by the death of five Army pilots, who either directly as a result of flying the air mail, or because of something connected with it, went down to their deaths. It was significant that in all the criticism that was leveled at the authorities who brought about the cancelation of the air-mail contracts, the Army men themselves did not say one word, and I believe, except in one case, that no member of the family of any of the men who lost their lives raised any complaint about it. Most, if not all, of the criticism came from those who on the floor of this House sought to make political capital of these unfortunate deaths.

The men in the Army Air Corps are in a hazardous occupation. They recognize that as do their families. Flying the air mail to them was all in a day's work, and there is no more reason to complain about these particular accidents than any of the other accidents that have occurred in the past or may occur in the future. I want to leave with you just this one thought—that if there is any guilt at all in the death if men flying in the Army, if the accident is due to faulty or inadequate equipment that those men are using, that guilt must rest on the shoulders of this House itself, because, after all, we are the ones who provide them with equipment.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of Texas. Yes.

Mr. HOEPPEL. I rise to agree with the gentleman and to state that we have been continually harassing these men by threatening to take away from them their 50-percent increase in pay because of their hazardous service.

Mr. THOMPSON of Texas. That is quite true. I understand that the appropriation bill now before you provides the equipment the Air Corps would like to have. I verified that from the Air Corps officers this afternoon. I am glad that is the case, because it will set a precedent and may result in saving lives in the future. Remember, whenever you act on an Army Air Corps appropriation, that if an accident occurs on account of faulty equipment, the blood of these men is on your heads and not on anyone else's.

Mr. BIERMANN. Is there anything in the record to show that any of these Army aviators lost their lives through faulty equipment?

Mr. THOMPSON of Texas. There has been so much conversation about these things that I really cannot sift it out. There was talk about improper equipment, improper radio equipment, and I am sure the gentleman must recall that. Does not the gentleman recall that?

Mr. BIERMANN. I heard something from the Republican side about that, but in the debate Friday there was nothing to that effect, and General Foulois, I think, has all along controverted any intimation that those men lost their lives through faulty equipment.

Mr. THOMPSON of Texas. I think, perhaps, that is correct. I will tell you my personal opinion of why they lost their lives. It was just the boundless enthusiasm of the men of the Air Corps. That is the entire reason. They started to go to their objective. It was just another objective, and they would not turn back even though the weather was too bad for flying. I think that is the secret of the whole thing.

Mr. BIERMANN. But I think the record ought to show that there is nothing, from the standpoint of real intelligent testimony, that indicates in the slightest degree that any one of the Army flyers lost his life because of faulty equipment. I think the record does not show that at all. The gentleman's explanation is a reasonable one.

Mr. THOMPSON of Texas. I think the gentleman is entirely correct, and I checked it up with many of my Army friends at the time.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield the gentleman one additional minute.

Mr. THOMPSON of Texas. In the words of General Martin, if you give these men proper equipment, then do not coddle them.

Speaking of General MARTIN, I should like to correct an impression that was left after he had been on his feet the other day. I am sure the gentleman who unknowingly left the impression will welcome a correction. General MARTIN draws no pension, and, by his own vote, he eliminated his pension in the Economy Act a year ago.

Mr. HOEPPEL. Will the gentleman yield to me to answer that question?

Mr. THOMPSON of Texas. Yes; I yield.

Mr. HOEPPEL. It is thoroughly understood that while General MARTIN is a Member of Congress, he does not receive any retired pay; but if he declines to run or is no longer a Member of Congress, he will immediately again receive $6,000 per year retired pay. I was criticizing him because he was trying to prevent the widows of men who were being killed in these accidents from receiving what I considered just compensation under the United States compensation laws.

Mr. THOMPSON of Texas. Nevertheless, the Members, to a large extent, misunderstood the gentleman's inference, and in fairness both to him and to the gentleman from Oregon I think the matter should be thoroughly understood, and that it should appear in the RECORD that General MARTIN does not draw a pension plus his congressional salary.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield to the gentleman from Iowa [Mr. WEARIN].

Mr. WEARIN. Mr. Chairman, I should like to consume just a few minutes to ask the chairman of the subcommittee a question or two with reference to the appropriation for the Air Corps. I notice on page 34 this statement:

Not exceeding $3,848,824 may be expended for experimental and research work with airplanes or balloons and other equipment, including the pay of necessary civilian employees.

Does the gentleman interpret that as meaning the War Department might, by some interpretation, be able to use a portion of that fund for the construction of a new dirigible?

Mr. COLLINS of Mississippi. There will be none of this money used for dirigibles, either rigid or otherwise.

Mr. WEARIN. The gentleman is quite sure that there is no construction program contemplated in that?

Mr. COLLINS of Mississippi. None whatever.

Mr. WEARIN. Now, with reference to the helium gas that is mentioned, I presume that is for the maintenance of the ships that we already have?

Mr. COLLINS of Mississippi. Such as we already have. They are listed in the hearings.

Mr. WEARIN. I thank the gentleman.

Mr. COLLINS of Mississippi. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 8471) making appropriations for the War Department, and for other purposes, had come to no resolution thereon.

LEAVE OF ABSENCE

Mr. BYRNS. Mr. Speaker, my colleague, Mr. CRUMP, has been called home today on account of very serious and critical illness of a member of his family. I ask unanimous consent that he be given leave of absence for 1 week.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BYRNS. Mr. Speaker, the gentleman from New York, Mr. CORNING, has had serious illness in his family since February 23, which has necessitated his being away from the House. I ask unanimous consent that he be given indefinite leave of absence on account of illness in his family.

The SPEAKER. Without objection, the request is granted.

There was no objection.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 421. An act for the relief of Joseph Gorman; to the Committee on Military Affairs.

S. 458. An act for the relief of Lyman I. Collins; to the Committee on Military Affairs.

S. 521. An act for the relief of Henry Poole; to the Committee on Military Affairs.

S. 870. An act for the relief of L. R. Smith; to the Committee on Claims.

S. 872. An act to facilitate the use and occupancy of national-forest lands for purposes of residence, recreation, education, industry, and commerce; to the Committee on Agriculture.

S. 1138. An act authorizing transfer of an unused portion of the United States Range Livestock Experiment Station, Mont., to the State of Montana for use as a fish-cultural station, game reserve, and public recreation ground, and for other purposes; to the Committee on Agriculture.

S. 1164. An act to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and acts in amendment thereof; to the Committee on the Judiciary.

S. 1754. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near New Boston, Ill.; to the Committee on Interstate and Foreign Commerce.

S. 1820. An act to amend the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

S. 2043. An act to amend the act of May 22, 1928, entitled "An act to authorize the collection in monthly installments of indebtedness due the United States from enlisted men, and for other purposes; to the Committee on Military Affairs.

S. 2089. An act to amend the Code of Laws for the District of Columbia, approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building and loan associations; to the Committee on the District of Columbia.

S. 2139. An act for the relief of the Western Union Telegraph Co.; to the Committee on Claims.

S. 2267. An act for the relief of Isaac Pierce; to the Committee on Military Affairs.

S. 2313. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Mines and Mining.

S. 2445. An act to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.; to the Committee on Interstate and Foreign Commerce.

S. 2509. An act to readjust the boundaries of Whitehaven Parkway at Huidekoper Place in the District of Columbia, provide for an exchange of land, and for other purposes; to the Committee on the District of Columbia.

S. 2550. An act granting an easement over certain lands to the Springfield special road district in the county of Greene, State of Missouri, for road purposes; to the Committee on the Judiciary.

S. 2554. An act for the relief of Cohen, Goldman & Co., Inc.; to the Committee on Claims.

S. 2675. An act creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.; to the Committee on Interstate and Foreign Commerce.

S. 2688. An act to validate payments for medical and hospital treatment of members of Reserve Officers' Training Corps and citizens' military training camps; to the Committee on Claims.

S. 2696. An act to amend an act entitled "An act granting a charter to the General Federation of Women's Clubs"; to the Committee on the Judiciary.

S. 2742. An act to authorize the Secretary of War to abandon or evacuate real estate no longer required for cemeterial purposes in Europe, and for other purposes; to the Committee on Military Affairs.

S. 2790. An act for the relief of the Charlestown Sand & Stone Co., of Elkton, Md.; to the Committee on War Claims.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2. An act for the relief of C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith;

S. 406. An act for the relief of Warren J. Clear;

S. 750. An act for the relief of the Lebanon Equity Exchange of Lebanon, Nebr.;

S. 751. An act authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co. of Omaha, Nebr., income taxes illegally paid to the United States Treasurer;

S. 1069. An act authorizing adjustment of the claim of the Chicago, North Shore & Milwaukee Railroad Co.;

S. 1074. An act authorizing adjustment of the claims of John T. Lennon and George T. Flora;

S. 1087. An act authorizing adjustment of the claim of William T. Stiles;

S. 1115. An act to authorize the Department of Agriculture to issue a duplicate check in favor of Department of Forests and Waters, Commonwealth of Pennsylvania, the original check having been lost;

S. 1347. An act for the relief of Little Rock College, Little Rock, Ark.;

S. 1426. An act for the relief of the estate of Benjamin Braznell;

S. 1496. An act for the relief of Nannie Swearingen;

S. 1724. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora grant, New Mexico;

S. 1759. An act to revive and reenact the act entitled "An act granting the consent of Congress to the Mill Four Drainage District in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith", approved June 17, 1930;

S. 1782. An act for the relief of the B. & O. Manufacturing Co.;

S. 2201. An act for the relief of the Neill Grocery Co.; and

S. 2766. An act to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes.

ADJOURNMENT

Mr. COLLINS of Mississippi. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 5 minutes p.m.) the House adjourned until tomorrow, Tuesday, March 6, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, Mar. 6, 10 a.m.)

Continuation of the hearing on H.R. 7852, the National Securities Exchange Act of 1934.

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Tuesday, Mar. 6, 10 a.m.)

Hearings on H.R. 8097, salaries and allowances for rural letter carriers.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Tuesday, Mar. 6, 10 a.m.)

Hearing on restriction of general immigration in room 445, old House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

369. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated March 2, 1934, submitting a report, together with accompanying papers, on a preliminary examination and survey of Turtle Bayou, Tex., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

370. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated March 2, 1934, submitting a report, together with accompanying papers, on a preliminary examination of Smiths Creek, N.J., authorized by the River and Harbor Act approved March 3, 1925; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BUCHANAN: Committee on Appropriations. House Joint Resolution 290. Joint resolution to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934; without amendment (Rept. No. 868). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLLINS of Mississippi: Committee on Appropriations. H.R. 8471. A bill making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes; without amendment (Rept. No. 869). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLLINS of California: Committee on Indian Affairs. H.R. 5887. A bill to authorize the creation of an Indian village within the Shoalwater Indian Reservation, Wash., and for other purposes; without amendment (Rept. No. 870). Referred to the Committee of the Whole House on the state of the Union.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H.R. 8312. A bill to provide adjustment of status of certain aliens lawfully admitted without requirement of departure to foreign country; without amendment (Rept. No. 871). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 5757) granting a pension to Emily Cecil; Committee on Invalid Pensions discharged and referred to the Committee on Pensions.

A bill (H.R. 6401) granting a pension to Anna Hill Wilson; Committee on Invalid Pensions discharged and referred to the Committee on Pensions.

A bill (H.R. 7484) to amend section 51 of chapter 2, title 45, of the Code of Laws of the United States of America; Committee on Interstate and Foreign Commerce discharged, and referred to the Committee on the Judiciary.

A bill (H.R. 7794) to amend section 51 of chapter 2, title 45, of the Code of Laws of the United States of America; Committee on Interstate and Foreign Commerce discharged, and referred to the Committee on the Judiciary.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COLLINS of Mississippi: A bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes; to the Committee on Appropriations.

By Mrs. NORTON: A bill (H.R. 8472) to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. DUNCAN of Missouri: A bill (H.R. 8473) to amend section 22, title 2, of an act approved May 12, 1933, entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes"; to the Committee on Agriculture.

By Mr. BRUNNER (by request): A bill (H.R. 8474) to provide that citizens of the United States of America who served overseas with the allied armies be given same preference and credits in United States civil-service examinations as if they had served as soldiers of the United States of America in the World War, Spanish-American War, or the Philippine insurrection; to the Committee on the Civil Service.

By Mr. BUCK: A bill (H.R. 8475) to provide that transferors for collection of negotiable instruments shall be preferred creditors of national banks in certain cases; to the Committee on Banking and Currency.

By Mr. CHAVEZ: A bill (H.R. 8476) for the economic rehabilitation of the Mescalero Indians of New Mexico; to the Committee on Indian Affairs.

By Mr. RANDOLPH: A bill (H.R. 8477) authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.; to the Committee on Interstate and Foreign Commerce.

By Mr. WALTER: A bill (H.R. 8478) to exempt certain articles from the tax on floor stocks imposed by the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. McLEOD: A bill (H.R. 8479) to promote resumption of industrial activity, increase employment, and restore confidence by fulfillment of the implied guaranty by the United States Government of deposit safety in national banks; to the Committee on Banking and Currency.

By Mr. PEYSER: A bill (H.R. 8480) to amend the Trading with the Enemy Act; to the Committee on Interstate and Foreign Commerce.

By Mr. CHAPMAN: A bill (H.R. 8481) to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture", approved January 14, 1929, as amended; to the committee on Agriculture.

By Mr. FISH: Resolution (H.Res. 291) requesting the names and addresses of all persons and corporations who own tax-exempt securities in the amount of $100,000, or over; to the Committee on Ways and Means.

MEMORIAL

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Kentucky, urging the passage of a bill providing for the immediate payment of the adjusted-compensation certificates due the World War veterans; to the Committee on World War Veterans' Legislation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BECK: A bill (H.R. 8482) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of George A. Carden and Anderson T. Herd; to the Committee on Claims.

By Mr. CONNOLLY: A bill (H.R. 8483) for the relief of Frank Rote; to the Committee on Military Affairs.

By Mr. CARTER of California: A bill (H.R. 8484) for the relief of Albert C. Moe; to the Committee on the Judiciary.

By Mr. DARDEN: A bill (H.R. 8485) for the relief of Linda Wright Ward; to the Committee on Claims.

By Mr. KNUTE HILL: A bill (H.R. 8486) for the relief of A. L. Ostrander; to the Committee on Claims.

By Mr. PETERSON: A bill (H.R. 8487) granting a pension to Sarah Hampton; to the Committee on Pensions.

Also, a bill (H.R. 8488) granting a pension to Kathryn E. Fraley; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H.R. 8489) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Robert Judson McGarry; to the Committee on Claims.

By Mr. WILCOX: A bill (H.R. 8490) granting a pension to Emma Washburn; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2748. By Mr. ANDREW of Massachusetts: Resolutions adopted by the General Court of Massachusetts, urging that the immigration quotas be increased so as to enable persecuted Jewish people in Germany to enter the United States; to the Committee on Immigration and Naturalization.

2749. By Mr. AYERS of Montana: Petition of C. N. Clark, of Bonner, and sundry other citizens of Bonner and Great Falls, Mont., praying for repeal or modification of the fourth section of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

2750. By Mr. BEITER: Petition of Erie County committee of the American Legion, Buffalo, N.Y., urging Congress to change regulations which prohibit veterans who are receiving compensation from sitting on adjudication boards unless they waive their rights to such compensation, so that such veterans may be permitted to sit on such boards without being required to waive their rights to compensation; to the Committee on World War Veterans' Legislation.

2751. By Mr. BOYLAN: Resolutions adopted by the Chamber of Commerce of the State of New York, opposing certain provisions of the National Securities Exchange Act; to the Committee on Banking and Currency.

2752. Also, letter from the National Committee on Wild Life Legislation, urging the passage of Senate bills 2277, 2529, and 2633; to the Committee on Agriculture.

2753. Also, letter from the American Ice Co., Jersey City, N.J., protesting against provisions of the proposed National Securities Exchange Act of 1934, which provides drastic regulation of the business and affairs of corporations whose securities are listed on the stock exchange; to the Committee on Banking and Currency.

2754. By Mr. CARTER of California: Petition of James S. Britt, Albert E. Strand, Benjamin F. Straight, and 46 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2755. Also, petition of J. C. Macauley, Frank Lentz, Edward Armour, and 46 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2756. Also, petition of Thomas F. Dolan, Henry White, Roy J. Johnson, and 47 others, residents of Alaska County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2757. Also, petition of H. E. Selby, John Weidlein, Henry Stevens, and 20 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2758. Also, petition of Joseph H. Montgomery, George Pringle, Evangeline Duarte, and 34 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2759. Also, petition of E. J. Callahan, George Smith, Joseph S. Moreno, and 45 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2760. Also, petition of Lou Ryan, Leland Chapman, Paul W. Kelly, and 48 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2761. Also, petition of Laura E. Lines, Joseph C. Clark, Beatrice Harlow, and 37 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2762. Also, petition of George S. Hamlin, J. L. Dailey, J. E. Morgan, and 47 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2763. By Mr. KINZER: Resolution from the Society of Friends of West Chester, Pa., petitioning for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2764. By Mr. LAMBERTSON: Resolution of the Allied Independent Railroad Labor Organizations, Western District, urging amendments to Senate bill 2651 and House bill 7650; to the Committee on Interstate and Foreign Commerce.

2765. By Mr. McCORMACK: Memorial of the General Court of Massachusetts, urging the increasing of the existing immigration quotas for the purpose of enabling persecuted Jewish people in Germany to enter the United States; to the Committee on Immigration and Naturalization.

2766. By Mr. MEAD: Petition of Columbia County Rural Letter Carriers Association, Wyocena, Wis., urging full pay restoration and an adequate equipment allowance; to the Committee on Post Office and Post Roads.

2767. By Mr. ROMJUE: Petition of the Goad-Ballinger Post, No. 69, American Legion, of Springfield, Mo., demanding of Congress the immediate cash payment of the adjusted-compensation certificates or bonus, and that same shall be paid without deductions therefrom for interest on loans previously made thereon; to the Committee on World War Veterans' Legislation.

2768. By Mr. SABATH: Resolution adopted by Local Union No. 1, Chicago, Ill., United Brotherhood of Carpenters and Joiners of America, memorializing Congress to enact legislation establishing a universal 30-hour week; to the Committee on Labor.

2769. By Mr. SHANNON: Petition of C. H. Darnell, commander Lieutenant Jules G. Ord Camp, No. 45, United Spanish War Veterans, and over 1,500 other qualified voters of Kansas City, Mo., requesting all members of the House of Representatives to support the Steiwer-McCarran amendment to the independent offices appropriation bill; to the Committee on Appropriations.

2770. By Mr. TREADWAY: Petition of Miss Caroline Goodyear and other residents of Great Barrington, Mass., protesting against the Vinson naval construction bill; to the Committee on Naval Affairs.

2771. Also, resolutions of the General Court of Massachusetts, relative to increasing immigration quotas so as to enable persecuted Jewish people in Germany to enter the United States; to the Committee on Immigration and Naturalization.

2772. By Mr. WOLCOTT: Petition of Earl M. Doig and 52 others, opposing the Fletcher-Rayburn bill, S. 2693 and H.R. 7852, for the reason that it will seriously restrict credit facilities; to the Committee on Interstate and Foreign Commerce.

2773. By the SPEAKER: Petition of the city of Dearborn, Mich., concerning the payment of the soldiers' bonus; to the Committee on World War Veterans' Legislation.

SENATE

TUESDAY, MARCH 6, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Thursday, March 1, and Monday, March 5, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Austin	Davis	King	Robinson, Ind.
Bachman	Dickinson	La Follette	Russell
Bailey	Dill	Lewis	Schall
Bankhead	Duffy	Logan	Sheppard
Barbour	Erickson	Lonergan	Shipstead
Barkley	Fess	Long	Steiwer
Black	Fletcher	McAdoo	Stephens
Bone	Frazier	McCarran	Thomas, Okla.
Borah	George	McGill	Thomas, Utah
Brown	Gibson	McKellar	Thompson
Bulkley	Glass	McNary	Townsend
Bulow	Goldsborough	Murphy	Trammell
Byrd	Gore	Neely	Tydings
Byrnes	Hale	Norris	Vandenberg
Capper	Harrison	Nye	Van Nuys
Caraway	Hastings	O'Mahoney	Wagner
Carey	Hatch	Overton	Walcott
Clark	Hatfield	Patterson	Walsh
Connally	Hayden	Pittman	Wheeler
Coolidge	Hebert	Pope	White
Costigan	Johnson	Reed	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from New York [Mr. COPELAND] and the Senator from Illinois [Mr. DIETERICH] are unavoidably detained from the Senate. I desire further to announce that the Senator from South Carolina [Mr. SMITH] is absent from the Senate because of a death in his family.

Mr. HEBERT. I desire to announce that my colleague the senior Senator from Rhode Island [Mr. METCALF] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The VICE PRESIDENT. Ninety-one Senators have answered to their names. A quorum is present.

PETITIONS

The VICE PRESIDENT laid before the Senate a resolution adopted by beet-growing members of Weld County local of the Colorado Farmers' Protective Association, favoring the passage of legislation giving the President authority to alter or amend sugar quotas as he may deem necessary, which was referred to the Committee on Finance.

Mr. ROBINSON of Arkansas presented a letter from W. C. Fordyce, of St. Louis, Mo., relative to the regulation of security markets, which was referred to the Committee on Banking and Currency.

PAYLESS FURLOUGHS OF POSTAL CLERKS

Mr. WALSH presented a telegram from Emmett J. Whelan, president, Boston (Mass.) Post Office Clerks Union, which was referred to the Committee on Post Offices and Post Roads and ordered to be printed in the RECORD, as follows:

BOSTON, MASS., *March 5, 1934.*

Hon. DAVID I. WALSH,
United States Senate, Washington, D.C.:

Sixteen hundred Boston postal clerks' families urge you make vigorous protest against Postmaster General Farley's 4-day payless furlough atop existing 15-percent pay cut. This policy unwarranted and inconsistent with President Roosevelt's appeal today for higher wages and consideration for those receiving $2,000 or less.

EMMETT J. WHELAN,
President Boston Post Office Clerks Union.

THE 40-HOUR WEEK

Mr. WALSH presented a telegram from J. F. Downey, executive secretary of the Cambridge (Mass.) Industrial Association, which was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

CAMBRIDGE, MASS., *March 5, 1934.*

Senator DAVID I. WALSH,
United States Senate, Washington, D.C.:

A questionnaire submitted by this association to the industrial firms of Cambridge places substantially all industry in the city as opposed to any reduction in the present 40-hour week. Replies prove reduction will diminish sales and put some concerns out of business. Shorter week will develop little new employment. As our representative in Congress we fully expect your judgment will be in keeping with opinions expressed by these industries that are doing their utmost to employ as many people as possible at best wages possible.

THE CAMBRIDGE INDUSTRIAL ASSOCIATION,
J. F. DOWNEY, *Executive Secretary.*

PAYMENT OF SO-CALLED "SOLDIERS' BONUS"

Mr. LOGAN presented a letter from the chief clerk of the Kentucky Senate, embodying a resolution adopted by the Legislature of the State of Kentucky, which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

KENTUCKY SENATE,
OFFICE OF CHIEF CLERK,
Frankfort, Ky., February 28, 1934.

Hon. M. MILLS LOGAN,
Member of Congress, Washington, D.C.

DEAR SIR: The following resolution was adopted by the Kentucky State Senate, the House of Representatives concurring therein:

JOINT RESOLUTION

"Whereas the Congress of the United States has heretofore passed what is known as the 'Adjusted Compensation Act' for the benefit of World War soldiers, sailors, marines, and nurses, and has under said act issued adjusted-compensation certificates to said World War veterans, which said certificates are due in 1945; and

"Whereas, largely on account of the depression, a great number of those holding these adjusted-compensation certificates have found it necessary to borrow money thereon and are re-

quired to pay interest upon money which the Government has acknowledged that it owes them; and

"Whereas the necessity for the relief of the said veterans and their families is greater today than ever in history, and probably greater than it will be in 1945, when many of them will be dead and unable to enjoy the benefits of the money due them; and

"Whereas it is the policy of the President and the Congress of the United States to increase the spending power of the Nation and the citizens thereof through various agencies established by the Congress, and for this purpose the expenditure of large sums from public funds has heretofore been authorized by Congress; and

"Whereas no better way is known for the accomplishment of this purpose than the payment in cash of the face value of the said adjusted-compensation certificates at the present time, which, while serving the purpose of paying off an existing Government indebtedness, will serve to circulate cash in every community, town, and city of the land, no matter how small or how great, thereby increasing the spending power of the people in every community, town, and city; and

"Whereas by doing this the Government will recognize a just obligation to its former soldiers and bring happiness and some degree of prosperity to millions of soldier homes: Therefore be it

"*Resolved by the Senate of Kentucky (the house of representatives concurring therein):*

"SECTION 1. That the President of the United States, the Congress thereof, and especially the Senators and Representatives from Kentucky be, and they are hereby, respectfully memorialized, petitioned, and urged to use their best efforts and vote for the passage of a bill now pending in Congress providing for the immediate payment of the adjusted-compensation certificates due the World War veterans.

"SEC. 2. The clerk of the senate is hereby directed to send a certified copy of this resolution to the President of the United States, to the clerks of the Senate and of the House of Representatives of the Congress of the United States, and a copy to each Senator and Member of the House of Representatives from Kentucky."

Respectfully submitted.

BYRON H. ROYSTER,
Chief Clerk of Senate.

FEDERAL EMERGENCY RELIEF IN ARIZONA

Mr. ASHURST presented a letter from the Assistant Federal Emergency Relief Administrator, which was ordered to lie on the table and to be printed in the RECORD, as follows:

FEDERAL EMERGENCY RELIEF ADMINISTRATION,
Washington, February 28, 1934.

Hon. HENRY F. ASHURST,
United States Senate, Washington, D.C.

MY DEAR SENATOR ASHURST: I am in receipt of your letter of February 24. We are putting into Arizona for transient care something like $250,000 per month, more than in any other State in the Union, more than we are putting into Mississippi, Arkansas, Louisiana, Tennessee, and Missouri combined.

Very truly yours,

AUBREY WILLIAMS,
Assistant Administrator.

AIR-MAIL CONTRACTS

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in full in the RECORD a letter which I have received from Mr. Fred G. Tauber, of Jersey City, N.J., with reference to the authority of the United States Army to carry the mail.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

NEW YORK, *March 1, 1934.*

Hon. W. WARREN BARBOUR,
Senate Office, Washington, D.C.

MY DEAR SENATOR: As a citizen and one of your constituents, I am writing this letter in protest against the useless and wanton sacrifice of life brought about by the hasty determination on the part of our bureaucratic administration to cancel air-mail contracts. This, in spite of the fact that none of the private mail carriers have had their day in court or a hearing which would give them an opportunity to present their side of the story. Even a murderer is entitled to his day in court, and certainly the same treatment ought to be accorded to respectable citizens engaged in the carrying of the mails under contract with their Government. I feel that Army aviators, who sacrificed their lives due to such hasty action, were forced to brave the elements with inadequate equipment, not in line of duty but in line of politics.

All of this has been thoroughly discussed in the press, but there is one further matter I desire to call to your attention which, insofar as I know, has thus far not been considered. In reviewing the United States Statutes, it is my humble opinion that there are specific violations of law on the part of the Postmaster General in utilizing the Army for the carrying of mails. While the President of the United States, under the Constitution, is "Commander in Chief of the Army and Navy of the United States, and of the militia of the several States, when called into the actual service of the United States", he, nevertheless, has only such powers to use the Army or Navy as directed by Congress, for, under the Constitution, Congress alone is empowered "to make rules for the government and regulations of the land and naval forces." So that, while the President is the Commander in Chief, he must command the Army and Navy as directed by Congress, and whenever Congress desires the Army or the Navy to perform duties beyond the scope of regular military service, it, by law, specifically authorizes such service. Some of the duties specifically authorized by Congress are the following:

Assistance to foreign governments.
Assignment for instruction of National Guard.
Assistants to Director of Public Buildings and Public Parks.
Number of officers to be detailed to the Bureau of the Budget.
Chiefs of staff of division of National Guard.
Coast and Geodetic Survey work.
Duty with National Guard.
Officers of the Engineer Corps detailed to Federal Water Power Commission.
Officers detailed as Indian agents.
Officers detailed to Indian education.
Officers detailed to educational institutions in military instruction.
Officers detailed to instruct officers of the National Guard.
Officers detailed for promotion of civil aviation.
Officers detailed to work on Federal-aid, highways, and numerous others.

Why specific authorization was not obtained by the administration before this order was promulgated is beyond comprehension. Such course can only indicate two things: (1) That the administration has gone so bureaucratic and has become so drunk with power as to deliberately omit such a minor detail as to ask Congress whether or not they may do so, or (2) that the administration now considers Congress a sublimated rubber stamp for it and considers its ability to obtain such authorization for the mere asking at any time merely as a matter of form. It is true that some years ago during a railroad strike the Army was used for the carrying of the mail, but there was a real emergency. A strike was had and all mail had ceased moving, and therefore the public welfare was at stake; industry and business was faced with a standstill. A real emergency existed—not a mere imaginary one.

What, may I ask, was the emergency that prompted the calling of the Army into service to carry the mails? If, as stated by the President in his proclamation, it is an emergency, it then certainly is now created by the present administration when canceling the contracts summarily. Suffice it to say that unless and until the Government moves to annul the contracts allegedly to have been entered into by fraud in a court of equity no emergency exists.

It is true that under the statute whenever the Postmaster General finds that a contract has been entered into by fraud, he has the power to annual such contracts. But such power is not an arbitrary one, nor may it be arbitrarily used in the manner as employed in the instant case. No one condones graft or corruption, but if such existed it is an easy matter to bring the guilty party before the bar without engaging in a political fishing exhibition, as well as condemning an entire industry without giving them their day in court.

I further desire to point out that the Government had adequate remedy in a court of law to establish its damage if the charges provided in the contracts were exorbitant and fixed fraudulently. It could also have protected itself against further damage by an appropriate action on the contracts in a court of equity. However, now the Army is being used to obviate a civil action. In other words, a military collection agency. The danger of such procedure is obvious. Could not the President call upon the Army or the Navy to take over other activities such as carrying mails by railroad should the Chairman of the Reconstruction Finance Committee merely believe that some of the moneys loaned to the railroads were granted on the basis of fraudulent application? Or, could not the President call upon the Navy to carry mails by water, if the Postmaster General should imagine that the ocean-mail contracts, which everyone knows are nothing but a form of subsidy, have been entered into fraudulently? However, be that as it may, the Army may not be used for any and all purposes. Congress specifically provided that:

"It shall not be lawful to employ any part of the Army of the United States as a posse comitatus, or otherwise, for the purpose of executing the laws, except in such cases and under such circumstances as such employment of said force may be expressly authorized by the Constitution or by act of Congress; and any persons willfully violating the provisions of this section shall be deemed guilty of a misdemeanor and on conviction thereof shall be punished by fine not exceeding $10,000, or imprisonment not exceeding 2 years, or by both such fine and imprisonment" (U.S.C., title 10, sec. 15, p. 170).

Further consideration should be given to the fact that due to the cancelation of such air-mail contracts many of the lines have curtailed their passenger service. I know that Eastern Air Lines flying between New York and Washington have cut their schedule approximately one third. This will ultimately result, beyond a doubt, in a curtailment of personnel, such as pilots, copilots, radio operators, airplane mechanics, engineers, mechanics, reserve pilots, meteorologists, clerical forces, and such other help as may now be employed. In that phase of the question, our State is vitally interested. We have one of the largest airports in the eastern section of the United States. That is Port Newark, which serves as a terminal for planes flying between the south, west, north, and east. The Army has sent its enlisted men, such as mechanics,

etc., to Port Newark to service the Army planes which carry the mail. Such mail had heretofore been carried by the private carriers, but since the cancelation of the mail contracts their staff has been curtailed and, therefore, the enlisted men of the Army if not directly certainly indirectly are replacing men who have been discharged due to the curtailed schedule brought about by the loss of the mails.

Congress specifically provided that—

"No enlisted men in the active service of the United States in the Army, whether a noncommissioned officer, musician, or private, shall be detailed, ordered, or permitted to leave his post to engage in any pursuit, business, or performance in civil life, for emolument, hire, or otherwise, when the same shall interfere with the customary employment and regular engagement of local civilians in their respective arts, trades, or professions" (U.S.C., title 10, sec. 609, p. 192).

The mere fact that we are at the present time passing through an economic depression should have prompted the administration to take into consideration the resultant loss of employment to part of the staff in the air lines. While there are still approximately 12,000,000 people unemployed in this country, and while the administration is creating imaginary employment for thousands of people under the C.W.A., part of the enlisted men of the United States Army should not have been called upon to compete with some of the citizens of our State, throwing them out of employment, even if there were no statute prohibiting such employment on the part of enlisted men. But to directly violate the statute, in my humble opinion, and detail enlisted men from the service to replace civilians of our State who are gainfully employed, is a matter which should commend itself to the serious consideration of the Members of Congress.

In debates before the Senate on February 26, Senator ROBINSON of Indiana said:

"Mr. President, just a concluding word. I understand there is a bill pending before the Congress, discussed in the House of Representatives last Saturday, by which, for some cause or other which I do not pretend to understand, the administration now wants Congress to share the responsibility for this high-handed action which has been taken which resulted in the deaths of all these Army pilots in the service of the United States Government. Of course, such a bill should be defeated—there is no question about that—and I suppose it will be discussed thoroughly when it reaches the floor of the Senate" (CONGRESSIONAL RECORD, p. 3184).

It seems to me that the answer to the query is contained in my letter. The administration had no authority to use the Army and now desires to supply the necessary authority to complete the program.

If the action of canceling air-mail contracts was not motivated by political consideration, why, then, did the Postmaster General refuse to accept the offer of the president of the Eastern Air Lines to run the mails for 30 days without cost to the Government in the event it is proven that the contracts were fraudulently entered into. Or, if the Government did not desire to have the mail carried under the offered conditions, that is, free of charge, it could have agreed with the air lines to dispatch the mail on a quantum meruit basis.

With kindest personal regards, I am,

Respectfully yours,

FRED G. TAUBER.

REPORTS OF COMMITTEES

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 1135) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended, reported it with an amendment and submitted a report (No. 410) thereon.

He also, from the same committee, to which was referred the bill (S. 2425) to repeal the act entitled "An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cattaraugus, and Oil Spring Indian Reservation", approved January 5, 1927, reported it without amendment and submitted a report (No. 411) thereon.

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (H.R. 1015) for the relief of Frank D. Whitfield, reported it without amendment and submitted a report (No. 409) thereon.

Mr. COOLIDGE, from the Committee on Military Affairs, to which was referred the bill (H.R. 891) for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf, reported it without amendment and submitted a report (No. 412) thereon.

Mr. DICKINSON, from the Committee on Military Affairs, to which was referred the bill (S. 557) for the relief of John Ernst, reported it without amendment and submitted a report (No. 413) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 5th instant that committee presented to the President of the United States the following enrolled bills:

S. 2. An act for the relief of C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith;

S. 406. An act for the relief of Warren J. Clear;

S. 750. An act for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr.;

S. 751. An act authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer;

S. 1069. An act authorizing adjustment of the claim of the Chicago, North Shore & Milwaukee Railroad Co.;

S. 1074. An act authorizing adjustment of the claims of John T. Lennon and George T. Flora;

S. 1087. An act authorizing adjustment of the claim of William T. Stiles;

S. 1115. An act to authorize the Department of Agriculture to issue a duplicate check in favor of Department of Forests and Waters, Commonwealth of Pennsylvania, the original check having been lost;

S. 1347. An act for the relief of Little Rock College, Little Rock, Ark.;

S. 1426. An act for the relief of the estate of Benjamin Braznell;

S. 1496. An act for the relief of Nannie Swearingen;

S. 1724. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.;

S. 1782. An act for the relief of the B. & O. Manufacturing Co.;

S. 2201. An act for the relief of the Neill Grocery Co.; and

S. 2766. An act to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAREY (by request):

A bill (S. 2952) authorizing enlistment in the Army for a limited period and intensive military training of boys recently graduated from high school, or young men recently enrolled as students in college, and for other purposes; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 2953) granting the consent of Congress to the highway department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.; to the Committee on Commerce.

By Mr. GEORGE:

A bill (S. 2954) for the relief of Homer H. Adams; to the Committee on Claims.

By Mr. McADOO:

A bill (S. 2955) relating to advances to Federal Reserve member banks on time or demand notes, loans on real estate by national banks, shareholders' liability on national-bank stock, and for other purposes; to the Committee on Banking and Currency.

A bill (S. 2956) to provide for the appointment of two additional district judges for the southern district of California and for the southern district of New York, and for other purposes; to the Committee on the Judiciary.

By Mr. BULOW (by request):

A bill (S. 2957) for the relief of the rightful heirs of Wakicunzewin, an Indian; to the Committee on Indian Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 2958) to correct the military record of Anson W. Oden; to the Committee on Military Affairs.

A bill (S. 2959) granting a pension to Amanda Bastian;

A bill (S. 2960) granting a pension to Susan Harris;

A bill (S. 2961) granting a pension to Mary E. Troutman;

A bill (S. 2962) granting a pension to Gertrude Daly (with accompanying papers);

A bill (S. 2963) granting a pension to Caroline E. Harris (with accompanying papers);

A bill (S. 2964) granting a pension to Emma J. Johnson (with accompanying papers); and

A bill (S. 2965) granting a pension to Fred L. Long (with accompanying papers); to the Committee on Pensions.

By Mr. GOLDSBOROUGH and Mr. TYDINGS:

A bill (S. 2966) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland; to the Committee on Banking and Currency.

By Mr. THOMAS of Oklahoma:

A bill (S. 2967) for the relief of Mrs. Olin H. Reed; to the Committee on Claims.

(Mr. PITTMAN introduced Senate bill 2968, which appears under a separate heading.)

By Mr. BYRNES:

A bill (S. 2969) for the relief of the Mary Black Memorial Hospital; to the Committee on Claims.

LIQUIDATION OF CLOSED BANKS

Mr. PITTMAN. I ask leave to introduce a bill to relieve depositors of banks now in the hands of receivers or conservators to which the Reconstruction Finance Corporation made loans.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred.

Mr. PITTMAN. Mr. President, as I consider it a matter of considerable importance dealing with the liquidation of closed banks, I ask to have the bill printed in the RECORD.

The bill (S. 2968) to relieve depositors of banks now in the hands of receivers or conservators to which the Reconstruction Finance Corporation made loans, to restore confidence by fulfillment of the implied guaranty by the United States Government of depositors in such banks, to promote industrial and business recovery, and to increase employment and purchasing power, was read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the Reconstruction Finance Corporation be, and is hereby, authorized and directed to purchase, acquire, and receive from the receiver or receivers and/or conservator or conservators of a bank or banks now in the possession or control of such receivers and/or conservators, all the remaining assets of banks to which the Reconstruction Finance Corporation made loans prior to such banks going into the hands and control of such receivers and/or conservators in sums of money in excess of 20 percent of the total deposits of such banks at the time of the final loan or loans to such banks.

The Reconstruction Finance Corporation, upon receipt of such remaining assets from such bank or banks, and upon application by the receivers and/or conservators of such bank or banks, shall immediately make available to such receivers and/or conservators as payment for such assets funds sufficient to pay 50 percent of the total deposit liability of such bank or banks at the time such assets are acquired and received by the Reconstruction Finance Corporation.

SEC. 2. Such receivers and/or conservators upon the making available of such funds for payment to the depositors shall immediately disburse such funds pro rata to the depositors of such bank or banks for which they are receivers and/or conservators.

SEC. 3. The receiver or receivers and/or conservator or conservators charged with the disbursement of such funds shall immediately after such funds have all been disbursed proceed without delay to make and file their final reports. Upon the filing and approval of the final report of the said receiver or receivers and/or conservator or conservators they shall cease to act as receiver or receivers and/or conservator or conservators and shall be discharged.

SEC. 4. The assets so purchased shall be liquidated by the Reconstruction Finance Corporation and, with the exception of assets in the form of unsecured notes, the Reconstruction Finance Corporation shall allow debtors a period of not to exceed 10 years in which to pay their indebtedness as evidenced by such assets. The Reconstruction Finance Corporation shall have full discretion concerning terms of liquidation of assets in the form of unsecured notes and may, when it deems such a course advisable, insist upon such terms of payment and such additional security from the debtor as it may demand.

As funds, over and above the 50 percent made available under section 1 of this act, become available by liquidation and after pro rata expenses of liquidation are paid, the Reconstruction Finance Corporation shall pay such funds to such depositors pro rata, either directly or through such agencies as it may establish or designate.

SEC. 5. Regardless of any previous contract or agreement on the part of any person, the rate of interest paid to the Reconstruction Finance Corporation on such assets by the debtors, shall be reduced to 5 percent per annum and that for the purposes of this act, any statute of limitations shall be waived and held not to apply to any transaction referred to or covered by the provisions of this act. Nothing herein contained, however, shall prevent any debtor from anticipating payment on any such indebtedness.

SEC. 6. The Reconstruction Finance Corporation is authorized in its discretion to recognize any assignee of any depositor as a depositor under this act, and upon such recognition by the Reconstruction Finance Corporation such assignee shall be entitled to all the benefits and privileges conferred upon a depositor by this act.

UNSOLICITED MERCHANDISE IN THE MAILS—AMENDMENT

Mr. GOLDSBOROUGH submitted an amendment intended to be proposed by him to the bill (S. 2101) to prohibit the sending of unsolicited merchandise through the mails, which was ordered to lie on the table and to be printed.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

Mr. CONNALLY and Mr. LA FOLLETTE each submitted an amendment intended to be proposed by them, respectively, to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, which were ordered to lie on the table and to be printed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 1626. An act granting equipment allowance to third-class postmasters;

H.R. 3842. An act to provide for the deportation of certain alien seamen, and for other purposes;

H.R. 5075. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended;

H.R. 5632. An act to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes;

H.R. 6185. An act fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the Territorial Canvassing Board, defining its duties, and for other purposes;

H.R. 8046. An act to provide a penalty for the knowing or willful presentation of any false written instrument relating to any matter within the jurisdiction of any department or agency of the Government with intent to defraud the United States;

H.R. 8208. An act to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.; and

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 1759) to revive and reenact the act entitled "An act granting the consent of Congress to the Mill Four Drainage District in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into

Nutes Slough, Boones Slough and sloughs connected therewith", approved June 17, 1930, and it was signed by the Vice President.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred as indicated below:

H.R. 1626. An act granting equipment allowance to third-class postmasters; to the Committee on Post Offices and Post Roads.

H.R. 3842. An act to provide for the deportation of certain alien seamen, and for other purposes; to the Committee on Immigration.

H.R. 5075. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended; to the Committee on Indians Affairs.

H.R. 5632. An act to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes; to the Special Committee on Conservation of Wild Life Resources.

H.R. 6185. An act fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the territorial Canvassing Board, defining its duties, and for other purposes; to the Committee on Territories and Insular Affairs.

H.R. 8208. An act to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.; to the Committee on Military Affairs.

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934; to the Committee on Appropriations.

NOMINATION OF ROBERT H. JACKSON—AGREEMENT FOR EXECUTIVE SESSION

Mr. HARRISON. Mr. President, I desire to propose a unanimous-consent agreement which is intended really to accommodate a Senator who is not very well.

I ask that at 2 o'clock tomorrow the Senate go into executive session to consider the nomination of Robert H. Jackson to be general counsel of the Bureau of Internal Revenue. I may say that I think it will take but a few minutes to dispose of the nomination.

Mr. McNARY. Mr. President, that is entirely agreeable.

There being no objection, the unanimous-consent agreement was reduced to writing and entered, as follows:

Ordered, That at 2 o'clock p.m. tomorrow (Mar. 7, 1934) the Senate go into executive session to consider the nomination of Robert H. Jackson, to be general counsel, Bureau of Internal Revenue.

ROOSEVELT'S APPEAL

Mr. GOLDSBOROUGH. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial from Baltimore Sun of today entitled "Roosevelt's Appeal."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, Mar. 6, 1934]

ROOSEVELT'S APPEAL

President Roosevelt's address before the gathering of N.R.A. code authorities in Washington suggests that he has made little progress toward further and real understanding of the social and economic implications of his recovery program. His appeal had a distinctly familiar ring. On June 16, when he signed the recovery act, and upon other occasions at about the same time, he addressed several messages to business men in particular and the public in general that were of like tenor to his latest speech.

Everybody, he declared 9 months ago, as he declared again on Monday, must do his part to make the recovery program a success. Business must be high-minded and altruistic. It must employ more workers, pay them more money, and so, by increasing the total purchasing power, contribute to its own welfare. Small business enterprises must be protected. The interests of the consumers must be carefully guarded, and the consumers themselves must do their part by patronizing only those manufacturers and merchants who are cooperating in the recovery campaign upon the terms laid down by the Roosevelt administration.

It is a little strange that after 9 months of effort it should still be found necessary to issue another appeal of this nature to the public. If nothing else, it strongly indicates that the desired cooperation has not been forthcoming. Indeed, in the last paragraph of his speech, the President indirectly admitted as much when he said:

"We have been seeking experience in our first 8 months of code making; for that same reason we have been tolerant of certain misunderstandings even when they resulted in evasions of the spirit if not the letter of the law. Now we are moving into a period of administration when that which is law must be made certain and the letter and the spirit must be fulfilled. We cannot tolerate actions which are clearly monopolistic, which wink at unfair trade practices, which fail to give to labor free choice of their representatives, or which are otherwise hostile to the public interest."

In other words, the President is here in effect saying that there have been evasions, and that his repeated appeals for cooperation have not been heeded by everyone. Are we to suppose that still another plea along the same familiar lines will meet with any different response?

Lest anyone be misled by Mr. Roosevelt's moderate language into believing that what he called "evasions in spirit" have been few and far between, it is necessary to refer to the report of the Consumers' Advisory Board issued on Sunday. This report, dealing mainly with price fixing under the N.R.A. codes, shows clearly to what considerable extent these evasions in spirit have been taking place. It flatly asserts that in some industries there has been a tendency to forget the recovery program in their own interests.

The Consumers' Board said it has "evidence indicating that a number of industries have increased prices more than can be justified by increased wage payments under the N.R.A.", a practice "which our observations indicate may have retarded the recovery program." In several instances "there have been efforts to establish uniform prices without code sanction." Low-cost producers have been subjected to pressure to compel them to raise their prices to the level generally desired in the industry, thus depriving the consuming public of the benefit of low prices resulting from efficiency in production. Several other practices, violating the spirit of the recovery law and operating to the disadvantage of the consumers are cited in the report.

It must be emphasized that we do not disagree with the President in the objectives he set forth in his speech yesterday. There can be no question that real recovery cannot be attained until unemployment has been decreased, purchasing power enlarged, and the little man as well as the big manufacturer placed on a sound operating basis. But we do not believe that Mr. Roosevelt's methods are such as to insure progress in that direction.

For one thing, the limitation of competition envisaged in the recovery law must inevitably encourage price-fixing and other monopolistic practices, oppress the small enterprise, and penalize the consuming public by keeping alive marginal and high-cost producers. This becomes doubly certain when the administration of the codes of fair competition is given into the hands of interested parties, to use the language of the Consumers' Advisory Board's report. That is precisely what General Johnson appears to have done.

Only the most efficient and disinterested social control could check or prevent these abuses. The Consumer's Board bravely essays to suggest several ways in which such control could be developed with regard to prices. The President and General Johnson, however, seem to prefer to let industry govern itself, which can only mean that in the end the strongest and greediest factions will prove the real rulers of industry.

Carried to its logical conclusion, social control would appear to require the erection of a Fascist or Socialist dictatorship. Certainly there is no indication that the country is prepared to go that far; thoughtful people must be alarmed at the slightest semblance of dictatorship. The only apparent alternative is free and open business competition. Under such a system abuses are likely to arise, largely because of the immensity and complexity of our economy. But such abuses can be checked or eliminated by vigorous and equitable enforcement of the anti-trust laws and similar statutes, something which this country has never actually witnessed.

Certain of our big business corporations had their own way under the recent Republican administrations. They seem to be having their way again under Roosevelt. This cannot be corrected, on the one hand, by freeing them from the anti-trust laws and allowing them to assume control of the N.R.A. codes, or, on the other hand, by constantly appealing to them to improve their conduct.

TAX FAVORS FOR BIG SPECULATORS—ARTICLE BY HERBERT S. WOOD

Mr. MURPHY. Mr. President, I ask unanimous consent to insert in the RECORD an article by Herbert S. Wood, of Washington, D.C., appearing in the New Republic for March 7, 1934, captioned "Tax Favors for Big Speculators."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New Republic, Mar. 7, 1934]

TAX FAVORS FOR BIG SPECULATORS

The revenue bill recently introduced into the House of Representatives will correct a number of the abuses that were revealed by the Pecora investigation into the income-tax practices of the Mitchells and the Wiggins, the Lamonts and the Morgans. But the bill's new provision for the taxation of so-called "capital gains" is hardly less vicious than the present capital-gains tax. This little-understood section of the old tax law is the largest of the loopholes through which wealthy men have been able to escape their fair share of the Nation's tax burden. It virtually annuls the surtax on speculative profits from long-term investments by permitting gains on the sale of property that has been held 2 years or more (called capital gains) to pay a flat tax of 12½ percent in lieu of a combined normal tax and surtax running up to 63 percent. It thus remits as much as 80 percent of the taxes that would otherwise be paid by the "big fellows" on profits that in boom years make up at least one half their total incomes and represent less useful service to society than any other major class of gains. Moreover, the great bulk of this relief from high surtaxes goes to taxpayers who have little or no just claim for relief.

Under the pending revenue bill the tax on capital gains would be computed at the regular normal tax and surtax rates, but only a part of the capital gains would be included in net income subject to tax—80 percent for property held 1 to 2 years, 60 percent for property held 2 to 5 years, and 40 percent for property held 5 years or more. If enacted, the bill would reduce the tax favors granted to this class of gains, and would distribute the remainder more evenly between large gains and small, and between longer-term and shorter-term investments. But it would still give the recipients of million-dollar incomes a wholly unwarranted reduction of about 60 percent in their taxes on speculative profits from 5-year investments.

From 1925 to 1929 the bounty granted by the capital-gains tax to favored speculators amounted to no less than $75,000,000, of which at least three fourths was wholly unjustifiable. Under the present law the unjustifiable relief granted on the same gains would be $2,000,000,000, and under the pending bill it would be well over $1,000,000,000, of which something like $500,000,000 would go to taxpayers with incomes of one million or more.

It may be fanciful to turn back to the boom years of the late twenties for figures to measure the effects of 1934 tax policies. But is not now the time to adjust our tax system to a new period of rising prices, when the speculators will be in clover, as they were from 1925 to 1929? The administration's currency measures are designed to produce a price rise. Returning prosperity will almost inevitably bring it. If its benefits are not to be monopolized by the speculators, measures to ensure a wider distribution should not be delayed.

The only equitable claim of investors for special consideration in the taxation of their speculative profits arises from the fact that such profits are not taxable until realized by the sale of the property from which they are derived. Gains that presumably accrued through several years may thus be taxed in 1 year, and may be subjected to much higher rates, under our steeply graduated surtax schedule than they would have borne if divided through the years in which they accrued. The House subcommittee on tax revision and the Treasury Department agree that the tax on a capital gain should approximate the tax which would have been paid if the gain had been realized in equal annual amounts over the period for which the asset was held. Allowance should also be made for interest on the tax payments that have been deferred by deferring the realization of the gain. With that modification, the quoted statement affords a fair standard by which to test the soundness of methods designed for the solution of this problem. But both the present law and the substitute proposed in the pending bill utterly fail even to approach that standard. Instead they both grant unwarranted tax reductions several times greater than the excessive burdens that capital gains would bear if no relief were afforded.

If no relief were granted on capital gains, a married man without dependents having an ordinary income (apart from capital gains) of $100,000, and realizing in 1 year a profit of $500,000 on a 5-year investment, would pay, at the rates fixed in the pending bill, 4 years' tax on $100,000, amounting to $121,432, and 1 year's tax on $600,000, or $324,683, making a total of $446,115. On the assumption that his profit accrued evenly over the 5 years he should have paid 5 years' tax on $200,000, or $433,915 in all. His only claim for relief arises from a threatened overpayment of $12,200—less than half the interest he has saved (at 5 percent) by deferring his tax payments. Yet the present law reduces his tax by $232,000 and the pending substitute would reduce his tax by $179,925.

A man with an ordinary income of one million who realizes a capital gain of five millions would pay thereon at regular rates a tax of $3,150,000, whether the gain was realized in 1 year or spread over 5 years. He has no equitable claim for relief, but on the contrary has saved $315,000 in interest (at 5 percent) through deferment of taxes; yet the present law reduces his tax by $2,525,000 and if the property has been held 5 years or more, the pending substitute would reduce his tax by $1,890,000.

Even men with ordinary incomes from $25,000 to $100,000 get, for the most part, grossly excessive relief. Ignoring the interest factor and assuming in each case a capital gain derived from a 5-year investment, amounting to five times the taxpayer's ordinary income, we find that a man with an ordinary income of $25,000 might justly claim a reduction of $24,535 in the tax he would pay at regular rates, but gets a reduction of $39,205 under the present law and $40,305 under the pending bill; a man with $50,000 might justly claim $27,500, but gets $104,750 under the present law and $86,450 under the pending bill; a man with $75,000 might justly claim $14,184, but gets $168,935 under the present law and $132,450 under the pending bill. As the taxpayer's average income rises above $100,000 his equitable claim for relief goes down, but the relief granted shoots upward at an accelerated rate. Moreover, in incomes below $50,000, where the relief granted is moderate, capital gains amounted to less than 5 percent of the taxpayers' total incomes in 1925 to 1929; but in incomes above five millions, where the relief granted is most grossly excessive, capital gains amounted to about 65 percent of the taxpayers' total incomes in those years.

The capital-gains provision of the pending bill fails to accomplish its avowed purpose of equalizing taxation, as between such gains and other income, because it takes into account only one of a number of factors that determine the amount of relief that should equitably be granted with respect to capital gains. The factor considered—the length of time the property has been held—is grossly overweighted. Assuming an ordinary income of $20,000 and a capital gain of $50,000 on a 5- to 25-year investment, we find that from 64 to 74 percent of the capital gain should be included in taxable income in order to obtain a just tax, against 40 percent prescribed by the bill. For an investment lasting from 2 to 5 years, from 73 to 84 percent should be included, against 60 percent prescribed by the bill. For an investment lasting from 1 to 2 years the percentage should range from 80 to 100, against 80 percent prescribed by the bill.

A more important factor—namely, the size of the taxpayer's ordinary income—was mentioned in a published statement of the Treasury Department to the Ways and Means Committee; but it is ignored in the bill. No less important is the amount of the capital gains realized in prior years. Assuming a 5-year investment, if such gains realized this year do not exceed those realized in each of the preceding 4 years, it is obvious that the taxpayer has no just claim for relief.

The size of the capital gains is also a factor. If a taxpayer's ordinary income is $35,000 and he has a capital gain (from a 5-year investment) of $5,000, 100 percent of the gain should be used in computing the tax, instead of 40 percent as prescribed in the bill; but if the capital gain amounts to $75,000, only 74 percent should be used.

A proposal like the capital-gains provision in the pending bill, which grants unwarranted tax favors amounting to far more than the justified relief it gives, is wholly intolerable. The relief provision should either be abandoned altogether, leaving capital gains subject to full taxation at regular rates, or it should be modified so that the tax on such gains will be not less than it would have been (at current tax rates) if the gains had been spread evenly over the years during which the property was held. Even so, we shall be giving the long-term speculators the benefit of the biggest doubt; for such men very commonly take prompt advantage of rises in security prices, so that their profits really accrue in the year of sale.

HERBERT S. WOOD.

DECISION OF SUPREME COURT IN NEW YORK IN MILK-CONTROL CASE

Mr. WAGNER. Mr. President, yesterday the Supreme Court of the United States rendered an epoch-making decision in upholding the constitutionality of the act passed by the Legislature of the State of New York to create a board of control to regulate the entire milk industry of the State of New York. I ask unanimous consent that the prevailing and dissenting opinions of the Supreme Court be printed in the RECORD.

There being no objection, the opinions were ordered to be printed in the RECORD, as follows:

SUPREME COURT OF THE UNITED STATES

(No. 531. October Term, 1933)

LEO NEBBIA, APPELLANT, v. THE PEOPLE OF THE STATE OF NEW YORK—APPEAL FROM THE COUNTY COURT OF MONROE COUNTY, N.Y.

[Mar. 5, 1934]

Mr. Justice Roberts delivered the opinion of the Court.

The Legislature of New York established by chapter 158 of the Laws of 1933 a milk control board with power, among other things, to "fix minimum and maximum * * * retail prices to be charged by * * * stores to consumers for consumption off the premises where sold." The board fixed 9 cents as the price to be charged by a store for a quart of milk. Nebbia, the proprietor of a grocery store in Rochester, sold 2 quarts and a 5-cent loaf bread for 18 cents and was convicted for violating the board's

order. At his trial he asserted the statute and order contravene the equal protection clause and the due process clause of the fourteenth amendment and renewed the contention in successive appeals to the county court and the court of appeals. Both overruled his claim and affirmed the conviction.[1]

The question for decision is whether the Federal Constitution prohibits a State from so fixing the selling price of milk. We first inquire as to the occasion for the legislation and its history.

During 1932 the prices received by farmers for milk were much below the cost of production. The decline in prices during 1931 and 1932 was much greater than that of prices generally. The situation of the families of dairy producers had become desperate and called for State aid similar to that afforded the unemployed, if conditions should not improve.

On March 10, 1932, the senate and assembly resolved "That a joint legislative committee is hereby created * * * to investigate the causes of the decline of the price of milk to producers and the resultant effect of the low prices upon the dairy industry and the future supply of milk to the cities of the State; to investigate the cost of distribution of milk and its relation to prices paid to milk producers, to the end that the consumer may be assured of an adequate supply of milk at a reasonable price, both to producer and consumer." The committee organized May 6, 1932, and its activities lasted nearly a year. It held 13 public hearings at which 254 witnesses testified and 2,350 typewritten pages of testimony were taken. Numerous exhibits were submitted. Under its direction an extensive research program was prosecuted by experts and official bodies and employees of the State and municipalities, which resulted in the assembling of much pertinent information. Detailed reports were received from over 100 distributors of milk, and these were collated and the information obtained analyzed. As a result of the study of this material a report covering 473 closely printed pages, embracing the conclusions and recommendations of the committee, was presented to the legislature April 10, 1933. This document included detailed findings, with copious reference to the suporting evidence; appendices outlining the nature and results of prior investigations of the milk industry of the State; briefs upon the legal questions involved; and forms of bills recommended for passage. The conscientious effort and thoroughness exhibited by the report lend weight to the committee's conclusions.

In part those conclusions are:

Milk is an essential item of diet. It cannot long be stored. It is an excellent medium for growth of bacteria. These facts necessitate safeguards in its production and handling for human consumption which greatly increase the cost of the business. Failure of producers to receive a reasonable return for their labor and investment over an extended period threaten a relaxation of vigilance against contamination.

The production and distribution of milk is paramount industry of the State, and largely affects the health and prosperity of its people. Dairying yields fully one half of the total income from all farm products. Dairy-farm investment amounts to approximately $1,000,000,000. Curtailment or destruction of the dairy industry would cause a serious economic loss to the people of the State.

In addition to the general price decline, other causes for the low price of milk include a periodic increase in the number of cows and in milk production, the prevalence of unfair and destructive trade practices in the distribution of milk, leading to a demoralization of prices in the metropolitan area and other markets, and the failure of transportation and distribution charges to be reduced in proportion to the reduction in retail prices for milk and cream.

The fluid milk industry is affected by factors of instability peculiar to itself which call for special methods of control. Under the best practicable adjustment of supply to demand the industry must carry a surplus of about 20 percent, because milk, an essential food, must be available as demanded by consumers every day in the year, and demand and supply vary from day to day and according to the season; but milk is perishable and cannot be stored. Close adjustment of supply to demand is hindered by several factors difficult to control. Thus surplus milk presents a serious problem, as the prices which can be realized for it are much less than those obtainable for milk sold for consumption in fluid form or as cream. A satisfactory stabilization of prices for fluid milk requires that the burden of surplus milk be shared equally by all producers and all distributors in the milkshed. So long as the surplus burden is unequally distributed the pressure to market surplus milk in fluid form will be a serious disturbing factor. The fact that the larger distributors find it necessary to carry large quantities of surplus milk, while the smaller distributors do not, leads to price cutting and other forms of destructive competition. Smaller distributors, who take no responsibility for the surplus, by purchasing their milk at the blended prices (i.e., an average between the price paid the producer for milk for sale as fluid milk, and the lower surplus milk price paid by the larger organizations) can undersell the larger distributors. Indulgence in this price cutting often compels the larger dealer to cut the price to his own and the producer's detriment.

Various remedies were suggested, amongst them united action by producers, the fixing of minimum prices for milk and cream by State authority, and the imposition of certain graded taxes on milk dealers proportioned so as to equalize the cost of milk and cream to all dealers and so remove the cause of price cutting.

The legislature adopted chapter 158 as a method of correcting the evils, which the report of the committee showed could not be expected to right themselves through the ordinary play of the forces of supply and demand, owing to the peculiar and uncontrollable factors affecting the industry. The provisions of the statute are summarized in the margin.[2]

Section 312 (e) on which the prosecution in the present case is founded, provides: "After the board shall have fixed prices to be charged or paid for milk in any form * * * it shall be unlawful for a milk dealer to sell or buy or offer to sell or buy milk at any price less or more than such price * * *, and no method or device shall be lawful whereby milk is bought or sold * * * at a price less or more than such price * * * whether by any discount, or rebate, or free service, or advertising allowance, or a combined price for such milk together with another commodity or commodities, or service or services, which is less or more than the aggregate of the prices for the milk and the price or prices for such other commodity or commodities, or service or services, when sold or offered for sale separately or otherwise * * *."

First. The appellant urges that the order of the milk control board denies him the equal protection of the laws. It is shown that the order requires him, if he purchases his supply from a dealer, to pay 8 cents per quart and 5 cents per pint, and to resell at not less than 9 and 6, whereas the same dealer may buy his

[1] *People* v. *Nebbia* (262 N.Y. 259).

[2] Chapter 158 of the Laws of 1933 added a new article (no. 25) to the agriculture and markets law. The reasons for the enactment are set forth in the first section (sec. 300). So far as material they are: that unhealthful, unfair, unjust, destructive, demoralizing, and uneconomic trade practices exist in the production, sale, and distribution of milk and milk products, whereby the dairy industry in the State and the constant supply of pure milk to inhabitants of the State are imperiled; these conditions are a menace to the public health, welfare, and reasonable comfort; the production and distribution of milk is a paramount industry upon which the prosperity of the State in a great measure depends; existing economic conditions have largely destroyed the purchasing power of milk producers for industrial products, have broken down the orderly production and marketing of milk, and have seriously impaired the agricultural assets supporting the credit structure of the State and its local governmental subdivisions. The danger to public health and welfare consequent upon these conditions is declared to be immediate and to require public supervision and control of the industry to enforce proper standards of production, sanitation, and marketing.

The law then (sec. 301) defines the terms used; declaring, inter alia, that "milk dealer" means any person who purchases or handles milk within the State, for sale in the State, or sells milk within the State except when consumed on the premises where sold; and includes within the definition of "store" a grocery store.

By section 302 a State milk control board is established; and by section 303 general power is conferred upon that body to supervise and regulate the entire milk industry of the State, subject to existing provisions of the public health law, the public service law, the State sanitary code, and local health ordinances and regulations; to act as arbitrator or mediator in controversies arising between producers and dealers, or groups within those classes, and to exercise certain special powers to which reference will be made.

The board is authorized to promulgate orders and rules which are to have the force of law (sec. 304); to make investigations (sec. 305); to enter and inspect premises in which any branch of the industry is conducted, and examine the books, papers, and records of any person concerned in the industry (sec. 306); to license all milk dealers and suspend or revoke licenses for specified causes, its action in these respects being subject to review by certiorari (sec. 308), and to require licensees to keep records (sec. 309), and to make reports (sec. 310).

A violation of any provision of article 25 or of any lawful order of the board is made a misdemeanor (sec. 307).

By section 312 it is enacted (a): "The board shall ascertain by such investigations and proofs as the emergency permits, what prices for milk in the several localities and markets of the State, and under varying conditions, will best protect the milk industry in the State, and insure a sufficient quantity of pure and wholesome milk * * * and be most in the public interest. The board shall take into consideration all conditions affecting the milk industry, including the amount necessary to yield a reasonable return to the producer and to the milk dealer." (b) After such investigation the board shall by official order fix minimum and maximum wholesale and retail prices to be charged by milk dealers to consumers, by milk dealers to stores for consumption on the premises or for resale to consumers, and by stores to consumers for consumption off the premises where sold. It is declared (c) that the intent of the law is that the benefit of any advance in price granted to dealers shall be passed on to the producer, and if the board, after due hearing, finds this has not been done, the dealer's license may be revoked, and the dealer may be subjected to the penalties mentioned in the act. The board may (d) after investigation fix the prices to be paid by dealers to producers for the various grades and classes of milk.

Subsection (e), on which the prosecution in the present case is founded, is quoted in the text.

Alterations may be made in existing orders after hearing of the interested parties (f) and orders made are subject to review on certiorari. The board (sec. 319) is to continue with all the powers and duties specified until March 31, 1934, at which date it is to be deemed abolished. The act contains further provisions not material to the present controversy.

supply from a farmer at lower prices and deliver milk to consumers at 10 cents the quart and 6 cents the pint. We think the contention that the discrimination deprives the appellant of equal protection is not well founded. For aught that appears, the appellant purchased his supply of milk from a farmer as do distributors, or could have procured it from a farmer if he so desired. There is therefore no showing that the order placed him at a disadvantage, or in fact affected him adversely, and this alone is fatal to the claim of denial of equal protection. But if it were shown that the appellant is compelled to buy from a distributor, the difference in the retail price he is required to charge his customers, from that prescribed for sales by distributors is not on its face arbitrary or unreasonable, for there are obvious distinctions between the two sorts of merchants which may well justify a difference of treatment, if the legislature possesses the power to control the prices to be charged for fluid milk. Compare *American Sugar Refining Co.* v. *Louisiana* (179 U.S. 89); *Brown-Forman Co.* v. *Kentucky* (217 U.S. 563); *State Board of Tax Commissioners* v. *Jackson* (283 U.S. 527).

Second. The more serious question is whether, in the light of the conditions disclosed, the enforcement of section 312 (e) denied the appellant the due process secured to him by the fourteenth amendment.

Save the conduct of railroads, no business has been so thoroughly regimented and regulated by the State of New York as the milk industry. Legislation controlling it in the interest of the public health was adopted in 1862[3] and subsequent statutes,[4] have been carried into the general codification known as the agriculture and markets law.[5] A perusal of these statutes discloses that the milk industry has been progressively subjected to a larger measure of control.[6] The producer or dairy farmer is in certain circumstances liable to have his herd quarantined against bovine tuberculosis; is limited in the importation of dairy cattle to those free from Bang's disease; is subject to rules governing the care and feeding of his cows and the care of the milk produced, the condition and surroundings of his barns and buildings used for production of milk, the utensils used, and the persons employed in milking (secs. 46, 47, 55, 72–88). Proprietors of milk-gathering stations or processing plants are subject to regulation (sec. 54), and persons in charge must operate under license and give bond to comply with the law and regulations; must keep records, pay promptly for milk purchased, abstain from false or misleading statements and from combinations to fix prices (secs. 55, 57a, 252). In addition there is a large volume of legislation intended to promote cleanliness and fair-trade practices, affecting all who are engaged in the industry.[7] The challenged amendment of 1933 carried regulation much further than the prior enactments. Appellant insists that it went beyond the limits fixed by the Constitution.

Under our form of government the use of property and the making of contracts are normally matters of private and not of public concern. The general rule is that both shall be free of governmental interference. But neither property rights[8] nor contract rights[9] are absolute; for government cannot exist if the citizen may at will use his property to the detriment of his fellows, or exercise his freedom of contract to work them harm. Equally fundamental with the private right is that of the public to regulate it in the common interest. As Chief Justice Marshall said, speaking specifically of inspection laws, such laws form "a portion of that immense mass of legislation, which embraces everything within the territory of a State, * * * all which can be most advantageously exercised by the States themselves. Inspection laws, quarantine laws, health laws of every description, as well as laws for regulating the internal commerce of a State, * * * are component parts of this mass."[10]

Justice Barbour said for this Court:

"* * * it is not only the right but the bounden and solemn duty of a State to advance the safety, happiness, and prosperity of its people, and to provide for its general welfare, by any and every act of legislation, which it may deem to be conducive to these ends; where the power over the particular subject, or the manner of its exercise is not surrendered or restrained, in the manner just stated. That all those powers which relate to merely municipal legislation, or what may, perhaps, more properly be called internal police, are not thus surrendered or restrained; and that, consequently, in relation to these, the authority of a State is complete, unqualified, and exclusive."[11]

And Chief Justice Taney said upon the same subject:

"But what are the police powers of a State? They are nothing more or less than the powers of government inherent in every sovereignty to the extent of its dominions. And whether a State passes a quarantine law, or a law to punish offenses, or to establish courts of justice, or requiring certain instruments to be recorded, or to regulate commerce within its own limits, in every case it exercises the same power; that is to say, the power of sovereignty, the power to govern men and things within the limits of its dominion. It is by virtue of this power that it legislates; and its authority to make regulations of commerce is as absolute as its power to pass health laws, except insofar as it has been restricted by the Constitution of the United States."[12]

Thus has this Court from the early days affirmed that the power to promote the general welfare is inherent in government. Touching the matters committed to it by the Constitution, the United States possesses the power,[13] as do the States in their sovereign capacity touching all subjects jurisdiction of which is not surrendered to the Federal Government, as shown by the quotations above given. These correlative rights, that of the citizen to exercise exclusive dominion over property and freely to contract about his affairs, and that of the State to regulate the use of property and the conduct of business, are always in collision. No exercise of the private right can be imagined which will not in some respect, however slight, affect the public; no exercise of the legislative prerogative to regulate the conduct of the citizen which will not to some extent abridge his liberty or affect his property. But subject only to constitutional restraint the private right must yield to the public need.

The fifth amendment, in the field of Federal activity,[14] and the fourteenth, as respects State action,[15] do not prohibit governmental regulation for the public welfare. They merely condition the exertion of the admitted power by securing that the end shall be accomplished by methods consistent with due process. And the guaranty of due process, as has often been held, demands only that the law shall not be unreasonable, arbitrary, or capricious, and that the means selected shall have a real and substantial relation to the object sought to be attained. It results that a regulation valid for one sort of business, or in given circumstances, may be invalid for another sort, or for the same business under other circumstances, because the reasonableness of each regulation depends upon the relevant facts.

The reports of our decisions abound with cases in which the citizen, individual, or corporate has vainly invoked the fourteenth amendment in resistance to necessary and appropriate exertion of the police power.

The Court has repeatedly sustained curtailment of enjoyment of private property, in the public interest. The owner's rights may be subordinated to the needs of other private owners whose pursuits are vital to the paramount interests of the community.[16] The State may control the use of property in various ways; may prohibit advertising billboards except of a prescribed size and location,[17] or their use for certain kinds of advertising;[18] may in certain circumstances authorize encroachments by party walls in cities;[19] may fix the height of buildings, the character of materials, and methods of construction, the adjoining area which must be left open, and may exclude from residential sections offensive trades, industries, and structures likely injuriously to affect the public health or safety;[20] or may establish zones within which certain types of buildings or business are permitted and others excluded.[21] And although the fourteenth amendment extends protection to aliens as well as citizens[22] a State may for adequate reasons of policy exclude aliens altogether from the use and occupancy of land.[23]

Laws passed for the suppression of immorality, in the interest of health, to secure fair-trade practices, and to safeguard the interests of depositors in banks have been found consistent with

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[3] Laws of 1862, ch. 467.

[4] Laws of 1893, ch. 338. Laws of 1909, ch. 9; Consol. Laws, ch. 1.

[5] Laws of 1927, ch. 207; Cahill's Consolidated Laws of New York, 1930, ch. 1.

[6] Many of these regulations have been unsuccessfully challenged on constitutional grounds. See *People* v. *Cipperly* (101 N.Y. 634); *People* v. *Hill* (44 Hun. 472); *People* v. *West*, (106 N.Y. 293); *People* v. *Kibler* (106 N.Y. 321); *People* v. *Hills* (64 App. Div. 584); *People* v. *Bowen* (182 N.Y. 1); *Lieberman* v. *Van de Carr* (199 U.S 552); *St. John* v. *New York* (201 U.S. 633); *People* v. *Koster* (121 App. Div. 852); *People* v. *Abramson* (208 N.Y. 138); *People* v. *Frudenberg* (209 N.Y. 218); *People* v. *Beakes Dairy Co.* (222 N.Y. 416); *People* v. *Teuscher* (248 N.Y. 454); *People* v. *Perretta* (253 N.Y. 305); *People* v. *Ryan* (230 App. Div. 252); *Mintz* v. *Baldwin* (289 U.S. 346).

[7] See Cahill's Consolidated Laws of New York, 1930, and supplements to and including 1933: Ch. 21, secs. 270–274; ch. 41, secs. 435. 538, 1740, 1764, 2350–2357; ch. 46, secs. 6a, 20, 21.

[8] *Munn* v. *Illinois* (94 U.S. 113, 124, 125); *Orient Ins. Co.* v. *Daggs* (172 U.S. 557, 566); *Northern Securities Co.* v. *United States* (193 U.S. 197, 351); and see tthe cases cited in notes 16–23, infra.

[9] *Allgeyer* v. *Louisiana* (165 U.S. 578, 591); *Atlantic Coast Line* v. *Riverside Mills* (219 U.S. 186, 202); *Chicago, B. & Q. R.R. Co.* v. *McGuire* (219 U.S. 549, 567); *Stephenson* v. *Binford* (287 U.S. 251, 274).

[10] *Gibbons* v. *Ogden* (9 Wheat. 1, 203).

[11] *City of New York* v. *Miln* (11 Pet. 102, 139).

[12] *License Cases* (5 How. 504, 583).

[13] *United States* v. *Dewitt* (9 Wall. 41); *Gloucester Ferry Co.* v. *Pennsylvania* (114 U.S. 196, 215).

[14] *Addyston Pipe & Steel Co.* v. *United States* (175 U.S. 1, 228–229).

[15] *Barber* v. *Connolly* (113 U.S. 27, 31); *Chicago B. & Q. R. Co.* v. *Drainage Comm'rs* (200 U.S. 561, 592).

[16] *Clark* v. *Nash* (198 U.S. 361); *Strickley* v. *Highland Boy Mining Co.* (200 U.S. 527).

[17] *Cusack Co.* v. *City of Chicago* (242 U.S. 526); *St. Louis Poster Advertising Co.* v. *St. Louis* (249 U.S. 269).

[18] *Packer Corporation* v. *Utah* (285 U.S. 105).

[19] *Jackman* v. *Rosenbaum Co.* (260 U.S. 22).

[20] *Fischer* v. *St. Louis* (194 U.S. 361); *Welch* v. *Swasey* (214 U.S. 91); *Hadacheck* v. *Sebastian* (239 U.S. 394); *Reinman* v. *Little Rock* (237 U.S. 171).

[21] *Euclide* v. *Ambler Realty Co.* (272 U.S. 365); *Zahn* v. *Board of Public Works* (274 U.S. 325); *Gorieb* v. *Fox* (274 U.S. 603).

[22] *Yick Wo* v. *Hopkins* (118 U.S. 356, 369).

[23] *Terrace* v. *Thompson* (263 U.S. 197); *Webb* v. *O'Brien* (263 U.S. 313).

due process.[24] These measures not only affected the use of private property but also interfered with the right of private contract. Other instances are numerous where valid regulation has restricted the right of contract, while less directly affecting property rights.[25]

The Constitution does not guarantee the unrestricted privilege to engage in a business or to conduct it as one pleases. Certain kinds of business may be prohibited; [26] and the right to conduct a business, or to pursue a calling, may be conditioned.[27] Regulation of a business to prevent waste of the State's resources may be justified.[28] And statutes prescribing the terms upon which those conducting certain businesses may contract, or imposing terms if they do enter into agreement, are within the State's competency.[29]

Legislation concerning sales of goods, and incidentally affecting prices, has repeatedly been held valid. In this class fall laws forbidding unfair competition by the charging of lower prices in one locality than those exacted in another,[30] by giving trade inducements to purchasers,[31] and by other forms of price discrimination.[32] The public policy with respect to free competition has engendered State and Federal statutes prohibiting monopolies,[33] which have been upheld. On the other hand, where the policy of the State dictated that a monopoly should be granted, statutes having that effect have been held inoffensive to the constitutional guaranties.[34] Moreover, the State or a municipality may itself enter into business in competition with private proprietors, and thus effectively although indirectly control the prices charged by them.[35]

The milk industry in New York has been the subject of long-standing and drastic regulation in the public interest. The legislative investigation of 1932 was persuasive of the fact that for this and other reasons unrestricted competition aggravated existing evils and the normal law of supply and demand was insufficient to correct maladjustments detrimental to the community. The inquiry disclosed destructive and demoralizing competitive conditions and unfair trade practices which resulted in retail price cutting and reduced the income of the farmer below the cost of production. We do not understand the appellant to deny that in these circumstances the legislature might reasonably consider further regulation and control desirable for protection of the industry and the consuming public. That body believed conditions could be improved by preventing destructive price cutting by stores which, due to the flood of surplus milk, were able to buy at much lower prices than the larger distributors and without incurring the delivery costs of the latter. In the order of which complaint is made the Milk Control Board fixed a price of 10 cents per quart for sales by a distributor to a consumer, and 9 cents by a store to a consumer, thus recognizing the lower costs of the store, and endeavoring to establish a differential which would be just to both. In the light of the facts the order appears not to be unreasonable or arbitrary, or without relation to the purpose to prevent ruthless competition from destroying the wholesale price structure on which the farmer depends for his livelihood, and the community for an assured supply of milk.

But we are told that because the law essays to control prices it denies due process. Notwithstanding the admitted power to correct existing economic ills by appropriate regulation of business, even though an indirect result may be a restriction of the freedom of contract or a modification of charges for services or the price of commodities, the appellant urges that direct fixation of prices is a type of regulation absolutely forbidden. His position is that the fourteenth amendment requires us to hold the challenged statute void for this reason alone. The argument runs that the public control of rates or prices is per se unreasonable and unconstitutional, save as applied to businesses affected with a public interest; that a business so affected is one in which property is devoted to an enterprise of a sort which the public itself might appropriately undertake, or one whose owner relies on a public grant or franchise for the right to conduct the business, or in which he is bound to serve all who apply; in short, such as is commonly called a "public utility"; or a business in its nature a monopoly. The milk industry, it is said, possesses none of these characteristics, and, therefore, not being affected with a public interest, its charges may not be controlled by the State. Upon the soundness of this contention the appellant's case against the statute depends.

We may as well say at once that the dairy industry is not, in the accepted sense of the phrase, a public utility. We think the appellant is also right in asserting that there is in this case no suggestion of any monopoly or monopolistic practice. It goes without saying that those engaged in the business are in no way dependent upon public grants or franchises for the privilege of conducting their activities. But if, as must be conceded, the industry is subject to regulation in the public interest, what constitutional principle bars the State from correcting existing maladjustments by legislation touching prices? We think there is no such principle. The due-process clause makes no mention of sales or of prices any more than it speaks of business or contracts or buildings or other incidents of property. The thought seems nevertheless to have persisted that there is something

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[24] Forbidding transmission of lottery tickets, *Lottery Case* (188 U.S. 321); transportation of prize-fight films, *Weber* v. *Freed* (239 U.S. 325); the shipment of adulterated food, *Hipolite Egg Co.* v. *United States* (220 U.S. 45); transportation of women for immoral purposes, *Hoke* v. *United States* (227 U.S. 308); *Caminetti* v. *United States* (242 U.S. 470); transportation of intoxicating liquor, *Clark Distilling Co.* v. *Western Maryland Ry. Co.* (242 U.S. 311); requiring the public weighing of grain, *Merchants Exchange* v. *Missouri* (248 U.S. 365); regulating the size and weight of loaves of bread, *Schmidinger* v. *Chicago* (226 U.S. 578); *Petersen Baking Co.* v. *Bryan*, No. 203, Oct. T. 1933, decided Jan. 8, 1934; regulating the size and character of packages in which goods are sold, *Armour & Co.* v. *North Dakota* (240 U.S. 510); regulating sales in bulk of a stock in trade, *Lemieux* v. *Young* (211 U.S. 489); *Kidd, Dater Co.* v. *Musselman Grocer Co.* (217 U.S. 461); sales of stocks and bonds, *Hall* v. *Geiger-Jones Co.* (242 U.S. 539); *Merrick* v. *Halsey & Co.* (242 U.S. 568); requiring fluid milk offered for sale to be tuberculin tested, *Adams* v. *Milwaukee* (228 U.S. 572); regulating sales of grain by actual weight, and abrogating exchange rules to the contrary, *House* v. *Mayes* (219 U.S. 270); subjecting State banks to assessments for a State depositors' guarantee fund, *Noble State Bank* v. *Haskell* (219 U.S. 104).

[25] Prescribing hours of labor in particular occupations, *Holden* v. *Hardy* (169 U.S. 366); *B. & O. R.R. Co.* v. *I.C.C.* (221 U.S. 612); *Bunting* v. *Oregon* (243 U.S. 426); prohibiting child labor, *Sturges & Burn* v. *Beauchamp* (231 U.S. 320); forbidding night work by women, *Radice* v. *New York* (264 U.S. 292); reducing hours of labor for women, *Muller* v. *Oregon* (208 U.S. 412); *Riley* v. *Massachusetts* (232 U.S. 671); *Miller* v. *Wilson* (236 U.S. 373); fixing the time for payment of seamen's wages, *Patterson* v. *Bark Eudora* (190 U.S. 169); *Strathearn S.S. Co.* v. *Dillon* (252 U.S. 348); of wages of railroad employees, *St. Louis, I. M. & St. P. Ry. Co.* v. *Paul* (173 U.S. 404); *Erie R.R. Co.* v. *Williams* (233 U.S. 685); regulating the redemption of store orders issued for wages, *Knoxville Iron Co.* v. *Harbison* (183 U.S. 13); *Keokee Consolidated Coke Co.* v. *Taylor* (234 U.S. 224); regulating the assignment of wages, *Mutual Loan Co.* v. *Martell* (222 U.S. 225); requiring payment for coal mined on a fixed basis other than that usually practiced, *McLean* v. *Arkansas* (211 U.S. 539); *Rail & River Coal Co.* v. *Yaple* (236 U.S. 338); establishing a system of compulsory workmen's compensation, *New York Central R.R. Co.* v. *White* (243 U.S. 188); *Mountain Timber Co.* v. *Washington* (243 U.S. 219).

[26] Sales of stock or grain on margin, *Booth* v. *Illinois* (184 U.S. 425); *Brodnax* v. *Missouri* (219 U.S. 285); *Otis* v. *Parker*, (187 U.S. 606); the conduct of pool and billiard rooms by aliens, *Clarke* v. *Deckebach* (274 U.S. 392); the conduct of billiard and pool rooms by anyone, *Murphy* v. *California* (225 U.S. 623); the sale of liquor, *Mugler* v. *Kansas* (123 U.S. 623); the business of soliciting claims by one not an attorney, *McCloskey* v. *Tobin* (252 U.S. 107); manufacture or sale of oleomargarine, *Powell* v. *Pennsylvania* (127 U.S. 678); hawking and peddling of drugs or medicines, *Baccus* v. *Louisiana* (232 U.S. 334); forbidding any other than a corporation to engage in the business of receiving deposits, *Dillingham* v. *McLaughlin* (264 U.S. 370); or any other than corporations to do a banking business, *Shallenberger* v. *First State Bank* (219 U.S. 114).

[27] Physicians, *Dent* v. *West Virginia* (129 U.S. 114); *Watson* v. *Maryland* (218 U.S. 173); *Crane* v. *Johnson* (242 U.S. 339); *Hayman* v. *Galveston* (273 U.S. 414); dentists, *Douglas* v. *Noble* (261 U.S. 165); *Graves* v. *Minnesota* (272 U.S. 425); employment agencies, *Brazee* v. *Michigan* (241 U.S. 340); public weighers of grain, *Merchants Exchange* v. *Missouri* (248 U.S. 365); real-estate brokers, *Bratton* v. *Chandler* (260 U.S. 110); insurance agents, *La Tourette* v. *McMaster* (248 U.S. 465); insurance companies, *German Alliance Insurance Co.* v. *Lewis* (233 U.S. 389); the sale of cigarettes, *Gundling* v. *Chicago* (177 U.S. 183); the sale of spectacles, *Roschen* v. *Ward* (279 U.S. 337); private detectives, *Lehon* v. *City of Atlanta* (242 U.S. 53); grain brokers, *Chicago Board of Trade* v. *Olsen* (262 U.S. 1); business of renting automobiles to be used by the renter upon the public streets, *Hodge Drive-it-yourself Co.* v. *Cincinnati* (284 U.S. 335).

[28] *Champlin Refining Co.* v. *Corporation Comm.* (286 U.S. 210). Compare *Bandini Petroleum Co.* v. *Superior Court* (284 U.S. 8, 21–22).

[29] Contracts of carriage, *Atlantic Coast Line* v. *Riverside Mills* (219 U.S. 186); agreements substituting relief or insurance payments for actions for negligence, *Chicago, B. & Q. R.R. Co.* v. *McGuire* (219 U.S. 549); affecting contracts of insurance, *Orient Insurance Co.* v. *Daggs* (172 U.S. 557); *Whitfield* v. *Aetna Life Insurance Co.* (205 U.S. 489); *National Insurance Co.* v. *Wanberg* (260 U.S. 71); *Hardware Dealers Mutual Fire Insurance Co.* v. *Glidden Co.* (284 U.S. 151); contracts for sale of real estate, *Selover, Bates & Co.* v. *Walsh* (226 U.S. 112); contracts for sale of farm machinery, *Advance-Rumely Co.* v. *Jackson* (287 U.S. 283); bonds for performance of building contracts, *Hartford Accident & Indemnity Co.* v. *Nelson Manufacturing Co.* (no. 239, October term, 1933), decided Feb. 5, 1934.

[30] *Central Lumber Co.* v. *South Dakota* (226 U.S. 157).

[31] *Rast* v. *Van Deman & Lewis* (240 U.S. 342).

[32] *Van Camp & Sons* v. *American Can Co.* (278 U.S. 245).

[33] State statutes: *Smiley* v. *Kansas* (196 U.S. 447); *National Cotton Oil Co.* v. *Texas* (197 U.S. 115); *Waters-Pierce Oil Co.* v. *Texas (No. 1)* (212 U.S. 86); *Hammond Packing Co.* v. *Arkansas* (212 U.S. 322); *Grenada Lumber Co.* v. *Mississippi* (217 U.S. 433); *International Harvester Co.* v. *Missouri* (234 U.S. 199).

Federal statutes: *United States* v. *Joint Traffic Association* (171 U.S. 505, 559, 571–573); *Addyston Pipe & Steel Co.* v. *United States* (175 U.S. 211, 228–9); *Northern Securities Co.* v. *United States* (193 U.S. 197, 332); *United Shoe Mach. Corp.* v. *United States* (258 U.S. 451, 462–464).

[34] *Slaughter House Cases* (16 Wall. 36); *Conway* v. *Taylor's Executor* (1 Black 603); *Crowley* v. *Christensen* (137 U.S. 86).

[35] *Madera Water Works Co.* v. *Madera* (228 U.S. 454); *Jones* v. *City of Portland* (245 U.S. 217); *Green* v. *Frazier* (253 U.S. 233); *Standard Oil Co.* v. *City of Lincoln* (275 U.S. 504).

peculiarly sacrosanct about the price one may charge for what he makes or sells, and that, however able to regulate other elements of manufacture or trade, with incidental effect upon price, the State is incapable of directly controlling the price itself. This view was negatived many years ago (*Munn* v. *Illinois*, 94 U.S. 113). The appellant's claim is, however, that this Court, in there sustaining a statutory prescription of charges for storage by the proprietors of a grain elevator, limited permissible legislation of that type to businesses affected with a public interest, and he says no business is so affected except it have one or more of the characteristics he enumerates. But this is a misconception. Munn and Scott held no franchise from the State. They owned the property upon which their elevator was situated and conducted their business as private citizens. No doubt they felt at liberty to deal with whom they pleased and on such terms as they might deem just to themselves. Their enterprise could not fairly be called a "monopoly", although it was referred to in the decision as a "virtual monopoly." This meant only that their elevator was strategically situated and that a large portion of the public found it highly inconvenient to deal with others. This Court concluded the circumstances justified the legislation as an exercise of the governmental right to control the business in the public interest; that is, as an exercise of the police power. It is true that the Court cited a statement from Lord Hale's De Portibus Maris, to the effect that when private property is "affected with a public interest, it ceases to be juris privati only"; but the Court proceeded at once to define what it understood by the expression, saying: "Property does become clothed with a public interest when used in a manner to make it of public consequence and affect the community at large" (p. 126). Thus understood, "affected with a public interest" is the equivalent of "subject to the exercise of the police power"; and it is plain that nothing more was intended by the expression. The Court had been at pains to define that power (pp. 124, 125), ending its discussion in these words:

"From this it is apparent that, down to the time of the adoption of the fourteenth amendment, it was not supposed that statutes regulating the use, or even the price of the use, of private property necessarily deprived an owner of his property without due process of law. Under some circumstances they may, but not under all. The amendment does not change the law in this particular; it simply prevents the States from doing that which will operate as such a deprivation."[36]

In the further discussion of the principle it is said that when one devotes his property to a use, "in which the public has an interest", he in effect "grants to the public an interest in that use" and must submit to be controlled for the common good. The conclusion is that if Munn and Scott wished to avoid having their business regulated they should not have embarked their property in an industry which is subject to regulation in the public interest.

The true interpretation of the Court's language is claimed to be that only property voluntarily devoted to a known public use is subject to regulation as to rates. But obviously Munn and Scott had not voluntarily dedicated their business to a public use. They intended only to conduct it as private citizens, and they insisted that they had done nothing which gave the public an interest in their transactions or conferred any right of regulation. The statement that one has dedicated his property to a public use is, therefore, merely another way of saying that if one embarks in a business which public interest demands shall be regulated, he must know regulation will ensue.

In the same volume the Court sustained regulation of railroad rates.[37] After referring to the fact that railroads are carriers for hire, are incorporated as such, and given extraordinary powers in order that they may better serve the public, it was said that they are engaged in employment "affecting the public interest", and therefore, under the doctrine of the Munn case, subject to legislative control as to rates. And in another of the group of railroad cases then heard[38] it was said that the property of railroads is "clothed with a public interest" which permits legislative limitation of the charges for its use. Plainly the activities of railroads, their charges and practices, so nearly touch the vital economic interests of society that the police power may be invoked to regulate their charges, and no additional formula of affectation or clothing with a public interest is needed to justify the regulation. And this is evidently true of all business units supplying transportation, light, heat, power, and water to communities, irrespective of how they obtain their powers.

The touchstone of public interest in any business, its practices and charges, clearly is not the enjoyment of any franchise from the State (*Munn* v. *Illinois*, supra). Nor is it the enjoyment of a monopoly; for in *Brass* v. *North Dakota* (153 U.S. 391), a similar control of prices of grain elevators was upheld in spite of overwhelming and uncontradicted proof that about 600 grain elevators existed along the line of the Great Northern Railroad, in North Dakota; that at the very station where the defendant's elevator was located two others operated; and that the business was keenly competitive throughout the State.

In *German Alliance Insurance Co.* v. *Lewis* (233 U.S. 389), a statute fixing the amount of premiums for fire insurance was held not to deny due process. Though the business of the insurers depended on no franchise or grant from the State, and there was no threat of monopoly, two factors rendered the regulation reasonable. These were the almost universal need of insurance protection and the fact that while the insurers competed for the business, they all fixed their premiums for similar risks according to an agreed schedule of rates. The Court was at pains to point out that it was impossible to lay down any sweeping and general classification of businesses as to which price regulation could be adjudged arbitrary or the reverse.

Many other decisions show that the private character of a business does not necessarily remove it from the realm of regulation of charges or prices. The usury laws fix the price which may be exacted for the use of money, although no business more essentially private in character can be imagined than that of loaning one's personal funds (*Griffith* v. *Connecticut*, 218 U.S. 563). Insurance agents' compensation may be regulated, though their contracts are private, because the business of insurance is considered one properly subject to public control (*O'Gorman & Young* v. *Hartford Ins. Co.*, 282 U.S. 251). Statutes prescribing in the public interest the amounts to be charged by attorneys for prosecuting certain claims, a matter ordinarily one of personal and private nature, are not a deprivation of due process (*Frisbie* v. *United States*, 157 U.S. 160; *Capital Trust Co.* v. *Calhoun*, 250 U.S. 208; *Calhoun* v. *Massie*, 253 U.S. 170; *Newman* v. *Moyers*, 253 U.S. 182; *Yeiser* v. *Dysart*, 267 U.S. 540; *Margolin* v. *United States*, 269 U.S. 93). A stockyards corporation, "while not a common carrier, nor engaged in any distinctively public employment, is doing a work in which the public has an interest", and its charges may be controlled (*Cotting* v. *Kansas City Stockyards Co.*, 183 U.S. 79, 85). Private contract carriers, who do not operate under a franchise, and have no monopoly of the carriage of goods or passengers, may, since they use the highways to compete with railroads, be compelled to charge rates not lower than those of public carriers for corresponding services, if the State, in pursuance of a public policy to protect the latter, so determines (*Stephenson* v. *Binford*, 287 U.S. 251, 274).

It is clear that there is no closed class or category of businesses affected with a public interest, and the functions of courts in the application of the fifth and fourteenth amendments is to determine in each case whether circumstances vindicate the challenged regulation as a reasonable exertion of governmental authority or condemn it as arbitrary or discriminatory (*Wolff Packing Co.* v. *Court of Industrial Relations*, 262 U.S. 522, 535). The phrase "affected with a public interest" can, in the nature of things, mean no more than that an industry, for adequate reason, is subject to control for the public good. In several of the decisions of this Court wherein the expressions "affected with a public interest" and "clothed with a public use" have been brought forward as the criteria of the validity of price control, it has been admitted that they are not susceptible of definition and form an unsatisfactory test of the constitutionality of legislation directed at business practices or prices. These decisions must rest, finally, upon the basis that the requirements of due process were not met because the laws were found arbitrary in their operation and effect.[39] But there can be no doubt that upon proper occasion and by appropriate measures the State may regulate a business in any of its aspects, including the prices to be charged for the products or commodities it sells.

So far as the requirement of due process is concerned, and in the absence of other constitutional restriction, a State is free to adopt whatever economic policy may reasonably be deemed to promote public welfare and to enforce that policy by legislation adapted to its purpose. The courts are without authority either to declare such policy, or, when it is declared by the legislative arm, to override it. If the laws passed are seen to have a reasonable relation to a proper legislative purpose and are neither arbitrary nor discriminatory, the requirements of due process are satisfied, and judicial determination to that effect renders a court functus officio. "Whether the free operation of the normal laws of competition is a wise and wholesome rule for trade and commerce is an economic question which this court need not consider or determine" (*Northern Securities Co.* v. *United States*, 193 U.S. 197, 337, 338). And it is equally clear that if the legislative policy be to curb unrestrained and harmful competition by measures which are not arbitrary or discriminatory, it does not lie with the courts to determine that the rule is unwise. With the wisdom of the policy adopted, with the adequacy or practicability of the law enacted to forward it, the courts are both incompetent and unauthorized to deal. The course of decision in this court exhibits a firm adherence to these principles. Times without number we have said that the legislature is primarily the judge of the necessity of such an enactment, that every possible presumption is in favor of its validity, and that, though the court may hold views inconsistent with the wisdom of the law, it may not be annulled unless palpably in excess of legislative power.[40]

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[36] As instances of acts of Congress regulating private businesses consistently with the due-process guaranty of the fifth amendment the Court cites those fixing rates to be charged at private wharves, by chimney sweeps and hackneys, cartmen, wagoners, and draymen in the District of Columbia (p. 125).

[37] *Chicago, B. & Q. R.R. Co.* v. *Iowa* (94 U.S. 155). It will be noted that the emphasis is here reversed, and the carrier is said to be in a business affecting the public not that the business is somehow affected by an interest of the public.

[38] *Peik* v. *C. & N. W. Ry. Co.* (94 U.S. 164).

[39] See *Wolff Packing Co.* v. *Court of Industrial Relations, supra; Tyson & Bro.* v. *Banton* (273 U.S. 418); *Ribnik* v. *McBride* (277 U.S. 350); *Williams* v. *Standard Oil Co.* (278 U.S. 235).

[40] See *McLean* v. *Arkansas* (211 U.S. 539, 547); *Tanner* v. *Little* (240 U.S. 369, 385); *Green* v. *Frazier* (253 U.S. 233, 240); *O'Gorman & Young* v. *Hartford Ins. Co.* (282 U.S. 251, 257, 258); *Gant* v. *Oklahoma City* (289 U.S. 98, 102).

The lawmaking bodies have in the past endeavored to promote free competition by laws aimed at trusts and monopolies. The consequent interference with private property and freedom of contract has not availed with the courts to set these enactments aside as denying due process.[41] Where the public interest was deemed to require the fixing of minimum prices, that expedient has been sustained.[42] If the lawmaking body within its sphere of government concludes that the conditions or practices in an industry make unrestricted competition an inadequate safeguard of the consumer's interests,[43] produce waste harmful to the public, threaten ultimately to cut off the supply of a commodity needed by the public, or portend the destruction of the industry itself, appropriate statutes passed in an honest effort to correct the threatened consequences may not be set aside because the regulation adopted fixes prices reasonably deemed by the legislature to be fair to those engaged in the industry and to the consuming public. And this is especially so where, as here, the economic maladjustment is one of price, which threatens harm to the producer at one end of the series and the consumer at the other. The Constitution does not secure to anyone liberty to conduct his business in such fashion as to inflict injury upon the public at large or upon any substantial group of the people. Price control, like any other form of regulation, is unconstitutional only if arbitrary, discriminatory, or demonstrably irrelevant to the policy the legislature is free to adopt, and hence an unnecessary and unwarranted interference with individual liberty.

Tested by these considerations we find no basis in the due-process clause of the fourteenth amendment for condemning the provisions of the agriculture and markets law here drawn into question.

The judgment is affirmed.

SUPREME COURT OF THE UNITED STATES

(No. 531—October Term, 1933)

LEO NEBBIA, APPELLANT, *v.* THE PEOPLE OF THE STATE OF NEW YORK, APPEAL FROM THE COUNTY COURT OF MONROE COUNTY, STATE OF NEW YORK

[Mar. 5, 1934]

Separate opinion of Mr. Justice McReynolds.

By an act effective April 10, 1933 (Laws 1933, ch. 158), when production of milk greatly exceeded the demand, the legislature created a control board with power to "regulate the entire milk industry of New York State, including the production, transportation, manufacture, storage, distribution, delivery, and sale * * *." The "board may adopt and enforce all rules and all orders necessary to carry out the provisions of this article. * * * A rule of the board, when duly posted and filed as provided in this section, shall have the force and effect of law. * * * A violation of any provision of this article or of any rule or order of the board lawfully made, except as otherwise expressly provided by this article, shall be a misdemeanor. * * *" After considering "all conditions affecting the milk industry, including the amount necessary to yield a reasonable return to the producer and to the milk dealer * * *," the board "shall fix by official order the minimum wholesale and retail prices, and may fix by official order the maximum wholesale and retail prices to be charged for milk handled within the State."

April 17, this board prescribed 9 cents per quart as the minimum at which "a store" might sell.[44] April 19, appellant Nebbia, a small-store keeper in Rochester, sold two bottles at a less price. An information charged that by so doing he committed a misdemeanor. A motion to dismiss, which challenged the validity of both statute and order, being overruled, the trial proceeded under a plea of not guilty. The board's order and statements by two witnesses tending to show the alleged sale constituted the entire evidence. Notwithstanding the claim that under the XIV amendment the State lacked power to prescribe prices at which he might sell pure milk, lawfully held, he was adjudged guilty and ordered to pay a fine.

The court of appeals affirmed the conviction. Among other things, it said—

"The sale by Nebbia was a violation of the statute 'inasmuch as the milk control board had fixed a minimum price for milk at 9 cents per quart.'

"'The appellant not unfairly summarizes this law by saying that it first declares that milk has been selling too cheaply in the State of New York, and has thus created a temporary emergency; this emergency is remedied by making the sale of milk at a low price a crime; the question of what is a low price is determined by the majority vote of three officials. As an aid in enforcing the rate regulation, the milk industry in the State of New York is made a business affecting the public health and interest until March 31, 1934, and the board can exclude from the milk business any violator of the statute or the board's orders.'

"In fixing [sale] prices the board 'must take into consideration the amount necessary to yield a "reasonable return" to the producer and the milk dealer. * * * The fixing of minimum prices is one of the main features of the act. The question is whether the act, so far as it provides for fixing minimum prices for milk, is unconstitutional * * * in that it interferes with the right of the milk dealer to carry on his business in such manner as suits his convenience without State interference as to the price at which he shall sell his milk. The power thus to regulate private business can be invoked only under special circumstances. It may be so invoked when the legislature is dealing with a paramount industry upon which the prosperity of the entire State in large measure depends. It may not be invoked when we are dealing with an ordinary business, essentially private in its nature. This is the vital distinction pointed out in *New State Ice Co.* v. *Liebmann* (285 U.S. 262, 277). * * *

"'The question is as to whether the business justifies the particular restriction, or whether the nature of the business is such that any competent person may, conformably to reasonable regulation, engage therein. The production of milk is, on account of its great importance as human food, a chief industry of the State of New York. * * * It is of such paramount importance as to justify the assertion that the general welfare and prosperity of the State in a very large and real sense depend upon it. * * * The State seeks to protect the producer by fixing a minimum price for his milk to keep open the stream of milk flowing from the farm to the city and to guard the farmer from substantial loss. * * * Price is regulated to protect the farmer from the exactions of purchasers against which he cannot protect himself. * * *

"'Concededly the legislature cannot decide the question of emergency and regulation, free from judicial review, but this court should consider only the legitimacy of the conclusions drawn from the facts found.

"'We are accustomed to rate regulation in cases of public utilities and other analogous cases and to the extension of such regulative power into similar fields. * * * This case, for example, may be distinguished from the Oklahoma ice case (*New State Ice Co.* v. *Liebmann*, 285 U.S. 262, 277) holding that the business of manufacturing and selling ice cannot be made a public business to which it bears a general resemblance. The New York law creates no monopoly; does not restrict production; was adopted to meet an emergency; milk is a greater family necessity than ice. * * * Mechanical concepts of jurisprudence make easy a decision on the strength of seeming authority. * * *

"'Doubtless the statute before us would be condemned by an earlier generation as a temerarious interference with the rights of property and contract * * *; with the natural law of supply and demand. But we must not fail to consider that the police power is the least limitable of the powers of government and that it extends to all the great public needs; * * * that statutes aiming to stimulate the production of a vital food product by fixing living standards of prices for the producer, are to be interpreted with that degree of liberality which is essential to the attainment of the end in view; * * *

"'With full respect for the Constitution as an efficient frame of government in peace and war, under normal conditions or in emergencies; with cheerful submission to the rule of the Supreme Court that legislative authority to abridge property rights and freedom of contract can be justified only by exceptional circumstances and, even then, by reasonable regulation only, and that legislative conclusions based on findings of fact are subject to judicial review, we do not feel compelled to hold that the "due-process" clause of the Constitution has left milk producers unprotected from oppression and to place the stamp of invalidity on the measure before us.

"'With the wisdom of the legislation we have naught to do. It may be vain to hope by laws to oppose the general course of trade. * * *

"'We are unable to say that the legislature is lacking in power, not only to regulate and encourage the production of milk but also, when conditions require, to regulate the prices to be paid for it, so that a fair return may be obtained by the producer and a vital industry preserved from destruction. * * * The policy

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[41] See note 32, supra.

[42] *Public Service Commission* v. *Great Northern Utilities Co.* (289 U.S. 130); *Stephenson* v. *Binford*, supra. See the Transportation Act, 1920 (41 Stat. 456, secs. 418, 422), amending sec. 15 of the Interstate Commerce Act, and compare *Anchor Coal Co.* v. *United States* (25 F. (2d) 462); *New England Divisions Case* (261 U.S. 184, 190, 196).

[43] See *Public Service Commission* v. *Great Northern Utilities Co.*, supra.

[44] Official Order No. 5, effective Apr. 17, 1933. Ordered that until further notice and subject to the exceptions hereinafter made, the following shall be the minimum prices to be charged for all milk and cream in any and all cities and villages of the State of New York of more than 1,000 population, exclusive of New York City and the counties of Westchester, Nassau, and Suffolk:

Milk: Quarts in bottles—By milk dealers to consumers, 10 cents; by milk dealers to stores, 8 cents; by stores to consumers, 9 cents. Pints in bottles—By milk dealers to consumers, 6 cents; by milk dealers to stores, 5 cents; by stores to consumers, 6 cents. * * *

The control act declares:

"Milk dealer" means any person who purchases or handles milk within the State, for sale in this State, or sells milk within the State except when consumed on the premises where sold. Each corporation which, if a natural person, would be a milk dealer within the meaning of this article, and any subsidiary of such corporation shall be deemed a milk dealer within the meaning of this definition. A producer who delivers milk only to a milk dealer shall not be deemed a milk dealer.

"Producer" means a person producing milk within the State of New York.

"Store" means a grocery store, hotel, restaurant, soda fountain, dairy products store, and similar mercantile establishment.

"Consumer" means any person other than a milk dealer who purchases milk for fluid consumption.

of noninterference with individual freedom must at times give way to the policy of compulsion for the general welfare.'"

Our question is whether the Control Act, as applied to appellant through the order of the board, no. 5, deprives him of rights guaranteed by the fourteenth amendment. He was convicted of a crime for selling his own property—wholesome milk—in the ordinary course of business at a price satisfactory to himself and the customer. We are not immediately concerned with any other provision of the act or later orders. Prices at which the producer may sell were not prescribed—he may accept any price—nor was production in any way limited. "To stimulate the production of a vital food product" was not the purpose of the statute. There was an oversupply of an excellent article. The affirmation is "that milk has been selling too cheaply * * * and has thus created a temporary emergency; this emergency is remedied by making the sale of milk at a low price a crime."

The opinion below points out that the statute expires March 31, 1934, "and is avowedly a mere temporary measure to meet an existing emergency"; but the basis of the decision is not explicit. There was no definite finding of an emergency by the court upon consideration of established facts and no pronouncement that conditions were accurately reported by a legislative committee. Was the legislation upheld because only temporary and for an emergency; or was it sustained upon the view that the milk business bears a peculiar relation to the public, is affected with a public interest, and, therefore, sales prices may be prescribed irrespective of exceptional circumstances? We are left in uncertainty. The two notions are distinct if not conflicting. Widely different results may follow adherence to one or the other.

The theory that legislative action which ordinarily would be ineffective because of conflict with the Constitution may become potent if intended to meet peculiar conditions and properly limited, was lucidly discussed and its weakness disclosed by the dissenting opinion in *Home Building & Loan Assn.* v. *Blaisdell* (Jan. 8, 1934). Sixty years ago, in Milligan's case, this court declared it inimicable to constitutional government and did "write the vision and make it plain upon tables that he may run that readeth it."

Milligan, charged with offenses against the United States committed during 1863 and 1864 was tried, convicted, and sentenced to be hanged by a military commission proceeding under an act of Congress passed in 1862. The crisis then existing was urged in justification of its action. But this Court held the right of trial by jury did not yield to emergency; and directed his release. "Those great and good men (who drafted the Constitution) foresaw that troublous times would arise, when rulers and people would become restive under restraint, and seek by sharp and decisive measures to accomplish ends deemed just and proper; and that the principles of constitutional liberty would be in peril, unless established by irrepealable law. * * * The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men, at all times, and under all circumstances. No doctrine, involving more pernicious consequences, was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism." (Ex parte Milligan (1866), 4 Wall. 2, 120.)

The fourteenth amendment wholly disempowered the several States to "deprive any person of life, liberty, or property, without due process of law." The assurance of each of these things is the same. If now liberty or property may be struck down because of difficult circumstances, we must expect that hereafter every right must yield to the voice of an impatient majority when stirred by distressful exigency. Amid the turmoil of civil war Milligan was sentenced; happily, this Court intervened. Constitutional guaranties are not to be "thrust to and fro and carried about with every wind of doctrine." They were intended to be immutable so long as within our charter. Rights shielded yesterday should remain indefeasible today and tomorrow. Certain fundamentals have been set beyond experimentation; the Constitution has released them from control by the State. Again and again this Court has so declared.

Adams v. *Tanner* (244 U.S. 590), condemned a Washington initiative measure which undertook to destroy the business of private employment agencies because it unduly restricted individual liberty. We there said—"The fundamental guaranties of the Constitution cannot be freely submerged if and whenever some ostensible justification is advanced and the police power invoked."

Buchanan v. *Warley* (245 U.S. 60) held ineffective an ordinance which forbade Negroes to reside in a city block where most of the houses were occupied by whites. "It is equally well established that the police power, broad as it is, cannot justify the passage of a law or ordinance which runs counter to the limitations of the Federal Constitution; that principle has been so frequently affirmed in this Court that we need not stop to cite the cases." *Southern Ry. Co.* v. *Virginia* (Dec. 4, 1933)—"The claim that the questioned statute was enacted under the police power of the State and, therefore, is not subject to the standards applicable to legislation under other powers conflicts with the firmly established rule that every State power is limited by the inhibitions of the fourteenth amendment."

Adkins v. *Children's Hospital* (261 U.S. 525, 545): "That the right to contract about one's affairs is a part of the liberty of the individual protected by this clause [fifth amendment] is settled by the decisions of this Court and is no longer open to question."

Meyer v. *Nebraska* (262 U.S. 390, 399) held invalid a State enactment (1919) which forbade the teaching in schools of any language other than English. "While this Court has not attempted to define with exactness the liberty thus guaranteed, the term has received much consideration and some of the included things have been definitely stated. Without doubt it denotes not merely freedom from bodily restraint but also the right of the individual to contract, to engage in any of the common occupations of life, to acquire useful knowledge, to marry, establish a home and bring up children, to worship God according to the dictates of his own conscience, and generally to enjoy those privileges long recognized at common law as essential to the orderly pursuit of happiness by free men."

Schlesinger v. *Wisconsin* (270 U.S. 230, 240): "The State is forbidden to deny due process of law or the equal protection of the laws for any purpose whatsoever."

Near v. *Minnesota* (283 U.S. 697) overthrew a Minnesota statute designed to protect the public against obvious evils incident to the business of regularly publishing malicious, scandalous, and defamatory matters because of conflict with the fourteenth amendment.

In the following, among many other cases, much consideration has been given to this subject: *United States* v. *Cohen Grocery Co.* (255 U.S. 81, 88), *Wolff Co.* v. *Industrial Court* (262 U.S. 522 and 267 U.S. 552), *Pierce* v. *Society of Sisters* (268 U.S. 510), *Tyson & Bro.* v. *Banton* (273 U.S. 418), *Fairmont Creamery Co.* v. *Minnesota* (274 U.S. 1), *Ribnik* v. *McBride* (277 U.S. 350), *Williams* v. *Standard Oil Co.* (278 U.S. 235), *Sterling* v. *Constantin* (287 U.S. 378). All stand in opposition to the views apparently approved below.

If validity of the enactment depends upon emergency, then to sustain this conviction we must be able to affirm that an adequate one has been shown by competent evidence of essential facts. The asserted right is Federal. Such rights may demand and often have received affirmation and protection here. They do not vanish simply because the power of the State is arrayed against them. Nor are they enjoyed in subjection to mere legislative findings.

If she relied upon the existence of emergency, the burden was upon the State to establish it by competent evidence. None was presented at the trial. If necessary for appellant to show absence of the asserted conditions, the little grocer was helpless from the beginning—the practical difficulties were too great for the average man.

What circumstances give force to an "emergency" statute? In how much of the State must they obtain? Everywhere, or will a single county suffice? How many farmers must have been impoverished or threatened violence to create a crisis of sufficient gravity? If 3 days after this act became effective another "very grievous murrain" had descended and half of the cattle had died, would the emergency then have ended, also the prescribed rates? If prices for agricultural products become high, can consumers claim a crisis exists and demand that the legislature fix less ones? Or are producers alone to be considered, consumers neglected? To these questions we have no answers. When emergency gives potency, its subsidence must disempower; but no test for its presence or absence has been offered. How is an accused to know when some new rule of conduct arrived, when it will disappear?

It is argued that the report of the legislative committee, dated April 10, 1933, disclosed the essential facts. May one be convicted of crime upon such findings? Are Federal rights subject to extinction by reports of committees? Heretofore, they have not been.

Apparently, the legislature acted upon this report. Some excerpts from it follow. We have no basis for determining whether the findings of the committee or legislature are correct or otherwise. The court below refrained from expressing any opinion in that regard, notwithstanding its declaration "that legislative authority to abridge property rights and freedom of contract can be justified only by exceptional circumstances and even then by reasonable regulation only and that legislative conclusions based on findings of fact are subject to judicial review." On the other hand, it asserted, "This court should consider only the legitimacy of the conclusions drawn from the facts found."

In New York there are 12,000,000 possible consumers of milk; 130,000 farms produce it. The average daily output approximates 9,500,000 quarts. For 10 or 15 years prior to 1929 or 1930 the per capita consumption steadily increased; so did the supply. "Realizing the marked improvement in milk quality, the public has tended to increase its consumption of this commodity." "In the past 2 years the per capita consumption has fallen off [possibly] 10 percent." "These marked changes in the trend of consumption of fluid milk and cream have occurred in spite of drastic reductions in retail prices. The obvious cause is the reduced buying power of consumers." "These cycles of overproduction and underproduction which average about 15 years in length, are explained by the human tendency to raise too many heifers when prices of cows are high and too few when prices of cows are low. A period of favorable prices for milk leads to the raising of more than the usual number of heifers, but it is not until 7 or 8 years later that the trend is reversed as a result of the falling prices of milk and cows." "Farmers all over the world raise too many heifers whenever cows pay and raise too few heifers when cows do not pay."

"During the years 1925 to 1930, inclusive, the prices which the farmers of the State received for milk were favorable as compared with the wholesale prices of all commodities. They were even more favorable as compared with the prices received for other farm products, for not only in New York but throughout the United States the general level of prices of farm products has been below that of other prices since the World War."

"The comparatively favorable situation enjoyed by the milk producers had an abrupt ending in 1932. Even before that, in 1930 and 1931, milk prices dropped very rapidly." "The prices which farmers received for milk during 1932 were much below the costs of production. After other costs were paid the producers had practically nothing left for their labor. The price received for milk in January 1933 was little more than half the cost of production."

"Since 1927 the number of dairy cows in the State has increased about 10 percent. The effect of this has been to increase the surplus of milk." "Similar increases in the number of cows have occurred generally in the United States and are due to the periodic changes in number of heifer calves raised on the farms. Previous experience indicates that unless some form of arbitrary regulation is applied the production of milk will not be satisfactorily adjusted to the demand for a period of several years." "Close adjustment of the supply of fluid milk to the demand is further hindered by the periodic changes in the number of heifers raised for dairy cows."

"The purpose of this emergency measure is to bring partial relief to dairymen from the disastrously low prices for milk which have prevailed in recent months. It is recognized that the dairy industry of the State cannot be placed upon a profitable basis without a decided rise in the general level of commodity prices."

Thus we are told the number of dairy cows had been increasing and that favorable prices for milk bring more cows. For 2 years, notwithstanding low prices, the per capita consumption had been falling. "The obvious cause is the reduced buying power of consumers." Notwithstanding the low prices, farmers continued to produce a large surplus of wholesome milk for which there was no market. They had yielded to "the human tendency to raise too many heifers" when prices were high and "not until 7 or 8 years" after 1930 could one reasonably expect a reverse trend. This failure of demand had nothing to do with the quality of the milk—that was excellent. Consumers lacked funds with which to buy. In consequence the farmers became impoverished and their lands depreciated in value. Naturally they became discontented.

The exigency is of the kind which inevitably arises when one set of men continue to produce more than all others can buy. The distressing result to the producer followed his ill-advised but voluntary efforts. Similar situations occur in almost every business. If here we have an emergency sufficient to empower the legislature to fix sales prices, then whenever there is too much or too little of an essential thing—whether of milk or grain or pork or coal or shoes or clothes—constitutional provisions may be declared inoperative and the "anarchy and despotism" prefigured in Milligan's case are at the door. The futility of such legislation in the circumstances is pointed out below.

Block v. *Hirsh* (256 U.S. 135) and *Marcus Brown Holding Co.* v. *Feldman* (256 U.S. 170) are much relied on to support emergency legislation. They were civil proceedings; the first to recover a leased building in the District of Columbia; the second to gain possession of an apartment house in New York. The unusual conditions grew out of the World War. The questioned statutes made careful provision for protection of owners. These cases were analyzed and their inapplicability to circumstances like the ones before us was pointed out in *Tyson* v. *Banton* (273 U.S. 418). They involved peculiar facts and must be strictly limited. *Pennsylvania Coal Co.* v. *Mahon* (260 U.S. 393, 416), said of them: "The late decisions upon laws dealing with the congestion of Washington and New York, caused by the war, dealt with laws intended to meet a temporary emergency and providing for compensation determined to be reasonable by an impartial board. They went to the verge of the law but fell far short of the present act."

Is the milk business so affected with public interest that the legislature may prescribe prices for sales by stores? This Court has approved the contrary view; has emphatically declared that a State lacks power to fix prices in similar private businesses (*United States* v. *Cohen Grocery Co.*, 255 U.S. 81; *Adkins* v. *Children's Hospital*, 261 U.S. 525; *Wolff Packing Co.* v. *Industrial Court*, 262 U.S. 522; *Tyson & Brother* v. *Banton*, 273 U.S. 418; *Fairmont Creamery Co.* v. *Minnesota*, 274 U.S. 1; *Ribnik* v. *McBride*, 277 U.S. 350; *Williams* v. *Standard Oil Co.*, 278 U.S. 235; *New State Ice Co.* v. *Liebmann*, 285 U.S. 262; *Sterling* v. *Constantin*, 287 U.S. 378, 396).

Wolff Packing Co. v. *Industrial Court* (262 U.S. 522, 537): Here the State statute undertook to destroy the freedom of contract by parties engaged in so-called "essential" industries. This Court held that she had no such power. "It has never been supposed since the adoption of the Constitution that the business of the butcher, or the baker, the tailor, the woodchopper, the mining operator or the miner was clothed with such a public interest that the price of his product or his wages could be fixed by State regulation. * * * An ordinary producer, manufacturer, or shopkeeper may sell or not sell as he likes." On a second appeal (267 U.S. 552, 569), the same doctrine was restated: "The system of compulsory arbitration which the act establishes is intended to compel and, if sustained, will compel the owner and employees to continue the business on terms which are not of their making. It will constrain them not merely to respect the terms if they continue the business, but will constrain them to continue the business on those terms. True, the terms have some qualifications, but, as shown in the prior decision, the qualifications are rather illusory and do not subtract much from the duty imposed. Such a system infringes the liberty of contract and rights of property guaranteed by the due process of law clause of the fourteenth amendment. 'The established doctrine is that this liberty may not be interfered with under the guise of protecting the public interest by legislative action which is arbitrary or without reasonable relation to some purpose within the competency of the State to effect.'"

Fairmont Creamery Co. v. *Minnesota* (274 U.S. 1, 9): A statute commanded buyers of cream to adhere to uniform prices fixed by a single transaction. "May the State, in order to prevent some strong buyers of cream from doing things which may tend to monopoly, inhibit plaintiff in error from carrying on its business in the usual way heretofore regarded as both moral and beneficial to the public and not shown now to be accompanied by evil results as ordinary incidents? Former decisions here require a negative answer. We think the inhibition of the statute has no reasonable relation to the anticipated evil—high bidding by some with purpose to monopolize or destroy competition. Looking through form to substance, it clearly and unmistakably infringes private rights whose exercise does not ordinarily produce evil consequences, but the reverse."

Williams v. *Standard Oil Co.* (278 U.S. 235, 239): The State of Tennessee was declared without power to prescribe prices at which gasoline might be sold. "It is settled by recent decisions of this Court that a State legislature is without constitutional power to fix prices at which commodities may be sold, services rendered, or property used, unless the business or property involved is 'affected with a public interest.'" Considered affirmatively, "it means that a business or property, in order to be affected with a public interest, must be such or be so employed as to justify the conclusion that it has been devoted to a public use and its use thereby in effect granted to the public. * * * Negatively, it does not mean that a business is affected with a public interest merely because it is large or because the public are warranted in having a feeling of concern in respect of its maintenance."

New State Ice Co. v. *Liebmann* (285 U.S. 262, 277): Here Oklahoma undertook the control of the business of manufacturing and selling ice. We denied the power so to do. "It is a business as essentially private in its nature as the business of the grocer, the dairyman, the butcher, the baker, the shoemaker, or the tailor, * * *. And this Court has definitely said that the production or sale of food or clothing cannot be subjected to legislative regulation on the basis of a public use."

Regulation to prevent recognized evils in business has long been upheld as permissible legislative action. But fixation of the price at which "A", engaged in an ordinary business, may sell, in order to enable "B", a producer, to improve his condition, has not been regarded as within legislative power. This is not regulation, but management, control, dictation—it amounts to the deprivation of the fundamental right which one has to conduct his own affairs honestly and along customary lines. The argument advanced here would support general prescription of prices for farm products, groceries, shoes, clothing, all the necessities of modern civilization, as well as labor, when some legislature finds and declares such action advisable and for the public good. This Court has declared that a State may not by legislative fiat convert a private business into a public utility (*Michigan Comn.* v. *Duke*, 266 U.S. 570, 577. *Frost Trucking Co.* v. *R.R. Comn.*, 271 U.S. 583, 592. *Smith* v. *Cahoon*, 283 U. S. 553, 563). And if it be now ruled that one dedicates his property to public use whenever he embarks on an enterprise which the legislature may think it desirable to bring under control, this is but to declare that rights guaranteed by the Constitution exist only so long as supposed public interest does not require their extinction. To adopt such a view, of course, would put an end to liberty under the Constitution.

Munn v. *Illinois* (1877) (94 U.S. 113) has been much discussed in the opinions referred to above. And always the conclusion was that nothing there sustains the notion that the ordinary business of dealing in commodities is charged with a public interest and subject to legislative control. The contrary has been distinctly announced. To undertake now to attribute a repudiated implication to that opinion is to affirm that it means what this Court has declared again and again was not intended. The painstaking effort there to point out that certain businesses like ferries, mills, etc., were subject to legislative control at common law and then to show that warehousing at Chicago occupied like relation to the public would have been pointless if "affected with a public interest" only means that the public has serious concern about the perpetuity and success of the undertaking. That is true of almost all ordinary business affairs. Nothing in the opinion lends support, directly or otherwise, to the notion that in times of peace a legislature may fix the price of ordinary commodities—grain, meat, milk, cotton, etc.

Of the assailed statute the court of appeals says: "It first declares that milk has been selling too cheaply in the State of New York, and has thus created a temporary emergency; this emergency is remedied by making the sale of milk at a low price a crime; the question of what is a low price is determined by the majority vote of three officials." Also, "With the wisdom of the legislation we have naught to do. It may be vain to hope by laws to oppose the general course of trade." Maybe, because of this conclusion, it said nothing concerning the possibility of obtaining increase of prices to producers—the thing definitely aimed at—through the means adopted.

But plainly, I think, this Court must have regard to the wisdom of the enactment. At least we must inquire concerning its purpose and decide whether the means proposed have reasonable relation to something within legislative power—whether the end is legitimate, and the means appropriate. If a statute to prevent

conflagrations, should require householders to pour oil on their roofs as a means of curbing the spread of fire when discovered in the neighborhood, we could hardly uphold it. Here, we find direct interference with guaranteed rights defended upon the ground that the purpose was to promote the public welfare by increasing milk prices at the farm. Unless we can affirm that the end proposed is proper and the means adopted have reasonable relation to it, this action is unjustifiable.

The court below has not definitely affirmed this necessary relation; it has not attempted to indicate how higher charges at stores to impoverished customers when the output is excessive and sale prices by producers are unrestrained, can possibly increase receipts at the farm. The legislative committee pointed out as the obvious cause of decreased consumption, notwithstanding low prices, the consumers' reduced buying power. Higher store prices will not enlarge this power; nor will they decrease production. Low prices will bring less cows only after several years. The prime causes of the difficulties will remain. Nothing indicates early decreased output. Demand at low prices being wholly insufficient, the proposed plan is to raise and fix higher minimum prices at stores and thereby aid the producer whose output and prices remain unrestrained! It is not true, as stated, that "the States seeks to protect the producer by fixing a minimum price for his milk." She carefully refrained from doing this; but did undertake to fix the price after the milk had passed to other owners. Assuming that the views and facts reported by the legislative committee are correct, it appears to me wholly unreasonable to expect this legislation to accomplish the proposed end—increase of prices at the farm. We deal only with order no. 5, as did the court below. It is not merely unwise; it is arbitrary and unduly oppressive. Better prices may follow but it is beyond reason to expect them as the consequent of that order. The legislative committee reported: "It is recognized that the dairy industry of the State cannot be placed upon a profitable basis without a decided rise in the general level of commodity prices."

Not only does the statute interfere arbitrarily with the rights of the little grocer to conduct his business according to standards long accepted—complete destruction may follow; but it takes away the liberty of 12,000,000 consumers to buy a necessity of life in an open market. It imposes direct and arbitrary burdens upon those already seriously impoverished with the alleged immediate design of affording special benefits to others. To him with less than 9 cents it says, You cannot procure a quart of milk from the grocer although he is anxious to accept what you can pay and the demands of your household are urgent! A superabundance; but no child can purchase from a willing storekeeper below the figure appointed by three men at headquarters! And this is true although the storekeeper himself may have bought from a willing producer at half that rate and must sell quickly or lose his stock through deterioration. The fanciful scheme is to protect the farmer against undue exactions by prescribing the price at which milk disposed of by him at will may be resold!

The statement by the court below that: "Doubtless the statute before us would be condemned by an earlier generation as a temerarious interference with the rights of property and contract * * *; with the natural law of supply and demand", is obviously correct. But another, that "statutes aiming to stimulate the production of a vital food product by fixing living standards of prices for the producer, are to be interpreted with that degree of liberality which is essential to the attainment of the end in view", conflicts with views of constitutional rights accepted since the beginning. An end, although apparently desirable, cannot justify inhibited means. Moreover, the challenged act was not designed to stimulate production—there was too much milk for the demand and no prospect of less for several years; also "standards of prices" at which the producer might sell were not prescribed. The legislature cannot lawfully destroy guaranteed rights of one man with the prime purpose of enriching another, even if for the moment this may seem advantageous to the public. And the adoption of any "concept of jurisprudence" which permits facile disregard of the Constitution as long interpreted and respected will inevitably lead to its destruction. Then all rights will be subject to the caprice of the hour; government by stable laws will pass.

The somewhat misty suggestion below that condemnation of the challenged legislation would amount to holding "that the due-process clause has left milk production unprotected from oppression", I assume, was not intended as a material contribution to the discussion upon the merits of the cause. Grave concern for embarrassed farmers is everywhere; but this should neither obscure the rights of others nor obstruct judicial appraisement of measures proposed for relief. The ultimate welfare of the producer, like that of every other class, requires dominance of the Constitution. And zealously to uphold this in all its parts is the highest duty intrusted to the courts.

The judgment of the court below should be reversed.

Mr. Justice Van Devanter, Mr. Justice Sutherland, and Mr. Justice Butler authorize me to say that they concur in this opinion.

THE NATIONAL RECOVERY PROGRAM—ARTICLE BY MAXINE DAVIS

Mr. ROBINSON of Arkansas. Mr. President, yesterday there was discussion in the Senate on the subject of national recovery that aroused very great interest. Miss Maxine Davis has made a tour of many portions of the United States looking into the operations of some of the statutes associated with the national-recovery program and particularly that pertaining to national industrial recovery. In the current issue of McCall's Magazine the results of her investigation are made public. I ask that her article, entitled, "We Are On Our Way", be incorporated in the RECORD.

There being no objection, the article was ordered to be incorporated in the RECORD, as follows:

[From McCall's Magazine for March 1934]

(This portrait of the people celebrates the first anniversary of the new deal. Almost 1 year from the day that Franklin D. Roosevelt captured the imagination of the world Maxine Davis began a transcontinental journey which resulted in this stirring article that reveals what's going on in the hearts and minds of our countrymen today.)

On the 4th of March 1 year ago chaos hung, like the sword of Damocles, above the American people. A third of them were dependent on a dole for mere existence, a dole whose cancerous growth had already sapped private, municipal, and even State funds. Revolting farmers with noose and gun, frontier fashion, were guarding their homes from foreclosure. Factory furnaces were cold. The cracking credit structure had given way with the Michigan moratorium and bank doors were closing with the thud of earth on coffins. On that day Franklin Roosevelt stood on the steps of the Capitol and promised action—"Action now!"

Today, 1 year later, that sword is replaced by the rainbow. The President has kept his word. He is doing something. Everywhere conditions are better. True, the Pittsburgh skyline is still ominously clear. Though sirlion steaks are a ruinous 4 cents a pound to the Wyoming cattleman, they are broiled in but few ovens. True, the tongues of Babel were a melody on a single string compared to the apparent confusion of the new deal; wide-eyed economists in Washington's Roman temples, each saving the Nation in his own little cubicle. Chicago meat packers operating under 16 different codes. Kansas wheat farmers feeling they are sinning against the Lord, the Bible, and the church taking checks for not growing grain, but taking them just the same. The President "off gold" and buying more of it every day. The Government spending $13,000,000 to irrigate 80,000 Arizona acres and ordering other arable lands plowed under not 20 miles away.

However, two and three-quarter million men have gone back to work in private industry. Four million have C.W.A. jobs and P.W.A. has employed a quarter of a million more. What else? Thousands of homes saved. Women taken from sweatshops, children from mills. Charity rolls cut in half. Schools open. Banks saved. Farmers relieved. Transients at rest. Artists at work for all the people. Shops have customers. Trains have passengers. Restaurants serve crowds.

Action! America, lusty and still young, is once more going somewhere. It has stopped beating in a feather bed. It is baffled, bewildered, moving.

"There's no knowing where we're going, but, thank God, we're on our way." This was the marching song I heard on a 5,000-mile journey across the United States to see the workings of the new deal. I heard it on Boston Common and San Francisco's Telegraph Hill; on Fifth Avenue and "Main Street"; from a furniture dealer in Lincoln, Nebr.; a street-car motorman in Atlanta; a banker in San Diego; from a South Dakota farm woman a hundred miles from anywhere.

Before the President came into office desperate men were saying, "What we need is a dictator." When he secured from Congress discretionary power so vast that it left our legislators gasping, the Nation shivered, "This is revolution. Toward communism or fascism; which?"

Neither. Actually, one subconscious reason for the average man's trust in the President is his adherence to the principles laid down by the founding fathers. As evidence, read this:

SEPTEMBER 1932—FRANKLIN ROOSEVELT IN HIS SAN FRANCISCO COMMONWEALTH CLUB SPEECH

Every man has a right to life; and this means that he also has a right to a comfortable living. . . . We have no actual famine or dearth. . . . Our Government . . . owes to everyone an avenue to possess himself of a portion of that plenty sufficient for his own needs, through his own work. Every man has a right to his own property, which means a right to be assured . . . in the safety of his savings. . . . If . . . we must restrict the operations of the speculator, the manipulator, even the financier, I believe we must accept the restriction as needful, not to hamper individualism, but to protect it.

JULY 4, 1776—DECLARATION OF INDEPENDENCE

All men . . . are endowed by their Creator with certain inalienable rights . . . among these are life, liberty, and the pursuit of happiness. . . . To secure these rights governments are instituted deriving their just powers from the consent of the governed. . . . Whenever any form of government becomes destructive of these ends, it is the right of the people to alter . . . it.

Here is the philosophy of Thomas Jefferson, of Theodore Roosevelt's "square deal", of Woodrow Wilson's "new freedom"; nothing more * * * nor less. Franklin Roosevelt saw that since it had come to pass that some 600 autocratic corporations controlled the destinies of two thirds of industry, without regard to labor



or consumer, we had swerved a long, long way from our inherited democracy.

When the people voted overwhelmingly for the new deal, they were not asking for a change in the spirit of our Government. Theirs was no mandate to change the framework, to make our parliament a picnic, as in Russia, or, as in Germany, a gesture. We have, to be sure, damned Congress so roundly that at present it is as tame as a gigolo. Under the new deal it tends to retain its ultimate power. Its geographical representation is supplemented by self-governing economic units, guilds, to substitute cooperation, regulation, and control for the anarchy of the old system we knew as "laissez faire." This organization is the N.R.A.

Does labor like it? Does a duck like water? Labor is clumsy, over-reaching, inchoate. Its leaders for the most part are untrained, inadequate, prejudiced, ill-informed. Give them a chance; they've rarely had one.

Do owners of capital like it? Maybe. They don't know. If their books show profits, perhaps. A number are beginning dimly to see that employees are customers. Of course, the big pigs think they see a chance for monopoly, and elimination of the little man, who has noticed that possibility himself. Still, I was nowhere able to discover that the N.R.A. had forced anyone out of business, and Dun & Bradstreet's report about half as many business failures in 1933 as in 1932.

Does the consumer like it? When prices have not gone too high he does not even notice it. He rarely think of himself in his consuming capacity.

Do any of these groups understand the implications of N.R.A.? Emphatically no.

The best evidence of its practicability, however, lies in the fact that two great basic industries that have renewed their codes are the rebellious steel and coal groups. With the introduction of the recovery program their parent State, Pennsylvania, greatest sweatshop State in the Union, where children worked for 25 cents a week, where whole towns were on relief rolls, where deputy sheriffs in private employ could use tear gas to quell labor disputes, is changing. In Pittsburgh's Shantytown hundreds still live in boxes, like dogs in kennels. Most social legislation is still being defeated. A Democratic mayor-elect was arrested for speaking from a soapbox without a permit.

Yet an early robin of liberalism perches there. This winter's legislature did pass a child labor law, by 1 vote. Although the Weirton Steel Mill dispute has been on every front page the American Federation of Labor's Amalgamated Union has had sweeping victories, welcomed by many plants as the alternative to extreme radicalism. More than 415,000 men are at work in the steel mills, nearly 1929's roll, although production is far below that year. Steel production reached twenty-two and one half million tons in 1933; the previous year it was thirteen and one half million!

United Mine Workers have increased their membership by battalions. Coal executives grouch, say they're fearful that their profits won't cover their increased overhead; that 1,000 new mines have opened since they signed their code; that they're afraid of everything, but they won't scuttle the ship. Not openly.

Decidedly, business in this stricken region is improved. In the course of one truck and deliveryman's strike, a Pittsburgh department store put 90,000 parcels through the mails.

Chiseling? Surely. Hairdressers, for instance, raised the price of permanent waves from $3 to $5 as "the N.R.A. rate" until General Johnson bellowed there was no such thing!

Detroit bubbles. The low- and medium-priced automobile business is the best since 1929. Unless the beaming dealers are false prophets, you may have to wait 30 to 60 days for your new car. That has not happened in a long time.

This is news. Automobiles are not bought with C.W.A. money. When a thousand men start digging a ditch in Missouri, a shoe factory in Massachusetts may—and has—called men back to work. When people begin to buy automobiles, it means either their own business is improving or prospects are so bright they feel justified in trading in the old 1928 rattler for a new car with all the delightful 1934 gadgets.

This industry, which began by saying cynically, "Well, boys, we'll have to give this thing a whirl," announces itself 100 percent behind the N.R.A. Although it was already well organized, it is beginning to see cooperation in terms of control of plant expansion and production. It also finds it a possible means of eliminating its worst evil, seasonal unemployment. In the past, most of its men have only worked 4 months a year. Their high wages, when averaged the year round, have been a snare and a delusion.

The automotive industry is for the N.R.A but not for General Johnson. "We don't", a motor magnate stated, "like his top-sergeant manners."

Chicago is where the N.R.A. spirit reads like the wind down Michigan Avenue. When Roosevelt swooped out of the sky to meet the convention that nominated him there, the city was another ruined Pompeii, buried in the ashes of Insull's crash. Thousands of derelict men and women slept on the ground in Grant Park before the marble splendor that lines the lake front. Beyond, city streets echoed. Great stores were empty. Factory machines stood silent. Today it is once more zestful and active, if still patched in the breeches and shoes.

Over in the colossal merchandise mart, Marshall Field & Co., greatest dry-goods wholesalers in the country, found its third-quarter business increased 70 percent. Where it had practically no future business a year ago, its books are nicely inscribed today.

Last fall some 25,000 buyers marched on Chicago and purchased nearly $30,000,000 worth of goods. Usually about 10,000 come and leave fifteen million behind. Merchants are ordering higher colors. Stylists say this shows better times surely as dawn the day.

The mail-order business is enjoying a boom all its own. One concern has orders from the South that approach 1929 proportions. Their increases look like predepression stock-market quotations: Alabama, 259 percent; Georgia, 215 percent; Arkansas, 220 percent. Prices are increased, too. Printed dress goods that cost 9½ cents a yard last fall are now 14 cents. Overalls have gone up. Oh, those overalls! I heard about them right across the farm belt * * * a symbol of the way the city treats the country. Men wear them 6 days a week now. Suits are for Sunday. People are buying just the same; furniture and rugs and new coffee percolators, where they were purchasing bare necessities a year ago. They're getting married, too, and having babies. The catalogue business shows that! I hate to think how many "Niras" are going to have a hard time hiding their right age thirty-odd years hence.

Even so, they don't trust the "brain trust" out in the Windy City. A man who sold me galoshes summed it up. "These college professors, they have good ideas", he remarked, but setting them to run things is like putting a scientist from General Electric's research laboratories in charge of production.

Trade warfare, famous in Chicago, is subsiding. A laundry price war of 25 years' growth, which had come to such a pass that some firms were giving away 3 shirts with every 10 pounds of washing, was ended in 48 hours. The Chicago Federation of Labor has had an increase of 50,000 members. It doesn't like compliance because, according to E. M. Nockles, its secretary, an able, salty old character, "Employers have been cheating like horse thieves, hoping the N.R.A. will break down." The Chicago compliance board has settled 3,486 complaints (as this is written), all but 41 of them without formal proceedings.

Real estate has no more value today, most places, than it had a year ago. Nevertheless, one owner of a building of very small apartments reported, "For the first time in 4 years every flat is rented, chiefly by people who had been doubling up with their families, and now can afford homes by themselves."

Swing down to Texas, to the iron forests where the chug-chug in the tall tapering derricks is ceaseless as the croak of frogs on a summer night. Say "oil code" to a grimy-faced driller or a white-sombreroed owner. Either will offer you a cigar, probably a Corona Corona. For this industry, runaway as it is romantic, was effectively cutting its own throat when the N.R.A. cut its hideous waste to consumption demands, and raised the price of crude oil from 10 cents a barrel to somewhere between 75 cents and a dollar. It also cut hours from 11 or 12 a day to 36 hours a week. Now an oilman can use up some of the gasoline in his own automobile.

The code has not cut the allure, however. I met a woman drilling a well in California. "It looked so pretty", she said, "I had to buy it."

Lumbermen in the Northwest see order but not orders coming out of their code. They tell us we may not be able to order houses by mail any more, because they are prohibited from selling wood cheaply.

The copper mines of Montana and Arizona won't open for a long time. When copper was something to brag about, magnates got together and fixed prices so high, and mined so much, that a 2,000,000,000-pound surplus now hangs over the market. Bridget, in Butte, who used to cook Mike's stew while he dug copper 4,000 feet below the kitchen, is now thankful that he can dig a ditch for a C.W.A. pay envelop, deeply thankful. The silver mines are bright as their own metal, and gold prospecting is itself again. Deadwood, S.D., reminds the oldtimers of the days of Poker Alice and Calamity Jane!

Out in San Francisco, where industries are diversified and not too large, the N.R.A. is a grand adventure to its citizens. Here Franklin Roosevelt is Allah and fiery George Creel is his prophet. Creel, the only disciple of Woodrow Wilson I found active in the new deal, has told them it is the open sesame to a finer, more gracious life. Firmly they believe it.

Not, of course, that San Francisco is a city of commercial saints. "It's a great change surely", a bland bank president remarked. "Here's the Market Street Railway, that used to be a pretty tough customer, talking about giving its employees half its profits." This did seem millenial * * * until I found there are no profits. The idea might be a way to evade the N.R.A.

Down in Hollywood the only actors who know about the N.R.A. at all are the "bit" players who may become "extras", for less pay, and the "extras" who may be converted, economically, into "atmosphere." One carpenter was thankful for it. "Before the code, they made us work 8 weeks on half pay", he explained. "The nerve! Just when me, with a wife and four kids, was workin' tyin' ermine tails on electric-light pulls in a new star's $7,500 dressin' room!" The rest, for the most part, are as oblivious as Oscar, the penguin.

Perhaps you, reader, will say this is too kindly a picture. That I have scarcely hinted at the thousands of injustices in the name of N.R.A. The packed compliance boards; perversions of code provisions; labor racketeers; frank or subtle violations of every sort. The strain on the small business man. The inexcusable price-raising. Human greed, you may well object, may stand arraigned before public opinion, but it has not been exorcised from the

nature of man. Nevertheless, our twentieth century guild system, bearing the seeds of our traditional democracy, looks like quite a sturdy cactus.

The agricultural program is an effort to fit farm production to this pattern of planned economy, so the farmer, too, may have his share of our plenteous goods. It is unnecessary here to repeat his story; we all know it well.

Does he like it? He likes the checks. Still, hasn't he been taught all his life by his father, the State, and the United States Department of Agriculture that long hours, honest sweat, and more and more acres of good grain are the way and the objectives of life? Now along comes the Government and says:

"Look here, you've been a fool. You've slaved away your best days; had your kids running cultivators when their legs weren't long enough to reach the levers. You're wearing out your family, sapping the fertility of the soil, raising so many hogs you can't get a dime for them."

The farmer thinks somebody lies. He isn't sure who.

He knows his savings—the value of his land—are almost gone. He can't forget the prices he was receiving last year, nor the fact that he never had his share of the Harding-Coolidge prosperity. Clinging to his right to do the wrong things no matter what disaster might befall, he persisted in being the liver and lungs of the Republican Party, although its tariff policy contributed largely to his ruin.

Now, although the pleasant rain of Government checks has inspired a feeling of tolerance toward Messrs. Wallace, Tugwell, and others, he still thinks curtailment of products is silly; that there can only be a surplus when everyone has his belly full; and that everything would be fine and dandy if we just had a good hearty inflation. In this he is didactic as the Boston banker who believes a 23.22-grain gold dollar was ordained on high. Neither, apparently, is quite in line with the President's ambitious efforts to evolve a currency which will insure the real value of savings by little fluctuation in its buying power from one generation to another. Nowhere, in fact, did I find much enthusiasm for this particular variety of fiscal manipulation. Outside the farm area, most men wanted stabilization, anywhere, but soon.

The Kansas wheat farmer accepts his check thankfully, although he regards it as only fair return for the years when he produced bread for the cities at less than the cost of production. He does not, however, view the plan as any other than an emergency expedient.

He also regards it with deep suspicion, as a possible entering wedge to putting him on a license. Those who fear fascism for this country would feel better if they could stand on a street corner of a Saturday morning in, say, Dodge City, Kans., and broach the subject of licensing to the farmers who come in. To say that the idea is abhorrent is soda-pop phraseology. However, farm leaders are suggesting that it might be a good idea to license the mavericks who will not cooperate in the crop-reduction program.

The average wheat checks are $179.38, although they range from $100 to $1,400. The average check in the corn and hog plan is $296, because most corn and hogs are raised in Iowa, while the wheat money is spread out over 16 States. What do the farmers do with this money? Pay personal taxes, make an advance on the new crop, pay a few store bills, buy some necessities and save a little to finish out the winter.

One woman in Gray County who had just gotten the family check took a deep breath and announced, "We're practically out of sheets and pillow slips! And Bobby and Alice are each going to have a good warm coat. I'm going to town!"

That first shopping Saturday in Dodge City, after the wheat checks began to come in, saw the biggest crowds that had ever filled the streets of that town. One grocery store had the biggest day in its history.

One big grower was a center of interest. He paid his taxes, back bills, bought clothes for his family and a radio. His check was $1,300.

During the first 4 days the checks were out the county treasurer took in $24,000 in back taxes. That meant keeping the schools open.

One curious result of the depression in the farm region is liberalism in Iowa. The librarian at the Des Moines Public Library invited the Communists and the Socialists to hold meetings there alternate Sundays. Imagine that a few years ago! Men and women from all over the countryside flock into Des Moines to attend open forums on public problems, a project financed by the Carnegie Foundation. They listen attentively to an astounding range of discussions, but will not countenance any criticism of the President. It never occurs to them that any of the radical changes going on might deprive them of their individual liberty. When Harold Hinton said one night, "If I were Hitler", and paused; then, "No, if I were Hitler I would shoot myself", he was interrupted by a long storm of applause.

Iowa is happy. Des Moines sold more Christmas trees this year than ever before. Minneapolis, on the other hand, is a doleful city. Its great flour-milling industry is slumping, due, in part, the millers report, to the fact that the farmer won't pay any processing tax. Little crossroads grist mills are springing up; the farmer has his grain ground here. Wheat millers are highly skeptical of the crop-reduction program, contending that the farmer is a natural bootlegger, that he puts in wheat when he takes out corn. Minnesota, together with other dairy districts, is in the doldrums. Dairy farmers want checks, too!

The cotton-producing South, however, is booming. It has won the Civil War, and is getting reparations! It is whole-heartedly behind the A.A.A. King Cotton led the big parade in code making. The cotton textile code has so improved conditions in the South that Saturday night in a factory town is once more an event!

If the South is a bustling tribute to the recovery program, the realm of finance also feels the new policy—feels it like a toothache.

President Roosevelt has put the Indian sign on the bankers. And nobody but the bankers cares. You feel this, dramatically, in Wall Street. There a cathedral calm prevades the once hectic canyons.

"This bank-deposit guaranty! Horrible!" shuddered an official of a bank that had shocked the Nation with its practices. "An invitation to loose banking." He saw no humor in his statement.

Few executives of large banks like it. Nor do they like the Securities Act any better. Unanimously they claim it is a dyke against the flow of long-term finance.

The banker fears the worst from every aspect of the Roosevelt policies. Well he might. I lunched with a Chicago financier. He led me into a restaurant, a vast chamber somehow familiar to me. Finally I identified it; the Dawes' old bank. In the main body of the room were cages which once were labeled, "Receiving A-L" and "Paying M-R." Now they offer the information, "Oyster stew 35 cents" and "All salads 15 cents."

"Eh bien", murmured my host, savoring his sole Marguery and some excellent Chablis. "After all, the proletariat does us very well."

The President's moves to secure the safety of savings, whatever the gold content of the dollar, meets with thanksgiving in the average depositor. Said one newspaper editor to me, "Since the Government has guaranteed deposits and bought stock in so many banks, the people feel their money is safe as in the Postal Savings. In the past no paper dared to question the policy of any bank in town for fear of causing a run on every bank. Now our queries need not be merely futile post mortems."

The third major part of the recovery program is the Public Works Administration, designed to pump money into the country when times are hard, and to develop needed projects. Those under way include roads and buildings, bridges and canals, vast irrigation projects, the Tennessee Valley development, and subsistence farms, for which there is a special appropriation.

Building of waterways seems extravagantly inconsistent with the administration efforts to get the railroads to wake up, and to make passenger travel something else than a bad dream; to learn how to compete with trucks for hauling, with airplanes for speed, and to strive for coordination for profits.

The C.W.A. and the relief administration as a whole is, of course, purely an emergency measure, but an inspiring one. Work relief, some of it foolish and wasteful, will leave a goodly residue of value received. Edward N. Bruce's inspired plan to set penniless artists to work on public edifices, elimination of malaria and typhoid menaces, nursery schools, adult education, are only a few of the projects under way.

The President has staked our all on this program. "Will we go broke, ma'am?" a chambermaid voiced a general question as she brought me the paper that carried the news that Mr. Roosevelt had asked 10 billion dollars of Congress.

How can we go broke? There are grave doubts about the monetary manipulations. We might fall into a catastrophic financial morass. But the real wealth—the man power, the foodstuffs, the natural resources, the machinery for the business of living—we cannot lose. They are here.

Nor are we going into an Old World dictatorship of any sort. We are revising our economic and social structure to meet the demands of a liberty-loving people.

The President's program opens two roads, one toward the "functional" state, wherein agriculture and industry exercise planned self-control; the other toward some form of state socialism. The Federal Government has put millions to work; one man in every twenty is on the Federal pay roll today. It cannot abruptly withdraw its sustenance to them, nor can it suddenly, if ever, move out of the many enterprises in which it is engaged. If prosperity returns rapidly enough, for whatever cause, if an adequate number of men and women can be reabsorbed by private enterprise, and if we are sufficiently malleable to develop a technique for planned guild government, we will proceed along the line of enlightened capitalism.

Otherwise, we inevitably turn to an Americanized version of socialism. This need not be horrific as it sounds to many. Consider the number of enterprises in which the Federal Government is already engaged.

However this may be, we are thinking. We are acting. Men and women have hope in their hearts. Franklin Roosevelt's experiments are courageous and thrilling. Most of us echo the little boy who said:

"Gee! I wouldn't be dead for a million dollars!"

Guide to symbols:
A.A.A., Agricultural Adjustment Administration.
F.A.C.A., Federal Alcohol Control Administration.
N.R.A., National Recovery Administration.
F.C.A., Farm Credit Administration.
T.V.A., Tennessee Valley Authority.
R.F.C., Reconstruction Finance Corporation.
C.C.C., Civilian Conservation Corps.
N.L.B., National Labor Board.
Hammer and Sickle, Russian Recognition.

PROFITEERING IN PREPAREDNESS—ADDRESS BY GEN. WILLIAM MITCHELL

Mr. ROBINSON of Arkansas. Mr. President, I should like to bring to the attention of the Senate an address delivered before the Foreign Policy Association in New York on March 3, 1934, by Gen. William Mitchell. General Mitchell ranks as one of the greatest authorities, if not the foremost, on the subject of aviation. His address contains much information which I believe to be of great value. I ask that it be incorporated in the RECORD in connection with my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The Foreign Policy Association has asked me to appear before you today for the purpose of discussing some phases of profiteering in preparedness. The subject of preparedness is a very broad one. Primarily it involves the determination of what our national defenses should be and then fitting the various parts into one another so that the greatest efficiency with the least expenditure may be obtained. There are two main elements in national defense, one the personnel and the other the matériel.

There may be profiteering in personnel. By this I mean those seeking financial profit may create a condition whereby the personnel of a great Government department is prevented from asserting itself or is rendered impotent in the determination of what equipment shall be furnished, who shall get the contracts and what shall be paid for them.

It is generally accepted in the world at large that military aeronautics will be the determining factor in future armed contests between nations. As a basis for this conviction, I shall quote the views of men distinguished outside the aeronautical vocation:

At the close of the war, Marshal Foch, commander in chief of the Allied armies, stated: "The potentialities of aircraft attack on a large scale are almost incalculable, but it is clear that such attack, owing to its crushing moral effect on a nation, may impress public opinion to the point of disarming the government and thus become decisive." This in plain words means that air attack on vital centers will be the decisive element in future wars.

In 1921, the Joint Board of the Army and Navy, under the presidency of Gen. John J. Pershing, witnessed the bombardment tests against naval vessels conducted by the Army Air Service. The report stated:

"Aircraft carrying high-capacity high-explosive bombs of sufficient size have adequate offensive power to sink or seriously damage any naval vessel at present constructed, provided such projectile can be placed in the water close alongside the vessel. Furthermore, it will be difficult, if not impossible, to build any type of vessel of sufficient strength to withstand the destructive force that can be obtained with the largest bombs that airplanes may be able to carry from shore bases or sheltered harbors."

In plain words, this means that aircraft may sink or destroy any vessel that floats on top of the sea, and, as aircraft are able to fly anywhere over land or water, it means that aircraft dominates seacraft.

The finding of this Board did not take into consideration the use of gas, water torpedoes, air torpedoes, gliding bombs, mines, or gun and cannon fire against ships. It must be remembered that naval vessels spend most of their time in harbor and that their attack at such places is an easy matter, as is the destruction of their shore establishments, drydocks, and supply points.

The Honorable Stanley Baldwin, former Premier of Great Britain, during a hearing of the air estimates in the British House of Commons, November 10, 1932, stated as follows:

"If a man has a potential weapon and has his back to the wall and is going to be killed, he will use that weapon, whatever it is * * * experience has shown us that the stern test of war will break down all convention."

This, in plain words, means that vital centers will be attacked by chemical weapons as well as others and that any attempt to limit or curtail the action of aircraft will not be countenanced, as they are more economical weapons than any heretofore devised or used.

The older services have in their past always tried to limit new inventions, opposing such innovations as the bow and arrow, the musket, the iron-clad ship, and now air power. Armies and navies have always been the implacable foes of the development of air power, wishing to restrain it and keep it under their control; the navies, because they see that eventually aircraft will supplant them in most of their duties and that in war no vessels will be able to exist on top of the water; the armies, because they derive a certain prestige from control of it. The American Army has been particularly narrow in this regard. It talks about teamwork, but the teamwork of an army compared to air power has about the same ratio as a team of bow and arrow men compared to a 16-inch cannon, or a team of a goat and a race horse hitched together. The horse's legs would have to be cut off to make him conform to the goat's speed. Air power under some conditions is able to obtain victory in war by its action alone, unaided by an army or navy. Naturally it has its limitations, as have armies and navies.

Armies will always be needed, and efficient ones, in our country particularly. The Army in the United States, with respect to the Air Service, is very much like the farmer who had the bull by the tail. He tries to hold on but is pulled along by it and is afraid that if he lets go the bull will turn around and gore him. At it has worked out here, he has yelled for assistance to the Navy and profiteers who have gallantly come to his rescue have lassoed the bull, cut off his horns, hog-tied him, and left him impotent on the ground. Now they eat the steaks.

Each committee appointed by the President or Congress, with the notable exception of one which will be mentioned later, has recommended the consolidation of our aeronautical activities under one head. On page 5 of the Report of the Select Committee of Inquiry of the House of Representatives into Operations of the United States Air Services, the committee found as follows:

"That there is no uniformity of Army and Navy policy as to organization, equipment, control of personnel, procurement, design, or use of aircraft; * * * that there is duplication in the expenditure of both money and effort by the Army and Navy."

Conditions have not changed since this report was made. The United States has taken no action whatever to meet modern conditions.

Now, let's see what the Europeans have done. In every case they have formed a department of aeronautics coequal with the Army and Navy. They have formed a professional aeronautical personnel, similar in status to that in the Army or Navy. This is trained essentially for aeronautics, is given a life position with appropriate rank and position, so that they cannot be influenced by politicians, profiteers, or corruption, nor domineered over by the other services. It is their duty to carry out the aeronautical policy which has been determined by the state.

In doing this they have created an aeronautical striking weapon, the air force, entirely independent from any other organization. It is designed to hit the vital centers of the enemy at once in case of war and destroy the will of the whole hostile people to resist. In this force there is no time for mobilization, it is constantly ready. It is backed up by a civil and commercial aviation, under the direct control of the Government, which bears much the same relation to the air force as the merchant marine does to the Navy. The Navy and Army are given detachments from this force for their own domestic service, the Navy whatever air units they need on their carriers and other ships, the Army whatever observation it requires. Another very important element placed under the jurisdiction of the air force is the Nation's defense against aircraft. This consists of all the elements including pursuit aviation, units for defense against local air attacks, methods of protecting the population against aerial attacks, and defense against seacraft.

In the United States we have no system of this kind. In Europe it is a result of hard experience. In 1915 the Germans had no difficulty in raiding the British Isles, even with the crude airplanes they had at that time. The British Army Air Service had control of air over the land, the Navy had control of the air over the sea. When the Germans came over the land it was too late for the Army air service to get in the air to attack because they had no previous notice; and when the raiders returned over the sea, as there was no coordination, the naval air service was not there. This is our condition at present. In 1917 the British formed an air ministry consisting of all the air services. The Germans had already done that in 1916. They were followed by Italy, France, Russia, Spain, and others.

In the United States we have had four periods of development of our air power. First, from the time the Wrights began flying, until the World War. During this period about all that could be done was to prove that an airplane could get off the ground and land again. The feeling of the older services toward the new creation was that it was a joke, from a military standpoint.

In the second period, during the World War, we developed a marvelous personnel and system in our military units, but in the production and purchase of our aircraft in the United States, which were turned over to civilians with military titles, one of the worst orgies of graft and corruption occurred in our history. As a result, only 100 airplanes, more dangerous to our men than to the enemy, reached the front in Europe by November 11, 1918, after an expenditure of $1,051,511,988 by the United States. This has been attested to by various committees and boards, one of which was presided over by Mr. Charles E. Hughes, now Chief Justice of the United States. Mr. Hughes recommended trial by courtmartial of those responsible. The planes we fought in were of foreign manufacture. This period ended in 1919.

From 1919 to 1926, the aeronautical racketeers were practically eliminated. The Government ran the Air Services. The Army Air Service, on its return from Europe, had an opportunity to go ahead and adopt an experimental and operational program which put it far ahead of the world in aviation and which would have continued had it not been stopped from outside. It acted at this time practically as an independent force, as it was not throttled then by the General Staff of the Army. Carrying the mail was developed during this same period under Government control.

The fourth period came after the findings of the Morrow Board in 1926, and the enactment of their recommendations into law. The effect of this substantially was to turn over our aeronautical development to what might be termed the aeronautical racketeers. Not a single change for the better was made in our aeronautical policy, system, or organization. The old methods were perpetuated in a stronger form and in addition subsidies for carrying the mail were provided for. The result was as follows:

The Navy kept its air organization; the Army kept its air organization. The Coast Guard had one; the Marines had one. The National Advisory Committee and the Bureau of Standards had a finger in it; a new unit was created in the Department of Commerce to handle civil aviation. But, due to the granting of postal

subsidies, still another unit was set up in the Post Office Department, which has proven to be the most pernicious element that ever entered into our aeronautical situation. A small group of people similar to those who gained control of our aeronautical production during the World War formed themselves into holding companies into which were taken the factories building aircraft, the factories building motors, and the companies organized to operate the air mail and passenger service. These civilian operating companies created an entirely new air personnel, that of commercial pilots, over which the Government had no jurisdiction. The airplanes used for carrying passengers and mail were not under the jurisdiction of the Government except as to inspection and airworthiness. The Government, however, paid out the money for the operation and maintenance of this whole system, $46,800,000 being paid out as mail subsidies alone. (CONGRESSIONAL RECORD, Feb. 14, 1934, p. 2471–2.) Sufficient experimental money, which the Government had been able to use before, was taken away from it on the ground that if it was turned over to the aeronautical industry it could do more than the Government.

The result has been that the merchants in control of our aeronautics have attempted to sell what they had to the Government with as little improvement as possible, because if improvements were made, money on experimentation would be required and a change in types of motors and planes would also require different tools, jigs, and other things for the making of new equipment.

As all of this is paid for by the United States Government, it is evident that the Government should have not only the dominating voice in what is done but should see that the funds are honestly and efficiently spent. As has been brought out in evidence, these profiteers have taken their stock and run it up from $1 to $10,000. They have paid enormous salaries, in one case about $400,000 a year, and others in proportion. These men know little about aeronautics and think first of making money, next of furnishing service. This is why our aircraft of all descriptions have fallen way behind what they should be and why our commercial aircraft are deficient in safety devices, navigational instruments, and speed.

These manipulators of our aeronautics have been all-powerful politically. They have put their representatives in Washington to influence not only the giving out of contracts but policies also. They wish to keep our aeronautics separated, for in that way the functions are overlapping and more money is spent by the Government.

Recent investigations have shown, first, that in many cases there have been too great profits in the manufacture of airplanes; second, that profiteering has taken place by manipulation of stock of aircraft companies; third, that there has been collusion between air-mail contractors, operators, and others with respect to Government contracts, as brought out by the United States Senate committee investigating air-mail contracts; fourth, that the method of development and procurement should be improved; fifth, to protect the Government in the construction and operation of aircraft, certain prototype airplanes, and any equipment found necessary should be built by the Government to determine costs and efficiency, and in this connection the Government should operate certain aircraft along all airways to all our possessions, in all kinds of weather throughout the year.

There is nothing new about any of these matters. They have come up before the Congress each year. There have been practically the same discussions among aeronautical men the world over. The conditions are well understood. Every nation has looked them squarely in the face and solved them except the United States. These conditions can be corrected by adopting a definite policy for aeronautics for the United States, causing an experimental program of airplanes, aircraft engines, instruments, and armament to be developed under a permanent and capable personnel of a single service, requiring procurement be made according to law by a single service, by competition, and putting the accounting under the General Accounting Office of the Treasury, presided over by Mr. McCarl. Aeronautical publicity and education should be carried out under the aeronautical branch instead of the Army, Navy, or other agency, as is the case at present.

In the field of operations, these same self-seeking interests have conducted the air mail and passenger services, all the pioneer work on which had been done by the United States Government. Upon these Government airways they superimposed their private radio system. They had their own corps of pilots, about 500, who drew salaries as high as from $750 to $1,000 a month.

When the administration in its wise discretion threw out the air-mail contracts as having been obtained by collusion and fraud, the Army was ordered to carry the air mail. The flying personnel of these civil companies and the airplanes, as they are maintained by Government subsidy, should have been subject to the Government's call at any time the Executive Department decided that an emergency existed. But look what happened to these noble patriots. They are not subject to the Government's call; it is not contained in the law.

The United States could not use their radio system nor their radio equipment, nor their planes. This is why they announced so emphatically that the Army could not carry the mail. Thereupon the Army Air Corps, which was not properly equipped for any kind of duty, due to the machinations of these aviation profiteers and to service politicians, undertook to carry the mail under conditions which these very people who are putting up such a great hue and cry through their controlled press could not have done. They have used inferior radio and inferior airplanes without a whimper to carry out the President's wishes and have rendered a wonderful account of themselves. Only one man has been lost while actually carrying the mail. The operation of these lines will give the Government an opportunity to figure up what the costs should be in a service of this kind, how it should be handled, and what our future course should be.

The civilian companies not only attempted to arrogate to themselves all the functions of air power in this country but to defy the Executive. Their propaganda through their inspired press, has filled the country with their great deeds. But the passenger planes they have provided do not have necessary modern safeguards; they are not provided with automatic pilots, except in a few cases; they do not have cabin parachutes, nor defrosting equipment, nor resonance altimeters, nor landing sticks and other devices for the care and safety of passengers. Such a condition would not have been tolerated for a moment under any sensible aeronautical administration.

The control of civil and commercial aviation presents quite a complex problem and has been handled in different ways in various parts of the world. The object of subsidies is to develop aeronautics as a general asset to the country to be used in case of emergency and to extend the national culture and interests. The great nations of the world subsidize their regular airways. As a general proposition their equipment is prescribed, their personnel, both in the air and on the ground, has to answer certain requirements, and they are all subject to call in emergency by the Government.

The present world position of the United States Air Services (they cannot be called air forces) is well illustrated in a study made by an expert, from which I quote:

"The United States is third of the nations in merely the number of warplanes (three close behind).

"It is sixth of the nations in the number of factories manufacturing warplane or high-powered airplane engines.

"It is definitely the most backward of all the nations manufacturing warplane engines and warplanes, in the design of them in service and projected.

"Its leading warplanes are most deficient in elasticity of performance.

"Its leading warplanes cannot even reach similar foreign planes to do battle with them.

"Comparatively, it does not actually make or possess any warplanes.

"The whole of its air forces could probably be grounded and rendered useless or destroyed by the tiny Belgian air forces, given the same type of warplane pilots as the principal combatant nations had in the World War.

"The whole of its air forces could be grounded and rendered useless or destroyed by 30 percent of the British Royal Air Force, or 40 percent of the French Air Force, or 50 percent each of the Italian, Japanese, or Soviet Russian Air Forces.

"It will take at least 2 years to catch up with the outside world in design, production, and availability of warplane engines and warplanes if it begins to produce the leading types of these devices under license from the original foreign manufacturers; and at least 3 to 4 years if it proceeds without such foreign licenses, and if the foreign nations concerned stop progress meanwhile.

"The United States Air Forces cannot fight when they like, where they like, or how they like."

* * * * * * *

"The structures of that portion of the aviation industry of the United States which is producing warplane engines and warplanes is assembled as follows:

"(a) The United Aircraft and Transport Corporation, New York, N.Y., which controls the following:

"1. Boeing Airplane Co., Seattle, Wash., airplanes and warplanes.

"2. Stearman Aircraft Co., Wichita, Kans., airplanes.

"3. Sikorsky Aircraft Corporation, Bridgeport, Conn., airplanes and warplanes.

"4. Chance-Vought Corporation, East Hartford, Conn., warplanes.

"5. Pratt & Whitney Aircraft Co., East Hartford, Conn., P. & W. 'Wasp' and 'Hornet' air-cooled radial airplane and warplane engines.

"6. Hamilton Propellor Co., East Hartford, Conn., airplane and warplane propellers.

"7. Boeing School of Aeronautics, Oakland, Calif., flying service.

"8. United Aircraft Exports, Inc., New York, N.Y.

"9. Boeing Aircraft of Canada, Ltd., Vancouver, B.C.

"This group of firms, probably the largest aircraft trust in the United States, is not free to make its own decisions on aviation matters. Possibly, its technical and other material becomes speedily known to foreign countries. It is controlled by the National City Co. and the National City Bank of New York and by the Morgan International financial interests.

"(b) The Curtiss-Wright Corporation, New York, N.Y., which comprises the following:

"1. Curtiss Aeroplane & Motor Co., Buffalo, N.Y., airplanes and warplanes.

"2. Keystone Aircraft Corporation, Bristol, Pa., airplanes and warplanes.

"3. Curtiss-Wright Airplane Co., St. Louis, Mo., airplanes.

"4. Wright Aeronautical Corporation, Patterson, N.J., Curtis D. 12 (450–500 rated hp. water-cooled) and 'Conqueror', Prestone-cooled airplane and warplane engines, and Wright 'Cyclone' and 'Whirlwind' air-cooled radial airplane and warplane engines.

"5. Curtiss-Wright Flying Service, flying service.

"6. Curtiss-Wright Export Corporation, New York, N.Y.

"7. Canadian Wright, Ltd., Montreal, Canada.

"This group of firms constitutes another aircraft trust in the United States, and it is about the size of the United Aircraft & Transport Corporation already referred to. The Curtiss-Wright Corporation is likewise not free to make its own decisions on aviation matters. Possibly, all its technical and other material also becomes quickly known to foreign countries. In the background the Chase National Bank and the Rockefeller financial interests are concerned with the Curtiss-Wright Corporation. The Bank of Manhattan Co., the City Bank Farmers Trust Co., the Central Hanover Bank & Trust Co., and the Marine Bank of Buffalo, N.Y., appear more prominently as this corporation's bankers.

"The Curtiss-Wright Corporation and the United Aircraft & Transport Corporation between them control the aviation industry of the United States. Their pattern is the same and they present a united front to any third party, including the Government of the United States. They monopolize the manufacture of airplane and warplane engines in this country. It is the case with both of them, that the last word, on whether or not they shall adopt any aviation improvement or invention, lies not with their technical executives, but with their outside, unqualified financier masters. These groups maintain a pool of patents that discourages the offer and adoption of any aviation improvement or invention from without, and deprives their own personnel of real incentive to make any such improvement or invention. Neither of the groups has been responsible for the introduction or adoption of any actual improvement in aircraft or aircraft engines.

"They have been and are being caused by the purely financial powers behind them to adhere to the false manufacturing policy in a competitive market of maximum reproduction with minimum improvement. Although the trust builders and stock manipulators of these combines have prevented competition in the design and production of aircraft and aircraft engines in the United States, they have been, naturally, unable to slow down that of foreign countries and so their progress has made United States air defense a negligible factor in the world today.

"(c) North American Aviation, Inc., New York, N.Y., which comprises the following:

"1. Berliner-Joyce Aircraft Corporation, Baltimore, Md., warplanes.

"2. Douglas Aircraft Co., Inc., Santa Monica, Calif., airplanes and warplanes.

"3. Sperry Gyroscope Co., Inc., Brooklyn, N.Y.

"4. Ford Instrument Co., Long Island City, N.Y.

"5. Transcontinental & Western Air, Inc., New York, N.Y.

"6. Eastern Air Transport, Inc., Brooklyn, N.Y.

"This smaller aircraft combine is, perforce, subject to the United Aircraft & Transport Corporation, and the Curtiss-Wright Corporation, because of its dependence upon them for airplane and warplane engines, their ascendancy in the aviation industry of the United States, the market they provide, the great financial powers behind them, and interlocking interests in general.

"(d) The leading allegedly individual firms engaged in warplane production in the United States are the following:

"1. Bellanca Aircraft Corporation, New Castle, Del.

"2. Consolidated Aircraft Corporation, Buffalo, N.Y.

"3. General Aviation Manufacturing Corporation, New York, N.Y., affiliate of General Motors Corporation, took over the Fokker Aircraft Corporation in 1931.

"4. Glenn L. Martin Co., Baltimore, Md.

"5. Great Lakes Aircraft Corporation, Cleveland, Ohio.

"6. Gruman Aircraft Engineering Corporation, Valley Stream, Long Island, N.Y.

"7. Hall-Aluminum Aircraft Co., Buffalo, N.Y., affiliate of the said Aluminum Co. of America, New York., N.Y., the Mellon-controlled Aluminum Trust.

"These seven concerns together merely approximate the size of only the Curtiss-Wright Corporation. They are more or less independent, as regards each other and North American Aviation, Inc., but they are, perforce, subject to the United Aircraft & Transport Corporation and the Curtiss-Wright Corporation for the same reasons that North American Aviation, Inc., is subject to these two ascendant combines.

"Thus, at least all the worthwhile limbs of the aviation industry of the United States, engaged in producing warplane engines and warplanes, are shackled as heavily as possible by the limitations of the private and wholly financial interests of the Wall and Pine Streets area of New York. No foreign country, manufacturing warplane engines and warplanes, permits any similar restriction of its aviation industry."

* * * * * * * *

In addition to regular passenger lines, the European governments usually encourage by subsidy civilian flying clubs, light airplanes and flying equipment which citizens of the country may own themselves and use either in sport or in commerce. This should have been done long ago in the United States but it has been opposed by the aircraft profiteers as they would not make as great a margin of profit from small planes, or if other factories were developed; also they felt this might develop a mass inclination leading to a department of aeronautics.

To sum up what should be done in this country: I believe we should have a department of aeronautics, under which should be:

(1) An air force. This is an independent striking force to be used against the enemy's vital centers. Detachments from it would be made to the Army and Navy for their own domestic uses. (This is the European system.)

(2) Civil and commercial aviation. This section should supervise all civil and commercial aviation, airways, weather services, radio stations, and inspection of civil air personnel.

(3) Engineering and procurement. This would prepare the engineering data for all aircraft, motors, armament, and equipment and attend to the procurement of all aircraft for the Government.

I would advise the operation of the air mail by the Government, a direct subsidy for passenger air lines, the Government prescribing the class of equipment and the qualifications of the pilots, all of whom should be subject to the call of the Government in case of emergency. I would prohibit all holding companies and combinations, which are made, among other reasons, for the purpose of avoiding income taxes. I would insure competition in design for aircraft and accessories and then allot production orders to the factories who are the lowest responsible bidders. This would insure a regular personnel dedicated to aeronautics, an honest administration of our civil aviation, and an engineering control which would bring out the best talent in the country. At present the best engineering talent has been crowded out by the profiteers.

The Air Service is 50 times more dangerous in time of peace than the Army Service, and 5 times more dangerous in war. Its duties are distinct and separate from those of an army or navy. It cannot be run by either. This has been the experience of every country in the world, including ourselves.

During the former administration, it was impossible to cope with class and privilege, so strongly were they entrenched, but the mandate of the people in the last election was that the Government must clean house and return to the people 100 percent on the dollar for the taxes they contribute to the National Government. We have a man in the White House now who is unafraid, and we hope that he will make a decided change in our desperate aeronautical situation.

ON CRITICISM—EDITORIAL FROM WASHINGTON POST

Mr. FESS. Mr. President, in this morning's Washington Post there is a very thoughtful editorial on the subject of criticism. I ask unanimous consent to have it inserted in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ON CRITICISM

It would be interesting to know how many of those who heard the President yesterday were struck by the paradox in political thinking then revealed. On the one hand, Mr. Roosevelt gave to industry a definite challenge—his own word—to give more employment at higher wages and shorter hours. How industry is to do this and remain self-supporting he did not indicate. It was, we repeat the President's word, "a challenge."

On the other hand, Mr. Roosevelt, attacking those "who do not think things through", explained in some detail the type of opposition which he resents. That is, criticism which fails to suggest alternative methods and does not contain helpful proposals. "This critic," said the President, "contributes nothing—he is not constructive; he is unpatriotic because he attempts to destroy without even suggesting a way to build up."

In other words, it seems, it is entirely appropriate and proper for the administration to "challenge" industry, which certainly has on the whole given most loyal cooperation to the recovery program, while at the same time it becomes unpatriotic for industry or any other element of the body politic to challenge the administration. One partner in the national team may order and instruct. The other partner may suggest—so long as his suggestions do not overstep the bounds of prim obedience. And right there is the distinction, not so subtle that it is hard to understand, between what this administration means when it talks of "the American method" and what many Americans, as sincere and patriotic and self-sacrificing as any party leader, understand by that fine phrase.

There is, moreover, something more than a passing word to be said on the nature and function of criticism. To state that civilization has advanced whenever and wherever the critical faculty is active has bogged down as that faculty has been absent or suppressed, is merely to state the most obvious moral of recorded history. Nor does this apply merely in the field of politics. It is equally true in every form of intellectual and artistic endeavor.

Imagine, for instance, the role of a literary critic who should be told that he must praise the latest novel as a whole, although, to be constructive, he might suggest some alteration, for a future edition, in the delineation of the heroine. Imagine, again, the position of the dramatic critic instructed to praise the play, though generously encouraged to suggest to the leading players some change in the enunciation of their lines. It is just because that form of dramatic criticism is too much the custom that the whole art has declined, and the level of the stage in rapid consequence.

Honesty, conviction, intelligence, and specialized knowledge—those are the hallmarks and the only hallmarks of true criti-

cism, in which neither sycophancy nor the demands of the box office play any part. And if the founders of this country, to whom Constitution Hall is dedicated, had felt that unconstructive criticism was by that token undesirable—we would have no President to tell us otherwise today.

These are the thoughts, induced by apprehension, not by hostility, which raise grave doubts in the minds of countless sober citizens today. Those doubts will not be exorcized by calling them un-American. They cannot be assuaged by assurances—which beg the issue—that the country will not turn back to abuses which only a trivial portion of the population would seek to have restored.

THE ADMINISTRATION'S PROGRAM—ARTICLE BY FRANK KENT

Mr. FESS. Mr. President, there appears in the Baltimore Sun of today an article from the pen of Frank Kent relative to the administration's program. I ask unanimous consent to have it inserted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ALL STILL IN THE AIR

By Frank R. Kent

WASHINGTON, March 5.—So effective is the propaganda back of the Roosevelt program that it is difficult to see the actual facts. It has what many regard as almost a monopoly of the radio and great support from the press

The latter comes not so much from belief in Roosevelt policies as from a desire not to retard a recovery which started all over the world a year ago and with which legislation has little to do. That desire is deep, too, in the public heart and accounts in large measure for the absence of opposition. There is real reluctance to do anything that might change the mood of the people or create difficulties.

Also, any such effort would be very unpopular. Evidence of this was given in what happened when Alfred E. Smith voiced his belief that the new deal experiments had flopped. He was literally ganged by the administration and in a week's time pulled off his pedestal as a popular idol. It is this sort of thing that renders inarticulate those who distrust the Roosevelt plans, creates a disposition to go along regardless of distaste and disbelief.

Undoubtedly things are better here, just as in England and Canada. In face of that, there is no nourishment trying to stop experiments that can't be stopped, or, while Federal cash pours into millions of pockets, pointing out dangers to a people bulging with enthusiasm.

At the start of the second Roosevelt year, however, one fact stands out. Not one of the new deal experiments has passed beyond the experimental stage. Not one has succeeded. It can be claimed they have bettered conditions and are on the eve of success. It also can be claimed we would have made as much progress without them, that they are bound to fail, that their pursuance makes the future insecure. Whichever view one takes, it is clear the experiments remain experiments.

Take the most vital—A.A.A., N.R.A., and the new monetary policy. By the men directly responsible the admission is made. The agricultural policy, which started as an effort to get farmers voluntarily to reduce production, has been switched to a compulsory policy, which opens so wide a door that Secretary Wallace, himself, recently pointed out the dangers, voiced his doubts and alarm.

Within the week, failure of the N.R.A. to reach its objectives has been generally admitted. Regardless of the Presidential eulogy, the whole business has got to be revamped, the policies changed. A great administration effort is being made to put this sagging experiment again on its feet and regain for it a popular sentiment that has gone sour.

The financial policy remains the most experimental of all. No one knows how it will turn out nor what the next step will be. This includes Secretary Morgenthau. Last week, before a House committee, he frankly said he could not tell from day to day what the course would be. All he wanted was to be let alone while he worked on the experiment. One administration policy—the C.W.A.—was dropped because it was saturated with graft, waste, politics. Also it threatened to become an unbearable drain on the Treasury. A week ago the President announced a substitute, which differs only in name. It is a continuation for at least 6 months of a project indicted by its own Director.

The truth is Mr. Roosevelt's experiments are all still in the air, with neither him nor anyone else able to say where they will land. There is a better feeling in the country, due partly to world recovery, partly to increased buying power, flowing from the Government billions. But, that we are out of the woods, no calm person contends.

It is true many people who had no work are better off than last year. Industry has taken care of some; C.W.A. and other Government pay rolls of many more. But it is also true a great many who had jobs before Roosevelt came in—and still have them—are not nearly so well off. They have had cuts in pay, increase in living costs, and heavier taxes. The latter outnumber the former, but they all feel better. How they will feel in another year no man can tell.

THE ELECTORAL COLLEGE—ADDRESS BY SENATOR POPE

Mr. NORRIS. Mr. President, on the 15th day of February of this year the junior Senator from Idaho [Mr. POPE] delivered an address in Philadelphia at a fraternity banquet. One of the questions discussed was the electoral college and its proposed abolition. I ask unanimous consent that the address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman and fellow members of Delta Chi, Rousseau once said:

"In a well-conducted city or state, everyone hastens to the assemblies; while under a bad government no one cares to move a step to attend them. * * * As soon as anyone says of the affairs of the state, 'Of what importance are they to me?' we must consider that the state is lost."

Judged by this standard, it is certain we have a well-conducted Government. At any rate, it is true that never before in the peace-time history of our country has there been such governmental activity, and perhaps never before so much active interest in their Government by the people. The citizens are applauding, criticising, discussing, and thinking of their Government. They are suggesting and proposing remedies. My daily mail is filled with plans advocating every sort of remedy from the complete change in our form of government to the simple device of requiring all drunken drivers to place a red flag on their automobile windshields to announce their jovial but dangerous condition to all sober people. Judging from the number of letters received, this simple plan seems to have rather wide support in a certain section in my State.

The idea of a new deal is a stirring force in our national life. It fills the newspapers and magazines; we hear it over the radio and on the street corner. It is the subject, in one form or another, of almost every public address.

The new deal is usually thought of in terms of economic and emergency measures enacted by the special session of Congress last year and the present session and the administrative activities in carrying out these measures. In the public mind it is associated with such measures as the National Recovery Act, the Agricultural Adjustment Act, the Public Works Administration, the Civil Works Administration, the Civilian Conservation Corps, the gold bill, and the like.

It is not these matters, however interesting as they are, that I shall discuss this evening. I would draw your attention to some other proposals, political in nature, that should be a part of the new-deal program of this administration. These proposals have to do with some very vital and fundamental functions of our Government—one with the method of electing the President and the other with the method of ratifying amendments to the Federal Constitution. In other words, one proposal deals with the abolishment of the archaic electoral college, and the other with an amendment to article V of the Constitution providing for direct ratification of amendments by vote of the people.

On June 18, 1787, Alexander Hamilton arose from his seat in the Constitutional Convention and offered a plan for the election of the President of the United States. He said:

"It is admitted that you cannot have a good Executive upon a democratic plan. See the excellency of the British executive. He is placed above temptation. He can have no distinct interests from the public welfare. * * * Nothing short of such an executive can be efficient."

Some days later, discussing this subject, he added:

"That the immediate election should be made by men most capable of analyzing the qualities adapted to the station (of President) and a small number of persons, selected by their fellow citizens from the general mass, will be most likely to possess the information and discernment requisite to so complicated an investigation."

Based upon this idea, the electoral college was provided in the Constitution as the method of appointing the President. It was provided that each State shall appoint, in such manner as its legislature may direct, electors equal to the number of Senators and Representatives to which the State is entitled in Congress.

Hamilton was so well pleased with this plan that during the campaign for the ratification of the Constitution by the States he said:

"The mode of appointment of the Chief Magistrate of the United States is almost the only part of the system, of any consequence, which has escaped without any censure."

It is apparent, then, that the so-called "electoral college" was established for the very definite purpose of enabling a small number of persons to select the President. Its purpose was not to enable the voters of the country to elect a President. Hamilton further said:

"I confess that the plan is very remote from the idea of the people."

Such was the purpose, and such was the plan adopted by the framers of the Constitution about a century and a half ago.

The plan still exists, but its purpose has never been realized. Almost from the time of its creation it has resembled a machine designed for one purpose and used for another. The people declined, in fact, to delegate their prerogative of electing a President. Electors have been chosen to reflect the opinions of the voters and not the opinion of the electors. In this respect the electoral college became obsolete in the eighteenth century and has neither effectuated the aims of its inventors nor fully the democratic views of the voters. It has been a misfit in our governmental structure. Its only effect has been to defeat the popu-

lar will in a number of instances. Three times the voters have chosen a President, but their choice has been defeated by the electoral college.

It is directly responsible for such political atrocities as occurred in 1824, when Jackson was elected by the people and Adams was made President; in 1876, when Tilden was elected and Hays became President; and in 1888, when Cleveland received the popular mandate and Harrison was declared to be President. This speaks eloquently of the patience and forbearance of the American people.

It is not generally realized that under the Constitution, as framed, it would be perfectly regular to select a President without an election at all. A State legislature has power to appoint electors itself or authorize the Governor of the State, the Republican State chairman, or the Democratic State chairman to do so, or such legislature might authorize the President of the United States to appoint electors to select himself or another as President.

This shows what a queer anachronism the electoral college really is.

As the practice of holding elections has developed, however, no legislature would dare resort to such extreme measures in selecting electors, but it is interesting and important to realize the legal situation under the electoral college system.

As Presidential elections are now conducted, there are two serious objections to the method of electing the President.

In the first place, as experience has demonstrated, a candidate receiving a minority vote may be elected as against one receiving the mandate of the voters of the country—a result in contravention of the fundamental principle of our Government. It is easily conceivable that one candidate may be the overwhelming choice of the voters and another who receives a bare majority of the votes of a comparatively few of the larger States may be declared elected. This system has repeatedly been condemned by publicists, students of our Government, and statesmen since the beginning of the nineteenth century. That such a method has survived is one of the remarkable things in the history of our Government.

In the second place, in most States the names of candidates for President and Vice President do not appear on the ballot and the voters are not permitted to vote directly for such candidates. The names of the electors are mere figureheads in whom the voters are not interested and for whom they have not the slightest concern. The effect is to cause confusion and disgust in the minds of the voters who should have the right to vote for President and Vice President freely and directly. It is a rare occasion when one is heard to defend the existence of the electoral college. It should be abolished.

There is now pending in the United States Senate a joint resolution offered by the veteran progressive, Senator GEORGE W. NORRIS, of Nebraska, to abolish the electoral college. His proposal deserves the support of every Member of Congress and of the people of the United States.

The other proposal I shall discuss is one to provide for popular ratification of amendments to the Federal Constitution.

On June 5, 1787, Mr. James Madison, one of the ablest and perhaps the most scholarly man in the Constitutional Convention, said he thought it indispensable that the new Constitution should be ratified by the supreme authority of the people themselves. And on June 23, on the motion made by Mr. Ellsworth that the Constitution be referred to the legislatures of the States for ratification, Colonel Mason considered a reference to the people as important and essential. These suggestions, however, did not prevail, and the Constitution was submitted to the legislatures of the States for ratification.

The Constitution which was finally adopted contained article V, which provides two ways of proposing amendments—(1) by joint resolution of the two Houses of Congress, and (2) by convention called by Congress upon the application of the legislatures of two thirds of the States. Such article also provided two ways of ratifying amendments—(1) by the legislatures of three fourths of the States, and (2) by conventions in three fourths of the States.

Strangely enough, although many States had provisions for popular ratification of amendments to their constitutions, and it had been suggested as to the ratification of the Federal Constitution, no suggestion was made at the time of the adoption of article V for popular ratification of amendments to the Federal Constitution.

Every reason that could be urged for popular ratification of amendments to State constitutions would seem to apply with equal force to popular ratification of amendments to our National Constitution. At any rate, article V was adopted providing for proposal and ratification of amendments without popular ratification, except that when ratification by conventions takes place in the States the delegates to such conventions are elected by the people on the issue involved. This convention method of ratification has never been used in the States except in the recent repeal of the eighteenth amendment.

During the present session of Congress I have introduced a joint resolution to amend article V providing that an amendment to the Constitution may be proposed by a joint resolution of Congress as now, or upon application of the legislatures of two thirds of the States, or by a majority of the electors of two thirds of the States voting at a regular election, and further providing for ratification by a majority of electors of three fourths of the States voting at any congressional election. It is my contention that this proposed amendment is sound and meritorious.

In the first place, since all powers not granted in the Constitution are reserved to the people, it seems entirely logical, and in harmony with the principle of popular sovereignty that the supreme authority—the people themselves—should express approval or disapproval of any proposed change in our fundamental law.

Such authority and responsibility placed in the hands of the people will promote interest and discussion. It has educational value of much importance.

The discussion of prohibition by the people the country over, the throwing of it into the crucible of public opinion, and the determination of this question by the electors themselves, whatever one's view may be on that controversial question, has left a sense of satisfaction in all thoughtful minds. Dean McBain, of Columbia University, in a current magazine article, says that never again will the mode of ratification by the State legislatures be used. That provision, he says, will be another dead letter of the Constitution.

The question then arises: Why does not the present method of ratification by convention suffice? Why is not this method sufficient to give the people the opportunity to determine the issue? Why are not the advantages of discussion and education to be found in the Constitution as it now stands?

There are some very practical considerations to be thought of in using this method.

When special elections are held to select delegates for conventions, the expense of such elections and conventions is an important consideration. I have recently made investigations to determine the expense to the various States and counties incurred at the recent elections to repeal the eighteenth amendment. The secretaries of most of the States were unable to give me any estimates of such expense. A few did. Michigan spent about $600,000; Kentucky, from $185,000 to $200,000; California, about $150,000; Texas, about $150,000; Wisconsin, over $90,000; Oregon, over $75,000; Florida, $55,000; Delaware, about $41,000. Here then are eight States that expended about $1,500,000 on these elections. Assuming that the other 28 States spent proportionately the same amounts, the aggregate would be over $5,000,000. This was expended at a time when almost every city and town in the United States is appealing to the Federal Government for relief funds—when business institutions, school districts, irrigation districts, drainage districts, and other taxing bodies are appealing for funds—when billions of dollars of Federal funds are being expended for relief work throughout the country.

Under the proposed amendment, popular expression on proposed constitutional amendments would be obtained at the regular elections for Members of Congress without additional expense, thus saving substantial sums as above mentioned incident to special elections.

Another important reason for such an amendment is that the popular expression will be obtained at a time convenient for the voters. The largest vote naturally is at a presidential election, the next is usually at a congressional, usually accompanied by a State election.

I have also made an investigation of the number of votes cast at the recent election to repeal the eighteenth amendment as compared to the last presidential election. The following is the interesting result of my inquiries:

State	Vote in 1932	Vote on repeal amendment
1. Alabama	245,354	170,930
2. Arizona	118,251	48,966
3. Arkansas	220,582	113,713
4. California	2,267,966	1,397,104
5. Colorado	457,596	196,185
6. Connecticut	594,183	271,558
7. Delaware	112,901	59,120
8. Florida	276,586	122,636
9. Georgia	255,590	
10. Idaho	186,520	106,649
11. Illinois	3,407,926	1,569,441
12. Indiana	1,576,927	859,182
13. Iowa	1,036,683	626,195
14. Kansas	791,978	
15. Kentucky	983,093	551,865
16. Louisiana	268,934	
17. Maine	298,444	167,795
18. Maryland	511,054	259,908
19. Massachusetts	1,580,114	534,058
20. Michigan	1,664,765	1,138,477
21. Minnesota	1,002,843	598,929
22. Mississippi	146,034	
23. Missouri	1,009,894	660,603
24. Montana	216,479	
25. Nebraska	576,946	
26. Nevada	41,430	(1)
27. New Hampshire	205,520	105,453
28. New Jersey	1,630,063	664,265
29. New Mexico	151,606	69,033
30. New York	4,688,930	2,193,982
31. North Carolina	711,590	373,144
32. North Dakota	256,290	
33. Ohio	2,610,088	1,013,104
34. Oklahoma	704,533	
35. Oregon	368,808	209,567
36. Pennsylvania	2,859,021	2,069,840
37. Rhode Island	269,170	171,118
38. South Carolina	104,411	71,436
39. South Dakota	288,438	

[1] Unknown.

State	Vote in 1932	Vote on repeal amendment
40. Tennessee	390,037	247,103
41. Texas	63,394	506,051
42. Utah	205,579	168,112
43. Vermont	136,980	61,896
44. Virginia	297,943	157,978
45. Washington	632,032	337,043
46. West Virginia	743,774	355,190
47. Wisconsin	1,114,815	789,549
48. Wyoming	96,962	(1)

[1] Unknown.

It will be noted from the above table that the Presidential vote is very much larger than the vote on the eighteenth amendment. In the State of Pennsylvania about 800,000 more voters expressed themselves at the Presidential election than at the special election. In Idaho the difference was about 80,000. In other States the disparity is proportionately very much greater.

In conclusion I submit that such a proposal to extend to the people—the supreme authority in our Government—a practical, inexpensive, and expeditious method of voting directly upon the question of amending our Federal Constitution deserves serious consideration. It is not a novel procedure, as in most of the States the people are permitted to vote directly upon proposed amendments to State constitutions. And they may now, when permitted by Congress, vote indirectly under the convention method.

Such a proposal is in harmony with the fundamental democratic principles of our Government.

The reasons for the proposed amendment to the Constitution sponsored by Senator NORRIS, to abolish the archaic electoral college, which would permit the people to vote directly for candidates for President and Vice President of the United States, apply with almost equal force to the amendment here proposed.

Both provide for a simple and practical method for obtaining a direct expression of the people upon the most vital matters in a government by the people.

NAVAL CONSTRUCTION

The Senate resumed consideration of the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

Mr. NYE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NYE. Under the unanimous-consent agreement under which we are now proceeding is it in order to submit a motion to lay the pending bill on the table?

The VICE PRESIDENT. It is not in order.

Mr. NYE. Mr. President, I address myself to the bill pending before the Senate, sometimes called the naval construction bill, sometimes called the national bluff, bluster, and bully bill, but which I should much prefer to call a bill for the relief of the munitions makers of the United States.

One perhaps could find some little humor in the situation were it not for the fact that we are dealing, in this particular question, with something like a billion dollars, at a time when the Congress itself and the Nation as a whole are finding it necessary to resort to all manner of economy. Since we are considering this particularly wasteful piece of legislation, I think it altogether fair to point out what may be irony or what may be brass in connection with it.

It was not many years ago, well within the memory of all of us at least, that we were engaged along with other civilizations in a terrible world war. We got some consolation during those years of warfare out of the thought that we were engaged in a conflict intended to make the world safe for democracy. Today, 15 years later, there are those who rise to ask, where is there any semblance of democracy left?

We got more consolation during those years of conflict when we told ourselves that we were engaged in a tremendous conflict the main purpose of which was that of ending war, ending war for all time, a war to end war. Now, 15 years later, we find every nation on earth practically, including ourselves, preparing as we never prepared in any single year before for, evidently, more war.

The pending naval construction bill, or the bill for the relief of the munition makers of the United States, is calling roughly for $500,000,000 or $600,000,000. Before there has been completed the program, which is generally in outline as the result of this bill, the expenditure is certain to be at least a billion dollars. I think it altogether fair to refer to the naval construction bill as being a billion-dollar construction bill. We are about to pass it. I think that there is little doubt. We are about to pass it at a time when, as others have pointed out, practically every community in these United States is confronted with an impossible problem as relates to the maintenance of their schools. Community after community not only has had to slash its educational expense to the bone, but many of them have found it absolutely impossible to maintain schools at all; and yet we do not find Congress particularly interested in legislation looking to the maintenance of our educational institutions. In fact, when we have to deal with the appropriation bills involving the National Office of Education, we see to it that some more of the expenditures which the Federal Government has authorized in other years are slashed off, and that cuts are made in the appropriation for education.

When the governmental employees appeal to the Congress for the repeal of the pay cuts which have been inflicted in their cases, we find quibblings on every hand in the name and interest of economy.

When we resort to programs looking to the relief of those who are in great distress, those who are without employment, we find ourselves at moments ready to abandon, in many instances, efforts which have been undertaken to provide for the immediate needs of men and women throughout the country.

In the matter of departmental expenditures, with which we have to deal in independent bills year after year, we find ourselves this year slashing to the right and slashing to the left to accomplish greater economies, greater savings to the Federal Government.

All of this, perhaps, is backed with some little understanding; but I see no understanding—I see nothing but insanity, in fact—when I observe our treatment of service men, men who gave their all, men who offered their all, men who went out in time of war in defense of their country, in defense of principle, and sacrificed their all, and who now come to Congress and ask for a restoration of that which would enable them to live according to some decent standard in these days of their inability to find employment, or to make those tired or injured bodies do the work of able-bodied men. They come to Congress, and Congress quibbles. Congress talks for days. Legislators do everything imaginable to prevent a return to these men, victims of war, that would enable them to live with decency.

Yet the same body, the same Congress that deals in that manner with these victims of past wars, when confronted with a program, a request to build a larger, stronger Navy, does not bat an eye. When the roll shall be called, if a roll call can be accomplished upon this bill, there will be very few, indeed, I fear, who will be ready to say "no" to this wasteful program that has in view only more war, to create more misery, to create more hardship, to destroy more bodies.

If I might be permitted to use that language, I should say that as a Congress and as a people we "sure can take it." When we look upon the inconsistencies of our public attitude, upon these measures as they come to us, surely we must be struck by the irony of it all. Certainly we must be struck by the thought that there is some degree of insanity among us; yet there have been years of this irony.

Fifteen years ago, engaged in a great world war, the Congress of the United States found it not at all difficult to raise all manner of means, whatever means were required to carry on that war, to do what? To destroy property; to destroy life. For 15 years following that war we have been dealing with more or less of a depression each and every year, and we find ourselves quite helpless to cope with a problem when the call is that of saving lives and

saving property. So I remind the Senate again of the irony of this whole situation, and I remind the Senate again of how easy it seems to be to prevail upon a body of intelligent men to build more and more of those machines of destruction which brought us the years of hardship and distress with which we are trying to cope here each and every day.

I do not desire my opposition to the pending naval construction bill to be misunderstood. I am not one of those who would do away altogether with preparation for war, because I am quite thoroughly convinced that civilization has not yet reached the stage where that drastic course could be permitted; and yet I hope the time is not far off. I favor preparedness in the fullest measure; but I insist that the preparedness programs which we have been pursuing of more recent years, and which seem to be capped now by this gigantic naval construction program, are occasioned not by a desire to defend ourselves against aggressors but by a will and a determination to believe that the time is coming when Uncle Sam is going to need large naval strength, not to conduct war at our own borders, not to defend our own shores, but to go to all quarters of the earth, there to make war as we have made war in times past, down in Nicaragua, for example. There we had to rally to the defense of dirty American dollars that could not find enough fertile soil at home in which to be planted, but had to be carried to those far-off lands, and, being carried there by our capitalists, seemed to carry with them an assurance and a guaranty that if ever those dollars needed defense the American Army, the American Marines, the American Navy, would be at their beck and call.

But there are those who say, "Look at it as you may; you must admit that the world is in a terrible state of mind; that more war seems to be in the making, and that it may be impossible for us to stay out of it." Men ask, "What are you going to do if another war breaks out over in Europe, and American shipping is destroyed by those who are engaged in that war? Are you just going to sit by and say it is none of our business, and not strike back?"

Mr. President, if ever Europe or if ever Asia or if ever any part of the world again goes to war, I say that America should make it none of its business; and we can avoid the embarrassment of having our shipping destroyed by simply writing the rule that from now on America goes on to a cash-and-carry basis; and if our munition makers or manufacturers in America must supply some of the sinews of war to countries engaged in war, let them come to our shores, pay their cash for the material, and carry it away in their own bottoms. With that sort of a determination I think America can quite readily find its way to stay out of further conflicts.

But someone says, "Look at Japan! See how Japan is preparing evidently to make trouble for the United States, and making great appropriations each year to maintain her military strength."

Last week's issue of Time carries this very enlightening story:

> Almost to a man the docile little politicians of Japan's House of Representatives rose in their places last week to give Japan for 1934 and 1935 a general's dream of what a budget ought to be. Of its $633,000,000, 44 percent went to the army and the navy, an all-time peace-time record. The army got $135,000,000. The navy got $140,000,000.

Of course we are expected here in America to gather that information, take fright, and conclude that we must prepare more thoroughly for defense against Japan. Here is Japan spending, in the new year just approaching, $275,000,000 to maintain her army and navy, while we—poor we—are spending only about $700,000,000 to maintain our Army and our Navy. We must take fright; we must provide a billion dollars for more naval construction to be prepared for what the $275,000,000 being expended in Japan is apt to do to us.

Mr. President, our present action, our present consideration, is not at all surprising. Indeed, it is entirely in keeping with the program we have pursued in America for the past 10 years. For these years we have been assuming that we were getting back to normalcy; that we were working back to those stages of preparedness that we occupied back in 1914 and 1915; and that sooner or later we would be free from the terrible burden to which our military preparation is subjecting us each year.

Let me call certain figures to the attention of the Senate. In 1870 the cost of the maintenance of our Army and our Navy was $79,000,000; in 1880 it was $51,000,000; in 1890 it was $66,000,000; in 1900 it was $190,000,000; in 1910 it was $312,000,000; in 1914 it was $343,000,000. Then came the World War. Perhaps it is quite unfair to deal with the figures which then prevailed relative to the cost of the maintenance of our military machine.

In 1920, right after the war, after we had started tapering off, the cost fell to $1,730,000,000, and we were assured that as the years progressed we would be reducing that, getting back to normalcy; 1925 found us down to $684,000,000, 1926 to $669,000,000, 1927 to $684,000,000, as compared with $343,000,000 in 1915.

Then, after 1927, instead of continuing to reduce in that program of getting back to normal expenditures, we find that we started moving the other way. 1928 found us with an expenditure of $737,000,000 for military maintenance; in 1929 it was $792,000,000; and in 1930 it was $840,000,000.

The emergency of this terrible depression has necessitated, during the last 3 years, some slicing, but we are only back in the neighborhood now of an annual cost of $700,000,000, whereas in 1914 it was placed at $343,000,000. Twice as much is being expended in these times as was being expended just before the start of the World War.

The argument is made that all the world has gone crazy, that all the world is preparing for war as never before. I have not seen the more recent figures, but those compiled in 1930 reveal a comparison in military expenditures as between 1913 and 1930 for the nations of Great Britain, France, Italy, Japan, Russia, and the United States. The percentage of increase in maintenance cost between 1913 and 1930 for Great Britain was 42 percent; for France, 30 percent; for Italy, 44 percent; for Japan, 142 percent; for Russia, 30 percent; and we, the United States, the great leaders in the cause of world peace, during that same stretch increased our military expenditures 197 percent. No nation on earth was spending as we were spending, getting ready for another war.

Mr. President, in all sincerity I ask now, What sense, what good ground, is there for the United States to stand off today and say—"We are leaders in the cause of world peace. If only the rest of the world would see this business of war as we look upon it here in the United States, we could quickly get away from this terrible burden of expense." What right have we to set ourselves up as an example to the rest of the world, when no other nation in the world begins to compare with the increases which have been ours from year to year in the cost of maintaining military machines? No nation on earth spends more to maintain military machines than does the United States of America today.

There are those, of course, who insist that the only way to maintain peace is to be prepared for war. I deny that that is true, and I would call the attention of the Senate to the fact that we have a boundary of thousands and thousands of miles from East to West upon which during the entire lifetime of this Nation and our northern neighbor there has never been a mounted gun, there has never been stationed a soldier. Yet who is there to say that the absence of that military evidence has occasioned war between Canada or Great Britain and the United States? There is not an evidence of military show anywhere upon that boundary.

So outstanding has been that record of peace between Canada and the United States, without a show of armed force there on the boundary, that some few years ago the International Association of Landscape Gardeners, gathered in one of their conventions, determined that somewhere upon that boundary there should be erected something of a monument commemorating those years of peace without armament show, and as a result of their deliberations there

has finally been established what is known as the "International Peace Garden." I am intensely interested in that, because, fortunately, the site for that garden has been picked at a spot that is common to my State and to Canada. There those gardeners plan to take the sections of land which the United States has set aside on one side of the boundary, and the sections which the Dominion of Canada has set aside for that purpose on the other, and they plan to landscape the site beautifully, and to make it a really peaceful spot, to make it really commemorative of that remarkable understanding which can be made to prevail without any show of arms, without any threat of war.

Each year in July the people of Canada and the people of the United States gather at this particular spot. It has been my privilege to attend when eighteen or twenty thousand gathered there, thousands from the Canadian side, thousands from the United States side, with speakers from both lands. When one looks into the faces of those people, he will not dare to undertake to assert from which side of the line they come. One can visit with them and not find where there is any thought of ever any difficulty between the peoples of these two great Nations. There have been over 100 years of peace and thorough understanding, without an armed force upon that boundary. Yet men say that peace depends upon our preparation for war. The situation existing as between Canada and the United States gives the lie to that assertion in every possible way.

I might say that in this undertaking to establish this splendid monument, this peace garden, there have not been any generals in evidence, there have not been any colonels in evidence, nor have there been any munition makers making speeches, or pointing with pride to those years of peace which has subsisted between these two countries.

Mr. President, if the people, and I mean the people—not those who have been chosen as their rulers or their leaders, not those who have set themselves up as leaders—but if the people of this world could have a chance to say yes or no to a continuation of this burdensome program of ever preparing for more and more war, there is no doubt in my mind what the verdict of those people would be. Overnight they would cast aside the terrible burden upon their backs which war and preparation for war place there.

Here we are in the United States making our emergency expenditures. Here we are burdened by taxation, a terrible burden, expending normally about $4,000,000,000 a year; and of that $4,000,000,000, 75 cents of each dollar is required to pay the bills growing out of past wars and the bills occasioned by our desire to prepare for more wars.

I have said that if the people of the world could pass judgment, they would quickly abandon these insane programs of preparing for more war. I think the same result would be accomplished if profits were to be taken out of the business of preparing for war. The profits in preparedness, it seems to me—particularly in the light of the very splendid address of the senior Senator from Idaho [Mr. BORAH] in this Chamber yesterday preparedness for war and the profits it carries are what cause us greater danger of more war than any other contributing factor today.

We wonder why disarmament conferences fail. We wonder why they fail if the people feel as I have undertaken to declare they do feel in all enlightened nations. I say that it is alone because these disarmament conferences are manipulated, are played with, are influenced, by lobbyists for the munition makers, who do not want, above all things else, anything resembling disarmament.

Mr. Shearer, and his example of a few years ago, is all too clearly in mind as evidence of the ends to which the munition makers, those who profit from war, will go to continue this burden of preparation upon the backs of the American people.

Today very dangerous men, so we are told, are in position of leadership over great peoples, over great nations. We are told that these dangerous men are offering threats to every other nation, which threats must be met by preparation for war. Mr. President, if dangerous men are in those positions, is it not well for us to go back to that splendid address we heard yesterday and remind ourselves of the part that the munition makers of France and Germany played in elevating Mr. Hitler to his position in Germany? The Senator from Idaho [Mr. BORAH] spoke of and quoted from a very enlightening article appearing in the current number of Fortune entitled, "Arms and the Men." I find, Mr. President, the Senator did not request that the entire article be printed in the RECORD. I now ask that the entire article be printed in the RECORD following my remarks.

The PRESIDING OFFICER (Mr. SHEPPARD in the chair). Without objection, it is so ordered.

(See exhibit A.)

Mr. NYE. A review of that particular article, published in the New York World-Telegram, might well be read to the Senate at this time, and I ask the privilege of sending it to the desk in order that the clerk may read the article. It appear under the heading "French Munition Makers Helped Hitler to Power. Writer in Fortune Declares Family Owning Plants Changed Names as Control by Paris and Berlin Was Shifted."

The PRESIDING OFFICER. Without objection, the article will be read.

The legislative clerk read as follows:

[From New York World-Telegram, Feb. 26, 1934]

FRENCH MUNITION MAKERS HELPED HITLER TO POWER, ARTICLE IN MAGAZINE SAYS—WRITER IN FORTUNE DECLARES FAMILY OWNING PLANTS CHANGED NAME AS CONTROL BY PARIS AND BERLIN WAS SHIFTED

French munition makers united with those of Germany to elevate to power Adolph Hitler, "the one man most capable of stirring up a new outbreak of international anarchy in Europe", the magazine Fortune says in its March issue, published today.

As soon as this had been accomplished, French newspapers owned in part by French munition manufacturers "immediately broke out in a fever of denunciation against the Hitler regime and called for fresh guaranties of security against the menace of rearming Germany", it says.

In "Arms and the Men", the magazine presents a detailed account of the names, connections, international alliances, and methods of munition makers.

It rates as the richest and most influential those of France, topped by the Schneider-Creusot Co., controlling 182 French subsidiaries manufacturing heavy ordnance, machine guns, tanks, shells, ammunition, and warfare chemicals.

MANY ENTERPRISES

This company controls as well 230 armament and allied enterprises outside France, including Skoda, Czechoslovakia's biggest munition works.

With striking details the article relates the international operations of this and other munition concerns.

"In 1899 British soldiers were shot down by British guns that British armament firms had sold to the Boers", it says. "When, in 1914, the Kaiser's armies marched westward into Belgium, and eastward toward Russia, German soldiers were killed by German guns manned by the armies of King Albert and Czar Nicholas II.

"Great Britain had built and equipped the Turkish Navy before the war; in the Dardanelles British ships were blown up by British mines, shattered by British cannon. Bulgarian troops turned French 75's on French poilus.

MADE BY GERMANS

"In every naval engagement of the World War the German fleet encountered vessels protected by armor plate made by Germans or with German patents."

In some ways the most amazing part of the recital has to do with the De Wendel-Von Wendel family, aristocrats of Europe's armorers, who have altered the prefix to the family name as political control over coal and iron fields they own in the Lorraine has shifted between Berlin and Paris.

François de Wendel is president of the Comité des Forges de France, "the most powerful iron and steel organization in France", of which the activities lie "in the strategy and tactics of the iron and steel industries." The powerful Schneider-Creusot munition company belongs to the comité, along with all other French munition makers.

HISTORY DESCRIBED

Describing the family and industrial history of Francois de Wendel, Fortune says:

"When their vast Lorraine estates lay upon soil politically German, they attached to their name the prefix 'von' and turned their eyes toward Berlin; when the political frontier shifted under their rich deposits of coal and iron, they altered the prefix to 'de' and looked to Paris.

"Either capital was glad to claim them; the family was equally happy to serve either—or, better, both. Today, for example, when political boundary lines throw most of their estates into France, but leave a few in Germany, the family consists preponderantly of the De Wendels, but with a sufficient number of Von Wendels in reserve to manage its German affairs.

MEMBER OF REICHSTAG

"In 1914 the ranking member of the family was Humbert von Wendel, a member of the German Reichstag. He still lives at Hayange, but he is no longer a member of the Reichstag. A younger brother, Guy, is a French senator—and of his other brother, the François of the comité, more later."

François de Wendel's connections would fill this page", says the article. He is regent of the Banque de France, member of the Chamber of Deputies, owner of a majority interest in Le Journal des Debats, head of the group that purchased the semiofficial newspaper of the French Government, Le Temps, controls the Journee Industrielle, and is a power in the management of Le Matin, L'Echo de Paris, and the Agence Havas.

"The war in no way interrupted the cordiality of the armament makers", says the article, and cites the care with which German and French Armies both refrained from firing on mines and smelters in the Briey Basin.

Before the war France got 70 percent of her ore here. The Germans captured the district, being careful not to fire at the mines and smelters, and thereafter got three fourths of the ore she used during the war from it.

Two years later the French were within a short distance of Briey, but army officers testified they were forbidden to fire into that region.

LOANS ARE MADE

Another chapter of the story tells the manner in which munition makers, through their control of banks, finance foreign countries in order that they may buy arms, even when treaties prevent export and import of arms, and the manner in which, when these loans fall due and are in danger of default, new loans for just the amounts necessary have again and again been made by governments in order that their munition makers may be paid.

"'Conspirators' is not an unfair word to apply to the armament makers of France", says the article.

"They are conspirators because they have no loyalties, because theirs is the sword that knows no brother."

THE SUMMATION

After telling the story of Hitler's rise to power and charging that munition makers "not only in Germany but in France united in their support", the article sums up:

"In that one example the whole philosophy of the armament makers reveals itself. Keep Europe in a constant state of nerves. Publish periodical war scares. Impress governmental officials with the vital necessity of maintaining armaments against the 'aggressions' of neighbor states.

"Bribe as necessary. In every practical way create suspicion that security is threatened. And if you do your job thoroughly enough, you will be able to sink into your armchair and re-echo the contented words of Eugene Schneider announcing a dividend to his shareholders: 'The defense of our country has brought us satisfactions which cannot be ignored.'"

Mr. NYE. Mr. President, I think there has not been published in ages anything quite so enlightening as is this article appearing in Fortune. The encouraging thing is that more such articles are to appear, revealing the part that the munition makers are playing in bringing about more war and preparation for more war.

The article published in the New York World-Telegram, which has just been read at the desk, declares:

"Conspirators" is not an unfair word to apply to the armament makers of France. They are conspirators because they have no loyalties; because theirs is the sword that knows no brother.

In other words, the munition makers of the world are united as no other people are united in the cause of preparation. To them preparation in every quarter of the globe means more money; means more profit.

As relates to our own munition makers in America, we find the Government year in and year out giving aid, comfort, and encouragement to the conspirators, as, for example, when we turn loose an appropriation for more naval construction such as we are about to do here and now. We did it through the Public Works program. Let us take a look at the situation. We engaged in the Public Works program to win relief from that terrible thing that had followed upon the heels of the war. We engaged in a great program of public works to put men back to work, men who had found the war so upsetting the economic structure that it destroyed their places in society, and then out of that Public Works appropriation we appropriated millions upon millions of dollars to build more battleships, more cruisers, more machines of war, thereby inviting more such hardships as were invited by the last war. So we find ourselves aiding these conspirators, these "conspirators who know no loyalties, because theirs is the sword that knows no brother."

Yesterday the Senator from Idaho [Mr. BORAH] said that he did not believe we would ever have war with Japan; but he said if we do have it, we can well anticipate sending our soldiers up against those frightful instruments of war which the Japanese Government has brought from American munition makers, guns manufactured in America to be turned upon American soldiers if and when we engage in warfare with Japan. Certainly the munition makers are not going to complain about who uses the guns so long as they can continue to manufacture and sell them.

Mr. President, was the Senator from Idaho unfair in his conclusions, in his expectations that, in the event of war with Japan, American soldiers would find themselves being mowed down by American implements of war in the hands of the Japanese?

In 1899 the British soldiers were sent off into foreign lands to give battle to the Boers, and the Boers turned upon them guns made by munition manufacturers in Great Britain. When the German Army went both east and west in the opening days of the World War over there on the Russian side their men were mowed down by German-manufactured guns in the hands of the Russians, while the Belgian soldiers were using German-made guns to mow the Germans down on the west side. In 1933 the Japanese found their own munitions, instruments of their own manufacture, turned upon them by Chinese soldiers in China. In 1933 when delegates from all over North and South America were sent to Montevideo to see if there could not be better understanding accomplished, behind the scenes worked the munition manufacturers—American munition manufacturers—to sell one South American country an order and then go to the neighboring country and show what their neighbor had just bought, and sell them a like order, and then go back and sell orders for other munitions which were intended to offset the munitions which they sold a week or a month earlier.

Shot full, Mr. President, is this world with the activities, the selfish, greedy activities, of munition makers who do not want peace, who cannot thrive if we have a peaceful world—men who want war and ever more preparation for war.

Coming back to the point made by the Senator from Idaho relative to what we might expect in the event of another war as to American-made implements of war being turned upon our soldiers, was he unfair? Mounted as a monument in a little British village is a great gun captured from the Germans by the soldiers of that community in a conflict during the World War. That particular gun which they finally captured had been used most successfully by the Germans and had mowed down and destroyed the lives and the usefulness of many of the young men of that community; but the British persevered and captured that gun, and it was ultimately brought back to Great Britain, to this community, and there mounted as a monument. On one side of the barrel of that gun are engraved the names of the British soldiers who lost their lives facing that gun on the battlefield and on the other side of the barrel is the name of the British munition maker who manufactured that gun and sold it to Germany. Is the Senator from Idaho unfair when he says that in the event of another war with Japan we shall find our soldiers being mowed down by guns whose manufacturers were the American munition makers? Not at all.

Because of these considerations, Mr. President, and because of the very evident conclusion that there is not going to be peace and understanding accomplished in the world until we can cope with and curb the munition manufacturers, I appeal most earnestly to the Senate to abandon this piece of folly, to abandon this naval-construction program; for the moment to lay it aside, be done with it for now, be done with it, until we can know more definitely just what part the munition manufacturers the world over are playing in accomplishing these continued insane programs of expensive preparations for more war.

On the 6th day of February last I submitted a resolution (S.Res. 179) reading as follows:

Resolved, That the Foreign Relations Committee of the Senate be, and is hereby, authorized and directed to investigate the activities of individuals and of corporations in the United States

engaged in the manufacture, sale, distribution, import, or export of arms, munitions, or other implements of war, and particularly to investigate and ascertain—

(1) The nature of the industrial and commercial organizations engaged in the manufacture of or traffic in arms, munitions, or other implements of war.

(2) The methods used in promoting or effecting the sale of arms, munitions, or other implements of war.

(3) The quantities of arms, munitions, or other implements of war imported into the United States and the countries of origin thereof, and the quantities exported from the United States and the countries of destination thereof.

(4) The adequacy or inadequacy of existing legislation, and of the treaties to which the United States is a party, for the regulation and control of the manufacture of and traffic in arms, munitions, or other implements of war within the United States, and of the traffic therein between the United States and other countries.

As will be noted, this resolution was referred to the Committee on Foreign Relations. For some strange reason a few days ago, in my absence from the floor of the Senate, the resolution was referred to the Military Affairs Committee. I do not know why it should have gone to the Military Affairs Committee. It might as readily have gone to the Naval Affairs Committee or to the Commerce Committee or to the Interstate Commerce Committee, but I felt it properly belonged in the Foreign Relations Committee. However, its reference to the Military Affairs Committee is not going to cause me to protest until there shall be demonstration on the part of that committee that there is no will to give it serious consideration. I am sure, from my conversation with the Chairman of the Military Affairs Committee, that the resolution is going to have early consideration; and, I think, if we can impress upon the Senate the terrible nature of the games that are being played by munition makers, that there is not in the end going to be hesitancy in acting upon this particular resolution; and, because I feel that such an investigation is ultimately going to be undertaken, I appeal to the Senate, since we cannot vote to lay it on the table, to vote down the pending naval construction bill. Let it bide its time until we can know more of the facts concerning the activities of the makers of munitions.

Mr. BONE. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Washington?

Mr. NYE. I yield to the Senator from Washington.

Mr. BONE. Mr. President, I am very much interested in the resolution of the Senator from North Dakota calling for an investigation of the profits and the activities of private munition makers. I am also very much interested in the concurrent resolution of the Senator from Michigan [Mr. VANDENBERG], which touches in some aspects the same subject. I am wondering if the Senator from North Dakota is not interested in examining the activities of those who merely sell ammunition in the ordinary course from stores and the like in this country. He is interested, I take it, in the activities of those who supply munitions of war for warlike activities.

Mr. NYE. Precisely so.

Mr. BONE. I wondered if the resolution might be so broad as to cover the activities of the small fry, who are not interested in war.

Mr. NYE. I think we have had such studies made of the domestic phases of the question as would warrant any committee in assuming that the aspect referred to by the Senator from Washington was not a part of the studies contemplated or involved in this resolution.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. NYE. I am glad to yield to the Senator from Michigan.

Mr. VANDENBERG. The Senator referred to the fact that his resolution now rests in the Military Affairs Committee. My own concurrent resolution, to which the Senator from Washington [Mr. BONE] referred, also rests in the Military Affairs Committee. I have the keenest interest in the pending proposition as submitted by my friend from North Dakota. I suggest to him that it does not go far enough in its scope, inasmuch as the final conclusion of this proposal, if it is to have a practical effect, probably must create a Government monopoly in the United States for the production of munitions and armaments. It is to the further investigation of that proposition that my resolution is addressed, and I am hopeful that both resolutions may be considered together in the Military Affairs Committee.

Mr. NYE. Mr. President, since the purposes of the Senator from Michigan and my own have so much in common, I am certain there is going to be no difficulty in accomplishing that cooperation which will bring consideration to both resolutions at one and the same time, if that is possible, and I see no reason why it cannot be done.

The reasons why the investigation should be made should be apparent to every mind in active public life today. There is not, it seems to me, any doubt as to the field existing and the call for such an investigation. The House Military Affairs Committee and the House Naval Affairs Committee have been revealing very compelling reasons why there should be a sweeping investigation undertaken, for they are showing collusion prevalent in the awarding of governmental contracts with munition makers. Then, there are charges, which have been concurred in by the able chairman of the Naval Affairs Committee who is seeing the pending bill through the Senate, of collusion in some recent awards that have been made. Then, I find, too, evidence of the makers of munitions dickering with and trying to sell bills of armament to foreign powers that have defaulted on every bond they have outstanding at this time; and yet there goes to these foreign powers in each such case the assurance, "even though you are in default, we think we can manipulate a line of credit for you in New York that will enable you to possess these munitions that you want and need."

Then, we had a few years ago the Shearer demonstration, which certainly ought to be foremost in our minds when we consider the need for further investigation of munition makers' activities.

Here in Washington a grand jury is engaged in ferreting out the frauds and such collusion as they may be able to discover respecting contracts being entered into by the War Department with private manufacturers.

Mr. President, until that kind of an investigation is made, until there is a full and complete knowledge of the tremendous profits which the munition makers enjoy as a result of our preparedness program, we are going on, not only here in our own beloved land but all over the world, with expenditures that constitute more and more and ever more an unbearable burden upon the backs of an already overburdened people. We should know these facts.

The Chairman of the Naval Affairs Committee of the Senate not so long ago wrote a letter to the President of the United States pointing out how very unscrupulous evidently the munition makers are when it comes to grabbing contracts which the Government has to award. In this letter, dated August 1, 1933, the chairman of the committee, the junior Senator from Florida [Mr. TRAMMELL], said:

I have been quite interested in analyzing the bids opened by the Navy Department on July 26, 1933, which were submitted by the shipbuilders on naval construction. I believe a thorough study of the matter should be made.

It is my information that on September 16, 1931, the Bethlehem Shipbuilding Corporation bid for one 15,000-ton destroyer $2,728,500.

On July 26, 1933, Bethlehem Shipbuilding Corporation bid for an identical destroyer $2,670,000, or a decrease in price of $58,500.

On December 14, 1932, Bethlehem Shipbuilding Corporation bid for one 8-inch gun (heavy) 10,000-ton cruiser $8,196,000.

On July 26, 1933, Bethlehem Shipbuilding Corporation bid for the same cruiser $11,720,000, or an increase in price of $3,524,000.

There appear to have been but 4 bidders on cruisers and 8 on destroyers. Gulf Industries, Inc., of Pensacola, Fla., appears to have submitted bids on the destroyers.

It is my information that, in addition to the facts outlined above, it was known in advance which of the four concerns bidding on the cruisers would be low on each of the several items, and it appears to have been known in advance that the position of each of the said shipbuilders would be protected by bids submitted by the remaining shipbuilders, for instance:

Bethlehem Shipbuilding Corporation, $11,720,000.
New York Shipbuilding Co., $12,100,000.
Newport News Shipbuilding & Dry Dock Co., $13,800,000.
United Dry Docks, Inc., $14,800,000.

The bid of the New York Shipbuilding Corporation on the two light cruisers was protected by the other three bidders, as follows:

New York Shipbuilding, $11,657,000.
Bethlehem Shipbuilding Corporation, $12,780,000.
Newport News Shipbuilding & Dry Dock Co., $13,900,000.
United Dry Docks, Inc., no bid.

I am unable to justify in my own mind the increase in cruiser cost as indicated by the 1932 and 1933 bids, particularly when those bids are compared with the destroyer bids of 1931 and 1933. I am convinced that the cruiser bids should be rejected.

Your attention is invited to the fact that Gulf Industries, Inc., of Pensacola, Fla., in its letter to the Secretary of the Navy, dated July 29, 1933, stated that it is prepared to submit bids on the cruisers which will save the Government millions of dollars. And this is so whether the bidding is reopened by private negotiations or by a call for new bids.

I bespeak your careful and thoughtful consideration of this request that the cruiser bids be rejected.

Mr. President, I congratulate the junior Senator from Florida upon having presented the situation as concisely as he did. It only emphasizes the point I am trying to make, namely, that we go on with these insane construction programs primarily for the purpose of giving some graft and giving some easy profits to the munition makers who get their heads together when a contract is involved and trade themselves into huge profits on each and every hand.

It cost, so it is estimated, $25,000 to kill each man who was killed in the World War—$25,000 a head, if I may put it that way. If we are going to insist upon the continuation in emergency of warfare of that kind, and if we are going to persist in our expressions of economy here in Congress, let us do away with these burdensome programs, such as we have before us now, and let us go out and engage the kind of men who can be hired for $50 a head to go out and kill. We have had many examples of that kind among our gangster and racketeering classes in the United States. Is it unreasonable, from the standpoint of economy, in the event of war to turn that kind of men loose and pay them, not $25,000 a head, as was the cost during the World War, but $50 or $25 or even $100 per head?

In support of a program such as we have on our hands now men stand and plead with the Congress to see what a terrible advantage is being taken of us by other world powers. Our Navy is nothing more than a washtub today afloat on the sea without a rudder; we have abandoned all our worth-while forces; we have not anything that resembles a navy any more. That is the conclusion one would draw from listening to such men, and yet the same speeches that men are making here in this Chamber regarding the finer advantage which Great Britain has over us or which Japan has over us, those same speeches with a change in the names of countries are being made in the deliberative legislative halls in Japan, in Great Britain, and in France, where the showing is being made that they are the ones who have not any navy, that the United States has gone ahead and taken such tremendous advantage of them that they have to have another naval-construction authorization to keep pace with the United States.

Cornelius Vanderbilt, Jr., did a very interesting bit of reporting over in Europe recently. He told of being in Berlin and sitting on the window sill in his hotel room listening to Hitler out in the great open space below him, and listening on the radio to the militaristic leaders of other countries on that Sabbath day which now it is found Europe turns over to a discussion of matters of this kind. Let me quote briefly from Mr. Vanderbilt. He is quoting what he heard from the German speaker that day:

Fear not, comrades. * * * We have our army of tried and true men, the finest body of soldiers in the world. We do not want war, but if the hour of battle strikes, Germany will be ready.

Then his ear caught the message on the radio coming from over the French line:

We are not afraid, citizens. Not only are we strong because of our righteousness but likewise because of our glorious army. France is not looking for trouble, but should trouble be forced on France she will be able to defend herself and punish the villains.

Then he turned and listened again to the voice just outside his window:

German mothers must be urged to bear more and better children so that this nation may regain its place in the sun and defeat its enemies.

Then back to the radio:

French mothers might well be proud of their sons. If necessary, they will again defend their country and the whole of humanity in the same self-sacrificing manner as in 1914–18.

So we have that sort of conflict with us always. We ought to be taking an advanced enlightened position which dictates, after all is said and done, that we ought to start reducing these terrible burdens. We ought to be setting the example for others to follow. But instead of doing that we advance programs like this naval construction program or this bill for the relief of munitions makers that we have on our hands and upon which we are about to vote today. Let us admit the terrible burden which these munitions programs are entailing. Let us admit them. Let us admit that we cannot afford to compete longer in that sort of a program—a program engineered 100 percent by the munitions makers—and, admitting that, cease this insane program which we find ourselves in, year after year, of seeing which country can do the best job of bullying another country through making preparations for more war.

If we were to take a position of that sort; if we were to lay aside the pending bill and say that we are not going to act upon it until we can have the results of a thorough, sweeping investigation into the means, into the practices resorted to by the munitions makers, a marvelous service would be performed for mankind. Nothing would give greater cheer to a burdened people throughout the world. Nothing would do more to restore order, to restore the faith of the peoples of the world. If, however, we insist upon going forward and continuing programs such as this, we shall be inviting just as surely as we stand here today, by reason of our course of preparation, not peace but more and more and more war—a war so terrible next time that all who must participate in it will have just cause for turning to their lawmakers and to their rulers and saying, "Shame upon you for bringing such a disaster as this upon the world."

EXHIBIT A

ARMS AND THE MEN

(A primer on Europe's armament makers; their mines, their smelters, their banks, their holding companies, their ability to supply everything you need for a war from cannons to the casus belli; their axioms, which are (a) prolong war, (b) disturb peace.)

According to the best accountancy figures, it cost about $25,000 to kill a soldier during the World War. There is one class of big business men in Europe that never rose up to denounce the extravagance of its governments in this regard—to point out that when death is left uphampered as an enterprise for the individual initiative of gangsters the cost of a single killing seldom exceeds $100. The reason for the silence of these big business men is quite simple: The killing is their business; armaments are their stock in trade; governments are their customers; the ultimate consumers of their products are, historically, almost as often their compatriots as their enemies. That does not matter. The important point is that every time a burst shell fragment finds its way into the brain, the heart, or the intestines of a man in the front line, a great part of the $25,000, much of it profit, finds its way into the pocket of the armament maker.

The problem of European armaments is complex: If we are to get anywhere with it we must first park our emotions outside. Pacifists and militarists alike have indulged in a good deal of loose talk on the subject. Most pacifists are not sufficiently informed; their arguments and accusations frequently boil down to nothing more substantial than Sir Arthur Eddington's definition of the Quantum theory, that is, "Something unknown is doing we don't know what." Most militarists are insincere.

Furthermore, American business at its biggest and most secretive is today an open book compared with any European big business. Therefore what Fortune does not know about this subject would fill many a volume. But what Fortune does know is worth knowing; it is set down herein, not as argument or invective but as elementary data. Some time, not too far distant, Fortune hopes to inaugurate a greater campaign on this subject; let this article, then, be considered as no more than an opening gun.

Anyone who talks about European armaments and their makers must inevitably oversimplify. But to oversimplify is not to overgeneralize—and we should start by ridding ourselves of one generality that will give us trouble as long as it stays in our heads.

There is nothing that could, in any strict accuracy, be called an "armament ring" in Europe today. There is no perfectly homologous group of single-purposed individuals that sits down

before a polished table in a soundproof room and plots new holocausts in Europe. Search through the armament makers as you will, you will find neither a Machiavelli nor a Dr. Fu Manchu. But that's all you won't find.

For without a shadow of a doubt there is at the moment in Europe a huge and subversive force that lies behind the arming and counterarming of nations: there are mines, smelters, armament works, holding companies, and banks, entangled in an international embrace, yet working inevitably for the destruction of such little internationalism as the world has achieved so far. The control of these myriad companies vests, finally, in not more than a handful of men whose power, in some ways, reaches above the power of the State itself. Thus, French interests not only sold arms to Hungary in flat violation of the Treaty of Trianon, but when Hungary defaulted on the bill the armorers got the French Government to lend Hungary the money to pay the French armorers. Thus, too, the great Czechoslovakian armament company, controlled by Frenchmen, promoted the rise of Hitler in Germany and contributed millions of marks to Hitler's campaign. These same Frenchmen own newspapers that did more than any others to enrage France against Hitler. It is time we had a dramatis personæ of arms, and the men.

KRUPP

Best known armament name in all the world is perhaps the name of Krupp. The Krupp who, despite early discouragements at the hands of his own government, built up the gigantic works at Essen and made his name a synonym for cannon was Alfred—a strange figure who wore wooden sabots when he visited his factory, opened the windows of his house only once a month, had a bathtub in his parlor, assembled his intimates in his home every few weeks to be weighed, for no discoverable reason, on scales of his own devising, and carried a steel walking stick. Alfred Krupp began as a humble petitioner of governments, coming hat in hand to ministers, kings, and emperors of assorted nationalities to beg orders for his guns. By the time of his death he was an intimate of Wilhelm I, the 1870 conqueror of France. He was also an officer of the French Legion of Honor (one of Napoleon III's earlier generosities) and a Knight of the Russian Order of Peter the Great. Under his son, Friedrich Alfred Krupp, the house rose to higher and higher glories. Yet Friedrich Alfred failed in one important respect: he left no male heir to carry on. It took Kaiser Wilhelm II to solve this difficulty. When big buxom Bertha, Friedrich Alfred's daughter, came of marriageable age Wilhelm II betrothed her to the protégé of his own selection and training, Gustav von Bohlen und Halbach—and it was the groom, not his bride, whose name was changed by the betrothal. He became then Krupp von Bohlen und Halbach. Under this new head of the house, who took command in 1909, Krupp went further still, supplied 52 countries with arms before the war, and stood all but single-handed against the world during it.

What of Krupp now? In theory, Krupp smelts only peaceful ore, and forges its steels only into such benign shapes as locomotives, rails, bridge girders, and others purely industrial. Actually, Krupp is rearming Germany—the discoverable portion of whose annual armament bill is now about $80,000,000. Germany, forbidden by the Treaty of Versailles to import armaments, receives generous supplies from Sweden (where Krupp controls the armament firm of Bofors) and Holland; forbidden to export armaments, she ships to South America, the Far East, or to any European nation that will violate its own treaty by ordering from her. Yet for all the might of the Krupp works we must look elsewhere today to find the real heart of the armament business.

BETHLEHEM STEEL ET AL.

To the United States, perhaps? After all, we have our Du Ponts, who at least own the State of Delaware. We have an Army and Navy whose officers, according to the statement of a former Cabinet officer, are far and away more active than the officers of any other armed forces in the world against any sort of international understanding. We have an armament bill of over $200,000,000 a year. (When we say armaments we mean here, and hereafter, only the actual implements and materials of war—cannon, guns, ammunition, tanks, military aircraft, and naval vessels.) We once had our big bass drum, Mr. William B. Shearer, whose boast was that he wrecked the Naval Conference at Geneva in 1927. We have our Midvale Co. (controlled by the Baldwin Locomotive Works) which prospered mightily during the war and has continued the manufacture of guns and gun forgings, armor plate, and projectiles; our Colt's Patent Firearms Manufacturing Co., which supplies machine guns as well as squirrel rifles, which declared an extra dividend in 1933; our Remington Arms Co. (controlled by Du Pont) whose output of firearms and ammunition together is one third of United States production. And we have our Bethlehem Steel Co.

Bethlehem's Mr. Charles M. Schwab dismayed the cadets of West Point in 1927 by saying: "Today the Bethlehem Steel Co. has definitely abandoned any thought of ever again engaging in the manufacture of ordnance except in times of great national emergency." Such times are apparently with us now—have, in fact, been continually with us since Mr. Schwab unloosed this shaft of oratory. In the official listing of Bethlehem's products (you need only turn to Standard Statistics or Bethlehem's own most recent annual report) you will find armor plate, projectiles, gun and shell forgings, battleships, battle cruisers, scout cruisers, destroyers, submarines, and airplane carriers all listed as products of Bethlehem's plants. The site at Bethlehem where cannon and armor plate are made is separate from the rest of the plant. No outsiders are allowed, and it may be that Mr. Schwab has never been able to evade the vigilance of his watchmen. But if he could once get inside he would see a triumph of inventiveness—for Bethlehem not only makes armor-piercing projectiles, but nonpierceable armor plate—which must sometimes cause slight confusion on the proving ground when anyone attempts to demonstrate the virtues of both at the same time.

Our own country is not, then, quite so virginally innocent in this business as we might like to suppose. But despite the size of our armament bill and our armament and munitions exports to South and Central America and the Far East, we are essentially small fry in this game.

ENGLAND'S VICKERS-ARMSTRONGS

Much larger fry is England, where the firm of Vickers-Armstrongs is the brightest star in the armament firmament. The annual bills of Vickers-Armstrongs to nations for armaments purchased quite possibly amount to $100,000,000. For England's powerful position as one of the greatest exporters of the materials of war in the world, the bulk of the credit goes to Vickers-Armstrongs. It makes other things than armaments, true enough; such unwarlike products as sewing machines and golf clubs come from some of its factories. But its chairman, General the Honorable Sir Herbert Lawrence, G.C.B., one-time Chief of Staff of the B.E.F., has put himself on record as saying, "Vickers-Armstrongs, Ltd., relies very largely on armament orders for its existence." The Vickers research staffs work constantly to bring into mass production such bolsters to international comfort as the Vickers-Carden-Lloyd light amphibious tank, or the Vickers Vildebeest bombing machine.

The sun never sets upon Vickers. It has its factories in Rumania where, for greater convenience, Sir Herbert Lawrence is a director of the Bank of Rumania (and Vickers to some degree allies itself with the Czechoslovakian armament firm of Skoda). In Italy it latinizes its name to Società Vickers-Terni; in Japan it has as a subsidiary the Japan Steel Works, and thus allies itself with the Japanese armament and industrial firm of Mitsui. There are Vickers factories or subsidiary companies in Spain, Canada, Ireland, Holland (The Hague affords an appropriate site for some of the Vickers operations), and New Zealand.

Vickers directors are men of wide affairs. Sir Herbert Lawrence, besides being a director of the Bank of Rumania, is also a director of the Sun Insurance Office, Ltd., with which Vickers-Armstrongs had a curious agreement that "if the profits [of Vickers] in any year during the 5 years ending December 31, 1932, do not amount to £900,000, then a contribution not exceeding £200,000 will be made in each year." Sir Otto Niemeyer, the infant phenomenon of British finance, who first entered His Majesty's Treasury at the age of 23, is another Vickers director; he is, in addition, an officer of the Bank of England, a director of the Anglo-International Bank and the Bank of International Settlements.

Through these industrial and financial interlockings Vickers-Armstrongs conducts its affairs. They are profitable affairs—for, as the agreement with Sun Insurance indicates, a profit of some $4,500,000 a year is considered so unsatisfactory that insurance must be carried against it. And England's aristocracy takes pleasure in clipping its coupons. Among the more prominent shareholders of Vickers or allied concerns in 1932 were: Rt. Hon. Neville Chamberlain, chancellor of the exchequer; Sir Austen Chamberlain, M.P., winner of the Nobel peace prize in 1925; and Sir John Simon, secretary of state for foreign affairs (but who sold out his shares last year). In 1914 the list was even more imposing. It included that lofty philosopher, Lord Balfour; that glittering snob, Lord Curzon; and also Lord Kinnaird, president of the Y.M.C.A; three bishops; and Dean Inge, of St. Paul's. It was in that same year that Socialist Philip Snowden spoke in Parliament: "It would be impossible to throw a stone on the benches opposite without hitting a member who is a shareholder in one or other of these firms."

You will gather that England, peace-loving England, has been quite some time at the task of building up this organization. She has. The firm began in 1829. Slowly throughout the nineteenth century the firm grew, changed its name, cast its outworn skins, grew fat, prosperous, and highly multicellular through the acquisition of this torpedo works, of that heavy ordnance factory. And then there came along Mr. Basileios Zacharias.

He is known today as Sir Basil Zaharoff. He was an intimate of Lloyd George during the war; a few relatively mild revelations of the degree to which he influenced Great Britain's armament, military, and foreign policies during and after the war were enough, in 1922, to send Lloyd George, who did more than any other man to win the war, out of office forever. This strange character, the greatest armament salesman the world has ever known, struck a major spark in the world when he collided with an American of somewhat similar interests. Zaharoff at that time was a salesman for the Nordenfeldt Guns & Ammunition Co., Ltd., of England, and had done very well in profits out of the perpetual dog fights in the Balkans and the Near East, to which he was usually purveyor, and of which he was frequently (it was an easy trick once he learned it) instigator. The American that gladdened his heart was Hiram Maxim, whose new machine gun was incomparably the best killing machine Zaharoff had ever seen. Zaharoff took Maxim to his bosom, with reservations. First he used his wily, polyglot salesmanship to block the gun's sale in Austria as an impractical toy; then, when he had offered Maxim a partnership and got the sale of the gun firmly in his own hands, he swept over Europe and Asia selling such quantities that soon the new firm of the Maxim-Nordenfeldt Guns & Ammunition Co. was purchased for some $6,000,000 (the year was 1897) by Vickers interests and became Vickers Sons & Maxim. Sir Basil was established now as a power

in armament affairs, hence in Great Britain's affairs, hence in world affairs. He already enjoyed the distinction of having sold the first practical submarine ever used in naval operations to his native Greece, and the further distinction of having used this sale to frighten Turkey into buying two submarines. The Boer War added to his laurels; Boers shot Englishmen with Vickers guns and ammunition. The Russo-Japanese War provided him with an even wider field for his gifts; Vickers sold as much war material (and possibly more) to Russia as it did to Japan, England's supposed ally.

But naturally it was the World War that gratified Sir Basil most. The profits of war-time armament manufacture were practically incalculable; by the end of the war Sir Basil had a personal fortune that was estimated as low as $100,000,000 or $200,000,000 and as high as a billion; and in 1917, when there seemed a possibility of peace through the intervention of the United States, Lord Bertie, British Ambassador to France, naively recorded in his diary: "Zaharoff is all for continuing the war jusqu'au bout." * * *

So much for Germany and her Krupp, the United States and Bethlehem Steel, England and Vickers-Armstrongs, and the now withered and senile Sir Basil. Do these armament businesses seem big business? Then you must alter your sense of proportion before you go further. All the foregoing is a mere curtain raiser to the big show. The big show is France.

SCHNEIDER-CREUSOT

France stands at the very top. She stands at the top in the amount her government spends on armaments; at the top in the amount of arms she exports to other nations; at the top also by virtue of the billion francs she has spent to build a military Chinese wall of forts, many of them underground, along her eastern boundaries. But these mere quantitative details do not reveal the true significance of her position.

She stands today as a queer paradox: France, the democracy, a quiet pasture land for the world's most famous peasantry, coexisting with France, the greatest military power of modern times, with an army which all but equals in number and far surpasses in equipment Germany's vast militaristic machine of 1914.

At the head of this latter France stands the figure of Gen. Maxime Weygand (vice president of the higher war council, inspector general of the army, possessor of the grand cross of the legion of honor, member of the French Academy), ruling an army (including colonials) of 650,000 men. But, despite his decorations, his medals, his orders, and the power he has, once a new war begins, to order several million men to death, General Weygand, a devout Catholic, represents not the urge for war but, on the contrary, France's desire for peace—by means of security. The French threat to the peace of the world lies elsewhere—in France. For in France, and only in France, a new situation exists: The armament makers are no longer, like Alfred Krupp or Sir Basil Zaharoff, in his younger days, humble petitioners of government, hat-in-hand solicitors of orders—their influence is so infiltrated into the industrial, social, and political affairs of the nation that they have power in some ways beyond the state; a power so mighty that they are all but able, for their own individualistic reasons, to sweep the state along in a course of action against its own will. They are all but anonymous, these men. They are displeased by publicity and are well able to enforce their displeasure. But we must now displease one of them and present the figure of M. Charles Prosper Eugène Schneider.

Charles Prosper Eugène Schneider is a man of many offices—the executive head of hundreds of armament firms throughout Europe.[1] He is the president of the Schneider-Creusot Co., armament manufacturers, with mines, smelters, and foundries scattered throughout France. He is director of the Banque de l'Union Parisienne, one of whose most profitable sources of business is the financing of loans for armaments. In 1920 he founded and became the president of the Union Européenne Industriale et Financière, a holding company capitalized at 140,000,000 francs. Through it Schneider-Creusot controls 182 French companies that manufacture heavy ordnance, machine guns, tanks, shells, ammunition, and warfare chemicals. Out of the $300,000,000, which at the most conservative guess represents the annual billing of France's armament concerns, Schneider-Creusot or subsidiaries takes the lion's share.

CZECH'S SKODA

But the Union Européenne has an even more important function. Through it Schneider-Creusot reaches out to control 230 armament and allied enterprises outside France. The greatest of these concerns is that glittering jewel in the crown of the principal ideal state that came into being in 1919 as the result of the self-determination of oppressed peoples. The State is Czechoslovakia and its jewel is Skoda.

Skoda, although its main works are in Brno (which was once on Austrian territory), has factories scattered not only over Czechoslovakia but over Poland and Rumania as well. Upon the board of Skoda, which the Union Européenne controls through 56 percent of its stock, M. Schneider sits with his friend André Vicaire, director general of Schneider-Creusot; his brother-in-law, Arnaud de Saint-Sauveur; Eduard Benes, who, as Czechoslovakia's foreign minister, takes second place to no one in the vocal support he lends to the League of Nations; and two Czecho-Germans, Von Dutschnitz and Von Arthaber, who were, it is interesting to note in view of later facts, very heavy financial contributors to Hitler's political success. Political France and political Germany may be at constant swords' points, the Polish Corridor may inflame the Nazis, France may quiver at her lack of security from another northern invasion, but the lion and the lamb never lie down together with more good fellowship than these French, German, Czech, and Polish gentlemen when they come together to discuss, as fellow directors, the problems of increasing Europe's consumption of armaments. Thanks to the activities of Skoda and its allies, arms form a full 10 percent of all Czech exports—and 40 percent of all Skoda's products are exported—to the extent of $30,000,000 worth a year.

BACK TO SCHNEIDER

M. Schneider's nationality is capable of any supple manipulation that a political emergency may call for. The founder of his dynasty was his grandfather, also named Eugène, who, with a brother Adolph, left Bidestroff in the then German territory of the Saar and came to France in 1836. More particularly brothers Eugène and Adolph came to Le Creusot (literally "The Hollow" or "The Crucible") where, to the south of the Burgundy-wine district a small foundry had been making cannon from the days of Louis XVI. With perfect impartiality it had supplied first the monarchy, then the republic, and then Napoleon's Empire with its products. With the aid of the French banking house of Seillière these German brothers bought the foundry (La Société Générale des Hauts Fourneaux) for 2,500,000 francs—and were then forced to wait for almost 20 years for their first major war. War-promotion methods in those days were not what they were to become later in the century, but that gap was neatly bridged by the demands that the new steamboats and the even newer railroads were making on the producers of iron and steel. Then, in 1854, the Crimean War broke out and Eugène (alone now, following Adolph's death) converted Le Creusot almost exclusively to the manufacture of arms. The family fortune was founded; the family tradition was established.

In the few years that followed the Crimean War, Eugène Schneider had time to look about him for parliamentary posts. First he became a member of the Chamber of Deputies; later he rose to be minister of agriculture, then of commerce. By 1865 he had become president of the Chamber of Deputies (analogous to the Speaker of the United States House of Representatives).

It was from this vantage point that he was able to watch the sweep of events that led to the Franco-Prussian War. Alfred Krupp saw it coming, too. He, like Schneider, was capable of an internationalism far above the confines of narrow patriotism and was anxious to equip Napoleon III's armies with his own cannon—a suggestion not entirely without its logic or, even, its sportsmanship, for Krupp had borrowed in Paris (from the same banking house of Seillière as had set Eugène Schneider up in business) the money with which he made the guns that later humbled France at Metz and Sedan.

But in those days Schneider was jealous of Krupp's mounting power and persuaded Napoleon III that his patronage of Le Creusot would be more enlightened. The inferiority of the French cannon in 1870 was one factor that brought about the catastrophic ruin of the Second Empire.

Nothing in the career of the Schneider dynasty is more remarkable than the fact that it was able to overcome this shocking disgrace and actually to get the job of re-equipping the new armies of the Republic. This time Eugène Schneider supplied France with cannon modeled upon the designs of the victorious Krupps. It was not until some 20 years later that he died, full of years and his own sort of wisdom, to be succeeded by his son Henri.

It was under Henri's son—the present Eugene Schneider, now 66 years old, that the Schneider-Creusot Co. began to work upon a gigantic, world-wide scale. Its real expansion began with the turn of the century. Eugene Schneider acquired iron mines in Lorraine and began a program of mill, foundry, and shipyard building at Bordeaux and Toulon. And then, opportunely, the Russo-Japanese War arrived.

Not until after the close of this war did the real genius of the living Eugene Schneider begin to manifest itself. Russia needed re-arming. The Krupps rushed in. The English firm of Vickers rushed in. Eugène Schneider rushed in. There ensued a brief jockeying for position among the three firms—and it was Schneider, perhaps, who captured the best. "Buy from us", he whispered gently into the proper ears, "and pay with French money." It was not hard to arrange. The French Ambassador to Imperial Russia was then Maurice Paléologue, who was likewise a director in the Schneider Banque de l'Union Parisienne. The Russians made a brief call on Paris and came back to St. Petersburg with money with which to pay for Schneider armaments. From that time until, in 1918, the Soviet Government of Russia expressed its official uninterest in paying the debts of the Czarist regime 16,000,000,000 gold francs drained slowly from the savings of the French people, were loaned to Russia, secured by bonds that have long since been tossed on the rubbish heap. Most of the profit in the 16,000,000,000 found its way back to Schneider-Creusot and is today in their foundries and their bank accounts.

Yet the Czar's Government was not wholly credulous. It seemed to have some qualms that so much Russian armament

[1] One independent armament firm is the Anciens Etablissements Hotchkiss & Cie, founded by Benjámin Berkeley Hotchkiss, American engineer, and inventor of the Hotchkiss machine gun, born in Watertown, Conn., in 1826. British, French, and American capital are intermingled in the company now, but the managing director is a self-expatriated ex-ensign of the United States Navy, Laurence Vincent Benét, uncle of Stephen Vincent Benét, the poet. His American citizenship did not stop him from selling tons of guns and other war materials to Japan at the same time that Secretary of State Stimson was vainly trying to keep the Japanese out of Manchuria.

should be manufactured on foreign soil. This offered no problem to the armament makers. Schneider installed engineers and managers at the Putilov works in St. Petersburg. The Krupps did likewise. French newspapers screamed that the Krupps were spying. German newspapers screamed that the French were spying. But 1914 found Schneider and Krupp engineers side by side on terms of cordial friendship, overseeing ordnance manufacture on behalf of Nicholas II, Czar of all the Russias.

EYE OPENER—BRIEY

If you have a naïveté about the war, shed it now; the war in no way interrupted the cordiality of the armament makers. Throughout the years from 1914 to 1918 they stayed on jolly terms, they even emerged from the war better friends than they were when they went into it. One major war-time episode in particular revealed their unshakable solidarity.

Before 1914 the great iron mines and smelters in the Briey Basin provided 70 percent of the ore used by France. The German advance wrested them from the political control of France—and quite naturally the German artillery chiefs saw to it that the mines were so protected from shellfire that they could be taken over intact. Thenceforth the mines of the Briey Basin were operated for the benefit of Germany—in association with other mines in Lorraine which had been in German hands since 1871 they supplied Germany with some three quarters of the ore she consumed during the war.

In 1916, some 2 years later, the Briey Basin came once again within the potential grasp of the French. Throughout the second battle of Verdun, Briey was within range of the operations of the French Second Army. The Briey mines and smelters were turning out tons of raw materials per day which were being continuously turned into weapons of death against French troops, and the naive civilian would therefore suppose that the French Second Army would now turn loose its bombing planes and blast out of existence a principal source of enemy supply.

The naive civilian would be quite wrong. Bombs did not burst at Briey; nowhere near Briey did more than a few shells from either side fall during the entire course of the war. There were even line officers who shared civilian naïveté enough to question French general headquarters on the immunity of Briey. A reasonable explanation could have been that the French were withholding fire from Briey because they, in turn, hoped to recapture the basin and turn its products back to France. But this was not the explanation that emerged from headquarters; instead it was stated that if Briey were bombarded, the Germans, in reprisal, would turn their guns on Dombasle in Meurthe-et-Moselle, between the Argonne and Verdun, where equally large-scale mining operations were supplying the French with much of their own raw material for ordnance and ammunition. So long as the French left Briey alone the Germans would let Dombasle alone; what hothead was there who would want to upset the apple cart under these circumstances? Of course, if the French and Germans had each leveled the other's smelters the war would have ended sooner. And so would war-time profits. That was that. Briey and Dombasle came unscathed through the war.

Here the proof of the international operations of the armament makers is open to no question at all. In corroboration there is spread upon the records the testimony of Deputy Pierre Étienne Flandin (scarcely a flaming Bolshevist, for he was later finance minister under Tardieu) to the effect that he, an artillery officer during the war, knew of his own knowledge that the artillery of the French Second Army had been expressly forbidden to bombard Briey when the chance existed and when a 10-mile penetration of the sector would have come close to spelling German ruin. And the statement of his colleague, Deputy Barthe, in the chamber on January 24, 1919, lost little of its significance in the long, loud, vicious debates and investigations which followed it: "I affirm that either by the fact of the international solidarity of the great metallurgy companies, or in order to safeguard private business interests, our military chiefs were ordered not to bombard the establishments of the Briey Basin, which were being exploited by the enemy during the war. I affirm that our aviation service received instructions to respect the blast furnaces in which the enemy steel was being made, and that a general who wished to bombard them was reprimanded."

There is a quality of delirium about facts like these. Anyone who comes upon them for the first time is likely to feel a sense of incredulity that these can be facts at all; to feel that they must be, instead, some insane fiction of a super-Voltaire.

The sense of incredulity is quite excusable. Yet the facts are facts—and into the bargain they are quite easily explicable. In this present imperfect world nations have yet found no agreement upon practical methods of disarming. So long as they refuse to, the easiest way for them to stay armed is to permit a full exploitation of the private profit system in the manufacture of armaments. By this device nations avoid the expense and annoyance of maintaining plants and inventories of armaments throughout a period of 20 years, when perhaps they may never be needed at all; the private armorer meanwhile is able to keep his plants oiled and humming by sales not only to his own government but to foreign markets in which he is able to foment enough suspicion to sell large bills of goods. Here is the rock upon which every private conference that precedes official disarmament conferences has split. Here the circle closes. So long as we must have armaments we must lend rein and scope to the business methods of the armorers. What happened at Briey, considered in this light, was very simple: the mere working out of the profit system in armaments to its perfect, logical, and ultimate conclusion.

CLIMAX—THE DE WENDELS

The episode of Briey brings us now to the pinnacle of the armament structure. Who held the impulsive line officers in check? Through whose influence was the general reprimanded?

We must look higher than to Schneider-Creusot for the final answer. For far overtopping Schneider-Creusot and its subsidiaries stands that great organization of iron and steel manufacturers, the Comité des Forges de France.

The Comité des Forges is not, as it has frequently been called, the "French Steel Trust." It is not a cartel. Individual French iron and steel companies are bound together by rigid agreements covering quotas and prices into great groups like the Comptoir Sidérurgique de France or into lesser ones like the Comptoir des Rails or the Comptoir des Demi-Produits. The Comité cannot be said to combine these organizations; in actuality, however, it remains the most powerful iron and steel organization in France. It does not sell; it does not produce. Its activities are more subtile, more delicate than that. Essentially, its field is in the strategy and tactics of the iron and steel industries; accordingly, politics and propaganda are its principal concerns. It does not have subsidiaries; it has members that pay dues into its central treasury either upon a basis of their tonnage production or the number of their employees. Two hundred and fifty companies—mines, smelters, metallurgical establishments, foundries—make up its membership, and of these 250 companies, over 150 are armament concerns. The nominal capital stock of the member companies of the Comité totals some 7,500,000,000 francs, yet some accountants have placed the figure for a true valuation as high as 40,000,000,000 francs. The chief officer of the Comité, the president, is a man of whom we are to hear much more in just a moment. He derives his power not only from being president of the Comité but as one of the principal owners of his own iron and steel concerns. Beneath him and his administrative board on the Comité there spread out six regional committees: The Loire, Nord, l'Est, Minière d'Alsace-Lorraine, Forges de Lorraine, and Champagne. The total tonnage that the members of the Comité produce in France in a typical year are, for pig iron, some 10,000,000 tons, and for steel some 9,500,000 tons.

Membership begins with firms that may actually be as small and unimpressive as the capitalization would make them seem; it ends in the grand climax of member no. 1, Schneider-Creusot—whose capitalization of 100,000,000 francs reflects only a fraction of its true importance. The great and the little, thus bound together, make up the power and the glory of the Comité. It controls the press; it has the ear of the foreign office. Former President Millerand has been its legal defender; former President Doumer was a director of one subsidiary; present President Albert Lebrun is a former director of another. So—most significantly of all—is former Premier André Tardieu, great leader of the Right. There was no stronger influence upon former Premier Poincaré in his occupation of the Ruhr than the Comité; the present agitation over the Saar Basin springs from its headquarters. It is governed by a commission of directors, and upon this commission as president (we must now displease another lover of anonymity) there sits the misty and cloud-wreathed figure of François de Wendel.

François de Wendel comes legitimately by his present power and position; his family have been Europe's armorers since before the French Revolution—although the De Wendels have not always been French, nor, even, always the De Wendels. There was once a Johann Georg von Wendel, who in the seventeenth century was a colonel in the armies of Ferdinand III of Germany. Since his time, however, the family generally has preferred to remain out of uniform, on the theory that in uniform there is no higher title or power than that of general, whereas by the process of foregoing the title the power may be vastly increased. The members of this family have always been uniquely international. When their vast Lorraine estates lay upon soil politically German they attached to their name the prefix "von" and turned their eyes toward Berlin; when the political frontier shifted under their rich deposits of coal and iron they altered the prefix to "de" and looked to Paris.

Either capital was glad to claim them; the family was equally happy to serve either, or better, both. Today, for example, when political boundary lines throw most of their estates into France, but leave a few in Germany, the family consists preponderantly of De Wendels, but with a sufficient number of Von Wendels in reserve to manage its German affairs. (Being a De Wendel, however, is no necessary barrier to the perquisites and profits still obtainable from the German armament business, as will later appear.) In 1914 the ranking member of the family was Humbert von Wendel, a member of the German Reichstag, living at Hayange in Moselle, near the Saar Basin. After the Treaty of Versailles he became Humbert de Wendel. He still lives at Hayange, but he is no longer a member of the Reichstag. A younger brother, Guy, is a French Senator, however, and of his other brother, the François of the comité, more later.

This international hermaphroditism is not a new family trait. The son of Johann Georg von Wendel, who fought for the German Ferdinand III, blossomed into Christian de Wendel, who was a follower of Charles IV of Lorraine. For a good period of years the family retained the prefix "de"; Christian's grandson, Ignace, was the true founder of the family's fortune—and this, curiously enough, began when he established at Creusot the works that the





Schneiders were later to buy. When the Bastille fell Ignace's close relations with the monarchy drove him from the country. His properties were sequestered, but they were managed by his mother and were bought back through dummies for the account of his two sons. During this turbulent period the sequestered properties were arming the revolutionists, to the De Wendel profit, while the properties beyond the wabbling frontiers of the Republic were arming the monarchists, trying to regain power, and their allies—also to the De Wendel profit.

Then, with the Napoleonic Empire rearing its magnificance upon the ruins of the monarchy, an earlier François de Wendel (Ignace's son) returned to Paris to provide the armaments of the grande armée. The tragedy of Waterloo was no tragedy to the De Wendels; a cartoon of them going home after the battle to count their profit from it would not have been far-fetched.

Today's members of the family were, therefore, well equipped by wealth and heredity for the task of riding the political horses of France and Germany in the later years when Lorraine was to become one of the major circus rings for their virtuosity. Their long experience made Briey almost a minor episode to them. When a military advance turned a French possession into a German one, the De Wendels need have felt no great concern. Regardless of the national tag attached to these mines and smelters, they remained in the placid control of one or the other branches of the family.

The François de Wendel of the present day is a pooh-bah; his connections and directorships would fill this page. He is among other things a director not only of the French but of the German De Wendel companies. But that coincidence does not set forth his true qualities of being a pooh-bah. Is François de Wendel, president of the Comité des Forges, faced with a financial problem? Then let him consult François de Wendel, regent of the Banque de France. Is he in need of political support? François de Wendel, Member of the Chamber of Deputies for Meurthe-et-Moselle, intimate and supporter of André Tardieu, one time controller of some 60 deputies, is the man for him to see. Does this or the other piece of news need to be interpreted? He cannot do better than to consult that powerful journalist, François de Wendel, who owns a majority interest in Le Journal des Débats, is the head of the group that in October 1931 (jointly with the Comité des Houillères, the coal cartel) purchased the semiofficial newspaper of the French Government, Le Temps, controls the Journée Industrielle, and is a power in the management of Le Matin, L'Echo de Paris, and the Agence Havas, the newsgathering organization upon which the provincial press of France very largely depends. Yet for all the illustriousness of this multisided man the newspapers of France almost never mention his name. He does not like publicity.

DOUBLE-EDGED SWORD

Conspirators is not an unfair word to apply to the armament makers of France—yet it must not be used with any melodramatic connotations. Probably the conspirators are not bad men at all in their personal lives and their individual contacts with society. Sir Basil Zaharoff, the passion of whose declining years is orchid culture, would probably not be aghast at the suggestion that he was the greatest murderer the world has ever known. He has heard it too often. And he may even enjoy the irony of his gifts (they took a few millions out of the hundreds of millions he made from the World War) for hospitalization of the war wounded. But probably Eugène Schneider and François de Wendel are lovable old gentlemen who weep at a Chopin ballade. If an advance angel of judgment should undertake today to quiz the de Wendels or Eugène Schneider on the ethics of their business, they would unquestionably answer: (a) They didn't invent the passions and cupidities that lead to war; (b) If they didn't supply the demand for armaments someone else would; and (c) They inherited the business, anyway.

All of which is perfectly true. Then why are these men conspirators? They are conspirators because they have no loyalties; because theirs is the sword that knows no brother. The rise of Hitler to power in Nazi Germany provides a neat example of this—and into the bargain shows what a double-edged sword it is that the armament makers wield.

In Germany the greatest steel company is the Vereinigte Stahlwerke A. G. and for its head it has Fritz Thyssen, king of the Ruhr. It was Thyssen who was Hitler's angel, who, as one move in a battle to retain control of his industrial affairs (dealt a desperate blow by Germany's banking crisis of 1931) began pouring money into the treasury of the Nazis to assure to himself the help of a friendly government. So far nothing improper; if Thyssen believed in the Nazi philosophy or the good it might do him, there was no real reason why he should not lend Hitler all the financial support he wanted to. In 1932 old Fritz Thyssen capped many previous generosities with a single contribution of 3,000,000 marks for the German presidential campaign. But old Fritz, despite his personally violent nationalism, was not at all hostile to the de Wendel-Schneider interests in France. He favored, in fact, a working compact with them so long as he could retain unhampered control of his own properties. We see, then, the spectacle of a Nazi supporter on the one hand breathing fire against France, and on the other sitting down on terms of thorough understanding with the principal armament firm that represented the implacable political enemy of his country.

But that does not complete the picture. The Comité des Forges and Schneider-Creusot were not at all unwilling to see Hitler gain ascendancy in Germany. Here the documentary proof is lacking, but the inferential proof is close to inescapable. In 1933 Hitler sued a German journalist for having made the statement that Skoda (and, through Skoda, Schneider-Creusot) had contributed to his campaign expenses. When, however, he was challenged to make a direct denial that this was so, he stormed from the witness stand, cursed the opposing lawyer for a Jew, never specifically answered the question, and was subsequently fined 1,000 marks for contempt of court as a result. De Wendel and Schneider, according to their immemorial custom, said nothing, and nowhere has a denial of the accusation ever been made.

In other words, as the record stands, the leading munition makers not only in Germany but in France united in their support behind the one man most capable of stirring up a new outbreak of international anarchy in Europe. And by a curious coincidence (here is where the sword presents its other gleaming edge) the de Wendel-controlled newspapers in Paris immediately broke out in a fever of denunciation against the Hitler regime and called for fresh guaranties of security against the menace of rearming Germany. Awake, La Patrie!

ARMORERS' PHILOSOPHY

In that one example the whole philosophy of most armament makers reveals itself. Keep Europe in a constant state of nerves. Publish periodical war scares. Impress governmental officials with the vital necessity of maintaining armaments against the aggressions of neighbor states. Bribe as necessary.[2] In every practical way create suspicion that security is threatened. And if you do your job thoroughly enough you will be able to sink into your armchair and reecho the contented words of Eugène Schneider, announcing a dividend to his shareholders: "The defense of our country has brought us satisfactions which cannot be ignored."

For the armament industry operates with one curious advantage over any other business in the world; the greater the competition the greater the amount of business for all competitors. Perhaps it was Sir Basil Zaharoff who first discovered this economic fact when he played his one-submarine-two-submarine game with Greece and Turkey. At any rate, salesmen for the armament industry know the fact well and build on it today. If a Schneider-Creusot salesman sells 100,000 rifles to Yugoslavia he has already eased the path of the Vickers-Armstrongs salesman in selling 200,000 rifles to Italy. "Under this strange system", the French economist, Delaisi, wrote not long ago, "the war potential of a great country, or of a group of countries, is strengthened by the development of the adverse military power. The trade in arms is the only one in which an order obtained by a competitor increases that of his rivals. The great armament firms of hostile powers oppose one another like pillars supporting the same arch. And the opposition of their governments makes their common prosperity."

WHO HOLDS THE BAG?

A very handsome prosperity it has been; one that has endured as few others during the stormy days since 1929. As a result of the operations of these highly international concerns the world's yearly armament bill stands now in the vicinity of a billion and a half dollars. During the last few years the Far East in particular has contributed much to satisfy the MM. de Wendel and Schneider—to say nothing of Vickers-Armstrongs' Sir Herbert Lawrence. Japan has been a highly profitable customer; the firm of Mitsui, allied to both Schneider-Creusot and Vickers-Armstrongs, served its country splendidly when Manchuria was flaming brightest. It also served China excellently. In 1930 China, the world's largest importer of arms, bought almost 40 percent of its war materials from Japan. The European armament makers who were supplying this trade found the free port of Hamburg convenient: during one famous week in 1932 there cleared from Hamburg two ships loaded with dynamite, grenades, and airplane parts; another with 1,000 cases of explosives, another with 1,700 cases of ammunition, and still another, bringing up a triumphal rear, with 100,000,000 francs' worth of French machine guns.

The world traffic in arms has continued unceasingly since the war; the armament leopards have never changed their spots. Detail upon detail, incident upon incident, illustrate how well the armament makers apply the two axioms of their business: when there are wars, prolong them; when there is peace, disturb it. Let one incident suffice here.

Inevitably, after the war, Hungary caught the itch to rearm. The Treaty of Trianon, by which she made peace with the Allies and associated powers, forbade it. Schneider-Creusot, however, was above treaties. Hungary got the money with which to place a large order with Skoda, the Schneider-Creusot subsidiary in Czechoslovakia—got it through the Banque Générale de Crédit Hongrois, which in turn is financed by the Banque de L'Union

[2] Scarcely a year old is the arms scandal in Rumania. In March 1933 the Rumanian Government discovered that the Skoda Works had evaded taxes to the extent of 65,000,000 lei (something over $600,000). It looked into the safe of Bruno Seletski, Skoda's agent in Rumania, and discovered that he had distributed more than 1,000,000,000 lei (close to $10,000,000) among the "right" officials of both the Government and the army, and their wives and mistresses, and that hundreds of thousands had gone to charity and entertainment because the beneficiaries will be used by us some day.

There was an intense amount of internal and international noise over the scandal, but it subsided in the general political turnover in Rumania last fall. And everything, including the bribes, is just about where it was except General Popescu who, in a fit of conscience, shot himself fatally through the head.

Parisienne, of which Eugene Schneider is a director. Thus it was that Schneider contrived once again to circumvent his government and rearm a nation that France had spent blood and treasure in the attempt to disarm.

But the story does not end here. When the Hungarian loan fell due it seemed inevitable that Hungary would default. Thereupon it was conveniently arranged that Hungary negotiate a loan from the French Government. The plan went through like clockwork. The French Government lent the Hungarian Government just enough money to repay the Schneider firm. The money was transmitted through M. Schneider's Banque de L'Union Parisienne, instead of, as one might have expected, through the Banque de France.

One voice crying in the wilderness was the voice of the French deputy from the Creusot district, Paul Faure. Several times in 1931 and 1932 M. Faure made speeches to the chamber. He raised the question of the Hungarian loan and asked, in essence, Who holds the bag? Obviously not Skoda; it had paid a dividend of 5 percent in 1920 and a dividend of 28½ percent in 1930, with never a recession in its steady year-by-year increases. He went further; he traced from the early days of the century the curious fashion in which French governmental loans insisted on relating themselves to Schneider-Creusot orders. Throughout these years France had made loans to Mexico, Greece, Japan, Russia, Spain, Italy, Rumania, Serbia, Bulgaria, and Turkey, and every one of these countries had thereupon placed armament orders with Schneider-Creusot. The last two countries had, in fact, pushed the return compliment as far as turning French guns, so bought, upon French troops at the outbreak of the war. Almost inevitably, M. Faure pointed out, there sat on the directorate of the financing bank of the country that bought the armaments a representative of Schneider-Creusot or some other member of the comité. This precaution did not, however, prevent most of these loans from being in default. Coming to the present, said M. Faure, "we find M. Schneider arming Bulgaria, M. Schneider arming Turkey, Skoda supporting Hitler, Franco-Japanese, Franco-Argentine, and Franco-Mexican banks. This is all"—he ended with a masterpiece of moderation—"extremely suspicious." Then, having made these revelations, M. Faure shortly after found himself defeated for reelection to the chamber; he was, after all, a deputy from the Creusot district, and M. Schneider found it more convenient to bring about his defeat than to listen to more of his speeches.

RAY OF HOPE

Have governments ever taken any steps to confiscate the business of the armament makers? Very few. In the early days after the war Europe's governments had small heart for proceeding against their betrayers, even though the waxen seals on the Treaty of Versailles were scarcely hard before they were once again busy disturbing the peace.

And although the conviction began later to grow among Europe's more enlightened statesmen that something had to be done about the De Wendels, the Schneiders, and their breed, governments were puzzled to know what it could be. A nation that suppresses or confiscates its private armament industry is faced with these alternatives: (a) It must disarm; (b) it must become exclusively an importer of arms; (c) it must make arms manufacturing a function of the state, which means, in effect, that the state must become (or inevitably thinks it must) a vast arsenal, since, having no opportunity to keep plants large and active by supplying an export trade, it must manufacture in quantities sufficiently large so that it could step overnight from a peace-time to a war-time production schedule.

Therein lay one difficulty. But why could concerted action toward disarmament make so little progress? One important reason was first laid bare by Lord Robert Cecil. "There is a very sinister feature", he said, "to all the disarmament discussions. I refer to the tremendous power wielded against all the proposals by armament firms. * * * We must aim at getting rid of this immense instrument in the maintenance of suspicion." Yet in 1932 the Disarmament Conference was enriched by the presence of M. Charles Dumont, of Schneider-Creusot, president of the Schneider-controlled Banque Franco-Japonaise, on the French delegation. The British delegation was similarly benefited by the advice of Col. A. G. C. Dawnay, the brother of a director of Vickers-Armstrongs, and now the political supervisor of the British Broadcasting Corporation.

If the armament business were conducted by an outlawed band of international gangsters, the problem would be simple to define. The difficulty is that precisely the opposite is the case. The armament business is a part of the most essential industries of industrialized nations—steel and chemicals. But even so, the problem does not become acute until you have a nation in which the biggest part or a very, very large part of these essential industries is the manufacture of the actual munitions of war. Such is the case in France and also in Czechoslovakia and potentially in Germany.

No American would be shocked to hear that the steel business and the coal business of Pennsylvania, owners and workers together, exercised big political influence in Pennsylvania and, through Pennsylvania, upon the Nation. Now, put Detroit also in Pennsylvania. And then suppose that by far the most profitable part of the combined steel-coal-motor car industry were the manufacture of munitions. And then try to imagine a Senator from Pennsylvania convincing himself that there is no possible chance of war with Japan and that therefore both the American Navy and the American Army are much too big.

While this may make it easy to understand why Messrs. de Wendel and Schneider should be so influential in France, it brings us no nearer a solution. To deal with the general problem of disarmament in all its phases would be impossible within the limits of this article. Suffice it to say, the simplest solution is to have the State take over all the manufacturing of munitions. But to do that, the State would have to take over most of the essential industries of modern life. And for anyone but a 100-percent Socialist, that is not simple at all. Russia is today the only country in which there is no private manufacture and sale of armaments.[2]

Then is there no hope? Is Europe caught so tight in the steely grip of the armament makers that it can only do their bidding?

Well, the grip is pretty tight, yet there is some hope. Perhaps there is a war coming but first there is a fight coming.

And in recent months that fight has loomed most noticeably in France. The Comité des Forges has decidedly not been a popular name in France these last few months. To be exact, it never was a popular name. Just as a politician in the United States was always against Wall Street during his campaign, so in France many a political victory has been won by accusing the opposition of being in the pay of the Comité des Forges. Of late, as political tension in France has grown hotter, so resentment against the de Wendels and the Schneiders has grown more bitter.

No country has more to gain from peace and the sanctity of treaties than France. So it is not surprising to find that many Frenchmen are now saying that France made a tragic mistake in supporting Japan (in a backhand manner) in the Manchurian affair. And they note, with bitterness, that it was the de Wendel press that wanted to let Japan have her imperial way.

To France's great credit it must also be said that, except in the Manchurian affair, France has been, for her own best interest, the stanchest supporter of the League. More than that, her Briand was unquestionably the greatest peace man of the post-war decade. Today, many a Frenchman is resentful of the fact that Briand's policies did not succeed in conciliating Germany, and while blaming Germany most, he wonders whether the failure was not helped along by the patriotic M. de Wendel.

By the time this is published France may have chosen her next major political direction. If Herriot should come to power again, it may well be that he will feel a mandate even more powerful than ever before to fight against the warriors of Europe—and to include among his enemies the armorers, greatest of whom are the greatest industrialists of his own land. For they are sometimes not too clever, these Schneiders and de Wendels. And they seem to miss one point: the fire trenches and shell holes that scar the countryside in war time are only the primary lesions of an international social disease. When the disease at last inevitably attacks the blood and bones of nations that have gone to war even De Wendels and Schneiders can suffer—suffer with their tottering banks, their dropsical holding companies, their shocked and collapsing industrial empires.

Within their long lives, however, neither François de Wendel nor Charles Prosper Eugene Schneider has ever let drop a word to indicate that he sees any connection between his business and an eventual ruin of his capitalistic industry. Only Sir Basil Zaharoff, doddering brokenly in his wheel chair, seems to give any outward evidence of disillusionment. That may be only because he gambled $20,000,000 of his personal fortune on the only war in which he ever took emotional sides—the Greco-Turkish War in 1921—and lost it.

Or it might be because he was always the cleverest, anyway.

APPENDIX: ARMS AND THE MEN

Love thine enemy

The armorers, after all, are the true internationalists. Regardless of their nationalities, they work in concert at the two axioms of their trade—prolong wars, disturb peace. Between 1914 and 1918 they practiced constantly a neat practical way of prolonging war.

It was this: If your enemy is in danger of running short of a basic raw material that he needs in the business of destroying your troops, sell him some out of your own surplus stocks.

Such interchanges went on constantly during the war—always, of course, through a neutral intermediary. (The amenities of warfare must be observed, even at some inconvenience.) Throughout the war English and French industries maintained to Germany a steady stream of glycerin (for explosives), nickel, copper, oil, and rubber. Germany even returned the compliment; she sent France iron and steel and magnetos for gasoline engines. This constant traffic went on during the war via Sweden, Norway, Denmark, Switzerland, Spain, or Holland, by the simple process of transshipment—enemy to neutral to enemy.

It is no bristling Communist who supplies corroboration, but as conservative and well-considered a gentleman as Rear Admiral Montagu William Warcop Peter Consett, who was British naval attaché in Denmark between 1912 and 1917 and in Norway and Sweden between 1912 and 1919. He stated, in so many words, that if the blockade of Germany had been really effective during 1915 and 1916 Germany would have been forced to her knees long before the collapse of Russia permitted her to prolong the struggle by throwing more troops into the trenches of the western front. And it is he who is responsible for the following statement: "In

[2] Parenthetically it will be recalled by those who have followed the dreary course of disarmament conferences that Russia, in the mouth of Comrade Maxim Litvinoff, has been the most consistent and the loudest advocate of disarmament.

1915 England exported twice as much nickel to Sweden as in the 2 previous years put together. Of the total imports of 504 tons, 70 were reshipped to Germany. But it can be said that the total importation served the needs of Germany, for the remaining 434 tons were used in Sweden for the manufacture of munitions."

And so it went. Germany throughout the war had urgent need of nickel, aluminum, and chemicals like glycerin for explosives. France, because the rich Briey Basin and other sources were out of her control, had to scratch hard for iron and steel. Continuously, therefore, what one nation lacked, the armament manufacturers of an enemy nation did their urgent best to provide. Month after month, during the war, German heavy industries exported an average of 150,000 tons of scrap iron, steel, or barbed wire to Switzerland, where having been smelted to a more convenient form it was then transshipped to France. France, in her turn, shipped chemicals to the Lonza Co. (a Swiss industrial concern, German controlled, but with directors who were French, Italian, and Austrian as well) from which they reached munitions works in Germany. It was all very profitable—and the splendid war went on and on.

Mr. VANDENBERG. Mr. President, in the course of the very able address of the Senator from North Dakota [Mr. NYE] reference was made to the two resolutions which have been sent to the Military Affairs Committee respecting an inquiry into the various phases of the munitions problem. The Senator from North Dakota secured permission to insert in the RECORD the full text of his resolution. I ask unanimous consent that the full text of my resolution may also be printed in the RECORD at this point.

There being no objection, the resolution (S.Con.Res. 9) was ordered to be printed in the RECORD, as follows:

Whereas the influence of the commercial motive is an inevitable factor in considerations involving the maintenance of the national defense; and

Whereas the influence of the commercial motive is one of the inevitable factors often believed to stimulate and sustain wars; and

Whereas the Seventy-first Congress, by Public Resolution No. 98, approved June 27, 1930, responding to the long-standing demands of the American war veterans, speaking through the American Legion, for legislation to "take the profit out of war", created a War Policies Commission which reported recommendations on December 7, 1931, and on March 7, 1932, to demonetize war and to equalize the burdens thereof; and

Whereas these recommendations never have been translated into the statutes: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That a new commission, to be known as the "Defense Commission", is hereby created to consist of 12 members, as follows: The Secretary of War, the Secretary of the Navy, the Attorney General, the Secretary of the Interior; four Senators to be designated by the Vice President; four Representatives to be designated by the Speaker of the House; and that this Commission is instructed to investigate and report within 12 months upon—

(a) A review of the findings of the War Policies Commission, and such specific legislation as it recommends to accomplish the purposes set forth in such findings and in the preamble to this resolution; and

(b) An inquiry into the desirability of creating a Government monopoly in respect to the manufacture of armaments and munitions.

For the purposes of this resolution the Commission, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Congress until the final report is submitted, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the Commission, which shall not exceed $25,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

OUTRAGEOUS GOVERNMENT FRAUDS

Mr. LONG. Mr. President, I am not going to detain the Senate more than a very few minutes.

I had expected to vote for this bill; but there has been exposed on the floor of the Senate, together with information I have received this morning, evidence showing such an orgy of corruption and rottenness surrounding this shipbuilding and these shipping contracts that I am not going to vote for anything of the kind, including this naval bill, under the circumstances that exist.

Particularly was I impressed by what the Senator from Idaho [Mr. BORAH] exposed here yesterday in connection with the munitions propaganda not only in America but in foreign countries, through which these American financiers are exciting one nation into building armaments, selling them to that country, and then coming back and exciting America into matching those armaments, and then at the same time carrying on their propaganda to encourage their trade in the Orient to sell more armaments after that is done.

I have here, however, something which I desire to have preserved in the records of the Senate that shows the kind, the character, and the depths of the rottenness and the corruption and the thievery that this shipbuilding business has finally fallen into.

A shipping line, known as the "United States Lines", was organized by the United States Government at a cost of around $50,000,000. The big ship of this fleet was known as the *Leviathan*. The United States operated that shipping line as its own business at a loss of around $1,000,000 a year. Finally, it decided that it had better let these ships out to private interests; and so a sale was arranged to a concern known as the "United States Lines of Delaware" for $16,000,000, for the institution and ships that the United States has spent $50,000,000 to build.

The United States Lines of Delaware paid $3,000,000 of that money in cash. They returned two ships for $2,800,000, and made the first deferred payment, I think, of $807,000, leaving a balance of about $9,000,000 of the original $16,000,000. After this concern, the United States Lines of Delaware, had operated for a while and had made one payment, they ceased to make any further payments.

This concern had also entered into a contract with the Government, through the Shipping Board, for a subsidiary concern to build two other ships at a cost of $20,000,000, of which the Government was to put up $15,000,000. They had been unable to put up the money for the second one of those ships—that is, their one fourth—though they had put up the money for the first ship. So there was a general break-down of the United States Lines of Delaware in its obligation to the Government. So there was sent on a kind of a cruising expedition, armed with the authority to negotiate by the Shipping Board, a gentleman by the name of T. V. O'Connor, the chairman of that Board, and Admiral H. I. Cone, retired. They went up to New York like roving ambassadors, and they had a number of conferences, and finally they went into and stayed in the hands of several gentlemen, most prominent among whom were Mr. P. A. S. Franklin, Mr. Kermit Roosevelt, and Mr. Basil Harris, connected with the International Mercantile Marine in many concerns.

They finally devised a scheme like this: The Delaware concern owed the Government $9,000,000. The United States Lines of Delaware sold all the ships that that corporation owned and all the stock that that corporation owned in subsidiary corporations to the United States Lines of Nevada. They just took the corporation and gave the same name to another corporation to be organized under the laws of another State, but they did not transfer the capital stock nor the debts of that corporation, mind you. What they had the new corporation buy was the physical ships and the stock which the old corporation held in its subsidiary corporations. Then the Shipping Board, through Mr. Cone and Mr. O'Connor, entered into a deal with the United States Lines of Nevada, and, without their paying a single copper cent in cash—not a quarter; they have not paid a quarter to this day—the United States Shipping Board sold to the United States Lines, Inc., of Nevada, the $9,000,000 worth of notes that it held against the ships and against the United States Lines of Delaware, for the consideration of a $3,000,000 note payable beginning 3 years from 1931.

There was a little hearing over in the House in which they subpenaed the memoranda of Admiral H. I. Cone, and they brought into the record evidence that Mr. Cone's memoranda were supposed to show that the consideration for giving away $6,000,000 of the Government's obligations and, we might say, deferring $3,000,000 more, was that it would cost a million dollars a year to operate the *Leviathan* between New York City and Southampton. Then it developed

that the United States Lines of Nevada was a concern owned by the interests connected in the International Mercantile Marine.

What is the International Mercantile Marine? True, it is confounded with certain shipping interests; but the main interest of this concern that is confounded with the International Mercantile Marine is a British interest. That concern owns a $9,000,000 mortgage on the White Star Line.

It owns the Leyland Line, and now the same interest, the majority of whose ownership is in the shipping company which sailed under the flag of Great Britain, has come to the United States, under the theory that they are running an American mercantile marine, and has canceled $6,000,000 of its debt to our Government, has gotten $3,000,000 of notes extended, and has in the meantime gotten a mail-subsidy contract in the amount of $4,000,000 per annum while paying nothing whatever on either the principal or interest.

Mr. President, that is just starting the story. It has not even started yet. What else have they done? These other British concerns, which were connected with this International Mercantile Marine crowd, which is supposed to be taking our ships and our $6,000,000 for the love and affection of establishing and of maintaining an American marine, were running a foreign competing line. The *Leviathan* was the biggest ship in the world, with which their British concern ships were competing between New York City and the United Kingdom and Great Britain. They have the *Majestic*, which is being run by the White Star Line between New York City and the United Kingdom, and other ships, and what have they done to the *Leviathan*, the operation of which was supposed to be the consideration for this gift? They have laid up the *Leviathan*. They have let it rust, they have let it go to waste. It has now become practically unseaworthy so far as sailing between the United States and any country on the other side of the Atlantic is concerned. Now the *Leviathan* is no longer being maintained, but they are operating the *Majestic*, a steamship owned by the White Star Line, over which concern the International Mercantile Marine holds a mortgage of $9,000,000, in close affiliation with the Leyland Line, also a British interest, which is today in complete control of the route over which an American line was supposed to be maintained in return for all the American millions given to this interest.

Mr. President, they have actually been given the money of the United States, and have used it as a means of driving out the American Line altogether, and they have been given $4,000,000 of American mail subsidy money for the purpose of putting out of business the American Mercantile Marine, and the United States Government is standing for that today.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. LEWIS. I merely ask the Senator from Louisiana whether he will not please inform his hearers under what administration and at what time the particular things to which he has alluded were done.

Mr. LONG. Both this administration and the last one. It is being done under this one, and was being done under the last one. There is no difference between them, not a bit on God's living earth. It is just the same thing.

Mr. LEWIS. Mr. President, if the Senator knows, will he be good enough to inform us under what administration and at what time these particular contracts, subsidies, and other arrangements, which he says merged the American marine out of existence, were conducted, and under what administration they were transacted?

Mr. LONG. They were originally made under the Hoover administration, but the late developments have taken place under the present administration, and the chief negotiator is Mr. Kermit Roosevelt. I am going to disclose further facts, and bring the recital up to date. This was part of the old Hoover contracts of 1929, and I want to say this, that before they made the contract to which I am referring, in the year 1923 or 1924, the United States Government spent $9,000,000 to put the *Leviathan* in absolutely tip-top condition, or three times the amount they sold the whole fleet of ships for.

Mr. LEWIS. The Senator says some other transactions transpired under the present administration. Will he not tell us what officers of the present administration participated, and what thing was particularly done by this administration which, he says, leaves no difference between this administration and the other?

Mr. LONG. I mean to say to the Senator that the *Leviathan* is laid up. I mean, further, that they took off two ships which they turned back, and they are not being operated. One was the *George Washington*, and the other was the *America*. One of them carried President Wilson to Europe when he went there.

I mean this, that this subsidy is today going to this concern. They are paying out $4,000,000 of our money now, and while the contract was originally made under the Hoover regime, I am calling it to the attention of the Senate so that this administration will take knowledge of what is being done now, because they are actually paying the money out to this crowd, which has used the purchase not only for taking the American money but in order to drive off the very American mercantile marine which they were supposed to maintain in return for these subsidies, and this $6,000,000 sliced off the purchase price.

Mr. LEWIS. Then the Senator did not mean to state that the present administration had participated in making the arrangement and carrying on the contract to which he has alluded, indicating such conduct as he has said was transpiring.

Mr. LONG. I mean it is going on right now, and I say it is as fraudulent and rotten a thing as was ever done. It is going on now and has been going on. I do not want to make this a partisan matter. I do not want to charge the responsibility either to the Republican Party or to the Democratic Party. It is going on today, under the old set-up, we are continuing it, and it is just as fraudulent for us to continue it as it was for them to have made it. That is why I am bringing it to the attention of the Senate today.

Mr. LEWIS. But I must call to the attention of the Senator the fact that he has stated, and it will be published over the country, that the conduct he has been indicting as treacherous and illegal, certainly as unlawful, was participated in by the present administration equally with the other, and that they were both equally to blame. I am calling to his attention the fact that he states that because we have not had time to investigate and undo the wrongs, for that reason he holds the present administration responsible until they shall undo them.

Mr. LONG. I do not know what the Senator would call the present administration, but the present Shipping Board administration has full knowledge of these facts. I do not mean to say that the present Senators and Representatives and the present President may know all about it, but the present administration of the Shipping Board is aiding and abetting, and I understand that they have about gotten things fixed up so that this man Cone is going to be appointed President of the Shipping Board, that is why I have risen here today, so that this disclosure will be made in time to prevent that happening.

Mr. LEWIS. I understand the Senator's position now.

Mr. LONG. I thank the Senator.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. KING. The Senator from Louisiana will recall that soon after the present administration came into authority, a resolution was adopted by the Senate under the terms of which a committee of which the Senator from Alabama [Mr. BLACK] is the chairman, and I am an humble member, has been investigating the contracts to which the Senator refers, as well as contracts made with many of the aircraft companies. There has been some criticism because one of the officials of the administration canceled some of the contracts which were entered into.

Perhaps it would be wise to await the report of the committee; and if there shall have been improper methods employed in obtaining these contracts, if they are tainted in any way with fraud, doubtless the committee will make such recommendations as will warrant proceedings in the courts, if necessary, or an abrupt cancelation of the contracts.

Mr. LONG. I thank the Senator; but I want these facts to go into the RECORD. I believe that perhaps the committee will get around to the matter, though I am sure the Senator will agree with me that it has a lot to do. But I want to give some facts which are matters of record, and I want to see that the thing is gone into a little more thoroughly, because it needs to be gone into.

The *Leviathan* is hung up, and it has been taken off its route—the *Leviathan*, the greatest ship in the world, on which they spent $9,000,000 in order to put it into better shape. Then they canceled $6,000,000 of this bunch of notes, and laid the *Leviathan* up, when it was supposed to be the consideration, and now they have $4,000,000 worth of contracts per year.

The air-mail subsidy was not a drop in the bucket compared to this kind of thing. All the air-mail contracts put together would not amount to a few things like this matter to which I am referring. But here is another thing to which I shall call the Senate's attention. They have these interests so confounded that it is now fixed so that they can keep all this subsidy money, they can put out of business the United States lines, and can drive what little independent American mercantile marine there is on the ocean back into the harbor, yet they do not have to pay a dime of this $3,000,000 when the 3 years expires. There is no responsibility whatever to make any one of them give back a dime, or to make any one of them give back any of the subsidy money, or to pay the $3,000,000, except this subsidiary corporation which they have incorporated under the laws of Nevada, and by the time the 3-year note comes due they can have made away with the ships, probably, about as they have with the *Leviathan*, and that will end the matter; they will have their subsidy money and the rest may all be killed, excepting such profits as they made in the meantime.

They have the Roosevelt Steamship Corporation, of which Mr. Kermit Roosevelt is president, supposed to be the steamship management company. It is in the form of an Insull set-up. Insull must have copied this set-up, because it was a great deal more successful than Insull was able to be in this country. They have the thing set up so that they have that little, old, two-bit corporation they are supposed to have organized under the laws of Nevada as the only debtor. They have countless other steamship companies operating in connection with the crowd of the International Mercantile Marine, which is drawing a million dollars subsidy over here and a million dollars subsidy over there, and making such use of the *Leviathan* as they want to, laying up that ship so that they can leave the way open for the British-subsidy ship to sail as the only ship on the line where the American ship was supposed to sail, and we cannot even touch the Roosevelt Steamship Corporation, or any of these other corporations which might have anything, because they are just operating management steamship companies.

That is the kind of rigging the United States Government finds itself in today. While I condemn the parties who, under the Hoover administration, made it, I condemn myself and everyone who is cognizant of it for not washing this thing out and bringing this kind of fraudulent and rotten scheme to the attention of the public, and further, Mr. President, it makes me shudder in my boots when I see the manipulators of such propositions called in for advice and counsel, and being prominent in social affairs and government affairs in this day and time.

It is enough to make a man who has been dead a thousand years turn over in his grave to see such people come here and engage in such kinds of fictions and frauds and rotten schemes, and then to hear talk about indicting some little old two-by-four man out in the country for some little two-bit crime, or talk about keeping Capone in jail for having done something that perhaps is very bad, and yet to allow these "decent" and "respectable", white-winged and long-tailed-coat gentlemen, philosophers of government, to reach their hands right down into the United States Government Treasury and take out $4,000,000 in one lick for 1 year, and $6,000,000 on something else, and then make a contract and state that the reason they are getting all this money is that they are to keep up an American steamship line, which is then turned over to a British steamship line, and then the American ships are taken off, leaving nothing on that route but the British subsidy ships. That, Mr. President, is the rottenest kind of a fraud ever perpetrated in a civilized country.

I think the whole thing, Mr. President, is full of such slime of racketeering from top to bottom that we had better pause, look about us, and see what we are about to go into before we talk about voting another billion dollars to be spent for shipbuilding, whether it is for the Navy or whether it is for the merchant marine. I will vote "no" this time for that reason.

I would prefer to vote this billion dollars to feed the starving rather than for more battleships to help to kill somebody under such conditions as prevail.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida [Mr. TRAMMELL].

The amendment was agreed to, as follows:

On page 4, line 11, strike out all after the word "act" down to and including the word "contract", in line 15, and insert:

Provided, That any profit resulting from any contract, or subcontract, of $10,000 or more, payable from such funds as may hereafter be appropriated for the vessel or vessels and aircraft authorized herein, or vessels heretofore authorized but not yet contracted for, or payable by the contractor to any subcontractor, shall not exceed 10 percent of the cost of performing such contract or the subcontract, respectively. All contractors and subcontractors shall report the net profits from such contracts, under oath, to the Secretary of the Treasury of the United States, upon the completion of the work under such contract or subcontract. Such report shall provide such information and be on such forms as shall be prescribed by the Secretary of the Treasury. All profits of either the contractor or subcontractor in excess of said 10 percent shall be and become the property of the United States of America and shall be collected by the Secretary of the Treasury by suit or otherwise and be paid into the Treasury of the United States under such rules and regulations as the Secretary of the Treasury may prescribe.

The PRESIDING OFFICER. The question now recurs on agreeing to the amendment heretofore proposed by the Senator from Washington [Mr. BONE], which has been temporarily laid aside.

Mr. BONE. Mr. President, at this time I propose to discuss two or three amendments to the naval bill which are now pending. One is my amendment to provide that naval aircraft under the proposed program of expansion shall be built in Government plants. I shall read the amendments after I have referred to them.

The second is an amendment which is in itself not legislation but a declaration of public policy.

The third is an amendment proposed by my colleague [Mr. DILL], which is in a way a restatement of the law as enacted, as I recall it, in the statute of 1916. I desire to read the amendments for the benefit of the Members of the Senate so they will understand their purport and meaning.

The first one relative to the building of naval aircraft in Government factories reads as follows:

Provided further, That not less than one half of each succeeding lot of aircraft, including the engines for such aircraft, the procurement of which is authorized by this act and hereafter undertaken, shall be constructed and/or manufactured in Government aircraft factories and/or other plants or factories owned and operated by the United States Government.

That was the original amendment suggested to the Senate committee. An official of the Navy Department talked to me and said this provision would impose a too severe restriction on building operations and asked if there might not be a further proviso attached to that suggested amendment which would authorize the President to suspend, in

part, at least, the necessity for building this proportion of planes in Government plants, a proposal to which I have no objection, provided there shall be coupled with it the further provision that in the event such an order is made, the Government itself shall so expand its present facilities as to be able to actively engage in the building of aircraft later. So the following provision was added by myself:

The foregoing proviso is subject to the further condition that if it shall be determined by the President that present plants, factories, and equipment owned by the Government are not such as to permit the construction and/or manufacture of the said aircraft and/or engines in such Government plants and factories, in the proportions herein specified and required, then and in that event such requirement may be suspended in whole or in part by his order.

Let me digress for an instant to say that under that provision the President could arbitrarily suspend the building or the attempt to build these naval aircraft in Government factories. I proceed to read further:

However, in the event of such order of suspension being made by the President, the existing plants, factories, and facilities now owned and/or operated by the Government shall forthwith be expanded and equipped to enable the Government to construct, manufacture, and repair its own naval aircraft therein, and, in addition, such other and further plants and facilities shall, as speedily as possible, be constructed and/or acquired by purchase or condemnation for the purpose of enabling the Government to take over and perform the work of constructing, manufacturing, and repairing all of its naval aircraft therein. The funds necessary for the enlargement and expansion of such existing plants and facilities owned by the Government and for the construction and acquisition of new plants, factories, facilities, and equipment for the construction and manufacture of naval aircraft are hereby authorized to be appropriated.

Mr. President, there has been some question as to whether or not we should require the building of all naval aircraft in Government factories under the proposed program of expansion. If it shall be determined, in the wisdom of the Senate, that it is not proper to build all naval aircraft in Government factories to be created as the result of my amendment, then the word "all" at the end of line 21, on page 2, might be stricken and a substitution made of the figure 50 percent, or 33 percent, or whatever percentage it shall be determined is the proper percentage of planes to be built by the Government.

The PRESIDING OFFICER. Does the Senator propose this minor amendment now?

Mr. BONE. I am not proposing it, Mr. President. I am merely suggesting that it has been brought to my attention. I am not going to insist on the word "all" remaining in if it defeats my amendment.

The PRESIDING OFFICER. The Senator has the right to modify his own amendment.

Mr. BONE. I understand that, Mr. President.

Mr. TRAMMELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Florida?

Mr. BONE. I yield.

Mr. TRAMMELL. In view of the lack of equipment and the necessity for the President to enlarge the present facilities, I suggest to the Senator from Washington that the chairman of the committee and, I am sure most of the members of the committee, would be willing to accept his amendment if he changes the word "all" on line 21, page 2, to "not less than 25 percent." That would provide for at least 25 percent of the aircraft to be constructed in Government plants. It seems to me that in view of our lack of equipment at the present time such a provision would give us a wonderful start on what I consider a very commendable purpose as proposed in the Senator's amendment. We might do a considerable amount of aircraft building in Government plants. I think we could agree on making that "at least 25 percent" instead of "all", or even 50 percent. That would give us a wonderful start in the direction which the Senator suggests, which suggestion I think is really very commendable.

Mr. BONE. Mr. President, I, of course, have no means of knowing what disposition the Senate will make of my proposal; and if the matter is to be opposed or if there is to be an adverse vote on the 25-percent proposal, as suggested, I should not want to consent to strike out the word "all", for I would rather the whole amendment go down to defeat on the direct issue of the proposal for public plants to build all planes. I know the attitude of the Senator from Florida, and I understand why he makes the suggestion, and I am not hostile to it. I merely want to be very certain that we begin on "public preparedness."

Before leaving that subject, let me suggest to the Senator from Florida that I have had supplied to me, by the American Federation of Labor, some information about our existing Government facilities for the building of aircraft. I know the Senator will agree with me that the provision does not compel the Government to immediately build 25, 50, or 100 percent of the aircraft. It merely provides that the Government shall, as rapidly as possible, expand its facilities for the building of naval aircraft in the event the President makes certain suspension orders, so there would, of course, be time given to the Government to either build or acquire by purchase or condemnation such facilities, factories, and equipment as the Government might require for carrying forward the public-building program.

There is an aircraft factory at Philadelphia owned by this Government and built during the war which was capable of manufacturing approximately 200 airplanes every year. During the World War this factory turned out an average of one airplane a day. In the light of the experience of the Government in dealing with private airplane companies, and the unholy and unconscionable profits revealed in the contract relations of the Government with some of these companies, I am at a loss to understand why this factory has not been expanded, as a matter of self-protection. I think the time has arrived to announce definite policy, and, in the vulgar vernacular of the street, come to a show-down on the question whether the Government is to continue to remain helpless and at the absolute mercy of private manufacturers of airplanes and war munitions, or whether it is to set up some definite yardstick by which it can protect itself from ruthless exploitation. It is a cold-blooded, business proposition. No one can justly complain of the Government defending itself against the encroachments of those who will take advantage of it and whose attitude of mind is simply to strike from the hands of the Government its last protective weapon, the only device by which it can protect itself from the greed of individuals.

I want to later discuss what some private agencies did to this Government in time of war when the Government was unable to operate its own factories in the supplying of munitions and war equipment.

At the Pensacola aeronautical station down in the State of the Senator from Florida airplanes are extensively overhauled. There is considerable amount of equipment for making airplane parts at that plant. I am advised that, with some additional facilities, airplanes could be manufactured at the Pensacola station.

The War Department, according to this statement from the American Federation of Labor, has no aircraft factory as well equipped as the Navy Department has in the aircraft factory at Philadelphia, but the Army has two stations at Dayton, Ohio, one called the Matériel Air Corps Station, and the other the Fairfield Air Depot, which are equipped extensively to repair and assemble aircraft. It is believed that this station could readily be equipped to manufacture aircraft. The War Department also possesses a repair depot at Middletown, Pa., which could be readily extended to manufacture aircraft.

But, aside from the matter of present facilities, it seems rather stupid to assume that this Government, with its great Departments and with its ability to hire men who know their business, cannot build efficient airplane factories within a reasonable length of time. Certainly, we can hire technicians and mechanics. I say that it would be the height of stupidity even to assume here—and I certainly am not going to do it in this argument—that the United States Government cannot hire men fully as capable as those any private company can hire. The experience of public bodies

in the development of public enterprises has demonstrated the folly of that sort of argument.

As to whether or not there is justification for the building of aircraft in Government factories, we only have to look at some of the profits shown by the recent investigations to have been derived by private companies from Government contracts. There is not a more somber chapter of American history than that revealed by the investigation of ship subsidies. I think I am justified in referring to some of these subsidies as sheer looting of the Treasury of the United States, which, in the name of patriotism, in the name of good business practice, has been accomplished and carried on under forms of law.

It is rather interesting to pick up the headlines of the newspapers and read them nowadays. For instance, in January 1934, I observe the percentage of increase in the price of airplane, shipbuilding, and related stocks due to the pendency of naval legislation, under which it is proposed to spend a half billion dollars. Now let us see what happened to the stock market and what the private-profit happiness boys were thinking about when they saw all this easy Government money in the offing.

The percentage of increase of an average of some 50 stocks amounted to about 8.5. But observe what happened to the airplane and shipbuilding stocks, the stocks of those companies that are vitally affected by the prospective expenditure of the vast sum of money under this bill and which they hope will be reflected in profits running all the way from 20 to 90 percent.

The stock of the Aviation Corporation of Delaware showed an increase of 28.1 percent.

The Bendix Aviation Co., 31.8 percent.

Bethlehem Steel Co., 26.2 percent.

Bethlehem Steel, preferred, 17.5 percent.

Curtiss-Wright, 95.2 percent. Curtiss-Wright, with $10,000,000 to be ladled out in the building of aircraft, reflects the coming Roman holiday by an increase of 95.2 percent in the market value of its stock in that month.

Curtiss-Wright A, 86.3 percent.

Douglas Aircraft, 82.5 percent.

Electric Boat, 80.6 percent.

New York Shipbuilding Co., 75.5 percent.

New York Shipbuilding Co., preferred, 16.3 percent.

United Aircraft & Transport, 13.6 percent.

United States Steel, 15.4 percent.

Wright Aeronautical, 232.2 percent.

Perhaps it is not fair to utilize this abrupt and abnormal rise in Wright Aeronautical as having any relationship with the pending bill. Probably that is not the case because I am informed there were short sales in that stock, which made it necessary for gentlemen to get the certificates at any price and almost under any consideration. Now let us take up some of the newspapers and see what the press has been telling the American people as to what has been revealed by these investigations, and let us see what connection there is between the facts that are being developed in the investigations and the plums that are going to fall into the laps of the private airplane companies in the event of the passage of this bill, unless restrictive provisions are placed in the bill which will prevent the exploitation of the Government.

The New York Times of February 6 carries the announcement that—

> William E. Boeing, chairman of the United Aircraft & Transportation Co., made paper profits of more than $51,000,000 and actual profits of about $12,000,000 from an original investment of $487,119 in the Boeing Aircraft & Transport Co., he admitted today at a hearing held by the Senate committee investigating ocean-and air-mail contracts.

Further, says the New York Times article:

> Mr. Boeing admitted that the Pratt & Whitney Aircraft Co., owned by Mr. Boeing's corporation, made a 5-year net profit of $12,045,549 and paid bonuses of $1,247,100 and executives' salaries of $629,766, largely through the sale of airplane motors to the Army, the Navy, and Government mail contractors.

It is easy to see what this private mortgage on our Government, or what virtually amounts to that under the conditions which have been discussed so vividly and forcefully on the floor of the Senate, is leading us to.

Here is another story published the other day about "poker parties in which lobbyists lost large sums of money to Government officials from whom they were seeking contracts", a condition now being investigated by a grand jury.

The Washington Post of February 26, 1934, carried an Associated Press story, from which I quote the following:

> Representative McFARLANE (Democrat), Texas, one of the congressional investigators of American aviation, asserted yesterday that "the United States has virtually squandered over $200,000,000 since 1921 and ended up with an inefficient air force.

Another article is headed—

> Aircraft sold Army 7 years without bids.

This story, which appeared in the Washington Post of February 27, says, among other things—

> Over the protests of Comptroller General McCarl, with Congress ignorant of what was going on, the War Department for 7 years has been procuring aircraft for the Army Air Corps in contravention of the intent of the sponsors of the act of July 2, 1926, according to official information, which, it is understood, is to be placed before the House.

And, in that connection, it is disclosed that goggles were bought by the Army for $100 a pair.

Large profits—

Says the Washington Herald of February 27—

> made by the Pratt & Whitney Aircraft Co. on aero engines furnished to the Navy were chiefly the result of the extraordinary aviation boom in 1927 to 1930, Edward P. Warner, former Assistant Navy Secretary, told the House Naval Subcommittee yesterday.
>
> The committee questioned Warner about contracts for flying materials during the time he was in charge of naval aeronautics, from July 1926 to March 1929, when profits as high as 90 percent were gained by private contractors.

Again, in an article appearing in the Hearst Service, it is stated that—

> The Navy Department figures the profit to the Boeing Airplane Co. on Navy business at 68 percent.

These are some of the things that are typical of what has been going on and what has been done to this Government.

Going back to February 7 of this year, the Associated Press carries a story that—

> W. E. Boeing, of Seattle, chairman of the board of the concern, said that George S. Wheat, a vice president, drew $25,000 a year salary and his duties were chiefly in soliciting Federal business.
>
> ADAMS INVITED
>
> The concern holds a transcontinental air-mail contract and makes planes and engines for the Army and the Navy.
>
> * * * * * * *
>
> Boeing, asked if he did not know his concern was paying more than $60,000 to Washington representatives, replied, "That's possible."

Here is another headline in an Associated Press story:

> Boeing profit of 90 percent on Army contracts bared.

Another story is headed:

> Plan for $2,000,000 "cut" on Army truck deal bared in probe.

Mr. President, I sometimes wonder if the gentlemen who enjoy this Roman holiday, who have had this little fling at the expense of the American taxpayer—and what a pleasant Roman holiday they have had—have not after all created a sort of little C.W.A. all of their own and exclusively for themselves. I think most of us will recall the story of Aladdin's lamp. The small Arabian boy found his magic brass lamp and he rubbed it and a genii appeared. The small boy, badly frightened, did not know what it was all about, but the genii said, "I am the servant of the lamp and you can have anything you want." How thrilled the average small boy is when he reads the story, and further on learns that the genii brought a basket of diamonds or a great basket of beautiful fruit or whatever the small boy wanted.

But there is nothing more remarkable in that Arabian Nights story of Aladdin's lamp than there is in the fantastic story of our present-day mail subsidies and the looting of the Government Treasury by private corporations over a

long period of years. These subsidy and 90-percent-profit gentlemen did not have to rub a magic lamp. Apparently all they had to do was come down to Washington and gently rub Congress, just gently, not vigorously, and walk away with hundreds of millions of dollars of the taxpayers' money.

You will all recall what occurred during the war in the matter of war profits. I know it was not considered respectable to discuss them at that time, and certainly it was not a safe procedure. Men could make inordinate profits, thousands of percent, as I shall demonstrate from the records of the Government itself, and yet decent Americans dared not open their mouths to criticise or protest except on penalty of going to a Federal penitentiary.

Let us quote some figures that may be of interest in connection with the pending bill, showing profits to some of the shipbuilding companies of the country. In the Forum of November 1933, we find this assertion:

* * * Shareholders in Bethlehem Steel received in 1917, a dividend of 200 percent on class B common stock, while the total income of the corporation rose from $9,000,000 in 1914 to $57,000,000 4 years later. The Hercules Powder Co., of Delaware, increased its dividends from 8 percent in 1914 to 95 percent in 1916; in 1922, this company declared a stock dividend of 100. The Anaconda Copper Co., from a deficit in 1914, came out in 1916 with a surplus of $33,000,000. In the 3 years before the World War the United States Steel Corporation earned $180,000,000, but from 1916 through 1918 this organization made $633,000,000—a profit, as was disclosed by governmental investigation of alleged excess war-time gains, of more than 50 percent * * *.

The Foreign Policy Association has made some study of what has been happening to the profits made by these corporations, as follows:

BETHLEHEM STEEL CORPORATION

* * * For the single item of armor plate between 1887 and 1915 the Bethlehem companies secured contracts from the United States Government amounting to $42,000,000. The Bethlehem Shipbuilding Corporation, under the 1916 naval program, received $134,000,000 for construction of 85 destroyers. At the time that this company was building ships for the American Navy, it was also filling orders for foreign governments. In 1908 Bethlehem built 5 submarines for Japan, during the war it built 20 submarines for Great Britain, and in 1913 it constructed a battleship for Argentina * * *.

One of the oldest and largest subsidiaries of the Bethlehem Steel Corporation is the Bethlehem Shipbuilding Corporation, which specializes in the construction of naval vessels and large merchant ships. It was this company which, with two other shipbuilding firms, paid William B. Shearer $25,000 to attend the Geneva Naval Conference in 1927. After the failure of the Conference the Bethlehem Shipbuilding Corporation received contracts for three 10,000-ton cruisers for the Navy at a total cost to the Government of approximately $33,000,000. Since 1916 this company has built more than 100 vessels for the Government at a cost of more than $250,000,000. * * *

Profits of the parent company and its subsidiaries were enormous during the World War. In 1915 its net income was $24,821,000, in 1916 it jumped to $61,717,000, and in 1917 and 1918 was above $50,000,000. Gross earnings in 1918 reached the high mark of $488,000,000. In 1929 the net income of the Bethlehem Steel Corporation was $42,242,000, and it dropped to $23,843,000 in 1930.

I am not going to put more of these figures in the RECORD at this time. Those I have given are an indication of the type of profits being made by the companies which are very active in supplying materials of war to the United States Government.

It must not be assumed, Mr. President, that the mass of American people and many of the most active and wholesome agencies are not thoroughly committed to the principle of eliminating private profits from war and of preparation for war. I cherish the conviction that I am speaking what is in the hearts and minds of millions of American citizens in saying that private profits in the preparation for war must of necessity stand about on the same moral plane as profits in war themselves. If there is a distinction, it is one without a difference. I can see no fundamental moral distinction between private profits in preparation for war and private profits in war itself.

The American Federation of Labor in its 1933 convention, in its 1932 convention, and in its 1930 convention protested against private profit in war and war preparation. If my memory serves me right the senior Senator from North Dakota [Mr. FRAZIER] either read the resolutions into the RECORD or referred to them, but I am going to ask that these resolutions of the American Federation of Labor dealing with private profits in war and preparation for war be made a part of my remarks.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Without objection, it is so ordered.

The resolutions are as follows:

RESOLUTIONS OF AMERICAN FEDERATION OF LABOR CALLING FOR BUILDING OF SHIPS IN NAVY YARDS AND ELIMINATION OF PRIVATE PROFIT

1933 CONVENTION

Whereas the Boston convention of the American Federation of Labor and succeeding conventions resolved "that we favor the manufacture of war munitions in our arsenals and navy yards, so that the elimination of private profit will place this department of national defense beyond the baleful influence of those who seek to create sentiment for the production of war munitions so that they make greater profits"; and

Whereas during the political campaign of 1932 the Honorable Franklin D. Roosevelt, candidate for President, repeatedly asserted that "taking the profits out of war" should be made a national policy, and to that end the construction of naval vessels and the production of munitions of war should be confined to navy yards and arsenals; and

Whereas notwithstanding the assurances which the representatives of organized labor have received from the administration that 50 percent of the naval vessels constructed under the Public Works section of the National Industrial Recovery Act would be constructed at navy yards, the Navy Department has not only awarded the larger vessels to private shipyards and the smaller ones to navy yards but has awarded 17 of such vessels to private shipyards while only 15 were assigned to navy yards; and

Whereas the Navy Department is pursuing the policy of letting to private contractors the construction and manufacture of some of the main engines and auxiliary machinery for vessels to be built in navy yards where formerly this class of work was performed at the navy yards: Therefore be it

Resolved, That the officers of the American Federation of Labor are hereby directed to immediately urge upon the President of the United States the desirability of giving practical effect to the national policy of "taking the profits out of war" by having the construction of naval vessels, machinery, and other equipment for such vessels and the manufacturing of war munitions confined to navy yards and arsenals, and to correct existing deviations from this policy insofar as the law permits.

1932 CONVENTION

Whereas private shipbuilders and manufacturers of munitions have appeared before the Shannon committee (held hearings on Government in business) and demanded that the building of vessels for the United States Navy and the manufacture of munitions shall be taken out of the Nation's navy yards and arsenals and turned over to private industry; and

Whereas there can be no sane program for national defense until private profit has been eliminated from warfare and from the munitions and ships required for national defense: Therefore be it

Resolved, That this convention endorse the principle which holds that a sane, constructive policy of national defense is only possible when private profit for the construction and fabrication of necessary ships and munitions is eliminated; and further be it

Resolved, That the executive council of the American Federation of Labor be, and is hereby, requested to give its active support to prevent any action by Congress as the result of the submission of the Shannon committee's report, which would permit private industry to construct or fabricate vessels and materials for national defense which can be produced in the Nation's navy yards and arsenals; and be it further

Resolved, That this convention endorse the principle that private profit must be eliminated from the production of material for national defense before the sinister activities of the war mongers and patriots for profit can be abated and eliminated.

1930 CONVENTION

This Fiftieth Annual Convention of the American Federation of Labor places itself on record as favoring the development and upkeep of all navy yards and arsenals, and their use for the buildings of ships for any department of the Government, as well as for the Navy and Army, and, also the manufacture to whatever extent may be practicable, of material, equipment, and supplies for all departments of the Government, the adequate remuneration of all civilian employees, and the adequate remuneration of all enlisted men and officers in the Army and Navy. We also favor the manufacture of war munitions and naval vessels in our arsenals and navy yards, so that the elimination of private profit will place this department of national defense beyond the baleful influence of those who seek to create sentiment for the production of war munitions, so that they may make greater profits.

Mr. BONE. Mr. President, it is certainly a matter of vital concern to the taxpayers of the country to get rid of the additional expense incident to private preparations for war, which is and should be a Government function. It were the part of wisdom and the part of common decency

for us not to discuss thrift and economy any further on the floor of the Senate unless we recognize this fact. We must either bear allegiance to the proposition of practicing economy so we can meet the necessary expenditures of the Government, take care of the victims of war, meet those burdens which are not only incidental but absolutely necessary to the preservation of government, or else quit discussing economy.

Right at the very moment when we propose to spend the vast sum of money that will follow enactment of this bill, here is what is happening to the educational system of the country: Seven hundred and seventy schools are now closed, with no provision for 175,000 children; 1,540 schools will have terms of 3 months or less; 10,982 schools will have terms of 3 to 6 months. City schools are employing 18,000 fewer teachers now than in 1930; 200,000 certificated teachers are unemployed.

City school budgets average 20-percent reduction since 1930. Schools now operate on $368,000,000 less than in 1930. Expenditures for new buildings have dropped 79 percent since 1930. Forty-five thousand two hundred and twenty-eight teachers will receive less than $300 this school year; 210,120 teachers will receive from $300 to $750 this school year. One in four receives less than the minimum code wage.

Sixteen institutions of higher education have been discontinued since last year, mostly by merging with some other school. Colleges have reduced their teaching force by about 5,680 teachers in the last 2 years. In the past 2 years there has been a decrease of about $56,860,000 in college budgets for educational and general expenditures, and expenditures for capital outlays have practically ceased. It has been reported by 46 State superintendents that the figures which I have just given are accurate, these having been compiled by the United States Department of the Interior.

If we should not make adequate preparation for the Government to manufacture its own airplanes, its own ships, then it becomes manifest that if the Government goes into another war, as many assume we will, the Government is going to find itself in exactly the same position in which it found itself in 1917.

Let us see how patriotic a lot of these private outfits were that furnished munitions of war to the United States Government in the last war. They had an opportunity in 1917 to show how patriotic they were. They had an opportunity to show whether they were 100-percent Americans or just sordid money grabbers. Let us see what happened when these gentlemen had a chance to show their loyalty to the Government that protects them and their property.

If this Government should become embroiled in war, it is safe to assume that these fellows who are so vigorously fighting the establishment of Government yardsticks and who will put pressure on us not to permit Uncle Sam to build his own vessels and prepare his own munitions of war will do exactly what they did in 1917.

Now let us examine a small part of the record and see just what happened.

Today's difficulty in balancing our National Budget is due principally to what happened during the last war. I think that has been made plain on the floor of the Senate many times. Out of those World War profits, piled up by private concerns furnishing war munitions, we created 23,000 new millionaires. Of course, they were created unwillingly, by a system of outrageous looting of public funds by contractors for war material; but the physical fact remains that they were created. It is obvious that 23,000 millionaires must have grabbed at least $23,000,000,000. That is what this Nation handed to them in war profits.

During the war contractors made an agreement with the Government that required the Government to take all that was contracted for, regardless of the cessation of hostilities; also to ship the stuff to France and keep it there.

The same type of men would today oppose Uncle Sam protecting himself by setting up yardsticks in public plants and in expanded navy yards.

As a result of these contracts, made with alleged patriotic American business men, we were shipping goods to France for a year after the armistice. When the end came we had over $2,000,000,000 worth of materials in France, and the French Government took this stuff over at 20 cents on the dollar; but, unhappily, we never got even the 20 cents. The French repudiated that debt, and never paid it.

Right after the war we were paying 20 cents a pound for sugar, and it was being rationed to us in this country. While this was going on, the War Department, as I recall, sold 22,000,000 pounds of American sugar it had on hand in France for 2 cents a pound. It never would have done to ship that sugar back to this country and give it to Americans, who were patriotically paying high prices for it here.

During the war, and because Uncle Sam was not fortified and prepared to take care of his own needs in the matter of war materials, we let contracts for every conceivable sort of thing in that great splurge. We even shipped to France corn planters, cultivators, grain drills, drag harrows, disk harrows, thousands of manure spreaders. Possibly they were used to lick the Kaiser.

During the war the Government had 391,000 horses. Let us see what some of these patriotic business men did to us through their lobbyists. For these, the Government ordered 945,000 saddles, over a million sets of double harness, 1,637,197 horse brushes, 2,029,418 horse covers, 2,850,853 halters; and on top of these frightful expenditures it piled a cost of 195,000 branding irons. They made those out of copper, so that they would cost a little more.

The bright boy who had the branding-iron contract did not get these branding irons ready in time to ship before the show was over, and he made Uncle Sam give him $40,000 for the loss of profits that he would have made had he been able to ship these cute little ornaments over to France.

We were not satisfied with that sort of deal with this copper branding-iron boy. He had 20,000 pounds of copper left that he could not use, and the Government took it off his hands at 39½ cents a pound, and immediately sold it back to him for 11 cents a pound.

It is such things as that that reflect themselves in our present bonded debt. They are the result of this Government's being taken advantage of, being looted, in other words—let us use plain, unvarnished, "sawmill" English in discussing this matter—by private business concerns who enjoyed a special privilege. That privilege reflected itself in a contract which permitted unfair and extortionate profits.

A concern had a contract to build howitzer carriages. Uncle Sam ought to have had a factory to build that stuff. He ought to have been capable of building his own guns. None of these howitzer carriages were delivered when the armistice came. The Government had built the buildings where they were to be made. Now let us see what Uncle Sam did. He had built the buildings where these howitzer carriages were to be made, supplied the machinery, and supplied all the material.

The taxpayers paid for that, and the company was to have a commission on the delivery price. The buildings cost the Government $2,987,200. After the armistice, the Government sold these buildings to the company for $600,000. The materials on hand at that time were worth $5,558,000; and all this valuable war material was sold to this outfit under the classification of junk for $300,000, despite the fact that the arsenals around the country should have taken it over.

In spite of all that, we allowed these fellows to finish 200 of these carriages, although they were not needed—the war was over—for which the Government paid them $18,582,428. I have often wondered what emotions would move in the breast of a human being who had made 290,999 percent. I want to repeat that figure, Mr. President, 290,999 percent. "Impossible", you might say. Well, you do not know the possibilities of a good war, Mr. President.

There was one company handling contracts with this Government that made that incredible profit during the war. Imagine a farmer using his farm to raise food for the Government, and getting 2,900 farms just like his own, for his profit. I had believed it impossible that such a thing

could happen under the American flag. I did not think it possible that any outfit could make such war-time profits and get away with it; but if any Member of this body is at all curious he can examine Senate Document 259—prepared, I think, by the Senator from California [Mr. McADOO], who was then Secretary of the Treasury—and he will find a recitation of some of these profits. Just hastily, I am going to refer to a few of them. Incidentally, I may say that this volume is now out of print. I think I have one of the few copies in existence.

Coal operators reported profits as high as 7,856 percent. Nearly half the coal mines reported earnings equal to their entire capital stock that year.

Meat packers made as high as 4,244 percent.

Canners of food and vegetables made as high as 2,032 percent.

And so on down the line. Profits of eight and nine thousand percent were quite common; excessive and extortionate profits; frightful profits that simply transcend the bounds of reason, almost of imagination, were made by men in their dealings with their own Government.

The Senator from Louisiana [Mr. LONG] a moment ago referred to an incident in connection with our so-called "merchant marine" involving the *Leviathan*; but it might be interesting to the people of this country to know a little of what has happened in connection with our so-called "merchant marine", because all that goes back to the World War. It is a material part of this sordid story of preparedness. In a fair and decent consideration of this problem it all simmers right down to the question of whether the Government is going to do its own work and escape being the victim of extortion—of an extortion that almost amounts to legalized blackmail in some cases. Certainly a profit of 290,000 percent cannot be stamped as anything but legalized blackmail, no matter from whom taken. When we undertake to characterize a thing like that we discover the shameful paucity of the English language, its hopeless inadequacy as an intellectual exchange medium. One cannot find words, either singly or in combination, that by the grace of inflection or poetic license can be made to serve one's purpose in attempting to indict such social perversions.

We built a lot of ships during the war, and we would have had a real merchant marine, owned by the people, as it should have been, had we held on to those ships; but, instead of that, certain highly interested gentlemen, whose patriotism reflects itself in a desire to get something for nothing, or to make 1,000, 5,000, or 10,000 percent out of their Government, put over a legislative program under which the United States divested itself of ownership of these ships, for a song in most cases. Some very somber pictures are revealed by the investigations of the so-called "Black committee" in turning up the pages of this ghastly record.

During the period of the World War the United States Government expended approximately three and a half billion dollars in building ships and providing necessary terminals for the American merchant marine.

Since the war closed this Government has loaned for 20 years, at rates of interest ranging from one eighth of 1 percent to 3½ percent, the sum of $144,907,886 to shipping companies to build new ships and to reconstruct and remodel old ships; 80 percent of these loans have been used for the latter purpose.

Since 1928 the Government has paid, or contracted to pay, under 10-year contracts, through the Post Office Department, in subsidies under the guise of ocean-mail pay, the sum of $336,237,232, of which $140,086,201 has already been paid. These sums do not include any expenses of administration by Government or losses incurred through managing operators, operating for the Government. Neither does it include vast sums paid annually by the Government to steamship companies for transportation of mails upon a poundage basis.

Where have the vast sums totaling approximately $3,981,145,118 of public funds, appropriated for the building and maintenance of an American merchant marine, gone, and what has the Government today to exhibit to the taxpayers for this vast expenditure of public funds?

This is all part of a cold, ruthless program of private ownership of government. I do not mind private ownership of business, but here is a clear-cut example of private ownership of government itself. That is exactly what this sort of thing means.

Four hundred and thirty-eight ships, which cost the Government $559,287,426 to construct, have been sold to shipping companies for $40,106,614. Just what does that mean reduced to ordinary curbstone English? It means that these outfits bought these beautiful ships from the United States Government for approximately one fourteenth of their cost, or about 7 cents on the dollar. As a matter of fact, a lot of them were bought for much less than that, but that is the average. Some of them were bought for less than 2 cents on a dollar by outfits owned by some of the richest men in the world.

Through the Post Office Department, under the mail-pay plan of the Jones-White Act, the Government has already paid to steamship companies, since 1928, the sum of $140,086,201.

The manner in which part of this mail-pay subsidy has been used by steamship companies and their owners has been revealed by the special Senate committee headed by the Senator from Alabama [Mr. BLACK], now investigating air-mail and ocean-mail contracts.

The Export Steamship Co. purchased from the Government ships which cost $42,000,000 for $1,071,431 and secured a 10-year mail contract providing $18,566,431, on which it has received in 3 years the sum of $4,288,847. The president and sole owner of the company has drawn from the company and its subsidiaries in 3 years more than $1,000,000 in salaries and expense allowances; $375,000 was for his personal salary, and the remainder was spent by the president in making loans to the father-in-law of an official of the Government who supervised repairs to his ships, which loans have not and will not be repaid. Large sums were spent for so-called "travel and entertainment", which, the evidence tended to show, was used in efforts to corrupt public officials and to spread propaganda favorable to ship subsidies. The expenditures are listed as $75 per day for meals; $100 for waiters; $75 for taxicabs; $80 for telegrams, and so forth. Huge amounts were paid for attorneys' fees and commissions. The company is now in financial difficulties and cannot meet its obligations to the Government.

The Black Diamond Steamship Co. paid to one attorney a fee of $100,000 to aid it in securing favorable contracts with the Government. In his letter files was found a letter by the president of this company stating that in order to put over his deal he "was forced to play politics which took me as high as the President of the United States." He boasted of the fact that for $1,342,607 he had purchased ships which cost the Government $18,049,451.

Certainly! Could there be anything easier than this Government in deals of that kind. How generous we have been with the people's money. I sometime wonder if our Government is regarded by these subsidy gentlemen as their exclusive patrimony, as an agency that exists merely for the purpose of enriching them at public expense. They calmly assume that to be the fact, in any event. What a peculiar picture, that a subsidy grabber can boast of having grabbed your property, for a fraction of its cost, and apparently feel proud of his achievement. I wonder what the millions of unemployed think of that kind of patriotism.

The president of the Black Diamond Steamship Co., and sole owner of the company, drew annual salaries of from $27,000 to $50,000 and spent $30,000 to $50,000 per year in travel and entertainment. After securing highly remunerative contracts from the Government, this company employed as its vice president and Washington lobbyist, at a salary of $12,000 a year, one of the officials of the United States Shipping Board who while in office had aided in securing the contracts.

The American South African Line, owned principally by two brothers, has made huge fortunes in a few years as a result of Government bounties in the form of mail subsidies.

The president of this company has realized in salaries, dividends, and capital-stock gains the sum of $736,578.85 in 4 years, while his brother, the vice president, has profited to the extent of $1,827,212.40. These fortunes were made from an original investment of $75,000.

The chairman of the board of the Columbian Steamship Co. has realized in salaries, dividends, and capital-stock gains in 10 years the sum of $2,929,299.32. Other officers have profited in proportion to their stock ownership in this company.

The Dallas Steamship Lines paid its president and principal owner $635,493 in commissions for negotiating ship-sale contracts with the Government, although at the time he was receiving a large salary and expenses from his companies.

Through the purchase of ships at a fraction of their value and bounteous mail contracts, these companies made enormous profits, of course, out of the United States Government. One of the companies, with a capital investment of only $500, paid cash dividends of $999,500 in a few years.

Mr. President, if there is anyone who can find anything in the pages of mythology, Alice in Wonderland, or in any other book of phantasy ever published that is any more fantastic than this kind of funny business, I am not aware of it. I do not think there is an institution on earth that is as easy and generous as the United States Government. It is the most astounding spectacle ever presented to the people of this country.

The Dollar companies, which operate on the Pacific coast, received in mail subsidies in the past 4 years $14,300,000; and if the contract continues for the remaining 6 years, will draw $17,000,000 additional. The net profits of these companies for the past 10 years aggregate $13,365,507.39 and have accrued to four men and their families, who own practically all the stock.

I do not know why we should lift our eyebrows and hold up our hands in pious horror when reading of the abuses of the aristocracy under the old regime in France. We are developing a pretty good plutocracy in this country, when men can get away with that sort of business.

The facts I have stated constitute only a few of the matters which have been revealed by the Senate special committee.

In this connection it is interesting to note that, with all the expenditure of public funds to build an American merchant marine, only 57 new ships have been constructed, and, as will be observed from the following statistics, the United States is now at the foot of the list in ship construction and a poor second in tonnage of ocean-going ships.

The standing in goss tons in merchant ships, of the six principal maritime countries in ships of sea-going class 100 tons and over as of June 1933, was:

	Tons
British	21,036,000
United States	9,900,000
Japanese	4,172,000
German	3,883,000
French	3,460,000
Italian	3,080,000

A recent report of Lloyds Register of Shipping contains startling data showing the relative position of the United States in ships now under construction, as summarized in the following table:

Country	Gross tonnage	Percent of total
Great Britain and Ireland	303,762	40.2
France	95,838	12.7
Japan	85,570	11.3
Sweden	71,440	9.4
Holland	40,862	5.4
Denmark	31,970	4.2
Spain	31,924	4.2
Germany	30,300	4.0
Italy	27,076	3.6
United States	14,654	1.9
Other countries	23,356	3.1
Total	756,752	100.0

One would think that the so-called "leading business men", who were able to induce Congress to pass the Jones-White Act, under which $3,000,000,000 worth of valuable property has virtually been given to them for a song, would possess a high degree of sportsmanship. But sportsmanship is subordinated to greed. They want the dollars. One outfit over in Baltimore, called the "Baltimore Steamship Co.", bought beautiful steamers, costing this Government two and a quarter million dollars, for $30,000 apiece, and for hauling even one letter across the ocean that company will get a mail subsidy of approximately $24,000 for one trip. In other words, for hauling even one letter across the ocean they will get nearly as much as it cost them to buy a beautiful steamer from your Government.

One would think that gentlemen who were able to come here and put across such legislation would have enough sportsmanship to suggest at least that the law should provide that in the event our Government ever gets into war they would come to the rescue of the Government by furnishing the boats for a small sum. Not these men. Examine the Jones-White Act; what do you find written in that law? I confess I was dumfounded when I read the act and found what a queer recapture provision these pluperfect, superheterodyne profiteers had managed to slip into that law.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Louisiana?

Mr. BONE. I yield.

Mr. LONG. I hope the Senator means to exclude the Democrats. That was suggested a moment ago.

Mr. BONE. Let us see what the United States Government can do with these beautiful vessels it sold to the Morgan steamship interests, the Baltimore Steamship Co., for one seventh of their cost, in the event we must have them for war use. Bear in mind these are the same vessels we sold at such low prices as to be an outrage on the taxpayers who are sweating under the bonded debt which represents their cost to this Government.

I want you to appreciate fully the brazen gall involved in this program of grabbing ships for one seventh of their cost and then demanding their fair actual value from the poor, old Government if it needs them back for war purposes.

The following vessels—

That is, these vessels which we sold to the bright subsidy grabbers for a song—

may be taken and purchased or used by the United States Government for national defense or during any national emergency declared by proclamation of the President.

Let us see under what condition we can take the vessels that the United States Government has virtually given to these people.

In such event the owner—

That is the fellow we sold it to—

shall be paid the fair actual value of the vessel at the time of the taking, or paid the fair compensation for her use based upon such fair actual value.

There you have it. Patriotism, naked and unadorned.

They get the vessels from the Government for 1½ or 2 cents on the dollar, but the Government, when it gets into trouble, and after having given these people the enormous subsidies they are now enjoying, and which has made huge private fortunes spring up like mushrooms overnight, must pay them the fair actual value of the vessels. And that is the sort of lop-sided, grossly unfair contract we made with the subsidy grabbers—all in the sacred name of patriotism and preparedness.

Mr. President, if there is a Member of the Senate who can justify such an outrage on the American people, who can find a parallel for such practice in private standards of business; if anyone can point out where any greater advantage has been sought and obtained over anyone, except morons, I wish he would point it out to me now. We have courts to protect mental incompetents—the poor old Government can shift for itself.

I have adverted to the matter of ship subsidies, Mr. President, because it is all tied in with the question of war preparedness. We were solemnly assured that creating an American merchant marine was part of the theory of national defense, and pursuing that policy and that theory and for a tiny fraction of their cost, we gave $3,000,000,000 worth of property that belonged to the American taxpayers to private shipping concerns owned by some of the wealthiest men in this world. We gave it to them for 2 or 3 cents on the dollar, on the theory that we were promoting national defense. Not satisfied with virtually getting the capital of their companies for nothing, these same interests came trooping down to Washington or sent high-priced lobbyists, as indicated in the record of subsidies now being written, and walked away with other millions for hauling a small amount of mail. They were not satisfied with having almost the entire capital of their companies supplied by the taxpayers; they had Congress arrange the matter so that the operating costs and nice fat dividends would be provided at public expense. Truly, it is a great arrangement.

On top of that, and as a sort of legislative capsheaf, our own law tells us that if we have the nerve to ask for the use of one of these Santa Claus boats in case the Government is attacked by a foreign power, we will have to give the company 100 cents on the dollar of what that boat is worth at the time we take it over.

Mr. President, I do not think that greed could go further. Greater gall was never exhibited by men under the blue canopy of heaven than is exhibited by the beneficiaries of this law. Poor old Al Capone! Imagine his mortification as he ponders over the fool impulse that drove him into liquor instead of subsidies. He could just as well have been rich and respectable—if he had trotted with the right crowd.

Mr. President, if this Government of ours does not fortify itself against this sort of patriotism, this 290,000-percent Americanism, then God help this Government when another war comes along. When this crowd of patrioteers get through, there will be nothing left.

We have no right to assume that the debaucheries, the saturnalian financial revelries of the last war, are not going to be repeated if we have another one. A $1,600,000 bonus was paid to the head of the Bethlehem Steel Co. at a time when the stockholders had not been getting dividends. Where did that come from? Partly out of Government contracts.

I have a quaint, old-fashioned idea that this Government should not be maintained to enrich a few men, but rather to promote the welfare of all the people, and when I realize that the sort of thing I have been discussing is reflected in outstanding bond issues and in the dreadful burden of taxation we now carry, it becomes vitally important to know whether we are to continue the program as in the past.

The Senator from Maryland [Mr. TYDINGS] said the other day that our Government would soon have to raise $1,600,000,000 a year to pay the interest on the national debt and provide a sinking fund. That is nearly $13 per capita burden on the people of this country. It is due in no small part to this orgy of greed and grab I have referred to.

Mr. President, I very fully share the views of the Senator from North Dakota [Mr. NYE] that the business of private ownership of munition factories presents a serious problem. The Senator from Idaho [Mr. BORAH] was absolutely right about the huge munition rings. As a matter of fact, a French deputy rose in the French Chamber of Deputies and denounced a concern by name over there which had shipped nickel into Germany during the war; shipped it through Sweden, in a circuitous round-about way, and that same nickel was used in making bullets which were shot into the bodies of French soldiers. That is how much patriotism those fellows have. Their patriotism is wholly conspicuous by its absence. It is plastered all over with dollar signs.

I have suggested the necessity for the Government's protecting itself in the building of its own airplanes. That is just merely a part and parcel of what I believe to be a proper and legitimate function of preparedness.

I doubt if anyone can find any legitimate argument against the theory that defense is a national or governmental function. Can there be a twilight zone? Who in this body can say that defense is a private function? If the preservation of the Government by its military and naval arms in time of trouble is a national function, then certainly the major portion of the work of war preparation should be done by the Government. The major phases of preparation for defense should be exclusively a Government function. That theory does not do violence to any reasonable American doctrine. This theory is something that any patriotic American can accept as a decent standard by which patriotism itself may be gaged. For that reason I have suggested not only the amendment with respect to the building of airplanes, but I have one more that I desire to read, and then I am through.

In this connection, Mr. President, I want to say that I hope that the amendment of the Senator from Washington [Mr. DILL], which is as follows—

Provided further, That in making awards under contracts for the construction of vessels in private shipyards, bids may be accepted from shipyards located on the Pacific coast: *And provided further*, That the cost of construction on the Pacific coast does not exceed the cost of construction on the Atlantic coast plus the cost of transportation of necessary materials from the Atlantic to the Pacific—

Will be agreed to.

That simply provides for putting the Pacific coast on a parity with eastern yards in bids on ships, and is in my judgment a very proper amendment, and was in the law, as I recall, in 1916, in somewhat the same form.

I have one other amendment which is, as I indicated in the beginning, not legislation but a mere declaration of public policy. I am well aware that many will not agree with my views about this thing. I am willing to concede that such gentlemen are perfectly honest in their viewpoint. I never challenge any other man's intelligence or honesty in differing with my viewpoint about these things. While so conceding, I think that the experience of this country in time past fully demonstrates the legitimacy of my attack on private profits in war preparations.

The only way that we can put an end to them is to provide yardsticks which make it impossible for greedy men to take advantage of the Government. They will take advantage of the Government if we allow them to do so. If they were satisfied with a legitimate profit, no one would quarrel with them. The trouble is that they are not satisfied with a legitimate profit. They have proven a thousand times that they want the earth.

The amendment I refer to is a declaration of policy. After the provision that at least 50 percent of the ships shall be built in Government yards it is provided—

That the Government shall, insofar as practicable, develop its navy yards, arsenals, and other plants and facilities to the end that it may—

(a) at all times hereafter be able to construct, maintain, and repair its authorized vessels and naval equipment;

(b) as speedily as possible become self-sufficient in time of war; and

(c) insofar as may be possible, eliminate private profit in war and in the preparation therefor.

I submit that this is good, wholesome American doctrine, and it would take from this bill much of the odium that attaches to it in the eyes of a lot of mighty clean, fine people in this country if we adopt this declaration of our intentions.

There is a great deal of opposition to the bill. I sincerely believe, Mr. President, that much of the opposition that rises in the hearts of the people to this sort of thing could and would be eliminated if the element of private profit were taken out of war and preparation for war, so far as we can do it. To that end, when the time comes for a vote on my amendments, I am going to ask for a favorable vote on the amendment which I have just read.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. BONE].

Mr. TRAMMELL. Mr. President, in regard to that amendment, I suggested to the Senator from Washington

that I should be glad to accept it if he would change the word "all" in line 21, page 2, to the words "not less than 25 percent." That is the feature that deals with the building up of our present inadequate facilities for aircraft construction to a point where we may utilize those facilities. It occurred to me that we should have, at least, that much latitude by not requiring at the present time an excess of over 25 percent of the aircraft to be built by the Government. You see, at present the Navy has practically no facilities with which to build airplanes. It will probably take the Navy Department, under the orders of the President, 2 or 3 years even to reach 25 percent unless there are many millions expended within the next few moments for aircraft plants. I am in sympathy with the policy of the amendment.

The PRESIDING OFFICER. Does the Senator from Washington accept the amendment to his amendment?

Mr. NORRIS. Mr. President, I should like to ask a question so as to understand the proper parliamentary situation. I listened to the reading of the amendment of the Senator from Washington. I was struck with the idea that it was the same amendment as that offered by the committee. Is there a difference between the two amendments?

Mr. TRAMMELL. The committee proposed an amendment requiring the construction of as much as 50 percent of the vessels authorized by the pending bill in navy yards and plants which the Government now owns. The amendment of the Senator from Washington deals more particularly with aircraft construction.

Mr. NORRIS. I understand the difference.

Mr. TRAMMELL. The amendment of the Senator from Washington has to do with aircraft construction; and the idea is to have the Government enter into competition in the building of its own aircraft, which I think is a very commendable purpose.

Mr. BONE. Mr. President, may I intrude at this moment to say that, as I understand, the amendment suggested by the Senator from Florida [Mr. TRAMMELL] limiting profits on construction of vessels authorized under this bill to 10 percent, has been adopted?

Mr. TRAMMELL. That amendment has been adopted.

Mr. BONE. So there remains only the amendment I am suggesting in regard to the building of naval aircraft and providing a declaration of public policy?

Mr. TRAMMELL. They are two separate amendments.

Mr. BONE. Yes; they are two separate amendments.

Mr. TRAMMELL. We have before us now, as I understand, the amendment in regard to the building of aircraft in Government plants.

Mr. BONE. That is correct.

Mr. TRAMMELL. Mr. President, as chairman of the committee I feel authorized to accept the amendment of the Senator from Washington with the change I have suggested, so that the amendment will provide that not less than 25 percent of the aircraft shall be constructed in Government factories. The reason for that suggested change is that we have now no facilities, and that the President, under the provisions of the proposed act, will have to acquire and build up the facilities for the construction of aircraft. The administration thinks they will have to have a little time in order to do that, and, of course, that is true. This amendment contemplates that ultimately all aircraft shall be constructed in such Government plants, but we have not now the facilities, and it is impracticable to do that at this time.

Mr. BONE. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. BONE. May I call attention to the amendment itself?

The PRESIDING OFFICER. Does the Senator from Washington accept the amendment to his amendment proposed by the Senator from Florida?

Mr. BONE. Mr. President, the amendment is in line 21, on page 2, where it is suggested that the word "all", the last word in the line, shall be stricken out and there shall be substituted the words "not less than 25 percent."

The PRESIDING OFFICER. Does the Senator from Washington accept that amendment?

Mr. BONE. I will accept it.

The PRESIDING OFFICER. The Senator from Washington modifies his amendment. The question now is on the amendment of the Senator from Washington, as modified.

Mr. KING. Mr. President, I inquire of the Senator from Florida whether the amendment is compulsory, or does it merely give discretion to the President?

Mr. TRAMMELL. The amendment begins by providing that not less than 50 percent of each succeeding lot of aircraft, and so forth, shall be constructed in Government plants.

Mr. KING. That would be compulsory.

Mr. TRAMMELL. And the question having been raised that that is impossible and impracticable, because the Government does not have facilities, and on account of the enormous cost of providing factories, and so on, the requirement has been changed so that, if the President shall find that he cannot comply with the 50 percent requirement, he then has the discretion to so state, but then he shall proceed immediately and expeditiously to build up our present plants—we now have only one and it is rather antiquated—and to acquire other plants and facilities for constructing at least 25 percent of the necessary aircraft. That provision is really mandatory. The original provision, however, for 50 percent Government construction, which was also mandatory, is transformed into a discretionary provision to provide for acquiring facilities for at least 25 percent of the construction. That is the way I understand it.

Mr. BONE. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. BONE. In the interest, perhaps, of better grammar in the amendment, and also because it might look a great deal better, I suggest, on page 1, line 4, that the provision should read:

> That not less than one quarter or one fourth of each succeeding lot—

And so forth.

In other words, if we are going to confine it to 25 percent in the end—if that is all we are going to have—there is no use in insisting on more in the beginning. Of course, personally I should like to see all aircraft for the Navy built in Government plants, but if we are going to provide in the end that not less than 25 percent shall be so constructed, we might as well start out with the provision of not less than 25 percent.

Mr. FRAZIER. Why not strike them all out?

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Utah?

Mr. KING. I will not interrupt the Senator, if he desires the floor.

Mr. TRAMMELL. Mr. President, I suggest further that, in order to conform to the amendment which we have already agreed to in line 4, page 1, the words "one half" should be stricken out and the words "25 percent" inserted in place thereof.

The PRESIDING OFFICER. As the Chair understands, the Senator from Washington agreed to the Senator's amendment striking out, in line 4, the words "one half" and inserting "25 percent."

Mr. TRAMMELL. As I understand, the Senator from Washington agreed, with the understanding, of course, that I, representing the committee, am free to accept it, because I am certainly in favor of the policy of the amendment. I merely made those suggestions to try to make the amendment workable.

The PRESIDING OFFICER. Does the Senator from Washington accept the last amendment suggested by the Senator from Florida?

Mr. BONE. I accept the modification, Mr. President.

Mr. KING. Mr. President——

Mr. TRAMMELL. Mr. President, if the question is not going to be put now, I desire to say a few more words. I thought we were about to vote on the amendment.

Mr. KING. Then, I shall not seek the floor at this time.

Mr. TRAMMELL. Mr. President, I have had very little to say during the discussion since the bill has been pending and I may also add that others have had very little to say in regard to the bill or its real merits. The discussion has gone afield on practically every subject known under the canopy of the sky and the bill itself has not been very much discussed. Of course, I mean that as no reflection upon the Senators because, under our rules, they have a right, under the provision for unlimited debate, to talk about anything they wish.

Much has been said in regard to corrupt practices and excessive profits which have prevailed in connection with purchases by practically every governmental activity, and that situation has been used as a reflection upon the question of—what? The question of building up the Navy to treaty strength. It is no more reprehensible to anyone in the Senate than it is to myself that there have been those who have filched from the Government, who have preyed upon it in time of war and in time of peace.

Feeling that way, I was ready to join with other members of the Senate committee in the preparation and presentation of the amendment which has been sent to the desk, and which has already been adopted, seeking to limit the profits on the construction authorized under this bill. That has been the very object and purpose of the principal amendment which the Senate committee has proposed. We worked it out as best we could, and no Senator has suggested any change in the amendment which seeks to limit profits to not exceeding 10 percent. From the figures and the statistics which have been given, that seems to be quite a reduction over the profit which heretofore may have been derived in certain instances at least. We have offered that amendment, which has been adopted, as an earnest effort to try to get rid of corrupt practices and excess profits about which a number of speakers have complained. To that extent we have remedied, as far as we can through legislation, the matter of excess profits, the matter of excessive returns which have been made by shipbuilding plants in the past.

Personally I do not have to come down to quite as recent time as the present to define my position on the question of excess profits, and my opposition to and condemnation of those who would prey upon the Government in time of peace or in time of war. It so happens that during the period of the war I submitted an amendment to curtail profits, to drive from membership upon the Council of National Defense and other governmental agencies those who had interests which they might have sought to promote by virtue of their quasi-official positions.

I am heartily in sympathy with the idea of the Senator from Washington [Mr. BONE]. I am in sympathy with the condemnation which has been heaped upon those engaged in the aircraft industry and every other line of industry where they have taken advantage of the Government.

Mr. LONG. Mr. President——

Mr. TRAMMELL. We have sought in this particular bill to try to correct that condition so far as the Navy is concerned in relation to the work to be undertaken under the provisions of the pending bill.

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. I do not know what the Senator is going to say, but I have only 10 minutes, and the Senator has already made several speeches on subjects foreign to the pending bill.

Mr. LONG. I want to ask one question on this subject. Will the Senator allow me to ask him a question?

Mr. TRAMMELL. I yield for a question only, but not for a speech.

Mr. LONG. When the Senator was speaking about aircraft fraud I was wondering if the Senator had secured any information on just how the loss involved in the fraudulent contracts that were canceled is to be or has been saddled on the backs of the innocent public by secret knowledge or convenient information being given to fraudulent operators in advance, as was done the other day? I thought we were taking money from people who were manipulating the fraud, but it seems they received the information in time to save themselves from losses——

Mr. TRAMMELL. Mr. President, I decline to yield further. I am not familiar with the details of the matter to which the Senator is referring. The Senator has probably made the discovery himself, with all his alertness in keeping up with matters of that kind. I cannot be expected to be as well informed as he is on that subject.

I revert to the fact that the situation in regard to unreasonable profits and fraud in connection with aircraft, ship subsidies, and other Government affairs, is scarcely a matter to be submitted as a legitimate argument against the bill now before us in its present form. The committee is doing and has done the best it could to try to prevent such practices in the future in connection with the contracts that are to be made for naval construction. The bill provides for building the Navy up to treaty strength only.

When we met in conference and our representatives and the representatives of other nations agreed upon what should be the strength of the navy of each nation, respectively, I take it that they thought at that time, and the nations afterward indicated that they thought so when they approved the treaty through their proper legislative tribunals, that that limitation was the strength to which they should be allowed to build. In this country we intended to build up to treaty strength. It is useless to discuss the question of how we were outwitted, as I believe, in the Washington Conference when we destroyed so many of our splendid vessels and the other nations did not make anything like the sacrifice that was made on the part of the United States.

It is thought by some that preparation is almost a declaration of war. I do not so construe it. It has been said that the people in their aggregate as nations represent only the sentiments and the views of the individuals. I have never been favorable to the idea of arming one's self personally, yet there are times when that would seem rather essential. My belief is that while this country wants to maintain peace, our purpose and our idea to maintain peace should not involve laying down helplessly, should not involve going without some provision for taking care of ourselves if it should become necessary as a matter of defense. Some may believe to the contrary. In communities where there are disturbing elements, as a rule, I have never seen a person so peaceful that he protected himself by that very attitude of peace on his part. In rough communities, communities of outlaws, those who seem to be of the aggressive fighting type, the peaceful man of lamblike tendencies usually before very long is run over roughshod.

I would not say that would be true if our Nation were not equipped at all for war-defense purposes, but it does occur to me that the sensible logical thing for the American Nation to do is to equip and maintain a reasonably efficient and capable navy instead of saying that we will fold our hands and do nothing and let all the other nations build all the ships they wish and make all the preparations they wish for war, but that we feel confident, because of our peaceful policy, that everything will be lovely and go well with us. That is what will result if we keep on letting the Navy deteriorate instead of building it up to treaty strength.

The PRESIDING OFFICER. The time of the Senator from Florida on the bill has expired.

Mr. TRAMMELL. Then I will continue for 10 minutes on the amendment.

Mr. President, we have under construction at the present time 32 of the ships already authorized, and the pending bill authorizes about 20 more.

Mr. FRAZIER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FRAZIER. Has not the Senator from Florida spoken for 20 minutes?

The PRESIDING OFFICER. The Senator from Florida spoke 10 minutes on the bill and has 10 minutes additional on the amendment.

Mr. TRAMMELL. I have 10 minutes more on the bill?

The PRESIDING OFFICER. Ten minutes more on the amendment. The Senator from Florida has utilized all of his time on the bill.

Mr. TRAMMELL. Very well. It has been advocated by the Navy Department and by the administration that we should have a regular systematic program of building up to treaty strength instead of a spasmodic building. That has been the case heretofore. Sometimes we would build no vessels for 2 or 3 years, and then we would have a spurt of building and a very large sum of money would be expended within probably 2 years for naval construction. For a 10-year period the expenditures have averaged about $38,000,000 annually. Under the provisions of the bill now before us we would go along systematically over a period of about 7 years. The cost has been variously estimated to cover a period of 7 years, and not merely a period of 1 year. It is estimated that from $590,000,000 up to something less than $1,000,000,000 is involved which is thought excessive. Of course, the latter estimate has been placed upon it by some of those who are opposing the measure.

The best information that has been obtainable, however, is that the construction will cover a period of about 7 years, and that the cost probably will run something like $750,000,000, at the rate of ninety-odd million dollars a year. That is including the aircraft program, the ships, and all the other elements involved in the plan of construction.

I look upon this as a measure of peace, not one to encourage war. The foreign nations that were in the conference with America recognize the fact that we have a right to have this number of vessels; that it is only proper that America should have this strength in its Navy; and yet a few Americans think that we should have an inferior strength, inferiority to the nations who made these agreements with us.

On the question of peace or this being a step looking toward war, did not America show its disposition to bring about peace when we went before the conference and made the sacrifices that we did at that time in scrapping modern, first-class American ships? Has not this Nation all along, and especially at the present time, under our very capable and peace-loving President, shown that it is the desire of America to do all possible to reduce armaments, and to take every possible step to maintain peace in our country and among the nations of the world?

We are not responsible for the warlike spirit that animates other nations; but, as a great world power, we have to consider it in formulating our American policies. I think, and the administration thinks, as I understand, that building up to treaty strength will help in the future to bring about a greater reduction of armaments, to bring about measures that will be more conducive to peace and to the discontinuance of war in the future.

It is upon that basis and that belief that this bill is before the Senate, and not with any idea of doing anything that will disturb the peace of the world, or bring about any enmities on the part of other nations. I am sure America is friendly, and wants to be friendly, with all other nations. The pending measure indicates no other sentiment. Nor is it contrary to a policy of peace, but to the contrary I believe its influence will make for peace.

Other than the desirable policy embraced in the bill, it may well be remembered that it is a measure that helps to take care of the unemployed. Figures show that about 85 percent of all of the money expended through the Navy Department for construction purposes goes for the pay of labor, directly and indirectly. Probably 50 percent of the funds required under the pending bill would have to go to take care of the unemployed in other directions if not used in this way. Thus it may be reasonably said not more than $400,000,000 additional funds spread out over 7 years is required on account of this Navy construction program.

Mr. LEWIS. Mr. President, I desire at this moment to enter some observations touching the pending Navy bill. I dare say that I am quite at variance with Senators on both sides of this Chamber, and possibly I shall find myself at variance with those in authority within what might be called my own administration.

I am not without some small experience touching the status of the Navy in its relation to this, our America. I served on the Naval Committee as a Member of the House of Representatives. I served on the Senate Naval Committee as a Member of the Senate in the Wilson administration prior to our entering the World War. I have had occasion to discuss the Navy, and to observe the Navy from the point of view of one interested in it as a matter of national proceedure and international relations.

I have observed these Senate bills coming forward each year for passage, meeting with similar opposition as we have today on the part of well-meaning, beloved citizenship who have felt that by reducing the Navy we should reduce the prospects of conflict with nations and avoid war. I wish such were true; but history records that in each instance where the necessary strength of defense has been reduced, assaults from opponents have consistently followed.

Mr. President, I wish to have it understood that I am at variance with others in that I am opposed to any kind of an arrangement on the part of this country that brings America into an alliance by which other nations shall have a right to dictate to this, my country, what form and manner of defense she shall have against the assaults of her foes. I cannot accept as a principle the idea that we shall assemble with other nations who, in the very nature of things, at any time may be called on to be our antagonists, and perchance our enemies, and that they shall have the privilege of writing us down as to the limitations, as to the number of ships, the quality of ships, the quantity of defense, and the method and manner in which the United States of America shall defend herself in the event of a conflict calling for that necessity.

We never have entered into one of these arrangements that has been kept in entire good faith. There is not now one existing that is being complied with or lived up to by any of the nations involved. I regret to say I must include my own Nation in this impeachment. The nations may not intend, sir, to violate the treaties, and it may be that they have good faith in entering into them; but it is the subsequent events which intrude themselves in the affairs of the world that compel the changes. Since these events will transpire, we are compelled to adopt the philosophy that Shakespeare puts into the mouth of Cassius in Julius Caesar:

> But since the affairs of men rest still incertain,
> Let's reason with the worst that may befall.

We trust there will be no war, Mr. President, but every conflict that has ever existed while I have lived has always followed the assurance to the public that there never would be another war, and ever followed with a dire conflict.

The world at present, sir, is in great turmoil, not one nation trusting another; and this, my country, truth must compel me to say, has not one real friend among all the nations of the world. We need not pause to consider whether that is born of the international debts or of the rivalry in commerce. It is sufficient for us to recognize the plain truth.

I take it, sir, and I urge upon my brethren in the Senate to contemplate this view, that we seek economy in the defense of our country. We wish to reduce the Army to the very lowest grade that the necessary defense of our country will justify. Sir, the manner in which to reduce an army in a country such as is ours is to prepare an efficient navy. Any assault that may come upon America as to which we need have fear or deep concern as to its result will be that which will come upon the coasts, for there only can these countries of Europe or Asia assail us. If there shall arise within our land some conflict among our own people, we have a way of meeting that. It does not terrorize us, and we do not fear the results to be disastrous to the Nation; but if we are able to meet attack upon the coasts, and if our Navy be sufficient to prevent any nation from assailing us, we thus protect ourselves from war, and we make un-

necessary a very large standing army; for they that would assail us, where a standing army might be required in very large numbers to oppose them, never can land. The Navy protects us against the invasion, and guards us against the assault.

Therefore, as a measure of peace, but more important, sir, as a measure of economy, for the reduction of the Army, an efficient Navy is essentially the agent.

Mr. President, we speak of peace. I behold around me my brethren Virginians who recall the line of Patrick Henry, when, quoting the source, he used the famous expression:

Gentlemen may cry peace, peace, but there is no peace.

Shall America close her eyes to the fact that all around her is conflict? That in truth here and there there is a little less open antagonism and explosions of assault. Do we not see that in no country of the world is there complete peace in the hour wherein we are speaking?

What assurance has America from any source of power that she is to be exempted from that which has befallen every other nation, particularly as she rises to power in finance and commerce as this, our land, has done? When has a conflict between nations not arisen as the result of the power of finance, trade, and commerce?

I regret to confess to this honorable body that it is my knowledge and my belief, of course, sustained by that knowledge, that the last Great War was a war of commercial rivalries. It was a war from trade jealousy. With whatever beliefs the propaganda succeeded in investing the public mind about a war for democracy, or a war for justice, or a war for liberty, truth eventually, sirs, must record that the war was brought on by the rivalry of nations for the maintenance of supremacy in trade and in the dominance of commercial wealth.

Do you fancy that the spirit of that nature has come suddenly to termination? Has there been any religious revival anywhere in the world that has converted our fellow mankind by which we can feel that we are to be an exception in the future from that which we have endured in the past? Shall we behold the Orient in its situation threatening conflict with the world at any hour, or assuming to have to oppose it? Shall we behold this and not realize that the very first land that will be the victim of these conflicts, if they cannot be warded off, will be this, our America?

The PRESIDING OFFICER (Mr. BACHMAN in the chair). The Senator's time on the amendment has expired.

Mr. LEWIS. Mr. President, I was out of the Chamber and did not know that a limitation had been fixed.

The PRESIDING OFFICER. The Senator still has 10 minutes on the bill.

Mr. LEWIS. I will not desire that much time. I then hasten to conclude. Here I assert that I cannot for myself concur in the thought that this Government shall ever again assemble with any people, any nation, anywhere, vesting the privilege on the part of other nations to write down the limitations of the defense of this country of itself as against a foe or assault.

As we do not seek war against any country, and as our object is only to defend ourselves against any country, to America alone must be left the sense as to what measures and methods should be just to herself and of protection to her people.

Mr. President, I have occupied this floor from time to time in calling attention to how this country has been mulcted, literally trapped and tricked in the different international negotiations between ourselves and the other nations of the world, sometimes in these events, called commercial alliances, economic conferences, disarmament meetings, financial interventions. What has been the result? There has not been one out of which America has come forth where she can claim victory, or even equality of result, or even-handed judgment.

Do we learn nothing? Are we going to continue the course by ourselves which defeats ourselves? Are we not conscious that other countries are not in duty bound to us to preserve us? They owe us no obligation to watch our welfare. Their lights are not burning to guide along the thoroughfares of civilization this, our Nation, in peace or prosperity.

Shall we not, then, pause at a time like this, surrounding the world, to realize that the hour has come upon America when she must be wholly American, and if a Navy such as is presented here by the bill is one regarded by those in authority, after investigation, as essential to the defense of America, there ends the inquiry. We may proceed to supervise the investigation, but here we point and here we state that the hour has come when, in the language of Mr. Webster, our people should be "for our country, for our whole country, and, first and last, for this, our country, our America." I support the bill for a navy for adequate defense and complete security.

Mr. LOGAN. Mr. President, if by my vote I could bring the nations of the world even 1 inch toward universal peace, then I would cast my vote so as to bring about that result. It seems to me that the course we have pursued during the last few years has brought us into a position among the nations of the earth which requires us to take careful note of our national defense.

If we have decided—and it seems to me we have—that America must be self-contained, that she must be self-sufficient, that she will depend upon economic self-sufficiency, then it follows, as a matter of course, it seems to me, that we must be prepared to protect America to the fullest extent against the other nations of the world.

This is not something that has come upon us all of a sudden. It is a course that has been followed for many years. I undertake to say, if I correctly read history—and I believe I am familiar with history—all through the ages it has been true that a nation for its protection must depend upon armament or allies. Armament, perhaps, is not so good protection as allies, but we have no allies. We have determined that we will have none, and if we will have no allies, I think we necessarily must have armaments.

It is true as an historical fact, I believe, that the nation with allies, when in combat with a nation having only armament, wins finally over the nation depending solely on armament. But, as I have said, we have determined that we will have no allies, and if we have no allies, there is nothing else for us to have save armament.

It further seems to me that we as a nation must either build a wall or else we must build bridges. We have decided that we will not build bridges. We had presented to us the question of the League of Nations, and we decided that we would build no bridge in that direction. Then the question of our entrance into the World Court has been pending a long time, and apparently we have decided we will not build a bridge in that direction. A nation, as I have said, must build bridges for friendly intercourse with other nations, or, if it does not do that, it must build a wall. We have decided that we will build no bridges. Then it follows that we must build a wall, and if we must build a wall, that means that we must have a navy that can protect our shores.

Mr. President, I am against war. If I could do anything to silence every gun on every battlefront throughout all the future ages, if I had the power to do it, it would be a proud moment when I could take the step that would bring about such a condition. If I could make it possible that battleships should never be called into use, that no nation should ever resort to them, if I could destroy every battleship in the world today, I would gladly do so, and I would prevent the building of another at any time if I had the power. But I do not have the power, and this Nation does not have the power, and we cannot disarm in the face of a hostile world. While the world goes on preparing for war, which we hope will never come, when it is at least ready for war, we cannot sit idly by and change the future. We must be prepared, and that necessity grows out of the road we have traveled. We have pursued a course which makes it necessary for us to be able to protect our rights in every eventuality.

It has been suggested by an able Senator today that munition manufacturers would richly profit by reason of the enactment of a bill such as the one before us. Perhaps that



is true; but if it be true, it is our fault. If the munition manufacturers are seeking to bring this Nation into war, then, as compared to them, Judas Iscariot would be a gentleman, and they ought to have decency enough to commit suicide, as he did. On the other hand, if they persist in a course of agitation that brings our Nation toward war, or that even has a tendency in that direction, Congress is very derelict in its duty if it does not take some step that will prevent their following such a course; and I sincerely trust, regardless of what other Senators may think about it, that the resolutions referred to by the Senator from North Dakota [Mr. NYE] and the Senator from Michigan [Mr. VANDENBERG] may be adopted, and that at an early date.

We ought to have the power, we do have the power, if we have the courage to exert it, to prevent profits in the manufacture of munitions of war, and it is our duty as a part of the Congress of the United States so to do.

Mr. President, I know that there is a great propaganda being disseminated throughout this country against building a navy. Those who do not think advocate such a course. Those who are of the opinion that we are secure advocate such a course. But they do not know; they have not given consideration to the subject.

I have a passion for peace. I believe that we ought to be able to find some way to preserve the peace of the world. I have always held to the view that some instrumentality, some tribunal, should be set up somewhere that would prevent resort to arms between the nations of the earth when there was a disagreement. I have always believed that men should be wise enough to devise some way to settle their difficulties without resort to arms, and I believe the day will come when that will be brought about. I believe that at some time men will be wise enough to say that there shall be no more war. But the time is not here. The world is still seeking to preserve peace by equipping armies and building ships. It may be that that is the wrong way. It may be that we are to be censured because we cannot find a better way; but that is the only way we have; and much as I dislike war, much as my heart longs for peace, and much as I look for the day when peace may be provided intelligently, I believe it would be very unwise indeed that we should lie supinely on our backs while the world becomes an armed camp against us.

Mr. HALE. Mr. President, House bill 6604 is to all intents and purposes substantially the same bill that the Senate enacted some 2 years ago. It authorizes the bringing up of the Navy to treaty strength, and it also authorizes, as the former bill did not, the building up of the airplane strength of the Navy to a figure which shall be commensurate with its ship strength. The bill of 2 years ago died at the close of the session as the House took no action upon it.

The pending bill authorizes the building of the ships and airplanes necessary to attain to treaty strength; in other words, that strength which our naval and other advisers have decided we need relatively to the other sea powers of the world. This relative strength our delegates to all disarmament conferences have at all times insisted upon. To secure an agreement as to relative strength, we, far more than any other naval power, have had to sacrifice existing ships and the building of types of ships especially adapted to our naval needs.

Since the Washington Treaty in 1922 we have sought, by not building up our Navy, to influence other countries not to build up theirs. Our example has not been followed.

While up to 2 years ago we had built but very few ships since 1922, all of the other great naval powers had materially improved their naval armament during the same time by adding new ships and by replacing worn-out ships with modern up-to-date vessels.

Battleships, under the Washington and London Treaties, we may not build or replace, so this bill makes no specific provision for them, although under its general terms, should a later treaty agreement be made affecting battleships and battle cruisers, the provisions of this bill would be extended to ships of this class.

Aircraft carriers and cruisers, both 8-inch gun and 6-inch gun, we have very well provided for through the annual appropriations and through the money obtained from the Public Works appropriation, but in destroyers and submarines we are far below our treaty allowance.

At the close of the war we found ourselves, due to the demands of our allies for destroyer protection against submarines, with a very great number of destroyers either built or contracted for before or during the war, and we still have some 280 of these old vessels in our possession. This year the newest of these destroyers becomes over-age under the terms of the London Treaty. There is still left considerable usefulness in these old destroyers, but with their smaller guns, lesser cruising radius, and inferior seagoing efficiency in rough weather, they are in no way to be compared with the destroyer of these later days.

As I have said, all of these old destroyers of ours are of pre-war design. Until 2 years ago no new destroyers had been laid down since the Washington Treaty in 1922. Within the past 2 years 32 modern destroyers have been contracted for and 8 have already been laid down. Our treaty quota is about 90 destroyers.

In submarines we have 80 vessels, but of these, counting those now in process of construction, only 24 will be under-age at the close of the year 1936, when by treaty agreement we must destroy any surplus tonnage that we have over and above the 50,700 tons allowed us under the London Treaty. This will mean that we must destroy before the close of the year 1936, 39 of our older submarines.

In the same way in the destroyer class, where our treaty quota is 150,000 tons, we shall, under the London Treaty agreement, have to destroy some 160 of the old destroyers.

Unless additional ships, therefore, are built, our Navy on December 31, 1936, will consist of the following ships, built and building:

Capital ships, 15, of 455,400 tons; 7 over-age.

Seven of these ships will be over-age, but as the same will apply to the capital-ship quota of the other powers, that is not a serious defect.

Aircraft carriers, 6, of 131,300 tons.

Cruisers "A", 18, of 172,650 tons (including 1 provided for in the appropriation bill which has recently passed the Senate).

Cruisers "B", 17, of 140,500 tons (including 3 provided for in the appropriation bill which has recently passed the Senate).

Destroyers, 123, of 150,000 tons; 32 new destroyers, of 50,800 tons; 91 old destroyers, of 99,200 tons.

Submarines, 24, of 32,270 tons, new and not over-age; 25, of 20,430 tons, over-age.

So, except for the ships now building, which will come into commission before the close of the year 1936, we shall at that time, under the treaty requirements, scrap all tonnage in all classes of ships over and above our treaty quotas, be in a far weaker condition in case of hostilities than we are at the present time.

We might take care of our lack of modern destroyers at the present time, should hostilities occur, with our overabundance of old destroyers which still have some fighting value, but we shall not have these vessels after 1936.

In the same way we might utilize our overabundance of old submarines but, as in the case of destroyers, not after the close of the year 1936.

Our Navy, while it will be well provided with battleships, airplane carriers, and cruisers, will be deplorably weak in destroyers and submarines, both integral and necessary parts of the fleet, and we shall be very much in the position of a man who has a new, expensive, high-power automobile with two weak tires on the front wheels.

We have got to have new ships if we are to keep up our Navy. No navy lasts forever. Under the terms agreed upon in the London Treaty, aircraft carriers and cruisers are allotted an under-age life of 20 years, destroyers of 16 years (except those laid down before 1920), submarines 13 years. During these terms, these ships unless destroyed may not be

replaced. Granting an average life of 20 years, and the average would be very considerably less than that, a fleet must in its entirety be replaced in 20 years if it is to be kept up to full treaty strength.

The cost of replacement of an entire treaty navy, based on the cost per ton of each class of ship, taking the figures that were in existence before we went off the gold standard, would be $1,747,000,000 or an annual replacement cost of ninety-six-odd million dollars.

The PRESIDING OFFICER. The Senator's time has expired on the amendment.

Mr. HALE. I will now speak on the bill.

Leaving out the battleships, which under the terms of the Washington and London Treaties, we cannot replace, the annual cost of replacement of so much of our Navy as would constitute a treaty navy, would be sixty-eight-and-one-half-odd million dollars. Our annual expenditures for this purpose in the 10 years following the Washington Treaty has been less than $40,000,000, or more than $26,000,000 a year below what the cost of replacement of a treaty navy would be.

Mr. BONE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Washington?

Mr. HALE. I yield.

Mr. BONE. I know the Senator is reciting some of the figures that were discussed in the Naval Affairs Committee. I wonder if the Senator can tell us approximately how much it will cost, or give us at least some rough idea of what it will cost, to maintain the Navy if it is built to treaty strength. I think perhaps most of us would be very much interested in those figures.

Mr. HALE. I did not get the last part of the Senator's question.

Mr. BONE. My question was whether the Senator can tell us how much it will cost to maintain the Navy after the proposed building program shall have been completed, with the necessary replacements, and so forth.

Mr. HALE. Does the Senator mean the cost of building or actually maintaining the Navy Department, with its personnel and everything?

Mr. BONE. I mean the cost of the maintenance of the Navy.

Mr. WALSH. Mr. President, the Senator wants to know what would be the annual increase in appropriations in order to maintain the Navy.

Mr. BONE. I should like to know the annual increase in appropriations to maintain the Navy; yes.

Mr. HALE. I do not think I can give that information. No one knows what the personnel of the Navy will amount to after the ships shall have been built.

Mr. WALSH. There will be a substantial increase.

Mr. HALE. There will be a substantial increase over what it is at present. Up to this time, however, we have not spent what we should in replacing the ships of the Navy. That is the reason why we have to go to this large expense in the next few years.

Obviously, if the Navy is to be replaced within a given term and the average annual replacements for the first half of the program are under the requisite average for the total replacement, the deficit must be made up and much larger appropriations are required in the second half of the program.

Had the other powers kept on with their old ships and not replaced them when they became over age, we could well do the same thing and still maintain our relative strength; but as it happens Japan will wind up the year 1936 within some 3,000 tons—or less than one half the tonnage of one small cruiser—of her maximum allowance of modern, up-to-date ships; and Great Britain, though unless she speeds up her building program she will not be up fully to her treaty quota by 1936, will be far better off than we are and with more than twice as many modern destroyers as ours and with half again as many modern submarines; her shortage in under-age ships will not fall almost entirely on two classes of necessary ships, as does our own.

If we are to maintain our relative strength, we have got to spend money on our Navy; and this bill, while it does not appropriate, does give the necessary authorization to do so.

I sincerely hope that the Senate will enact the bill.

Mr. WALSH. Mr. President, there are some features of this question I should like to have made clear for the RECORD. A short time ago a statement was made that the armies and navies of the great powers were greater today than ever before. The statement was challenged, and I took occasion to write to the Chief of Naval Operations to ask his judgment and opinion as to the accuracy of that statement.

His reply is as follows:

I would say that the statement is substantially correct excepting, of course, the World War period when all navies were augmented both by building and conversion of merchant ships. At the close of the war many of these ships were obsolete and would have been scrapped in a few years in the natural course of events even without the agreement to do so at the Washington conference.

It is well known, of course, that the then existing capital-ship tonnage was greatly reduced and is now limited, but what is not generally understood is that in all other categories the so-called "limitations" have not yet had any real effect. This is due to the provision of the treaties that new ships may be built as replacements but the old ones that they are to replace and the excess tonnage over the treaty allowance need not be scrapped until 1936. As a result all countries now have a considerable excess over the treaty allowances in cruisers, destroyers, and submarines, except the United States has none in cruisers.

That all countries have steadily increased their navies since the Washington conference is readily seen from the following figures which show the number and tonnage of ships laid down or appropriated for since January 1, 1922.

Now, mark you, the Washington Conference was called for the purpose of disarmament. It was the hope of the peoples of the world that the crushing burden of militarism, which they felt so keenly during the World War, could be and should be lifted from the backs of the taxpayers of the world, and the Washington Conference was the first opportunity of a world-wide character and nature to vocalize the aspirations of the people for disarmament of naval craft. All the world hoped and prayed that the result of that conference would be beneficial in lessening and reducing this burden.

Before reading the figures which the admiral gave me, let me read the figures between the Washington Conference and the Geneva Conference, because, as we all know, following the Geneva Conference, our country realized, under the able and astute leadership of Mr. Coolidge, who had been for disarmament, in fact, up to that period of time, the folly of our attitude, and he came before Congress with a proposal that shocked the country, in view of his preachments for disarmament, by asking for money to build, in one fell swoop, 16 cruisers.

But, let us see how the statesmen of the world proceeded to carry out the desires and wishes of the people for disarmament after the Washington Conference.

Following this conference in 1922, and up to January 1, 1929, the great powers of the world laid down and appropriated for a naval expansion of the categories outside the treaty as follows:

Japan, 125 naval vessels; Great Britain, 74 naval vessels; France, 119 naval vessels; Italy, 82 naval vessels; the United States, exclusive of small river gunboats, 11.

This furnishes conclusive proof that we were the only nation in the world to interpret the spirit of the peoples of the world for actual and substantial naval armament reduction. We actually stopped building naval craft. No other nation followed our example.

Mr. President, I wish at this point to insert in the RECORD the figures furnished me by Admiral Standley as to the number of and the tonnage of ships laid down and appropriated for since January 1, 1922, up to date (1934):

United States, 74 ships of 330,980 tons.
British Empire, 170 ships of 453,415 tons.
Japan, 188 ships of 482,962 tons.
France, 200 ships of 508,328 tons.
Italy, 147 ships of 298,971 tons.

He adds:

During this same period the scrapping of ships has been almost negligible except for those capital ships specified by treaty to be scrapped.

Another factor generally overlooked is the growth of naval aviation which was practically nonexistent during the war and has now added greatly to the strength as well as the size of the world's navies.

This letter, if it means anything, means that the navies of the world today are larger than ever if we eliminate the naval craft that were developed in the World War as a result of the conversion of merchant ships.

Mr. President, there can be no consideration of the question of national defense or of naval strength with the elimination of the question of whether or not a nation has a merchant marine. There can be no serious differences in the measure of navies of a country unless we consider at the same time naval aircraft. In both of these we are inferior.

Mr. President, we have had three disarmament conferences, namely, the one at Washington, the one at Geneva, and, lastly, the one at London. Different constructions may be put upon those conferences, but, as I interpret and read the results of the last conference, it is my judgment that one of the reasons why steps toward actual naval disarmaments were not taken was because we went to that conference with an inferior Navy; we were in no position to make sacrifices and surrender any of our existing Navy in comparison with the sacrifices that we would have had to ask and would have required of other nations that had very much larger navies.

I am one of those who are convinced that the real movement toward disarmament in the world will begin the day when we meet at conferences with the great powers with a navy equal to theirs, and theirs equal to ours, and we may then say, "Let us talk no more about new ships and new naval craft. How many of your ships are obsolete and how many of our ships are obsolete? Let us build no more; let us build no more." We have never been in a position in any of these conferences to make any such assertion or to take any such position. Our position has been, "We are inferior; you may scrap but we will not." The reply has been, "You, the richest nation in the world, asking us, Japan, and Great Britain to scrap, and you are unwilling to scrap because you are inferior." It seems to me as plain as could be; and I honestly believe that if the Senator from Arkansas [Mr. ROBINSON] and the Senator from Pennsylvania [Mr. REED], who so ably represented us at the last naval conference in London, would speak they would confirm the interpretation I have placed upon one of the causes for failure to bring about disarmament on that occasion.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. WALSH. I certainly will.

Mr. ROBINSON of Arkansas. I stated some days ago during the debate on this bill, and I now repeat the assertion, that always in international conferences designated to limit or reduce armaments the controlling factor is the status quo, the condition existing at the time of the conference. The nation that has built its navy to great strength is reluctant, and, in fact, usually refuses to reduce its existing ships, either as to number or as to armament, with the result that if the United States shall remain in its present position with respect to naval or sea power it will never be able to accomplish any effective arrangements for the reduction of naval armaments.

Mr. WALSH. I thank the Senator. He confirms the views that I have entertained, and he speaks as one who has been in contact with the statesmen of the world.

Mr. ROBINSON of Arkansas. May I add just one further thought?

Mr. WALSH. Certainly.

Mr. ROBINSON of Arkansas. There is rightfully a strong sentiment in opposition to the powerful military organizations that are maintained in various countries. That sentiment has reflected itself in the United States from time to time and is now very powerful; but reduction of armaments cannot be accomplished by merely expressing the desire for its accomplishment, because the forces which tend to build up military strength in the various nations, the forces which perpetuate rivalry in military and in naval power, are continuing. Hatred, national, commercial, and other forms of rivalry, still exist; they are not abolished by agreements not to resort to war. Experience, in my judgment, has shown that to be true.

Mr. WALSH. I thank the Senator.

Mr. President, we have disarmed. The United States has disarmed. I refer to the disarmament of the Army. We have only a police-force army in this country. That is all we have compared with the armies of other countries. We do not need any more than that, because there is no danger of any foreign foe reaching our shores and engaging in warfare on our soil so long as we have a navy that will keep a foreign foe from landing on our shores. That is why, until there is an agreement for disarmament, we are compelled to maintain a navy of adequate proportions.

What kind of a navy do we need to be protected adequately? Our statesmen met with the statesmen of Great Britain, France, Japan, and Italy and agreed upon what they considered was a necessary and an adequate navy. The United States said to Great Britain, "You need and we allow you to have a certain size navy." We said the same to Japan, to France, to Italy. Great Britain and Japan then said to the United States, "You need and we concede your right to maintain such and such a navy." What have we been doing? We have said, "We did not want it."

No one can accuse Mr. Coolidge of having been in favor of anything but disarmament. No one can accuse President Roosevelt of not being in favor of disarmament. No one can think of them in terms of militaristic desires or purposes; yet both of these men, when they have smelled the smoke of battle, when they have smelled the smoke of diplomatic battle in the chancellories of the world, have taken a position favoring a strong navy. I have already referred to Mr. Coolidge and his action, and we now know the views of the present President of the United States.

I would like to have the RECORD show just what steps have been taken under President Roosevelt to build up our Navy to treaty strength. The figures also include some congressional action under the guidance and direction of Mr. Coolidge.

At present we are building 22 ships, all told, regularly appropriated for by Congress, and in addition building 30 ships pursuant to a provision of the National Industrial Recovery Act, with their cost of $235,000,000 budgeted to the emergency Public Works $3,000,000,000 fund. In other words, President Roosevelt of his own volition has undertaken the building of 30 ships costing $235,000,000 which he has budgeted to the emergency Public Works $3,000,000,000 fund.

The total naval building program now actually under way, 52 ships in all, comprises 3 aircraft carriers, 11 cruisers, 8 large destroyers, 24 smaller destroyers, and 6 submarines. Expressed in terms of tonnage the total is 222,000 tons.

The naval appropriation bill which was passed by Congress during the past week provided funds for one 8-inch-gun cruiser and three 6-inch-gun cruisers previously authorized.

Even with the completion of all these ships, nevertheless at the expiration of the present naval treaty December 31, 1936, if we eliminate those of our naval ships which by that date will be over age, the United States will still be 102 ships short of full treaty strength. On the basis of comparison, Great Britain will be 64 ships short and Japan's Navy will be up to full strength.

To squarely deal with this still remaining naval inequality and naval inferiority, so far as the United States is concerned, in the number and size and modernness of our combat ships, we have the naval bill already passed by the House and now before the Senate. The bill is brief and easily understandable. I quote from the opening paragraph:

That the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London, April 22, 1930, is hereby established at the limit prescribed by those treaties.

There is the issue. Are we for it or not? That is the essence of the bill. In the execution of this policy the bill

provides that, subject to the limitations imposed by those treaties, the President is authorized to undertake, prior to December 31, 1936, in addition to the ships previously authorized, the construction of one aircraft carrier to replace aircraft carrier *Langley*, the construction of 91,000 tons of destroyers to replace over-age destroyers, and to construct 35,000 tons of submarines to replace over-age submarines.

The bill further gives the President general authority to go ahead with any other naval replacements which circumstances may warrant and the treaties permit. The bill also provides for an expansion of naval aircraft, but so far as ships are concerned it is not authorizing an expansion program, merely a replacement program.

There is the whole story so far as the bill is concerned. Do we want to declare for that policy? Do we want to consent that the President in his judgment and discretion shall proceed, if he thinks conditions in the world necessitate it, to build up our Navy to treaty strength?

As one who believes in disarmament, as one who believes it is the only way we will ultimately obtain disarmament, I am going to vote for the bill.

Mr. DAVIS. Mr. President, everyone knows that the United States has made every possible effort to establish and maintain friendly relations with all other governments. It is generally and rightfully admitted that the idealism of our country as represented in our churches and schools and all of our traditions are opposed to military aggression. We have sincerely and steadfastly attempted to lead in the movement toward disarmament and world peace during the last 10 years. The Washington Arms Conference, the Kellogg Peace Pact, the moratorium on war debts, and the constant cooperation which we have given the nations of the world in every practical movement to advance social and economic well-being, stand as unimpeachable evidence of our desire for peace with all men.

The present bill calling for increased national defense cannot be construed by any well-informed person as a move on our part to begin a national competition in armaments because it is a well-known fact that ever since the Washington Arms Conference we have lagged behind in our naval-construction program, hoping, praying, and working to encourage disarmament. It is a source of keen regret to one of my temperament and attitudes to be compelled by world forces far beyond the control of any one of us to vote for this authorization when I know the countless ways in which the money is needed for education, decent housing, and general social improvement.

Mr. President, I am firmly convinced that this legislation has come before us not of our own choosing but has been made mandatory upon us by the world-wide trends in militarism which have taken no account of the appeals which we have made for friendly relations between nations and which have ignored our repeated proposals leading toward disarmament. We have not only preached disarmament but we have practiced what we have preached. However, the example which we have set in a thoroughly sincere attempt to promote world peace has been disregarded, and it is now apparent to everyone that the leading nations of the world have left us far behind in their military and naval programs. Under present world conditions our hope of neutrality in time of war and our hope of peace will depend largely upon the strength of our national defense. If authorization as provided in this bill will convince the militant nations of the world of the folly of competitive armaments it shall have served a useful purpose.

Mr. President, I shall vote for the bill with the hope that this action will tend to induce a practical program of disarmament which all of our other efforts have failed to attain. I hope that it will stimulate the countries which are now leading in a mad race toward armaments to change their course and agree with us on a general reduction of armaments program. We have given the program of nonresistance and disarmament as full a trial as is fair to the American people in view of the present world situation which we have been unable to control. Present conditions now make imperative my vote in favor of this legislation.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on the amendment of the Senator from Washington [Mr. BONE], as modified.

Mr. NYE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Reed
Ashurst	Cutting	Kean	Reynolds
Austin	Davis	Keyes	Robinson, Ark.
Bachman	Dickinson	King	Robinson, Ind.
Bailey	Dill	La Follette	Russell
Bankhead	Duffy	Lewis	Schall
Barbour	Erickson	Logan	Sheppard
Barkley	Fess	Lonergan	Shipstead
Black	Fletcher	Long	Steiwer
Bone	Frazier	McAdoo	Thomas, Okla.
Borah	George	McCarran	Thomas, Utah
Brown	Gibson	McGill	Thompson
Bulkley	Glass	McKellar	Townsend
Bulow	Goldsborough	Murphy	Trammell
Byrd	Gore	Neely	Tydings
Byrnes	Hale	Norris	Vandenberg
Capper	Harrison	Nye	Van Nuys
Caraway	Hastings	O'Mahoney	Wagner
Carey	Hatch	Overton	Walcott
Clark	Hatfield	Patterson	Walsh
Connally	Hayden	Pittman	White
Coolidge	Hebert	Pope	

Mr. LEWIS. I again announce the absence of my colleague [Mr. DIETERICH], occasioned by immediate demand at his home. He will return to the Senate in the morning.

I also announce that the Senator from New York [Mr. COPELAND] is necessarily detained, and that the Senator from South Carolina [Mr. SMITH] is necessarily absent on account of a death in his family.

The PRESIDING OFFICER. Eighty-seven Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Washington [Mr. BONE], as modified.

Mr. SHIPSTEAD. Mr. President, I do not intend to delay the vote upon the amendment or upon the pending bill. I intend to vote against the bill because I voted against the so-called "Disarmament Treaty of London."

This bill carries out the provisions of that treaty. So long as the ammunition makers are dominating our disarmament and peace conferences, I do not think we can get any other kind of disarmament than the kind that is manifested throughout the world today.

In view of the fact that I voted against that treaty, I am going to vote against this bill. If I had voted for that treaty, I should feel it my duty to vote for this bill, because it carries out the provisions of the treaty.

The amendment of the Senator from Washington [Mr. BONE] is the best part of this bill, and I shall vote for the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Washington [Mr. BONE], as modified.

Mr. LA FOLLETTE. I call for the yeas and nays.

Mr. KING. Mr. President, it had been my purpose to discuss the bill before us at some length, but under the rule adopted limiting my time, I cannot do so. I realize the futility of opposing measures carrying stupendous sums for naval purposes. For a number of years I was a member of the Committee on Naval Affairs, and I then discovered how unavailing were any efforts to prevent the adoption and execution of naval policies costing hundreds of millions of dollars and, in the aggregate, billions. Pressure was brought upon the committee by the Navy Department and the boards therein, and groups and organizations in various parts of the United States were unremitting in their efforts to obtain large appropriations for the purpose of building a Navy that would far outstrip any naval power in the world. It seemed as though the World War had developed an obsession upon the part of many of our citizens, and certainly upon the part of some naval officers, that our Government should enter upon a naval expansion policy that would result in the United States not only having a powerful Navy but one which would give to the United States supremacy against the combined fleets of the world.

The 1916 naval program was the result of a propaganda particularly among the navalists and the militarists. They aroused the fears of not only the naval powers of the world but of the peoples of many nations who could not understand why this Republic, which had no foes and was menaced by no dangers, should, following a calamitous World War, push forward with frantic haste the construction of 16 battleships at a cost of nearly a billion dollars, together with auxiliary craft that would call for an aggregate appropriation of a billion and a half dollars. Many of the arguments then made are being made now as justification for the more than a billion dollars which this Congress will appropriate or authorize to increase our naval strength.

Admiral Sims and Admiral Fullem, among the ablest of our naval officers, were not in harmony with many naval officers and with the Naval Affairs Committee and with militaristic groups, whose voices were so strident and whose influence unfortunately was too pervasive. They opposed the enormous appropriations demanded for capital ships, and challenged attention to the fact that the naval lessons of the war demonstrated that a modern, up-to-date, and properly constructed navy should be a three-plane navy; that it should be recognized that new factors had been introduced into naval warfare, namely, the submarine and the airplane.

The views of Admiral Sims were accepted by some of the greatest naval experts and officers of Great Britain, and they contended that the importance of the capital ship had been materially reduced, and that perhaps the most important weapons in future sea contests would be submarines and aircraft. But our naval officers, now, as then, prepare plans for naval vessels without proper regard for the causes of war and the effect upon other nations by the adoption of policies which they recommended.

The addresses made by Senators during the past 2 days prove what every intelligent person knows, that the munition manufacturers in this and other lands for many years have exerted pressure upon governments, including our own, to build up powerful military and naval establishments. They have used their unjust profits for propaganda and have powerfully influenced peoples everywhere in favor of enormous appropriations for the building of warships and for so-called "military preparation."

Behind the word "preparedness" there have been at times hidden sinister and selfish purposes. It must be apparent to all rational beings that if one nation spends millions and hundreds of millions to strengthen its army and to build a powerful navy other nations, through fear or jealousy, will feel compelled to embark upon a like course. When one nation arms other nations arm; and no explanation that can be made will eradicate fears or suspicion or resentment from the hearts of the people in other countries.

When the United States increases its Navy, though it has no foes and is menaced by no danger either from land or sea, the effect upon other nations will be immediate. They will ask the reason for the enormous military and naval expenditures and at whom are the weapons of war to be pointed.

When Congress was asked in 1919 and 1920 to approve the military and naval budget—the largest which had ever been submitted in peace time in the history of the world—Great Britain, Japan, and other nations became alarmed and demanded of their governments to know the reason for the course of this Republic. Japan, that had not laid a keel following the war, immediately revised her budget and prepared plans for the construction of 6 powerful war vessels; and Great Britain, who had scrapped approximately 300,000 tons of her naval craft following the war, took cognizance of our program and began assembling materials in preparation for the construction of 4 of the largest war vessels ever planned. Fortunately, as I stated the other day, President Harding interposed to prevent this awful, if not wicked, naval competition, and the result was the limitation-of-arms conference which resulted in limiting the construction of capital ships.

Notwithstanding the frightful burdens of debt resting upon governments, we now propose to embark upon another naval policy the cost of which no one knows and the effects of which cannot be otherwise than calamitous. We will arouse the fears of other nations. Within the past few days, both in Japan and in Great Britain, inquiries have been made as to the purpose of the United States in embarking upon a naval policy of such magnitude, and, as I am advised, these governments directly or indirectly have indicated that they would be compelled to enlarge their naval budgets for the purpose of constructing more war vessels. It seems that now, as in 1918 and 1920, our Government is to start a competitive naval armament race.

We know that the peoples of other lands are bound by the chains of debt, and we know that the American people are bowed beneath a debt so stupendous that it is beyond human comprehension. The value of all the property in the United States is but slightly in excess of the obligations resting upon the Government, the States, their political subdivisions, and the people.

Senators know that there is penury and want in the land; that many schools have closed, that children are denied educational opportunities. Senators know that we are spending billions of dollars every day in excess of the national income, and that the deficit for this fiscal year will be at least eight billions. No one can predict the deficit for the next fiscal year, and yet, demands are made here and elsewhere, that we appropriate for the ordinary expenses of the Army and the Navy, for the next fiscal year, between seven and eight hundred millions of dollars and for new naval construction, the cost of which few have had the temerity to even indicate.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. COSTIGAN. There is no appropriation specified in the pending measure. Has the able Senator from Utah made a calculation of the amount ultimately to be taken from the Treasury under its provisions if this bill shall be enacted?

Mr. KING. Mr. President, the bill before us has been so fashioned as to prevent its understanding. Talleyrand said that language is made to conceal thought. I respectfully insist that this bill has been so drawn as to prevent its interpretation or to conceal its objectives and implications. I do not know what blind alley we are running into, what commitments are being made, and what dangerous consequences will result. I venture to state that the terminology of a measure of this character ought to have been free from ambiguity and subtle and hidden meanings that may not be discovered, even by experts, to say nothing of the ordinary legislator and the people in general.

I understood the Senator from Florida to state a moment ago that the direct commitment under the bill would be $750,000,000. No one knows what the ultimate cost of this mysterious and uncertain measure will be. In my opinion, it is a blind commitment that will cost the Government considerably more than a billion, perhaps a billion and a half dollars; indeed, it may exceed that amount. May I add parenthetically that it is most unwise for our Government, by this proposed legislation, to chain itself to categories prescribed in the London and Washington Treaties. Who is wise enough to say that we are to construct battleships and battle cruisers of the tonnage or characteristics laid down in the Washington conference or the categories and ratios established in the London Treaty?

In 1936, and even before, we may perceive the unwisdom, the folly or tragedy, of the commitments which we are asked to solemnly make in this bill. Who can tell the number of ships that will be constructed under the terms of section 2 of the bill before us? Who can tell what the cost will be? What is meant by the provision in this section that authority is given to "replace by vessels of modern design and construction vessels in the categories referred to in the Washington and London Treaties"? Who can tell what "aircraft are deemed necessary for vessels and also naval purposes in numbers commensurate with a treaty navy"?

We read a few days ago that militarists were demanding 4,000 airplanes for the Army. How many valueless but

enormously costly dirigibles will be regarded "as commensurate with a treaty navy"?

I repeat, we are embarking by this bill upon a stormy sea without chart or compass, and driven by a navalistic or militaristic spirit not compatible with the high professions of this Nation for peace and world fellowship.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. VANDENBERG. Is not the entire bill permissive, however, leaving the decision ultimately to the President with respect to our relationships with other powers?

Mr. KING. Mr. President, perhaps the language is permissive; but there is some authority in a democratic government that ought to be reserved to the people and to their legislative representatives.

Notwithstanding my high regard and, indeed, affection for the President of the United States, I am unwilling to commit to his hands or to the hands of any other person in peace time, the authority that is granted by this bill. President Roosevelt undoubtedly would use the power with wisdom and would endeavor to promote friendly relations with all nations but, as I have indicated, in the execution of this measure, no matter how high the purposes that may animate Congress or the President, it will arouse, as I have stated, fears, animosities, and resentments in other lands.

Without desiring to mention any government, I think Senators will agree that a measure that makes commitments, concededly of nearly a billion dollars for new naval craft and which authorizes the construction of capital ships either before the termination of the Washington Conference, or certainly the next day thereafter, will provoke comment and inquiry, fears, and apprehensions in some other part of the world.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. KING. As I understand, I have some time on the bill.

The PRESIDING OFFICER. The Senator has 10 minutes on the bill.

Mr. KING. Mr. President, a number of the Senators have said that this bill only authorizes our Government to build up to treaty strength. The Senator from Massachusetts and the Senator from Maine have emphasized the words, "treaty strength." One would think from the speeches to which we have just listened that there was some compelling force in the treaties referred to, so that the United States could not avoid expending one or two billion dollars for new naval craft.

Before the war we never heard of treaty strength and were not much concerned about the waste of money upon the part of other nations for naval and military purposes, but, as I have indicated, this bill seems to chain us to some policy from which we may not escape. If at the London Conference something was said about the United States and Great Britain having a certain tonnage of cruisers, then, as Senators have contended, there was an obligation upon the part of the United States and, for that matter, upon the part of Great Britain, to construct enough ships to reach the high mark prescribed.

To me, Mr. President, this position is not tenable or sound. The Senator from Illinois [Mr. LEWIS], I think, repudiated the view that our Government must build established categories of vessels prescribed by a treaty and must build up to the terms of the treaty regardless of the wishes or needs of the American people.

Our Government took the lead in negotiating a treaty calling for a renunciation of war as a national policy and solemnly agreed to settle all controversies by pacific means; and, yet, in the face of this declaration we announce policies which I regard as being in contravention of our solemn obligations and which are bound to produce repercussions harmful to world peace.

Statements have been made by Senators that would seem to indicate that we were the only country in the world that desired peace, and that we were arming and spending hundreds of millions because we were the greatest exponent of international peace and good will. Mr. President, I challenge the view that the peoples of the world want war or that we are in danger from attack from any or all nations. One of the Senators who spoke a moment ago indicated that we must have a powerful Navy to repel the assaults that may be made upon our country. Admiral Sims and the greatest naval commanders of Great Britain have stated, over and over again, that no nation can send its fleet across the Pacific or the Atlantic and fight a successful war. Submarines, airplanes, and modern naval and military developments make it absolutely impossible for the invasion of the United States.

One would suppose from the addresses made today by the supporters of this bill, that our country is in danger. One Senator stated that we do not have a "single friend among all the nations of the world." Mr. President, I do not accept this view. What nations to the south of us are our enemies? Secretary Hull's recent visit to the Latin American governments demonstrated that there exists the strongest desire for collaboration with this Republic on all matters making for the welfare and happiness of their respective peoples, and for the promotion of world peace. Is Great Britain, that great democratic Nation, our enemy?

No one honestly can affirm it. We speak the same language, we have the same system of jurisprudence. The Bill of Rights which they have has been bequeathed to us. Hand in hand, Great Britain, Canada, Australia, New Zealand, and the other Commonwealths of the British Empire should and will walk together along the great highway of international fellowship. The French people love liberty. They are not our foes; nor can it be said that Italy, Poland, Czechoslovakia, Jugoslavia, Greece, Russia, the Scandinavian countries, Switzerland, Holland, Belgium, Spain, Portugal, or other countries that could be mentioned, are our enemies. We can make enemies of friendly peoples and friendly nations by denouncing them and calling them our enemies and affirming in an arrogant and supercilious way our own virtues and superiority.

The peoples of the world, Mr. President, have a passionate desire for peace. The World War left too many scars, too many bruised and broken hearts, too many sanguinary battlefields, too many empty homes, for the peoples of the world now to desire war.

But it is stated by a number of Senators that our Navy is inferior to Great Britain's and therefore we must build it up to what they denominated treaty levels or treaty strength. Mr. President, we have expended since the World War between two and three hundred million dollars annually—more than any other country in the world—for military and naval purposes. If colossal expenditures for arms and for navies are the test of peaceful purposes or military ambitions, then it might be said that we are the greatest offender; and we are now proposing to spend for the next year, perhaps, between four and five hundred million dollars more than any other nation on earth. In my opinion, our Navy is the most powerful navy in the world.

I know that this statement will be violently assailed by naval officers and by many other persons; but I insist that a fair and dispassionate examination of the navies of the world will demonstrate the correctness of my statement. We have spent approximately $70,000,000 during the past few years in modernizing our capital ships. The total number of our naval craft is 372, with a tonnage of 1,038,660; the British Empire Navy consists of 293 vessels, with a tonnage of 1,174,339; Japan's Navy consists of 221 vessels, the tonnage of which is 758,261.

Hector C. Bywater, recognized as an authority upon naval construction and naval affairs, recently stated that the United States battle fleet of 18 capital ships is the only completely oil-burning fleet in the world, which gives it an immense advantage over all others in steaming radius and strategic homogeneity. * * * It mounts 192 heavy turret guns as against 166 corresponding guns mounted in the British fleet.

Mr. President, time prevents further examination of the relative strength of the navies of the great powers. I can only repeat that offensively or defensively the United States Navy is the equal if not superior to that of any other nation.

One would assume from the discussions this afternoon that the United States was the only Nation that desired disarmament or the limitation of armaments, and that the other nations, or at least many of them, were the opponents of gradual or ultimate disarmament. As I have stated, we are expending more for military purposes than any nation in the world. Most of the nations of the world are spending but little. Undoubtedly Germany's course has aroused apprehensions and fears upon the part of France, Poland, Austria, and some other European countries; but in recent conferences, with which Senators must be familiar, representations were made by Russia, Poland, Italy, France, Great Britain, and even Japan, which indicated a desire for material reductions in military expenditures. Russia, upon a number of occasions, declared that she was willing to abolish all military and naval armament; and in a recent conference a representative of Italy, Signor Grandi, declared that his Government was willing to joint in a simultaneous abolition of capital ships and submarines and also practically all forms of naval craft and likewise to reduce land armaments to the minimum.

France expressed her willingness to abolish battleships and submarines, and Great Britain declared, in substance, in favor of the abolition of battleships, submarines, and in making important reductions in all other forms of naval craft. Our Government was not hospitable to the suggestion with respect to the abolition of battleships, and in one of the conferences, as I recall, declined to enter into discussions respecting this subject or the question of reducing their size or prolonging their period of service.

Mr. President, this Republic, without foes, impregnable against any or all nations, should, in this period of world confusion, hold high the banner of peace and pursue those policies that will lead not only to the physical disarmament of the world but which will result in moral unity.

Mr. President, let us have peace; let us speak the language of peace, not war; let us organize for peace in a constructive way, and devote a modicum, at least, of the billions spent for human destruction for the material, moral, and spiritual advancement of the world.

Mr. President, I ask unanimous consent to insert in the RECORD as a part of my remarks a statement from the Foreign Policy Report under date of June 24, 1931; also a statement by Admiral Sims, to which I have referred; statement from a memorandum published as an official White Paper of the British Government; also a statement by M. Dino Grandi at a session of the assembly of the League of Nations September 8, 1931; and a statement by Mr. Litvinoff, Minister of Foreign Affairs of the Soviet Government.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

At the London Naval Conference every power but the United States favored a substantial reduction in the size of future battleships. Great Britain openly favored a reduction in the size of battleships from 35,000 tons to 25,000 tons, and of guns from 16 inches to 12 inches; this was supported in principle by France, Italy, and Japan.[1] Italy went even further and offered "to examine favorably the abolition of capital ships" should the other powers concur.[2] Japan deemed it "desirable that an agreement should be reached so as to reduce the size of capital ships to 25,000 tons, from 35,000 tons stipulated in the Washington Treaty", and suggested that "the maximum gun caliber should be reduced to 14 inches."[3]

Thus at the London Conference the four other naval powers placed themselves on record as favoring the abandonment of the big battleship and its eventual replacement by a smaller unit.

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[1] Documents of the London Naval Conference, cited, pp. 524, 525, 532, and 533.
[2] Ibid., p. 528.
[3] Ibid., p. 533.

Some naval authorities share the view of Admiral Sir Herbert Richmond that there is no tactical reason for the huge capital ship. In answer to the question, "How large must be the fighting ship of the power threatened with invasion?" Admiral Richmond declares:[4]

"The answer is plain. Provided she is strong enough to be able with certainty to compel surrender upon a ship carrying troops or goods and is provided in numbers sufficient to deal with the situations that will arise (geographical, strategical, tactical), she will be large enough to make her country secure against the danger of invasion."

The matter of size, he points out, is purely relative. "Commodore Oliver Perry's brigs and schooners on Lake Erie, having won the Battle of Lake Erie, were capable of exercising command on that lake * * * larger ships are not necessary for what is called 'battle.' Two or twoscore destroyers or corvettes, two or twoscore light cruisers or frigates, two or twoscore *Rodneys* or *Victorys* can equally fight to a finish or decision, just as two lightweights can fight as good and decisive a fight as a Dempsey or a Carpentier; and they can take as much punishment from their antagonists as the heavier ship or man from theirs."

The contention that the United States requires a battleship of 35,000 tons in order to insure a wide cruising radius has been criticized on the ground that at the present time neither the United States nor any other power possesses a single 35,000-ton battleship.[5] The largest American vessel is the *California*, of 32,000 tons ,and five ships of the present American fleet range from 26,000 tons to 28,000 tons each. Moreover, three of the American battleships which are now being modernized and which have a cruising radius of 25,000 miles are vessels of 30,000 tons displacement—5,000 tons less than the standard size regarded as essential for American needs.

In part because of its opposition to reduction in size of capital ships, the American Navy Department is opposed to reopening the naval question at the disarmament conference. The Navy Department takes the position that the question of battleships was definitely settled at the London Naval Conference and that the treaty resulting from that conference provides for further consideration in 1935.[6] The fact that Great Britain, France, and Italy share a common desire to reduce the size of capital ships, and that the latter countries are about to proceed with the construction of a new and smaller type of ship, would indicate that the issue will be raised at any rate in Geneva in 1932.

If the United States insists upon retaining the 35,000-ton battleship and succeeds in blocking a reduction in size at the disarmament conference next year, it will be placed in a difficult position in 1936, it is pointed out. * * *

The cost of building our last battleships, between 1919 and 1923, was approximately $35,000,000 each. The cost in 1936 will be well over $50,000,000, and may even approach $75,000,000.[7] A program of fifteen 35,000-ton capital ships, therefore, will cost between $750,000,000 and $1,000,000,000, which will have to be added to the already high bill for cruisers, destroyers, and submarines. In view of the difficulty of securing appropriations for smaller vessels permitted by the London Treaty, and the opposition to further expenditure on floating fortresses which many believe have outlived their usefulness, the adoption of a gigantic battleship program is likely to be fraught with difficulty.

* * * * * * *

Admiral Sims stated a number of years ago:

"It normally adds to the ability of a country to defend itself. No battleship afloat can operate against the coast of an enemy within the range of the enemy's airplanes for this reason. A fleet that goes over there, whether it has 6 or 8 or 10 airplane carriers, suppose it has 10—that would be nearly 1,000 planes. With 30 planes each, it would be 300 airplanes coming up against the coast where we are operating from the beach, and we have 2,000 airplanes. It simply means that you are controlling the air absolutely and you will wipe out all of the air force, and you will be perfectly free to attack that fleet.

"Great Britain with all her forces could not attack this coast without a base on this side to operate from. She has not a single ship that can come across the ocean and get back again, let alone stay here without assistance."

A press summary which was published as an official white paper by the British Government is as follows:

"The Government proposed that the number of capital ships for each signatory fixed by the Washington Treaty should be reached within 18 months of the ratification of the treaty resulting from this conference instead of by 1936. It proposes that no replacement of existing ships should take place before the next conference in 1935 and that in the meantime the whole question of capital ships should be the subject of negotiation between the powers concerned. The Government will press for reduction though, of course, without disturbing the Washington equilibrium. Its experts favor a reduction in size from 35,000 tons to 25,000

[4] Foreign Affairs (New York), April 1931.
[5] Great Britain possesses 1 battle cruiser, the *Hood*, built in 1920, with a displacement of 42,000 tons. The *Rodney* and the *Nelson* have a displacement of 33,500 tons.
[6] Cf. The London Naval Conference, cited.
[7] Application of new processes and equipment in naval construction has greatly increased the costs of all types of vessels. Thus the estimates for new 10,000-ton cruisers have increased from $17,500,000 in 1930 to more than $20,000,000 in 1931.

tons and of guns from 16 inches to 12 inches. They also favor a lengthening of the age from 20 to 26 years. The Government hopes that there will be an exchange of views on this subject during the conference. Indeed, it would wish to see an agreement by which battleships will in due time disappear altogether, as it considers them a very doubtful proposition in view of their size and cost and of the development of the efficacy of air and submarine attack."

M. Dino Grandi said:

"* * * My country, for its part, is therefore ready to accept an organic plan of quantitative limitations comprising:

"In respect of naval armaments:

"1. The simultaneous abolition of capital ships and submarines.

"2. The abolition of aircraft carriers.

"In respect of land armaments:

"1. The abolition of heavy artillery of all kinds.

"2. The abolition of tanks of all kinds.

"In respect of air armaments:

"1. The abolition of bombing aircraft.

"In general:

"1. The abolition of all kinds of aggressive means of chemical and bacteriological warfare.

"2. The revision of the laws of war so as to ensure a more complete and effective protection of civilian populations.

"I do not think it necessary to draw your attention to the fact that when once we have come to an agreement for the abolition of certain weapons of war which are the most powerful and the most deadly we should not only have taken a great step forward in the direction of disarmament but we should also be in a position to come more easily and more rapidly to an agreement on the quantitative reduction and limitation of other forms of armaments * * *."

Maxim Litvinoff said:

"* * * The only infallible way to the solution of the problem of the organization of peace, the problem of the averting of war, the problem of assuring security to all nations, is general and total disarmament.

"The idea of total disarmament is distinguished from all other plans by its simplicity and by the ease with which it could be carried out and with which its realization could be controlled. Identical security and equality of conditions for all countries could only be arrived at by means of total disarmament. The Soviet delegation has by no means come here merely to put before you yet another time its proposal for total and general disarmament, or to declare that we are determined to have complete disarmament or none at all. We have no illusions whatsoever as to the fate in store for our proposition. Our delegation is ready to discuss with you any proposals tending to reduce armaments; and the further such reduction goes the more readily will the Soviet delegation take part in the work of the conference. Considering the draft convention drawn up by the preparatory commission, altogether inadequate, the Soviet delegation will advocate here its own draft for the reduction of armaments, which, however, it regards merely as the first step toward total disarmament.

"I would remind the conference that the Soviet delegation was the first to propose, in its second draft convention put before the preparatory commission, the complete destruction of the most aggressive types of armaments, including:

"1. Tanks and superheavy long-range artillery.

"2. Ships of upward of 10,000 tons displacement.

"3. Naval artillery of over 12-inch caliber.

"4. Aircraft carriers.

"5. Military dirigibles.

"6. Heavy bombing planes, all stock of air bombs, and any other means of destruction for use from airplanes.

"7. All means and apparatus for chemical, incendiary, and bacteriological warfare.

"The Soviet delegation proposed the complete prohibition of air bombing and not only beyond the limits of a definite area. It also proposed not merely to refrain from chemical warfare but actually from preparing for it in time of peace.

"All these proposals remain in full force for the present conference.

"I am empowered to declare here the readiness of the Soviet Union to disarm to the same extent and at the same rate to which the other powers may agree."

Mr. JOHNSON. Mr. President, in a moment of exasperation Edmund Burke once exclaimed:

What shadows we are, and what shadows we pursue!

As I have listened to what has been said upon the question pending before the Senate, as I have heard it repeatedly asserted that our Navy is equal to that of any other navy in the world, as I hear the repetition constantly that for us to do anything in behalf of our national defense carries offense and hostility to the rest of the world, I have thought, "What shadows we pursue" in a discussion of this sort.

I recall that at the time of the London Conference in 1930, with all of the vigor of which I am capable but with little support from others, I contested what was done in that conference. I believed then I was right, and I think subsequent events have demonstrated conclusively that I was right. I saw after that conference other nations building in accordance with what was agreed by that conference. I saw our Nation lag in its construction until we were far inferior to the nations that had been the leading consultants and conferees in the London gathering. I have seen the after effects day by day leave us in a worse position; and now a new administration, thank God, with a realization of what it means to us to have an inferior navy, asks us not to engage in a naval race, not to endeavor to have any nation in hostility to us in building with them, but simply to grant such power that we may, under the London Conference, if the administration sees fit, construct a navy in accordance with the agreement that was signed at that time.

Why is it that there is such a delicate sensibility on the part of other nations that when we do exactly what they do we cause offense to them, and we offer them in reality some undisclosed and mysterious insult by pursuing what we have agreed to pursue and what they have already consummated? Was anyone here or anyone in our Nation offended when Britain went on with the program of the London Conference? Has anyone here or anyone in our Nation taken an attitude of hostility to Japan because Japan has pursued and carried out the terms of the London Conference? Then, why in the name of common sense, in the name of logic of any kind or any character should it be asserted when we merely authorize our duly constituted agents to pursue the agreement which we signed at London that we offend and perform an act of hostility to Britain or Japan?

It is perfect nonsense to say that it is so. There are positions which I can understand and of which I am not critical. I can understand the man who says that he does not believe in any navy at all and would not build a single ship. I can understand his attitude, because it is caused by a mental strabismus for which he is not responsible and which he thinks means something to the peace of the world. I deny his thesis and I deny his premise in that regard, but I can understand his position and I am not critical of him. But if we carry to its logical conclusion the attitude that thus is enunciated, then we would not have a ship of the United States of America and no Navy at all. The man who comes from the section of the Union from which I come and will not in accordance with the agreement of his country build a Navy such as that agreement will permit, is not alive indeed to passing events and little understands what may occur in the great Pacific and in the Orient within a brief period in the future. We seek, our country seeks, war with none; we seek to offend none; but within our jurisdiction, under international agreement, we have the right to build exactly as we see fit, and no nation on the face of the earth has the right to take offense in any way or in any shape or in any manner at all.

I do not like, Mr. President, assaults upon the Navy. I do not like to listen to remarks such as sometimes I hear in the Senate concerning the Navy. I recognize that there are some few people in the Navy underbred and overfed with whom I would rather have nothing to do; but I recognize as well, sir, that the vast majority of those who serve this Nation in the United States Navy deserve of us and of all America nothing but the highest praise. I cannot forget the glorious past of the American Navy. I cannot forget the deeds of valor and of heroism that have been performed in the days gone by upon the ships that have floated our flag. I glory in the personnel of the Navy of the United States today. I glory in what has been done by the personnel of the Navy of the United States in the past.

I want a navy, I want a real navy. I want a navy that either upon the Atlantic or the Pacific will be able to do all that may be done in behalf of the commerce of this Nation, in its protection, and that may, if the worst comes to the worst, finally do what the Navy has ever done for the United States of America.

It will be in time to come our first line of defense. It will be in days to come our first line of offense. The gentlemen who decry the United States Navy remind me of those

who decried Tommy Atkins, and whom Kipling answered when he said:

For it's Tommy this an' Tommy that, an'
"Chuck 'im out, the brute!"
But it's "Savior of 'is country",
When the guns begin to shoot.

And this Navy of ours, with its glorious past, with its personnel today that is doing its full duty, deserves at the hands of the Congress of the United States its full meed of praise. And this administration that has asked us to pass the naval construction bill, after we have been dillydallying for so many years in the past, refusing to do our plain duty to our people and for their defense—this administration deserves for this one act the very highest praise that can be accorded it.

The VICE PRESIDENT. The time within which the bill is to be debated has expired.

The question is on agreeing to the amendment of the Senator from Washington [Mr. BONE], as modified.

The amendment as modified was agreed to, as follows:

On page 4, line 5, after the committee amendment and after the word "direct", strike out the period and insert a colon and the following:

"*Provided further*, That not less than 25 percent of each succeeding lot of aircraft, including the engines for such aircraft, the procurement of which is authorized by this act and hereafter undertaken shall be constructed and/or manufactured in Government aircraft factories and/or other plants or factories owned and operated by the United States Government.

"The foregoing proviso is subject to the further condition that if it shall be determined by the President that present plants, factories, and equipment owned by the Government are not such as to permit the construction and/or manufacture of the said aircraft and/or engines in such Government plants and factories, in the proportions herein specified and required, then and in that event such requirement may be suspended in whole or in part by his order. However, in the event of such order of suspension being made by the President, the existing plants, factories, and facilities now owned and/or operated by the Government shall forthwith be expanded and equipped to enable the Government to construct, manufacture, and repair its own naval aircraft therein, and, in addition, such other and further plants and facilities shall, as speedily as possible, be constructed and/or acquired by purchase or condemnation for the purpose of enabling the Government to take over and perform the work of constructing, manufacturing, and repairing not less than 25 percent of its naval aircraft therein. The funds necessary for the enlargement and expansion of such existing plants and facilities owned by the Government, and for the construction and acquisition of new plants, factories, facilities, and equipment for the construction and manufacture of naval aircraft, are hereby authorized to be appropriated."

The VICE PRESIDENT. The question is, Shall the amendments be ordered to be engrossed and the bill to be read a third time?

Mr. BONE. There is another amendment to which I call the attention of the Senate, and on which I ask for a vote.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 4, line 5, after the word "direct", it is proposed to strike out the period and to insert in lieu a semicolon and the following:

It being the intent and purpose of this proviso that the Government shall, insofar as practicable, develop its navy yards, arsenals, and other plants and facilities to the end that it may—

(a) At all times hereafter be able to construct, maintain, and repair its authorized vessels and naval equipment;

(b) As speedily as possible become self-sufficient in time of war; and

(c) Insofar as may be possible, eliminate private profit in war and in the preparation therefor.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Washington.

Mr. TRAMMELL. Mr. President, that proposal was before the committee and the committee refused to agree to it. I suggest that the Senate reject the amendment.

The VICE PRESIDENT. All debate on the amendments and the bill under the agreement has ended. The question is on agreeing to the amendment of the Senator from Washington.

The amendment was rejected.

The VICE PRESIDENT. The question now is, Shall the amendments be ordered to be engrossed and the bill to be read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The bill having been read three times, the question is, Shall it pass?

Mr. NORRIS and Mr. ROBINSON of Arkansas asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. ERICKSON (when his name was called). I have a pair with the senior Senator from New York [Mr. COPELAND], who is necessarily detained from the Senate. I am informed that if present he would vote "yea." If permitted to vote, I should vote "nay."

Mr. THOMPSON. On this question I have a pair with the Senator from South Carolina [Mr. SMITH]. If he were present he would vote "yea", and if I were permitted to vote I should vote "nay."

Mr. TYDINGS. I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand if he were present he would vote as I intended to vote. I therefore feel at liberty to vote, and vote "yea."

The roll call was concluded.

Mr. LEWIS. I desire to announce, by direction of my colleague [Mr. DIETERICH], that he has been necessarily detained. If present, he would vote "yea."

I also announce the absence of the Senator from Montana [Mr. WHEELER], the Senator from Alabama [Mr. BLACK], the Senator from Oklahoma [Mr. GORE], and the Senator from Mississippi [Mr. STEPHENS], who are detained on official business.

I wish further to announce that the Senator from South Carolina [Mr. SMITH] is detained from the Senate on account of a death in his family.

Mr. HARRISON. I have a general pair with the senior Senator from Oregon [Mr. MCNARY]. I transfer that pair to the junior Senator from Illinois [Mr. DIETERICH] and vote "yea."

Mr. ROBINSON of Indiana (after having voted in the affirmative). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is necessarily absent. I transfer that pair to the senior Senator from Rhode Island [Mr. METCALF] and allow my vote to stand.

Mr. HEBERT. I desire to announce that the Senator from Oregon [Mr. MCNARY] is necessarily detained from the Senate on official business. I desire further to announce that my colleague the senior Senator from Rhode Island [Mr. METCALF] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent from the Senate. If present, the senior Senator from Rhode Island would vote "yea" on this question.

I am further requested to announce that on this question the Senator from Michigan [Mr. COUZENS] is paired with the Senator from Montana [Mr. WHEELER]. If present, the Senator from Michigan would vote "yea", and the Senator from Montana would vote "nay."

The result was announced—yeas 65, nays 18, as follows:

YEAS—65

Adams	Cutting	Kean	Robinson, Ind.
Ashurst	Davis	Keyes	Russell
Austin	Dill	Lewis	Schall
Bachman	Duffy	Logan	Sheppard
Bailey	Fess	Lonergan	Steiwer
Bankhead	Fletcher	McAdoo	Townsend
Barbour	George	McCarran	Trammell
Barkley	Gibson	McGill	Tydings
Bone	Goldsborough	McKellar	Vandenberg
Brown	Hale	Neely	Van Nuys
Bulkley	Harrison	O'Mahoney	Wagner
Byrd	Hastings	Overton	Walcott
Byrnes	Hatch	Patterson	Walsh
Caraway	Hatfield	Pittman	White
Carey	Hayden	Reed	
Connally	Hebert	Reynolds	
Coolidge	Johnson	Robinson, Ark.	

NAYS—18

Borah	Dickinson	Long	Shipstead
Bulow	Frazier	Murphy	Thomas, Okla.
Capper	Glass	Norris	Thomas, Utah
Clark	King	Nye	
Costigan	La Follette	Pope	

NOT VOTING—13

Black	Erickson	Metcalf	Stephens
Copeland	Gore	Norbeck	Thompson
Couzens	McNary	Smith	Wheeler
Dieterich			

So the bill was passed.

On motion of Mr. TRAMMELL, the bill (S. 2493) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, was ordered to be indefinitely postponed.

Mr. DILL. Mr. President, I desire to enter a motion to reconsider the vote by which the bill was passed. I desire to discuss it for a moment.

I relied upon the unanimous-consent agreement that all pending amendments would be voted upon at not later than 4 o'clock. I had been called from the Chamber for a moment and during my absence the bill was brought to a vote without any consideration of the amendment which I submitted on the 23d of January. I think that the Senator from Florida [Mr. TRAMMELL], in charge of the bill, did not intend to overlook consideration of the amendment. I do not want to delay the bill, but I think I am entitled to have the amendment considered. I offered it in good faith. I have not taken any time on the bill or delayed it in any way. I appeal to the Senator in charge of the bill if he will not by unanimous consent permit a reconsideration of the vote by which the bill was passed, and permit my amendment to be voted upon.

Mr. KING. Mr. President, will the Senator from Washington yield?

Mr. DILL. I yield.

Mr. KING. I had several amendments pending. I had a call from one of the departments and stepped from the Chamber for not more than a minute, and when I came back the vote was being taken on the bill. I intended to offer the amendments and desired to have a vote on them.

Mr. TRAMMELL. Mr. President, I always like to be accommodating, but the proposal of the Senators would upset the purpose of the unanimous-consent agreement. The Senator from Washington [Mr. DILL] did tell me he had the amendment, and I was perfectly willing, so far as I was personally concerned, that it might go to conference; but when the amendments were stated at the desk we voted on each amendment that had been sent to the desk and had been properly offered. The Senator from Washington had not offered his amendment in regular order.

Mr. DILL. I took my amendment to the desk, made a correction in it, left it with the clerk, and took all the steps I thought necessary to protect myself against the kind of action which has been taken. I have acted fairly in the matter, and I appeal to the Senator from Florida that I be permitted to have the amendment offered and voted on at this time.

Mr. ROBINSON of Arkansas. Mr. President, I am going to suggest to the Senator in charge of the bill that he permit reconsideration of the vote by which the bill was passed, on condition, of course, that there shall be no further debate. The Senator from Washington would not expect to reopen the debate but merely that the Senate vote on his amendment.

Mr. DILL. That is all I ask.

Mr. TRAMMELL. That is agreeable to me, if there is to be no debate permitted.

Mr. ROBINSON of Arkansas. Then I ask unanimous consent, with the approval of the Senator from Florida, that the votes by which the bill was read the third time and passed be reconsidered and that it be in order to consider the amendment of the Senator from Washington [Mr. DILL] without debate.

Mr. KING. Mr. President, I have two or three amendments which I desire to have considered.

Mr. TRAMMELL. Mr. President, if the Senator from Arkansas will permit, I think the amendments of the Senator from Utah [Mr. KING] occupy quite a different status from the amendment of the Senator from Washington [Mr. DILL]. The Senator from Utah had not previously taken up any amendments. He made no reference to them whatever, so far as I am aware, but the Senator from Washington did discuss with me his amendment.

Mr. ROBINSON of Arkansas. I have made no request concerning any amendment save that of the Senator from Washington.

The VICE PRESIDENT. The Senator from Arkansas asks unanimous consent that the vote by which the bill was read the third time and passed be reconsidered for the purpose only of permitting the Senator from Washington to offer an amendment. Is there objection?

Mr. REED. Mr. President, reserving the right to object, as I heard the request, it calls for a vote upon the amendment of the Senator from Washington without further debate.

The VICE PRESIDENT. The Senator is correct. Is there objection?

Mr. FRAZIER. Mr. President, the Senator from Utah [Mr. KING] had an amendment printed which had been offered. If the amendment of the Senator from Washington is entitled to be voted upon, so is the amendment of the Senator from Utah. I object unless the amendment of the Senator from Utah is included.

The VICE PRESIDENT. Objection is heard.

Mr. DILL. Then I enter a motion to reconsider the votes by which the bill was read a third time and passed.

The VICE PRESIDENT. The motion will be entered.

Mr. BONE. Mr. President, I ask unanimous consent to have printed for the benefit of Members of the Senate the naval construction bill, with all amendments that were adopted in the Senate numbered, so we will have it before us tomorrow in its final form when we vote on the motion of the Senator from Washington [Mr. DILL] to reconsider the vote by which the bill was passed.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

CONSERVATION OF WILD-LIFE RESOURCES—DUCK STAMP BILL

Mr. WALCOTT, from the Special Committee on Conservation of Wild Life Resources, to which was referred the bill (H.R. 5632) to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes, reported it without amendment and submitted a report (No. 414) thereon.

CROP PRODUCTION AND HARVESTING LOANS TO FARMERS

Mr. GLASS. Mr. President, from the Committee on Appropriations, I report back favorably without amendment the joint resolution (H.J.Res. 290) to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934.

The resolution ought to be acted on at once in order to enable the farmers to get the money proposed to be loaned them. I ask unanimous consent for the present consideration of the joint resolution.

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That to enable the Governor of the Farm Credit Administration to carry into effect the provisions of the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934 (Public Act No. 97, Seventy-third Congress), including personal services and rent in the District of Columbia and elsewhere; paper, printing, and binding; supplies and services, without regard to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5) when the aggregate amount involved does not exceed $50, and such other expenses as may be necessary, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $40,000,000, to remain available until June 30, 1935.

INCLUSION OF CATTLE AS A BASIC COMMODITY

Mr. CONNALLY. Mr. President, I ask that the unanimous-consent agreement be carried out which provided that the Senate should at this time proceed to the consideration of House bill 7478.

The VICE PRESIDENT. Under the unanimous-consent agreement the Chair lays before the Senate House bill 7478.

The Senate proceeded to consider the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with an amendment.

Mr. CONNALLY. Mr. President, the pending measure is not intricate or involved. It is known as the "Jones-Connally cattle relief bill." It provides that beef cattle and dairy cattle, under the comprehensive term of cattle, be placed under the Agricultural Adjustment Act as a basic commodity. It also authorizes an appropriation of $200,000,000 to enable the Secretary of Agriculture to carry out the terms of the bill.

It will be remembered that when the original Agricultural Adjustment Act was before the Congress the cattle interests appeared and indicated at that time that they did not desire that cattle be brought under the terms of the bill. Since that time, however, in hearings before the Committee on Agriculture of the House as well as before the corresponding committee of the Senate, it has been made to appear that the cattle interests of the country have changed their views with regard to this matter, and are now extremely anxious that cattle be brought within the operations of the act.

On the 29th of January of this year the Secretary of Agriculture called a meeting at the Department of Agriculture of representatives of the beef-cattle industry as well as the dairy interests. I was present at that meeting; and the Secretary, in a very clear and comprehensive statement, outlined what his policies would be in the event this measure should be enacted.

Allow me to say that the Department of Agriculture and the Secretary are earnestly in favor of the enactment of this bill. The Secretary advises the Congress that if it is enacted, before putting into effect any plan under the bill he will call a conference of representatives of both the beef-cattle and the dairy-cattle industries here in Washington, and will make a survey of the whole problem, and will try to work out with the cattle interests a plan that will be satisfactory to them, and will meet the purposes which the Congress has in view in enacting the legislation.

Mr. MURPHY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Iowa?

Mr. CONNALLY. I yield.

Mr. MURPHY. May I inquire of the Senator, if a condition should arise where cattlemen would not be in favor of the imposition of the processing tax, whether the Department of Agriculture would refrain from imposing the tax?

Mr. CONNALLY. I am forced to reply to the Senator that I cannot give him that assurance, because no one can know in advance, of course, what the conditions might be at that time. No one can give assurance as to what the Secretary might determine; but allow me to say to the Senator that in the meeting at the Department of Agriculture, as well as before the committee, the attitude of the Secretary has been one of entire sympathy with the beef-cattle interests and particularly with regard to the dairy interests as wanting to go along with them in working out some solution of their problem.

The Senator from Iowa, no doubt is aware that in the dairy industry particularly, the plan contemplates disposing of the old and diseased dairy cattle, and, in the case of the old cattle where they are not diseased, of working out a plan whereby they may be converted into canned beef and things of that kind, so as to aid the fresh beef cattle market in the United States.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER (Mr. McKELLAR in the chair). Does the Senator from Texas yield to the Senator from Nevada?

Mr. CONNALLY. I do.

Mr. PITTMAN. In partial answer to the question of the Senator from Iowa [Mr. MURPHY], I desire to say that in the conferences with the Secretary of Agriculture and the department having particular jurisdiction over cattle it was determined to call into conference the representatives of the dairy interests and the cattle interests.

It is true that at the start some of the leading cattlemen, as we know, opposed having beef put down as a primary product. I desire to say that the secretary of the American Livestock Association—who, I believe, represented the sentiment of that association—was present at one of these conferences, in which he stated that at that time it was the overwhelming sentiment of the Livestock Association, as far as the association might be representative of the raisers of cattle, that there was but one remedy for the existing condition, and that was placing beef among other primary products so long as that policy was carried on by our Government.

The conferences made an effort to meet the distress in the cattle industry by direct cooperation between the livestock raisers and the packers of this country. They tried to draw a code, to draw an agreement whereby a part of the proceeds from the sale of cattle should be withheld in the nature of a tax to be used by the Secretary of Agriculture for the purpose of removing from the market surplus cattle which could not be carried over through a winter or fattened.

That utterly failed, and failed, in my opinion—for I was present at the conferences—because the packers of this country, in the opinion of those present, and I believe in the opinion of the Secretary of Agriculture also, would not act fairly in the agreement. So we were relegated to this process of protecting the cattle industry, if it is to be protected at all; and I do not think there is anyone here who does not know that the cattle industry has suffered more than any other industry in this country. Instead of being benefited at all, and instead of prices rising at all, the price of beef cattle today is lower than ever before in its history. While the price of retail beef has gone up, the price of cattle has gone down.

In those circumstances, in an industry that is absolutely universal throughout the United States—every community has a certain amount of cattle; every State has a certain amount of cattle—something must be done; and, judging from the conferences we had, apparently this is the only thing that can be done at the present time.

I desire to say that from the statements made by the representatives of the association I am satisfied that the association approves of this bill. I think that will answer the Senator from Iowa as far as any information we can get is concerned. There may be some who are opposed to the bill, but in this case I think there is only one thing to do, and that is the Secretary of Agriculture will do what the Senator says. He will call in those interested in the cattle business and those interested in the dairy business and thresh out the matter.

Mr. CAREY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Wyoming?

Mr. CONNALLY. In a moment. I desire to answer the suggestion made by the Senator from Nevada [Mr. PITTMAN].

The Senator from Nevada is correct in his assumption that the cattle interests of the country at large favor the enactment of this measure. When this matter was pending before the Committee on Agriculture and Forestry, there was a meeting here in Washington, not only of dairy representatives but of beef-cattle interests from all parts of the Nation; and that conference voted almost unanimously in favor of the enactment of this bill, largely for the reasons sug-

gested by the Senator from Nevada. The beef-cattle market is lower than it has been for years—perhaps not just at the moment, because in anticipation of the passage of this measure I understand that prices have increased slightly—but the cattle market has been lower than at any time within recent years.

In 1930, on my motion, the Senate adopted an amendment raising the tariff on beef cattle to the figure in existing law, and we have in a great measure limited imports of beef cattle; but there are considerable imports of canned-beef products, the figures as to which I have available and ask permission to insert in the RECORD at a later point in my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONNALLY. We have also maintained for a considerable period an embargo on the importation of live cattle from the Argentine Republic because of the existence in the Argentine of the foot-and-mouth disease. So there is very little prospect of helping the cattle market by raising the tariff on live cattle. It might be benefited somewhat as to canned beef; and so there seems to be no remedy at hand to aid the beef-cattle industry or the dairy-cattle industry except the enactment of this measure.

Mr. COSTIGAN and Mr. CAREY addressed the Chair.

Mr. CONNALLY. I will yield to the Senators in a moment.

Let me say further, with regard to the statements of the Senator from Nevada, that the Secretary of Agriculture is not hostile to these interests. He is not going to do a thing, either by a processing tax or by any other proceeding, which he thinks will be harmful or hurtful in a large fashion to these interests. His purpose is to help these industries; and he intends to call in the representatives of the industries before any plan is formulated and consult with them and obtain their views. Of course, no one can guarantee what will transpire after those conferences, but I know that I speak with assurance of the facts when I say that the Secretary of Agriculture is going to approach all angles of this problem in a spirit of fairness and consideration.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Wyoming?

Mr. CONNALLY. I shall have to yield first to the Senator's colleague [Mr. CAREY], who has been on the floor for some time. Then I shall yield to the Senator from Iowa [Mr. MURPHY], and then to the junior Senator from Wyoming.

Mr. CAREY. Mr. President, I should like to ask the Senator from Texas if it is not true that recently there were in this city representatives of some 53 livestock organizations, who submitted a plan to the Secretary, and the Secretary did not accept the plan submitted by them. I do not see how anything will be gained by calling another meeting, because he has had here as representative a meeting of livestock associations as he could get.

Mr. CONNALLY. May I ask the Senator if it is not true that that group appointed a committee to continue conferences with the Secretary looking to working out a plan after the bill shall be enacted?

Mr. CAREY. They submitted to the Secretary a written plan, which I will submit to the Senate later, of the things they felt should be done.

Mr. CONNALLY. Let me say to the Senator that, of course, the Secretary could not act finally upon the plan until he gets the authority of this bill to do so. No plan could be approved in advance.

Mr. CAREY. He could at least approve the plan, and say that if the bill shall be enacted he will carry out the plan.

Mr. CONNALLY. No; I think the Secretary would have been very unwise if he had done that before being given authority to do it.

Mr. CAREY. I should like to ask another question, and that is in regard to the processing tax. Is it not true that nearly all the representatives here were opposed to the processing tax?

Mr. CONNALLY. My information is that, of course, most of them were against the processing tax; and that is only natural, because if they can get a $200,000,000 appropriation out of the Treasury and get the benefit of enhancement of the price and not pay any processing tax, of course they would rather do it; but, at the same time, we must recognize that this is being done for the industry, and the industry is willing to do its part. The Government cannot continually subsidize industries out of the Treasury. Does that answer the Senator?

Mr. CAREY. Yes; but I want to ask the Senator one other question. The Agricultural Adjustment Act provides, in section 9 (a) that—

> When the Secretary of Agriculture determines that rental or benefit payments are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with respect to such commodity from the beginning of the marketing year therefor next following the date of such proclamation.

I think that means that no one could receive any benefits under this act unless a processing tax were levied. There would have to be immediately a processing tax of some kind.

Mr. CONNALLY. Let me say to the Senator that section 12, subdivisions (a) and (b)—and I have an amendment on that particular point—will authorize the Secretary to use this fund to make rental or benefit payments, or to carry out any of the powers provided in subsections (a) and (b) of that section, which would not require, necessarily, the levying of a processing tax. I ask to have the amendment printed and lie on the table.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. CONNALLY. Does that answer the Senator on that point?

Mr. CAREY. Yes.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. MURPHY. The Senator from Nevada pictured the condition of the cattle growers admirably, and I am in entire sympathy with the proposal to do something for their relief, and believe in the necessity of doing it. The Senator from Texas has admitted that the tax to be imposed will be paid by the industry.

Mr. CONNALLY. If it is levied.

Mr. MURPHY. If it is levied; and my understanding is, from the testimony of Mr. Davis before the Committee on Agriculture, that it is the purpose of the Department of Agriculture to impose this tax at once.

We adopted the processing tax in the case of hogs, and there was no admission that that tax would be paid by the producer. On the contrary, there was the assumption, if not the explicit understanding, that the tax would be paid by the consumer. The tax is not being paid by the consumer, because there is a surplus production of a perishable commodity which must move into commerce. So that if we do enact this bill, it will be with the frank understanding and the admission that the industry is going to pay the tax and not the consumer, and that there is no bounty to the agricultural industry carried in the bill.

A processing tax imposed ad libitum by the Department of Agriculture may bespeak the continuance of low prices. We, in Iowa, with the processing tax on hogs, have endured a continuation of low prices, of bankruptcy prices.

An elaborate compilation of figures has been made by the Department of Agriculture showing that from last September 1 to February 2 hogs, on the basis of a week-end average, have sold for something like 47 cents more per hundred. Naturally, they would sell for more, because in that period the Federal Government bought 400,000,000 pounds of pork, and there was an increased consumption beyond that of 100,000,000 pounds.

The processing tax on pork has been paid out of the producer almost in full. It ought to appear in the RECORD that the hog farmer has not benefited out of the Treasury of the United States, that he has paid out of one pocket in the

reduced price received for what he sells, what will be paid back to him in benefits for the reduction of his production.

Mr. President, this is a situation which I think we ought to take cognizance of at a time when we say that the Federal Government itself is doing so much for agriculture, and we ought to appropriate out of the Treasury something for the relief of the agricultural industry.

I think this bill should be amended to provide more money, and to take money out of the Federal Treasury for the relief of the cattle feeder and the dairy farmer, and in the full measure possible. If I knew at what point to fix the price, I would provide that the Department of Agriculture should be estopped from imposing a processing tax until that point should be reached. However, so many factors intervene that I have not proposed such an amendment, and I will ask the Senator to be tolerant of, and sympathetic to, an amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] for an appropriation for the relief of dairy farmers.

Mr. CONNALLY. Mr. President, let me say, in reply to the Senator from Iowa as to whether the processing tax will be paid by the consumer or the producer, of course, nobody can tell about matters of that kind. We always talk about the consumer having to bear all the costs. The producer thinks all the charges come out of him. There is no way of drawing a line of demarcation, because there are so many other factors entering into the problem. For instance, in the matter of hogs, the Senator says that all the processing tax on hogs comes out of the producer.

Mr. MURPHY. Practically all.

Mr. CONNALLY. Of course, if there is a scarcity of hogs and prices should go up, the consumer would be paying the increased cost. If there is a surplus and prices go down, of course, the producer feels that he is paying the tax. In the case of hogs, the pigs which were killed last summer under the program of handling hogs did not raise the price at that time because they were not then marketable. They would not have come upon the market until this past fall or the present winter, so we cannot judge the effect of killing those hogs on the prices of hogs at that particular time, except for the psychological urge it might have given to the hog market in general.

Mr. HATCH. Mr. President, is it not true that at the meeting referred to by the Senator from Iowa Mr. Davis did state that the effect of the processing tax on hogs had not yet had time to be shown and demonstrated, just along the line the Senator is speaking of now and that it would not be until later on that the effect would be demonstrated?

Mr. CONNALLY. I thank the Senator from New Mexico for drawing my attention to that particular aspect. Of course, as I undertook to suggest, there has not yet been time for the producer to get the benefit of the processing tax.

Let me say to the Senator from Iowa, further, that the bill contemplates something more for the producer of cattle than the mere processing tax and trying to get that money back into the Treasury. It contemplates marketing agreements by the producers of livestock under which they will be able to get more from the packers or the purchasers of cattle than they are getting now.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. PITTMAN. One of the weapons the Government must have in hand on behalf of the cattle growers of this country is such a weapon as the control of the packers of this country.

Mr. CONNALLY. To be sure.

Mr. PITTMAN. The Livestock Association, representing probably 35 percent of the livestock of this country, did try to benefit the livestock industry by enabling it to get rid of the surplus, "shelly" cattle and the old dairy cattle, by virtue of a marketing agreement with the packers of this country. They preferred that to this method. But, as I have said, the packers were arbitrary in the matter, in my opinion; they did not have to act; there was no power of the Government to make them act. They are in a far more independent position than any raiser of cattle can possibly be. They sell at a profit, no matter what the price of cattle is. This weapon provided here may never be used, but it is a weapon in the hands of the Government which may force what the cattlemen would rather have had than this; and if it does, then this need not be used. But I want to say that it is a lot easier to control the production of cattle where there is only an annual increase than it is to control the production of pigs, whose increase, I believe—and the Senator from Iowa will know much better than I about this—is very much more rapid.

Mr. CONNALLY. Mr. President, let me say to the Senator from Nevada that I was undertaking to point out to the Senator from Iowa that the marketing agreements which will be worked out, and which authority is given to the Secretary to work out under the bill, are the very heart of the measure. The cattlemen, on the one side, are confronted with a highly organized group of packers. The packers absolutely control the market. But if the Secretary of Agriculture, along with the producers, has an instrumentality by which he can work out marketing agreements, there can be some control over the markets, and they will in some degree be able to protect themselves from the packers.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. O'MAHONEY. The discussion has veered back and forth so rapidly between the processing tax and the packers that it has been rather difficult to follow. But, adverting to what the Senator from Nevada has said about the necessity for control of the packers, and what the Senator from Texas has said on the same subject, I wonder why it is, if the activities of the packers are responsible for present conditions, we do not have a bill reported by the committee undertaking to establish some form of control over them, instead of a bill providing for control over the cattlemen.

As I understand the statement of the Senator, the purpose of the Secretary, if this authority is granted to him, is to levy a processing tax only if the cattlemen agree. Is that correct?

Mr. CONNALLY. The Senator from Texas did not go that far.

Mr. O'MAHONEY. I want it clear in my own mind just how far the Senator did go.

Mr. CONNALLY. Let me say to the Senator from Wyoming that I stated in the early part of my remarks that I could not, of course, give any assurance to the Senate as to what the Secretary of Agriculture might or might not do with reference to the levying of a processing tax. I did say this: It is the attitude and the intention of the Secretary of Agriculture, before he formulates any plan of operation under the bill or determines upon the levy of a processing tax, to call in representatives of both the beef-cattle and the dairy-cattle industries and to work out with them, if possible, a plan of procedure under this bill.

I also have the boldness to assert that I regarded the Secretary as entertaining entire sympathy with the program and entire sympathy with trying to work out a plan that would be helpful and beneficial to these industries, and that he would approach the problem in that sort of spirit. That is as far as the Senator from Texas can go.

Mr. O'MAHONEY. Then may I ask, Mr. President, how the Secretary of Agriculture is to determine what the desires of the cattlemen are in this respect, and what cattlemen and what representative does he propose to call into conference?

Mr. CONNALLY. I shall say to the Senator from Wyoming that, of course, he cannot call a convention of all the cattlemen from over all the United States, but he will call a conference of representatives of the various associations. On the floor of the Senate I do not undertake to go over the head of the Senator from Wyoming and undertake to say what the people of Wyoming want. I look upon the Senator from Wyoming as the embodiment of the views and the sentiments and the impulses of the people of Wyoming, and therefore I accept his statement as to the attitude of his people. The Secretary of Agriculture no doubt would call in the presidents of the various State livestock associations, the various dairying associations, and he would assume that

they are speaking for their associations or for their members.

Mr. O'MAHONEY. The Senator presents a measure which clothes the Secretary with certain authority, and at the time that he presents it he tells us in effect, does he not, that the Secretary will be slow to use that authority?

Mr. CONNALLY. No.

Mr. O'MAHONEY. There is nothing in the bill, is there, to define how this authority will be used?

Mr. CONNALLY. Let me say to the Senator that I tried to point a while ago that there is something more to the bill than levying a processing tax. The Secretary is first given a fund of $200,000,000 to work out his marketing agreements or to take such other measures as he may see fit. Later on the question of whether it will be necessary to levy a processing tax will come around.

Mr. CAREY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Wyoming?

Mr. CONNALLY. I shall yield in just a moment. I cannot give the Senator any further assurances than I have already given him. Let me say this, however, to the Senator from Wyoming. Every grant of power carries with it a responsibility. That responsibility must be lodged somewhere. We cannot look into the future when we pass measures conferring powers upon departments of government, and put down in black and white just what shall be done. If we were to do that there would be no occasion to put the authority in anybody but ourselves. The Senator is bound to know that this question is so intricate that it cannot be worked out in advance and put down in the form of a statute. We must give the Secretary of Agriculture discretion, just as we give the head of a great corporation who is managing a business, discretion; we must give him the power to render decisions and to exercise his judgment to meet contingencies that are not foreseen. We cannot foresee what is going to happen every day of the year and tie the hands of the Secretary and say, "You have got to dot the "i" and cross the "t." We must give him some authority so that when he meets a problem in the middle of the road, a problem no one knew was going to arise, we can trust his intelligence and his judgment and his honesty and his patriotism to do what he thinks the circumstances require.

I now yield to the senior Senator from Wyoming.

Mr. CAREY. Mr. President, I wish I had the faith that the Senator from Texas has in what the Secretary of Agriculture might do.

Mr. CONNALLY. The Bible says that faith can move mountains. I hope the Senator from Wyoming will get a little such faith.

Mr. CAREY. I should like to read from the testimony of the Secretary before the House committee in reply to a question by Congressman HOPE. The Secretary said:

> I can agree with you, Congressman HOPE, that through a great program, involving a vast expenditure of time and money that it will require the sympathetic cooperation of the great bulk of the cattlemen to make it really effective. And I am inclined to think that it might be just as well, in case of the cattlemen, to make cattle a basic commodity now, and after that let the thing lay there until next fall, do nothing; just let the cattlemen suffer from low prices, and go ahead and let the whole thing wait to see whether they want a processing tax; let them stew and see how the corn-hog thing comes out, and next fall formulate something, if they want to go without the processing tax, and next fall, when hog prices go up and there has been an increase in hog production and consumption of hog meat and perhaps a shift to the consumption of beef and a compensatory tax is put on cattle, then I think they would like to have the bill, making cattle a basic commodity, so they can avoid the compensatory tax going on cattle.

Mr. CONNALLY. Does the Senator approve that statement?

Mr. CAREY. Naturally, I do not approve the statement; but when the Senator speaks of what the Secretary will do, and that we must trust the Secretary, I will say that I do not like the idea of making cattle a basic commodity and letting the cattlemen stew, as the Secretary suggests, until they get into a lot of trouble; and then the processing tax, he says, will do in that particular case.

Mr. CONNALLY. The Senator condemns the statement of the Secretary of Agriculture when he says, "Do nothing; just let the cattlemen suffer from low prices." He condemns that statement; yet that is the attitude of the Senator. If the bill does not pass, what is going to happen to the cattlemen? They will go on just as the Secretary of Agriculture indicated. Nothing can be done. They will have low prices, and by next fall, I have no doubt, they will be appealing for the Congress to do something for them. What does the Senator propose?

Mr. CAREY. No; let us go by what has happened before. In the case of hogs, with the expenditure of $35,000,000, with the Government pegging the market every day, buying a large proportion of the hogs—the Government bought as many as 150,000 a week—the price of hogs was increased just 12 cents a hundred with all this enormous program and this vast expenditure. Considering the fact that the processing tax is paid by the producer, I think the cattleman would be better off, and I would rather see him paddle his own canoe than to be under an act of this kind.

Mr. CONNALLY. The Senator from Wyoming wants the cattleman to continue to paddle his own canoe. He has been paddling it. Let us see where he has arrived:

> LIVESTOCK IN CHICAGO
>
> CHICAGO, March 5.—While good yearling cattle sold generally at steady prices, rank-and-file steers were generally 15 to 25 cents lower, with the latter in slow demand. The top was $7.50—

That is some very fancy stuff, I understand—

> with main sales at $4.75 to $6.50.

I ask to have the rest of the clipping inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[From the New York Times of Tuesday, Mar. 6, 1934]

While good yearling cattle sold generally at steady prices, rank-and-file steers were generally 15 to 25 cents lower, with the latter in slow demand. The top was $7.50, with main sales at $4.75 to $6.50. Receipts were 15,000, with 7,000 estimated for tomorrow.

Heavier receipts of lambs caused a break in prices, late bids easing 40 to 50 cents. A few lots sold at $9.50 early, but packers were offering only $9.40 and under. Sheep were steady at $3.75 to $5.25. Receipts were 19,000, with 11,000 estimated for tomorrow.

Mr. CONNALLY. Mr. President, the cattleman has been paddling his own canoe, and he has paddled it to the point where cattle have been at the lowest price for years and years and years. If he continues to paddle it, the chances are the cattlemen will get no corresponding advance in their prices along with the prices of other commodities under the Agricultural Adjustment Act.

Senators speak about hogs. They say that the prices of hogs are raised only 12 cents a hundred pounds. Who can say how much the prices of hogs would have declined had they not done something about it?

It is easy for Senators to assume that because the price did not go up, therefore no good has been accomplished. Let me inquire, Where is the Senator so wise, where is the Senator with judgment so keen, where is the Senator with perspicacity so penetrating, as to be able to say what would have happened to hogs had there been no processing tax, or had they had no help under the agricultural program? The price might have been lower. It might have declined to still more ruinous levels. Who is it that knows? It is just like the question as to whether the consumer or the producer pays the processing tax. Nobody has yet been wise enough to say how that occurs or who pays the tax.

Mr. President, I know that the cattlemen of my State want the bill enacted. They did not want to come under the Agricultural Adjustment Act at the time that bill was passed. Subsequently, however, they saw other farm commodities rising in price. They saw the Department of Agriculture doing things for other industries, and they saw cattle remain at low figures. They saw the prices remain at

lower levels than at any time for years and years; and so they changed their minds, and they now want to come under the Agricultural Adjustment Act.

The cattlemen held a meeting in Albuquerque, in the State of the Senator from New Mexico. Forty-five leading cattlemen of my State were there. Out of the 45, 40 voted to come under the Agricultural Adjustment Act. I dare say the cattlemen from New Mexico who were at that meeting voted likewise.

Mr. CAREY. Mr. President——

Mr. CONNALLY. I must first yield to the Senator from New Mexico [Mr. CUTTING], because I involved him in the discussion.

Mr. CUTTING. I quite appreciate the difficulty in which the Senator from Texas and Senators from similar States find themselves. The trouble is, I believe, that a great many of the cattlemen have doubts in their own minds as to just how far they want to go in this matter.

However, what I rose to inquire is this. The Senator spoke a good deal about marketing agreements. The bill, as it has been printed, does not seem to have any reference to marketing agreements. It deals with questions of production only.

Mr. CONNALLY. I have sent to the desk an amendment, which provides that all other sections of the Agricultural Adjustment Act shall apply to cattle, which, of course, would include the making of marketing agreements.

Mr. CUTTING. I think that is a very important point.

Mr. CONNALLY. That is pending, and I expect to offer it formally when we reach that part of the bill.

Mr. CUTTING. I am very glad to have that assurance from the Senator, because I think that will perhaps help the stockmen as much as any other thing.

Mr. CONNALLY. I quite agree with the Senator. If he had been here during the earlier part of my remarks, he would have heard me say that I think the power of the Secretary and of the beef and dairy industries to make these marketing agreements is the very heart of the bill, because they can get more consideration from the packers.

I yield now to the Senator from Wyoming, who has been on his feet quite a little time.

Mr. CAREY. Mr. President, the Senator said several times that it is necessary to have the bill in order to enter into marketing agreements under the packers' code. I do not think that is true. I think it is possible under the present law to have a packers' code. In fact, the stockmen and the packers worked on such a code last August and September, and I believe the code has not been worked out largely because the Department of Agriculture was indifferent to such a code. The Secretary of Agriculture would not agree to it.

The Senator made a statement as to a meeting in Albuquerque. There was a meeting in Albuquerque of the American Livestock Association, an association composed of stockmen from the Western States. There was no vote taken in that meeting with reference to making cattle a basic commodity. The meeting to which the Senator referred was a group of Texas men, of whom the large majority were favorable to making cattle a basic commodity; but the question was not brought up at the meeting of the American Livestock Association, and they were very much divided as to whether they wanted it or not.

Mr. CONNALLY. If the Senator understood me to say they had a vote of the National Livestock Association, the fault was mine in not making myself clear. What I intended to say was that 40 of the 45 Texans who appeared at that meeting voted, but it was in their own group meeting. The national association did not vote on that matter at all. It took the position that it would take no action itself, but would refer the matter back to each State or regional association which was a member of the national.

Mr. CAREY. I believe that is correct.

Mr. BANKHEAD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Alabama?

Mr. CONNALLY. I yield.

Mr. BANKHEAD. A question asked by the Senator from New Mexico [Mr. CUTTING], with reference to the application of the marketing agreement plan, prompted me to indicate to the Senator from Texas my construction and ask his opinion. I have not a copy of the Agricultural Adjustment Act before me, which section 1 of the pending bill purports to amend. As I recall, the inclusion of the word "cattle" in that section simply adds cattle to the other basic agricultural commodities.

Mr. CONNALLY. That is correct.

Mr. BANKHEAD. With that word added, all the provisions of the Agricultural Adjustment Act would apply to cattle just as they do to other basic agricultural commodities, including the provision applicable to marketing.

Mr. CONNALLY. I shall say in reply to the Senator from Alabama that his construction is identical with mine except that in the second section of the bill, which carries the appropriation, it is provided that the appropriation may be used for the purpose of carrying out any of the objects and purposes of the bill.

Mr. BANKHEAD. But all the other provisions of the original act will then apply to cattle?

Mr. CONNALLY. Yes; the general provisions will then apply.

Mr. President, I have just consulted with the Senator from Arkansas [Mr. ROBINSON] and it is agreeable to me to suspend at this time with the understanding that we shall proceed with the consideration of the bill tomorrow.

FREEDOM OF THE PRESS

Mr. SCHALL. Mr. President, no dictatorship can long endure in a country which has freedom of the press. Until the discovery of the art of printing in the fifteenth century, and the first printing press of Gutenberg in 1450, the dictators had a comparatively free hand in dominating the people. There was no public medium for crystallizing public opinion against imperial outrages.

The printing press is the foundation of modern democracy. Therefore, the first step of the new-deal dictatorship—that of Mussolini, Stalin, Hitler, and that now developing in our own land—is to set up a press censorship, radio control, and finally a Federal domination of all sources of public communication.

I fear that Senate bill 2910, to provide for the regulation of interstate and foreign communication by wire or radio, is in harmony with the purpose to centralize authority for control of all press dispatches, all press associations, all transmissions of news, and create another Federal bureau to place all interstate communication under the censorship and secrecy ban of a Federal autocracy.

That is precisely what Mussolini did under his drastic press censorship edict that went into effect January 1, 1925. He quickly realized that his grip on the people of the self-governing communes could not be maintained under freedom of the press, the radio, and other instruments of public communication. Stalin had already done the same thing; and today Hitler and our own emergency rule are doing likewise, despite the guaranty of our Constitution.

What was the result of the Mussolini new-deal censorship? Even under a king, Italy, pursuant to her constitution, had 7,312 self-governing communes. Mussolini, under the secrecy ban of press censorship and control of communications, abolished every one of these 7,000 self-governing communes. By October 1925, only 9 months after the press-censorship edict, even the municipality of Rome itself was deprived of self-government, and all Italy was directly subject to one man, Mussolini. The king and all his dukes had been placed on pensions provided by the loans of Wall Street. Every form of self-government had been abolished, because the people had no free press, no uncensored communication.

The capitalistic London Morning Press frankly expressed the condition under its editorial forecast of 2 years before, when it published the Mussolini eulogy that he had "cast all constitutional figments to the winds."

Doubtless that editorial eulogist of Mussolini may soon say the same thing for the present American regime and

tell the world that we have abolished the constitutional figment that reads:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the people peaceably to assemble and to petition the Government for a redress of grievances.

When the press of the country demanded that this guaranty should be included in the press code now pending, the White House refuses to allow article I and its freedom of the press to go into the code. The press receives a rebuff, accompanied by an insulting allusion, unworthy of a President, that press freedom—

> is not freedom to work children or to do business in a fire trap or violate the laws against obscenity, libel, and lewdness.

No publisher had asked for exemption from these laws. Indeed, it was the American press that originally had secured the adoption of such laws for the security of clean journalism. All that American publishers asked of the President was that the constitutional guaranty of freedom of speech and of the press be preserved in the press code. The White House's answer to the American press is that the freedom-of-the-press clause has no more place here than the Ten Commandments. The President sets up his own imperial word as a higher authority than the Constitution.

In the radio censorship bill, even the utterances of a candidate for public office are subject to Federal license rules. Again the straw excuse is advanced that it is to protect the public from obscenity and lewdness in campaign speech. The reports of public investigations are subject to radio license. The contents of a referendum to voters are subject to license. All press despatches come under a Federal license law.

A licensed press is not a free press. A licensed radio broadcast is not the freedom of speech guaranteed by article I of the bill of rights, drafted by the first Democrat, Thomas Jefferson.

It is indeed a far cry from Thomas Jefferson to a Federal censorship; from Abraham Lincoln to a Federal Bureau of Communications; from Washington to "Crack-Down" Johnson.

At the editorial masthead of the Chicago Tribune appears the declaration of Richard Brinsley Sheridan against the British autocracy from which American patriots rebelled in '76. Said Sheridan to the British Premier:

> Give me but the liberty of the press and I will give to the minister a venal House of Peers. I will give him a corrupt and servile House of Commons. I will give him the full swing of the patronage of office. I will give him the whole host of ministerial influence. I will give him all the power that place can confer upon him, to purchase up submission and overawe resistance; and yet, armed with the liberty of the press, I will go forth to meet him undismayed. I will attack the mighty fabric of that mightier engine. I will shake down from its height corruption, and bury it beneath the ruins of the abuses it was meant to shelter.

This utterance of Sheridan should be nailed to the walls of Senate and House to guard the portals of this Republic against the consummation of that dictatorship which first begins in a pretended emergency which already aspires to be permanent; and the name of a permanent emergency dictator, as disclosed by the precedents of 30 centuries, is emperor.

There is only one article of the Constitution that a would-be American emperor, even in control of all branches of the Government, today has to fear, and that is article I of the American bill of rights—that Congress shall make no law abridging the freedom of speech or of the press.

Besides the press code, the radio code, and this bill providing for a new bureau of communications—the latest of about 57 bureaus, corporations and administrations of the new bureaucracy—the administration has yet one other method for domination of the press.

The existence of a daily newspaper or magazine depends upon its business office. The business of a newspaper depends upon its bank credit. Control of the banks means control of all business enterprises, including the newspaper business. This administration has already expended something like $1,000,000,000 in the preferred stocks of over 5,000 banks. The other day the Chase National, formerly known as the "Wiggins bank", issued $50,000,000 of new preferred stock to be sold to the Treasury through the R.F.C.

Thus the freedom of the American press under article I of the Bill of Rights is not only to be hog tied by a press censorship code and hamstrung by a licensed radio and licensed control of interstate dispatches, but its financial existence is threatened by Federal ownership of the bank that has power to close down the newspaper.

This is perhaps the only method by which the temporary or emergency dictatorship can succeed in its declared aim to be declared permanent.

These moves to control the press have a sinister significance at this time, just before the congressional primaries that are to usher in the fall congressional elections. If the press-control program is consummated, it is useless to hold any election. An election under a press-dominated regime here will be as meaningless as under Mussolini, Hitler, Stalin, or any other dictatorship.

Threatened press domination is the new deal that threatens the calamity named by Lincoln at Gettysburg—"that government of the people, by the people, and for the people may not perish from the earth."

Mr. President, I ask leave to insert in the RECORD following my remarks an item from the Chicago Daily News relative to the matter of the freedom of the press; and I ask that both my remarks and this news item be referred to the Committee on Interstate Commerce, to which Senate bill 2910 has been referred.

There being no objection, the foregoing remarks, together with the news item, were referred to the Committee on Interstate Commerce, and the item was ordered to be printed in the RECORD, as follows:

[From the Chicago Daily News of Feb. 28, 1934]

SCHALL FINDS NEW MENACE OF CENSORSHIP—WIRE-CONTROL BILL HITS AT FREE PRESS, SENATOR WARNS

WASHINGTON, D.C., February 28—Senator Schall (Republican, Minnesota) said in a statement today that newspapers are confronted with censorship by the demand of President Roosevelt for a Federal communications commission.

"The newspapers of the United States", he said, "are about to have themselves censored. After battling for months to force the Roosevelt administration to guarantee freedom of the press in the publishers' code, they now find themselves confronted with the very same censorship by the demand of the President for a Federal communications commission.

"Under such a commission every press dispatch and every cable message can be censored by the administration. What have the newspapers gained by their code fight if they permit their news dispatches to be censored?

"With such a system as suggested by the President, not one word of the skullduggery committed in Washington could reach the people of the United States.

"Not a publisher up to date has sensed the danger in the demand sent to Congress.

"What the newspapers and the people of the United States need most at the present moment is a legislative bureau in Washington to follow all legislation introduced and see to it that the dictatorship now in the making is thwarted."

KNOX PRAISES SCHALL FOR REVEALING DANGER

The statement of Senator SCHALL that a Federal communications commission would inflict censorship on the press was "a real public service", Frank Knox, publisher of the Chicago Daily News, said in a statement today. He thanked the Senator for "directing public attention to the latest manifestation in Washington of a desire to control the sources of public information.

"The bureaucratic Federal control of all means of communications", said Knox, "can readily be converted into an efficient machine for censorship overnight. That the desire exists to exercise such a censorship can no longer be doubted. It has shown itself in a dozen different directions.

"It was only through the insistence of the newspapers that a complete freedom of the press was maintained in the formulation of a newspaper code. If this new danger is to be averted, it will only be because the newspapers militantly oppose these latest plans of the power-hungry bureaucrats in Washington for complete domination under a centralized Federal bureaucracy.

"I have no fear that the proposed censorship can be established, because I do not believe that an aroused public opinion will permit resort to precisely the methods employed by dictators in Europe to establish and maintain their supremacy. I utterly refuse to believe that Fascism of this type is possible in America."

CLAIM OF POTOMAC ELECTRIC POWER CO.

The PRESIDING OFFICER (Mr. McKELLAR in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1083) authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C., which were, on page 1, line 10, after the sum "$2,157.25", to insert "in full settlement of all claims against the Government of the United States"; on page 1, lines 10 and 11, to strike out "in full and final settlement of said claim"; and on page 1, line 14, after the word "claim", to insert:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. BAILEY. I move that the Senate concur in the House amendments.

The motion was agreed to.

RECONNAISSANCE SURVEY FOR AN INTER-AMERICAN HIGHWAY

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Post Offices and Post Roads, as follows:

To the Congress of the United States:

I transmit herewith two copies of a report prepared by the Bureau of Public Roads, Department of Agriculture, a letter of transmittal addressed to the Secretary of State by the Secretary of Agriculture, and a letter from the Secretary of State concerning a reconnaissance survey for an inter-American highway.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 6, 1934.*

[Enclosures: Two copies of report on inter-American highway; from Secretary of Agriculture, Jan. 25, 1934; from Secretary of State to the President.]

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. McKELLAR in the chair) laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. ROBINSON of Arkansas (for Mr. McKELLAR), from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. HARRISON, from the Committee on Finance, reported favorably the following nominations:

Thomas Temple Hoyne, of Chicago, Ill., to be comptroller of customs in customs collection district no. 39, with headquarters at Chicago, Ill., in place of Leslie L. Glenn; and

William J. O'Brien, of Buffalo, N.Y., to be collector of customs for customs collection district no. 9, with headquarters at Buffalo, N.Y., in place of Fred A. Bradley.

The PRESIDING OFFICER. The reports will be placed on the calendar.

THE CALENDAR

The PRESIDING OFFICER. The calendar is in order.

NOMINATIONS PASSED OVER

Mr. ROBINSON of Arkansas. Mr. President, I ask that the first two nominations on the calendar—Robert H. Jackson to be general counsel, Bureau of Internal Revenue, and Daniel D. Moore to be collector of internal revenue, district of Louisiana—be passed over for the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of J. Butler Wright, of Wyoming, to be Envoy Extraordinary and Minister Plenipotentiary to Czechoslovakia.

Mr. O'MAHONEY. Mr. President, I desire the RECORD to show that Mr. J. Butler Wright is a career man, that he entered the service of the State Department several years ago, and has been in that service continuously ever since.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of George S. Messersmith, of Delaware, to be Envoy Extraordinary and Minister Plenipotentiary to Uruguay.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John C. Wiley, of Indiana, to be consul general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of George C. Hanson, of Connecticut, to be secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Angus I. Ward, of Michigan, to be secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Charles E. Bohlen, of Massachusetts, to be secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of John B. Colpoys to be United States marshal, District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John B. Keefe to be United States marshal for the northern district of Iowa.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. ROBINSON of Arkansas. I ask that the several nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters will be confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I make the same request as to the Army nominations.

The PRESIDING OFFICER. Without objection, the Army nominations will be confirmed en bloc.

That completes the calendar.

INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate, in legislative session, resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 5 o'clock and 10 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, March 7, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 6 (legislative day of Feb. 28), 1934

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Frank P. Corrigan, of Ohio, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to El Salvador.

UNITED STATES CIRCUIT JUDGE

Florence E. Allen, of Ohio, to be United States circuit judge, sixth circuit, to succeed Smith Hickenlooper, deceased.

COLLECTOR OF CUSTOMS

Bernice Pyke, of Cleveland, Ohio, to be collector of customs for customs collection district no. 41, with headquarters at Cleveland, Ohio, to fill an existing vacancy.

REGISTER OF THE LAND OFFICE

Paul Witmer, of California, to be register of the land office at Los Angeles, Calif., vice John Robert White.

PROMOTIONS IN THE NAVY

MARINE CORPS

The following-named meritorious noncommissioned officers to be second lieutenants in the Marine Corps, revocable for 2 years from the 2d day of March 1934:

Corp. William M. Hudson
Corp. Frederic H. Ramsey
Corp. Reynolds H. Hayden
Corp. Charles A. Miller

CONFIRMATIONS

Executive nominations confirmed by the Senate March 6 (legislative day of Feb. 28), 1934

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARIES

J. Butler Wright to be Envoy Extraordinary and Minister Plenipotentiary to Czechoslovakia.

George S. Messersmith to be Envoy Extraordinary and Minister Plenipotentiary to Uruguay.

CONSUL GENERAL

John C. Wiley to be consul general.

SECRETARIES IN THE DIPLOMATIC SERVICE

George C. Hanson to be secretary in the Diplomatic Service.

Angus I. Ward to be secretary in the Diplomatic Service.

Charles E. Bohlen to be secretary in the Diplomatic Service.

UNITED STATES MARSHALS

John B. Colpoys to be United States marshal for the District of Columbia.

John B. Keefe to be United States marshal for the northern district of Iowa.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

Capt. Frank Huber Partridge to Adjutant General's Department.

Second Lt. Douglas Glen Ludlam to Ordnance Department.

Second Lt. Harry Hollingsworth Geoffrey to Air Corps.

APPOINTMENTS BY PROMOTION IN THE REGULAR ARMY

Laurence Verner Frazier to be colonel, Corps of Engineers.

Jacob Loucks Devers to be lieutenant colonel, Field Artillery.

Larry McHale to be major, Field Artillery.

Engmann August Andersen to be captain, Quartermaster Corps.

John James Earle, Jr. to be first lieutenant, Coast Artillery Corps.

Robert Frederick Tate to be first lieutenant, Air Corps.

POSTMASTERS

CALIFORNIA

Owen Kenny, Calistoga.
Harry S. Markofer, Elk Grove.
Leslie A. Johnson, Escalon.
Edith A. Knudsen, Klamath.
Sidney F. Horrell, Moneta.
Edith B. Smith, Patton.

KENTUCKY

Benjamin F. Turner, Outwood.

LOUISIANA

Ernest B. Miller, Denham Springs.
Sylvester J. Folse, Patterson.

MAINE

Milton Edes, Sangerville.

MINNESOTA

Lambert J. Dols, Cologne.
Anton Malmberg, Lafayette.
Ruth Stevens, St. Paul Park.

MISSISSIPPI

Lewis F. Henry, Carthage.
Aaron B. Johnston, Enid.
Johnnie L. Posey, Philadelphia.

MISSOURI

Nat M. Snider, Cape Girardeau.
Elizabeth Farnan, Clyde.
Ora Lee Dean, Dearborn.
Joseph F. Hargis, Downing.
James P. Moore, Liberal.
Theodore G. Robinson, Maryville.

NEBRASKA

Frank A. Moon, Fairbury.

HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 6, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Father, Lord of heaven and earth, help us to feel that the life of our fellow man is a part of our own; unite us to him by a common center, and may we experience his burden as our burden, his joy as our joy. O give us the charity to ever champion his rights. Send Thy Spirit to make us ready for the duties of this day and gladden and strengthen us within. Do Thou increase the power of our resistance, our faith, blessed Lord, so that trifles or obstacles may not disturb us, may not annoy us. Intensify our love for our country and for its wonderful traditions. We praise Thee that Thou hast a crown for the uncrushed soul, a wreath for the unwithered heart, and a laurel for the undimmed love for Thee. Heavenly Father, above all these things, let us feel eternity in our hearts, and then we shall step bravely through the gates of time, and Thine shall be the everlasting glory. In the name of the world's Savior. Amen.

CALL OF THE HOUSE

Mr. LEHLBACH. Mr. Speaker, I make the point of no quorum.

The SPEAKER. Evidently there is not a quorum present.

Mr. WOODRUM. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 99]

Abernethy	Colmer	Fitzgibbons	Lesinski
Auf der Heide	Corning	Fulmer	Lewis, Md.
Beiter	Cross, Tex.	Gambrill	McDuffie
Berlin	Crowther	Gillespie	McFarlane
Black	Crump	Goldsborough	McGugin
Brooks	Darrow	Greenway	McLeod
Burke, Calif.	De Priest	Hancock, N.C.	Mansfield
Cannon, Wis.	DeRouen	Hart	Meeks
Carley, N.Y.	Dickstein	Healey	Montague
Cary	Disney	Kelly, Pa.	Norton
Castellow	Doutrich	Kennedy, Md.	Palmisano
Cavicchia	Eltse, Calif.	Kenney	Pou
Claiborne	Evans	Lanzetta	Ramsay
Cochran, Pa.	Farley	Lee, Mo.	Reid, Ill.

Richards	Scrugham	Steagall	Treadway
Robinson, Utah	Seger	Sullivan	Wearin
Rogers, Okla.	Simpson	Thompson, Ill.	Williams
Sadowski	Stalker	Thompson, Tex.	Wilson

The SPEAKER. Three hundred and fifty-nine Members have answered to their names; a quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

INTERSTATE AND FOREIGN COMMUNICATION BY WIRE OR RADIO

Mr. BLAND. Mr. Speaker, by authority and direction of the Committee on the Merchant Marine, Radio, and Fisheries, and as chairman of that committee, I move that the reference made by the Speaker on February 27, 1934, to the Committee on Interstate and Foreign Commerce of the bill (H.R. 8301) to provide for the regulation of interstate and foreign communication by wire or radio, and for other purposes, be corrected and that the said bill be referred to the Committee on the Merchant Marine, Radio, and Fisheries.

The SPEAKER. The Clerk will report the motion.

The Clerk reported the motion.

Mr. RAYBURN. Mr. Speaker, I recognize, of course, that except by unanimous consent this motion is not debatable; but the questions involved are so far-reaching and so challenging to the precedents of the House and to the authority of the Speaker to refer measures that I think it would be enlightening to the House if we could have, say, 10 minutes' debate on the side, 10 minutes to be controlled by the gentleman from Virginia [Mr. BLAND] and 10 minutes by myself. I think there are matters that could be developed in even this short time that would certainly make it worth while.

Mr. BLAND. Will the gentleman from Texas not make his suggestion 20 minutes to the side?

Mr. COLLINS of Mississippi. Mr. Speaker, I shall object to 20 minutes to the side. I will not object to 10 minutes to the side.

Mr. BLAND. Will the gentleman from Texas make the time 15 minutes to each side?

Mr. O'CONNOR. Mr. Speaker, will the gentleman from Mississippi yield?

Mr. COLLINS of Mississippi. Certainly.

Mr. O'CONNOR. This is an important question for the House to decide. All these jurisdictional questions are important. The House is not always informed about them. Few Members have examined the precedents. Surely we could spend half an hour on the subject of jurisdiction. This is not asking too much, in spite of the fact we have an appropriation bill pending.

Mr. COLLINS of Mississippi. Mr. Speaker, I shall object to the request of 20 minutes to the side. We must go on with the War Department appropriation bill as agreed to by the House yesterday.

Mr. O'CONNOR. I know; but does the gentleman feel that general debate is of such importance as to take precedence over the question of jurisdiction of a committee over a bill?

Mr. COLLINS of Mississippi. I regret I cannot concur in the request of 20 minutes to each side. I appreciate the desire of the distinguished gentleman from New York, whom I always like to accommodate, but other gentleman have made preparations to speak on the War Department appropriation bill, and these gentlemen should be accorded this opportunity.

Mr. McFADDEN. Mr. Speaker, reserving the right to object, so far as I personally am concerned, I am ready to vote now on the question of the reference of this bill.

Mr. RAYBURN. Mr. Speaker, I object to any argument out of order.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. McFADDEN. Mr. Speaker, I object.

The SPEAKER. The question is on the motion of the gentleman from Virginia.

The question was taken; and on a division (demanded by Mr. BLAND) there were—ayes 108, noes 125.

Mr. BLAND. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 148, nays 212, answered "present" 4, not voting 67, as follows:

[Roll No. 100]

YEAS—148

Andrew, Mass.	Dirksen	Holdale	Robertson
Arens	Dobbins	Hope	Rudd
Bacharach	Dockweiler	Imhoff	Schulte
Beedy	Douglass	Jacobsen	Scrugham
Beiter	Dowell	Johnson, Minn.	Sears
Biermann	Eagle	Johnson, W.Va.	Secrest
Blanchard	Eaton	Kee	Shoemaker
Bland	Edmiston	Keller	Sinclair
Boileau	Edmonds	Kelly, Pa.	Sirovich
Boland	Eicher	Kennedy, N.Y.	Sisson
Bolton	Elizey, Miss.	Kloeb	Smith, Va.
Boylan	Eltse, Calif.	Kramer	Smith, Wash.
Britten	Evans	Kvale	Smith, W.Va.
Brown, Ga.	Faddis	Lamneck	Somers, N.Y.
Brown, Ky.	Fiesinger	Lehlbach	Studley
Brown, Mich.	Fish	Lehr	Sutphin
Buchanan	Fitzgibbons	Lemke	Tarver
Buckbee	Flannagan	Lindsay	Taylor, S.C.
Burke, Nebr.	Frear	Lloyd	Terry, Ark.
Burnham	Frey	Luce	Tinkham
Cady	Fuller	Lundeen	Tobey
Cannon, Mo.	Fulmer	McFadden	Traeger
Carmichael	Gavagan	Martin, Oreg.	Truax
Carpenter, Kans.	Gifford	Miller	Utterback
Carpenter, Nebr.	Gilchrist	Moran	Wallgren
Carter, Calif.	Gillespie	Morehead	Walter
Celler	Gillette	Mott	Weideman
Christianson	Glover	Musselwhite	Welch
Clarke, N.Y.	Griffin	O'Malley	Werner
Collins, Calif.	Guyer	Owen	Wigglesworth
Connery	Harlan	Peterson	Williford
Cravens	Hart	Pierce	Withrow
Crosby	Harter	Plumley	Wood, Ga.
Culkin	Hartley	Powers	Wood, Mo.
Cullen	Hildebrandt	Ramspeck	Woodrum
Darden	Hill, Knute	Randolph	Young
Delaney	Hoeppel	Richardson	Zioncheck

NAYS—212

Adair	Ditter	Kurtz	Rankin
Adams	Dondero	Lambertson	Ransley
Allen	Doughton	Lambeth	Rayburn
Allgood	Doutrich	Lanham	Reece
Andrews, N.Y.	Driver	Larrabee	Reed, N.Y.
Arnold	Duncan, Mo.	Lea, Calif.	Reilly
Ayers, Mont.	Durgan, Ind.	Lee, Mo.	Rich
Ayres, Kans.	Farley	Lewis, Colo.	Richards
Bailey	Fernandez	Lozier	Rogers, Mass.
Bakewell	Fitzpatrick	Ludlow	Rogers, N.H.
Bankhead	Fletcher	McCarthy	Rogers, Okla.
Beam	Focht	McClintic	Romjue
Beck	Ford	McCormack	Ruffin
Blanton	Foss	McFarlane	Sanders
Bloom	Gasque	McGrath	Sandlin
Boehne	Goodwin	McKeown	Schaefer
Brennan	Goss	McLean	Schuetz
Browning	Granfield	McLeod	Shallenberger
Brumm	Gray	McReynolds	Simpson
Brunner	Green	McSwain	Spence
Buck	Gregory	Maloney, Conn.	Steagall
Bulwinkle	Griswold	Maloney, La.	Stokes
Busby	Haines	Mansfield	Strong, Pa.
Caldwell	Hamilton	Mapes	Strong, Tex.
Carden, Ky.	Hancock, N.Y.	Marland	Stubbs
Carter, Wyo.	Hancock, N.C.	Marshall	Sumners, Tex.
Cartwright	Hastings	Martin, Colo.	Swank
Cary	Healey	Martin, Mass.	Sweeney
Castellow	Hess	May	Swick
Chapman	Higgins	Mead	Taber
Chase	Hill, Ala.	Meeks	Taylor, Colo.
Chavez	Hill, Samuel B.	Merritt	Taylor, Tenn.
Church	Hollister	Millard	Terrell, Tex.
Claiborne	Holmes	Milligan	Thomas
Clark, N.C.	Howard	Mitchell	Thomason
Cochran, Mo.	Huddleston	Monaghan, Mont.	Turner
Colden	Hughes	Montet	Turpin
Cole	James	Moynihan, Ill.	Umstead
Collins, Miss.	Jeffers	Muldowney	Underwood
Colmer	Jenckes, Ind.	Murdock	Vinson, Ga.
Condon	Jenkins, Ohio	Nesbit	Vinson, Ky.
Connolly	Johnson, Okla.	O'Brien	Wadsworth
Cooper, Ohio	Johnson, Tex.	O'Connell	Warren
Cooper, Tenn.	Jones	O'Connor	Weaver
Crosser, Ohio	Kahn	Oliver, Ala.	West, Ohio
Cummings	Kelly, Ill.	Oliver, N.Y.	West, Tex.
Dear	Kerr	Parks	White
Deen	Kinzer	Parsons	Whitley
Dickinson	Kleberg	Patman	Whittington
Dickstein	Kniffin	Perkins	Wilcox
Dies	Knutson	Pettengill	Wolcott
Dingell	Kocialkowski	Peyser	Wolfenden
Disney	Koppiemann	Polk	Wolverton

ANSWERED "PRESENT"—4

Byrns	Cox	Dunn	Parker

NOT VOTING—67

Abernethy	Crump	Lanzetta	Seger
Auf der Heide	Darrow	Lesinski	Shannon
Bacon	De Priest	Lewis, Md.	Snell
Berlin	DeRouen	McDuffie	Snyder
Black	Doxey	McGugin	Stalker
Brooks	Drewry	McMillan	Sullivan
Burch	Duffey	Montague	Thom
Burke, Calif.	Ellenbogen	Norton	Thompson, Ill.
Cannon, Wis.	Englebright	Palmisano	Thompson, Tex.
Carley, N.Y.	Foulkes	Peavey	Thurston
Cavicchia	Gambrill	Pou	Treadway
Cochran, Pa.	Goldsborough	Prall	Waldron
Coffin	Greenway	Ramsay	Wearin
Corning	Greenwood	Reid, Ill.	Williams
Cross, Tex.	Henney	Robinson	Wilson
Crowe	Kennedy, Md.	Sabath	Woodruff
Crowther	Kenney	Sadowski	

So the motion was rejected.

The Clerk announced the following general pairs:

Mr. Byrns with Mr. Snell.
Mr. Corning with Mr. Darrow.
Mr. Doxey with Mr. Treadway.
Mr. Greenwood with Mr. Englebright.
Mr. McMillan with Mr. Bacon.
Mr. Gambrill with Mr. Seger.
Mr. McDuffie with Mr. Thurston.
Mr. Prall with Mr. Crowther.
Mr. Pou with Mr. Woodruff.
Mr. Cross of Texas with Mr. Cochran of Pennsylvania.
Mrs. Norton with Mr. Cavicchia.
Mr. Goldsborough with Mr. Waldron.
Mr. Black with Mr. Stalker.
Mr. Drewry with Mr. McGugin.
Mr. Auf der Heide with Mr. Peavey.
Mr. Reid of Illinois with Mr. De Priest.
Mr. Ramsay with Mr. Wearin.
Mr. Crowe with Mr. Burke of California.
Mr. Wilson with Mr. Lanzetta.
Mr. Kennedy of Maryland with Mr. Ellenbogen.
Mr. Shannon with Mr. Berlin.
Mr. Carley of New York with Mr. Henney.
Mr. Crump with Mr. DeRouen.
Mr. Williams with Mr. Thom.
Mr. Brooks with Mr. Thompson of Texas.
Mr. Sullivan with Mr. Montague.
Mr. Abernethy with Mr. Lewis of Maryland.
Mr. Greenway with Mr. Duffey.
Mr. Kenney with Mr. Snyder.

Mr. DREWRY. Mr. Speaker, I was not present when my name was called. If I had been present, I would have voted "aye."

Mr. BURCH. Mr. Speaker, I was not present, but I would have voted "aye" if I had been present.

Mr. KRAMER. Mr. Speaker, my colleague, Mr. BURKE of California, is ill and asked me to announce that if he were present he would vote "aye."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

UNFAIR COMPETITION AND PRACTICES IN COTTON INDUSTRY

Mr. BANKHEAD, from the Committee on Rules, reported the following privileged resolution for printing under the rule:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 8402, a bill to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 8 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. BANKHEAD. Mr. Speaker, may I submit a unanimous-consent request?

The rule that has been presented provides for the consideration of the cotton control bill. A great many Members of the House are interested in the constitutional phases of this legislation, and properly so. May I ask unanimous consent to have incorporated in the RECORD for the benefit of the Members in studying this bill a brief on the constitutionality of the proposed legislation?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, who is the author of this brief?

Mr. BANKHEAD. The brief was prepared by a representative of the Department of Justice, a very able man in the service of that Department.

Mr. MARTIN of Massachusetts. Mr. Speaker, at this time I object. If the gentleman will renew it later, I will think it over in the meantime.

The SPEAKER. Objection is heard.

INVESTIGATION BY COMMITTEE ON MILITARY AFFAIRS

Mr. WARREN. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 284

Resolved, That the expenses of conducting the investigation authorized and directed by House Resolution 275, incurred by the Committee on Military Affairs, acting as a whole or by subcommittee, not to exceed $10,000, including expenditures for the employment of expert, clerical, and stenographic services, shall be paid out of the contingent fund of the House, on vouchers authorized by the committee, signed by the chairman thereof and approved by the Committee on Accounts.

SEC. 2. That the official committee reporters shall serve said committee at its meetings in the District of Columbia.

Mr. WARREN. Mr. Speaker, this is a resolution providing funds for the investigation which was authorized by the House a few days ago to be conducted by the Military Affairs Committee.

We have been promised a thoroughgoing, searching investigation of conditions in the War Department from 1926 to date, letting the chips fall where they will. The committee is unanimous that this amount of $10,000 is most reasonable and necessary to carry out the purposes of the investigation.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. WARREN. I yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. I am not opposed to the investigation, but is it understood by the committee that it is not likely they will come back for a further appropriation and that this will be sufficient?

Mr. WARREN. They so stated on the floor of the House.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On March 2, 1934:

H.R. 5242. An act for the relief of William C. Campbell;

H.R. 6574. An act to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico and the Virgin Islands, and for other purposes; and

H.R. 6951. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes.

On March 5, 1934:

H.R. 7205. An act to provide for the care and transportation of seamen from shipwrecked fishing and whaling vessels;

H.R. 7554. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnum Street, Omaha, Nebr.;

H.R. 7705. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.;

H.R. 6219. An act to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the

manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma;

H.R. 715. An act to award the Distinguished Service Cross to former holders of the certificate of merit, and for other purposes; and

H.J.Res. 278. Joint resolution to amend Public Act No. 81 of the Seventy-third Congress, relating to the sale of timber on Indian land.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to the bill (S. 407) for the relief of Willie B. Cleverly.

JOHN O. SNYDER

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BOYLAN. Mr. Speaker, I have asked for this time for the purpose of extending the congratulations of the House to one of our very efficient workers, Mr. John O. Snyder, our very capable pair clerk, who completes today 33 years of continuous service in this House. [Applause.] He has served under the following Speakers: Henderson, Cannon, Clark, Gillett, Longworth, Garner, and Rainey. I know you will unite with me in conveying our good wishes to Mr. Snyder and to express the hope that he may continue to work here during the service of many, many other Speakers who are to follow as the presiding officers of this House. [Applause.]

WAR DEPARTMENT APPROPRIATION BILL, 1935

Mr. COLLINS of Mississippi. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the Army appropriation bill, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

Mr. BOLTON. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, there is an old Latin saying, "Veritas magna est et praevalebit." Of course, all the lawyers in the House know the translation of this Latin phrase, but for those who are not lawyers and who have not had the benefit of that high degree of classical culture, I will translate it into plain, ordinary English. It means that "The truth is mighty and will prevail."

The other day the gentleman from New York [Mr. MEAD] made an eloquent speech in which he denounced those of us on this side of the House as playing politics when we criticized the cancelation of the air-mail contracts and when we stated that the death of the six Army officers flying or preparing to fly the air mail was legalized murder. The gentleman also went on to say, at least by inference, that the Republicans on this side of the House had spoken disparagingly of these young Army pilots as rosy-faced babies. I asked a good many Republican Members if anyone had used such language or any language of that kind. Of course, I found that none had, but I did find out that that was the language used in the radio address of the Chief of the Army Air Corps, General Foulois, not once but twice, intimating that those of us who had criticized the Army Air Corps and who had condemned the accidents had referred to these young pilots as "a bunch of rosy-cheeked babies." The gentleman from New York [Mr. MEAD] comes here and reiterates this statement and infers that it is made by some Republicans on this side. It is simply an example of the old political game of creating a straw man to knock down. But in this case, when courageous young Army pilots had lost their lives because someone had blundered, it does not help the Army Air Corps for its commanding officer, General Foulois, to make a political speech and use epithets such as "a bunch of rosy-cheeked babies" about as fine and brave group of Army officers that ever lived. It is unfortunate that it was ever used or repeated for political purposes.

Now, it is time that on both sides that we be permitted to speak out and speak the truth without being charged with playing politics. So far as I am concerned, I believe the cancelation of the air-mail contracts was rotten with politics. [Applause.] I believe it was conceived in politics; that it was aimed at and resulted in the grossest kind of political reprisal in the recent history of our country.

Mr. SABATH. Will the gentleman yield?

Mr. FISH. I am sorry that I cannot yield in the limited time.

They were canceled, all of them, without a hearing and without a trial of any kind, on the basis merely that might makes right. It is simply a striking example of the dictatorial action of an administration drunk and arrogant with power. It proceeded to cancel these contracts without a hearing of any kind in a most ruthless and autocratic manner, and up until this time the country has been waiting to find out the reason for the cancelation of these air-mail contracts.

If there is any fraud, the country is entitled to know where the fraud exists. It is inconceivable that 14 or more air-mail companies and their officials, representing all kinds of people in this country, are corrupt, dishonest, and fraudulent. I do not believe that many American people believe they were, and will not believe so until the officials of these companies have been afforded an impartial and adequate hearing to present their side of the case, which is the right of every American citizen. If there was any politics, it was in the cancelation of the air-mail contracts; that was the inception of it; and the burden of proof rests with the Government to produce evidence of the fraud it claims in general terms.

Now, in answer to the charge—and I believe I was the first one to raise it in the House—that the death of these six Army pilots was legalized murder. I used those words advisedly, but I did not invent them. They were first used by Capt. Eddie Rickenbacker, the greatest war ace in the history of our country, who shot down 26 German airplanes, who was decorated with the Medal of Honor and seven times with the Distinguished Service Cross. He said publicly that using Army pilots without any experience on the air-mail routes, in winter weather, in open machines, was legalized murder.

I do not claim to be an authority on aviation, but Captain Rickenbacker is one of the highest authorities in the United States. The newspapers of the country and the great champion of the Democratic Party in the last election, Mr. Hearst, in his newspapers, has repeatedly gone further and called it downright butchery.

I am not apologizing, nor is anyone else, for having used the words "legalized murder", because this is exactly what was meant at the time and is exactly what we mean today—when six young Army pilots, ordered to fly the mail almost overnight on unknown routes, in winter weather, went to their death on account of politics—and it is because of that we say it is legalized murder.

Very few on this side of the House have criticized the Army Air Corps. The chief criticisms of the Army Air Corps have come from your side of the House, whether they are justifiable or not. The Speaker of the House, over his own signature, sent out a statement that was broadcast in the papers from coast to coast, criticising the efficiency of the Army Air Corps in the very strongest terms. The gentleman from Mississippi [Mr. COLLINS] has criticized the Army Air Corps for several years, and other Democrats have made much stronger statements denouncing and condemning the types of planes that are being used in the Army Air Corps, but whenever the minority says a word, the cry of politics

is raised. Was it politics when the Democratic Speaker of the House sent his message out to the country, attacking the Army Air Corps—was that Republican politics? Or when the gentleman from Mississippi spoke out about its defects, was that Republican politics?

Some Democrats have developed a new rule in the House. I suppose some member of the "brain trust" has come down here with an old hat filled with Easter bunnies and Easter eggs and has brought out a new rule that the minority party must be seen and not heard; that not only they have no right to offer or vote on amendments, but they have no right to criticize, and that even veiled criticism is taboo. Therefore, from now on under this new gag rule, criticism of the Army Air Corps or of the cancelation of these air-mail contracts is criticism of the Democratic Party and therefore fundamentally wrong, and a new emergency must be created or manufactured every time some Republican begins to criticize either the Army Air Corps or the autocratic cancelation of the air-mail contracts.

I now want to answer more specifically and categorically the statements made by the gentleman from New York [Mr. MEAD]; first, that there were more open machines used by the commercial airplane companies than by the Army. In each case I have taken my evidence either from the Army Air Corps or from some Army authority. The following information was given me only yesterday by a colonel in the Army Air Corps.

The number of open machines being used to carry the mail by the Army is 149, closed machines 62; by the commercial companies, 316 closed machines and only 55 open machines. In other words, the Army is using more than 2 to 1 open planes and the commercial companies are using 6 to 1 closed planes.

Mr. KVALE. Will the gentleman yield?

Mr. FISH. I yield.

Mr. KVALE. Of course, the gentleman will admit that the commercial lines are carrying passengers and the Army is not.

Mr. FISH. Oh, certainly, I admit that; but the gentleman from New York, in speaking the other day, made just the contrary statement. He said:

> Now, Mr. Speaker, are open ships used by private lines? Yes, of course, they are; more open ships were used by private lines than are now being flown by the Army in carrying the mail.

This is just not correct. It is utterly incorrect.

Then the gentleman from New York [Mr. MEAD] goes on to speak of radio equipment—

> What radio equipment has the Army? Every essential bit of radio equipment that any private line has and all that is necessary for safe flying in any kind of weather.

In answer to that I want to quote from an article by Maj. Gen. James E. Fechet, retired Chief of the Army Air Service:

> This is specially true of radio. Seventy-five percent of Army planes carry no radio. None of them carries the best long-range set which the mail planes find as their greatest aid. The mail pilot can and does remain in constant contact with his ground station. The Army mail man will lose all contact with his ground station within 40 or 50 miles after he takes off.

Mr. KNUTSON. Will the gentleman yield?

Mr. FISH. Yes.

Mr. KNUTSON. Probably under the new regulations issued by the War Department, which are so restrictive, they do not need radios.

Mr. FISH. Continuing the quotation—

> He will often plow blindly into fog and snow, because a warning voice from the ground station would not reach him.

This is not from a Republican; it is not Republican politics. It is from a recent published article of General Fechet, formerly Chief of the Army Air Service.

And he has this to say:

> In flying the mail, experience is the thing. Army pilots suddenly jerked from military duties to pilot the mail will suffer many handicaps. They are taking the places of a group of pilots who are also expert airmen, who have gained their knowledge from thousands of hours flying over the mail routes.

I want to insist that when we charged these six deaths as being legalized murder we knew exactly what we were talking about, because the proof of the pudding is always in the eating.

Mr. TRUAX. Will the gentleman yield?

Mr. FISH. Not at this moment.

Six Army officers went to their death in 6 days, whereas the entire commercial air force over a period of 1 year, I think, lost eight pilots.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. FISH. Yes.

Mr. FITZPATRICK. How many of those men out of the six were carrying the mail?

Mr. FISH. I am glad the gentleman asked me that pertinent question. He wants to know how many out of the six were carrying the mail. Of all the petty, foolish, picayune subterfuges that have been used by the Army Air Corps and others I think the worst is when they say only one officer was actually killed flying the mail. What difference does it make to the mothers or wives of the other five officers who lost their lives under orders learning the mail routes or ferrying other pilots?

(The time of Mr. FISH having expired, he was given 5 minutes more.)

Mr. FISH. I cannot conceive of any more unfair statement than trying to make out that these young officers who were killed while preparing to fly, or who went out in snowstorms in Utah and other States in order to learn the routes, were not engaged in carrying out the orders of the Postmaster General caused by the high-handed and unwarranted cancelation of the air-mail contracts. They were ordered to fly by the Government, and officers of the Army are accustomed to obey orders. It makes no difference to them or their parents or their families or the American citizens back home to say that they did not lose their lives flying the air mail when they were actually carrying out the orders received from the Chief of the Army Air Corps to prepare themselves to carry the air mail.

Mr. GOSS. Did the gentleman say "Chief of Staff"?

Mr. FISH. I intended to say Chief of the Army Air Corps.

Mr. SEARS. Mr. Chairman, I make the point of order that the gentleman from New York did not yield to the gentleman from Connecticut.

Mr. GOSS. I thought the gentleman yielded to me.

The CHAIRMAN. The Chair will protect the gentleman if he declines to yield.

Mr. FISH. I shall oppose any red herring being dragged across the trail and thereby get away from the main issue, the high-handed and arrogant cancelation without a hearing of the air-mail contracts. All that we have done has been to justifiably criticize from the beginning the cancelation of the air-mail contracts, based, so the Democrats say, on unproven fraud and on the fact that these air-mail companies were making huge profits and that they were robbing the Government. However, when you come to analyze the facts, you will find out that practically none of the companies has ever paid a dividend and that most of them have lost money. Yet, the statement is given out to the people back home that the reason for the cancelation in general terms is not only collusion, but that these air-mail companies were profiteers, that they were making huge sums of money when the fact is that some of the commercial air-mail companies were returning more in air-mail postage than they received in subsidy. My God, gentlemen, to think of any Democrat in these days questioning the right of the Government to build up a new industry by subsidy! Why, the very middle name of the Democratic Party is subsidy. We spend more in subsidies every day, twice as much as they spent last year on the entire air-mail contracts, and you propose to go ahead and spend 10 times as much as we go along on almost every conceivable industry. You have granted subsidies for every one, and now you are raising the question of a subsidy of $7,000,000 in the air-mail contracts given out by the Republican Party 4 years ago, to develop

and build up the finest commercial air transport in the world, when every one of you is supporting subsidies day in and day out amounting to many times the sum of this particular subsidy.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. FISH. I cannot yield now. The gentleman from New York [Mr. MEAD] said he was tired of this sob stuff. It is very easy to talk about sob stuff when you put words into the mouths of other people that were not said by them, about the rosy-checked boys and a bunch of babies. However, it was no sob stuff when we offered an amendment here to pay $10,000 each to the widows and families of those Army pilots who were killed under orders in connection with flying the air mail. That was not sob stuff. That was plain ordinary justice and exactly what we did during the World War. [Applause on the Republican side.]

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BLANTON. Mr. Chairman, I have charge of the time and I yield myself 25 minutes. I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, I would not be just to this subcommittee of the Committee on Appropriations, upon which I serve, if I did not pay tribute to its able chairman, and to its able ranking minority member. I deem it an honor to serve upon this subcommittee that has framed the War Department supply bill, guided by its distinguished chairman, my good friend Hon. Ross COLLINS, of Mississippi, and so ably aided by the distinguished minority member, my friend Hon. CHESTER BOLTON, of Ohio. I wish I could tell you gentlemen of all the hard work and of the great service that these men have rendered to the country in framing this bill.

The distinguished gentleman from Mississippi, Hon. Ross COLLINS, is well equipped and qualified to do the work that he performs here. After finishing the grade schools of his State, he attended the Agricultural and Mechanical College of Mississippi. He received his bachelor of arts degree from the University of Kentucky and his bachelor of laws degree from the University of Mississippi, and his doctor of laws degree from Transylvania University, and the experience which he afterward acquired during the 8 years he was attorney general for the great State of Mississippi, has well fitted and qualified him to serve here in the interest of the people. He is able to cope and to hold his own with these major generals from the general staff, across the table. He is as brave as a lion, and he knows how to develop all the facts about all transactions.

Mr. MARTIN of Oregon rose.

Mr. BLANTON. Oh, I yield to the distinguished major general from Oregon.

Mr. MARTIN of Oregon. Oh, I just wanted to suggest to the gentleman, while he is engaging in these encomiums on the distinguished chairman of his committee, that perhaps he has learned a lot about the Army since he has been a Member of this House.

Mr. BLANTON. Oh, I have learned a lot about all of the Departments. I have learned many valuable lessons from my association with the former commander of the Ninetieth Division, and during the last 2 years I have learned how to get along with him, and on many fundamentals I can agree with him, whenever he is right.

Mr. MARTIN of Oregon. Oh, just a minute. I understand that this is a magnificent Army appropriation bill, and I want to congratulate the gentleman——

Mr. BLANTON. I was sure that it would please my good friend.

Mr. MARTIN of Oregon. And to remind him how different it is from the other two that he brought in.

Mr. BLANTON. Mr. Chairman, our colleague from Mississippi, Hon. Ross COLLINS, is the kind of man who, when he asks the chief of staff a question that could be answered unequivocally, always gets the question properly answered before he stops. I have heard him ask the same question over three or four times until finally he would thus force an unequivocal answer. He goes to the bottom of everything. He has a faculty of getting all of the facts. The service he renders is most valuable to the people. He has reduced appropriations and placed valuable restrictions in this bill, and I am gratified that the full Committee on Appropriations has approved his action.

Ross COLLINS is an entertaining and delightful companion. He is a good neighbor. He is a faithful friend. He is an all around good fellow. He has been most active in his efforts to keep open the schools of the country. He has been working zealously to get the committee to report out his bill in the interest of the teachers and schools of the United States.

I sincerely hope that the good people of Mississippi will see fit to continue sending him here. His defeat would mean a distinct loss to the country. The intimate knowledge he possesses, and the ripe experience he has acquired through years of intensive study of Government bureaus and departments, make his presence here needed and indispensable. [Applause.]

I feel impelled also to mention the splendid work and helpful cooperation of the ranking minority member of this subcommittee, our good friend, the distinguished gentleman from Ohio, Mr. CHESTER BOLTON, of Cleveland. He is well qualified, both through study and experience. He has a bachelor of arts degree from Harvard and an honorary degree from Kenyon College. For several years he was State senator from Ohio. He served on the War Industries Board, and with the rank of lieutenant colonel he served on the General Staff of the United States Army during the World War, and he knows exactly what the business is about when he sits across the table and takes up those estimates and requires a proper showing for them. He has rendered valuable service, and I take my hat off to him. [Applause.]

And now I want to talk about another subject.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. JOHNSON of Texas. I am just wondering whether the display back of the gentleman will have anything to do with his speech.

Mr. BLANTON. Oh, no. These bottles and jars and other things are to be used shortly by our distinguished colleague from New York, Dr. SIROVICH, who will speak in behalf of his pure food and drug bill. I am glad to know that Dr. SIROVICH is not here trying to foist upon the country what is known as the "Tugwell bill." I am glad to know that he is not asking you to support the Tugwell bill.

That bill of Dr. Tugwell would have closed up every country drug store in the United States. It would have put out of business every country newspaper in the United States. It would have stopped a man in ordinary life from buying for 25 cents a family remedy of known efficacy and value that has given satisfaction for 50 years, and would have made him go to a physician and pay $3 for an ordinary prescription. At last we have got that Tugwell bill killed and buried. Dr. SIROVICH has quit Dr. Tugwell and will speak on his own bill.

LYNN P. TALLEY

Now, I am going to come to my subject. And that is, whether Lynn P. Talley, president of the Commodity Credit Corporation, is the master or the servant of the people he now represents. Every President of the United States, to run this Government, which is the biggest business in the world, must have agents to help him. He cannot do it by himself. If his assistants and agents and helpers are honest, reliable, faithful, and loyal, he can make a success out of it if he has the ability and the intention to do it. If the helpers and the agents of President Franklin D. Roosevelt are honest and loyal, his administration is just as sure to be a success as you are sitting here; but if his agents are not loyal, if they are unfaithful, if they are selfish and autocratic, if they are dishonest, the same thing could happen to President Roosevelt—God forbid—that happened to Woodrow Wilson, who suffered because he had some agents upon

whom he was forced to rely who were unfaithful and who betrayed the trust he placed in them.

This agent of this Government, Lynn P. Talley, who just now is at the head of the Commodities Credit Corporation, that loans money to farmers—not his money, but the Goverment's money—is the most autocratic, most unreasonable, most inefficient servant of farmers in this Nation. He is their avowed enemy. The Commodities Credit Corporation was created for the benefit of affording help and succor to the farmers of the country. Lynn P. Talley is now using it in an attempt to harass and ruin them. Ten cents a pound has been loaned to farmers on their cotton. The cotton is good security for the loan. Farmers have put their cotton in local warehouses of their own selection, near their homes, where they can see it when they want to, where it is properly housed, properly protected from the weather, properly insured, meeting every provision of the insurance department, and they want it to stay there. There is no reason for moving it. These farmers who own it do not want it moved. It is not to their interest that it be moved. It is not to the interest of the Government that it be moved. The farmers who own the cotton are perfectly satisfied with all conditions.

A few weeks ago, against their interest, Lynn P. Talley issued an order to move cotton from the local warehouses in the country in the interior down to Galveston and Houston and New Orleans. The farmers were not consulted. They were ignored. Their wishes were unimportant to Lynn P. Talley. Hundreds of farmers, from many sections, protested.

I took the matter up with him as to the cotton warehoused in my district, and belonging to the farmers there. He promised me faithfully that he would not move any cotton until he had given me due notice and let me be heard in their behalf as to whether the cotton was properly housed and properly insured and met all the conditions he prescribed. Lynn P. Talley promised to give me that hearing, and I gave such assurance to my constituents, and yet, within the last few days, he has ordered thousands of bales of cotton sent from numerous local warehouses in my section down to the big warehouses in Houston, Galveston, and New Orleans.

This telegram, addressed to me, is from the chamber of commerce of my home city of Abilene, Tex.:

> Understand Commodity Credit Corporation planning move Government 10-cent loan cotton to compresses at Houston. We request that cotton remain at local compresses where it is properly stored under shelter and gives us opportunity sell same on competitive bids between interior buyers and port buyers, whereas at port will be at mercy of practically one buyer; also, by keeping at interior leaves money at interior towns and helps local people make living during these trying times. Please investigate and do all you can.
>
> T. N. CARSWELL, *Secretary-Manager.*

Here is one from the Stamford Chamber of Commerce of Stamford, Tex.:

> This organization protests the movement of cotton on which farmers secured 10-cent pound loans from Government from interior compresses to ports until cotton is actually sold. Compresses have gone to expense of building sheds to house cotton. We believe farmers will have square deal by leaving cotton where weights and staple can be checked when sold. Please use influence.
>
> STAMFORD CHAMBER OF COMMERCE.

The biggest organization in west Texas is the West Texas Chamber of Commerce. It embraces the city of Fort Worth on the east, represented by our good friend, the gentleman from Texas, now presiding over this House, Hon. FRITZ LANHAM. It embraces the territory from his city of Fort Worth 620 miles west to El Paso. The West Texas Chamber of Commerce, with its thousands of members, represents the best interests of west Texas, including the farmers and all businesses in this vast empire. This is what that chamber of commerce has to say in the following telegram I have received from Hon. D. A. Bandeen, its manager:

> Believing C.C.C. cotton should be compressed and warehoused at point of raising until sold and knowing of extraordinary investments made to warehouse this cotton at point of raising, we protest present effort to move this cotton from interior to ports and respectfully request your support.
>
> WEST TEXAS CHAMBER OF COMMERCE.

Here is a telegram from 108 farmers sent from Hamlin, Tex., addressed to me:

> The undersigned farmers of this territory, who have 10-cent loans on cotton, are informed it is proposed to move our cotton from local warehouses for concentration elsewhere. We strenuously oppose this. Rather have our cotton kept at home until sold or until maturity of notes than to have it anywhere else. We hope you will abandon any plan for moving this cotton and leave same where it is.

They seemed to think it was a part of my plan, when we Members of Congress have nothing whatever to do with it. There is one man in Washington who is ordering this done, Lynn P. Talley, and nobody else. It is Lynn P. Talley who is assuming to act as master over the property of 108 farmers of the Hamlin, Tex., community.

Mr. PIERCE. Will the gentleman tell us what position he holds?

Mr. BLANTON. I will tell you all about it in just a moment. He is the President of the Commodities Credit Corporation. He was put there to serve the farmers, not to become their master. He was put there to benefit the farmers, not to harrass and ruin them. And he has another guess coming if he thinks that we Members of Congress who represent the farmers of America are going to allow him to handle their property in this wasteful, inexcusable, unwarrantable, silly manner, merely to benefit a few big monopolistic warehouses in a few big cities.

Here is another petition from 210 farmers of Jones County, who mailed it to me from Stamford, Tex., and is addressed to me officially:

> We, the undersigned, farmers and producers who are vitally interested in the 10-cent loan cotton stored in bonded warehouses in the interior, ask that you use your influence against the movement of cotton from where it is now held until July 31, 1934, or until it is actually sold by the producers. Cotton now held here is all in warehouses and well protected from the weather, and we believe that it should be left in the locality where it was produced so that if we wanted to exercise our option of closing out our contracts we could personally supervise the regrading and selling of it.

That is signed by 210 farmers.

Mr. GOSS. Is the gentleman going to put all those names in the RECORD?

Mr. BLANTON. No; I will not print their names, because they would not serve any purpose. I do not want to encumber the RECORD with a lot of names, but I wanted to show you this list of names so that you can see how many farmers there are protesting. There are five pages of signatures to this petition.

Mr. Chairman, I do have some excerpts that I will put in without reading them in full. I want to yield when I have time, if questions are asked, and do not want to take the time right now to read all of the excerpts of documents and records that I shall refer to in my remarks.

I do not want to take the time to read them all. Mr. Chairman, I ask unanimous consent that, excluding long lists of names, I be permitted to put some excerpts in the RECORD in connection with my speech.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Here is a telegram addressed to me from Abilene:

> I have been informed through the press and otherwise that the A.C.C.A. have been appointed sales agent for all pooled and Government-loan cotton. I was appointed sales agent by the producer under Government-loan note under contract clause no. 8. I am a small cotton buyer trying to make an honest living for myself and family. My farmer friends were willing to make me their sales agent for 1,200 bales of this cotton and are still willing for me to act in this capacity. The same condition applies to several other private cotton buyers in and around Abilene. Have been informed that all Government-loan cotton will be moved to the ports from the interior compresses, taking away thousands of dollars in labor from this section. Will you use your influence to protect our interest?
>
> BEN E. ALLEN.

Here is another petition, signed by 194 farmers, from the district of our good friend, MARVIN JONES, who, by the way, is Chairman of the Committee on Agriculture, and is dated at Spur, Tex., in Dickens County, way up north of me, and

addressed to me. I will not print their names, to save expense; but I want you to notice there are four long pages of names, each with a double column of signatures.

This statement reads as follows:

SPUR, TEX., *February 27, 1934.*

We, the undersigned, farmers having Government 10-cent loan cotton stored in Spur Bonded Warehouse & Compress Co., are registering protest as to Government moving said cotton from said plant and so insist that our cotton remain on said compress.

This warehouse company has built new additional warehouse capacity for our benefit to properly take care of our cotton. There is no congestion of any kind, this warehouse having ample space for all of said cotton.

The insurance rate is some ninety-odd cents per hundred dollars per year, which is about 5 cents per bale per month. We consider their warehouse charges reasonable and must insist on our cotton remaining in this warehouse where we can get our own samples and sell at any time we desire.

Respectfully submitted.

(Names omitted.)

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. GLOVER. As I understand it, the Government's lien on this cotton is simply a mortgage; it is just a hypothetical sale, and the Government has no right to remove the cotton unless there is something in the contract that permits it.

Mr. BLANTON. Certainly; or unless it is being damaged. And it is not being damaged. It is well protected, and the farmers want it to remain in their own warehouses.

Mr. GLOVER. Is there anything in the contract which permits them to do this?

Mr. BLANTON. Unfortunately, Lynn P. Talley claims there is.

Mr. GLOVER. Unfortunately, it ought not to be there.

Mr. BLANTON. If my friend the gentleman from Arkansas were a farmer; if he went to a bank and borrowed $100 on his span of mules and the bank were to attempt to take those mules from the gentleman, and take them 500 miles from the gentleman's farm, the gentleman would object to it, would he not?

Mr. GLOVER. Yes; and it is a penitentiary offense in my State to remove mortgaged property. The principle of this thing is wrong. It ought not to be permitted.

Mr. BLANTON. And the mortgagee has no more right to remove it away than the mortgagor.

Mr. GLOVER. Absolutely not.

Mr. BLANTON. And if Lynn P. Talley moves it, we are going to move him. Here is another telegram I have just received today:

ABILENE, TEX., *March 6, 1934.*

Hon. THOMAS L. BLANTON,
Washington, D.C.

We have received shipping order from Commodity Credit Corporation 5,654 bales be moved to Galveston. We have no congestion at Abilene compress and have class C marine insurance; also have been promised by underwriters they will restore former class B. If there is to be general movement, we have no complaint, but we understand no movement being made from a number of other compresses over the State not in your district that only have class C rating. What you advise us to do?

WESTERN COMPRESS & STORAGE CO.,
H. G. HAYNIE.

Here is a long telegram from numerous business firms handling cotton in my home city of Abilene, Tex., addressed to me, and signed by the business firms of Bland & Pratt; Ansley & Co.; Carl A. Sonnen; W. J. Hart; F. H. Ficke & Co.; S. P. Baugh; J. O. Green; Guitar Cotton Co.; H. J. Nebhut; H. M. McBeath; and Ben E. Allen, wherein they strenuously protest against this order of Lynn P. Talley moving thousands of bales of cotton from these local warehouses and concentrating it in the big monopolistic warehouses in a few big cities:

We, the undersigned cottonmen this territory, emphatically protest intention moving Government cotton to port, as this decided economical waste besides would prevent us bidding on cotton. This Government repeatedly stated they are for small man, letting him make livelihood. It's about time getting a break. For example, some Government cotton sold and large concern's bid was $2 per bale below what cotton sold for here, which shows that someone interested getting cotton out reach of competition, which means that farmers would lose considerable money on top of extra expense moving to port.

And, in a long letter addressed to me, these above firms show that the farmers are all against this removal of their cotton by Lynn P. Talley, that the farmers are well satisfied and want their cotton to remain in local warehouses and not moved away, and they present the following reasons why it should not be moved:

As you are well aware, the cotton business has suffered greatly during the past 5 or 6 years and it was, and is, hard for a small buyer to make a livelihood out of it. The margin of profit has been cut down to such an extent that one has to handle a large volume of business to break even. This season the Government took out of the market practically 2,000,000 bales, putting same into the 10-cent loan plan, thus assuring the farmers a minimum price for their cotton.

This plan was welcomed by all, farmers, business men, and last, but not least, by the cotton men, as by loaning money against this cotton, the trade was assured to have access to the cotton whenever it would sell. In other words, have open competition on all cotton which has been put into the loan plan.

The cotton was stored at local plants, assuring an employment to many a man who otherwise would have been thrown out of a job. The revenue coming out of the handling and storage would be distributed in this community. A good plan and a favorable one.

Now, the matter is intended to be changed. What for? The writer is quite sure that this was done step by step. The first one was to knock down the insurance classification. The Abilene Press is rated B—the Sweetwater, class C. Now the underwriters claim that the plants are overstored and the risk becomes greater, putting the classification down to C and D. Why? To give someone a chance to make this a major issue and have a leg to stand on to move the cotton to a better classified plant? There is a nigger in the woodpile somewhere.

Do you think that farmers would be in favor having the cotton moved to some far-off place? You know the farmers just as well as we cotton men—if not better—and you know that they like to know what happens to their bale, their product raised by their hands. If this cotton goes to the port, what weights would be governing? Would this cotton be open to competitive bids? Who is behind this intention?

A striking example: The other day a small lot of loan cotton was sold in this community. The party negotiating the loan put a price on this cotton, and was $2 per bale below the price the cotton actually sold for. This is only on a few bales, but it would amount up to a huge sum, and the farmer would benefit by it.

The cotton is stored in plants well able to handle it. From interior points cotton can be shipped either for domestic purposes or for export without additional cost; can be put to high density or move "flat"—the cotton is in the right place to be handled as economical as possible. All costs on the cotton will be borne by the farmer in the final windup so why not leave it where it is, as a minimum charge is assured?

Many a man devoted his time to negotiate the loan, working hours and hours, hoping that he will get the 85-cent per bale for handling the selling of the cotton. Why now try and take this bread away from him, giving him 35 cents, which hardly covers his expense? I am sure that these small fellows will give the farmer a fair deal in trying to sell the cotton to the highest bidder.

This cotton business has gone to the devil because it is domineered by large concerns and it would be a good thing to look into the whole matter—so that the small buyer again has a halfway chance to make a decent living.

What is wrong with the cotton trade, the small buyers have no leader who will put in all his heart and understanding to help them. They have no money to pay to lawyers, as they have a hard time to make a living. Therefore, the undersigned kindly ask you to give them a helping hand and help the small buyers back on their feet. It is the little buyer, whose competitive work is beneficial to the farmer, seeing to it that he gets a square deal. If this medium is taken out of existence, God knows what deal the farmers would get.

Very respectfully yours.

(Names omitted.)

One of these men within the past year has spent $25,000 to build his new warehouse. Lynn P. Talley cannot get away with this autocratic, unreasonable action of his by claiming that the cotton is unprotected, because it is protected. It is not being injured by weather. It is properly housed. It is properly insured. It is not congested. The farmers who own it have picked the warehouse they prefer, close to their own homes, where they can see their cotton and where they can sell it to advantage. It is against their wish that Talley is moving it. He is acting for the big warehouses in the big concentration cities, and is not acting for the farmers. I know more about conditions in my district than does Lynn P. Talley. The farmers know more about their own cotton and about what they want than does Lynn P. Talley. He is not their master. He is not their overlord. With their cotton moved to Galveston or New Orleans, it

will take over a month to get their certificates back, and they are retarded in making sales.

Mr. PARKER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. PARKER. I merely want to say that the conditions the gentleman pictures exist in my district as well.

Mr. BLANTON. They exist in several of the States.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Certainly, to my friend from Texas.

Mr. JOHNSON of Texas. Did the gentleman protest against moving the cotton from his district?

Mr. BLANTON. Yes; and Mr. Lynn P. Talley promised me he would not do it without first giving me a hearing, but he now has ordered the cotton to be moved out.

Mr. JOHNSON of Texas. I had the unique experience of protesting without result.

Mr. BLANTON. We will get results before we get through with him. We ought to take the very hide off Lynn P. Talley from head to foot. If he moves this cotton, we ought to make him move it back at his own expense.

Mr. KELLER. Let us hear about him, as to his past record.

Mr. BLANTON. I am going to tell you about him.

Mr. DONDERO. Will not the gentleman tell the Members why this cotton was moved?

Mr. BLANTON. It is being moved for no reason in the world except to help big business; to help the big compresses and warehouses of a few big cities. Lynn P. Talley has always had a prejudice against farmers, and has always stood in with the "big fellows" and against the farmers and the "little man", and I will prove this by the RECORD.

I call attention to the facts that were placed in the CONGRESSIONAL RECORD on February 28, 1928, by our former distinguished colleague from Texas, Hon. Guinn Williams. At that time Lynn P. Talley was drawing $25,000 a year from this Government as a governor of the Federal Reserve bank at Dallas, Tex., Mr. Williams then said:

I make the charge, here and now, that the governor of the Federal Reserve bank at Dallas, Tex., does not have the ability to determine a solvent institution, nor has he the ability to determine an insolvent institution. I realize that is a broad statement; here is the record which I believe will justify the statement:

The governor of the Federal Reserve bank at Dallas, Tex., was never the operating or managing head of but one bank; his record as a banker is as follows: He held the position of assistant cashier with the City National Bank in Dallas, and received a salary of $4,000 a year; in 1911 he went with the Lumbermans National Bank, at Houston, Tex., as cashier at a salary of $6,000 a year. He remained with the Lumbermans National Bank until 1914, when he was given a position in the Federal Reserve bank at Dallas, at a salary of $5,000. This information was furnished by a member of the Federal Reserve Board here in Washington, the information as to the salary he received when he entered the Federal Reserve bank—note this, will you—he received a salary of $1,000-a-year reduction when he entered the Federal Reserve bank. Do you believe that had he been a banker the Lumbermans National Bank would not have endeavored to retain him? You know that it would.

He remained with the Federal Reserve bank until July 1921, when he accepted the active vice presidency of the Southwest National Bank, of Dallas, Tex., with entire control and management as to policies of the bank; and it would shock you to know what he charged for his services, but he claimed that he could put the bank over, and the directors stood for his demands in the way of a salary. He operated the Southwest National Bank until early in 1923, when he severed his connections with the bank, and at a reorganization of the bank whereby the North Texas National Bank was organized and took over the assets of the Southwest National Bank, it was agreed by the North Texas National that after all losses sustained by the Southwest National—the present governor of the Federal Reserve bank had entire authority in the management for over a year—had been taken care of, the balance would be paid to the stockholders of the Southwest National, and the management of the North Texas National has made the statement that up to this time the stockholders of the Southwest National have not received one cent, and that they might get as much as 15 percent on their stock after the losses in Southwest National had been taken care of. The capital stock of the Southwest National was $2,000,000, and 15 percent on the stock would be $300,000, a loss to the stockholders of the Southwest National Bank of $1,700,000, and, say, the stockholders have not yet received the 15 percent. Do you think that is the record of a banker? And remember that when he was connected with the City National Bank of Dallas, and the Lumberman's National Bank at Houston, he was not the managing head of either institution.

Then our former colleague, Mr. Williams, said:

As a further evidence that he is not the proper man for the position, I submit the following information, which is evidence to you how the bankers of the district feel toward the policies of the governor of the Federal Reserve bank in that district:

On October 12 last year a meeting of the bankers on the South Plains was held at Lubbock, Tex.; there was present at the meeting 35 bankers, representing 23 banks, and passed resolutions unanimous condemning the policies of the governor of the Federal Reserve bank at Dallas, Tex.

On October 18 last year a meeting of bankers was held at Abilene, Tex., with over 30 bankers present, representing 15 banks, and passed unanimous resolutions condemning the policies of the governor of the Federal Reserve bank at Dallas, Tex.

In November last year a meeting of bankers was held at Corsicana, Tex., with over 35 bankers present, representing 20 banks, and passed resolutions condemning the policies of the governor of the Federal Reserve bank, with one vote dissenting, and I am informed that he stated that it was a personal matter with him.

This month, I believe it was about the 6th or 7th, a meeting of bankers of the Paris (Tex.) district, composed of bankers from Lamar, Red River, and Fannin Counties, and bankers from southern Oklahoma, met at Paris, Tex., with between 90 and 100 bankers present, and passed resolutions unanimously condemning the policies of the governor of the Federal Reserve district at Dallas, Tex., and my colleague [Mr. Hudspeth] is my authority for the statement that the bankers met in his district at San Angelo and passed resolutions condemning the governor's policies. Think of it, gentlemen of the House, at four meetings of bankers, with almost 200 bankers present, and only one vote against the resolutions condemning the policies of this man.

In addition to the above, the directors of the West Texas Chamber of Commerce, at a meeting held at Cisco, Tex., in June last year, with 65 members present, passed resolutions condemning his policies as applied to the member bank located in the farming and livestock communities, and again at a meeting of these directors, held at Fort Worth, Tex., on January 19 of this year, passed resolutions condemning his policies.

And concerning the many small country bankers whom Lynn P. Talley had deliberately caused to be ruined, our former colleague, Mr. Williams, said:

Gentlemen of the House, I know the country banker; I am familiar with the conditions under which a country bank is operated. I know what the country bank means to the community in which it is operated; I doubt if there is a man in my State who knows more country bankers than I. I know them by name, I know where they live, I have visited the community where their banks are located, I have been in their banks, and I want to say here and now, there is not a higher type of banker living than the country banker in my State, and there is no more patriotic and loyal men on earth than the country banker in Texas, and many of the prosperous communities and cities in Texas today is an evidence that some country banker operated a country bank in the community and assisted in developing the resources of that particular part of the State.

During the World War, when drives were being made to sell Liberty bonds and to secure funds for the Red Cross and all other activities to assist in winning the war, the country banker in Texas, as in other States, was working in the lead. He neglected his business, left it in the hands of others, and went out over the country making speeches, contributing money, and loaning money to those who did not have money to contribute, that he might assist in his small way, as a good citizen, in giving the best of which he was capable to his country.

The country banker in my State is a free-born white man, and when he has a right granted to him under the laws of this country he resents being treated in a manner as though he were a crook and that he had no rights. Imagine how you would feel, knowing that you had a legitimate right to apply to the governor of a Federal Reserve bank for the rediscount privilege, a right accorded you under the Federal Reserve Act, and as you know, the member banks are forced under the act to keep a certain percent of their deposits in the Federal Reserve bank upon which the member bank receives no interest, you as the operating head of a member bank, and have the governor not only treat you as though you had no right to make the application but bawl you out and, as he has done in many instances—and the RECORD will bear me out in the statement—absolutely insult you. That is what the governor of the Federal Reserve Bank at Dallas has done on numerous occasions, and a committee from the Senate and this House will find such has been the case, should this resolution be adopted.

The record shows that Lynn P. Talley caused numerous cattlemen in Texas and the Southwest, normally worth several million dollars each, to become broke and to lose everything on earth they possessed. He could have saved them by granting the credit discounts authorized by the purpose and intent of the Federal Reserve Act to the country banks

which offered good security, but that Lynn P. Talley deliberately withheld this credit and deliberately ruined hundreds of the finest cattlemen in the world.

Notice what was said by our former colleagues, Hon. Claude Hudspeth and Hon. Guinn Williams. I quote from the same RECORD of February 28, 1928, as follows:

Mr. HUDSPETH. The gentleman is an experienced banker, as I understand it?

Mr. WILLIAMS. I have been in the banking business for over 25 years.

Mr. HUDSPETH. As I understand, the difficulty with this gentleman is that he caters to the big city bank and discriminates in favor of the big city bank against the country bank?

Mr. WILLIAMS. If I can reach it, I will prove that by the record.

Mr. HUDSPETH. Of course, anyone looking at the gentleman from Texas [Mr. BUCHANAN] and myself would know we are from the country, and I want to ask the gentleman how many of those city banks belong to the Federal Reserve System and how many country banks?

Mr. WILLIAMS. Well, there are 60 banks in the district in group 1—that is, banks having a capital of $500,000 and up—and there are 467 banks in the 11 Federal Reserve districts which have a capital of $100,000 down to $25,000.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I yield myself 10 minutes more.

May I give you this further information from the RECORD of February 28, 1928, and then we are going to hear about some of the big salaries:

Mr. HUDSPETH. And he discriminates against the country banks in favor of the city banks?

Mr. WILLIAMS. Yes; and it seems to me it is for the purpose of compelling those banks to close their doors.

Then our colleague from Oklahoma [Mr. MCKEOWN] interrupted and made the following statement:

Mr. KEOWN. I will state that we have some banks in that Federal Reserve district and the record bears out the fact that they have stood by and knocked at the doors, yet it appears to be the desire to shut the banks in our district.

Mr. JONES of Texas. Is there any practical and direct way for them to get rid of an official who violates the spirit and the purpose of the law?

Mr. WILLIAMS. I do not know. If there is not, there should be legislation introduced in these two Houses that will do it.

We ought to get rid of him now. If Lynn P. Talley moves the cotton of the farmers down there to their detriment and to their disadvantage when they do not want it done, we ought to take him by the nape of the neck and the seat of his pants and throw him out of public life forever and eternally. That is what ought to be done to him.

Here is a banker who went to him with solvent paper and tried to get him to give the discount that the law authorized, and here is what he said, and I quote from Mr. Williams' speech. The banker, addressing the governor, said:

Governor, do you mean to tell me that if it becomes necessary to extend our banks further rediscount privilege or close our bank, that we will have to close the bank?

Here is the governor's reply:

That is exactly what I mean. Go home and close your damn bank. It will be a damn good lesson to your community.

That is the answer that the banker received, who had solvent paper to offer for rediscount purposes under the law of this land.

Another banker went to Talley, so Mr. Williams said, and, by the way, both of these banks are running today. They were denied credit at that time, but they are running today. They did not go broke like his bank at Dallas did. Another banker went to him and asked for credit. Here is what Talley said, which I quote from the RECORD of February 28, 1928:

We have too many banks; we only need a few banks in the larger towns in Texas to take care of all the business.

Then Lynn P. Talley went on further and stated:

You should not loan money to farmers, but invest your money in Government securities and commercial paper.

Is not that a fine kind of governor of a Reserve bank in a district like Dallas, which covers tremendous territory, a man who tells the banks not to make loans to farmers but to invest their money in Government securities? He ought to be run out of this country.

Mr. MOTT. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Oregon.

Mr. MOTT. Who appointed this man that the gentleman from Texas is criticizing?

Mr. BLANTON. He was appointed to this $25,000 position in Dallas during your Republican administration.

Mr. MOTT. Who appointed him to his present position?

Mr. BLANTON. But we got him out of that $25,000 per year position.

Mr. MOTT. The gentleman has already said that, but who appointed him to his present position?

Mr. BLANTON. God knows; I do not know. Such fellows have a way of getting appointed.

Mr. MOTT. Can the gentleman find out for us?

Mr. BLANTON. I do not know. He is certainly a misfit and ought to be removed.

Mr. MOTT. Why does not the gentleman go to the appointing power and get rid of this bad man?

Mr. BLANTON. I am bringing these facts to his attention now. This record will be brought to the attention of the President. I talked with Lynn P. Talley this morning and invited him to come here and hear what I had to say about him.

I am going to show you now what was done during Talley's administration and the kind of salaries that were paid. This is also from the CONGRESSIONAL RECORD, and you will find it on page 2346 of the RECORD for February 1, 1928:

Here are the figures furnished me by the secretary of the Federal Reserve Board:

The salary of the chairman of the board of 9 branch banks is $20,000 per year; 2, $24,000; and 1, $50,000; 12 individuals drawing a total salary of $274,000, or an average of $22,833.

Governors of 8 branch banks draw a salary each year of $25,000, 1 a salary of $22,500, 1 a salary of $30,00, 1 a salary of $35,000, and 1 a salary of $50,000; 12 individuals drawing a total salary of $337,500, an average of $28,125.

Twenty-three deputy governors, which is a position of secondary importance and also of limited responsibility, receive salaries as follows:

One deputy governor receives $40,000; 1, $36,000; 2 receive $30,000; 1 receives $25,000; 2 receive $20,000; 2 receive $18,000; 2 receive $17,500; 1 receives $16,000; 3 receive $15,000; 1 receives $14,000; 2 receive $13,000; 2 receive $12,500; and 3 receive $12,000.

It is a disgrace to this Nation that such salaries are paid.

I quote from yesterday's Washington Star the following concerning salaries paid to bankers in no way connected with the Government, but which concerns the people vitally:

HUGE SALARIES TO BANKERS BARED—SENATE COMMITTEE REVEALS 10 DREW MORE THAN $100,000 LAST YEAR

During one of the most trying years in American bank history, a year in which the Nation saw an unprecedented bank "holiday", 10 bankers were drawing annual salaries of $100,000 or more, and 370 others were receiving more than $25,000.

The disclosure of bank salaries for the year ending last June was made today by the Senate Banking Committee.

Names of the officials were included in a bulging report submitted to the Senate by the Federal Reserve Board in response to a resolution adopted last spring at the request of Senator COSTIGAN, Democrat, of Colorado.

H. C. McEldowney, president of the Union Trust Co. of Pittsburgh, and W. W. Aldrich, chairman of the governing board of Chase National Bank, were the highest-paid bank officers in the United States, the report indicated.

RECEIVED $165,000 A YEAR

The Pittsburgh banker received $165,000 during the year. His rate of compensation at the start of the year was $180,000, but later it was cut to $120,000.

Aldrich's compensation meanwhile was rising. He received $151,744 during the year, but at the end of the period his salary rate was $175,000, making him the highest-paid banker in the United States.

This was a far cry, however, from the compensation received by his predecessor, Albert H. Wiggin. The Banking Committee's own investigation had disclosed that Wiggin's peak salary was $250,000 a year, and that in some years his total compensation was almost $300,000.

The highest salary in the National City Bank, where Charles C. Mitchell once drew more than $1,000,000 a year, was paid to Gordon S. Rentschler, president. He received $125,000 plus a bonus of $5,550.

James H. Perkins, who succeeded Mitchell, was getting only $45,000 a year, with a bonus of $4,550.

BONUS NOW ONLY MEMORY

The report showed incidentally that the bonus system uncovered by the committee's investigation in some of the bigger institutions is now only a memory. Most banks paid no bonus during

the year, and the highest were insignificant compared to those of the boom days.

Other bankers who drew $100,000 or more during the year included:

Charles S. McCain, chairman of the board, Chase National Bank; salary, $128,488; bonus, $2,040.

George W. Davison, chairman of the board, Central Hanover Bank & Trust Co.; salary, $100,000.

Percy H. Johnston, president Chemical Bank & Trust Co. of New York; salary, $125,000.

Walter E. Frew, chairman Corn Exchange Bank & Trust Co. of New York; salary, $100,000; bonus, $2,582.

Charles H. Sabin, chairman Guaranty Trust Co. of New York; salary, $95,333; bonus, $5,586.

W. C. Potter, president Guaranty Trust Co.; salary, $95,333; bonus, $5,735.

Harvey D. Gibson, chairman of the board and president of the Manufacturers' Trust Co., New York; salary, $125,000.

HIGH SALARIES IN STATE BANKS

The report disclosed that the highest salaries were in the State banks rather than the national banks.

Some of the bigger banks had whole corps of officers making more than $25,000. In addition to Aldrich and McCain, the Chase National Bank reported seven officers drawing from $50,000 to $90,000 and 63 vice presidents getting from $11,500 to $45,000.

The National City Bank, in addition to Rentschler, had 6 officers drawing from $50,000 to $75,000 and 28 others ranging from $10,000 to $40,000.

The Philadelphia National Bank, of Philadelphia, paid three officers salaries ranging from $39,320 to $96,674 and 15 others from $13,750 to $24,570.

The report also showed that Charles G. Dawes, former Vice President, was getting only $13,300 as chairman of the board of the City National Bank & Trust Co. of Chicago, although Philips R. Clark, president, was receiving $33,000.

LIST IN DISTRICT OF COLUMBIA AREA

WASHINGTON HAS FOUR BANKERS GETTING OVER $25,000

The following local and near-by bankers are among the names of bank officers who received $25,000 or more during the year ended June 30, 1933, with their position, salary, and bonus in that order (figures in parentheses are the salary rate at the end of the year):

NATIONAL BANKS

Washington: National Metropolitan Bank, George W. White, president, $25,000; Riggs National Bank, Robert V. Fleming, president, $35,200.

Baltimore: First National Bank, Albert D. Graham, chairman of board, $55,000; Morton D. Prentis, president, $35,000; James D. Harrison, vice president, $27,000.

Richmond, Va.: First & Merchants' National Bank, John M. Miller, Jr., president, $28,679 ($26,830).

STATE MEMBER BANKS

Washington: American Security & Trust Co., Corcoran Thom, president, $24,583 ($22,500); Washington Loan & Trust Co., Harry G. Meem, president, $28,170 ($25,080).

Baltimore: The Fidelity Trust Co., W. Bladen Lowndes, president, $25,000; Maryland Trust Co., Heyward E. Boyce, president, $27,306 ($25,200).

You will remember the salaries of $125,000, $150,000, $175,000, and even $200,000 that insurance companies were paying their presidents last year. It is a disgrace. The people ought to stop doing business with them.

I promise you that if I live long enough and if I can stay here in this House long enough, so help me God, I am going to help you to stop these unreasonably big salaries that are being paid Government employees and that are being paid to bank, railroad, and insurance company officials, which is unjust to the people. It ought to stop. It must stop.

If Mr. Talley thinks he can move the cotton from the interior points of the States of Texas and Arkansas and the other States down there and carry it to the big warehouses in a few big cities in the interest of these big compressing and warehouse companies, he has another guess coming. When we Congressmen from the cotton States combine against him, he had better look out. I am asking every one of you to help me pick him up and throw him across the Potomac River. We have no use for him here.

Mr. O'MALLEY. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. What the gentleman complains about is the result of operating certain parts of the new deal with members of the old gang?

Mr. BLANTON. He never has had a heart for the ordinary citizen. He has been against the farmers all his life. He has been against the country and for the big city. He says that we in the small areas should not have any banks. In other words, in my section I ought to go 200 miles to Dallas in order to do my banking business. The gentleman from Texas [Mr. THOMASON] should go to Dallas to do his banking business. El Paso is not big enough. Talley feels that the banks of the country are needed only in the big cities because his heart is not with the farmers.

He tells these bankers not to lend their money to farmers but put it in Government securities. This is the reason the farmers in the country have been losing their farms. This is the reason that the owners of homes in the small towns of 25,000 and under have been losing their homes.

You can take some peewees and put them in a big position that is much too big for them, and they immediately imagine they are above the people. They immediately become convinced that they are the masters of the people and not the servants of the people. Lynn P. Talley has got to remember that he is a servant of the people and not their master.

Mr. Chairman, I reserve the balance of my time and yield 30 minutes to the distinguished gentleman from New York [Mr. SIROVICH].

Mr. POWERS. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. SIROVICH].

Mr. SIROVICH. Mr. Chairman, ladies and gentlemen of the Committee, food, beverages, and drugs have been the foundation, from time immemorial, upon which the superstructure of the health of mankind has been preserved. Food and beverages to maintain bodily health and vigor. Drugs to restore lost health. Cosmetics to improve women's looks have had the keen attention of the women of all times and climes, and of all races, from the dawn of civilization throughout all the ages.

"Tell me what you eat, and I'll tell you what you are." This adage can be paraphrased by saying:

"Tell me with what his food was adulterated, and I'll tell you what caused his death."

Nature does not produce all our food products the same everywhere. Nor is all food of the best quality. All fruits grown are not of superlative standard. All vegetables that Mother Earth brings forth are not of the finest quality. All meat products do not come from the choicest animals.

There is a natural variation in quality, standard, and nutritive value in all plant and animal products. Food and drugs, offered for sale, should be graded officially, by labeling, to show the consuming public these variations in the quality of food and drugs they purchase.

If the food products we produce are not consumed, as time rolls by, nature, through decomposition, takes its toll on these animal and vegetable products. Deterioration and decay set in. The stage of putrefaction and dissolution arrives. The nutritive, caloric, and vitamin value of the food has been destroyed. In this condition food substance is unfit for human consumption.

Here some of the vultures and carrion crows of unscrupulous business come in. Animated by greed and avarice they actually embalm this animal and vegetable material unfit for human consumption, by the utilization of artificial and chemical preservatives, colorations, astringents, and adulterants, such as sodium sulphite, aniline dyes, sulphur dioxide, sodium benzoate, formaldehyde, alum, boric acid, and countless other poisonous chemicals, that react on these decomposing foods, that are unfit for human consumption, to make them appear to be wholesome, palatable, fresh, and nutritious.

Food, decayed and injurious and wholly unfit for human consumption, is thus sold by the carload. Millions on millions of dollars is the price that the innocent purchaser pays for the privilege of being poisoned daily.

When there is a surplus of good food obtainable, humanity should be protected by stringent laws declaring it to be criminal to adulterate, devitaminize, demineralize, and abstract important nutritive elements and ingredients from the food of mankind for the benefit of the personal greed and the enrichment of unscrupulous racketeers dealing in food products.

What is true about food products is equally true about certain drugs, cosmetics, and nonalcoholic and nonintoxicating beverages. In drugs we have adulteration, substitution, and vitiation of strength. In cosmetics we find the use of poisonous elements that may be harmful to the human body. In nonintoxicating and nonalcoholic beverages we have colored and charged water, dyed to make them attractive seeming to the eyes, no matter how harmful they may be to the human system.

High-pressure salesmanship and false propaganda, designed to make the public what is craftily called "health conscious", not out of regard for the public or the health of any citizen, but solely to sell alleged remedial products, is put out daily, yes, hourly, in a constant barrage through every form of available communication.

Who ought to be held responsible for this frightful and dreadful state of affairs that has excited an innocent and often gullible public with fears about their health, their stomachs, their nervous systems, their teeth, their throats, their appearance? The answer is: Those who seek profit, and profit only, by the sale of alleged medicaments; remedies that neither remedy, nor cure; and cosmetics that scarify rather than beautify. These are the responsible ones, and they should be held up to public contempt and obloquy, and be punished for their reprehensible acts.

Who profits by constantly urging the public to eat, drink, gargle, smear, brush, and spray with products that they promise will postpone the onset of every conceivable disease? Who assures mankind that they will provide recovery from every ailment that flesh is heir to, even to the curing of such diseases as cancer, tuberculosis, and other diseases now incurable by any known remedy? The same type of profiteering buccaneers worshiping on the altar of Mammon—gluttons of greed. [Applause.]

Who is responsible for permitting pears, apples, plums, asparagus, cauliflower, and cabbage to be sold to you still bearing overdoses of insecticides containing arsenic and lead? It is the producers who use the insecticides to kill the bugs that infest their product. They are too indolent to clean away the poison by means, easily available, but send it forth to do its deadly work, not caring who suffers from their criminal indifference or their willful and contributory negligence and callousness.

Who is responsible for the selling to your home of chickens that are infected and diseased with tuberculosis, sarcoma, peritonitis, septicemia, croup, and other infectious diseases? Certainly not the honest poultry raiser. Certainly not the man or firm who takes proper pride in producing a healthful product. There are plenty of such honorable organizations. They should be protected against the avaricious and conniving poultry buccaneers who fatten from the chicken racket by making the public pay tribute to them throughout the length and breadth of our Republic.

Who sells these diseased products to the public without proper Government inspection? Outlaws of the food and drug industry who, under the guise of honest merchants and manufacturers, daily mulct their gullible victims. Why do these outlaws take these desperate chances? Because there are not enough inspectors properly to examine food and drug products offered for sale. There are not enough inspectors because Congress does not provide enough money to pay their wages.

For the current fiscal year ending June 30, 1934, the appropriation actually usable by the Food and Drug Administration is $1,493,000—a little more than 1 cent a year for the population of the United States. For the 48 States of the Union there are provided 76 inspectors, an average of less than 2 inspectors for each State. Imagine 14 inspectors investigating food, drugs, cosmetics, nonalcoholic and nonintoxicating beverages covering the metropolitan area, which consists of the city of New York and adjacent counties, with a population of over 10,000,000. These 14 inspectors are supposed to inspect all the manufacturing and selling plants of New York City and its five boroughs, besides Albany, Schenectady, Syracuse, Herkimer, Utica, Rochester, Buffalo, and the lesser cities of the State of New York. Imagine four inspectors covering the entire State of California. Bad as it is for New York State and California, it is even worse in the rest of the 46 States of the Union. They have fewer inspectors than New York and California. Is this condition of affairs just? Is this adequate protection to 120,000,000 innocent consumers?

Would it surprise you to learn that certain so-called "germicidal, antiseptic, and disinfectant preparations", profusely advertised by prints, signs, and voice as being able to kill every form of bacteria and germs harmful to humans are so weak in their germ-killing effect that bacteria actually live and thrive in these very solutions and preparations? Alluring and emphatic claims and assertions will not kill germs.

Harmful germs and bacteria subjected to the germicidal effects of much-tooted concoctions, for which killing effects have been claimed within 15 seconds, have been proved to be alive and active at the end of long hours of complete immersion in the advertised germicidal fluid, when tests have been made by others than the manufacturer.

In one such series of tests, 21 so-called "antiseptics" were subjected to trial to determine the efficacy of the much-heralded product when used according to the actual directions for application printed by the manufacturers. Instead of the slaughter of germs promised, the results were wholly unsatisfactory, only the weakest of germs succumbing after 15 minutes to 1 hour instead of in the instantaneous slaughter promised.

Infections in industry from accidents due to the use of tools and machinery usually none too clean total about 250,000 a year. Industrial casualty insurance companies pay from 40 to 60 percent of their compensation cases for infected wounds. Time lost by employees in cases of infection of wounds averages 18 weeks longer in serious cases than where the wound is not infected; that is, the wound, of itself, is not as dangerous to the body as the germs that are introduced into the human system at the time of wounding or through later infection. The money loss from industrial wounds each year totals $104,000,000; the time loss, 4,450,000 weeks, or 85,000 years. These figures do not include wounds received in agriculture, the home, at play, or in transportation, and it is on all these injuries that the germicidal and antiseptic makers fatten.

Do the ladies and gentlemen of this House realize that what are called "radium cures" have sent several persons to horrible deaths after suffering frightful pain and torture ere they passed away? Throughout the length and breadth of our country the newspapers have carried full accounts of such tragedies. Radium has its uses in the treatment of certain malignant diseases by qualified specialists. Even these authorities, with all the knowledge obtainable and available about this mysterious substance, radium, have lost fingers, arms, and parts of their bodies, due to exposure to the effects of radium, and eventually have died from these effects. What chance do you think the innocent drinker of radium water, as it was called, had when this fluid, powerfully fortified by a highly destructive element, came into contact with the sensitive membrane and tissue of the internal organs? None whatsoever. Its sale and distribution were criminal.

I am wholly in sympathy with the efforts of womankind to make themselves as attractive as possible and to aid nature in this process by the careful and judicious help of art. If a touch of rouge on the cheeks relieves a natural pallor, any woman is justified in using it. If a tint of lipstick enhances the color and better defines the form of the lips, what harm does it do? Most men can tell when artificial aids have been used, and accept it as a whim of womankind, and let it go at that, in modern days. The women of Babylon and Nineveh, of Egypt, Greece, and Rome used cosmetics. Articles found in tombs prove that as a fact, absolutely beyond any question of doubt. They even bobbed their hair in the most approved method of 1934, as the monuments and statues of ancient days show. When women will, they will. Let the male of the species beware. [Applause.]

Mr. Chairman, adulteration of food is not a new racket of recent growth. It has been practiced by all peoples from the start of recorded time. "There is death in the pot" (II Kings iv : 40) was cried to Elisha to warn him that the herbs of which the pottage was made were poison weeds of which he could not eat.

Amongst the ancient Athenians a row was raised during the building of the Parthenon by the workingmen that their wine was being adulterated. A special wine inspector was appointed by the government to catch these adulterators. In 1482 a wine falsifier of Germany was forced to drink 6 quarts of his own vintage, from the effects of which he died.

Pliny the Elder, prior to the destruction of Pompeii and Herculaneum by the volcanic Vesuvius, complained that "white earth" was added to the bread baked in his day.

During the reign of William the Conqueror brewers were heavily fined for adulterating beer and were drawn around in carts receiving the jibes and execrations of an outraged citizenry.

In 1830 there appeared in England an anonymous book on the adulteration of food by the baker, brewer, grocer, cheesemonger, pastry cook, confectioner, and so forth. Most of the food purveyors were implicated. The author recommended that those found guilty of adulteration of food be exiled from England. He opposed fining those guilty of adulteration because of the large profits which made it easy for them to pay their fines.

Apparently the old racket goes on garbed in new vestments. Solomon was right when he said, "There is nothing new under the sun." But that is no reason for any manufacturer to concoct and sell, at ridiculous prices, depilatory creams for removing surplus hair, such as I show you, that contain a large percentage of thallium acetate, a most virulent poison, that has caused terrible and dreadful suffering and permanent scarification to women. These depilatories have been highly advertised and sold to innocent and unsuspecting women to their tragic regret and to their permanent disfigurement.

Here is a bottle of Jamaica ginger, commonly known to those who drank it as "jake", that an irresponsible manufacturer adulterated with triorthocresol phosphate, a powerful poisonous synthetic preparation, that caused horrible deformities and paralysis among 25,000 victims, many of whom died. Thus far sentences of 20 months in prison and fines of $2,500 were imposed upon two of the individuals responsible for shipment of this poisonous ginger extract, and a prison sentence of 17 months on a third. Two members of a Boston firm responsible for the manufacture of the goods have been prosecuted and upon having pleaded guilty were given jail sentences of 2 years each in addition to a fine of $1,000 against the company. One member of the firm is serving his sentence. The other is at liberty under suspended sentence.

This is the type of justice meted out to 5 people for killing hundreds of people and poisoning 25,000 people in 24 States of the Union. Thousands of these unfortunate victims of "Ginger Jake" poisoning are still suffering and remain crippled and paralyzed from the poisonous effects of this powerful drug. Millions of dollars have been paid in accident insurance by various companies in the United States to these tragic victims of unscrupulous and criminal business methods of racketeers and bootleggers operating despite the present pure food and drug laws of the United States.

Do you know that yeast used in some commercial breadmaking in the United States contains a chemical improver called "potassium bromate", and that French health officials consider this drug so harmful that its use in baking is prohibited in France? Still it is used in the yeast that goes into some of the bread that we eat in the United States.

Heralded far and wide by screaming advertisements everywhere, through radio, newspapers, magazines, periodicals, billboards, are the alleged great and powerful virtues, germicidal and antiseptic powers, of various well-known tooth pastes and preparations. The chief chemical used in forming one of these tooth pastes is so poisonous that a German officer committed suicide by swallowing the contents of a tube of it. Abrasive ingredients were found in other tooth pastes. These materials were shown to have sharp, heavy angles and edges that not only injured the gums but wore away the hard enamel of the teeth.

Penny prize candies containing copper coins, small toys, and even alcohol are made and sold by manufacturers to innocent little children. Their nefarious profits are obtained from the purchase by innocent children of wares that are heavily injurious, not alone from the prizes they contain but from the poor quality of the candy and the coatings used. It is serious enough when adults are gulled into purchase of foods, drugs, and beverages; but when children are induced by specious and cheap prizes to buy and eat stuff that often is not fit for hogs to eat, the business is being carried on to a point of villany that is indescribable. How would you like to find that your small boy or girl had stuck in its throat, or bronchial tube, a leaden toy, such as a jack, a rabbit, a chicken, or a copper cent covered with the green slime that only copper can produce? In many of these cases surgical intervention had to be resorted to to remove these foreign bodies from the throat and bronchial tubes of these innocent and unsuspecting children.

It would shock the conscience of the American people if they knew that thousands of lives are annually jeopardized upon the operating tables, and serious complications often ensue in our hospitals because the ether with which the patient had been anesthetized is contaminated and vitiated. Ten years ago 35 percent of all ether examined was found to be below standard; that is, dangerously impure and adulterated. When this fact became known there was some improvement. Recently tested samples of ether entering interstate commerce were found to be adulterated and impure.

How would you like to be one of the innocent victims operated in a hospital that might die on the operating table because the ether that the surgeon relied on to relieve you of pain, trusting to the manufacturers' promise that it is pure, gave you eternal sleep and relieved you of pain forever?

There is no time in a woman's life when she needs the most tender and sympathetic care, the utmost sanitation in all accessories, than when she is about to give birth to her child. Maternal mortality at childbirth is still too great. Perhaps the great mortality in modern childbirth that has caused the death of thousands of mothers can be attributed to the terrific hemorrhages that take place after delivery, due to the impotency of the drug called "ergot", which has been found to contain only one fourth of the strength it should have to stop the hemorrhages, which is the purpose for which it is used.

How many Members of Congress know that there is a little pamphlet usually issued monthly by the United States Department of Agriculture which is called "Notices of Judgment Under the Food and Drugs Act", in which are printed the names of organizations, groups, and manufacturers whose foods, drugs, cosmetics, and nonalcoholic and nonintoxicating beverages are being confiscated because these products have been found to be unfit for human consumption through adulteration, decomposition, substitution, and other causes.

Still, in the records I have searched, I have found that only one person was sent to jail, and that for a short time, for violation of the Food and Drugs Act. How many corporate owners, groups, and individuals who manufactured these foods and drugs unfit for human consumption have been arrested? Only one. The containers and packages holding these products are arrested, not the persons who are responsible for the placing of unfit, putrid, decomposed, and filthy food or below-strength or adulterated drugs or poisonous cosmetics in the containers and packages. The thing is made the criminal—not the person who is responsible for the thing—the person who made and sold the thing, whatever it was, that was unfit for human consumption. Did you ever hear of anything so tragically ridicu-

lous? Like arresting the jimmy and not the burglar. Or arresting the pistol and not the murderer. Or, as is actually the case, arresting the poison and not the poisoner. [Applause.]

Mr. Chairman, under the operation of the present food and drug law, I have found, time after time, as disclosed in these notices of judgment the governmental seizure of food that has been libeled as being "adulterated in that it consisted in part of a decomposed-animal substance." In one particular case the packing company admitted the allegation of the libel. The food, in this case, 925 cases of salmon, was released to the claimant conditioned that this decomposed food be made to conform with the Federal Food and Drug Act and the product was allowed to be reshipped back to Seattle to be reconditioned. I would like to have some Member of this distinguished House tell me how and by what means decomposed fish can be reconditioned to make it fit for human food and human consumption. The case I have referred to is that of the United States against McGovern & McGovern reported on page 213 of Notices of Judgment, issued in January 1934.

Ladies and gentlemen of the Committee, do you realize that 120,000,000 people in the United States spend $20,000,000,000 annually for food, drugs, cosmetics and nonalcoholic and nonintoxicating beverages. Think of it, $20,000,000,000. Yet the Congress of the United States for the current fiscal year appropriated net, only $1,493,000 to run the Food and Drug Administration and to enforce all the pure food and drug laws throughout the entire United States, which means that less than 1 cent a year is spent on each person to prevent him or her from being poisoned by unscrupulous racketeers in foods, drugs, cosmetics, and beverages throughout the United States.

May I repeat that to carry out the provisions of the Pure Food and Drugs Act there are only 76 food and drug inspectors employed. Imagine 14 inspectors being able to cover all the nefarious chicanery in food and drugs in the State of New York. Imagine the great expanse of the State of California being successfully covered by four inspectors. This is a tragic indictment of the negligence of legislation to provide sufficient appropriations to safeguard and preserve the vital interests in pure food and drugs of the consuming people of the United States. [Applause.]

During the last 14 years Congress has appropriated the tremendous sum of $250,000,000 to enforce the prohibition laws that the American people have detested and that were finally repealed. Congress has appropriated between twenty-five and fifty millions of dollars to exterminate the boll weevil, the corn borer, the fruit fly, the grasshopper, hog cholera, cattle diseases and God knows how many other countless parasites that are living in the animal and vegetable kingdom. Yet when it comes to protecting and preserving the human family, the men, women, and children of our Nation against poisoning, adulteration, substitution, abstraction, cheating in quality and quantity, of their food, drugs, cosmetics, and beverages we deny sufficient money to and emasculate the work of the Food and Drug Administration to such a pitiful state that it is impossible for that administration adequately and properly to function and to do justice to its work of preserving the health of 120,000,000 human beings.

Is cotton, or the destruction of the parasites that live and thrive on it, of more value than human life? Was the prohibition of drinking, interfering with the personal liberty of our fellowmen, of more importance than the protection of the quality and the purity of their food? Is the health of cattle and swine more important than the happiness, prosperity, and the health of human beings? Are crop profits of more importance than the physical and mental welfare of our fellowmen? Is human life of such little value that Congress does not appropriate more than 1 cent a year for each person to assure good, wholesome food to keep the vital spark going in our children, our wives and mothers, our aged and infirm, and ourselves? Answer me with your votes, when the time comes to grant adequate appropriations that will safeguard the life, health, and happiness of our American people and they will answer you when they come to vote for you. In this new era of the new deal—the square deal—the forgotten man must come to the fore. Humanity must take its place in the forefront of civilization. In the future call of the national roll of honor human rights must and will supersede property rights. [Applause.]

Just as the circulation of the blood carries life and nutrition to every tissue of the body, so do newspapers, magazines, periodicals, and other publications carry news, information, and advertising to 120,000,000 people of the United States.

Newspapers, magazines, periodicals, and publications receive only 15 percent of their gross income through circulation. The other 85 percent comes to them through selling advertising space in their publications. Every publication uniformly preaches the gospel of honesty, of integrity, of justice in the business relationship of mankind with his fellowman. Why should not every publication itself do likewise and carry only the truth regarding advertising?

Why should many of our publications exaggerate, falsify, and disseminate advertising news that is palpably and grossly unjust to the consuming public and unfair to the ethics and standards of honest publications?

The slogan of the New York Times, one of the greatest newspapers in all the world, is that it prints "all the news that's fit to print." Why should we not paraphrase that sentiment to every publication and say, "You shall print only the advertising fit and right to print"? The New York Times lives up to this ethical standard and has prospered. Why not all publications?

Only a short time ago the late William E. Humphrey, of the Federal Trade Commission, estimated that there were at least 1,000 advertisers of fraudulent schemes now operating regularly with the aid of certain magazines and newspapers throughout the country. In one publication alone he found no less than 50 different advertisements which he considered safe to designate as illegal. Mr. Humphrey contended that the annual loss to the consumers through false, misleading, and exaggerated advertising runs into hundreds of millions of dollars.

Mr. Chairman, ladies, and gentlemen, it would be a most liberal estimate to say that only 25 percent of the business transacted in our country each day is done as a result of natural demand. The other 75 percent is contributed as a result of salesmanship in one form or another. It is on this 75 percent of advertising that the welfare and prosperity of our country is dependent.

Advertising is founded on the publicity formula and the economic fallacy that "repetition makes reputation." Constant advertising of the virtues and qualities of all food, drugs, cosmetics, nonalcoholic and nonintoxicating beverages brings the product before the consuming public and induces them to purchase food materials whether they need them or not.

More than 16,000,000,000 copies of daily, weekly, and monthly periodicals are printed and circulated every year in the United States. Every copy carries advertising matter intended to induce the readers to buy some article of commerce, and of these at least one third are food, drugs, beverages, and cosmetics. Approximately $1,000,000,000 is paid publishers annually by advertisers who use the 20,000 daily and monthly newspapers, which have a circulation of about 1,400,000,000 a month.

These publications live on revenue collected from advertisers. The advertisers live on money collected from the purchasing public.

For many years in the past a great many publishers, without consideration for their readers, accepted and published advertisements filled with false and misleading representations and thereby became parties to the deception and fraud perpetrated on their readers.

The vast majority of publishers today are reputable and respect the confidence of and guard the welfare of their readers. The business office of a newspaper or periodical edits advertising copy as carefully as the news section edits reading matter. These reputable publishers will not know-

ingly publish false or misleading advertisements. They approve all efforts to stop such advertising and loyally cooperate with the Federal Trade Commission, which, under the law, now has charge of this type of advertising, in its efforts to prevent it.

Unfortunately, there are many unscrupulous advertisers and publishers who still print any advertising copy for which payment is made to them.

Laws are essential to restrain and punish such unscrupulous advertisers and publishers in order to protect reputable advertisers and publishers as well as the general public.

Laws are not necessary for law-abiding citizens, but they are essential to protect the law-observing from the law-breaking element.

Every reputable advertiser and publisher need fear no law designed to prevent false, misleading, or fraudulent advertising, since they do not use nor publish such form of advertising. It is the unscrupulous and disreputable advertisers and publishers who must be restrained and punished for their use and abuse of a noble profession and institution, the daily, weekly, and periodical press, to forward their nefarious projects to make profits from advertising worthless and dangerous medical products and for helping, through advertisement to dispose of food unfit for human consumption.

The present cooperation of the Federal Trade Commission with the Food and Drug Administration, for the prevention of unfair trade practices as they apply to the advertising in a false, misleading, or fraudulent manner of foods, drugs, cosmetics, and nonalcoholic and nonintoxicating beverages, is made more powerful by my food and drug bill. No powers in the present Federal Trade Commission Act are disturbed by my bill. Indeed, their commendable work is fortified, enhanced, and strengthened.

Newspapers, magazines, periodicals, and publications have constantly been denouncing the paternalistic attitude of our Government through its granting of subsidies. We have subsidized the railroads, the great banking institutions, the great life-insurance organizations, the merchant marine, the different States of the Union for various projects and enterprises, and, last but not least, we have subsidized the newspapers, magazines, periodicals, and publications during the last year by granting them a subsidy of almost $90,000,000 through the carrying of these publications as second-class mail matter.

It should, therefore, be the privilege, no, I should say the duty of newspapers, receiving the beneficence and munificence of the contributions of 120,000,000 of citizens, taxpayers of the United States, that these great publications to carry into fruition and realization the ideal of having their advertising space carry advertising news that is the truth, the whole truth, and nothing but the truth. [Applause.]

Our modern financial and monetary system is founded upon the philosophy of economic scarcity of gold, while our mass technological standards and industries are built upon the philosophy of economic abundance. These two systems, one represented by economic scarcity and the other by economic abundance, are in conflict with each other. They do not articulate. They do not harmonize. They fail to unite. Because of this incompatibility between economic scarcity and economic abundance, advertising becomes an accepted necessity adequately to distribute in the markets of our country and the world the materials of production. The present condition of production and distribution brings into play the disintegrating forces of competition.

In the old days competition was the life of trade. Today competition is the death of profits. The only medium whereby the principle of economic scarcity and the element of economic abundance can be harmonized is through the element of advertising. Constant repetition is the slogan, watchword, and shibboleth of modern business enterprise. Advertising within the last 30 years has been chiefly instrumental and responsible in making the great strides that business, commerce, and industry have enjoyed.

It has always been my intent, and I believe always my action, to be fair and just to everyone. In the food and drugs bill which I introduced in the House on January 29, 1934, H.R. 7426, I have embodied proposed legislation that I think will meet and cure many of the difficulties which now arise under the present food and drugs laws.

My main thought has been the protection of the American people against those who would sell them food, drugs, cosmetics, and nonalcoholic and nonintoxicating beverages unfit for human consumption. My chief desire has been to be fair and just to the 90 percent of the producers of such products, who honestly and sincerely desire to provide wholesome goods to our American citizens. No honest producer, processor, or manufacturer need fear the effect of any section of my bill. It is designed to protect him against the racketeersman in his own line of endeavor, as well as against the charlatan and quack, as well as to protect the public.

The cornerstone and touchstone of worthiness I have used throughout my bill is this: Does the product contain anything that is harmful or injurious to the average human system? If it does not, there is nothing to prevent its sale anywhere and any place under the jurisdiction of the United States Government.

If the article be food and it be found to be pure and wholesome, within the common and accepted meaning of this term, the Food and Drug Administration is directed to issue a permit to the producer, processor, or packer to print on or surcharge his private label with these words:

This product meets the requirements of the quality standards of the Food and Drug Administration of the United States of America.

No manufacturer or anyone else could ask more than this.

I define a food to be any edible material, or materials, the nutritive elements of which are ingestible, digestible, absorbable, assimilable into, and beneficial to and not harmful nor injurious to the average human body.

Producers and manufacturers of drugs or medicants are required to file the formulas of their preparations with the Food and Drug Administration, but such formulas need only disclose the active therapeutic ingredients; and all formulas must be kept secret. If anyone connected with the Food and Drug Administration shall reveal to any unauthorized person the contents of any formula in whole or in part, either while in the employ of the Administration or subsequent thereto, that person is subjected to imprisonment of from 1 to 3 years, and the person soliciting or inducing such disclosure is made equally culpable of a felony and is subjected to the same penalty and must give an accounting of and pay compensatory damages for the illicit use of such formula to the rightful owner thereof. Mutilation or destruction of any formulas, records, or correspondence carries the same penalty. Therefore every safeguard is thrown around the formulas of the manufacturer and producer to prevent the formulas being made known to anyone who might use them illegally to their own purposes.

The manufacturer of any food, drugs, cosmetics, or nonintoxicating and nonalcoholic beverage may continue to use his private label and his present trade mark. Neither right is disturbed in any way, provided that the label contains no false or fraudulent statements in conflict with the contents, capacities, or the amount of fill in the packages or containers in which it is sold. In addition to the surcharge on pure-food products that I have referred to, my bill provides for three other labels to be used, which are white, blue, and orange in color, so the buying public at once can see into what class various drugs are placed.

Here are the ways the classes and the colors of the labels are determined: If the material or materials described in the formula or in the prints, labels, or labeling are not harmful to the average human system, if intaken or applied by self-treatment and contain no harmful drug, injurious to the average human system in the proportions represented by the formula or in the prints or labels presented to the public, the applicant shall be granted a license by the Food and Drug Administration to use a white label on the immediate container or package of his product bearing the words—

Formula registered in the Food and Drug Administration of the United States of America at Washington, D.C.



And in type of the same size the words—

Contains no material or materials harmful or injurious to the average human system in the proportions represented by the formula or formulas for this product.

This white label will be a certificate of character. It will indicate that the food, drugs, and beverages are pure and wholesome. It will make the American consumer "white-label conscious."

I digress to call your attention to the words "average human system" and the reason for their use. All persons do not react the same to all drugs. Some persons have what physicians call an idiosyncracy against certain foods and drugs. Shellfish, strawberries, cucumbers, and other edibles produce a rash on some folk. Certain drugs, camphor, quinine, and others affect some persons adversely, but that is no reason why the rest of us should be deprived of edibles, potables, and medicines that act favorably on us and produce beneficial results.

Resuming: There are certain powerful and effective drugs and extracts that are most valuable in the restoration of health, but their potency is such that they can be used safely only under the prescription and continuous observation and care of a physician. For such drugs my bill provides that the container or package shall bear a blue label, permit for the use of which is to be issued after the filing of the formula with an analysis of it by the Food and Drug Administration. This label shall bear the words—

Formula registered with the Food and Drug Administration, Washington, D.C.

And shall also state the dosage and name of the drug and continue—

Caution! Contents to be used only under the care and supervision of a registered physician.

Certain hypnotic and narcotic drugs such as opium, morphine, cocaine, and so forth, are highly useful in the practice of medicine and in the alleviation of pain. But they never should be self-administered and should be available to the general public only on the prescription of a doctor and used medically only under the care and supervision of a physician.

These drugs are placed in a third class, and their containers or packages under the provisions of my bill must bear an orange-colored label, permit to use, which is to be granted by the Food and Drug Administration after filing of the formula, and its analysis of the materials proposed to be sold. This label shall bear the words, "Formula registered in the Food and Drug Administration at Washington, D.C.—Caution, Habit Forming", shall bear the name and dosage of the habit-forming hypnotic or narcotic drugs, and continue "to be sold and used only under the prescription and supervision of a registered physician."

Hair dyes which contain an aniline derivative, or an amine or a metallic salt or compound, under the provisions of my bill, shall bear on their containers or packages a white label which shall state this, followed by the words: "For external use only and must be used with care, and should not be used on eyelashes or eyebrows." The formula must be registered with the Food and Drug Administration, and when a permit is granted by it for such use the label shall state "Formula registered in the Food and Drug Administration at Washington, D.C."

The decision as to the medical, therapeutic, or remedial status of the materials in any container or package offered for sale and submitted for analysis does not rest finally with the officials of the Food and Drug Administration. My bill establishes a board of appeals for food, drugs, nonalcoholic and nonintoxicating beverage cases consisting of four specially qualified members to be appointed by the President. To the board any applicant who has been refused a permit to use a white, blue, or orange label, or whose product has been set in a lower class than he thinks it should be placed may appeal. If the board sustains his contention he gets his label; if the decision of the board is adverse to him he still retains his right to appeal to the Federal courts, and the same right of appeal to the Federal courts is granted the Food and Drug Administration if it desires to use it.

In my bill it is provided that every container or package holding food, drugs, cosmetics, or nonalcoholic and nonintoxicating beverages shall bear a trade mark registered in the United States Patent Office on the private label of the manufacturer. If the manufacturer now has a trade mark so registered, he need not obtain a new one. The art quality in the design of the trade marke is not considered. A special class for such trade marks is established in the Patent Office and the fee for such trade marks is reduced from $15 to $1.

The applicant for a permit to use the Food and Drug Administration labels must submit samples of his product for analysis to the Food and Drug Administration, and for this laboratory work a very reasonable fee of from $1 to $10 is charged him. Counterfeiting or imitating any private or Government label is made a felony and penalized by from 5 to 10 years' imprisonment, so the manufacturer gets protection for his trade mark and private label such as he never had before. No trade mark is granted until the product has been certified by the Food and Drug Administration not to be harmful or injurious to the health of any average human being.

What I consider the most important feature of my bill is the complete emancipation of the small drug, grocery, and provision storekeeper. He will no longer be subjected to the humiliating disgrace of being indicted and arrested for a crime of which he is innocent. His belief in the manufacturer as to his good faith in producing and selling to him wholesome products relieves him of the responsibility if he acted in good faith. The responsibility is placed where it belongs—at the source—the manufacturer, producer, processor, or packager of food, drugs, beverages, and cosmetics that sold him food and drug products unfit for consumption or use by human beings.

For the benefit of my colleagues I am going to ask unanimous consent to extend my remarks by printing after the conclusion of my address the full text of my bill I have introduced to cure all the evils about which I have complained.

Mr. Chairman, ladies, and gentlemen, the great progress of the United States can be attributed to the tremendous advances that have been wrought in the social, economic, and political fabric of our Republic.

Each Congress of the United States has contributed its political share to the agricultural, industrial, and commercial development of our people. In every form of human endeavor, in science, in art, in literature, in philosophy, in statesmanship, in engineering, invention, and technological perfection and improvement, our Republic stands in the forefront with the highest civilized nations of the world.

In the past, those Congresses have been remembered that have declared war in order to preserve the ideals for which our Republic was founded. The War of 1812, the Mexican War, the Civil War, the Spanish-American War, the World War.

On the field of battle of these great conflicts of our country's past, millions bared their breasts to shot and shell and died that our institutions might be preserved. Today we are engaged in another great conflict. It is to determine whether these institutions founded upon the lifeblood of our martyred citizens shall endure or shall perish. We are waging a great war against economic depression. Revolutionary changes are taking place everywhere. The policies upon which the superstructure of our Government has been reared are tottering and collapsing. Millions of deserving Americans ready to die for our Republic in time of war are starving in times of peace, amidst a harvest of plenty.

To preserve our institutions of hallowed memory, to keep faith with those who have given up their today that others may have their tomorrow, it has become necessary for Franklin D. Roosevelt, the beloved Commander in Chief of our Republic, to strengthen, fortify, and reconstruct those pillars that have supported the superstructure of our social, economic, political, and capitalistic form of government.

When the actions and deeds of every Congress that has preceded us in the past will have been forgotten in the ashes of time, the Seventy-third Congress will remain and

endure in the memory of historians because it enabled us to escape a bloody revolution through adoption and practicing of the principles and ideals of social and economic justice. This action of the Seventy-third Congress has enabled us to rear a new edifice dedicated to our fellow man and consecrated to the philosophic ideals of social, economic, and political justice that will bring the greatest good to the greatest number.

While we are passing through this great period of economic and social transformation, let us not forget in these trying days and depression times, to protect the life, the limb, and health of 120,000,000 American consumers through the adequate enactment of laws that will safeguard to each and to every American citizen food, drugs, and beverages that are and by the rights of humanity should be fit for human consumption. [Applause.]

We have given much consideration to capital and material things, now let this Congress give consideration to men, women, and children and see to it that they are provided with food that is good and clean, with food that is wholesome, with beverages that are pure and palatable, and with medicines that are remedies for sickness, that human life may be made better, fuller, and happier for all. [Applause.]

Mr. Chairman, now that I have concluded my remarks on the subject of pure foods, drugs, cosmetics, nonalcoholic and nonintoxicating beverages, I shall be pleased, as is my usual custom, to answer any questions any Member of the House desires to propound to me.

By the way, I am very pleased to see sitting in the body of the House of Representatives our beloved and distinguished Speaker, the Honorable HENRY T. RAINEY. Our gracious Speaker told me this morning that he was present in the House when the famous Dr. Henry W. Wiley, the great pioneering expert in foods, and James Mann, the leader of the House on the Republican side, appeared on this floor to explain to the Membership of this House the necessity for the enactment of the first pure food and drugs act in 1906. Speaker RAINEY was greatly interested at that time in that measure, an interest which he has maintained ever since in legislation that will insure pure foods, drugs, and beverages, and harmless cosmetics for the men, children, and women of our country.

Our beloved Speaker has been most gracious and exceedingly helpful to me in my efforts to bring the pure food and drugs law up to date, to strengthen them in such a way as will forever prevent fraud and deception in the preparation, manufacture, and sale of articles that play such a great part in the preservation of the health and vigor of our people. For his courtesy to me I most emphatically wish here and now sincerely and gratefully to thank our great Speaker. [Applause.]

Mr. Chairman, ladies and gentlemen of the Committee, before I begin to answer any question that any Member of the House may ask me I am going to show you actual examples of poisoned foods, drugs, and cosmetics, which have been before your eyes here in the well of the House during my discussion. Look at this sample of noodles in clear cellophane and in gold-colored cellophane. Both samples are the same, but the one in the gold-colored container appears as if it were heavily loaded with eggs. Sheer fraud.

Look at this, which shows how the Lydia Pinkham people meet the requirements of the drug law on their label, but continue to make unwarranted claims in their hand-out advertising. If this concoction has any value, it is only in the 18 percent alcohol contained in the alleged remedy.

Here is an exhibit of the kind of alleged Jamaica ginger that a few years ago was sold throughout 24 States and poisoned over 25,000 persons. It is the infamous "jake." It was made in Boston and four men were imprisoned and fined for this murderous fraud and another was sentenced but the sentence was suspended.

This is an example of how a trustful woman, desiring to add to her attractiveness, used a preparation called "Lure-Lash" on her eye lashes, with the result that one of her eyes was destroyed and she was made blind. President Roosevelt shuddered with horror when his attention was called to this.

Here is a preparation that is made from a rank weed called horsetail. It is of no remedial, value but it is advertised to cure a dozen diseases besides diabetes.

Here is a concoction called "Bar-Ban" for which it is claimed that it can be used for rheumatism, neuralgia, bronchitis, colds, kidney trouble, and a long list of diseases. It could be used, but it would be useless for any remedial purpose.

Here is an advertisement of yeast to make a woman grow thin; I have another advertisement of another yeast that claims to make women grow fat. One yeast makes fat women thin; another makes thin women fat. The age of miracles must have come back. [Laughter.]

How many Members of the House know that the Food and Drug Administration issues a monthly pamphlet under the title of "Notices of Judgment" in which are printed the often grewsome details of cases brought against food poisoners? I will have these passed around to the Members of the House. Read them. Take them home with you and study them. You will see from them the necessity of efficient and punitive food and drug laws to stop the racketeering in edible and drinkable products.

Look at these bottles. This one is a genuine 3-ounce bottle. This one seems larger, but is not. It is a 2-ounce bottle. Note the way it is made taller and thinner. Here is another fake bottle. The glass side walls are so close together that this bottle holds only three quarters of an ounce instead of its pretended 2 ounces.

Here is the infamous Marmola of unsavory memory. The name is craftily attractive, but the material itself is vicious when used for self medication. It contains thyroid extract, which is very dangerous to use unless given under the supervision of a physician. Marmola has ruined the health of many unfortunate women who have used it to their bitter regret.

This product that I show you is Koremlu. It was put up by Cora M. Lubin and contains thallium acetate and was used as a depilatory. Over two and a half million dollars damages were asked for in suits brought against this woman, and she is now a bankrupt. But the product is still being sold to ruin and scarify thousands of unfortunate women who buy and use this preparation.

Here I show you a set of testimonials for an alleged remedy, called B & M, and beside them are the death certificates of those who wrote the testimonials and died from the diseases it was alleged to cure.

This B & M alleged remedy is the king fraud of them all—B & M. It began as a horse liniment and was used only for horses. Now it is advertised everywhere to cure tuberculosis, pneumonia, bronchitis, blood poisoning, asthma, heart disease, and every disease that mortal flesh is heir to. Here is the evolution of quack medical concoctions beginning with the horse and ending with man.

Mr. BOLAND. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from Pennsylvania.

Mr. BOLAND. May I ask the gentleman if he has read the bill I have introduced (H.R. 8316) along this line?

Mr. SIROVICH. For the benefit of my distinguished friend, and for the edification of the House, I want the Membership to know that there have been several bills introduced regarding pure food, drugs, and cosmetics. One is additional powers to the Secretary of Agriculture which I sponsored in the House and which I have relegated to the background, because it takes away privileges and prerogatives of the Federal Trade Commission and emasculates the work that this great organization is doing. It also gives additional powers to the Secretary of Agriculture to which I am opposed. Then we have the Black-Stephens bill, which is a bill written by the proprietary interests which is simply the old, pure food and drug legislation as it now exists, with a couple of Ethiopians buried in the middle, which would continue the very conditions I have been criticising here.

My friend PAT BOLAND has introduced a bill which I think, if my bill could not be passed, is one of the finest and most complete and progressive measures ever brought before the House. It is a bill that has been written by the Consumers Research of the United States, representing at least 100,000 consuming people. It is a bill that is designed to bring about the millennium in food, drugs, cosmetics, and beverages. It is a bill that will help every human being to have the quality standard and nutritive value in foods and drugs to which he is entitled, and I want to compliment my friend PAT BOLAND for having the courage to introduce this kind of bill. [Applause.]

Mr. BEAM. Will the gentleman yield?

Mr. SIROVICH. I shall be very pleased to yield to the gentleman.

Mr. BEAM. I was very much interested in the gentleman's explanation of the anesthesia proposition. Does not the gentleman think it would be beneficial to the doctor, to the hospital, and to the patient if some analysis were made of the quality of the anesthesia administered to the patient without any direction from the Government itself?

Mr. SIROVICH. I want to explain, for the benefit of my colleague and friend, that the United States Government has a Bureau of Standards and it never purchases anything until this Bureau investigates it to see that everything that is given to any of Uncle Sam's men is of the best quality. It is about time we established a bureau of standards of the United States that would investigate all the food products for the benefit of the consuming public in just the same way. So I believe if we had this kind of bureau that could investigate ether and other products, the doctors and the public hospitals would be in position to buy the best they can have.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from Minnesota.

Mr. SHOEMAKER. It may interest the gentleman to know that our so-called "Bureau of Prisons" has been buying from the wholesale houses stale goods and drugs that have been on the shelves for a long time and has been killing prisoners with them in our Federal penitentiaries.

Mr. SIROVICH. That is not so bad, I will say to my friend, as when the United States Government, in 1920, sold all the ether it found was worthless after the war was over. It sold this to second-class dealers with the understanding that they would use it for varnish, shellac, and other similar purposes. One cruel man relabeled it and sold it to the hospitals of the United States, and 35 percent of it was so vitiated and contaminated that thousands of people died in our country because of its use. I read of one case where there was stamped on an article by the Government of the United States the word "second", and some unscrupulous dealer who bought this product changed it to "second to none" and sold it in that way.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. SIROVICH. I yield to my colleague from New York.

Mr. FITZPATRICK. What are the qualifications that the Government requires of a food inspector? The gentleman knows that to enforce a law of this kind such a man would have to have special qualifications to be able to make such investigations.

Mr. SIROVICH. Mr. Chairman, there are thousands of doctors in the United States who are in penury and want and would be glad to act as food inspectors if they were given an opportunity to take such an examination; but you have not given the Food and Drug Department the appropriation that they need to effectively carry on their work. You have only 76 food inspectors in the United States. We have 48 States in the Union, and if you gave every State 2 inspectors, you would have to have 96. Take my friend TOM BLANTON. BLANTON's State, from what the former Speaker, Jack Garner, told us, could be divided into six States of the Union because it is so large. In that entire State they have not more than one or two inspectors to look after the food, drugs, and cosmetics that they are using there.

Mr. FITZPATRICK. Are these inspectors doctors?

Mr. SIROVICH. No; they are not doctors.

Mr. FITZPATRICK. That is just what I am trying to find out. What are the qualifications required by the Government?

Mr. SIROVICH. The qualifications are such as necessitate knowledge of chemistry, of the physiological action of drugs, ability properly to analyze materials, and determine where adulteration was made. He would have to know physiological chemistry and physiology, and everything that pertains to food, drugs, and cosmetics.

Mr. BLANTON. Will the gentleman yield?

Mr. SIROVICH. I will yield to my friend.

Mr. BLANTON. What are you going to do when the inspectors disagree and when the doctors disagree as to the efficacy of remedies? Forty years ago some doctors would not let us have ice cream when we had a fever but now some feed us on ice cream. Years ago some doctors would not let us have ice with fever and now they pack us in ice. [Laughter.]

Mr. SIROVICH. Increased knowledge, experience, and scientific observation are constantly making the medical profession improve its methods. Time and the increased longevity of mankind has vindicated changes and consequent improvement in treatment. The gentleman from Texas and I have been very consistent in our common ideals. When I was battling against poison in alcohol little did he and I dream that when I called the attention of the people of the United States, single-handed, almost 8 years ago, to poisoned liquor, that we would repeal the iniquitous eighteenth amendment at this time. All the time he was exclaiming, "Hold the line! Hold the line!" Both of us have held the line. [Laughter and applause.] My good friend from Texas does not know when he is licked.

Mr. BLANTON. Will the gentleman yield again?

Mr. SIROVICH. It is a pleasure to yield to my aggressive colleague.

Mr. BLANTON. Does the distinguished physician who does not drink himself feel proud that in most of the large hotels and cafes in Washington you can buy hard liquor that is drunk openly before young people?

Mr. SIROVICH. Let me say to my distinguished friend, whom I personally love, honor, and respect, that I am not conversant with the situation in Washington with which he seems to be so familiar. [Laughter.] Let me say, however, as one who never drinks and never smokes, that I believe in moderation in every form of indulgence. I never condemn the use of anything, but I always condemn the abuse of overindulgence in anything that would make a man or woman lose their self-respect. [Applause.]

Mr. Chairman, I ask unanimous consent that I may have permission to extend my remarks by incorporating here my bill, H.R. 7426.

The CHAIRMAN. Is there any objection to the request of the gentleman from New York?

There was no objection.

[Here the gavel fell.]

Following is the bill referred to:

H.R. 7426

A bill to protect the consuming public of the United States of America, numbering 125,000,000 people, and the honest producers and distributors, numbering 50,000 persons, of food, nonalcoholic or nonintoxicating beverages, drugs, and cosmetics, sold, or offered for sale, in containers or packages, and to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drugs, nonalcoholic and nonintoxicating beverages, and cosmetics, and to regulate traffic therein; to prevent the false or fraudulent advertisement of food, drugs, nonalcoholic and nonintoxicating beverages and cosmetics, and for other purposes

Be it enacted, etc., (1) That 9 months after the passage of this act every bulk and separate container or package of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, produced or prepared or processed or packaged or distributed in the United States of America, its Territories, possessions, or in the District of Columbia, shall have affixed thereon and thereto a print or label which shall state: "Trade mark and label registered in the United States Patent Office. Formula registered in the Food and Drug Administration."

(2) When the formula or formulas of the product is filed for registration in the Food and Drug Administration by the producer, or preparer, or processor, of food, nonalcoholic or nonintoxicating

beverages, drugs, or cosmetics, the formula or formulas, shall fully describe the physiological action and properties and proportions, combination or composition of food, nonalcoholic or nonintoxicating beverage, drug, or cosmetic named in the formula, the names of all the active ingredients only being given in full. If the material or materials, named in the formula or formulas be drugs, the therapeutic action, accepted by recognized authorities, shall be fully stated; if the material or materials be cosmetics or any preparation intended for use in improving the appearance of the user, the action, after external application, of the simple form or of the compound, composition, or combination of the material or materials shall be fully stated.

(3) On receipt of the information herein required, together with specimens or samples of sufficient quantity for all tests of the product of the food, nonalcoholic or nonintoxicating beverages, drugs, and cosmetics, and accurate copies of the prints, label, labels, and labeling purposed to be used by the applicant on or in the containers or packages of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, which prints, label, labels, and labeling shall truthfully state the authoritative accepted use and physiological action of the material or materials described in the formula or formulas, the Food and Drug Administration shall make chemical analysis, or other necessary examination, for which the applicant shall pay a minimum fee of $1 and a maximum fee of $10, of the specimen or sample material or materials submitted, and of similar material or materials purchased in the open market, if obtainable, and shall compare the material or materials submitted and purchased with the formula or formulas, submitted by the applicant to determine—

(1) If the material or materials described in the formula or formulas, or in the prints, label, labels, or labeling and offered or purposed to be offered for public or private sale, or sold, are not harmful to the average human system if intaken or applied by self-treatment in or to the average human body, and that it or they contain no harmful drug injurious to the average human system in the proportions represented by the formula or formulas, or in or on the prints, label, labels, or labeling presented to the public;

(2) If the material or materials described in the formula or formulas are such that they cannot be used safely for medicative, remedial, palliative, antiseptic, germicidal, disinfectant, or beautifying purposes except under the care and supervision of a registered physician;

(3) If the material or materials described in the formula or formulas, contain any habit-forming, hypnotic, or narcotic drug or drugs, or the material or materials singly are habit forming, hypnotic, or narcotic, and are designated as such by recognized competent authorities, and should be used only under the prescription and care and supervision of a registered physician.

SEC. 2. (1) If there be food in the container or package, with or without a liquid concomitant, and such food be found to be pure and wholesome, within the common and accepted meaning of this term, with no essential element or constituent abstracted, and not to be filthy, putrid, adulterated with foreign or inferior substances, or preserved, processed or packed, or distributed in such manner or by such means or in such places as to be injurious to the health of an average human being, or animal used for food, and to be equal to or surpass the quality standards for that particular food or the general standards for food set up by the Food and Drug Administration under the Food and Drugs Act, the Food and Drug Administration shall issue a permit, to continue in force while this standard is met by the producer, preparer, processor or packager, or distributor of food, to print on or surcharge his label, labels, labeling, or prints with the words: "This product meets the requirements of the quality standards of the Food and Drug Administration of the United States of America."

(2) A food is hereby defined for the purposes of this act to be any edible material or materials the nutritive elements of which are ingestible, digestible, absorbable, assimilable into and beneficial to and not harmful nor injurious to the average human body.

SEC. 3. (1) The Food and Drug Administration is hereby authorized and directed to determine, establish, and promulgate, from time to time, reasonable standards of quality, condition, and/or fill of containers or packages for each class of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics as will, by fair judgment, promote honesty and fair dealing in the interest of the consumer; the Food and Drug Administration is further authorized and directed to prescribe and to promulgate, from time to time, the form of statement that must appear in a plain and conspicuous manner on each label, print, or labeling on or in each immediate container or package of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics that falls below the standards set by and promulgated by the Food and Drug Administration; and the Food and Drug Administration is authorized to alter such form of statement, from time to time, as may be necessary to keep the product level with any improvements in producing, preparing, processing, or packaging that may be developed. In promulgating such standards and forms of statements and any alterations thereof, the Food and Drug Administration shall specify the date or dates when such standards shall become effective, or after which such statements shall be used, and shall give public notice not less than 6 months in advance of the date or dates on which such standards shall become effective or such statements shall be used. Nothing in this paragraph shall be construed to authorize the manufacture in or the sale, shipment, or transportation of adulterated or misbranded food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics into or from any State, Territory, or possession of the United States, or into any other State, Territory, or possession of the United States, with intent to violate the provisions of this act.

(2) A product of food, drugs, nonalcoholic or nonintoxicating beverages, or cosmetics shall be deemed to be misbranded if the material or materials or ingredients within, associated with, or combined with such product are not capable of producing the alimentary, curative, medicative, remedial, palliative, antiseptic, germicidal, disinfectant, or beautifying effects and results that are claimed in the label, labels, labeling, or prints attached to, affixed on, or delivered with the product they describe, or otherwise distributed, or if the statements appearing on the label, labels, labeling, or prints attached to, affixed on, or delivered with the containers or packages holding such product are intentionally false or misleading regarding or concerning the contents of the container or package, or if the material or materials fall below the standards authorized herein and in the present food and drug law, as amended, to be set by the Food and Drug Administration.

(3) Nothing in this act shall be held to prohibit the production, manufacture, preparation, processing, packaging, or the offering for sale or distribution of any material or materials, or the combination of a medical formula or formulas, beneficial for the protection, maintenance, or promotion of the public and personal health of the population of the United States of America, its Territories, possessions, and the District of Columbia, if the use of such material or materials, formula or formulas is not injurious to the health of average human beings, and if such material or materials, formula or formulas is or are recommended by a lawfully registered physician or by competent medical authorities.

(4) Any drug, medical or masticatory substance, preparation, product, compound, combination, or composition when mixed with food or coated with confection or other disguising materials shall be deemed to be either a drug or a food, dependent upon its intended use, and shall be classified as such, and its use and physiological action and effects shall be described clearly on the descriptive label on the container or package.

(5) After examination and analysis of the submitted material or materials, if the material or materials shall meet the requirements of this act and the food and drug act, as amended, the Food and Drug Administration shall issue to the applicant therefor a license to print, produce, or impress a label descriptive of his product and to use and be required to use such print or label or labels or labeling as its examination and analysis warrant, which license shall clearly indicate in which class hereinbefore set forth, the material or materials described in the formula or formulas and submitted for examination and analysis should be included.

SEC. 4. (1) If the material or materials fall in class 1, as hereinbefore described, the applicant shall be granted by the Food and Drug Administration a license, revokable for cause, to use, and be required to use, a label, white in color, on the immediate container or package holding his product, bearing the words: "Formula registered in the Food and Drug Administration of the United States of America at Washington, D.C." in clearly legible text of the same size throughout and continue: "Contains no material or materials harmful or injurious to the average human system in the proportions represented by the formula or formulas for this product."

(2) If the material or materials fall in class 2, as hereinbefore described, and if the formula or formulas contains the names of material or materials that may prove dangerous or harmful or injurious to the average human system, unless used under the care and supervision of a registered physician, then the label, blue in color, shall bear the words: "Formula registered with the Food and Drug Administration of the United States of America at Washington, D.C.", shall next state the name and dosage of injurious drugs, and continue: "Caution—Contents to be used only under the care and supervision of a registered physician", in clearly legible text.

(3) If the material or materials fall in class 3, as hereinbefore described, the applicant shall be granted by the Food and Drug Administration a license, revokable for cause, to use and be required to use, a label, orange in color, on the container or package holding his product, bearing the words: "Formula registered in the Food and Drug Administration of the United States of America at Washington, D.C.; caution—habit forming", and state the name and dosage of habit-forming contents of hypnotic or narcotic drug or drugs, as the case may be, and continue: "To be sold and used only under the prescription and supervision of a registered physician." The words "caution" and "habit-forming" shall be prominently displayed on the label and the other text be clearly legible.

(4) The Food and Drug Administration is hereby authorized and directed to prohibit by regulation the transport, sale, or gift to or from any State of the United States, or its Territories, possessions, or in the District of Columbia, of any product or preparation offered for sale or sold as hair dye which contains any of the following material or materials, an aniline derivative or an amine, a metallic salt or compound, unless there shall be affixed to or attached to the container or package a label, white in color, which bears the words "Formula registered with the Food and Drug Administration of the United States of America; caution—this product contains an aniline derivative, or amines, or metallic salt; it is for external use only and must be used with care and should not be used on eyelashes or eyebrows." The words "caution" and "external use only" shall be in capitals of the text.

(5) Every container or package transported, sold, or given away, in the United States, its Territories, possessions, and in the District of Columbia, containing virus, therapeutic serum toxin, antitoxin, bacterial product of analagous products, or any serological or bacteriological products or derivatives shall bear a blue label affixed thereto or thereon which shall state the date of actual manufacture and the final date beyond which the material or materials cannot reasonably be expected to produce the physiological results for which it is intended and prepared, and the words "Not to be sold nor used after the date of its impotency."

SEC. 5. (1) If the applicant is denied a license to use for his product a label authorized by the Food and Drug Administration and is convinced that on the facts disclosed by his formula or formulae and his product he should be granted a license by the Food and Drug Administration to use any or all of the labels hereinbefore described; or if he is granted by the Food and Drug Administration a license to use, and be required to use, a label in a lower class than that in which he thinks his formula or formulae and product should be classified, he shall have the right to appeal from the decision of the Food and Drug Administration to a board of appeals for food, drugs, nonalcoholic and nonintoxicating beverages, and cosmetic cases.

(2) A Board of Appeals for Food, Drugs, Nonalcoholic and Nonintoxicating Beverages and Cosmetic Cases is hereby created, which Board shall consist of four members, to be appointed, if possible, within 30 days after the passage of this act, by the President of the United States of America, with the advice and consent of the Senate, for terms of 4, 3, 2 years, and 1 year, in the order they are named for the first Board, after which the terms of the Board members shall be of 4 years' duration; the members shall be paid a salary of $7,500 per annum out of the general fund of the Treasury and shall be provided with suitable quarters in a Government-owned building in Washington, D.C., which shall be their headquarters; one of them shall be a qualified and competent expert in animal food products offered for sale and sold in containers or packages; one of whom shall be a qualified expert in vegetable food products offered for sale and sold in containers and packages; one of whom shall be a physician of at least 10 years' experience, who shall be a qualified and competent expert in drugs and the ingredients used to produce cosmetics offered for sale and sold in containers or packages; one of whom shall be a qualified and competent expert in nonalcoholic and nonintoxicating beverages of all classes.

(3) There is hereby created the office of a secretary of the Board of Appeals in Food, Drugs, Nonalcoholic and Nonintoxicating Beverages, and Cosmetic Cases, who shall be appointed for a term of 4 years by the President of the United States with the advice and consent of the Senate, who shall be paid a salary of $6,500 per annum, out of the general fund of the Treasury, and who shall be provided with suitable quarters in a Government-owned building with the Board of Appeals. The duties of the secretary shall be to receive all papers, records, and correspondence, including the certification of the cases, in cases of appeal from the decision of the Food and Drug Administration in food, drugs, nonalcoholic and nonintoxicating beverages, and cosmetic cases, and who shall assign each case so received to the member of the Board of Appeals to whom jurisdiction in the case is granted by this act, and who shall advise the appellant of day and hour set for the hearing of his appeal, if the attendance in person or by attorney is desired by him, or required by the member of the Board of Appeals hearing his case, and shall also advise the appellant or appellants of the decision of the member of the Board of Appeals who has heard his case, and who shall perform such duties as are customary in such position and who shall request the Civil Service Commission to supply him with such stenographers and typists, clerks, and other help as he may require to aid him in the proper performance of his duties.

SEC. 6. (1) All producers, preparers, processors, packers, or distributors of food, nonalcoholic and nonintoxicating beverages, drugs, or cosmetics offered for sale or sold, in containers or packages, in the United States of America, its Territories, possessions, and in the District of Columbia, shall apply for a license to use the form of Food and Drug Administration white, blue, or orange label herein specified, as applicable to their product not later than 9 months from the date of the passage of this act. No denial of a license to use a Food and Drug Administration label as described shall be effective unless such denial shall be based on the causes set forth in this act and in the Food and Drug Act now in force, which are not inconsistent with or in conflict with the provisions of this act, and be fully stated to the applicant in writing.

(2) In any case where the Food and Drug Administration shall render a decision adversely to any applicant and said applicant shall appeal to the Board of Appeals for a review of said decision, it shall be the duty of the member of the Board of Appeals to whom the case is assigned by the secretary of the Board of Appeals to require by order, or otherwise, any such case to be certified by the Food and Drug Administration to the Board of Appeals for its review and determination and it shall be the duty of the member of the Board of Appeals handling the case to maintain the record in said case in strict secrecy in the same manner as is required by the Food and Drug Administration in the original case.

SEC. 7. (1) Nine months after the passage of this act every bulk and separate container or package of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, produced or prepared, or processed or packaged in the United States of America, its Territories, possessions, or in the District of Columbia, shall have affixed thereto and thereon in the label hereinbefore prescribed, or on a separate label, the name and postal address of the producer, processor, preparer, packer, or manufacturer thereof, or a trade mark owned by him and registered in the United States Patent Office under the laws providing for registration of trade marks, but it shall be considered a compliance with the requirements of this act if, instead of a registered trade mark, there shall be used a notice that trade-mark registration has been applied for in the United States Patent Office before the passage of this act, or within 30 days after the passage of this act, or within 30 days of the adoption and use of the trade mark by its owner in interstate commerce: *Provided, however,* That the use of any trade mark, registration of which the United States Patent Office has been finally refused, shall not be a compliance with this act.

(2) Trade marks used on foods, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, which have been in bona fide use by the proprietor thereof for not less than 15 days in interstate or foreign commerce, or commerce with the Indian tribes by the proprietor thereof, may be registered under the act of March 19, 1920, notwithstanding the requirements for use not less than 1 year in section 1 (b) of said act, provided said trade marks in all other respects are registrable under such act.

(3) In connection with every application for registration of a trade mark for foods, nonalcoholic and nonintoxicating beverages, drugs, or cosmetics there shall be filed in the United States Patent Office, before the certificate of registration is issued, evidence that the Food and Drug Administration has issued a license to the applicant to use the label submitted as a specimen.

(4) Nine months after the passage of this act, no food, nonalcoholic and nonintoxicating beverages, drugs, or cosmetics shall be sold or transported in interstate commerce unless the bulk and/or separate containers or packages containing the same shall bear a label registered in the United States Patent Office under the copyright laws governing the registration of prints and labels: *Provided,* That no label for use on or in connection with food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics shall be registered in the United States Patent Office unless and until such label has been approved by the Food and Drug Administration.

(5) The Commissioner of Patents shall keep a register of all labels not registrable under the act of June 18, 1874 (18 Stat.L. 78), but which are impressed or stamped directly upon containers or packages of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, or upon a slip or piece of paper or other material to be attached in any manner to receptacle, bottles, boxes, containers, or packages containing the same, upon which a fee of $1 has been paid to the Commissioner of Patents, and such formalities as required by the said Commissioner of Patents have been complied with: *Provided,* That publication of the label with notice of copyright shall not be required as a prerequisite to registration, nor shall the lack of artistic quality in the label be a ground for refusing registration thereof. No exclusive right of any kind shall attach to or be predicated upon the registration of a label under the provisions of this section.

SEC. 8. (1) Any label which has been refused registration by the Food and Drug Administration or by the United States Patent Office shall not subsequently be affixed to any containers or packages of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics shipped or transported, offered for sale, or sold, in the United States, its Territories, possessions, or in the District of Columbia.

(2) No trade mark used on or in connection with food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, or on the containers or packages of such material, shall be registered, after the passage of this act, in the United States Patent Office under the provisions of the Trade Mark Act of 1905 and the act of 1920, as amended, unless the specimens filed with the application for registration, showing the manner in which the mark is used on the goods, shall have been previously approved by the Food and Drug Administration.

(3) The dissemination in any manner or by any means of communication of any false or fraudulent claim or assertions as to the physiological use, effect, or action on the average human system of any article of food, nonalcoholic or nonintoxicating beverage, drugs, or cosmetics, is hereby declared to be an unfair trade practice and an unfair method of competition in commerce.

The Federal Trade Commission is hereby empowered and directed to prevent the use of such unfair trade practices and unfair methods of competition in commerce by proceeding in the manner provided in the Federal Trade Commission Act as amended (U.S.C., title —, secs. 41 to 77).

Nothing in this act shall be construed to impair the powers of the Federal Trade Commission.

The Food and Drug Administration shall report to the Federal Trade Commission such cases of dissemination together with all evidence in its possession relating thereto and its medical or scientific opinion as to the truth or falsity of the claims or assertions disseminated.

The Federal Trade Commission under its present authority, or on receipt of such report from the Food and Drug Administration, shall promptly cause appropriate proceedings to be instituted to prevent the unfair trade practices or unfair methods of competition reported.

(4) If such person, or persons, real or corporate, persist in making such false and fraudulent claims and/or assertions, he or they shall be fined not less than $500 nor more than $1,000 for

each repeated offense, and such real person shall be imprisoned for not less than 6 months nor more than 1 year. This order shall thereon become immediately effective, except as to communications the copy for which has been set up and made ready in the forms of a newspaper, magazine, or periodical and cannot be removed therefrom before going to press, or which communications have already gone to press, and shall remain in effect unless and until it may be canceled by the Board of Appeals of Food, Nonalcoholic and Nonintoxicating Beverages, Drugs, and Cosmetics Cases, or the Food and Drug Administration, or by a court of competent jurisdiction: *Provided*, That any appeal to the court of competent jurisdiction, the respondent shall be entitled to a hearing de novo.

SEC. 9. (1) If the respondent shall persist in false or fraudulent claims or assertions, against which a cease and desist order has been issued by the Federal Trade Commission, the Food and Drug Administration shall revoke his license to use the label, labels, labeling or prints registered in the Food and Drug Administration. If the respondent shall consider the action of the Food and Drug Administration unfair or unjust the respondent shall have the right to appeal to the Board of Appeals and if the Board of Appeals shall sustain the action of the Food and Drug Administration the respondent shall have the right to appeal his case to a court of competent jurisdiction, and if the Board of Appeals shall overrule the action of the Food and Drug Administration, that body shall have the same right as the respondent to appeal the case to a court of competent jurisdiction, if it so desires, but, pending such appeal by the Food and Drug Administration from the Board of Appeals to a court of competent jurisdiction, the respondent shall have his license restored by the Food and Drug Administration and be permitted to use the statements in controversy until the case is finally adjudicated.

(2) Nothing in this act shall prohibit or prevent the wholesale or retail sale at any future time of material or materials produced, prepared, processed, or packed and in the actual physical possession of the wholesaler or retailer before the passage of this act. If it is found impractical, due to excess of official or clerical work, for the Food and Drug Administration to examine and analyze formula or formulae and products submitted to it and within a reasonable time to issue licenses to use the labels required by the provisions of this act, the Food and Drug Administration shall issue temporary licenses to applicants to print and use temporary labels on their products, such license and label or labels to be current until the permanent license is issued to the applicant by the Food and Drug Administration.

(3) Nothing in this act shall be construed to prohibit or prevent the sale after a permanent license has been granted the applicant of products offered for sale under a temporary label or labels authorized by the Food and Drug Administration.

(4) In considering the alimentary, medicative, remedial, palliative, germicidal, antiseptic, or disinfectant properties and physiological effects and actions of any material, materials, or compound, composition, or combination of materials described in any formula or formulas submitted to it for examination, before accepting such formula or formulas as registrable, or rejecting such formula or formulas as injurious to the health of average human beings and granting or denying a license to use the label prescribed by this act, the Food and Drug Administration shall be governed by the majority opinions of competent specialists as expressed in the accepted textbooks and scientific and medical literature on the subject.

SEC. 10. (1) All formula or formulas deposited with the Food and Drug Administration under the provisions of this act shall be kept secret in a safe and secure depository, access to which shall be limited to the Chief of the Food and Drug Administration and the chiefs of the divisions thereof, and the contents of such deposited formula or formulas shall not be made public nor disclosed to others than the owners thereof unless the owner of such formula or formulas shall disclose or publish the formula or formulas so deposited and notifies, in writing, the Food and Drug Administration to that effect.

(2) Any person or persons, officials of, or employed by the Food and Drug Administration who, during such office or employment, or subsequent thereto, shall disclose, or cause to be disclosed, to anyone except the rightful owners, or his heirs, executors, or assigns, or to the Board of Appeals, or to any court of competent jurisdiction, in the event of litigation, any formula or formulas, or any part thereof, deposited with the Food and Drug Administration, under the provisions of this act, shall be guilty of a felony, and on conviction therefor shall be imprisoned for not less than 1 nor more than 3 years, and any person or persons, real or corporate, who shall solicit or induce such disclosures or who shall receive or purchase the original formula or formulas, or any copy, in whole or in part thereof, shall be subjected to the same penalty and shall give an accounting of all moneys obtained from the illicit use of said formula or formulas, and shall be assessed such compensatory damages as the courts may determine, and any person who shall mutilate or destroy any formula or formulas, records, or correspondence in relation thereto shall be subjected to the same penalty.

(3) All bulk and/or separate packages of containers of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics shall bear a label that has been registered in the United States Patent Office under the law governing the registration of prints and labels, but it shall be considered a compliance with the terms of this act if during the interval between the application for and the registration of the label there shall be affixed to each bulk and separate container or package, a notice that application for registration of a label has been filed in the United States Patent Office within 3 months subsequent to the passage of this act: *Provided*, That if the applicant is the owner of a label already registered by him in the United States Patent Office, that complies with the provisions of this act, he shall not be required to register a new label with the Food and Drug Administration unless he shall so elect: *Provided further*, That any print or label the registration of which has finally been refused by the Food and Drug Administration or the United States Patent Office shall not, subsequently, be affixed to any container or package of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics sold or given away in the United States, its Territories, possessions, or in the District of Columbia.

(4) In the case where food, drugs, nonalcoholic or nonintoxicating beverages, and cosmetics are produced, or prepared, or processed, or packaged, solely for export to foreign countries, they may be produced, prepared, processed, and packaged in the States, Territories, or possessions of the United States, or in the District of Columbia, according to the laws and the regulations under the laws obtaining in the country to which the products are intended for export: *Provided*, That such products are produced and intended solely for export and that they shall not be offered for sale nor sold in the United States, its Territories, possessions, or in the District of Columbia, and the introduction, offering for sale, or sale of any article of simple or combined food, simple or combined nonalcoholic or nonintoxicating beverage, simple or compound drugs, simple or compound cosmetics within a container or package, unless the material or materials comply with the standards set up by the Food and Drug Administration and the print, label, or labels, before designated and required to be affixed thereon and thereto are affixed thereon and thereto, into any State of the United States, or its Territories, possessions, or into the District of Columbia is hereby prohibited. All products of food, nonalcoholic and nonintoxicating beverages, drugs, and cosmetics imported from without the United States, its Territories, or possessions shall be subject to and conform to the provisions of the Food and Drug Act as amended.

(5) Any person or persons, real or corporate, who shall ship or deliver for shipment, for pay or not for pay, from any State, Territory, or possession of the United States, or the District of Columbia, to any other State, Territory, or possession of the United States, or the District of Columbia, or who shall offer to deliver to any other person or persons, real or corporate, within a container or package, any article of simple and compound food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, without such Food and Drug Administration label, described in this act, and such other label registered in the United States Patent Office being affixed thereon and thereto, or any person or persons, who shall sell or offer to sell or give away in any State, Territory, or possession of the United States, or the District of Columbia, any simple or compound article of food, nonalcoholic or nonintoxicating beverage, drugs, or cosmetics without such Food and Drug Administration label and label of the producer, processor, preparer, or packager registered in the United States Patent Office being affixed to the bulk and separate containers or packages thereof, or export or offer to export or import the same for pay or not for pay to or from any foreign country, except as hereinbefore provided, or who shall, with intent to defraud, for profit or with any other motive, substitute in any container or package or in or with any articles of food, nonalcoholic or nonintoxicating beverage, drugs, or cosmetics during the preparation, processing, or manufacturing before such articles are packed, or after such articles are originally packed, or repacked, any material, or materials, other than those specified in the formula or formulae, deposited with the Food and Drug Administration before or after license to use the Food and Drug Administration label or labeling has been issued, on conviction therefor shall be fined not less than $50 nor more than $200 for the first offense, which offense shall be predicated as occurring in the place and site of origin from which the product is shipped or caused to be shipped, or introduced into interstate commerce, and for the second offense, as designated, shall be fined not less than $100 nor more than $300, or by imprisonment of not less than 3 months nor more than 1 year, or both such fine and imprisonment, and the product involved shall be confiscated and impounded and after final adverse decision, as provided herein, shall be destroyed. For the third violation of this act such person or persons, real or corporate, shall have their license to use the Food and Drug Administration label or labels on the particular product involved, revoked, and if a real person, to be imprisoned for not less than 6 months nor more than 1 year.

SEC. 11. (1) Any person or persons, real or corporate, who shall, with intent to defraud for profit, or with any other motive, counterfeit, imitate, or produce or reproduce by any means whatever, apparent facsimiles of the license, label, labels, prints, or trade marks registered with the Food and Drug Administration, or in the United States Patent Office, for the purposes hereinbefore described, or who shall offer to sell or sell any counterfeit, imitation, apparent facsimile, or any document, paper, or print purporting to be such license or label, or labels, issued by the Food and Drug Administration, or authorized to be used by the Food and Drug Administration, or who shall counterfeit, imitate, or produce any apparent facsimile, or what purports to be such, of a label or trade mark of a producer, processor, preparer, or packer or manufacturer of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, bearing his registered label or labels, or trade mark when the same has been filed with the Food and Drug Administration, and registered with it and/or in the United States Patent

Office under the provisions of this act, shall be guilty of a felony and be imprisoned for not less than 5 nor more than 10 years.

(2) Nothing contained in this act shall affect the operation and/or enforcement of the present Food and Drug Act, as amended, except insofar as the provisions of the present Food and Drug Act, as amended, may be inconsistent with or are replaced by the provisions of this act. All parts of the present Food and Drug Act inconsistent with or in conflict with the provisions of this act are hereby repealed. If any provision of this act is declared unconstitutional or the applicability thereof to any person, circumstance, or commodity is held invalid, the validity of the remainder of this act, the sections thereof, and the applicability thereof to any persons, circumstances, or commodities shall not be affected thereby.

(3) This act shall go into effect 30 days after its passage by Congress.

DEFINITIONS

SEC. 12. (1) (a) The term "food", in addition to the definition in the body of this act, includes all materials, substances, and preparations used for or entering into the composition of food, beverage, confectionery, or condiment for man, or for animals used for food by man.

(b) The term "drug" includes all materials, substances, and preparations recognized in the National Formulary, United States Pharmacopœia, Homeopathic Pharmacopœia, or supplements thereto, or presented officially to and accepted and approved by legally organized medical, surgical, or chemical societies or associations after scientific and clinical proof of the efficacy of such materials, substances, or preparations intended for use in the treatment, cure, mitigation, or prevention of disease in man or in other animals.

(c) The term "cosmetic" includes all materials, substances, or preparations intended for cleansing the skin, teeth, nails, or hair, or for altering the appearance of or promoting the attractiveness of the human person or any part thereof. Definitions of food, drugs, nonintoxicating and nonalcoholic beverages and cosmetics are intended to exclude all adulterations or additions of materials dangerous, harmful, or injurious to the average human body.

(d) The term "label" means the principal label or labels, except where "label" refers to the labels to be issued, or authorized, by the Food and Drug Administration, used by the producer, preparer, processor, packager, and/or distributor of any food, nonalcoholic and nonintoxicating beverages, drugs, or cosmetics, on the immediate container or package, or bulk container or package, of the product.

(e) The terms "labeling" and "prints" includes all labels and other written, printed, or impressed text, with or without graphic illustrations or additions, or any combination of text and graphs in any form whatsoever, accompanying any food, drug, nonalcoholic, or nonintoxicating beverage, or cosmetic product.

(f) The terms "container" and "package" mean and include any form, sort, or kind of means capable of making portable any foods, drugs, nonalcoholic, and nonintoxicating beverages or cosmetics.

ADULTERATION OF FOOD

(2) A food shall be deemed to be adulterated if it is, or may be, dangerous, harmful, or injurious to the health of an average human being.

ADULTERATION OF DRUGS

(3) A drug shall be deemed to be adulterated if it is, or may be, dangerous, harmful, or injurious to the health of an average human being under the conditions of use prescribed in the labeling thereof, or if any other deleterious or injurious material, dangerous, harmful, or injurious to the health of an average human being, is mixed with or added to the drug.

ADULTERATION OF COSMETICS AND HAIR DYES

(4) A cosmetic, or a hair dye, shall be deemed to be adulterated if it is, or may be, dangerous, harmful, or injurious to the average human being.

SEC. 13. The short title of this act shall be "An act to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drugs, nonalcoholic and nonintoxicating beverages, and cosmetics, and to regulate traffic therein; to prevent the false or fraudulent advertisement of food, drugs, nonalcoholic and nonintoxicating beverages, and cosmetics, and for other purposes."

Mr. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, ladies, and gentlemen, a Congress, by sound legislation, can help economic forces toward recovery. By unsound legislation it can help to perpetuate economic disaster or it can delay and prevent economic recovery.

Our Democratic Congress started in well in December 1931 because it accepted the recommendation of President Hoover for the passage of the reconstruction finance bill. Then it followed that up by passing a bill to increase some taxes and raise some other new taxes which would help toward balancing the Budget. Then the stage was set for economic recovery, if we had been willing to let it go along that way and had been willing to give it a chance; but the Democratic majority was not willing to do this.

First we had the Garner pork barrel bill, proposing to waste a lot of the people's money, and then we had the Patman bonus bill. These two destructive measures frightened what little there was of economic recovery into the ground, and a further advance was stopped and things remained that way until after Congress adjourned on the 16th of June 1932.

From that date on, until the Maine elections in September, there was every indication of improvement in business and of economic recovery. The Maine election indicated the probable election of a Democratic President, and the fear which was thrown into the business situation as a result of it was sufficient to give us another set-back. In spite of that situation and in spite of the election which followed and the fear which was engendered, the forces of recovery were so strong that we had very marked improvement all through the latter part of December 1932 and the early part of January 1933.

Then there began the agitation for inflation in such volume and with such force that the people were so frightened that they began to draw their gold out of the banks and the Federal Reserve System. This proceeded with such rapidity and force that it caused great deflation in the commodity and security markets and resulted ultimately in the closing of all banks.

The President-elect, by declaring for sound money, could have allayed the fear and could have stopped the runs on the banks, but that responsibility he did not take and would not take, and so we went through the worst period in the lifetimes of most of us in February, March, April, and the early part of May 1933.

The administration, faced with the situation as it was, supported and had passed two sound measures: First, the emergency banking bill; and, second, the Economy Act.

All of us have hated to see the administration wreck the Economy Act by improper regulations with reference to veterans and by improper handling of their claims before the Veterans' Bureau and by the terrific orgy of extravagance which has been indulged in since the 1st of last May.

With the first sign of improvement discretion and sound thinking were lost sight of by the party in power. The Democratic Party brought in the so-called "agricultural bill", creating the A.A.A., and what happened?

Due in part to the operations of the Economy Act, due in part to the drought which affected the Middle West, and due in part to the additional feeling of security which the Banking Act gave, conditions improved very rapidly. The prices of wheat, corn, cotton, and beef mounted. The price of wheat had reached a figure of $1.25 per bushel when, just about the time Congress adjourned, in the middle of June the Secretary of Agriculture announced that he was going to put into effect the processing tax, and a little after Congress adjourned he announced that the tax would be 30 cents per bushel and that it would go into effect in the early part of July. Almost immediately there began a drop in the price of wheat. Almost immediately the surge of prosperity which had been rising in the farm territory began to drop. The price of wheat dropped to 90 cents, and it has fluctuated between 67 and 91 cents on the Chicago exchange ever since.

Unquestionably the farmer pays the processing tax, and that always must be so when there is a surplus of produce. No other way can possibly be worked out.

The price of cotton was advanced and was kept up to a certain percent only because of governmental loans to support the market.

Then we had the processing tax on tobacco, which ruined the market of the farmers in my territory for tobacco. And then we had, last of all, a processing tax on hogs; and the situation has become so acute that the processing tax has been raised to 2½ cents per pound, and the farmer is receiving in my territory 1 cent per pound for his hogs, so that he is out 1½ cents.

Never before, under any circumstances, has such a situation existed. Frankly, in my own humble opinion, this has been a bad bill. It will raise processing taxes totaling as high as $800,000,000 or $900,000,000, and this money will be

spent largely for operations designed to reduce the number of acres in production. Frankly, I do not believe it is going to reduce the volume of crops. In the case of cotton it has raised the price because of the loan given to the cotton growers on cotton by the Government, and this has resulted in an increase in retail prices and resultant stagnation of trade.

This bill also carried the power to devalue the dollar and the power for inflation. That that power was bad, that it has resulted badly, is my opinion. It has demoralized and made unstable our whole business situation. It has restored confidence nowhere.

Next, we had the so-called "National Industrial Recovery Act." The spending features of this proposition, involving $3,300,000,000, largely spent for unproductive public works and unnecessary public works which provide almost no employment, I have previously discussed. This was unquestionably bad. The part of this act relating to industry I have not so far discussed since its passage. I have not felt that one should discuss it when it was in its first stages of trying out until after it had demonstrated what it could do. That has been done.

The scale-of-labor prices were raised as a result of the demands of the administrator. The amount that each laborer received was reduced as a result of the stagnation of trade which followed the raising of prices, which inevitably follows the increase in wages and prices and costs of operation.

The interest of employees is served best by an increase in wages when the volume of business is sufficient to justify it, but when the volume of business is low an increase in wages does not benefit the employee because the resultant high prices throws them out of work and reduces the pay envelop of each man.

After this act had reached its peak of control on the 1st of October, employment dropped off at an alarming rate. Nineteen hundred and thirty-three figures in January, February, March, and April have been held up to us as low points. Let us consider what some facts are. January retail sales are supposed to have gone up in dollars 16 or 17 percent, as compared with 1933. The commodity index of the Department of Labor went up from .52 in 1933 to .73 in 1934, an increase of 21 points, or 40 percent, indicating that volume sales went down 20 to 25 percent.

There appeared in the Washington Times of yesterday statistics on the sale of automobiles in January 1934 on 41 States reporting to that date, indicating that in January 1933, 67,714 passenger cars were sold, while in January 1934, in the same States, only 51,683 were sold. However, the increase in truck sales was about 90 percent.

The situation seems to be this: When the administration adopted a sound policy of reduction in governmental expenditures and straightening out the bank situation and continuing and expanding the loan policy of the R.F.C., the Farm Loan outfit, and the Home Loan outfit, the trend was to restore confidence, and improvement in business conditions was evident. When the bad features of the administration's policies were the dominant factors, they brought on a stagnation of trade in the fall and winter of 1933 and 1934, which has tended to prevent and delay economic recovery, and now practically the only employment of any extent is relief employment through advance of funds of one kind or the other by the Government.

Now it is proposed to go further with this process and to raise prices further. I expect that this will result in further stagnation of trade and in preventing the natural spring rise that the economic situation has slated for itself, if it is allowed to come along.

Declarations of prominent members of the "brain trust", so called, which seem to control the operations of this administration, indicate a policy of destroying farming in certain sections of the United States, of destroying industry in certain sections of the United States which the professors think are not suited for the particular industry that exists in them now, and forcing the people who live there to move into other places where their lives will be planned for them. This means just one thing—governmental control of farming, industry, and business; governmental dictation of everything; the rationing of the people; the enslavement of the farmer and the laborer; the wiping out of the professional classes and the business man.

America has provided a better place to live in and better living conditions than any other country in the world, under a system of free labor and the right of each one to go out and develop something on his own initiative for his benefit and the benefit of the people. He developed his spirit of energy and a spirit of thrift beyond that of any other in the world. Our people have not gone back. They are not yet ready to become the slaves of the state as the Communists of Russia.

Some people have said that it is unpatriotic and un-American to criticize the State and its operations. I say to you it is un-American and unpatriotic not to tell of the things which are being done which are leading us straight to socialism and the destruction of industry.

There never was any excuse for the application of the so-called "N.R.A." to the small merchants, the small manufacturers, and the small business man. It has ruined countless thousands of them, and with its further application will ruin countless thousands more. If that is the object of the N.R.A., is it not time and is it not patriotic for the peopie to know it?

I have followed this administration when it proposed a sound policy. I have done so without regard to whether or not it would make me popular. Frankly, I know it did not. I have opposed it in its tremendous spending program. I oppose it now in the effort that is being made by those in it who desire to destroy American institutions and prevent economic recovery. I oppose it so that we may not have a destruction of industry and of wealth. That is what is now being accomplished. The wiping out of working capital, which is necessary to give business a chance to come back, will not help the workingman.

We must have certain items of governmental relief. An honest effort to relieve distress has never had my opposition, but if we are going to have business come back we must not have those processes which raise prices and clog the channels of trade when the volume of business does not justify it. We must not have those processes which in the long run will destroy the laborer, the farmer, the professional classes, and the small business man. We must have an opportunity for America again to live.

I hope that those whose only answer to constructive criticism so far has been to call names will come to realize what they are doing and stop. The American people will realize what is being done to them and soon they will cast off the fetters which those who would enslave them would put on. [Applause.]

Mr. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. DUNCAN].

Mr. DUNCAN of Missouri. Mr. Chairman, I rise to talk for just a few minutes about the provisions of the farm mortgage law. A few days ago I introduced a bill to amend section 22 of the bill passed at the special session of Congress, by striking out the words and figures "50 percent of the normal appraised value of the land", and inserting "70 percent", and striking out "20 percent of the appraised value of the insured improvements", and inserting the figures "40 percent of the insured improvements." There is no question but that a great deal of good has resulted from the application of the Farm Mortgage Act, but I think it is also true, and that every man in the House will know it, that there are thousands of farmers who have not been able to enjoy the benefits of the law, because of the methods used in making the appraisals. The law provides that the normal value of the land shall be found, and then 50 percent of that value may be loaned, and 20 percent of the insured value of the improvements. Suppose we have a farm valued at $10,000, $6,000 of which is upon the land and $4,000 upon the insured improvements. Under the law as it exists now

the farmer can get relief to the extent of $3,800 only, and that is not enough to afford relief to thousands of farmers in this country.

In the district that I come from in northwest Missouri we have a very fine agricultural community. There are a lot of farms there of the kind that I have talked about. When this law was passed, those who held the mortgages were willing to give the owners of the farms every opportunity to make their application to the Government to take over these loans. Many of them did put out their $40, and in hundreds of instances those applications have been declined because under the provisions of the law providing for the valuation they could not get enough money to afford relief. If the law is amended as I suggest, the farmer will be able to get $5,800 on that kind of a farm, and it ought to be done.

We passed a law providing for home loans. We provided they might borrow 80 percent of the appraised value of their homes. The homes do not produce anything. But, of course, they represent the savings of many years to their owners, and they ought to be protected; but a farm is producing something, and if the new deal is worth anything, if we have any confidence in it—and, of course, we do—we must expect that the value of our land will increase.

The price of hogs has gone up, the price of corn has gone up, the price of all kinds of farm commodities has increased, and yet these appraisers working for the Federal land banks—the same bunch of fellows who went through the depression—are viewing these farms today through the eyes of depression. The Federal land banks have gathered unto themselves a lot of ex-bankers, men who worked in banks that have failed, and are using them as appraisers, and they are still making appraisals just as they visualized things during the darkest period of the depression. So I say to you the time has come when these mortgagees, who have been holding off, are going to foreclose on farms, where the owners cannot obtain assistance from the Government. They will be foreclosed because the mortgagee can visualize the increase in the value of the farms and they are going to enjoy the benefits of the increase in value of those farms. I hope that this House will take seriously the amendment I have offered to the bill and raise the amount that may be loaned to the farmers for the purpose of refinancing their mortgages. [Applause.]

Mr. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, I listened very intently yesterday to the address of our distinguished President before 5,000 or more code authorities representing the principal industries of the United States. Anyone listening to that address must have been impressed with its constant reference to humanity's needs and the desire of the present administration to care for them. I am rather inclined to agree with Dr. SIROVICH that this Congress will go down in history not so much for what it has done but for what it has failed to do. It has failed in a number of instances to understand the public pulse in its demand for legislation affecting humanity. Before talking of my subject matter I am going to quote from the President himself as of October 13, 1933, when he addressed by radio, over a national hook-up, the Third Annual Women's Conference of Current Problems. He referred to the school problem in particular as one of humanity's needs. He said:

> The main point is that we need to make infinitely better the average education which the average child now receives, and that, through this education we will instill into the coming generation a realization of the part that the coming generation must play in working out what you have called "this crisis in history."

I repeat, "this crisis in history"; he then said:

> This crisis can be met, but not in a day or a year, and education is a vital factor in the meeting of it.

Education is a vital factor in the meeting of this crisis, said the President at that time. Let us see what Mr. Harry Hopkins, the Civil Works Administrator, had to say about education on August 23, 1933. At that time he said:

> While it is most emphatically not the intention of the Federal Emergency Relief Administration to subsidize the school system in any community or relieve school officials of their responsibility, I believe that the expenditure of work-relief funds in the interest of destitute teachers will result indirectly in great community benefits.

I repeat:

> Will result indirectly in more community benefits.

Then he added:

> No one will ever be able to make up for the loss to the children who are deprived of education, for the plastic state of childhood mind comes but once.

I repeat:

> The plastic state of childhood mind comes but once—

Said the Civil Works Administrator.

Mr. Chairman, there are 30,000,000 boys and girls seeking an education in the 1934–35 year. Three and a half to four million between the ages of 6 and 15 will be without any instruction at all this year. That is a horrible situation to comprehend, my friends, and much of it, very much of that, can be completely removed by some action of the present Congress.

There are pending before the Committee on Banking and Currency probably a dozen bills which have for their purpose—not necessarily relief for the school teachers through the C.W.A.—but we have proposals before that committee looking toward loans by the Federal Government to municipalities or school districts where the loan would be positively assured and good, and where the Federal Treasury would make money by extending the loan rather than losing money; and yet no definite action appears to be taken by that committee. I am not criticizing the chairman of that committee or any member of it, but there is a dormant attitude. There is a recalcitrant attitude toward those bills by that committee. They are showing no disposition, except through a little hearing that was held by a subcommittee some few weeks ago, to press that legislation into effect.

My colleague the gentleman from Illinois [Mr. SABATH] has a very good bill pending before that committee. It provides for one form of Government relief in the purchase of school-district bonds and the acceptance of tax warrants. I have a bill before that committee, but I am not thinking solely of Chicago. I am thinking of the United States. I am thinking of the fact that 20,000 schoolhouses will be closed to education on the 1st day of April of this year throughout the United States.

Mr. SABATH. Will the gentleman yield?

Mr. BRITTEN. I yield for a question.

Mr. SABATH. I have been informed that Mr. Hopkins has made an allocation of about $50,000,000 that will take care of all the schoolhouses through the United States, in the smaller and less populous communities. I am informed that none of those schools will be closed; that he will see to it that they will remain open for the balance of the year.

Mr. BRITTEN. That is not quite correct. The amount is $20,000,000 instead of $50,000,000. It is true that the Civil Works Administrator has set aside approximately $20,000,000, and that $20,000,000 is being distributed according to population throughout the United States. Illinois is to get $124,000 per month, as an outright gift, for the payment of salaries of school teachers, and nothing else, in communities and localities of 5,000 population and less. Some 40,000 teachers are being helped in this manner by direct expenditures out of the Federal Treasury. That is the reason I am on my feet now, Mr. Chairman.

Just why a school teacher in a town of 5,000 population is a preferential educational factor over one in a large city is hard to understand, and just why Federal money should be given outright for education in smaller communities and at the same time refused as a loan upon excellent securities in larger cities is equally hard to understand. Just why railroad bonds and notes of questionable value should be accepted as collateral on loans when anticipation tax warrants in a city like Chicago are refused on a loan is a question that even an astute banker cannot answer.

I say they should go hand in hand. But where the Federal Government is spreading throughout the United States this very beneficent activity, and it is good, it is a couple of million dollars a month as an outright gift for the payment of teachers' salaries.

Mr. Chairman, the Reconstruction Finance Corporation should be authorized by law to make loans to municipalities and to public-school districts for the payment to teachers of unpaid as well as current salaries. Such loans should be made upon school warrants lawfully issued or upon real estate tax warrants issued in anticipation of taxes, at a rate of interest not exceeding 3 percent per annum, and should be made for a period not to exceed 10 years. The Federal Government certainly should make loans in this direction in the interest of the education of our children. What public work is there in the United States more important than the public work of educating our children? There is no public work in the United States so important as the education of our children, and why it should be so shamefully neglected will be a question which the present administration will have to answer before long. Money is being loaned to railroads on questionable security, almost by the billion. Is the stabilization of a railroad more important than the education of our children?

[Here the gavel fell.]

Mr. BOLTON. Mr. Chairman, I yield to the gentleman from Illinois 5 additional minutes.

Mr. BRITTEN. I contend that even the preservation of the banks, the preservation of the insurance companies, the public works that are being instituted all over the United States, is not as important to the future welfare of the United States as is the education of our boys and girls. Surely, my friends, this Congress should take action on at least one of those bills pending before the Committee on Banking and Currency, where no outright expenditure or gift from the Federal Treasury is demanded. There is no loan in the United States, under ordinary circumstances, that is as good as an anticipation tax warrant on private property, particularly in a city like Chicago. It has always been held the very finest sort of security. The banks of the country have accepted tax anticipation warrants in your town and mine, I do not care where you live or where you come from, as the ultrasecurity to be had for loans because of the simplicity of its collection. Suppose the Federal Government had a lot of these tax warrants, it could put a manager in any man's property until the taxes had been paid, and when the taxes were paid the Federal Government could step out again. The Reconstruction Finance Corporation is equipped today to handle this business.

I say to you, and I think I know the general attitude of President Roosevelt about as well as any man on the floor of this House, that this Congress does not sense the President's desire when he constantly refers to humanity's needs, as he did on yesterday. Is there any need of humanity so important as the education of your child and mine; the child who, 10 or 15 or 20 years from now, has to go out in the world and compete with the European and with the South American and with the Asiatic; and if he does not have the proper gray matter he is going down to defeat. We are just sitting idly by and we are doing nothing. I contend that we do not propose to do anything, when in certain communities—and I am not thinking alone of Chicago—the teachers are actually starving. That frightful condition is the reason for the $20,000,000 expenditure, which is an outright grant coming through the Civil Works Administration.

Mr. RANDOLPH. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. RANDOLPH. I am in hearty accord with what the gentleman is saying, and I simply want to add the observation that in the State of West Virginia the condition of our school system for the children and for the teachers is one of the most challenging in the history of our Commonwealth.

In the face of this crisis I commend the spirit and sacrifice of those who are carrying on in the face of discouragement. To forget our duty to America's youth today is for us to fail in our duty to the future.

Mr. BRITTEN. Oh, yes; and I may say to the gentleman that we are spending this $20,000,000 through the C.W.A. as a relief measure. I agree with the gentleman that relief is very valuable there, but in the rural communities the teacher is very much closer to the student and very much closer to the parents than in the big cities.

Mr. COLLINS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. COLLINS of Mississippi. The gentleman knows that I introduced a bill to authorize an appropriation of $100,000,000 for that purpose. This bill went to the Committee on Education. This committee held hearings. Did the gentleman testify at the hearings?

Mr. BRITTEN. No; I did not even know the gentleman had such a bill before the committee. I did appear before the Committee on Banking and Currency where nine or ten bills were pending; but I do not recall that the gentleman had one there, although he may have.

Then, the gentleman agrees with everything I say. I repeat that in the rural communities the teachers are very much closer to the students and the parents. The teachers there are in no danger of starvation. The farmers will see that they get eggs, that they get pork, that they get apples, that they get potatoes and other farm products; there is no danger of the teacher in the rural community going without a good roof over her head or going hungry. But this does not apply in the big cities like Chicago, Detroit, Pittsburgh, Philadelphia, and New York where teachers have actually fallen over through weakness from hunger because they had no funds with which to provide the daily needs of life.

Mr. Chairman, in the city of Chicago the school teachers worked 9 months last year and got but 6 weeks' pay; yet the schools in Chicago are open today and the school teachers are not being paid. This spirit is as courageous as any spirit in war time, these fine men and women toiling with the kids they love with little in their stomachs in the shape of food. This condition could not come about in a rural district, because there the teachers and the families are very close; they understand each other; they call each other by their first names.

One of these bills should be reported out; and if this Congress does not do it, I say to you that every Republican on this side of the aisle will make speeches between now and next election time and let the fault lay where it will. If the Democratic administration is not going to insist on this legislation, then the House of Representatives should insist upon it.

You gentlemen on the other side of the aisle who have your President's interest at heart, your democracy at heart, your own political welfare at heart—you gentlemen with your tremendous majority can report out one of these bills. It will not cost the Federal Treasury a dime if you surround the Reconstruction Finance Corporation with authority to lend money only on good sound collateral and on rules and regulations to be made by the R.F.C.

[Here the gavel fell.]

Mr. BAILEY. Mr. Chairman, will the gentleman from Mississippi yield 1 minute to the gentleman from Illinois that I may ask the gentleman from Illinois a question?

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 1 minute to the gentleman from Illinois.

Mr. BAILEY. Does the gentleman know that the Committee on Education just a week ago completed hearings on this question and are now considering a bill covering the problem?

Mr. BRITTEN. The gentleman from Mississippi [Mr. COLLINS] told me a moment ago about a bill he had before that committee.

Mr. BAILEY. Yes; they are considering this very question and have heard the testimony of representatives from the gentleman's own city and State. The committee is now considering the question and will report the bill out as soon as they can wisely do so.

Mr. BRITTEN. I wish to congratulate the gentleman for making the positive statement that the committee of

which he is a member is going to report such a bill. I feel that loans should be made to municipalities to pay the salaries of these teachers where the municipalities have good collateral. I regard this as much more important than 90 percent, or I will say 100 percent of your Public Works program scattered throughout the United States. A very large portion of the P.W.A. appropriation is given as an outright grant to the community.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, I am very much pleased that my colleague [Mr. BRITTEN] takes such interest in wishing to relieve our school situation, of which he so bitterly complains.

Had it not been for the action of a Republican President, Mr. Hoover, in vetoing the first Reconstruction Finance Corporation bill, this relief would have been provided long ago. Unfortunately, President Hoover vetoed the bill because it provided that loans could be made to municipalities, to States, and even to private institutions. In the desire to give the country some legislation we were obliged to take the bill as amended by the Senate, which precluded making any loans for projects that were not self-liquidating. This made loans to school districts for school purposes impossible. He remembers that, I presume.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I gladly yield.

Mr. BRITTEN. Is the present administration in favor of making loans to private individuals and corporations?

Mr. SABATH. The present administration is going to do anything and everything to properly help everybody in the country, private interests, individuals, and corporations if it will aid the masses of the people and restore the commerce of the country.

Mr. BRITTEN. That is not an answer to my question.

Mr. SABATH. Mr. Chairman, I cannot yield further.

The criticism made by the gentleman from Illinois [Mr. BRITTEN] of the R.F.C. is proper; but all the things about which he complains occurred under a Republican administration. Although loans were made to railroad companies, to insurance companies, and to the big bankers of the Nation, the small banks were forced to close and the millions of depositors lost their life savings—everything they had—in the smaller institutions.

When I introduced that bill the first day of the Seventy-second Congress I had in mind, and my bill so provided, aiding municipalities and States. This would have taken care of the school districts and been of benefit to the entire Nation. I advocated and pleaded with President Hoover and with Eugene Meyer, then Governor of the Federal Reserve Board, to accept for rediscount Finance Corporation paper and short-term municipal bonds and anticipating warrants of municipalities. I urged it on them and pleaded with them to adopt it. I still believe that had they followed my advice at that time the Nation could have been saved from much of the wreck and ruin which was brought about because they refused to listen to reason and good advice.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. BRITTEN. Has the gentleman begged and pleaded with Jesse Jones, Chairman of the Reconstruction Finance Corporation, at the present time?

Mr. SABATH. Yes; I have. But unfortunately, the law does not allow making loans for school purposes or municipalities unless it be for self-liquidating projects. It is for that reason, as the gentleman knows, I have introduced several bills in the last session and again this session, giving, the R.F.C. the authority and power to make loans regardless of the self-liquidating provisions.

These bills are now before the Committee on Banking and Currency, and, as the gentleman knows, I have secured a hearing on them and have appeared before the committee, urging favorable action upon them, and I have been assured that due consideration will be given them shortly. Moreover, I have endeavored to secure relief from the Civil Works Administration, as well as having urged favorable consideration of the bill pending before the Committee on Education.

My colleague is unjustified, however, in charging that nothing has been done for Chicago or Illinois. I think it is the first time in many, many years that Illinois has been decently and fairly treated, as he himself knows.

The Civil Works Administration has set aside fifty millions to keep schools open. True, this fund has gone to the rural communities, because it is believed that the large centers are in better position to keep their schools open than are the cities with a population of less than 5,000. However, in view of that relief to the rural sections, I am hopeful that this will enable us to obtain favorable action on my bill, which is not seeking any grant but which only authorizes making loans to municipalities that can amply and fully protect the Government against failure to repay, the same as Chicago can, especially since a special act of our legislature authorizing the school board to pledge in addition to bonds the clear real estate of the school board having a value of between thirty and forty million dollars.

We secured relief for the sanitary board. We have secured loans that are of great benefit and blessing to thousands and thousands of employees. I understand, appreciate, and deplore the condition of our school teachers and our children, but unfortunately I am obliged to call attention to the fact that in the city of Chicago, where the school teachers have remained unpaid for many, many months, it is not the fault of this administration. It is the fault of a Republican administration that wasted the school funds. If proper care had been taken of the taxes that had been collected and of the funds of the school board, the school teachers today would not be 8 or 9 months without pay.

Mr. MILLARD. Will the gentleman yield?

Mr. SABATH. The gentleman does not know enough about the situation.

Mr. MILLARD. May I ask the gentleman one question? The last three mayors of the city of Chicago were Democrats?

Mr. SABATH. No; the gentleman, as I knew, is not well informed. The Democrats came into power in Chicago in 1933, not quite 2 years ago, and due to the assassination of Mayor Cermak we have had two Democratic mayors since that time; but, unfortunately, the Republican school board remained in complete power until some months ago, and had it yielded to the appeals of Mayor Cermak, a Democrat, after he was elected and started to practice economy instead of extravagance, the school board could have paid up. The reckless extravagance occurred under Thompson's Republican administration. Thompson was in power for 4 years, and the deficit was created under his administration. The Democratic administration stepped in and started to practice economy. We have eliminated these abuses and graft and have brought about a condition whereby we will be able to balance the budget from now on. As I have stated, had the Republican school board taken the advice or listened to former Mayor Cermak and Mayor Kelley, the conditions would have been different. These unfortunate conditions, however, are with us, due to Republican misrule. The school teachers and the children are not responsible.

In addition to the reasons I have given and the reckless extravagance of the Republican school board appointed under ex-Mayor Thompson, which school administration held sway and had control until May or June 1933, a further cause for the nonpayment of teachers' and school employees' salaries was the differences of Republican Mayor Thompson and the Republican State Tax Commissioner, Mr. Malone, as to tax assessments. Their protracted fight, together with the action of the Republican board of review in ordering a reassessment of properties in Cook County, delayed the collection of our 1929 and 1930 taxes for 2 years. Thousands of taxpayers with millions of dollars available in pocket and in bank were forced to hold their tax funds awaiting receipt of tax bills. With the crash and destruc-

tion brought about by the Republicans, with the resultant and continuing closing of banks in the Chicago area in 1930, 1931, and 1932, today approximately 40 percent of the 1929 and 1930 taxes remain uncollected, a great majority of the hard-pressed property owners being the victims of these bank failures in which their tax funds were tied up or totally lost. Therefore, in the face of these facts, the attempt of some of my Republican colleagues to find fault with the Democratic administration in the city of Chicago, county of Cook, or the State of Illinois, as to the present unfortunate financial condition is ridiculous and preposterous.

I hope and expect that the House Committee on Education, as well as the Committee on Banking and Currency, will report bills that will bring about relief. I am heart and soul for any bill which will bring about this relief. I am not wedded to the bill I have introduced. I would be just as happy if they would report any bill regardless whose name it bears so long as it will relieve the conditions now existing in Chicago and elsewhere. With me it is not a question of politics; it is not a question of whose bill it is. It is how we can relieve the conditions, and while I am pleading for relief I cannot allow to go unanswered the criticism against this administration. My colleague charges that we have appropriated tremendous sums for other purposes, and that is the charge of other Republicans.

Concededly, we have been expending a great deal of money under the direction of President Roosevelt and the Democratic administration for humane purposes. I grant that education is of particular importance to the Nation, but let me tell you that the feeding of the starving people and creating employment for the unemployed, to my mind, is of as great importance to the starving people of this country as is providing for the payment of these school teachers.

The school teachers are patriotic men and women and I know they will continue to bear with the Nation until we can be placed in a position whereby we will meet our bills, balance the Budget, and pay these deserving people. As I previously stated, we have expended large sums of money, but is there anybody here who will deny that the expenditures made to feed hungry, starving people were unfair or unjustifiable? No one can tell today what would have taken place in this country if we had not taken care of the 15,000,000 people who were unemployed in 1930, 1931, and 1932. Thanks to President Roosevelt and the Democratic Party, we have to a great extent demonstrated to the masses of this country that this administration will not permit the American people to starve, that we are ready and willing to appropriate millions more to see that they are properly clothed and obtain enough food so that they can continue to exist. [Applause.] But we are not ready and willing to continue that procedure if we can create employment for worthy citizens, whereby they will be self-sustaining; if these eight or nine millions still out of employment can be put to work to provide for themselves and their families without assistance from the Federal Government, the States or the municipalities to keep them off charity. [Applause.]

Knowing my Republican colleagues as I do, I feel that they will claim that under Thompson's administration the school teachers were paid. Yes; I admit that the school teachers and the thousands of employees and contractors were paid under Thompson, but he used $60,000,000 of the city's funds and the subway fund for that purpose; and he left millions of unpaid bills, so many that in 1931 the work on the many school buildings had to cease, because not only school funds and the city funds were gone, but the credit of the city and of the school board was gone.

Mr. Chairman and gentlemen, I do not object to honest criticism, but I do resent undeserved, willful, destructive criticism. Criticize until you are black and blue in the face, yet people know, appreciate, and recognize that President Roosevelt is doing all within his power to improve conditions brought about by Republican extravagance, corruption, and misrule.

Mr. BOLTON. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, this looks like a field day for the State of Illinois. I am very happy to have a brief opportunity to elaborate upon the remarks of the preceding speaker with reference to the pedagogical situation in Chicago. The eloquent and epic statement made by the gentleman from Illinois [Mr. SABATH] would be convincing enough if we who also share the honor of citizenship in the State of Illinois did not know better.

They owe these school teachers in Cook County and the city of Chicago about $22,000,000, and when they had Republican mayors in Chicago previous to the late lamented Mr. Cermak and the present Democratic mayor, Mr. Kelley, they always paid the school teachers right on the dot, and the gentleman from Illinois, the distinguished member of the Rules Committee, will admit the truth of this statement. All of the deficit that is piled up at the present time has been piled up under the scuttling practices of a couple of Democratic mayors and a Democratic city administration. Is that not right?

Mr. SABATH. It is not right. The gentleman is wrong, absolutely wrong.

Mr. DIRKSEN. The facts will bear out the statement.

Mr. SABATH. The deficit was created under Thompson's administration.

Mr. DIRKSEN. There was some deficit, but not such a tremendous deficit as exists at the present time. What is the situation with respect to the Sanitary District, another of your taxing bodies that the gentleman knows all about? You cannot go out and pledge any of those bonds for money on the line, without tremendous discount.

Mr. SABATH. We do not need it any more.

Mr. DIRKSEN. The gentleman will probably be coming here to the Government of the United States and asking for more before very long.

Mr. BRITTEN. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Illinois.

Mr. BRITTEN. The fact of the matter is that during the last administration of a Republican mayor of Chicago every city employee was paid right up to the last moment before the Democrats came in.

When Cermak came in the deficit started. The deficit got larger, pay was withheld, with the result that between $22,000,000 and $24,000,000 today is owed to the city employees of all kinds, policemen, firemen, school teachers, and everybody in the city of Chicago is behind in pay, due entirely to the two Democratic administrations.

Mr. DIRKSEN. And let me say that that is not all: they owe the State of Illinois many millions in taxes which the State has not been able to collect.

Mr. SABATH. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. SABATH. I know the gentleman does not desire to be unfair to the city of Chicago.

Mr. DIRKSEN. No, indeed.

Mr. SABATH. There is one fact which I did not have time to call attention to, and that is the fact that we are 2 years behind in the collection of taxes.

Mr. BRITTEN. Two Democratic years.

Mr. SABATH. And this is due to the fight between a Republican mayor and the Republican tax commissioners, who by their fight prevented the levying of taxes against real estate and prevented the collection of any kind of taxes. We are now beginning to collect them.

Mr. MILLARD. Will the gentleman yield? Is this the same city that the gentleman from Illinois referred to in his speech?

Mr. DIRKSEN. The great city of Chicago, the metropolis of the West; yes.

However, Mr. Chairman, I had no intention of washing any of the linen of the great Commonwealth of Illinois here this afternoon. What I rose to speak about very briefly has reference to the proposed measure that will come to the attention of this body before very long dealing with reciprocal tariff powers to be conferred upon the Chief Executive.

I am led to speak very briefly on the subject for the reason that on Sunday night when I went to my apartment there

was a professional broadcaster on the radio who charged directly and indirectly that the Republican criticism that had been aimed at the contemplated enlargement of the tariff powers of the President was based on pettiness and partisanship and that sort of thing. So I believe I should clarify my own particular position, because I am at present opposed to the granting of such powers, and I believe I can rise above all sectional interests to the point where my objection can be based on principle.

You know Adam Smith, the old English economist, long ago advanced the theory that there should be division of labor between nations as well as individuals; in other words, if some nation in Europe has a special adaptability to some kind of manufacturing, that nation ought to lend its efforts in that direction and so take that share of the world's work. If over in the Western Hemisphere there is a nation that can best produce foodstuffs and raw materials, that nation ought to direct its energies to that end. Nations, like individuals, should do the things they could most efficiently and economically do. They preached this doctrine of division of labor between nations for a long time, but it occurs to me that this doctrine has become worn out, particularly so under the stimulus of the World War.

Let me say that when the World War came on and the submarine warfare became rather effective we found, for instance, in this country that we were dependent upon Germany for a supply of salvarsan to take care of that dread social scourge, syphilis; we did not have sufficient to go around, and here we were dependent on another nation. We were dependent upon Germany for luminal, which is used as a preventive of epileptic fits. We were dependent upon Japan for camphor. We were dependent upon Sicily for sulphur, until they discovered the deposits in Louisiana. One might compile a long list of items for which we were dependent on other nations.

We shared a certain dependency upon all the nations of the world, but when the war came on and we found that these available supplies in the different countries of the world had been shut off, it stimulated inventiveness, it stimulated industrial enterprise, and as a direct consequence we began to expand our nationalistic spirit and to determine that perhaps after all, both agriculturally and industrially, we could set up a certain kind of independence. We found ourselves more or less dependent on Germany for dyes and dyestuffs, but under the stimulus of the nationalistic and inventive spirit that deficiency was remedied and we now produce dyes. We seemed so dependent on Chile and Germany for nitrates, and then came the fixation process, a development of which we now see in the work being carried on at Muscle Shoals. We used to import five sixths of our requirements of rayon, because as late as 1921 we only produced 15,000,000 pounds. Today, however, we are producing more than 140,000,000 pounds annually and giving employment to 40,000 people in that industry. The war made us keenly conscious of our dependent condition, stimulated enterprise, disclosed the tremendous opportuniti s in so many fields, and as a result we are in the position where we cannot only produce virtually everything we need but can produce more.

While this development was proceeding in the United States, do not forget that the same stimulus was operating in other countries. Mussolini no longer needs Johnny Bull's coal, because Mr. Mussolini developed Italian water power. Hydroelectric development also proceeded in Sweden and Switzerland and elsewhere. Germany and Norway carried the nitrogen fixation for fertilizers to a high and efficient degree. The world's sugar problem was aggravated by expansion not only in this country but in Asia and European countries as well. The Chinese and Japanese, quite alive to the fact that the great market for cotton goods was in the Orient, increased the number of mill spindles by the hundreds of thousand and already threaten the outlet for the cotton cloth which is made in England of American cotton and then shipped to the Orient. We are proud of American craftsmanship in the manufacture of shoes, and yet so intensive has been the development that Cuba, Mexico, Bolivia, Czechoslovakia, and virtually all other countries now manufacture shoes in quantities. One cannot point to a single industry but what he will find, with few exceptions, that other nations have so paced our development that today they are not only our competitors, but by virtue of low wages, can actually threaten us because of the low prices which they are able to maintain. A look in the merchandise stores will convince anyone that Japanese shrimp, pottery, toys, incandescent lamps, Chinese novelties, Czechoslovakian linens, Norwegian sardines, and canned fish, and a host of other items are selling in quantities, and in proportion as they do they simply perpetuate unemployment, because there is no market in those countries for our wares.

Nor will there be. What will they use for money if we expect them to become outlets for our goods? We shall be compelled to finance them if we expect to sell to them. If they use our money to buy capital goods, it means that they are only preparing for more intensive competition with us. If they use loaned money to buy consumers' goods, we may just as well kiss it good-bye, because it will probably not be repaid. If we must take goods from them, then we must squarely face the problem of determining what portion of our people must relinquish their present livelihoods and transfer their efforts to the production of exports goods. There will ultimately be no way to avoid these painful decisions. They must be made.

One fact we so often overlook is that we have steadily reduced immigration to the point where we now lose more people annually than we gain. If outlets for the peoples of other nations are closed, those nations must provide plant equipment to give them employment and that but intensifies the ultimate struggle, if we intend to follow this will-o'-the wisp of international trade.

As I see it, we have in recent years loaned money to every country on the globe, sold them machinery, sent them our best brains, taught them how to become manufacturing nations, making the same goods we used to sell them, and now we are about to plunge into competition with them by trying to revive international trade.

Now, it seems to me that the program of the administration, as it began last March, was definitely along nationalistic lines, and I am willing to subscribe to that program for better or for worse, provided it consistently seeks to carry out such a policy. But in this reciprocal proposal, it makes a sharp departure. For some time economists have contended that there should be brought about a balance between consumption and production, and the policies they are pursuing under the Agricultural Adjustment Administration, such as retiring of marginal land, reducing the production of corn and tobacco and cotton and hogs, is a direct attempt to bring about a better balance between consumption and production. But it occurs to me that if the Chief Executive should carry out the traditional policy and the leanings of his party with respect to economic treaties that are in contemplation at the present time, it would be hopelessly at variance with the very program upon which we embarked in March of last year.

I can see no relationship between the two. They seem to be at complete variance. On the one hand we seek to effect a domestic balance and on the other we are asked to throw that same domestic market open to foreign exploitation. Be it understood that these conclusions are by no means hard and fast. Rather, I am sort of thinking aloud today in the hope that queries will bring out additional light on the subject. After all, whether there shall be high protective tariffs or low tariffs, or free interchange of goods with nations whose standards of living are lower than ours, is not a question of preserving any one or any group of industries. It goes deeper than that. It is a question of preserving American living standards. Are we willing, for the sake of making a benevolent attempt to pull the standards of other nations up, to take the perilous chance of having our own pulled down?

It seems to me to be an altogether futile task to breathe life into a dead horse, and by "dead horse" I mean this theory of internationalism that we have embraced hereto-

fore. First, I doubt whether it can be done. Secondly, it is highly doubtful whether it should be done, if it could.

Let us look at it for a moment from the viewpoint of agriculture. If I thought for one moment or can be convinced that reciprocal tariffs will bring benefits tc the farmer, I would embrace the idea with great enthusiasm. I can see no benefits for the farmer, because I can see no outlet for the very agricultural commodities that constitute our chief surplus.

If we go back to the war for just a little bit, we find there was such an intensification of agricultural efficiency in Denmark, in Norway, in Great Britain, in France, in Germany, and elsewhere, that their acreage yields have substantially increased since the war. We find, for instance, in Italy—where they produced 184,000,000 bushels of wheat in 1915—Mussolini stated, on the 16th of December 1933, in a special article in the St. Louis Post Despatch, that their production would be 300,000,000 bushels, and they are reclaiming an additional 7,000,000 acres of land with which to enlarge their wheat production.

The result is what? It may be determined by looking at Italy's wheat purchases in 1915 when it was 52,000,000 bushels, while the amount last year was less than one and one half million bushels. She has become self-sustaining as far as wheat is concerned. A little bit later she will not only be self-sustaining but be a competitor for exports.

The same thing is true of Argentina, the same thing is true of Australia, the same thing is true of Canada, and of the United States. As a result I believe that Secretary Wallace was on perfectly good ground when on the 16th of December, in a special article, he wrote that the world production of wheat had increased more rapidly than the population, and that our excess carry-over of foodstuffs in 1933 was twice that of 1926.

A glance at the figures in the Agricultural Yearbook for 1933 are rather illuminating. In 1890 world production of wheat was 1,878 million bushels. In 1932 it was 3,771 million bushels. That total for 1932 does not include Russia, where production was enormous. In 1890 Russia produced but 212 million bushels. It is safe to assume that in 1933 it will be in excess of a billion bushels. Canada produced but 42 million bushels in 1890 and 431 million bushels in 1933. Argentina produced but 31 million in 1890 and 321 million in 1933. Australia produced but 27 million in 1890 and 200 million in 1933. Greater farm efficiency, not only in America but in all corners of the world, but also greater acreages have simply drugged the world with wheat that far exceeds the increase in population.

This kind of decrease is also reflected in beef, pork, lard, and other commodities, and if one will but examine the figures he will find that the decline in exports did not set in in 1930 or 1929, but back in 1920 and 1921. Already at that early date we were beginning to feel the effects of production in other nations, but we paid little attention to it. The figures are expressed, not in dollars but in pounds, bushels, tons, and bales. That means that the old wheeze of depreciated money cannot be brought out as an explanation that the declines are due to fluctuating exchange rates.

I saw a statement made by Dr. Ezekiel only recently in a pamphlet saying that this excess carry-over started 6 or 7 years ago. I agree. It is not a matter that comes to us like a thief in the night. It started years ago and we did not heed the warning, we did not sense the signal bells, and as a result today you find intensified production of agricultural commodities the world over, far in excess of world demand, and then expect to remedy the trouble by applying reciprocal agreements.

That leads us to this radical question: Suppose we enter into reciprocal agreements with relation to wheat, of which, prior to 1929, we exported 20 percent of our entire crop. Where are we going to export it now? Send it to Italy? I say no, because the aggregate amount of wheat there is beyond their requirements. Send it to Norway, to Sweden, Germany, to Denmark? Indeed, no, because they have a sufficiency. They are in the export market themselves, and so far as the information comes to us they have sufficiency. That is to say, their requirements are so small as to be of little consequence in this export picture. Are we to enter into reciprocal agreements with the nations that are not able to pay for it? No; we have had some experience in that respect.

Mr. DONDERO. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DONDERO. Is what the gentleman says about wheat true of other things going to make up food for the existence of life?

Mr. DIRKSEN. Those are the precise things I want to discuss as I go along. All these staples that are designated as agricultural commodities are the things that manifestly we would want to export. We face that condition in all respects, particularly with regard to cotton, the market for which is being slowly shut off because they are raising cotton in Argentine, in Brazil, in the Georgian Caucasus, and in India. It was said by a member of the British Parliament that in 5 years the calico printers of Lancashire and a great many weavers will be put out of business. Do you know why?

The cotton that went from the United States across the pond was fabricated into cloth in Lancashire mills, and then the cloth was shipped to India, China, Japan, the Orient generally. What is happening today? They are setting up the printing and knitting and weaving and spinning mills right there in the Orient where they are growing the cotton. That is the reason for the statement in the Parliament that they expect ultimately to have their interests prejudiced in England. If that is true, then what outlet other than a temporary one can we see, particularly for this fluffy product of the South? How can the situation be improved to any measurable or advantageous degree by conferring a grant of power to the President to enter into reciprocal agreements that might result in downward as well as upward revision, and do more harm than good in unbalancing the present program and imperiling the vast expenditures already made?

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. BOLTON. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. SUMNERS of Texas. Mr. Chairman, before the gentleman begins I should like to ask him a question.

Mr. DIRKSEN. I yield.

Mr. SUMNERS of Texas. The gentleman is making a very interesting statement. Does the gentleman have any notion that possibly the tariff policies of the world have resulted in a congestion, and in a congestion in the world's economic circulatory system, that it might be agreed that we could work around and go back to the old notion of letting other people produce, and bartering with them?

Perhaps I can make my question a little more pointed. If the cotton producers and the corn producers are shut out from the markets of the world, then the manufacturers of America, it seems, would be shut out from the purchasing power of the people heretofore producing that surplus. I am asking that question not in a combative or antagonistic way, but it is an interesting point, and the gentleman has evidently studied this question.

Mr. DIRKSEN. I am grateful to the distinguished gentleman from Texas for the question. I want to assure the gentleman that I do not profess to be an expert, but I have labored over this matter, and shall be glad to present my views on the matter. The gentleman alludes now to the purchasing power of the world; that is, these other countries with which we have had commercial intercourse all these years.

Mr. SUMNERS of Texas. Yes.

Mr. DIRKSEN. And of the purchasing power that would recede from this country by virtue of high tariff walls?

Mr. SUMNERS of Texas. Let me make my question a little more clear. If, by reason of our tariff walls, we force countries who have ordinarily purchased from us to make

capital investment in order to supply their own needs, would not that be rather a dangerous thing for us to do?

Mr. DIRKSEN. I am glad to get the gentleman's question correctly, because I fear precisely that conclusion. I believe, first of all, that this country has capacity for self-containment. I believe that as a matter of policy it would be basic and fundamental, and that we would be infinitely better off than to give opportunity to other hungry nations in the world to come in and exploit the greatest and most open free market that is left on the face of the globe. I rather fancy that there are only a few countries that have a complete capacity for self-containment at the present time. I should say that the United States is one, that Russia perhaps is another, and that ultimately Japan, if she enlarges her territorial domain and continues to push into Manchukuo and Manchuria will have that. Now the gentleman says that is dangerous.

Mr. SUMNERS of Texas. I did not say so. I was asking the gentleman.

Mr. DIRKSEN. The gentleman will excuse me making the wrong inference. There are a great many people who infer and assume that it is dangerous to carry on a policy of isolation. I say that economically we can do it. We can do it for the simple reason that there are only three or four products that are lacking within the territorial confines of this country to make us completely self-contained, and if we were compelled to do so, those could be synthetically produced. I refer to tin, that we receive from Bolivia, and to rubber and to tea and possibly to coffee, and I assume there would be a way to supply our needs and requirements of those through the laboratory or in some other synthetic way, so that we could be self-containing.

I started out with the premise that I thought we were trying to breathe life into a dead horse called "international trade" through the instrumentality of this reciprocal tariff policy, and that, in my estimation, it cannot be done for one thing; and, secondly, it is not desirable. When we look at our export trade, here is what we find: In 1932, 35 percent of our total exports were made to five countries that have defaulted on their war debts—Germany, France, Belgium, Italy, and Great Britain. Those five countries took 35 percent of our exports in 1932.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. BOLTON. I yield the gentleman 2 minutes more.

Mr. DIRKSEN. Mr. Chairman, by way of conclusion, and I am sorry that I must conclude, let me say this. What has happened in this country, as far as expansion of industry and efficiency are concerned, is happening also in other countries. Let no one labor under the misapprehension, because a man's skin is yellow or black, that under modern conditions, with the agencies of standardization and mass production, that that man is not equal in skill to the American workingman. Why, Henry Ford can take a man, black or yellow, who cannot talk our language, and inside of a week he will make an efficient workman out of him.

That has happened in all countries. They have developed agricultural independence. They have developed certain industrial independence, and largely so through our own contriving.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. SHALLENBERGER. The gentleman's argument leads to the fact that we should abandon tariffs and place embargoes? In other words, we should abandon the idea of restoring our foreign trade by simply prohibiting it entirely?

Mr. DIRKSEN. I think ultimately that is what we would come to, if the present condition persists.

Mr. SHALLENBERGER. The gentleman has not forgotten that upon this matter of reciprocity the great Republican President, William McKinley, and James G. Blaine were the first advocates and forceful speakers for this policy of reciprocity. It really had its origin in the Republican Party and not in the Democratic Party.

Mr. DIRKSEN. Possibly so, but as an individual who tries to get away from all sectional sentiment I cannot subscribe to it in the light of what has happened since 1917 and 1918. The war opened our eyes. It opened the eyes of other nations. It was the rude jolt which indicated to nations that there was nothing particularly sacred or divine about industry or agriculture and that they could make shoes and ships and pottery and raise wheat and rye and hogs the same as this or any other country.

It is regrettable that more time is not available for a more logical and extended discussion of this matter. However, by way of conclusion, let me say that we have in the hysteria days loaned billions to other nations, have in fact begged them to accept our money, have sold them machinery and capital goods, have showed them how to do it, have watched them do it, have watched them develop from customers to competitors, have seen them become efficient both industrially and agriculturally, and thus shatter Adam Smith's old theory of division of labor among nations; and now, with their low wages, low standards of living, and their inability to buy from us unless we loan them the money, we contemplate opening up the American market and pulling down the American standard of living in an international trade battle. I doubt the wisdom of such a course.

We started out on a nationalistic basis. Millions have been expended to curtail production. Millions are exacted from the American public in the form of processing taxes. We seek to effect a domestic balance of consumption and production, and now we are about to open the back door and let the products of other nations in, in the hope that they will buy from us and so help ease the present situation. If you can show me what they can buy from us and what they will use for money and show me a single substantial advantage, I shall be better able to understand the wisdom of this contemplated power to effect reciprocal agreements.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. DIRKSEN] has again expired.

Mr. COLLINS of Mississippi. Mr. Chairman, I yield such time as he may desire to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent to extend my remarks on the recovery program of the President since he was inaugurated in March 1933, and to insert as a part of my remarks some excerpts from messages and speeches of the President relating thereto.

Mr. MARTIN of Massachusetts. Reserving the right to object, is it the gentleman's own remarks?

Mr. OLIVER of Alabama. Yes; and some excerpts from the President's speeches and messages on his recovery program.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. OLIVER of Alabama. Mr. Chairman, in a modest way I shall attempt to review some of the outstanding accomplishments of this administration. When the President was inducted into office and announced his program of recovery, I took my place at his side and have consistently supported and cooperated with him.

The progress that has been made and is now being made is nothing short of marvelous. Neither time nor space will permit a comprehensive survey of the entire work done and the difficulties overcome. The whole work has not been completed, but the light in the east is the breaking of the dawn of a new era, the coming of which is as sure as that Time itself will endure. No other President has faced such a serious situation as did Mr. Roosevelt when he took the helm of state in March 1933.

HOW NEW DEAL MET DESPERATE SITUATION

The banking situation was desperate. He did not delay or dally but told the bankers that they must all close their doors and keep them closed until such time as would be necessary to let the people get rid of the hysteria that was causing them to withdraw their holdings. He told the bankers that they must put their houses in order, that the

crooked money changers must be driven from the temple. He told the people that they must not hoard gold, and had laws passed by Congress that brought into the channels of commerce a vast amount of that money which was being hidden out.

The Reconstruction Finance Corporation was given broader powers and made to function more smoothly. In our own State, for example, the Corporation stepped into the breach and provided funds to pay our teachers and keep our schools operating in order that there should be no temporary breakdown in our educational system. Funds were poured into all needy sections of Alabama for this purpose. Funds have also been available to prevent foreclosure sales of many homes in country and town.

The National Recovery Act became a law and under it an unheard of field of activities was initiated. Millions of idle people were put to work, and bare backs were clothed, and empty stomachs were filled. The activities under this act have been far-reaching. No other peace-time undertaking has ever approached it in magnitude.

T.V.A. DEVELOPMENT CITED

The Tennessee Valley improvements are well under way, and soon the waters of that stream will be harnessed, the floods will be controlled, and the waters that through the eons of time have been wasted will be driving the turbines, producing electric energy, and will become one of our greatest national assets—instead of a white elephant it has become a white hope—

Auspicious Hope! in thy sweet garden grow
Wreaths for each toil, a charm for every woe.

PAY CHECK VERSUS DOLE

The Public Works program has given jobs to idle people in every corner of the Nation. The pay check has forestalled the dole. The independence of the people has been encouraged and preserved.

The question of capital and labor, always difficult and trying, has been and is being ironed out. The Biblical edict that the laborer is worthy of his hire has been disinterred and a new motto has been added—that there must be reasonable working hours and adequate living wages, so that when pay day comes the workman will have money for meat and bread, clothes and raiment, a little to spend for pleasure and comforts, and some to lay by for the rainy day.

There can be no general prosperity if the farmer and those who toil for a daily wage are not adequately paid for their work. These classes consume more than three fourths of the necessities and essentials. The ball of progress can only be started when these people have something to spend. When these millions are gainfully employed, each revolution of the wheels of industry is given momentum, resulting in a demand for more coal, and iron and steel, more lumber and building materials, more things to eat, and more clothes to wear.

FARMER GAINS EQUAL RECOGNITION

Much has been done for the farmers. They were paid to plow up parts of their crops. Loans have been made to them at reasonable rates of interest. They have been advised and importuned to rotate crops, and grow on their farms, as nearly as possible, everything needed for living purposes. The table given below shows how the farmer has benefited. These figures are approximate and, of course, change from day to day:

Wheat today, 87 cents; last year, 47 cents.
Corn today, 51 cents; last year, 24 cents.
Oats today, 35 cents; last year, 16 cents.
Cotton today, 12 cents; last year, 6 cents.

Many other farm products are bringing better and more adequate prices.

The President has recognized and stressed the self-evident proposition that for real prosperity to be regained and maintained, the productivity of the farm and labor must be nurtured and not exploited.

Look at the prices given above and see what it means to my immediate constituents. The difference between the value of a cotton crop of 11,000,000 bales now and last year is around $300,000,000. This benefit does not stop the farmer, but enables him to pay the merchant, who can pay the banker; puts all kinds of money in circulation, and creates a cycle of spending that is felt in every mart of trade and commerce.

There is one strange thing in the history of this country. The farmers have never been recognized and treated by the Government as have been the industrial and financial interests. Everything we wear and eat must come from the farms. Without their products we must die. That farmers are entitled to an adequate, comfortable living is recognized by the President, and he has done more to help them than any other man who has ever served this Nation.

WOMEN SHARE NEW-DEAL EFFORTS

The President has not overlooked the good women. He has paid just tribute to their part in conducting the affairs of the Nation. Miss Perkins has been made Secretary of Labor, and no one can deny that she is making good with her administration of the affairs of her high and honorable position. Mrs. Ruth Bryan Owen is the Nation's representative at the Danish court, where her grace and charm are reflecting great credit and evidencing an ability for public service that is worthy of the daughter of the great commoner, William Jennings Bryan. Miss Allen, a lawyer and jurist from the State of Ohio, has been elevated to the United States Circuit Court of Appeals, the first woman to hold such a high place. There are many other able women also holding honorable and responsible places of trust under Mr. Roosevelt's appointments.

PRESIDENT ASKS CONTINUED COOPERATION

I want to call particular attention to some of the sayings of the President in a recent speech concerning his investigations of the capital-and-labor issues:

Every examination I make and all the information I receive lead me to the inescapable conclusion that we must now consider immediate cooperation to secure increase in wages and shortening of hours. I am confident that your deliberations will lead you also to this conclusion.

Reduction in hours, coupled with a decrease in weekly wages, will do no good at all, for it amounts merely to a forced contribution to unemployment relief by the class least able to bear it. I have never believed that we should violently impose flat, arbitrary, and abrupt changes on the economic structure, but we can nevertheless work together in arriving at a common objective.

SUPREME COURT CATCHES SPIRIT

The judges of the high courts of last resort have been caught by the spirit of the times and have held that emergencies such as have and now are confronting this Nation must be taken into consideration in passing upon the validity of laws enacted for the purpose of ameliorating the conditions which now surround and are prevalent all over the country.

The following is from a recent opinion of the United States Supreme Court holding valid a law passed by the New York Legislature fixing the minimum price of milk:

Under our form of government the use of property and the making of contracts are normally matters of private and not of public concern. The general rule is that both shall be free of governmental interference. But neither property rights nor contract rights are absolute, for government cannot exist if the citizen may at will use his property to the detriment of his fellows or exercise his freedom of contract to work them harm. Equally fundamental with the private right is that of the public to regulate it in the common interest.

The milk industry in New York has been the subject of long-standing and drastic regulation in the public interest. The legislative investigation of 1932 was persuasive of the fact that for this and other reasons unrestricted competition aggravated existing evils, and the normal law of supply and demand was insufficient to correct maladjustments detrimental to the community. The inquiry disclosed destructive and demoralizing competitive conditions and unfair trade practices which resulted in retail price cutting and reduced the income of the farmer below the cost of production.

NEW-DEAL POLICIES WILL WIN

In every crisis, in every emergency through which this Nation has passed, there has arisen some great genius—and I say it most reverently, at the call of the Almighty Ruler of the Universe—to grasp the helm of the Ship of State and pilot





her safely through the breakers to a haven where peace, plenty, happiness, and prosperity are found, where cosmos and not chaos reigns.

No one can say that the whole work has been done, but our undaunted and unafraid leader is still carrying on with wizardous foresight and intuition, and just as sure as Moses led the hosts of Israel in triumph through the Wilderness, just as sure as George Washington piloted the Continental Army to victory and nurtured the young Nation through its period of swaddling clothes, just so surely will we emerge from these troublesome times. We must all stand shoulder to shoulder and arm to arm and give all the aid and power at our command to the gallant captain of our hosts. There must be no bickering and no stalling at this time of travail in our country's history.

CONTINUED SUPPORT PLEDGED

The President has subordinated political expediency and partisan politics to the higher things which are exacting from him unbelievable labor, but his capacity for work seems unlimited. His grasp of the many difficult questions which he has been called on to decide and the facility with which he has handled them are marvelous. His cheery smile and contagious good humor, with his devotion to duty, have made him the idol of his people.

From the depths of my heart comes this sincere tribute to the great Chieftain. I have supported him as best I know how and shall continue to do so. I am proud and deeply appreciative that my people have honored me by giving me the opportunity to serve under such a leader.

May the President live long and see and enjoy the full fruition of his toil and have a happy journey down the shaded side of life's highway, surrounded by a happy and contented people.

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Chairman, I think the subcommittee on this War Department appropriation bill is entitled to great praise for the splendid work it has done on this measure.

By referring to bill we find that the total appropriation carried this year is about $349,000,000. The appropriation for next year shows that the committee has cut that some seventy-odd million dollars, for which they are entitled to great credit.

What I want to speak to you about at this time is our national-defense policy in the air.

As you know, we have it divided up at this time among different departments—Bureau of Aeronautics, of the Army, Navy, Post Office Department, Commerce Department, Coast Guard, and several other bureaus bearing directly on this subject. Since the World War the Government has averaged in spending, so I am informed, more than $100,000,000 annually on aviation, and this is more than any other nation is spending on aviation. Where are we going and what progress are we making? All of these are questions I am sure, in which we are all vitally interested.

WHAT IS OUR POSITION IN THE AIR?

What is our position in the air today? Where do we find ourselves? We find a divided organization, our land forces supreme on the land, our sea forces supreme on the sea, each primarily interested in the fundamental principles and purposes for which they were organized, and therefore slight or neglect other departments under them where there is a conflict of interest.

Mr. WALTER. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. WALTER. Does the gentleman feel that a combination of all of the aviation activities into one department might in some way eliminate the various things we have been learning about recently?

Mr. McFARLANE. Yes, sir. That is just the proposition I am coming to, that is, a unified system of national defense. The creating and organizing of all these different departments and bureaus into one unified air system is what I have in mind. I believe that we must of necessity come to that if we are to take our proper place in the air. We must have unified air control. Hon. JAMES A. FREAR, in making their report on investigating aircraft expenditures in the War Department in 1921, said:

A SEPARATE AIR SERVICE INDISPENSABLE

Any investigation to be of permanent value should offer a solution for the problem of intelligent aircraft advancement.

Fortunately or unfortunately, the striking failure of the War Department to rise to the aircraft emergency, either, in peace or in war, has made necessary the creation of a separate bureau or department of aeronautics. Therein all governmental activities should be centered, with a capable, progressive official at the head.

Practically every witness examined on the subject of future American air service united in a plea for separate independent control. From generals to lieutenants, from private citizens familiar with the subject, and from every experienced aviator appearing before our committee, including Generals Mitchell, Kenly, and Foulois, military aircraft authorities, and LaGuardia, Meissner, Kindley, and, last but not least, Rickenbacker—men who upheld American air laurels at the front—all unanimously urge a separate air service that will work and cooperate with the Army, Navy, Post Office and Interior Departments in the development of aviation. We feel that real progress in aviation must depend in a material degree upon encouragement given to civil and commercial aviation.

Adequate appropriations, wisely expended, are necessary to put America to the front, where she belongs. The imperative necessity for this policy must be apparent to all who have studied the constantly increasing scope of aeronautics. Cooperation with and encouragement to inventors and manufacturers and a broad, intelligent policy are demanded. Practically all other countries have adopted that course, and ours must not fail at this crucial period to do so.

The future of aviation is beyond our present dreams or understanding, and our Government must do her full part in leading in its development.

Great Britain faced this same situation during the World War. Germany organized and unified its air force in 1916. Great Britain in 1917, after much of its country was bombed and much property destroyed, was forced to organize and unify its own air forces under one head. Soon thereafter France, Italy, Spain, and the other countries followed suit. Ours is one of the few major powers today that do not have a unified air system.

It may be argued that we should continue as we have done, with a divided departmental service, and that each will not suffer as a result thereof. The answer to that, my friends, I think, can be found in a careful analysis of some statistical charts that I shall insert in the RECORD to show the exact position of the United States in the air as near as we can reach a conclusion at this time.

(The charts are as follows:)

COMPARISON OF THE LEADING WARPLANE ENGINES OF THE WORLD, 1933

TABLE I.—*Warplane engines, characteristics and performance*

SEC. A. 400 TO 450 HORSEPOWER FOR SMALL FIGHTERS

Position	Country	Engine	Cylinder arrangement	Cooling	Rated horsepower	Maximum power		Weight (pounds per horsepower)	Supercharged	Remarks
						Actual horsepower	Altitude (feet)			
1	France	Delage G.V.I.S	12A	W	450	450	16,500	1.30	S	Inverted.
		Farman 12 G.V.I	12A	W	450	420	18,150	1.28	S	Inverted, 540 h.p. maximum.
		Potez 12 A.S	12	W	400	400	21,450	1.71	S	Opposed cylinders.
2	Great Britain	Armstrong-Siddeley "Jaguar"	14 R	A	400	400	14,500	1.99	S	
2	Japan	Mitsubishi "Jaguar"	14 R	A	400	400	14,500	1.99	S	License from Great Britain.
3	U.S.A	Pratt & Whitney "Wasp Jr." T-3A	9 R	A	420	360	4,000	1.50	S	Mildly supercharged, 1932.
		Wright "Whirlwind" SR-975-E2	9 R	A	420	360	4,000	1.40	S	Mildly supercharged, 1932.

TABLE I.—*Warplane engines, characteristics and performance*—Continued

SEC. B. 500 TO 550 HORSEPOWER FOR FIGHTERS

Position	Country	Engine	Cylinder arrangement	Cooling	Rated horsepower	Maximum power		Weight, pounds per horsepower	Supercharged	Remarks
						Actual horsepower	Altitude (feet)			
1	Great Britain	Bristol "Mercury IV" S. 2	9R	A	540	560	16,000	1.12	S	Special: 893 h.p. at 16,000 feet.
		Armstrong-Siddeley "Panther"	9R	A	535	520	11,200	1.86	S	1351.
		Napier "Lion" XV	12W	W	550	600		1.75		Holds world's long-distance record of 5,341 miles.
2	Japan	Nakajima "Jupiter" XF	9R	A	540	570	12,000	1.66	S	License from Gt. Britain, 1931.
3	France	Lorraine "Petrel"	12V	W	500	500	14,850	1.09	S	800 h.p. maximum.
		Gnome-Rhone "Mistral" K. 9	9R	A	500	500	13,200	1.33	S	
		Farman 12 W.E.S	12V	W	500	500	19,000	1.40	S	
4	U.S.A	Pratt & Whitney "Wasp" S1-D1	9R	A	550	500	11,000	1.42	S	550 h.p. at 5,000 feet, 1933.

SEC. C. 600 TO 650 HORSEPOWER FOR FIGHTERS, BOMBERS

1	Great Britain	Rolls-Royce "Kestrel" II S	12V	W	600	840	11,500	1.11	S	Ground equivalent: 1,200 h.p.
		Bristol "Pegasus" S. 2	9R	A	600	580	13,500	1.69	S	Holds world's altitude record of 43,976 feet, 1932.
		Armstrong-Siddeley "Tiger"	14R	A	650	722		1.53	S	
2	France	Hispano-Suiza 12 X brs	12V	W	(500)	710	13,200	1.29	S	Ground equivalent: 1,100 h.p.
		Renault	12V	W	650	650	13,200	1.73	S	
		Lorraine "Courlis"	12W	W	600	660		1.41		
		Farman 12 W.I	12A	W	600	555	18,000	1.36	S	Inverted, 74 h.p. maximum.
2	Japan	Kawasaki-B.M.W. VII A	12V	W	600	770		1.39	S	Japan can also manufacture Rolls-Royce and Lorraine engines.
		Mitsubishi-Hispano-Suiza	12V	W	600	650	13,200	1.29	S	
3	Italy	Fiat A. 30R	12V	W	600	600	13,200	1.20		850 h.p. maximum.
3	U.S.A	Curtiss "Conqueror" SV-1570F	12V	W	600	600	12,000	1.44	S	First supercharged September 1932.
		Pratt & Whitney "Twin Wasp Jr." R. 1535.	14R	A	600	625		1.33	S	1932.
		Pratt & Whitney "Hornet" T. 1C	9R	A	(700)	578	8,000	1.20	S	
		Wright "Cyclone" SR-1820-F2	9R	A	(700)	600	12,000	1.21	S	605 h.p. maximum.
		Wright "Whirlwind" R. 1510	14R	A	(700)	600	12,000	1.24	S	1933.

SEC. D. 700 TO 900 HORSEPOWER FOR HEAVY DUTY

1	Great Britain	Rolls-Royce "Buzzard" II M.S	12V	W	850	935		1.65	S	
		Armstrong-Siddeley "Leopard"	9R	A	800	854		1.89	S	1932.
2	France	Hispano-Suiza 12 Y brs	12V	W	(650)	900	13,200	1.09	S	Ground equivalent: 1,490 h.p.
		Gnome-Rhone "Mistral Major" K.14.	14R	A	800	870	13,200	1.56	S	Ground equivalent: 1,340 h.p.
		Lorraine "Orion"	18W	W	700	870		1.44		
		Renault 18 J br	18W	W	700	850		1.67	S	
3	Japan	Kawasaki-B.M.W. IX A	12V	W	800	900		1.53	S	Japan can also manufacture Lorraine and Junkers engines.
		Mitsubishi-Hispano-Suiza	12V	W	700	860	13,200	1.09	S	
3	Italy	Isotta-Fraschini "Asso" 750R	18W	W	850	920		1.64		
		Fiat A. 26R	12V	W	700	760		1.44		
4	Germany	Junkers L. 88a	12V	W	800	850		1.98	S	
5	Czechoslovakia	Avia V. 30	12V	W	700	700	13,200	1.76	S	Allied to France.
6	U.S.A	P. & W. "Twin Wasp, Jr."	14R	A	700	700	8,000	1.33	S	725 h.p. maximum, 1933.
		P. & W. "Twin Wasp"	14R	A	800	830	4,500	1.36	S	

SEC. E. 900 TO 1,000 HORSEPOWER FOR HEAVY DUTY

1	Czechoslovakia	Avia W. 44	18W	W	1,000	1,000	15,200	1.65	S	Allied to France, 1932.
2	France	Hispano-Suiza 18 Sb	18⊥	W	1,100	1,125		1.20	S	
		Lorraine "Eider"	12V	W	900	1,050		1.33	S	
3	Great Britain	Rolls-Royce "Buzzard" II M.S	12V	W	(900)	935		1.65	S	
3	Italy	Fiat A. 25	12V	W	950	1,050		1.69	S	As supplied to China.
		Isotta-Fraschini "Asso 1000"	18W	W	900	1,100		1.62		
3	Germany	Mercedes-Benz F.2	12V	W	900	1,030		1.76	S	
4	Japan	Licensed to manufacture Hispano-Suiza, Lorraine, and Rolls-Royce airplane engines.								
0	U.S.A	None								

SEC. F. 1,000 HORSEPOWER AND UP, FOR RACING PLANES

1	Italy	Fiat A.S. 6	24V	W	2,300	2,600		0.78	S	2,900 h.p. at 3,000 r.p.m. World's airplane speed record, 1933. World's airplane speed record, 1931.
1	Great Britain	Rolls-Royce "R"	12V	W	2,300	2,600		0.63	S	
		Napier "Lion" VIId	12V	W	1,250	1,350		0.89	S	
2	France	Renault 12 Ncr	12V	W	1,600	2,000		0.68	S	
		Farman 18T	18T	W	1,200	1,480	3,630	0.72	S	
		Lorraine "Radium"	12V	W	2,000	2,200			S	Inverted, not developed.
3	Japan	Licensed to manufacture Rolls-Royce and Lorraine airplane engines.								
4	U.S.A	Packard X (IA-2775)	24X	W	1,200	1,250		1.21		1929, never flown.

SEC. G. DIESEL (HEAVY-OIL) ENGINES—ALL TYPES

1	Germany	Junkers "Jumo-4"	6-line	W	600	750		2.20		
		Mercedes-Benz	12V	W	700	750		2.78		Undergoing trials.
2	France	Hispano-Suiza-Clerget 14U	14R	A	300	600		2.20		
		Hispano-Suiza-Clerget 9T	9R	A	300	400		2.20		
		Lilloise-Junkers "C.L.M."	6-line	W	480	530	13,200	2.80	S	
3	Great Britain	Rolls-Royce "Condor"	12V	W	500	600		2.80		
4	Japan	Licensed to manufacture Junkers, Hispano-Suiza, and Rolls-Royce airplane engines.								
5	U.S.A	Packard DR-980	9R	A	225			2.26		
		Guiberson A-980	9R	A	185			2.74		

SUPPLEMENTARY, THE LEADING AIRSHIP ENGINE OF THE WORLD

1	Germany	Maybach VL2	12V	W	550	550		4.35		Used on the late U.S.S. *Akron*, and *Macon*, reversible.

NOTE 1.—64 different airplane engines have been compared in the above table I.

NOTE 2.—Soviet Russia is manufacturing airplane engines of its own design, and of German and Italian design. It may be considered as not weaker than the United States in airplane engines.

NOTE 3.—A=Air-cooled; P=Prestone-cooled; W=Water-cooled; R=Radial; S=Supercharged.

TABLE II.—*Leading warplane engines in table I compared according to the actual power they develop at war-service altitudes*

SEC. A. 400 TO 450 HORSEPOWER FOR SMALL FIGHTERS (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

Position	Country	Engine	Horsepower	United States deficiency in power of warplane engines	
				Measured in horsepower	Measured in percentage
1	France	Delage G.V.I.S	450		
2	Great Britain	Armstrong-Siddeley "Jaguar"	400		
2	Japan	Mitsubishi "Jaguar" (license from Great Britain)	400		
3	United States of America	P. & W. "Wasp Jr." T. 3A	300	150	−33.33
		Wright "Whirlwind"	420		

SEC. B. 500 TO 550 HORSEPOWER FOR FIGHTERS (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

1	Great Britain	Bristol "Mercury IV" S. 2	600		
2	Japan	Nakajima "Jupiter" XF	525		
3	France	Lorraine "Petrel"	500		
4	United States of America	P. & W. "Wasp" S1-D1	425	−175	−29.17

SEC. C. 600 TO 650 HORSEPOWER FOR FIGHTERS, BOMBERS (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

1	Great Britain	Rolls-Royce "Kestrel" II S. (1932)	700		
2	France	Hispano-Suiza 12 X brs	600		
2	Japan	Kawasaki-B.M.W. VII A	600		
3	Italy	Fiat A. 30R	550		
3	United States of America	Curtiss "Conqueror"	550		
		P. & W. "Hornet" T. 1C	500	−150	−21.43
		Wright "Whirlwind" R. 1510	500		

SEC. D. 700 TO 900 HORSEPOWER FOR HEAVY DUTY (WAR-SERVICE ALTITUDE, 10,000 TO 15,000 FEET)

1	Great Britain	Rolls-Royce "Buzzard" II M.S. (1932)	900		
2	France	Hispano-Suiza 12 Y brs (1932)	850		
3	Japan	Mitsubishi-Hispano-Suiza (1932)	800		
3	Italy	Isotta-Fraschini "Asso" 750R (1932)	800		
4	Germany	Junkers L. 88a (1932)	750		
5	Czechoslovakia	Avia V. 30 (1932)	700		
6	United States of America	P. & W. "Twin Wasp" (1933)	675	−225	−25.00

SEC. E. 900 TO 1,000 HORSEPOWER FOR HEAVY DUTY

1	Czechoslovakia	Avia W. 44	1,100		
2	France	Hispano-Suiza 18 Sb	1,000		
3	Great Britain	Rolls-Royce "Buzzard" II M.S.	900		
3	Italy	Fiat A. 25	900		
3	Germany	Mercedes-Benz F. 2	900		
4	Japan	Licensed to manufacture Hispano-Suiza, Lorraine, and Rolls-Royce airplane engines.			
	United States of America	None		−1,100	−100.00

SEC. F. 1,000 HORSEPOWER AND UP FOR RACING PLANES

1	Italy	Fiat A. 5.6	2,600		
1	Great Britain	Rolls-Royce "R"	2,600		
2	France	Renault 12 Ncr	2,000		
3	Japan	Licensed to manufacture Rolls-Royce and Lorraine airplane engines			
4	United States of America	Packard X (1929)	1,250	−1,650	−56.9

SEC. G. DIESEL (HEAVY OIL) ENGINES, ALL TYPES

1	Germany	Junkers "Jumo"	650		
2	France	Hispano-Suiza-Clerget 14U	600		
3	Great Britain	Rolls-Royce "Condor"	550		
4	Japan	Licensed to manufacture Junkers, Hispano-Suiza, and Rolls-Royce airplane engines			
5	United States of America	Packard	225	−525	−70.00
	United States average deficiency for all engines.			−567.8	−47.97

TABLE III.—*Warplanes—duty, characteristics, and performance*

SEC. A. ARMY FIGHTERS (PURSUIT) 1-PLACE, LIGHT DUTY

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Maximum speed		Speed (m.p.h.)			Climb to 15,000 feet (mins.)	War-service ceiling (feet)	Crew	Number of guns	Remarks
							Miles per hour	At altitude (feet)	At 10,000 feet	At 15,000 feet	At 20,000 feet					
1, 2	Gt. Britain	Vickers "Jockey"	M	Bristol "Mercury IV" [1]	A	500	238	20,000	225	238	238	7	36,000	1	2	238 m.p.h. at 20,000 feet in February 1932.
		Hawker "Fury" [2]	B	Rolls-Royce "Kestrel"	W	600	223	13,000	225	230	225	7	35,000	1	2	Vertical power dives exceed 400 m.p.h.
		Fairey "Firefly II"	B	Rolls-Royce "Kestrel"	W	600	223	13,000	225	230	225	8	35,000	1	2	223 m.p.h. at 13,000 feet in January 1932.
		Bristol "Bulldog III A"	B	Bristol "Mercury IV"	A	500	205	10,000	205	205	195	8	35,000	1	2	
		Gloster S.S. 19	B	Bristol "Mercury IV"	A	500	209	10,000	209	207	195	8	35,000	1	6	Compare with Curtiss "Strike" in sec. C.
		Armstrong-Whitworth XVI.	H	Armstrong-Siddeley "Panther".	A	500	205	10,000	205	200	192	9	35,000	1	2	187 m.p.h. at 25,000 feet. 212 m.p.h. maximum.
		D.H. 77	M	Napier "Rapier"	A	300	203	10,000	203	195	195	9	32,000	1	2	

[1] +30 horsepower now (1933).

[2] 250 miles per hour now (1933).

TABLE III.—*Warplanes—duty, characteristics, and performance*—Continued

SEC. A. ARMY FIGHTERS (PURSUIT), 1-PLACE, LIGHT DUTY—continued

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed (m.p.h.): At 10,000 feet	Speed (m.p.h.): At 15,000 feet	Speed (m.p.h.): At 20,000 feet	Climb to 15,000 feet (mins.)	War-service ceiling (feet)	Crew	Number of guns	Remarks
2	France	Dewoitine 500	M	Hispano-Suiza	W	500	230	15,000	220	230	215	8	35,000	1	2	207 m.p.h. at 26,000 feet.
		Nieuport-Delage 121C-1	M	Hispano-Suiza	W	500	229	11,500	228	225	220	6	39,600	1	2	Highest war-service ceiling.
		Loire 43C-1	M	Hispano-Suiza	W	500	223	10,500	224	221	215	8	35,000	1	2	
		Mureaux 170C-1	M	Hispano-Suiza	W	500	225	12,000	227	220	215	8	33,000	1	2	
		Morane-Saulnier 325	M	Hispano-Suiza	W	500	225	13,000	220	225	210	8	36,000	1	2	
3	Poland	P.Z.L. P. XI	M	Bristol "Mercury IV"	A	500	217	13,200	217	215	205	6	33,000	1	2	Allied to France.
		P.Z.L. P. VIII	M	Lorraine "Petrel"	W	500	206	12,040	210	200	190	7	30,000	1	2	Unsupercharged engine.
3	Italy	Fiat C.R. 30	B	Fiat A. 30R	W	600	224	10,000	224	214	205	8	30,000	1	2	
4	Japan	Kawasaki 92 (K.D.S.)	B	Kawasaki-B.M.W	W	600	217	5,000	210	205	200	6	32,000	1	2	Licensed to manufacture Hawker and Nieuport-Delage warplanes.
		Nakajima 91	M	Nakajima "Jupiter"	A	500	190	10,000	190	185	180	8	30,000	1	2	
5	Sweden	Svenska "Jaktfolk"	B	Armstrong-Siddeley "Panther".	A	500	208	13,000	205	205	195	9	32,000	1	2	Svenska Aero A.B. allied with Heinkel Co. in Germany.
6	U.S.A.	Curtiss "Swift" XP-934	M	Curtiss "Conqueror"	W	650	215	6,000	205	195	185	8	30,000	1	2	Enclosed cockpit.
		Curtiss "Hawk" P-6E	B	Curtiss "Conqueror"	W	650	197	5,000	189	182	175	9	26,500	1	2	
		Boeing P-26	M	P. & W. "Wasp"	A	500	210	6,000	205	195	185	8	30,000	1	2	
		Boeing P-12E	B	P. & W. "Wasp"	A	500	189	6,000	187	180	173	10	28,000	1	2	Wire-braced monoplane.

SEC. B. NAVY FIGHTERS, 1-PLACE, LIGHT DUTY

1	Gt. Britain	Hawker "Nimrod"	B	Rolls-Royce "Kestrel"	W	600	210	13,000	210	210	210	8	35,000	1	2	Fastest navy fighter in the world.
		Hawker "Hoopoe"	B	Armstrong-Siddeley "Panther".	A	500	205	10,000	205	205	200	9	33,000	1	2	
		Fairey "Firefly III"	B	Rolls-Royce "Kestrel"	W	600	210	10,000	210	205	200	8	33,000	1	2	
2	Japan	Hawker "Nimrod"	B	Rolls-Royce "Kestrel"	W	600	205	13,000	205	205	205	8	35,000	1	2	License from Gt. Britain.
		Nakajima 90	B	Nakajima "Jupiter"	A	500	205	10,000	205	200	195	7	33,000	1	2	
3	U.S.A.	Boeing F4B-4	B	P. & W. "Wasp"	A	500	190	6,000	190	185	175	9	27,500	1	2	
		Curtiss "Goshawk" F11C-2.	B	Wright "Cyclone"	A	700	193	5,000	187	180	175	11	25,400	1	2	Similar to Army plane supplied to Turkey.
		Curtiss "Sparrowhawk" F9C-2.	B	Wright "Whirlwind 420"	A	420	175	5,000	171	163	155	13	21,700	1	2	U.S.S. *Macon* airship defender.
		Berliner-Joyce XFJ-2	B	P. & W. "Wasp"	A	500	193	6,000	190	180	170	11	24,700	1	2	

SEC. C. ARMY FIGHTERS, MULTIPLACE, LIGHT DUTY

1	Gt. Britain	Hawker "Demon"	B	Rolls-Royce "Kestrel"	W	600	210	13,000	210	210	205	8	35,000	2	3	
		Fairey "Fox II"	B	Rolls-Royce "Kestrel"	W	600	210	13,000	210	210	205	8	35,000	2	3	
2	France	Breguet 41M3	S	2-Hispano-Suiza	W	650	195	15,000	200	195	190	11	31,350	3	5	Two engines.
3	Japan	Junkers K. 47	M	Nakajima "Jupiter"	A	500	192	13,000	200	190	180	9	33,000	2	3	Licensed to manufacture Hawker, Breguet, Junkers, and Dornier warplanes.
4	Switzerland	Dornier Do. C4	M	Hispano-Suiza	W	650	197	11,500	200	190	180	12	31,150	2	4	Branch of German Metallbauten G.m.b.H.
1	U.S.A.	Berliner-Joyce P. 16	B	Curtiss "Conqueror"	W	600	186	6,000	180	170	160	12	26,200	2	3	
		Curtiss "Shrike" A. 8	M	Curtiss "Conqueror"	W	600	197	(1)	180	170	165	20	19,800	2	6	Ground attack—see Gloster, sec. A.

SEC. D. NAVY FIGHTERS, MULTIPLACE, LIGHT DUTY

1	Gt. Britain	Hawker "Osprey"	B	Rolls-Royce "Kestrel"	W	600	205	13,000	205	200	195	8	33,000	2	3	
2	Japan	Licensed to manufacture Hawker, Junkers, and Dornier warplanes.														
3	U.S.A.	Vought V-70	B	P. & W. "Hornet"	A	600	174	6,000	165	160	150	10	22,300	2	3	
		Curtiss "Helldiver" F8C-7	B	Wright "Cyclone"	A	575	165	10,000	165	160	150	11	22,000	2	3	As supplied to U.S. Marine Corps.

SEC. E. ARMY OBSERVATION, GENERAL-PURPOSE PLANES, LIGHT DUTY

1	Gt. Britain	Hawker "Audax", "Hart"	B	Rolls-Royce "Kestrel"	W	600	210	13,000	210	210	200	8	35,000	2	3	
		Westland "Wallace"	B	Bristol "Pegasus"	A	600	190	12,000	190	185	180	10	35,000	2	3	140 m.p.h. at 35,000 feet.
		Armstrong-Whitworth "Atlas II."	B	Armstrong-Siddeley "Tiger."	A	650	175	10,000	175	170	165	10	32,000	2	3	Flew over Mount Everest (29,121 ft.) April 1933.
		Fairey "Gordon"	B	Armstrong-Siddeley "Panther."	A	600	180	10,000	180	175	170	10	32,000	2	3	
		Vickers "Vespa"	B	Bristol "Pegasus"	A	600	180	6,500	175	170	165	9	32,000	2	3	Holds world's altitude record: 43,976 feet.
		Bristol 118	B	Bristol "Pegasus"	A	600	175	12,000	175	170	165	10	32,000	2	3	
1	Belgium	Renard R. 31	M	Rolls-Royce "Kestrel"	W	600	208	13,000	210	205	200	10	34,500	2	3	
2	France	Mureaux 112 R. 2	M	Hispano-Suiza	W	650	192	16,500	200	195	190	8	35,000	2	4	
		Brequet 27-3	S	Hispano-Suiza	W	650	200	13,500	200	200	180	11	30,000	2	4	
		Potez 50 A-2	S	Gnome-Rhone K. 14	A	700	192	6,500	192	185	180	8	31,000	2	4	3 guns rearwards.
		Latecoere 49	B	Hispano-Suiza	W	650	171	13,500	170	165	160	13	26,500	2	5	Also licensed to manufacture Hawker, Breguet, Junkers, and Dornier warplanes.
3	Japan	Kawasaki 88	B	Kawasaki-B.M.W	W	500	160	10,000	160	155	150	12	27,000	2	4	
3	U.S.A.	Curtiss "Raven" Y 10-40A	S	Wright "Cyclone"	A	700	195	6,000	192	187	175	10	26,000	2	3	Retractable landing gear.
		Consolidated 23	S	Curtiss "Conqueror"	W	600	192	5,500	190	180	170	10	25,000	2	3	
		Douglass O-38 S	B	Wright "Cyclone"	A	575	172	5,000	170	165	155	12	21,500	2	3	
		Thomas-Morse O-19E	B	P. & W. "Wasp"	A	500	158	5,000	150	145	140	15	21,000	2	3	

SEC. F. NAVY OBSERVATION LAND PLANES, CARRIER PLANES, LIGHT DUTY

1	Gt. Britain	Hawker "Osprey"	B	Rolls-Royce "Kestrel"	W	600	200	13,000	200	195	190	8	32,000	2	3	
		Short "Gurnard"	B	Rolls-Royce "Kestrel"	W	600	192	11,000	190	185	180	9	30,000	2	3	
		Fairey III F	B	Napier "Lion" XI	W	570	175	10,000	175	165	160	10	30,000	3	3	
2	Japan	Licensed to manufacture Hawker, Short, Junkers, and Dornier warplanes.														
3	U.S.A.	Vought V. 50	B	P. & W. "Hornet"	A	575	190	6,000	170	160	150	11	25,000	2	3	
		Vought SU. 1	B	P. & W. "Hornet"	A	600	180	6,000	170,	165	160	11	25,000	2	3	
		Vought "Corsair" O3U-4	B	P. & W. "Hornet"	A	600	167	6,000	160	155	150	10	23,000	2	3	
		Berliner-Joyce OJ-25	B	P. & W. "Wasp Jr."	A	420	160	6,000	155	150	145	12	20,000	2	3	

[1] Ground.

TABLE III.—*Warplanes—duty, characteristics, and performance*—Continued

SEC. G. NAVY TORPEDO BOMBERS, LANDPLANES, CARRIER PLANES, HEAVY DUTY (10,000 FEET)

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Number of engines	Total horsepower of engines	Total weight of plane loaded (pounds)	Power loading, pounds per horsepower	Maximum speed: Miles per hour	Maximum speed: At altitude (feet)	Speed, miles per hour at altitude (feet)	War-service ceiling (feet)	Crew	Gun stations	Tail-gun station	Range (miles)	Load: Torpedo or bomb (pounds)	Remarks
1	Gt. Britain	Blackburn "Ripon" M. 1/30.	B	Rolls-Royce "Buzzard."	W	850	1	850	7,400	8.7	150	10,000	150	18,000	2	2	----	600	2,150	Fastest torpedo plane in the world.
		Hawker "Horsley"	B	Armstrong-Siddeley "Leopard."	A	800	1	800	9,650	12.1	145	10,000	145	16,000	3	2	----	600	2,150	
		Vickers M. 1/30	B	Rolls-Royce "Buzzard."	W	850	1	850	8,500	10.0	145	10,000	145	19,000	2	2	----	600	2,150	
2	France	Latecoere 29	M	Hispano-Suiza	W	650	1	650	6,100	9.4	143	5,000	140	15,000	3	2	----	500	1,540	
3	Japan	Navy 89	B	Mitsubishi-Hispano-Suiza.	W	650	1	650	7,500	11.5	140	5,000	135	15,000	3	2	----	800	2,000	Blackburn type.
4	U.S.A	Martin BM-2 (125)	B	P. & W. "Hornet"	A	575	1	575	6,140	10.7	143	6,000	125	16,500	2	2	----	450	1,000	Diving bomber.
		Douglas P2D-1	B	Wright "Cyclone"	A	575	2	1,150	12,700	11.0	125	6,000	115	12,000	3	2	----	800	2,000	
		Great Lakes TG-2	B	Wright "Cyclone"	A	575	1	575	8,340	14.7	125	6,000	115	12,000	3	2	----	800	2,000	

SEC. H. ARMY FIGHTER-BOMBERS, HEAVY DUTY (15,000 FEET)

1	Gt. Britain	Vickers B. 19/27	B	Rolls-Royce "Kestrel."	W	600	2	1,200	16,400	13.7	195	10,000	180	27,000	4	2	[4] 1	----	------	No gun-station amidships.
		Boulton & Paul "Sidestrand III."	B	Bristol "Jupiter"	A	500	2	1,000	10,200	10.2	160	20,000	170	30,000	4	3	[4] 0	----	------	To 15,000 feet in 10 minutes (1931).
2	U.S.A	Martin YB-10, 12, 13 (123).[4]	M	Wright "Cyclone"	A	575	2	1,150	12,000	10.4	195	6,000	170	25,000	3	2	[4] 0	----	------	Retractable landing gear.
		Boeing B-9 [5]	M	P. & W. "Hornet"	A	650	2	1,300	13,500	10.3	185	6,000	170	22,600	4	2	[4] 0	----	------	Retractable landing gear.
2	France	Amiot 141 M	M	Lorraine "Orion"	W	700	2	1,400	15,070	10.8	180	10,000	170	26,000	5	3	[4] 0	----	------	
		S.E.C.M. 141 M	M	Lorraine "Orion"	W	700	2	1,400	14,236	10.2	161	10,000	155	23,700	5	3	[4] 0	----	------	
		S.P.C.A. 30 M 4	M	Hispano-Suiza	W	650	2	1,300	14,300	11.0	158	10,000	150	24,600	6	4	[4] 0	----	------	Twin fuselage.
3	Japan	Junkers K. 37	M	Nakajima "Jupiter"	A	500	2	1,000	9,500	9.5	169	13,500	165	27,000	4	3	[4] 0	----	------	
4	Czechoslovakia.	Aero A. 42	M	Isotta-Fraschini	W	1,000	1	1,000	10,428	10.4	168	10,000	160	22,000	3	2	[4] 0	----	------	Allied to France.

SEC. I. ARMY HEAVY BOMBERS, TROOP TRANSPORTS, HEAVY DUTY (15,000 FEET)

1	Gt. Britain	Fairey	M	Rolls-Royce "Kestrel."	W	600	2	1,200	19,050	15.9	180	10,000	175	25,000	5	3	1	----	------	As transport: 4+20 soldiers.
		Vickers 163	B	Rolls-Royce "Kestrel."	W	600	4	2,400	25,700	10.7	160	10,000	150	20,000	5	4	1	----	------	As transport: 4+21 soldiers.
		Boulton & Paul P. 32.	B	Bristol "Pegasus"	A	600	3	1,800	22,700	12.6	165	10,000	155	18,000	5	3	1	----	------	
		Gloster	B	Rolls-Royce "Kestrel."	W	600	4	2,400	28,000	11.7	146	12,000	143	19,000	5	4	1	----	------	As transport: 4+30 soldiers.
		Handley-Page "Heyford."	B	Rolls-Royce "Kestrel."	W	600	2	1,200	15,600	13.0	160	10,000	150	22,000	4	3	0	----	------	
2	Japan	Junkers K. 51	M	Junkers L. 88	W	800	4	3,200	65,000	17.2	157	18,000	160	24,000	10	4	0	----	------	
		Kawasaki 87	M	Kawasaki-B.M.W.	W	600	2	1,200	15,000	12.5	150	13,200	150	20,000	6	4	0	----	------	Similar to Dornier Do. F.
2	Italy	Caproni 95	M	Isotta-Fraschini	W	650	3	1,950	20,000	10.2	155	10,000	160	18,000	6	3	1	----	------	Estimated.
		Fiat B.R. 3	B	Fiat A-25	W	950	1	950	10,010	10.5	150	10,000	140	18,400	2	2	0	----	------	20 supplied to China.
3	France	Liore et Olivier "Le O" 206.	B	Gnome-Rhone K. 7	A	300	4	1,200	17,820	14.7	143	13,200	140	25,000	4	3	0	----	------	
		Bleriot 137	M	Hispano-Suiza	W	650	2	1,300	12,300	9.3	140	15,000	140	26,600	6	3	0	----	------	
4	U.S.A	Keystone B-6A	B	Wright "Cyclone"	A	575	2	1,150	13,334	12.5	111	10,000	100	16,500	5	3	0	----	------	(See note 4), obsolescent.

SEC. J. NAVY PATROL FLYING BOATS, HEAVY DUTY (10,000 FEET)

1	Gt. Britain	Short "Singapore II"	B	Rolls-Royce "Kestrel".	W	600	4	2,400	27,750	11.6	155	6,000	150	16,000	7	4	1	----	------	Altitude maintained on 2 engines.
		Short "Rochester"	B	Rolls-Royce "Buzzard".	W	850	6	5,100	74,000	14.5	150	6,000	145	15,000	10	4	1	----	------	5,580 h.p. maximum.
		Supermarine "Southampton X".	B	Bristol "Jupiter"	A	500	3	1,500	23,000	15.3	130	6,000	125	15,000	7	4	1	----	------	
		Blackburn "Iris V"	B	Rolls-Royce "Buzzard".	W	850	3	2,550	31,500	12.4	130	6,000	120	15,000	5	3	1	----	------	
		Blackburn "Sydney".	M	Rolls-Royce "Kestrel".	W	600	3	1,800	22,730	12.6	127	6,000	120	15,000	5	3	1	----	------	
		Saunders-Roe "Severn".	S	Bristol "Jupiter"	A	500	3	1,500	22,150	14.8	124	6,000	120	15,000	5	3	1	----	------	
2	Italy	Savoia - Marchetti S-55.	M	Fiat A-24R	W	700	2	1,400	16,940	12.1	147	5,000	135	13,776	6	4	0	----	------	Twin-hull, engines in tandem.
2	Holland	Dornier "Wal"	M	Lorraine "Courlis"	W	600	2	1,200	14,100	11.8	143	5,000	135	12,000	6	3	0	----	------	Engines in tandem.
3	Japan	Navy 90-1 (Navy Yard).	M	Mitsubishi-Hispano-Suiza.	W	700	3	2,100	26,880	12.8	142	6,000	130	15,000	6	4	1	----	------	Cruises at 130 m. p.h.
		Navy 90-2 (Kawanishi).	B	Rolls-Royce "Buzzard".	W	850	3	2,550	40,000	15.7	130	6,000	125	15,000	7	4	1	----	------	K.F. 1 et seq. Cruises 124 m. p.h.
		Navy 15	B	Nakajima "Lorraine".	W	450	2	900	15,000	16.7	128	6,000	125	15,000	5	3	0	----	------	Supermarine "Southampton."
4	France	C.A.M.S. 55-3	B	Hispano-Suiza	W	600	2	1,200	15,180	12.6	130	6,000	125	12,136	5	2	0	----	------	Engines in tandem.
		Amiot 110	M	Hispano-Suiza	W	650	1	650	9,094	13.9	132	6,000	125	16,400	5	2	0	----	------	
5	U.S.A	Martin XP2M-1 (121).	M	Wright "Cyclone"	A	575	3	1,725	23,150	13.4	140	5,000	120	14,600	5	2	0	----	------	
		Martin XP3M-1 (120).	M	P. & W. "Hornet"	A	540	2	1,080	15,600	14.4	115	5,000	100	12,500	4	2	0	----	------	
		Consolidated P2Y-1	S	Wright "Cyclone"	A	575	3	1,725	20,000	11.6	120	5,000	100	14,000	5	2	0	----	------	
		Hall [6]		Wright "Cyclone"	A	650	4	2,600	40,000	15.4	140	5,000	120	14,000	6	2	1	----	------	Estimated. Has a tail gun.
		Keystone PK-1	B	Wright "Cyclone"	A	525	2	1,050	16,303	15.5	120	5,000	100	12,000	5	2	0	----	------	

[4] See note 2.

[5] Betwixt and between types not encouraged abroad.

[6] Displays ignorance of aerobatics.

TABLE III.—*Warplanes—duty, characteristics, and performance*—Continued

SUPPLEMENTARY—THE RACING PLANES OF THE WORLD

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Maximum horsepower	Maximum speed	Year	Remarks
1	Italy	Macchi-Castoldi S-M. 67	M	Fiat A.S. 6	W	2,300	2,600	424.03	1933	World's speed record for all types of planes.
		Macchi M. 5z bis	M	Fiat A.S. 3	W	1,000	1,050	318.4	1928	World's speed record in 1928.
2	Great Britain	Supermarine S-6 B	M	Rolls-Royce "R"	W	2,300	2,600	407.5	1931	World's speed record for all types of planes.
		Gloster VI	M	Napier "Lion" VII D	W	1,250	1,350	336.3	1929	World's speed record in 1929.
3	France	Bernard 120	M	Hispano-Suiza	W	1,000	1,200	310.5	1929	Unofficial speed.
		Nieuport-Delage	M	Lorraine "Radium"	W	2,000	2,200	400.0	1931	Estimated speed, has not completed tests.
4	Japan	Licensed to manufacture Rolls-Royce, Hispano-Suiza and Lorraine airplane engines, and Nieuport-Delage airplanes.								
5	United States of America	"Mercury"	M	Packard X	W	1,200	1,250		1929	Never flown, could not leave the water.
		Granville "Gee Bee" R-2	M	P. & W. "Wasp Jr." special	A	600	800	294.4	1932	U.S.A. landplane record.

SUPPLEMENTARY—THE STRATOSPHERE (HIGH-ALTITUDE) PLANES OF THE WORLD

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Weight (pounds)	Lbs./hp.	Miles per hours	Ceiling (feet)	Crew	Performance	Remarks
1	Germany	Junkers JU. 49	M	Junkers L. 88	W	800	8,800	11.0	310	50,000	2	Estimated	Supercharged. Variable-pitch propeller.
2	France	Farman F. 1000	M	Farman 8 V. I	W	400	5,600	14.0		65,000	2	do	3-stage supercharger. Ultimate ceiling: 80,000 feet.
		Guerchais	M	Lorraine "Orion"	W	700	5,500	7.9	200	150,000	2	do	Brown-Boveri supercharger.
3	Japan	Licensed to manufacture Junkers airplanes and airplane engines.											
4	Great Britain, Italy, and Soviet Russia are considering stratosphere planes, and developments are under way.												
5	United States of America	No stratosphere planes under development.											

NOTE 1.—122 different warplanes have been compared in table III.

NOTE 2.—Tail-gun stations on the warplanes in secs. H, I, and J are behind the tail surfaces. For defensive armament, the use of such a tail-gun station gives a warplane 50 percent superiority over a warplane without it.

NOTE 3.—Only the speeds of warplanes at war-service altitudes have been compared in table IV. If rate of climb, war-service ceiling, useful load, and armament were also to be included, the United States average deficiency would be much worse, approximating engine table II.

NOTE 4.—The deficiency figures for the United States in sec. I have been omitted from the average deficiency totals, as the U.S. Army heavy bomber has been superseded by the United States fighter bomber.

NOTE 5.—Soviet Russia is manufacturing warplanes of its own design, and of German and Italian design. It may be considered as not weaker than the United States in warplanes.

NOTE 6.—A=Air-cooled; P=Prestone-cooled; W=Water-cooled; B=Biplane; M=Monoplane; S=Sesquiplane (1½ plane).

TABLE IV.—*Leading warplanes in table III compared according to their actual speeds at war-service altitudes*

SEC. A. ARMY FIGHTERS, PURSUIT, 1-PLACE (WAR-SERVICE ALTITUDE 15,000 TO 20,000 FEET)

Position	Country	Type	Miles per hour	United States deficiency in speed at war-service altitudes	
				Measured in miles per hour	Measured in percentage
1	Great Britain	Vickers "Jockey"	238		
2	Do	Hawker "Fury"	225		
2	France	Dewoitine 500	215		
3	Poland	P.Z.L.P. XI	208		
3	Italy	Fiat C.R. 30	205		
4	Japan	Kawasaki 92 (licensed to manufacture Hawker and Nieuport-Delage warplanes)	200		
5	Sweden	Svenska "Jaktfolk"	195	−53	−22.27
6	United States of America	Curtiss XP-934 / Boeing P. 26	185	−40	−17.78

SEC. B. NAVY FIGHTERS, 1-PLACE (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

1	Great Britain	Hawker "Nimrod"	210		
2	Japan	Hawker "Nimrod" (license from Great Britain)	205		
3	United States of America	Boeing F4B-4 / Curtiss "Goshawk" F11C-2	175	−35	−16.67

SEC. C. ARMY FIGHTERS, MULTIPLACE (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

1	Great Britain	Hawker "Demon"	205		
2	France	Breguet 41M3	195		
3	Japan	Junkers K. 47 (licensed to manufacture Hawker, Breguet, Junkers, and Dornier warplanes.)	180		
4	Switzerland	Dornier Do. C4	175		
5	United States of America	Berliner-Joyce P. 16	160	−45	−21.95

SEC. D. NAVY FIGHTERS, MULTIPLACE (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

1	Great Britain	Hawker "Osprey"	195		
2	Japan	Lincensed to manufacture Hawker, Junkers, and Dornier warplanes			
3	United States of America	Vought V. 70	160	−35	−17.95

TABLE IV.—*Leading warplanes in table III compared according to their actual speeds at war-service altitudes*—Continued

SEC. E. ARMY OBSERVATION GENERAL-PURPOSE PLANES (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

Position	Country	Engine	Horsepower	United States deficiency in power of warplane engines	
				Measured in horsepower	Measured in percentage
1	Great Britain	Hawker "Audax"	200		
1	Belgium	Renard R. 31	200		
2	France	Mureaux 112 R. 2	190		
3	Japan	Kawasaki 88 (also licensed to manufacture Hawker, Breguet, Junkers, and Dornier warplanes).	150		
3	United States of America	Curtiss "Raven" O-40A	175	−25	−12.50
	SEC. F. NAVY OBSERVATION LANDPLANES, CARRIER PLANES, (WAR-SERVICE ALTITUDE, 15,000 FEET)				
1	Great Britain	Hawker "Osprey"	195		
2	Japan	Licensed to manufacture Hawker, Short, Junkers, and Dornier warplanes			
3	United States of America	Vought V. 50	160	−35	−17.95
	SEC. G. NAVY TORPEDO BOMBERS, LANDPLANES, CARRIER PLANES (WAR-SERVICE ALTITUDE, 10,000 FEET)				
1	Great Britain	Blackburn "Ripon" M. 1/30	150		
2	France	Latecoere 29	140		
3	Japan	Navy 89 (licensed to manufacture Blackburn and Hawker warplanes)	135		
4	United States of America	Martin MB-2	125	−25	−16.67
	SEC. H. ARMY FIGHTER BOMBERS (WAR-SERVICE ALTITUDE, 15,000 FEET)				
1	Great Britain	Vickers B. 19/27	180		
2	United States of America	Martin YB-10	170		
2	France	Amiot 141 M	170		
3	Japan	Junkers K. 37 (licensed to manufacture Junkers warplanes)	165		
4	Czechoslovakia	Aero A. 42	160	−10	−5.56
	SEC. I. ARMY HEAVY BOMBERS, TROOP TRANSPORTS (WAR-SERVICE ALTITUDE, 15,000 FEET)				
1	Great Britain	Fairey	175		
2	Japan	Junkers K. 51 (licensed to manufacture Junkers and Dornier warplanes)	160		
2	Italy	Caproni 95	160		
3	France	Liore et Olivier "Le O" 206	140		
4	United States of America	Keystone B-6A	100	[1] −75	[1] −42.86
	SEC. J. NAVY PATROL FLYING BOATS (WAR-SERVICE ALTITUDE, 10,000 FEET)				
1	Great Britain	Short "Singapore II"	160		
2	Italy	Savoia-Marchetti S-55	155		
2	Holland	Dornier "Wal"	135		
3	Japan	Navy 90-1 (licensed to manufacture Short, Blackburn, and Dornier warplanes)	130		
4	France	C.A.M.S. 55-3	125		
5	United States of America	Martin XP2M-1	120	−30	−20.00
	SUPPLEMENTARY—THE RACING PLANES OF THE WORLD				
1	Italy	Macchi-Castoldi S-M. 67 (official world's record, 1933)	424.03		
2	Great Britain	Supermarine S-6B (official world's record, 1931)	407.5		
3	France	Bernard 120	310.5		
4	Japan	Licensed to manufacture Rolls-Royce, Hispano-Suiza, and Lorraine airplane engines, and Nieport-Delage airplanes.			
5	United States of America	Granville "Gee Bee" R-2	294.4		
		Total I, using Vickers "Jockey" (d^1) in sec. A (United States average deficiency in speed, all classes).		−33	−16.84
		Total II, using Hawker "Fury" (d^2) in sec. A (United States average deficiency in speed, all classes).		−31	−16.34
		Total III, racing planes, all types (United States deficiency in speed of racing planes).		−129.63	−3.570

[1] Omitted, see note 4, p. 3858.

BATTLE COMPARISON OF THE LEADING UNITED STATES WARPLANES WITH THE LEADING FOREIGN WARPLANES, 1933

TABLE V.—*United States Army fighters attacking foreign army warplanes*

GROUP A. UNITED STATES ARMY FIGHTERS (PURSUIT), 1-PLACE AND MULTIPLACE[1]

Comparison no.	Country	Type of warplane	Maximum speed (m.p.h. at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
1	United States	Boeing P-26	195	1	2	30,000	Wire-braced monoplane.
		Curtiss "Swift" XP-934	195	1	2	30,000	Enclosed cockpit.
		Berliner-Joyce P-16	170	2	3	26,000	
		Curtiss "Shrike" A-8	170	2	6	19,800	Ground attack plane.

[1] These machines cannot even reach the corresponding foreign planes.

TABLE V.—*United States Army fighters attacking foreign army warplanes*—Continued

VERSUS

GROUP B. FOREIGN ARMY FIGHTERS, 1-PLACE [1]

Country	Type of warplane	Maximum speed (m.p.h. at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain	Vickers "Jockey" [2]	238	1	2	----------	36,000	
	Hawker "Fury" [4]	225	1	2	----------	34,000	Vertical power dives, 400 m.p.h
	Fairey "Firefly II"	225	1	2	----------	35,000	
	Bristol "Bulldog IIIA"	200	1	2	----------	33,000	
	Gloster S.S. 19	207	1	6	----------	32,000	Compare with Curtiss "Shrike."
France	Dewoitine 500	230	1	2	----------	35,000	207 m.p.h. at 26,000 feet.
	Nieuport-Delage 121C-1	225	1	2	----------	39,000	Highest war-service ceiling.
	Loire 43 C-1	221	1	2	----------	35,000	
	Mureaux 170C-1	220	1	2	----------	33,000	
Poland	P.Z.L.P. XI	215	1	2	----------	33,000	Allied to France.
Italy	Fiat C.R. 30	214	1	2	----------	30,000	
Japan	Kawasaki 92 (K.D. 5)	205	1	2	----------	32,000	Licensed to manufacture. Hawker and Nieuport-Delage.

C. FOREIGN ARMY FIGHTERS, MULTIPLACE [3]

Great Britain	Hawker "Demon"	210	2	3	----------	32,000	
	Fairey "Fox II"	210	2	3	----------	32,000	
France	Breguet 41 M3	195	3	5	----------	31,350	2 engines.
Japan	Junkers K. 47	190	3	3	----------	33,000	Licensed to manufacture Hawker, Breguet, Junkers, and Dornier.
Switzerland	Dornier Do. C4	190	2	4	----------	31,150	

GROUP D. FOREIGN ARMY, OBSERVATION GENERAL-PURPOSE, PLANES [1]

Great Britain	Hawker "Audax"	210	2	3	----------	35,000	
	Westland "Wallace"	190	2	3	----------	35,000	
France	Mureaux 121 R-2	195	2	4	----------	35,000	
	Breguet 27-3	200	2	4	----------	30,000	
Belgium	Renard R. 31	205	2	3	----------	34,500	
Japan	Kawasaki 88	155	2	4	----------	27,000	Licensed to manufacture, Hawker, Breguet, Junkers and Dornier.

GROUP E. FOREIGN ARMY FIGHTER BOMBERS [7]

Great Britain	Vickers B. 19/27	180	4	[6] 2	1	27,000	No gun-station amidships.
France	Amiot 141 M	170	5	[6] 3	0	26,000	
Japan	Junkers K. 37	165	4	[6] 3	0	27,000	

GROUP F. FOREIGN ARMY HEAVY BOMBERS, TROOP TRANSPORTS [8]

Great Britain	Fairey	175	5	[8] 3	1	25,000	As transport: 4+20 soldiers.
	Vickers 163	150	5	[8] 4	1	20,000	As transport: 4+21 soldiers.
	Boulton & Paul P. 32	155	5	[8] 3	1	18,000	
	Gloster	143	5	[8] 4	1	19,000	As transport: 4+30 soldiers.
Italy	Caproni 95	160	6	[8] 3	1	18,000	Estimated.
Japan	Junkers K. 51	160	10	[8] 4	0	24,000	Licensed to manufacture Junkers.
	Kawasaki 87	150	6	[8] 4	0	20,000	Similar to Dornier Do. F.

[1] Superior in speed and ceiling to U.S. planes in group 1-A. Out of reach of United States planes in group 1-A.
[2] +30 horsepower now (1933).
[3] 250 miles per hour now (1933).
[4] Superior in armament, speed, and ceiling to United States planes in group 1-A. Out of reach of United States planes.
[5] No protection required owing to superior armament, speed and ceiling. Out of reach of United States planes in group 1-A.
[6] No protection required owing to superior defensive armament with tail gun.
[7] Gun stations.
[8] No protection required owing to superior defensive armament with tail-gun station. Optional defense by planes in group 1-C.

TABLE VI.—*U.S. Navy fighters attacking foreign navy warplanes*

GROUP A. U.S. NAVY FIGHTERS, 1-PLACE AND MULTIPLACE

Comparison no.	Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
2	United States of America	Boeing F4B-4	185	1	2	27,500	
		Curtiss "Goshawk" F11C-2	180	1	2	25,400	
		Curtiss "Sparrowhawk" F9C-2	163	1	2	21,700	U.S.S. *Macon* airship defender.
		Berliner-Joyce XFJ-2	180	1	2	24,700	
		Vought V-70	160	2	3	22,300	
		Curtiss "Helldiver" F8C-7	160	2	3	22,000	As supplied to U.S. Marine Corps.

VERSUS

GROUP B. FOREIGN NAVY FIGHTERS, 1-PLACE [1]

Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain	Hawker "Nimrod"	210	1	2	----------	35,000	Fastest navy fighter in the world.
Japan	do	205	1	2	----------	35,000	License from Great Britain.
Do	Nakajima 90	200	1	2	----------	32,000	

[1] Superior in speed and ceiling to all U.S. planes in group 2-A.

TABLE VI.—*U.S. Navy fighters attacking foreign navy warplanes*—Continued

GROUP C. FOREIGN NAVY FIGHTERS, MULTIPLACE [1]

Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain	Hawker "Osprey"	200	2	3		32,000	
Japan							Licensed to manufacture Hawker, Junkers, and Dornier warplanes.

GROUP D. FOREIGN NAVY OBSERVATION, LANDPLANES AND CARRIER PLANES [2]

Great Britain	Hawker "Osprey"	195	2	3		32,000	
	Short "Gurnard"	185	2	3		30,000	
Japan							Licensed to manufacture Hawker, Short, Junkers, and Dornier warplanes.

GROUP E. FOREIGN NAVY PATROL FLYING BOATS [3]

Great Britain	Short "Singapore II"	[4] 150	7	[5] 4	1	16,000	Altitude maintained on 2 engines. 5,580 horsepower maximum.
	Short "Rochester"	[4] 145	10	[5] 4	1	15,000	
	Supermarine "Southampton X"	[4] 125	7	[5] 4	1	15,000	
	Blackburn "Iris V"	[4] 120	5	[5] 3	1	15,000	
Japan	Navy 90-1 (navy yard)	[4] 130	6	[5] 4	1	15,000	Cruises at 130 m. p. h.
	Navy 90-2 (Kawanishi)	[4] 125	7	[5] 4	1	15,000	K.F. 1 et seq. Cruises at 124 m. p. h.

[1] Superior in speed and ceiling to all U.S. planes in group 2-A.
[2] No protection required. Out of reach of all U.S. planes in group 2-A.
[3] No protection required owing to superior defensive armament with tail-gun station.
[4] Miles per hour at 10,000 feet.
[5] Gun stations.

TABLE VII.—*Foreign army fighters attacking United States Army warplanes*

GROUP A. FOREIGN ARMY FIGHTERS, 1-PLACE AND MULTIPLACE

Comparison no.	Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
3	Great Britain	Vickers "Jockey"	238	1	2	36,000	
		Hawker "Fury"	225	1	2	35,000	Vertical power dives, 400 m. p. h.
		Fairey "Firefly II"	225	1	2	35,000	
		Bristol "Bulldog III A"	200	1	2	33,000	
		Gloster S.S. 19	207	1	6	32,000	Compare with Curtiss "Shrike." [6]
		Hawker "Demon"	210	2	3	32,000	
		Fairey "Fox II"	210	2	3	32,000	
	France	Dewoitine 500	230	1	2	35,000	207 miles per hour at 26,000 feet.
		Nieuport-Delage 121 C-1	225	1	2	39,600	Highest war-service ceiling.
		Loire 43 C-1	221	1	2	35,000	
		Mureaux 170 C-1	220	1	2	33,000	
		Breguet 41 M 3	195	3	5	31,350	2 engines.
	Poland	P.Z.L.P. XI	215	1	2	30,000	Allied to France.
	Italy	Fiat C.R. 30	214	1	2	30,000	
	Switzerland	Dornier Do. C4	190	2	4	31,150	
	Japan	Kawasaki 92 (K.D. 5)	205	1	2	32,000	
		Junkers K. 47	190	2	3	33,000	Licensed to manufacture Junkers. Licensed to manufacture Hawker, Nieuport-Delage, Breguet and Dornier warplanes also; and Rolls-Royce, Hispano Suiza, and other leading European airplane engines.

VERSUS

GROUP B. U.S. ARMY FIGHTERS (PURSUIT), 1-PLACE [1]

Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
United States of America.	Boeing P-26	195	1	2		30,000	Wire-braced monoplane.
	Curtiss "Swift" XP-934	192	1	2		30,000	Enclosed cockpit.

GROUP C. U.S. ARMY FIGHTERS, MULTIPLACE [2]

Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
United States of America.	Berliner-Joyce P-16	170	2	3		26,200	
	Curtiss "Shrike" A-8	170	2	6		19,800	Ground attack plane.

GROUP D. U.S. ARMY OBSERVATION-GENERAL PURPOSE PLANES [3]

United States of America.	Curtiss "Raven" O-40A	185	2	2		25,400	Retractable landing gear.
	Consolidated 23	180	2	2		25,000	
	Douglas O-38B	165	2	2		21,500	

GROUP E. U.S. ARMY FIGHTER BOMBERS [4]

United States of America.	Martin YB-10, 12, 13 (123)	170	3	[5] 2		25,000	Retractable landing gear.
	Boeing B-9	170	4	[5] 2		22,600	Do.

[1] Inadequate speed and ceiling against group 3-A.
[2] Inadequate speed, cannot reach planes in group 3-A.
[3] Protection required by United States planes in group 3-A and group 3-B.
[4] Protection required owing to the "blind tail".
[5] Gun stations.
[6] Compare with Curtiss "Shrike."

TABLE VIII.—*Foreign navy fighters attacking U.S. Navy warplanes*

GROUP A. FOREIGN NAVY FIGHTERS, 1-PLACE AND MULTIPLACE

Comparison no.	Country	Type of warplane	Max. speed (m.p.h. at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
4	Great Britain	Hawker "Nimrod"	210	1	2	35,000	Fastest navy fighter in the world.
4	Japan	Hawker "Osprey"	200	2	3	35,000	
		Hawker "Nimrod"	205	1	2	32,000	License from Great Britain.
		Nakajima 90	200	1	2	32,000	

VERSUS

GROUP B. U.S. NAVY FIGHTERS, 1-PLACE [1]

Country	Type of warplane	Max. speed (m.p.h. at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
United States of America	Boeing F4B-4	185	1	2	27,500	
	Curtiss "Goshawk" F11C-2	180	1	2	25,400	
	Berliner-Joyce XFJ-2	180	1	2	24,700	

GROUP C. U.S. NAVY FIGHTERS, MULTIPLACE [2]

Country	Type of warplane	Max. speed (m.p.h. at 15,000 ft.)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
United States	Curtiss "Helldiver" FSC-7	160	2	3	----------	22,000	As supplied to U.S. Marine Corps.
	Vought V-70	160	2	3	----------	22,300	

GROUP D. U.S. NAVY OBSERVATION LAND PLANES-CARRIER PLANES [3]

United States	Vought V-50	160	2	3	----------	25,000	
	Vought SU-1	165	2	3	----------	25,000	

GROUP E. U.S. NAVY PATROL FLYING-BOATS [4]

United States	Martin XP2M-1 (121)	[5]120	5	[6]2	----------	14,600	
	Martin XP3M-1 (120)	[5]100	4	[6]2	----------	12,500	
	Consolidated P2Y-1	[5]100	5	[6]2	----------	14,000	

GROUP F. U.S. NAVY AIRSHIPS AND AIRSHIP-DEFENDER PLANES [7]

United States	"Macon" [8]	84	81	16	3	30,000	
	Curtiss "Sparrowhawk" F9C-2	163	1	2	----------	21,700	Airship defender plane.

[1] Inadequate speed and ceiling against foreign planes in group 4-A.
[2] Inadequate speed and ceiling against group 4-A.
[3] Protection required by group 4-B and group 4-C.
[4] Protection required by group 4-B because of "blind tail."
[5] Miles per hour at 10,000 feet.
[6] Gun stations.
[7] Airship defender too slow; cannot reach ceiling.
[8] Cannot return to mother ship at altitude, nor defend it at latitude.

Mr. McFARLANE. These charts show that our country is far behind several of the other major powers as to its position in the air. We find as a comparative basis that the speed of our aircraft or warplanes is from 20 to 30 percent less than that of other countries. That is a very serious situation. What does it mean to us? It means that our air forces cannot fight when they like, where they like, or how they like. Our leading warplanes are most deficient in elasticity of performance. They cannot even reach similar foreign planes to do battle with them. Comparatively speaking, these charts show we do not actually make or possess any warplanes.

OUR NAVAL COMMITTEE INVESTIGATION

As you know, our Committee on Naval Affairs has just recently concluded hearings on aircraft purchases for the Navy. It may be interesting for you to know that we have not had before our committee, in examining the different aircraft manufacturers, any but very few of what some might believe are independent aircraft concerns. How can we accurately arrive at the facts in the case when we hear very largely only one side of the question? I am sure we all will be greatly interested in the facts that will be brought out by the Military Affairs Committee of the House, which is now starting its labor, delving into the aircraft purchases for the Army under a resolution unanimously adopted by the House in which investigators will be employed and an appropriation of $10,000 made to make a thorough investigation.

THE AIR TRUST

Both the House Naval and Military Affairs Committees have been studying this question for more than the past month. After considerable effort I have today received the chart I hold in my hand. I believe it is the first time a chart of this kind has been compiled. It shows the interlocking connection of the aircraft trust in the United States and how it functions.

Mr. Chairman, I ask unanimous consent to insert this chart in the RECORD in connection with my remarks that the Members may have an opportunity to study it.

Mr. MARTIN of Massachusetts. Mr. Chairman, reserving the right to object, does the gentleman mean to insert the entire chart?

Mr. McFARLANE. Yes. I have examined the RECORD, I may say to the gentleman from Massachusetts, and find it has been done frequently in the past. This chart can easily be inserted on one page; and it will give accurately information I think each Member should have. I trust the gentleman from Massachusetts will not insist upon his objection.

Mr. MARTIN of Massachusetts. Will not the gentleman withhold his request until the ranking minority member of the Committee on Appropriations returns to the Chamber? This will not be long. For the time being I object.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. O'CONNOR. It is not an unusual request. We have had charts printed in the RECORD.

Mr. MARTIN of Massachusetts. I never saw one printed.

Mr. O'CONNOR. We have seen charts printed in the RECORD where they had to be spread out the long way of the page. We have had a number of charts printed in the RECORD. There is no question about it.

Mr. MARTIN of Massachusetts. Mr. Chairman, I withdraw my objection.

Mr. O'CONNOR. The gentleman was thinking of the cartoons that the gentleman from New York wanted to put in.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to include in his remarks purely statistical matter arranged in columns.

Mr. McFARLANE. That is right, this chart showing the interlocking directorate of the Air Trust.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McFARLANE. Mr. Chairman, this chart shows the intimate connection between the different aircraft companies now doing business with the Government. It shows that all, or practically all, the aircraft concerns of any consequence in the country head up through four holding corporations. The chart shows their connection and their interdependence upon these four holding companies.

NO COMPETITIVE BIDDING IN AIRCRAFT PURCHASES

What does this mean when our Government goes into the field to purchase aircraft for the different departments? It means that we are confronted with the Air Trust which sets the price all governmental agencies must pay for their aircraft equipment. The hearings before the Committee on Naval Affairs have shown clearly that there is not any serious competition in bidding for the sale of aircraft equipment to the Navy.

Most of the Members are familiar with the purchases of aircraft made by the different departments. After the experimental-design period has passed, then comes the question of production contracts. The hearings disclose that there has been very little, if any, competition in the procurement of aircraft for the Government departments. The aircraft are purchased by what is known as "negotiated" or "proprietary contracts"; the company that gets the experimental contract in practically every instance secures the production contract.

On February 2 Admiral King testified before our Subcommittee on Naval Affairs investigating aircraft purchases for the Navy, as follows:

Mr. DELANEY. You will take up the engines later?

Admiral KING. Yes, sir. There are only two engine companies in this country which produce engines of the size and power which are required for military aircraft. One is the Wright Aeronautical Co., of Paterson, N.J., and the other is the Pratt & Whitney Aircraft Co., of Hartford, Conn.

Mr. DELANEY. These are the two companies whose books you have audited in connection with their contracts with the Government for engines?

Admiral KING. Yes, sir.

Mr. DELANEY. Those are the Wright Aeronautical Co. and the Pratt & Whitney Co.?

Admiral KING. Yes. Those are the only two companies in this country which produce engines of the size and power to meet the requirements of military aircraft * * *.

As to the Pratt & Whitney Co., engines and spare parts completed during 1927 to 1933, total sales, $21,299,867; cost to the company, $15,563,067; profit to the company, $5,736,000; or a profit of 36 percent. That is a summary of it.

Mr. DELANEY. Then the difference in profit between the Wright Aeronautical Co. and the Pratt & Whitney Co. would be a difference of 31 percent; Pratt & Whitney making 36 percent and Wright Aeronautical Co. 5 percent.

Admiral KING. That is one way of looking at it, yes; Mr. Chairman.

On February 27 Admiral King gave additional testimony as follows:

We have provided first-class aircraft representing the most advanced state of performance available at the time of purchase. Aircraft which we feel are not inferior for our mission to those of any foreign power * * *.

I come now as to what is the crux of this hearing, viz, why do we not have competition? The answer to this is that we do have competition and extremely keen competition it is * * *.

The only engines that they make that is comparable in size and power are the Hornet and Cyclone series. When you come to the intermediate powers, only Pratt and Whitney make the Wasp engine. The Wright Aeronautical people have never brought out an engine of that size and power. Also, the Wright Aeronautical people bring out a whirlwind series which is about 200 or 300 horsepower, and Pratt and Whitney have no competition for that. So that you have the low-horsepower Wright Aeronautical, intermediate Pratt and Whitney, and in the high power they are comparable, and you find that the power is about the same and the prices are about the same. * * *

In the printed hearings before the Subcommittee of the House Committee on Appropriations for this bill Generals Pratt and Foulois testified as follows:

Page 489, lines 5 to 19, inclusive:

Mr. COLLINS. Now, as a matter of truth, the specifications were written down as to cruising radius, as to speeds, and as to ceiling?

General PRATT. Yes, sir; that is, the specifications simply said in words that no plane would be considered at all that did not meet those minimum requirements. There is nothing in the proposal to show that a plane that meets those requirements has to be bought.

Mr. COLLINS. I understand that in one instance the cruising radius was reduced from 500 miles to 375 miles; is that so?

General PRATT. I would have to check the exact figures. But I might clear that point, Mr. COLLINS. Those minimum specifications were inserted by me and my officers. They were not seen by the Assistant Secretary of War, and they were not seen by the Chief of Air Corps. I received instructions that the lawyers felt that minimum performance must go in there or else there would be no competition. There was a legal point involved, and they were inserted by me. * * *

Page 490, lines 20 to 40, inclusive:

Mr. COLLINS. General Foulois, you were allotted certain moneys by the Public Works Administration for the procurement of bombing, pursuit, and attack planes, were you not?

General FOULOIS. Yes, sir; $7,500,000.

Mr. COLLINS. Now, in the procurement of the three types of planes you wanted to get, of course, you wanted planes of each type having the largest proven accomplishments, did you not?

General FOULOIS. Yes, sir.

Mr. COLLINS. And, therefore, you specified types that you had every reason to believe would have a cruising radius of a certain amount, a ceiling of a certain amount, a speed of a certain amount, and other accomplishments; is that so?

General FOULOIS. In general, that is correct; yes, sir.

Mr. COLLINS. But before bids were invited on these three types of planes, with those particular accomplishments as the minimum, a change was made, was there not?

General FOULOIS. Yes, sir.

Mr. COLLINS. Who made that change?

General FOULOIS. The change was made by the Assistant Secretary of War.

These statements speak for themselves.

REMARKS IN INTERVIEW MISCONSTRUED

On Saturday I gave an interview, and my remarks in regard to the interview have been somewhat misconstrued. I was quoted as saying at that time that certain officials had even lied to cover up the deplorable conditions of our air forces.

My remarks have been misconstrued, for what I really meant was that because of the sudden way in which our investigation was brought to a close we were unable to bring out the true facts regarding the way the Navy has actually been procuring its planes and engines. I am confident that, if given the opportunity, our committee could and would have been able to show the existence of an air trust and that it completely dominates the purchase of aircraft equipment by the Government in the different departments. Every effort has been made to stop these hearings as soon as possible, although they were being conducted very cheaply and without any salaries being paid investigators or others in the conduct of the hearings.

Mr. Chairman, I ask unanimous consent to revise and extend my own remarks and to insert in the RECORD statements I have taken from the recorded testimony of Admiral King, General Foulois, and General Pratt.

Mr. MARTIN of Massachusetts. Mr. Chairman, reserving the right to object, are these statements taken from the printed hearings?

Mr. McFARLANE. They are taken from the printed hearings; yes.

Mr. MARTIN of Massachusetts. Mr. Chairman, to that I object.

As a matter of fact, I believe objection should have been made to the gentleman's request to insert the chart. At the time I withdrew my request I had not seen the chart.

The CHAIRMAN. The Chair understands, with reference to the chart, the gentleman from Texas desired to insert

in the RECORD a compilation of statistics which could be set out in parallel columns; that it is not a chart showing curves or things of that character.

Mr. BRITTEN. Mr. Chairman, I think the Chair is in error in the Chair's impression of what the chart is. It is a graph.

Mr. MARTIN of Massachusetts. For such a chart to be inserted in the RECORD permission must be obtained from the Committee on Printing.

Mr. McFARLANE. If the gentleman from Massachusetts thinks the circles showing the interlocking of the directorates should not be included, they can be left out and the balance of the information shown in parallel columns.

Mr. MARTIN of Massachusetts. All I am trying to do is to protect the rules of the House. The rules state that such a request must go before the Committee on Printing.

Mr. McFARLANE. I shall be glad to take it up with the Committee on Printing.

The CHAIRMAN. The usual procedure is as indicated by the gentleman from Massachusetts if it is not a compilation of statistics which may be shown in parallel columns. If the matter sought to be inserted is a diagram the permission must come from the Committee on Printing.

Mr. McFARLANE. I am perfectly willing to take it up with the Committee on Printing. If it is a violation of the rules, I shall withdraw my request.

The CHAIRMAN. In view of the statements that have been made as to the nature of the chart, the Chair thinks it would be better for the gentleman to submit his request in the House, for the Committee, of course, has no jurisdiction over the Committee on Printing.

The gentleman from Texas asks unanimous consent to revise and extend his own remarks. Is there objection?

There was no objection.

Mr. McFARLANE. Mr. Chairman, I find that the present world position of the United States air forces is as follows:

First. Not higher up than third of the nations in merely the number of warplanes. Three other nations, namely, Italy, Soviet Russia, and Japan, are so close to the United States in this connection that it would be easy for some authorities to place this country sixth of the nations.

Second. Not higher up than sixth of the nations in the number of factories manufacturing warplanes or high-powered airplane engines. In fact, the United States can easily be classed as eighth of the nations in this respect as I show in detail hereinafter.

Third. Definitely the most backward of all the nations manufacturing warplane engines and warplanes in the design of them in service and projected.

Fourth. Its leading warplanes are most deficient in elasticity of performance.

Fifth. Its leading warplanes cannot even reach similar foreign planes to do battle with them.

Sixth. Comparatively, it does not actually make or possess any warplanes.

Seventh. The whole of its air forces could probably be grounded and rendered useless or destroyed by the tiny Belgian air force, given the same type of warplane pilots as the principal combatant nations had in the World War.

Eighth. The whole of its air forces could be grounded and rendered useless or destroyed by 30 percent of the British Royal Air Force, or 40 percent of the French air force, or 50 percent of each of the Italian, Japanese, or Soviet Russian air forces.

Ninth. It will take at least 2 years to catch up with the outside world in design, production, and availability of warplane engines and warplanes if it begins to produce the leading types of these devices under license from the original foreign manufacturers; and at least 3 to 4 years if it proceeds without such foreign licenses, and if the foreign nations concerned stop progress meanwhile.

Tenth. The United States has as much to defend in the sense of actual wealth as the British Empire.

The United States air forces decidedly cannot fight when they like, where they like, or how they like.

The preceding would seem to be emphasized by recent experiences with air-mail transport.

The warplane engine factories of the world, exclusive of diesel engines, are as follows:

Position	Country	Number of factories	Names of factories
1	France	7	Delage, Farman, Gnome-Rhone, Hispano-Suiza, Lorraine, Potey, and Renault.
2	Japan	8	Aitcha (Lorraine under French license and own air-cooled radial engines), Kawanisi (Rolls-Royce under British license), Kawasaki (B.M.W. under German license), Mitsubiski (Armstrong-Siddeley under British license and Hispano-Suiza under French license and Junkers under German license), Nakajima (Lorraine under French license and Bristol "Jupiter" under British license).
3	Great Britain	4	Armstrong-Siddeley, Bristol, Napier and Rolls-Royce.
4	Germany	4	B.M.W., Junkers, Mercedes-Benz and Siemens Halske.
5	Soviet Russia	4	Amstro (B.M.W. under German license and Hispano-Suiza under French license), Ikar (Bristol "Jupiter" under British license and own water-cooled types), Motor (B.M.W. under German license and Gnome-Rhone under French license), "9 Zawod", translated means "Ninth Factory" (B.M.W. under German license). A series of "M" air-cooled radial engines is also being manufactured in Soviet Russia. Besides the preceding, the British-made Napier "Lion" engines; the French-made Lorraine engines; and the German made Junkers engines are used. The said factories can produce at least 80 warplane-engines per week at present on a peace footing.
6	Italy	3	Alfa-Romeo, Fiat, and Isotta-Fraschini.
7	Czechoslovakia	3	Avia, Praga, and Walters.
8	United States	2	Pratt & Whitney and Wright Aeronautical Corporation, both making only moderately high-powered airplane engines. These factories make principally air-cooled radial engines, the United States being strongly biased in favor of such engines. However, the Wright Corporation also makes the only type of moderately high-powered, liquid-cooled airplane engine in the United States. The United States makes no warplane engines according to the understanding of such an engine abroad. By comparison it resembles a person of athletic appearance but with a weak heart. Thus, the position of the United States is a good eighth with regard to warplane-engine factories; in fact, even this places it too far forward. Besides this, it is to be seen that this country has practically all its eggs in one basket, even for production of moderately high-powered airplane engines. The warplane engine has long passed its horse-and-buggy stage of the World War. It is not now possible for the United States to repeat its feat with the "Liberty 12 installation" in that war, in connection with the modern warplane engine. The grave difficulties experienced by the Curtiss Aeroplane & Motor Co., Inc., of Buffalo, N.Y., and all other aviation factories in the United States, with warplane production during the World War should not have been consigned to oblivion. In consequence, they will now be much greater. It is only possible now to use efficient commercial-type airplanes as very poor auxiliaries in war. In fact, they are basically, so far as possible, removed from modern war service. The lore acquired by their pilots and crews has to be jettisoned and replaced by real warplane experience before such pilots and crews can be usefully employed in war—qualified to face the deadly air attacks of only seconds in duration. Finally, the United States air forces are hybrid to such an extent, owing to civilian engineering and operational influence, that it is doubtful that they can perform either war service or civil transportation satisfactorily.

The aforesaid foreign warplane-engine factories are large factories with more war experience than any corresponding factory in the United States. Many of these foreign factories are world famous for the best of reasons—excellence of products in war and in peace. All of these factories are in the position to swing into maximum production at the peak of possible improvement of their products on the outbreak of war. This cannot be said of any United States aviation-engine factory.

The Mitsubishi Aircraft Co., Ltd., of Nagoya, Japan, is an example of the size of the said foreign factories. In 1931 it

covered 59 acres and had 2,500 employees. Now it covers about 70 acres and has over 4,000 employees. It is a branch of the great Japanese armament, engineering, and shipbuilding firm of Mitsubishi, Busan & Kaisha, and was originally sponsored by the giant British armament firm of Vickers, Ltd., to which no United States manufacturer can ever approach for war experience throughout the world.

The superiority for airplane and warplane performance of the high-powered, water-cooled engine over the corresponding air-cooled radial engine, which is recognized abroad, is demonstrated by the following table of frontal areas:

Engine type	Approximate frontal area engine (square feet)	Approximate frontal area radiator (square feet)	Make of engine
6 cylinder in-line	3	1½-2	German, Junkers Juno-4.
12 cylinder "V"	4	1½-2	British, Rolls-Royce; French, Hispano-Suiza; etc.
14 cylinder radial (44-inch diameter).	10		American, Pratt & Whitney (Twin Wasp Jr.).
14 cylinder radial (48-inch diameter).	12		American, Pratt & Whitney (Twin Wasp).
9 cylinder radial (56-inch diameter).	16		American, Pratt & Whitney (Hornet T.I.C.).

The water-cooled engines are much easier to stream line, and have the additional advantage of affording much better visibility for the pilot-gunner in the fighter types of warplanes—a matter of greatest importance. The Townsend ring and N.A.C.A. cowling have helped to reduce the frontal resistance of air-cooled engines slightly, enabling increase of the speed of the plane by a few miles per hour. The disadvantages of increased weight of cooling equipment are more than offset by the greatly reduced frontal area and lighter and better stream-lining possibilities of the water-cooled engine.

The weights per rated horsepower of water-cooled engines usually include only the air-screw hub, magnetos, carburetors, supercharger, and gearing, if any. The weight of the radiator, cooling water, piping, and so forth, is equal to about 0.4 to 0.5 pound per rated horsepower.

My investigations have disclosed to me the shackled state of the aviation industry of the United States.

The structure of that portion of the aviation industry of the United States which is producing warplane engines and warplanes is assembled as follows:

(a) The United Aircraft & Transport Corporation, New York, N.Y., which comprises the following:

First. Boeing Airplane Co., Seattle, Wash., airplanes and warplanes.

Second. Stearman Aircraft Co., Wichita, Kans., airplanes.

Third. Sikorsky Aircraft Corporation, Bridgeport, Conn., airplanes and warplanes.

Fourth. Chance-Vought Corporation, East Hartford, Conn., warplanes.

Fifth. Pratt & Whitney Aircraft Co., East Hartford, Conn., P. & W. Wasp and Hornet air-cooled radial airplane and warplane engines.

Sixth. Hamilton Propeller Co., East Hartford, Conn., airplane and warplane propellers.

Seventh. Boeing School of Aeronautics, Oakland, Calif., flying service.

Eighth. United Aircraft Exports, Inc., New York, N.Y.

Ninth. Boeing Aircraft of Canada, Ltd., Vancouver, British Columbia.

This group of firms, probably the largest Aircraft Trust in the United States, is not free to make its own decisions on aviation matters. Possibly its technical and other material becomes speedily known to foreign countries. It is controlled by the National City Co. and the National City Bank of New York and by the Morgan international financial interests.

(b) The Goodyear-Zeppelin Corporation, Akron, Ohio. This corporation is the manufacturer of the rigid United States airship *Akron, ZRS–4*—destroyed by a storm in April 1933—and the new rigid United States airship *Macon, ZRS–5*, of United States Naval Aviation, the new nonrigid coastal patrol, 65 miles per hour, United States airship *TC–13*, of the United States Army Air Corps, and other slower and smaller nonrigid airships. It owns the Zeppelin rights for the United States and controls airship work previously undertaken by the Goodyear Tire & Rubber Co. Probably all its technical and other material soon becomes known to Germany and other foreign countries. The National City Co. and the National City Bank of New York and the Morgan international financial interests are concerned with the Goodyear-Zeppelin Corporation.

Its activities have led the United States taxpayer into a useless expenditure on gas-filled airships during the years 1930–33 of at least $20,000,000, which has largely benefited the Mellon controlled Aluminum Co. of America.

This unnecessary expenditure of time, energy, and money is still being caused to mount rapidly. What is even more serious, it detracts not less than to an equal extent from the development of airplanes and warplanes and their engines. It is altogether the wrong way for the United States to recognize foreign or aviation ability.

(c) The Curtiss-Wright Corporation, New York, N.Y., which comprises the following:

First. Curtiss Aeroplane & Motor Co., Buffalo, N.Y., airplanes and warplanes.

Second. Keystone Aircraft Corporation, Bristol, Pa., airplanes and warplanes.

Third. Curtiss-Wright Airplane Co., St. Louis, Mo., airplanes.

Fourth. Wright Aeronautical Corporation, Paterson, N.J., Curtiss D–12 (450/500 rated horsepower, water-cooled), and "Conqueror", "Prestone"-cooled, airplane and warplane engines, and Wright "Cyclone" and "Whirlwind" air-cooled radial airplane and warplane engines.

Fifth. Curtiss-Wright Flying Service, flying service.

Sixth. Curtiss-Wright Export Corporation, New York, N.Y.

Seventh. Canadian Wright, Ltd., Montreal, Canada.

This group of firms constitutes another aircraft trust in the United States, and it is about the size of the United Aircraft & Transport Corporation already referred to. The Curtiss-Wright Corporation is likewise not free to make its own decisions on aviation matters. Possibly, all its technical and other material also becomes quickly known to foreign countries. In the background, the Chase National Bank and the Rockefeller financial interests are concerned with the Curtiss-Wright Corporation. The Bank of the Manhattan Co., the City Bank Farmers Trust Co., the Central Hanover Bank & Trust Co., and the Marine Bank of Buffalo, N.Y., appear more prominently as this corporation's bankers.

The Curtiss-Wright Corporation and the United Aircraft & Transport Corporation between them control the aviation industry of the United States. Their pattern is the same, and they present a united front to any third party, including the Government of the United States. They monopolize the manufacture of airplane and warplane engines in this country. It is the case with both of them, that the last word, on whether or not they shall adopt any aviation improvement or invention, lies not with their technical executives, but with their outside, unqualified financier masters. These groups maintain a pool of patents that discourages the offer and adoption of any aviation improvement or invention from without, and deprives their own personnel of real incentive to make any such improvement or invention. Neither of the groups has been responsible for the introduction or adoption of any actual improvement in aircraft or aircraft engines.

They have been—and are being—caused by the purely financial powers behind them, to adhere to the false manufacturing policy in a competitive market of maximum reproduction with minimum improvement. Although the trust builders and stock manipulators of these combines have prevented competition in the design and production of aircraft and aircraft engines in the United States, they have been, naturally, unable even to slow down that of foreign

countries, and so, as the appended charts show, their progress has made United States air defense a negligible factor in the world today.

The only momentous development in aircraft production which any of these financial interests has supported is the already referred to extremely costly and unnecessary one of the gas-filled airships which can be made to call for much greater lump sums of money from the United States Treasury, be more spectacular than any other form of aircraft production as yet, and benefit the Aluminum Co. of America. No foreign nation would tolerate in the path of the development of its air defense any such double-faceted single block of private interests as the United Aircraft & Transport Corporation and the Curtiss-Wright Corporation, nor any such conflicting appendage of the financial systems behind either or both of them as the Goodyear-Zeppelin Corporation.

(d) North American Aviation, Inc., New York, N.Y., which comprises the following:

First. Berliner-Joyce Aircraft Corporation, Baltimore, Md., warplanes.

Second. Douglas Aircraft Co., Inc., Santa Monica, Calif., airplanes and warplanes.

Third. Sperry Gyroscope Co., Inc., Brooklyn, N.Y.

Fourth. Ford Instrument Co., Long Island City, N.Y.

Fifth. Transcontinental & Western Air, Inc., New York, N.Y.

Sixth. Eastern Air Transport, Inc., Brooklyn, N.Y.

This smaller aircraft combine is, perforce, subject to the United Aircraft and Transport Corporation and the Curtiss-Wright Corporation because of its dependence upon them for airplane and warplane engines, their ascendancy in the aviation industry of the United States, the market they provide, the great financial powers behind them, and interlocking interests in general.

(e) The leading allegedly individual firms engaged in warplane production in the United States are the following:

First. Bellanca Aircraft Corporation, New Castle, Del.

Second. Consolidated Aircraft Corporation, Buffalo, N.Y.

Third. Glenn L. Martin Co., Baltimore, Md.

Fourth. Great Lakes Aircraft Corporation, Cleveland, Ohio.

Fifth. Grumman Aircraft Engineering Corporation, Valley Stream, Long Island, N.Y.

Sixth. Hall-Aluminum Aircraft Co., Buffalo, N.Y., affiliate of the said Aluminum Co. of America, New York, N.Y., the Mellon-controlled Aluminum Trust.

I understand that now some of these firms even have been absorbed by the aforesaid North American Aviation Corporation.

These six concerns together merely approximate the size of only the Curtiss-Wright Corporation. They are more or less independent as regards each other and North American Aviation, Inc., but they are, perforce, subject to the United Aircraft & Transport Corporation and the Curtiss-Wright Corporation for the same reasons that North American Aviation, Inc., works hand in hand with these two ascendant combines.

Thus at least all the worth-while limbs of the aviation industry of the United States engaged in producing warplane engines and warplanes are shackled as heavily as possible by the limitations of the private and wholly financial interests of the Wall and Pine Streets area of New York. No foreign country manufacturing warplane engines and warplanes permits any similar restriction of its aviation industry.

These interests have dictated and persisted in the false manufacturing policy of maximum reproduction with minimum improvement in the highly specialized and competitive field of warplane engines and warplanes.

Although this policy is the line of least resistance for purely financial interests to follow, it is treacherously harmful to industry in general and to the manufacture of devices for war in particular. The extent to which it has been caused to prevail in the United States has made this country paramount in reproductive means for obsolete or obsolescent finished products and the least protected against internal price cutting and unemployment. It has been largely responsible for the United States lacking competent air defense.

The private banking and similar financial interests of the United States are the arch priests of this untruthful doctrine, and not this country's comparatively few, efficient, and quite independent manufacturers, such as Mr. Henry Ford. The historical Ford automobile, model T, which received throughout the world more nicknames—including "Tin Lizzie" and "Spider Car"—than anything else has ever done, is not an example of maximum reproduction with minimum improvement in a competitive market, even though some 15,000,000 of these automobiles were made and sold without appreciable change for many years up to 1928. It was uniquely constituted for the road surfaces of its heyday, and so it cost less all around to own and operate than any other automobile. It could be made to get anywhere with the least amount of trouble.

During the World War the British Royal Army Service Corps, operating against the Germans in the wilds of Africa, kept official records of the mileage that various types of automobiles could be relied upon to make without having to be abandoned. These records proved that the Ford model T made by far the greatest mileage per car and that it was the only type of automobile to give satisfactory service in these African campaigns. Improvement of road surfaces and not any advance made by the automobile industry in general has been the principal reason for the Ford model T being superseded in 1929 by the Ford model A, and this type being followed by the Ford model V–8 in 1932, and so on.

While road surfaces guided Mr. Henry Ford, the automobile industry generally was guided by mechanical detail. This caused him to lead in the prevention, rather than the cure of automobile failures, somewhat like the sanitary engineers who, through attention to first considerations, have been more responsible by prevention of disease, than the doctors have been by cures of the sick for the improvement in the general health of civilized communities. It was principally responsible for Mr. Ford's phenomenal success as an automobile manufacturer. He satisfied the chief demand in connection with automobiles, and stubbornly kept on doing so. Those responsible for United States air defense have not yet embarked upon this policy in connection with it, as this country has no real air defense.

The fostering of maximum reproduction with minimum improvement naturally entailed the shutting out from production in the United States for this country's air forces of foreign warplane engines and warplanes under license from their original manufacturers abroad.

WEAKNESS OF THE UNITED STATES WARPLANE ENGINE PROGRESS LIES IN INSUFFICIENT DEVELOPMENT OF AVIATION ENGINE SUPERCHARGERS

Superchargers are used on a rapidly growing number of aviation engines today to increase or boost the power of the latter at high altitudes, particularly for warplanes, and to maintain an increased, constant power output from sea level to the maximum boost altitude.

A supercharger forces a super, or additional charge, of fuel into an aviation engine, and thereby boosts or increases its power. Without a supercharger the power of an aviation engine falls off rapidly as an airplane or airship climbs, but with a supercharger not only is the sea-level power output of an aviation engine greatly increased but this increased power is maintained up to the supercharger altitude, which varies for the most part between 12,000 feet and 20,000 feet at present.

Since a full supercharger maintains for an airplane a much faster rate of climb and speed at high altitude, it is recognized as indispensable for warplanes. But a supercharger is also useful in a moderate form for other types of planes for economical service—some of these planes may be for war purposes also.

There are two principal methods of supercharging used, but the results obtained are the same. Mechanically these two types of superchargers are somewhat similar, the rotating element consisting of an impeller or fan which is driven at high speed through gearing from the engine crank-

shaft. A flexible friction drive is provided to protect the gearing against damage upon sudden acceleration or acceleration of the engine due to the inertia of the impeller. The gear ratio varies from 1:6 in moderate superchargers to 1:10 in full superchargers, the normal speed of the impeller being from 12,000 revolutions per minute to 32,000 revolutions per minute for different types of aviation engines. Maximum impeller speeds often exceed 25,000 revolutions per minute.

In the United States and Great Britain the accepted practice is to connect the supercharger on the output end of the carburetor so that it sucks the mixture from the carburetor and forces it into the engine. This system is used on the American Curtiss "Conqueror", the British Rolls-Royce "Kestrel" and "Buzzard", and the various radial air-cooled engines. The French Lorraine "Petrel", one of the lightest aviation engines in the world for its power—500 horsepower at 14,850 feet, 1.09 pounds per horsepower—uses a two-speed supercharger of this type.

Most of the French aviation engines, however, are fitted with a supercharger connected to the input end of the carburetor, which blows air through the carburetor into the engine. The new Delage inverted engine has two positive Roots-type blowers which operate on this principle, and which maintain the sea-level power output of the engine up to 16,500 feet. The French Hispano-Suiza engines have blower-type superchargers with automatic air-pressure regulators. The French Farman inverted engine has a two-speed Farman supercharger of this type controlled by the pilot, which functions up to 6,000 feet and 18,000 feet altitudes.

A moderate supercharger gives increased power to the engine for taking-off, and maintains power to 2,000 or 3,000 feet altitude. A full supercharger maintains the sea-level rated power of the engine up to at least 12,000 feet altitude—the United States maximum. In Europe and Japan supercharge altitudes for warplanes (with correspondingly increased engine powers) are very much higher, going up to 18,000 feet and 25,000 feet. Thus, European and Japanese warplanes can maintain engine output and corresponding performance from sea level to 25,000 feet, which is vastly superior to the capabilities of United States warplanes. This deficiency is a principal fault in the United States warplanes, and makes the whole of the United States air forces of the present time practically useless. It should be remedied in all new warplanes contracted for by the United States; otherwise all the additional expenditures involved by these new warplanes will be wasteful. As such remedy entails redesign and reconstruction of the United States warplane engines, it will take at least 3 to 4 years to carry out if the manufacture in the United States of foreign warplane engines is still excluded; otherwise it will take at least 2 years to accomplish. This means that immediate wholesale manufacture in the United States of new warplanes without imported foreign engines for them will be largely extravagant.

As regards boost control. It is essential to provide against serious damage to a fully supercharged aviation engine which would result from the unrestricted use of full throttle and supercharger at low altitudes. An automatic boost control or gate control is used to prevent such full-throttle opening, and is controlled by atmospheric pressure or other means. It automatically opens the throttle sufficiently when climbing to keep the engine operating at normal boost power up to its maximum boost altitude. Above this altitude, of course, the power of the engine decreases up to the ceiling of the plane.

In an emergency, at low altitudes, such as an "over-shot" landing in a small field or on an airplane carrier, the momentary use of the full sea-level supercharged power of the engine should be provided for to gain flying speed and altitude which will frequently save a serious crash.

The full sea-level supercharged power of the 600-horsepower British Rolls-Royce Kestrel II S warplane engine is equivalent to 1,200 horsepower, that of the 500-horsepower French Hispano-Suiza 12 Xbrs warplane engine is equivalent to 1,110 horsepower, and of the larger 600-horsepower French Hispano-Suiza 12 Ybrs is equivalent to 1,490 horsepower.

The Rolls-Royce Kestrel II S supercharged warplane engine has an automatic gate control which normally functions up to the maximum boost altitude, but it also has an emergency feature—a pilot can go through the gate, as with the gear shift of an automobile, for a few moments to have the use of the enormous full sea-level supercharged power of the engine, a most excellent form of life insurance in battle.

In conclusion, it is to be readily seen from this question of supercharging aviation engines that commercial planes are unsatisfactory for war purposes and that warplane pilots have to be specially trained.

The aforesaid very backward position of the United States air forces is principally due to the bankers' control of the American aviation industry, which has naturally fostered maximum production with minimum improvement instead of moderate production with maximum improvement. In case of war at the present time the United States has only quantity production facilities for obsolete or obsolescent warplane engines and warplanes instead of being able to swing into quantity production of such devices at their maximum point of improvement.

The foregoing deals with the question of supercharging aviation engines in the simplest terms. It does not go into such matters as the three-stage supercharger of the French Farman 8V.I. aviation engine for an ultimate ceiling of 80,000 feet, nor with the use of oxygen and similar subjects.

Warplane-engine development in the United States has been additionally interfered with by Prestone cooling, a form of liquid cooling of aviation engines.

This mixture, as used for the American Curtiss "Conqueror" SV-1570-type aviation engine, is ethylene-glycol, with about 5 percent water added to prevent freezing.

Advantages:

First. Saves weight, about 0.2 pound per horsepower, or 120 pounds for 600 horsepower. This, however, amounts to a saving of only 44 pounds on the weight of the corresponding French Hispano-Suiza 12 Xbrs., which develops much more power, i.e., 710 horsepower at an altitude of 13,200 feet.

Second. Saves area of radiator by 35 percent, but the tunnel radiator practically wipes this out.

Disadvantages:

Besides obstructing full supercharging of the engine, these are as follows:

First. Engine must be run at a higher temperature (250° to 180° F.).

Second. Power of engine is limited by higher temperature.

Third. Life of engine is shortened by higher temperature.

Fourth. Life of lubricating oil is shortened by higher temperature.

Fifth. Difficult to cool the pistons properly.

Sixth. Difficult to lubricate engine; oil flow must be increased.

Seventh. Engine clearances must be greater; more wear, more noise.

Eighth. Strength of aluminum alloys may be affected.

Ninth. Coolant has more tendency to leak, requiring special gaskets to withstand the composition of coolant and higher temperature.

Tenth. Special rubber-hose joints in the cooling system are required to withstand the higher temperature.

Eleventh. The radiator must be made stronger, using special solder.

Twelfth. The engine cannot be cooled by water in an emergency.

The aforesaid explains the aversion to this cooling mixture for aviation engines abroad. It has interfered with the development of the liquid-cooled aviation engine in the United States for several years.

I have already submitted for the consideration of the committee four at-a-glance tables of the world's leading warplane engines and warplanes showing the actual position of the United States air forces in detail. The position re-

vealed by this survey reminds me forcibly of the advice "scrap the lot" of the late British admiral of the fleet and first sea lord, Lord Fisher, to the British Board of Admiralty in connection with unsatisfactory equipment and administration of the British Fleet at the time. Lord Fisher had the strength of character to carry out this policy, and did so.

It would seem to me that the United States Army Air Corps and Naval Aviation would be benefited greatly by being merged into a single United States air force under a department of aviation presided over by a secretary and two assistant secretaries for aviation. This department of aviation should be divided into an air staff, responsible for the air force, and a civil aviation branch, responsible for civil aviation. The air force should be directed by a chief of the air staff. All of the said officials should constitute together an aviation council, headed by the secretary for aviation, within the department of aviation. This department should be able to sue and be sued in the same way as a citizen of the United States may sue or be sued by a fellow citizen and therefore be subject to this strict control by law.

As an air force is a mechanized force operating three dimensionally, the pay of the pilots, flying observers, designers, engineers, and mechanics of the air force should be made to compare favorably with corresponding civil aviation pay. In addition, pilots, their observers, and the mechanics responsible for their machines should receive a cash bonus for each hour of actual flying without accident, but with a suitable cash penalty applying only to such bonus in the case of any accident due to them.

The present practice of inviting competitive manufacturing bids and proprietary aviation devices be abandoned, and replaced by the grant of contracts on solely a net cost (including labor) plus a suitable percentage.

A mobile aircraft inspection section should be formed in such a way that intimacy with contractors is reduced to minimum.

The present policy of buying in quantity airplanes for war purposes, and their engines, be discontinued.

The present policy of maximum reproduction with minimum improvement of warplanes and their engines be dropped as beneficial only to commercial bankers and the like.

All gas-filled airships and amphibian planes for war purposes be jettisoned as of no war value and a sheer waste of the taxpayers' money.

The United States might well acquire the license to manufacture at home certain foreign types of warplane engines and warplanes. Payment for such licenses to be an offset in kind against debt payments owed to the United States by the foreign countries concerned.

The type percentages of warplanes in the present United States Army and Navy Air Force is unsatisfactory as shown by the following:

Warplane:	*Percent of total*
1. Fighters	28.89
2. Observation planes	48.89
3 Other types	22.22

It will be seen from this that the largest part of the equipment in planes of the United States air defense consists of observation planes, known as "joy riders" in England, and I believe called "air taxis" for officers in this country. The present allotment of planes to war vessels of the United States Battle Fleet is 4 observation planes per cruiser, and 3 observation planes per battleship, which provide excellent taxi facilities.

I respectfully suggest that the type percentages of warplanes be modified as follows:

Warplane:	*Percent of total*
1. Fighters	62.5
2. Observation planes	15.0
3. Other types	22.5

The allotment of planes to the battle fleet should be altered to 3 fighters and 1 observation plane per cruiser and 2 fighters and 1 observation plane per battleship. I have observed a demand to very greatly increase the number of planes of the Army and Navy Air Corps. If the planes be made really efficient, the number need not be so great. A total of about 2,000 to 2,500 planes should form a substantial air force.

As the United States has some very large and wealthy cities to protect, at least nine, special combat squadrons should be formed and stationed in these cities, these squadrons to be known as the "city defense squadrons." They should consist of one-place fighters, specially made with enclosed cockpit and designed capable of high-altitude, combat-patrol service, with a speed of not less than 240 miles per hour at 25,000 feet and war service ceiling of 40,000.

The practically universal use of aluminum alloys in the construction of war planes of the United States Air Forces should be either terminated altogether or very drastically curtailed. This usage of aluminum would appear to benefit only the aluminum interests in this country. The action of sea water—salt water—is not favorable to this material in navy planes; besides it is very prone to perishing; also it is merely a superstition that an airplane constructed of aluminum or duraluminum or similar aluminum alloys is necessarily lighter than one constructed of steel. In fact, the aluminum plane works out to be the heavier one because of the weakness of the material.

In foreign countries aluminum is being rapidly dropped as a structural element in war planes. Great Britain has now switched to stainless-steel structure for navy and other planes, and exhaustive tests of this material in completed warplanes have proved its great superiority over aluminum for lightness, strength, and in every other way. Great Britain already has indestructible stainless-steel seaplane floats and flying-boat hulls tested in actual collisions. Machines constructed of stainless steel require much less ground attention, and so effect a great all-around saving which offsets very favorably any increase of initial cost of production. In the United States are some factories capable of producing excellent stainless steel for warplanes, but they are not encouraged. Great Britain has always been suspicious of aluminum for the construction of airplanes.

I am aware of a statement made by Mr. Edward P. Warner, editor of Aviation, made in the committee hearings; because of several references made by him therein to the aforesaid "at-a-glance" tables, I inserted in my remarks March 6—I note that in the latter part of 1926 he was responsible for an order by the Navy Department to the Pratt-Whitney Co. of 200 radial air-cooled engines of nominal horsepower, each of 400 horsepower, at a price of $9,250 each. Before this order was obtained by the Pratt-Whitney Co. they had had practically no experience of aviation-engine manufacture. They had made only about three engines for which they had been paid $15,000 each by the Navy Department. This engine was named the "Wasp", and nothing in it was new or superior, or even equal, to other radial air-cooled engines existing at the time. Thus there was really no experimental work to be done. It was really a question of teaching the Pratt-Whitney Co. to make a very ordinary aviation engine, and at a time when they had practically no factory facilities for aviation engines. If in these circumstances the company was satisfied with $15,000 apiece for three engines, the price of $9,250 each for 200 engines was unconscionable high, and certainly included provision that the United States Government should pay in advance for the teaching of Pratt-Whitney Co. to make aviation engines and to equip them so that they would become an unnecessary competitor with a mediocre article of an older aviation-engine manufacturer in the United States—the Wright Co.

The circumstances make clear a situation in which a company promoter or stock speculator would be provided with a sort of manna from heaven, upon which he could transform very little capital into enormous profits.

I note that in a period of about a couple of years or so the Wasp engine price became reduced to less than $5,000 each, due principally to the fact that nothing was done to supply the Navy Department with a better engine for war purposes than was necessary for an ordinary commercial plane. In other words, the practice was to reproduce both for war purposes and commercial purposes exactly the same engine as

many times as possible so as to bring in as large a return as could be obtained for the capital invested.

Thus we find that the figures for warplane engines of the United States set out in my set of tables are fully confirmed. These figures show no special warplane-engine development for the United States.

At the time that the Pratt-Whitney Co. aviation-engine enterprise was so colossally boosted by the Navy Department there existed in Great Britain an aviation engine known as the "Bristol Jupiter", behind which there was a number of years of warplane-service experience and which was in all respects a superior engine to the said Pratt-Whitney Wasp. A responsible American firm had laid themselves out to manufacture this engine in the United States, but they were given practically no support to do so.

The Bristol Jupiter engine is manufactured under license in at least six countries outside of England. Incidentally, in 1932 that fine American naval flyer, Capt. Alford Williams, D.F.C., owned a Curtiss Hawk with a Bristol Jupiter engine. All Colonel Lindbergh's great flights have been made with Wright engines.

Mr. Warner says that the British Government paid about the same price as the United States Government for radial engines. This may be so, but the British engines maintained power up to 15,000 feet at the time, whereas the Pratt-Whitney Wasp dropped about 50 horsepower at 4,000 feet at this time.

In my considered opinion, the Pratt-Whitney should not have been given the said order for 200 engines. It would have served the Navy Department better to have placed an order at the time for only 50 engines, as would be the practice in the strictly supervised foreign countries.

Mr. Warner's qualifications for recommending or approving any warplane engine orders were well illustrated by his own description in the July 1932 issue of Aviation of the *Boeing XP–936* pursuit plane of the United States Army Air Corps that its general appearance suggests something over 220 miles per hour at low altitudes. Just how this shows efficiency in a pursuit ship is very obscure. And what speed would the general appearance suggest at the recognized war-service altitudes of 15,000 feet and 20,000 feet?

It would seem that he was then in sympathy with Maj. Louis K. Hibb's ridiculous theory that the United States air forces should operate by hedge hopping, published in the Field Artillery Journal in 1933; one reason prompting this being that then American warplanes would blend with the ground and so escape being attacked. No idea of attacking enemy planes here, merely running away from them.

Mr. Warner refers to the French Deliage G.V.I.S., 450-horsepower aviation engine as merely a racing-plane engine, and ignores the fact that this engine maintains that power up to the altitude of 16,500 feet, which is altogether too high an altitude for racing planes under usual circumstances. As the French air forces consist of many thousands of warplanes, it is quite possible that Mr. Warner has not noticed the Deliage engine amongst them to any great degree.

He also refers to the fact that there is more than one liquid used for cooling aviation engines. This is barely noticeable abroad, but in the United States, Prestone cooling is practiced. Although Wr. Warner thinks this system a great tribute to the country, I have shown hereinbefore the exact value of Prestone cooling for warplane engines. He has informed the committee that Mr. MacKenzie-Kennedy is the only person who classes planes by horsepower in my aforesaid tables. This confirms that he has little recollection of them. In the tables referred to, planes are not classed by horsepower, as will be seen from them. The only table that is classed by horsepower is the warplane engine table which, I think, is reasonable. By referring to his aviation magazine for April 1934 we find that Mr. Warner is now using a similar classification, but he refuses to vouch for their accuracy.

He refers to the British Hawker Super Fury fighter as not yet out of the development stage. It was last year a unit of the Royal Air Force. Mr. Warner's notions with regard to rapid climbing for planes seem to be confined to something to do with crossing the English Channel, but, as the great French war ace Guynemer always emphasized, it was exceedingly convenient to possess this facility in air combat. I refer the committee to the book Guynemer, Knight of the Air, published by Harvard University Press.

I believe that Mr. Warner skipped the fact that the Pratt-Whitney Wasp engines are in several models of more or less horsepower, and so he conveys an exaggerated impression of improvement. The United States Army and Navy programs of about 340 and about 225 planes for the 6 months ending December 1933 and 18 months ending December 1933, respectively, support the impression that the said Pratt-Whitney 400-horsepower model was being supplied quite recently.

It appears that Mr. Warner very materially champions the Pratt-Whitney concern, both by his statements and his silences. It seems, however, that Pratt-Whitney is merely an incubus on United States air defense. It only duplicates unnecessarily the Wright engine factory. Pratt-Whitney might with benefit to the country be made to manufacture a good foreign water-cooled engine under license obtained by the Nation, as aforesaid.

Aviation trade periodicals still have a limited circulation, and this enhances the value of a consistently big advertiser. Thus, members of the staff of such journals are not called upon abroad for information likely to operate against their advertisers.

In conclusion let me say that since the World War repeated investigations have been held and recommendations made for a unified air force. We are all familiar with the scandals growing out of the $1,051,000,000 spent for aircraft during the World War, and know that apart from the training planes and about 100 flaming coffins D.H.-4s were in service in France at the signing of the armistice. Now, 16 years later, according to the above statistical data, we find ourselves badly outclassed in the performance in practically all the different categories in all warplanes and warplane engines, and yet the records show we are spending more money than others and are receiving in return what several other nations would consider as obsolete equipment. It is easily seen that unless and until we enact legislation placing our entire air forces under one command and under one central purchasing agent, providing competitive bidding in the purchase of all aircraft, that we cannot expect to reach our proper place among other nations of the world in the performance of our warplanes and warplane engines. [Applause.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, may I discuss for a short period the reconsideration by the House of the independent offices appropriation bill, which is soon to come before us?

In the first place, a very careful study of the language of the amendment as it refers to World War veterans is exactly in line with the policy of the present administration in the treatment of service-connected and non-service-connected veterans, in my opinion. I do not understand that there is a great deal of difference between the Byrnes amendment and the Steiwer-McCarran amendment in that regard, the principal difference being that the presumptive cases are restored by the Byrnes amendment with a 25-percent cut pending reconsideration, whereas under the Steiwer-McCarran amendment they are restored with full compensation subject to being cut off if the Government can satisfy the burden of proof and show by clear and convincing evidence that their disability arose prior to or subsequent to their service. I feel that this is a very fair obligation for the Government to undertake. It still preserves the differentiation which this administration has attempted to make between so-called "service-connected" disabilities and "non-service-connected" disabilities.

We have necessarily done many an injustice by making that distinction. Without any personal reference, I know of many cases in which men have received disabilities which they are unable to connect with their service but which are

in fact so connected; and this administration has established the principle of compensation to service-connected disabled World War veterans and no compensation to veterans of that war who cannot prove a service connection for their disabilities.

In this particular amendment only those World War veterans rated as service connected before March 1933 are restored, and from this number are excepted, first, those who have joined the service after the 11th of November, the date of the actual closing of hostilities; second, those whose disabilities are the result of their own misconduct; third, those who are on the rolls by fraud, mistake, or misrepresentation; and, lastly, those in which the Government can prove by clear and unmistakable evidence that the disease, injury, or disability had its inception before the period of active military service or thereafter. As far as I am concerned, the Steiwer-McCarran amendment gives fair treatment to the service-connected disability cases, and I shall be glad to support it. I shall also be glad to support the next amendment, which deals with Spanish-American War veterans, but it needs some changes.

I realize, of course, just as all other Members of this Congress realize, that the Spanish-American War veterans, by reason of the lack of hospital, medical, and physical-examination records, are under an insuperable handicap. I realize also that by reason of the scattering of their comrades the necessity of obtaining affidavits becomes a real obligation. It is difficult and often impossible to locate them, and when they are found no memory can be accurate 35 years after the war. For this reason I have reached the conclusion, after considerable investigation of my own, that these veterans ought to be granted the benefit of any doubt. In other words, by putting an impossible task upon these service-connected veterans and thus excluding them all, we would be doing a greater injustice to men who have received their disability by reason of their service than we would be doing if we included them all. This is predicated upon the theory, however, that the disabilities from which they suffer are caused by their service. This administration has committed itself to the program of differentiating between service-connected and non-service-connected disability cases.

Mr. BOLTON. Will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Ohio.

Mr. BOLTON. Was it not stated in the case of the Spanish-American War veterans that the burden of proof rested upon the Government?

Mr. BAILEY. No; nowhere in this amendment is that stated.

Mr. BOLTON. I mean in the first regulation put out by the Chief Executive?

Mr. BAILEY. In regulation no. 12. The gentleman is correct. I am sorry to say that the Veterans' Bureau apparently never read the regulation, or, if they did, they never obeyed it. This is one of the reasons why, after a considerable investigation, I have come to the conclusion that these men must be restored in order that ample and simple justice may be done to the truly service-connected cases.

I have recently completed the review of the case of a Spanish-American War veteran who had an affidavit from a doctor that had treated him for 28 continuous years, and the doctor in his affidavit stated that during all of this time the veteran had suffered from his present disability and from the condition of the disability 28 years before it was apparent that prior to that time the disability had occurred. He had an affidavit from his regimental surgeon to the effect that while he could not make it definite because of the lapse of 35 years, his recollection was that this man had reported to him for treatment for this same disability a number of times during his service. He also had affidavits from two of his comrades to the effect that about 2 months after he joined the service he had been compelled to be excused from duty because of this disability and was not permitted to drill. He had his his own affidavit and the affidavit of his family; and yet, despite all that clear and convincing proof, the Veterans' Bureau had three times refused this man a service-connected rating.

Mr. SIROVICH. On what ground?

Mr. BAILEY. I have no idea. I do not know that they had any ground. Under regulation no. 12 of the President they had no ground at all for refusing this man this rating.

Mr. CHRISTIANSON. As I understand the gentleman, there is nothing in the Economy Act itself that would prevent the Veterans' Bureau from doing full justice?

Mr. BAILEY. No, sir; not with respect to Spanish War veterans. There is nothing in the Economy Act and nothing in the regulations of the President that would prevent this. It is only in the administration of the regulations by the Veterans' Bureau that it has been done.

Mr. CHRISTIANSON. The gentleman agrees that what we need is not new legislation but a more humane attitude upon the part of those who are charged with the responsibility of administering it?

Mr. BAILEY. Yes; and about the only way I know to get that humane attitude is to clean most of them out that have been put in there during the 12 years preceding this administration.

Mr. DONDERO. Can the gentleman tell the House the reason for the great difference in the percentage of cases allowed in some of the States as against the very small percentage of cases allowed in other States?

Mr. BAILEY. Is the gentleman dealing with World War veterans or with the Spanish-American War veterans?

Mr. DONDERO. World War veterans.

Mr. BAILEY. That is not a question that I had in mind discussing. My own experience with the two boards in the State of Texas is that they worked excellently; and if all the boards had aroused as little complaints as those boards, there would not be any justification for complaint. These boards had very capable men. One of the members of the Dallas board was the commander of the American Legion in Texas; two others were, and had been, vitally interested in the welfare of the veterans. They were personal acquaintances of mine; and from a personal examination of many of the cases rejected by them, I must say they did the right and the fair thing to the veterans and to the Government. I do not understand that any man can sit here and say that because a certain percentage was accepted and a certain percentage rejected, these boards are, because of that fact, to be condemned. The real question is what cases were rejected, and so far as I know, no Member of this Congress can answer that question.

If we do not believe they did their duty, we ought to investigate the boards and the rejected cases. Then we would know what we are talking about.

But to return to Spanish-American War veterans. As I say, I am perfectly willing, and I am anxious, to restore these Spanish-American War veterans to the rolls at 90 percent of their previous allowance on the theory that they are service connected. But if we are to assume that they are to be restored as service-connected disabilities, then I can see no possible justification for excepting World War veterans under circumstances such as to preclude service connection and including Spanish-American War veterans in the same such instances.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. BAILEY. If you adopt the Steiwer-McCarran amendment without change, you will restore to the rolls all of those men who were on there under the act of 1930. You will restore 781 men suffering with misconduct cases; you will restore 12,177 men who joined the Spanish-American War forces after the close of actual hostilities and who did not see service in the Philippine Insurrection in the Moro Province or the Boxer Rebellion.

It seems to me, if you are going to do equal and exact justice to the World War veterans, then the same facts which would exclude a World War veteran from receiving a service-connected pension should also prevent a Spanish War veteran from receiving a pension.

All of us know that some injustices were done when the disability allowance was dropped. Many of those men had disability which was actually caused by their service, but we have dropped all World War veterans in that class. Are we to do a further injustice to these men and, while still excluding them, restore the Spanish War veterans in the same class of cases?

I know the argument is made that the Spanish War veteran is disabled with age, and so he is. I sympathize with him, and so do you, I am sure; and yet his disability is no greater than a World War veteran of 40 years whose body is wracked with tuberculosis. If the World War veteran enlisted after November 11, 1918, by the present Presidential regulation, he would only get $30 a month if totally disabled. But the Spanish-American War veteran who joined after August 12, 1898, and never saw foreign service could draw as high as $72 a month.

One of the things which contributed more than anything else to the passage of the Economy Act and the consequent trouble of all veterans in the past year was the fact that Congress had so liberalized the pension laws that many undeserving cases had been included by those laws on the pension lists. The adoption of this amendment without the qualifications suggested would restore these same undeserving cases. Again the real deserving veteran would suffer, just as he always has before. It is perhaps true that 13,000 veterans would be kept off the pension rolls, but by so doing about 180,000 real deserving Spanish War veterans would be left in peace to enjoy the rewards of a grateful Government. A real friend of the veteran would not hesitate in making such a decision.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, I am sorry the gentleman from Illinois [Mr. DIRKSEN] is not here, because in the few moments given me I want to challenge some of the statements be made with reference to the reciprocal-tariffs proposed by the President of the United States.

In the first place, the gentleman has accepted the untenable and intolerable theory that is prevalent in the Department of Agriculture and in the A.A.A. that the ills of agriculture in this country are due to overproduction. I expect within the next few days to give you tabulations taken from the various annual reports of Secretaries of Agriculture to prove conclusively that in the past 10 years we have produced less basic farm commodities in this country than we did in the preceding 10 years. In other words, this entire fallacious theory which, up until the present administration, has advocated a policy of laissez faire, or let well enough alone, is predicated upon the false premise that during the war the farmers greatly overproduced the basic farm commodities of this country, and since the war, instead of a reduction in production, this increase has been steadily carried on year after year, thus producing the demoralization of agricultural prices that we have witnessed for the past 3 years.

The gentleman from Illinois [Mr. DIRKSEN] said that the world had increased its production of wheat tremendously in the past few years. This is distinctly not the fact, I will say to this House. In 1909 the world production of wheat was three billion six hundred and odd million bushels; in 1933 the world production was 3,700,000,000 bushels of wheat, a slight increase of 100,000,000 bushels; while the increase in world population has been tremendous since 1909, particularly in this country of ours.

The gentleman from Illinois said European countries were becoming self-sufficient in agricultural production. I challenge any Member of this House to name one European country that is self-sufficient or that will ever be self-sufficient, with the possible exception of Italy, one of the countries named by the gentleman from Illinois.

It is true that the European peasant farmers produce more bushels per acre than we do in America. But the American farmer produces more per man than any farmer in Europe. His nearest competitor is the Belgian farmer, and our farmer produces three times as much as the Belgian farmer. Then comes the German farmer, and we produce nearly four times as much as does the German farmer. Then comes the Italian farmer, and we produce five and a half times as much as the Italian farmer. So that theory is proved to be fallacious.

In Europe they produce more bushels because the farms are small—usually 5 acres. The 10-acre farm is a big farm. They plant their fields as we plant our gardens. When it come to livestock and beef, they do not compare with our production. In Germany they kill the calf when it is born because they have not sufficient grain and forage to feed their cattle and to raise the calf to even a veal stage as we do in this country. So our farming is entirely different.

In normal times we send abroad 15 percent of our agricultural products, and this 15 percent has been seized upon by the theorists, doctors, and crystal gazers as the cause of all our ills.

I would point out that the only success achieved thus far with the A.A.A. has been where prices have been definitely fixed for commodities; cotton at 12 cents, corn at 45 cents a bushel, tobacco about 10 cents a pound. They have fixed these prices by lending the farmer an equivalent of that price on his crop, which is stored in the bin or in the warehouse.

I predict that the only success which will ever be recorded is where prices are fixed on a minimum basis.

Today the United States Supreme Court rendered a decision nearly as momentous as the Minnesota case, when that Court decided that the price fixed for milk was constitutional and legal. I ask now, in the face of that decision, how can the A.A.A. in consistency and in harmony with the program of the President of the United States, longer refuse to fix prices for such basic commodities as wheat, pork, beef, butter fat, poultry, and other commodities? [Applause.]

The Secretary of Agriculture, Henry A. Wallace, is quoted in press dispatches of a few days ago as stating that it may be necessary to change not only the present cropping system of the country, but to change the present cropping systems of various States, or words to that effect.

He said, for instance, that it may be necessary to eliminate the growing of wheat in my own State of Ohio, and let the State of Kansas produce Ohio's normal wheat crop, varying between 38,000,000 and 40,000,000 bushels per year.

For the Secretary's information I would state that in 1850, or 83 years ago, in an official report issued by the Ohio State Department of Agriculture, the total wheat yield of my State was 35,000,000 bushels or more. That was 83 years ago. Today we are producing yearly thirty-eight or forty million bushels, an increase of slightly more than 10 percent, proving conclusively that in no wise has the production of wheat kept pace with the increase in population, or with the increase in number of consumers.

What is true of Ohio is also true of the Nation, and I warn the Secretary that any attempt to force Ohio farmers to abandon the growing of wheat will be met with State-wide revolt.

As another illustration I will point out to this Committee that in 1909 the total production of wheat in this country was 737,189,000 bushels. The farm value of that wheat in that year was $730,046,000. We exported slightly more than 15 percent of our total crop, yet the price on the farm averaged nearly $1 per bushel. The year 1918, the year in which the Armistice was signed, witnessed the first large increase in wheat production in this country, 921,438,000 bushels being harvested that year. This production was of course superinduced by the Government appeal to the patriotism of the farmers through its food administrator and spokesman, Herbert Hoover, who exhorted wheat growers to raise more wheat.

Mr. Hoover asked our farmers to double their production of the year before of 30,000,000 bushels to 60,000,000 bushels. Consequently, acreage greatly increased, which necessitated reduction of other basic crops. The war prices then pre-

vailing, of approximately $2.10 a bushel for wheat in the Corn Belt, of course, was another great incentive.

The year 1919 was another bumper year: 948,987,000 bushels were produced. In the year 1920 a marked reduction was noted, 787,000,000 bushels being recorded, and in 1921 a slight upturn took place with a yield of 795,000,000 bushels.

It is worthy of note that the record yield of wheat in this country occurred in 1915, when we beheld a bumper crop, 1,025,801,000 bushels. The crop year 1932 records the lowest production in 18 years, 726,831,000 bushels being given as the total production for that year. It will be noted that this production had occurred in a year which was considerably more than a year in advance of the creation of the Agricultural Adjustment Administration by the Congress of the United States.

It is also worthwhile to note that the farm value of that wheat was only $254,525,000.

A survey of world production figures dating back to 1921 does not reveal the alarming increase in world production of wheat, or, as some assert, that it makes European countries self-sufficient insofar as breadstuffs are concerned.

1921–22 to 1925–26	3,281,000,000
1929–30	3,561,000,000
1930–31	3,813,000,000
1931–32	3,771,000,000
1932–33	3,760,000,000
1909	3,624,418,000

Where is the Arabian Nights increase in production that the farm doctors, quacks, theorists, and professors continually prattle about? I cannot share the conclusions of the gentleman from Illinois that our foreign-export markets are now a "dead horse." We cannot expect European nations to buy our wheat when we erect insurmountable tariff walls and barriers against certain products we could well use in this country under reciprocal tariff agreements as proposed by Franklin D. Roosevelt.

It might be well for Secretary Wallace to either look into the records more closely, or to confer with some honest-to-God dirt farmers in Ohio before deciding upon such an unwarranted, unprecedented, asinine plan. He will find that our Ohio farmers raise wheat because:

First. In normal times wheat is a profitable summer cash crop.

Second. Wheat is the principal rotation crop to seed the soil with clovers, alfalfas, and other legumes, so as to conserve and increase the fertility of the soil. Of all the small grains grown in Ohio, it is only in a crop of wheat that the farmer can be assured of obtaining a good stand of clover and other legumes. Hence, most Ohio farmers are willing to produce a certain acreage of wheat year after year, even though it should only return cost of production. However, they will not continue forever to produce it at a distinct monetary loss.

Third. Good wheat crops must be grown on good soil. Consequently, the only alternative crops for our Ohio farmers are corn, oats, rye, or barley. They will not permit the land to lie fallow and idle, as the Secretary's plan contemplates.

The present method of lending the farmer 45 cents a bushel on his wheat means depletion of the fertility of the soil, and, naturally, a destructive, devastating, and unpatriotic policy.

The early Roman Empire collapsed because its leaders in their generation were not wise enough to safeguard the resources of the soil. Two thousand six hundred years ago Solon, wise old Greek philosopher, bemoaned in nearly identical words and phrases the difficulties and agonies that Greek agriculture was experiencing.

Said Solon: "Agricultural pauperism is a cancerous growth in the economic life of our country and will eventually pull the nation down." That is exactly what happened.

England started on the road to industrial stagnation, agricultural bankruptcy, and universal doles away back in 1848 when she repealed her corn laws, acting on the fallacious theory that England should be superindustrialized, that she should devote all of her finances, man power, and resources to the intense development of industrial production, subordinating her agriculture, letting her farmers go to ruin, on the ill-advised theory that England could go out into the world's markets and buy her food much cheaper than she could afford to raise it at home. This theory worked until the superindustrial plant had to be dismantled, following the signing of the armistice. With that slowing-up, thousands of men were unemployed, and universal doles, adopted originally as an emergency measure, became a permanent policy, just as this country today in P.W.A. and C.W.A. projects is, in a sense, granting doles to unemployed workers, and must continue to grant those doles until the prosperity of the basic industry, agriculture, normally representing 40 percent of the Nation's purchasing power, is restored in full.

Other older European nations, France, Italy, Germany, Belgium, and Denmark, have all been confronted squarely with these early and mistaken policies, and for the past several years have been doing everything humanly possible to rectify those mistakes, by granting huge bonuses and subsidies to the farmers of their respective countries. Arbitrary price levels in those countries can be easily maintained, because they produce less than their people consume. Hence a tariff sufficiently high to keep out American wheat and American meat tells the story.

Russia is often mentioned as a nation that is increasing agricultural production tremendously. Even if true, the United States does not need to be unnecessarily alarmed. For decades the peasant farmer of Russia has been notorious for his poverty, illiteracy, and general demoralization. In the past, hope has been stifled, and ambition has been annihilated by the plutocrats.

Today Russia, under the iron-clad rule of the dictator, Stalin, produces more per acre. She produces better quality of foods, but not by the wildest stretch of the imagination can Russia be considered as a real competitor for our American farmers within this or the next decade.

Every well-informed individual knows or believes that a war between Russia and Japan is imminent and unavoidable. No one would be so foolish as to accuse Stalin and his advisors of even attempting to export any great quantities of their agricultural production under this crisis that is impending. Rather we must believe that whatever surpluses that may be accumulated will be held in reserve for this titanic conflict for supremacy between the two nations.

Further recital of facts, statistics, and data pertaining to production of other agricultural crops and commodities would only strengthen the belief and conviction that instead of being a "dead horse", our foreign markets are a most fertile and lucrative field, ready to open its arms to our exports, provided we reciprocate in a manner and form that enables them to dispose of certain of their commodities, industrial and otherwise, that we could use to the best advantage without imposing penalties of any sort on American industry or American labor.

Let Franklin D. Roosevelt, the friend of the oppressed and the protector of the poor, breathe the breath of the new deal into the nostrils of this so-called "dead horse" of foreign trade, and the horse will spring up and be transformed as with a magician's wand, into a charging, spirited steed that neither partisan politics nor capitalistic influence can stop.

Again reverting to the subject of wheat, and bearing in mind that in the years 1931, 1932, and 1933 the world's importation of wheat has increased by more than 100,000,000 bushels, while our exportation has declined from 25 percent in 1929 to 14 percent in 1933, the final spike is driven into the propaganda of those who knowingly or unintentionally disseminate the false doctrine and dogma of the bureaucrats, dreamers, and crystal gazers of the United States Department of Agriculture and of the A.A.A., who make a living by farming the farmer. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. TRUAX. Can the gentleman from Mississippi give me a couple of minutes more? I should like to answer the inquiry of my friend from Ohio [Mr. BOLTON].

Mr. COLLINS of Mississippi. Mr. Chairman, I yield the gentleman 1 minute more.

Mr. BOLTON. I just wanted to learn how the gentleman felt about the A.A.A., and I think his remarks have answered that thoroughly.

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. MILLER].

Mr. MILLER. Mr. Chairman, when I came over here this afternoon, I had no intention of undertaking to submit any remarks at all; but in listening to the general debate, pro and con, I feel impelled to submit a few observations. I was very much interested in the discussion of our educational system in this country by the gentleman from Illinois [Mr. BRITTEN]. I agree with him that it is of vital importance that the youth of our country be educated. I agree with him that any Government ought to devote whatever attention is necessary to accomplish that end. I further agree that ordinarily anticipating tax warrants that are issued are ultrasecurity, but I am wondering if we have not reached the point in this country today where the people have become, we might say, quite oblivious to the matter of taxation. We will all support any bill that the Committee on Education reports, whether it be a direct gift from the National Government or what not, to support our schools, and it looks as if it might be necessary to do it at this time. I am wondering if the people of our country today, if the average citizen, has not lost all sense of taxation. I am also wondering what the cause of the deplorable condition is aside from what is generally laid to the depression. Are there alive in the people of the country today that knowledge and that feeling that this money, whether it be given as a gift or a loan, must some day be repaid by taxation? Is there a tax consciousness among the people of America today? Are we not having entirely too much government? This is not a partisan question.

I am wondering if the Congress, regardless of politics—you and I as individuals—are not partially responsible for the feeling that exists in this country, for the condition that exists, whether it be in Chicago, the Far West, or the East, which causes the people to turn their eyes and lift their hands to the Federal Government for help. Have we not unconsciously undermined the self-reliance of our people? I am wondering where we are going and what is going to be the end. The National Government cannot nationalize the school system. We cannot continue these unprecedented expenditures of money unless we take that money back from the people by taxation. I should like to see in this country a reawakening of that spirit which prompted your father and my father to carve empires out of the wilderness, when they went out and of their own strength and determination and will power earned a living for themselves and their families; when the Government was unknown from the standpoint of looking to that Government for some help.

The only thing that a just government owes to its people is an equal opportunity for them to earn a livelihood by honest toil and labor. This idea that is growing up in your State and my State that the Government owes help to this class or that class of citizens is fallacious. It is the entering wedge that will bring down upon our heads our superstructure of government unless we stop it. We all agree with that, but we are much in the position of Mark Twain in respect to the weather. Mark Twain said that a lot of people complained about the weather, but he never did see anybody doing anything about it. That is the way we are. We are going ahead in this Congress making appropriations for purposes heretofore unheard of and without precedent because we are convinced that the emergency is such that it is necessary. The roads will come in, and this and that will come in, but what will this Congress or the next Congress or the Congresses after that do about the practical question of stopping the paternalistic demands in this country?

Mr. MARTIN of Colorado. Mr. Chairman, has the gentleman time enough for a friendly interjection?

Mr. MILLER. Yes.

Mr. MARTIN of Colorado. Frequently when I do down through these gigantic buildings swarming with Federal employees I get a very disturbed feeling. More gigantic buildings are coming up all the time and are being filled to overflowing before they are completed. It makes me realize that government is the major industry in this country, that all eyes are turned and lifted to Washington. It is the matter of give, give, give. There are others of us besides the gentleman from Arkansas who wonder what the final answer to this will be. When I was in this Congress 25 years ago we used to congregate in this cloakroom and cuss this or that bill creating some bureau and then rush in on the floor and vote for it, and the same thing is going on today.

Mr. MILLER. Of course, it can be said in justification of our course that during the last 20 years the whole social structure in this country has undergone a change. We are prone to believe that the war was and is responsible for the creation of a great many of these demands, and during the depression people in their distress naturally turned to the Federal Government. But the Federal Government is not something apart from the people themselves. It is their creature and they must sustain it. They cannot sustain it and forever draw its strength away with demands that cannot be met without the levying of taxation that will be so burdensome as to cause a revolt.

We have said that there will be no more appropriations for direct loans to make a crop. I do not know whether there will be more or not. We often say that there will be no more appropriations of a certain class, but that does not stop them. They will not stop until an enlightened citizenship demands that they stop, and these demands on the Federal Government cannot stop until the local, the State, and municipal governments reassume their proper functions and meet the obligations of local government and thus take from the National Government some of its present-day load.

The support of the schools is primarily a question for the local governments, but if they cannot or will not support them, then we must, and I shall go as far as anyone to see that every youth of our land has an opportunity to qualify himself for the duties of citizenship.

I am just as much concerned about the stability of government as I am with any function of that government, and if our schools, the press, and our leaders desire to render a real service to the coming generations of our country they will join in the efforts to reawaken in our people that spirit of self-reliance.

The entire governmental theories have undergone a change. We can say that in justification of it, but still that does not justify us from getting away from the bedrock upon which our Government exists. Our Government is just as strong as the individual will and determination of its people is. [Applause.]

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 8471) making appropriation for the War Department, and for other purposes, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include the bill which I introduced on the control of food and drugs.

Mr. TABER. The gentleman's own remarks?

Mr. SIROVICH. My own remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include short statements of Admiral King and General Foulois, and also the chart which I discussed in my remarks, showing the Aircraft Trust in the United States.

Mr. MARTIN of Massachusetts. Reserving the right to object, just for a moment—and I shall not object—I just want to call the attention of the gentleman to rule 10 of the Regulations for the publication of the CONGRESSIONAL RECORD promulgated under authority of law by the Joint Committee on Printing which provides that no illustration may be published in the CONGRESSIONAL RECORD unless approved by that committee through our Committee on Printing. I do not intend to object.

Mr. McFARLANE. I expect to present that to the Joint Committee today. This is not an illustration but a chart, pure and simple. However, I expect to discuss the matter with the Joint Committee on Printing of the House.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. McFARLANE]?

There was no objection.

INTER-AMERICAN HIGHWAY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Roads:

To the Congress of the United States:

I transmit herewith two copies of a report prepared by the Bureau of Public Roads, Department of Agriculture, a letter of transmittal addressed to the Secretary of State by the Secretary of Agriculture, and a letter from the Secretary of State concerning a reconnaissance survey for an inter-American highway.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 6, 1934.*

(Enclosures: Two copies of report on inter-American highway; from Secretary of Agriculture, January 25, 1934; from Secretary of State to the President.)

ELECTION CONTEST—RALPH O. BREWSTER *v.* JOHN G. UTTERBACK

The SPEAKER laid before the House the following communication from the Clerk of the House, which was read, and, together with the accompanying papers, referred to the Committee on Elections No. 3, and ordered printed:

HOUSE OF REPRESENTATIVES,
CLERK'S OFFICE,
Washington, D.C., March 6, 1934.

THE SPEAKER, HOUSE OF REPRESENTATIVES,
Washington, D.C.

SIR: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives for the Seventy-third Congress of the United States for the Third District of the State of Maine, *Ralph O. Brewster v. John G. Utterback*, notice of which has been filed in the office of the Clerk of the House; and also transmit herewith original testimony, papers, and documents relating thereto.

In compliance with the act approved March 2, 1887, entitled "An act relating to contested-election cases", the Clerk has opened and printed the testimony in the above case, and such portions of the testimony as the parties in interest agreed upon or as seemed proper to the Clerk, after giving the requisite notices, have been printed and indexed together with the notices of contest, and the answers thereto, and original papers and exhibits have been sealed up and are ready to be laid before the Committee on Elections.

Two copies of the printed testimony in the aforesaid case have been mailed to the contestant and the same number to the contestee, which, together with an abstract thereof and copies of the briefs of the parties, will be laid before the Committee on Elections to which the case shall be referred.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. THOMPSON of Illinois, for an indefinite time, on account of illness.

Mr. BYRNS. Mr. Speaker, the gentleman from Pennsylvania, Mr. BERLIN, has been called home on account of illness in his family. I ask unanimous consent that he be granted indefinite leave of absence.

The SPEAKER. Without objection, the request is granted. There was no objection.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 407. An act for the relief of Willie B. Cleverly;

S. 2277. An act to establish fish and game sanctuaries in the national forests;

S. 2461. An act to amend an act entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict"; and

S. 2529. An act to promote the conservation of wild life, fish, and game, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 25 minutes p.m.) the House adjourned until tomorrow, Wednesday, March 7, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

SUBCOMMITTEE OF THE COMMITTEE ON THE POST OFFICE AND POST ROADS

(Wednesday, Mar. 7, 9:30 a.m.)

Hearings on H.R. 3384, H.R. 4940, H.R. 6923, and H.R. 7088, in committee rooms.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, Mar. 7, 10 a.m.)

Continuation of hearings on H.R. 7852, the National Securities Exchange Act of 1934.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BANKHEAD: Committee on Rules. House Resolution 292. Resolution for the consideration of H.R. 8402, a bill to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes; without amendment (Rept. No. 872). Referred to the House Calendar.

Mr. WARREN: Committee on Accounts. House Resolution 284. Resolution relative to the expenses of conducting the investigation authorized and directed by House Resolution 275; without amendment (Rept. No. 873). Ordered to be printed.

Mr. SCHULTE: Committee on Immigration and Naturalization. H.R. 3674. A bill to clarify the application of the contract-labor provisions of the immigration laws to actors; without amendment (Rept. No. 874). Referred to the House Calendar.

Mr. ADAMS: Committee on Public Buildings and Grounds. H.R. 7428. A bill providing for the transfer of certain lands from the United States to the city of Wilmington, Del., and from the city of Wilmington, Del., to the United States; without amendment (Rept. No. 876). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KVALE: Committee on Military Affairs. H.R. 3980. A bill for the relief of Carl L. Bernau; without amendment (Rept. No. 875). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 6859) to amend the act entitled "An act for the relief of contractors and subcontractors for post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes", approved August 25, 1919, as amended by act of March 6, 1920; Committee on Claims discharged, and referred to the Committee on Public Buildings and Grounds.

A bill (H.R. 8211) granting insurance to Maybelle M. Hannan; Committee on Claims discharged, and referred to the Committee on World War Veterans' Legislation.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MURDOCK: A bill (H.R. 8491) to define and fix the standard of value and to regulate the coinage; to the Committee on Coinage, Weights, and Measures.

By Mr. CONNERY: A bill (H.R. 8492) to provide a 30-hour week for industry, and for other purposes; to the Committee on Labor.

By Mr. BOEHNE: A bill (H.R. 8493) authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River; to the Committee on Interstate and Foreign Commerce.

By Mr. KNUTE HILL: A bill (H.R. 8494) to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on the Quinault Indian Reservation, when it is in the interest of the Indians so to do; to the Committee on Indian Affairs.

By Mr. EDMONDS (by request): A bill (H.R. 8495) to authorize the Secretary of the Interior to repossess certain mineral lands ceded by Mexico to the United States of America by the Treaty of Guadalupe Hidalgo, and to provide for the national defense, and for other purposes; to the Committee on the Public Lands.

Also (by request), a bill (H.R. 8496) to withdraw from "disposition and sale" under the public land laws all lands lying within the exterior boundaries of "alleged" or "duly asserted" Spanish or Mexican land grants, and for the protection of bona-fide homesteaders, settlers, and/or innocent purchasers thereon, and for other purposes; to the Committee on the Public Lands.

By Mr. DIMOND: A bill (H.R. 8497) to grant 160 acres of land or one placer- or lode-mining claim in the Territory of Alaska to the surviving residents, or the widow and minor children of deceased residents, of Alaska who served in the World War; to the Committee on the Public Lands.

Also, a bill (H.R. 8498) to extend the facilities of the Public Health Service to seamen on Government vessels not in the Military or Naval Establishments; to the Committee on Interstate and Foreign Commerce.

By Mr. MARTIN of Colorado: A bill (H.R. 8499) to provide for the payment to veterans of the face value of their adjusted-service certificates; to the Committee on Ways and Means.

By Mr. JOHNSON of Texas: A bill (H.R. 8500) to amend the World War Adjusted Compensation Act; to the Committee on Ways and Means.

By Mr. BANKHEAD: Resolution (H.Res. 292) for the consideration of H.R. 8402, a bill to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes; to the Committee on Rules.

By Mr. BOYLAN: Resolution (H.Res. 293) creating a select committee of five Members of the House, to be appointed by the Speaker, to determine the desirability and practicability of stabilizing the domestic and world price of silver by legislation and international agreement designed to establish and maintain a proper ratio of the value of silver to gold; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COLDEN: A bill (H.R. 8501) for the relief of Fred West; to the Committee on Military Affairs.

By Mr. DOBBINS: A bill (H.R. 8502) for the relief of Arch Boyles; to the Committee on Military Affairs.

By Mr. JOHNSON of Texas: A bill (H.R. 8503) granting a pension to Claudia E. J. Davenport; to the Committee on Pensions.

By Mr. KOPPLEMANN: A bill (H.R. 8504) granting to William J. Wholean the privilege of filing application for benefits under the Emergency Officers' Retirement Act; to the Committee on Military Affairs.

By Mr. LAMNECK: A bill (H.R. 8505) for the relief of Alex Lindsay; to the Committee on Military Affairs.

By Mr. LUDLOW: A bill (H.R. 8506) for the relief of Edwina R. Munchhof; to the Committee on War Claims.

By Mr. LUNDEEN: A bill (H.R. 8507) for the relief of John W. Sweger; to the Committee on Military Affairs.

By Mr. SOMERS of New York: A bill (H.R. 8508) to correct the military record of Arthur R. Adair; to the Committee on Military Affairs.

By Mr. TARVER: A bill (H.R. 8509) for the relief of Ida N. Moulton; to the Committee on Claims.

By Mr. WADSWORTH: A bill (H.R. 8510) for the relief of Julian C. Dorr; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2774. By Mr. BEITER: Petition of Buffalo Junior Chamber of Commerce, Buffalo, N.Y., urging restoration of Air Mail Service in Buffalo district; to the Committee on the Post Office and Post Roads.

2775. By Mr. BOYLAN: Resolution adopted by the Men's Energetic Club, of Brooklyn, N.Y., approving the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2776. By Mr. COLDEN: Petition of 3,487 voters of the Seventeenth Congressional District of California, asking for the restoration of pensions, hospitalization, and care of veterans of the Spanish-American War as same existed prior to enactment of Public, No. 2, Seventy-second Congress; also that the act of June 2, 1930, be reinstated, and that relief be provided for veterans and nurses of the war mentioned who are physically incapacitated and unable to earn a livelihood; to the Committee on Appropriations.

2777. By Mr. CULLEN: Petition of Men's Energetic Club, of the Brown Memorial Baptist Church, Brooklyn, N.Y., urging the enactment of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2778. By Mr. JAMES: Petition of Board of Supervisors, Ontonagon County, Mich., favoring continuation of Civil Works Administration; to the Committee on Appropriations.

2779. By Mr. JOHNSON of Texas: Petition of J. T. Mayfield and 15 others, of Hillsboro, Tex., favoring truck and bus regulations as proposed in House bill 6836; to the Committee on Interstate and Foreign Commerce.

2780. Also, petition of A. C. Hall and 141 others, of Teague, Tex., favoring truck and bus regulations as proposed in House bill 6836; to the Committee on Interstate and Foreign Commerce.

2781. Also, petition of Mr. and Mrs. Robert Fry, of Madisonville, Tex., favoring House bill 7986, McFadden radio bill; to the Committee on Merchant Marine, Radio, and Fisheries.

2782. Also, petition of R. V. Dunbar, agent, Missouri Pacific Lines, Malone, Tex., favoring House bill 6836, regulating motor carriers; to the Committee on Interstate and Foreign Commerce.

2783. Also, petition of A. E. Mahon and 117 others, of Ennis, Tex., favoring truck and bus regulations as proposed in House bill 6836; to the Committee on Interstate and Foreign Commerce.

2784. By Mr. KVALE: Petition of 59 farmers of Kandiyohi and Renville Counties, Minn., urging passage of farm relief legislation; to the Committee on Banking and Currency.

2785. Also, petition of members of the Congregational Church of Barnesville, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2786. Also, resolution of the Minnesota Conservation Commission, opposing any action on House bill 2833; to the Committee on Indian Affairs.

2787. Also, resolution of the Minnesota Conservation Commission, urging the Federal Government to remove debris, etc., from the waters of the upper Mississippi reservoirs because of their menace to navigation; to the Committee on Rivers and Harbors.

2788. By Mr. LINDSAY: Petition of National Committee on Wild Life Legislation, favoring the passage of Senate bills 2277, 2529, and 2633; to the Committee on Agriculture.

2789. Also, petition of Men's Energetic Club of Brown Memorial Baptist Church, Brooklyn, N.Y., urging the enactment of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2790. By Mr. LUNDEEN: Petition of the Farmer-Labor Association of Polk County, Minn., urging that the Frazier bill for refinancing farm loans be immediately passed; to the Committee on Banking and Currency.

2791. Also, petition of the Farmer-Labor Association of Polk County, Minn., opposing the Prince plan, or any other similar plan of merger of railroads; to the Committee on Interstate and Foreign Commerce.

2792. Also, petition of Branch 9, National Association of Letter Carriers, urging Congress to defeat wage reductions for postal employees; to the Committee on the Post Office and Post Roads.

2793. Also, petition of the St. Louis County Club and Farm Bureau Association, Gilbert, Minn., urging that the St. Lawrence Treaty be ratified; to the Committee on Foreign Affairs.

2794. Also, petition of the Farmers Educational and Cooperative Union of America, Big Stone Local, No. 160, Ortonville, Minn., urging that the Frazier bill, the Swank-Thomas bill, and the Wheeler bill be passed, and that Congress take upon itself their constitutional power to issue currency and regulate the value thereof; to the Committee on Coinage, Weights, and Measures.

2795. Also, petition of the Brown County Farm Bureau Association, Inc., Sleepy Eye, Minn., urging an immediate embargo on imports of all dairy products, fats, and oils; control over the manufacture of oleomargarine and butter substitutes; the elimination of diseased dairy cows; the use of a portion of the processing tax to meet the cost of a national disease-control program; and a further reduction of interest rates on loans to farmers; to the Committee on Agriculture.

2796. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, relative to increasing immigration quotas so as to enable persecuted Jewish people in Germany to enter the United States; to the Committee on Immigration and Naturalization.

2797. By Mr. MEAD: Petition of the Ladies' Society of the Brotherhood of Locomotive Firemen and Enginemen, Holly Lodge, No. 70, Buffalo, N.Y., protesting against the plan for railroad consolidation; to the Committee on Interstate and Foreign Commerce.

2798. Also, petition of the Society of Polish Apothecaries, Buffalo, N.Y., urging adoption of legislation for protection of drug stores; to the Committee on Agriculture.

2799. By Mr. RUDD: Petition of National Committee on Wild-Life Legislation, favoring Senate bills 2277, 2529, and 2633; to the Committee on Agriculture.

2800. Also, petition of the Men's Energetic Club of Brown Memorial Baptist Church, 629 Herkimer Street, Brooklyn, N.Y., favoring the passage of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2801. By Mr. SINCLAIR: Petition of J. L. Maupin and 155 others of Minot, New Rockford, and other points in North Dakota, favoring House bill 7401 to limit the car length of trains; to the Committee on Interstate and Foreign Commerce.

2802. By Mr. STRONG of Pennsylvania: Petition of the teachers of the Johnstown Senior High School, Johnstown, Pa., favoring Senate bill 2000; to the Committee on Interstate and Foreign Commerce.

2803. Also, petition of the Westmont Woman's Christian Temperance Union, Johnstown, Pa., favoring the Patman bill for the Federal supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

2804. By Mr. TAYLOR of Colorado: Petition of citizens of Dolores, Colo., urging legislative action for the remonetization of silver; to the Committee on Coinage, Weights, and Measures.

2805. Also, petition of citizens of Rico, Colo., urging legislative action for the remonetization of silver; to the Committee on Coinage, Weights, and Measures.

2806. By the SPEAKER: Petition of the city of Amarillo, Tex., regarding the demobilization of the Civil Works Administration; to the Committee on Agriculture.

SENATE

WEDNESDAY, MARCH 7, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 407. An act for the relief of Willie B. Cleverly;

S. 2277. An act to establish fish and game sanctuaries in the national forests;

S. 2461. An act to amend an act entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict"; and

S. 2529. An act to promote the conservation of wild life, fish, and game, and for other purposes.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Robinson, Ark.
Ashurst	Couzens	Keyes	Robinson, Ind.
Austin	Cutting	King	Russell
Bachman	Davis	La Follette	Schall
Bailey	Dickinson	Lewis	Sheppard
Bankhead	Dill	Logan	Shipstead
Barbour	Duffy	Lonergan	Steiwer
Barkley	Erickson	Long	Stephens
Black	Fess	McAdoo	Thomas, Okla.
Bone	Fletcher	McCarran	Thomas, Utah
Borah	Frazier	McKellar	Thompson
Brown	George	McNary	Townsend
Bulkley	Gibson	Murphy	Trammell
Bulow	Glass	Neely	Tydings
Byrd	Goldsborough	Norris	Vandenberg
Byrnes	Gore	Nye	Van Nuys
Capper	Hale	O'Mahoney	Wagner
Caraway	Harrison	Overton	Walcott
Carey	Hatch	Patterson	Walsh
Clark	Hatfield	Pittman	Wheeler
Connally	Hayden	Pope	White
Coolidge	Hebert	Reed	
Copeland	Johnson	Reynolds	

Mr. HEBERT. I desire to announce that my colleague the senior Senator from Rhode Island [Mr. METCALF], the Senator from South Dakota [Mr. NORBECK], and the Senator from Delaware [Mr. HASTINGS] are necessarily absent.

Mr. LEWIS. I desire to announce that my colleague the junior Senator from Illinois [Mr. DIETERICH] and the Senator from South Carolina [Mr. SMITH] are unavoidably detained from the Senate, and that the Senator from Kansas [Mr. McGILL] is absent because of a severe cold.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a memorial from Olin West, secretary of the American Medical Association, Chicago, Ill., remonstrating on behalf of the association against the adoption of proposed legislation in House bill 6663, the independent offices appropriation bill, as passed by the Senate granting hospitalization and domiciliary care at Federal expense to all veterans who make oath to inability to pay for such care, irrespective of whether the disability, disease, or defect for which treatment is sought is or is not due to military service, which was ordered to lie on the table.

Mr. SHIPSTEAD presented the memorial of the Minnesota Humane Education Society (by its president), remonstrating against the passage of the so-called "Tugwell-Copeland pure food and drug bill", which was referred to the Committee on Commerce.

Mr. TYDINGS presented resolutions adopted by the board of directors of the Congregation Adath Jeshurun, of Philadelphia, Pa., favoring the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented petitions of several citizens of Cleveland, Ohio, praying for the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

Mr. COPELAND presented resolutions adopted by several women's organizations and petitions of sundry citizens of the State of New York praying for the passage of House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

He also presented petitions of sundry citizens of the State of New York praying for the enactment of legislation relating to hours of labor and service, length of trains, and disposition of disputes between carriers and their employees, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by Rome, N.Y., Post No. 2246, Veterans of Foreign Wars of the United States, protesting against the enactment of legislation limiting the freedom of speech and of the press, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Property Owners Association, of Middle Village, Long Island, Inc., favoring lengthening the period of amortization of mortgage loans from the Home Owners' Loan Corporation to 25 years and the unconditional guaranty of the principal of bonds of the Corporation, which was referred to the Committee on Banking and Currency.

He also presented a petition of the Spuyten Duyvil Property Owners Association, of New York City, praying for the enactment of legislation to reduce the interest rate of 6 percent on loans on real estate made by the Home Owners' Loan Corporation, which was referred to the Committee on Banking and Currency.

He also presented a petition of sundry citizens of Hornell, N.Y., praying that the revaluation of gold be followed by an adequate issuance of currency, the restoration of silver to be used as money along with gold, and that new currency be used to cancel interest-bearing war bonds, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the St. Lawrence County subdistrict of the Dairymen's League Co-operative Association, Inc., of New York State, favoring the passage of legislation to prohibit the manufacture and sale of oleomargarine, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by the Democratic Club of the First Assembly District of the Borough of Queens, Long Island City, N.Y., favoring the transportation and delivery of mail by Army and Navy airplanes and pilots, which was referred to the Committee on Post Offices and Post Roads.

He also presented two petitions of sundry citizens of Queens County, N.Y., praying for the enactment of legislation to repeal the Federal tax of 1 cent per gallon on gasoline, which were referred to the Committee on Finance.

He also presented a petition of sundry citizens of Queens County, N.Y., praying for the enactment of legislation incorporating the United States, to limit the printing and issuance of money and the control of credit to the Government only, and to discontinue the issuance of tax-exempt interest-bearing bonds to bankers, which was referred to the Committee on Finance.

He also presented a resolution adopted at Syracuse, N.Y., by the Onondaga County Holstein Club favoring a 5-percent tax on importations of all animal, vegetable, fish, or other fats or oils coming into competition with butterfat, which was referred to the Committee on Finance.

He also presented resolutions adopted by the Erie County Committee of the American Legion, of Buffalo, N.Y., to permit veterans sitting on adjudication boards to receive compensation, and remonstrating against the removal of the regional office of the Veterans' Administration from Buffalo to Batavia, N.Y., which were referred to the Committee on Finance.

He also presented a resolution adopted at New York City by the National Association of Manufacturers of the United States favoring the holding in abeyance of action on the Great Lakes-St. Lawrence Deep Waterway Treaty until a survey has been made covering expenses of operation, volume of traffic, savings in transportation costs, returns on and amortization of the investment, and other economic aspects involved, which was ordered to lie on the table.

He also presented a resolution adopted by the Massena Democratic Club, of Massena, N.Y., favoring the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty, which was ordered to lie on the table.

He also presented a resolution adopted by the Wayne County Committee, the American Legion, Department of New York, favoring the enactment of legislation providing for building the Navy to the strength permitted by the Washington and London Naval Treaties, which was ordered to lie on the table.

He also presented memorials of sundry citizens and organizations of the State of New York, remonstrating against the passage of legislation providing for building the Navy to the strength permitted by the Washington and London Naval Treaties, which were ordered to lie on the table.

FEDERAL EMERGENCY RELIEF IN ARIZONA

Mr. ASHURST presented a letter from the Assistant Federal Emergency Relief Administrator, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

FEDERAL EMERGENCY RELIEF ADMINISTRATION,
Washington, February 28, 1934.

Hon. HENRY F. ASHURST,
United States Senate, Washington, D.C.

MY DEAR SENATOR ASHURST: I am in receipt of your letter of February 24. We are putting into Arizona for transient care something like $250,000 per month, more than in any other State in the Union, more than we are putting into Mississippi, Arkansas, Louisiana, Tennessee, and Missouri combined.

Very truly yours,

AUBREY WILLIAMS,
Assistant Administrator.

U.S.S. "CONSTITUTION"

Mr. WALSH. Mr. President, I present and ask to have printed in the RECORD and appropriately referred resolutions adopted by the House of Representatives of the Massachusetts General Court, petitioning the Secretary of the Navy to enshrine the U.S.S. *Constitution* as a national museum in its home port of Boston, Mass.

The resolutions were referred to the Committee on Naval Affairs and ordered to be printed in the RECORD, as follows:

THE COMMONWEALTH OF MASSACHUSETTS,
OFFICE OF THE SECRETARY,
Boston.

Resolutions relative to the U.S.S. *Constitution*

Whereas the U.S.S. *Constitution* was originally built in Boston at Hartts Shipyard, near what is now Constitution Wharf, and was rebuilt and restored at the Boston Navy Yard; and

Whereas it was through action by the people of Boston and of the Commonwealth of Massachusetts that said U.S.S. *Constitution* was saved from destruction; and

Whereas it is proposed that said ship be kept in Washington as a national museum; and

Whereas it is the desire of the citizens of Massachusetts that said ship be returned to its home port and kept there as a national museum: Therefore be it

Resolved, That the House of Representatives of the General Court of Massachusetts petitions the Secretary of the Navy of the United States requesting the Navy Department in its wisdom to enshrine the U.S.S. *Constitution* as a national museum in its home port of Boston; and be it further

Resolved, That a copy of these resolutions be sent forthwith by the secretary of the Commonwealth to the President of the United States, to the Secretary of the Navy, and to each United States Senator and Congressman from Massachusetts.

In the house of representatives, adopted March 1, 1934.

[SEAL] FRANK E. BRIDGMAN, *Clerk.*

A true copy.

Attest:

F. W. COOK,
Secretary of the Commonwealth.

THE WORLD COURT

Mr. BARBOUR. Mr. President, I ask unanimous consent that a resolution adopted by the annual international relations dinner at Elizabeth, N.J., be printed in the RECORD and referred to the Committee on Foreign Relations.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Resolution in favor of prompt completion of the adherence of the United States to the World Court, passed by a group of 250 citizens at the annual international relations dinner in Elizabeth, N.J., May 18, 1933

Whereas our Government is making a tremendous effort at this time, through an emergency program, to heal an economic condition resulting largely from the last war; and

Whereas the World Court, in the 11 years of its existence, by successfully settling 48 international disputes, has proved its practical value as a peaceful agency; and

Whereas 7 years have elapsed since the United States Senate, by a vote of 76 to 17, passed a resolution providing for the adherence of the United States to the World Court if five conditions were met; and

Whereas in the view of the Department of State and of such authoritative bodies as the American Bar Association these conditions have been entirely met by the three World Court treaties now awaiting the action of the United States Senate; and

Whereas public opinion has shown its impatience with the continued delay in settling this question, the most notable instance of this being the recent passage, by an overwhelming majority in both houses, of the New Jersey Legislature's resolution calling on the National Senate to complete our adherence to the World Court by ratifying the three pending treaties: Now, therefore, be it

Resolved, That this group of 250 citizens, gathered at the annual international relations dinner in Elizabeth, hereby declares its belief that it is contrary to sound legislative policy to postpone further settlement of such a vital issue as our adherence to the Court and urges the Senate to ratify at the earliest practicable moment, and with no reservation that will invalidate such action, the three World Court treaties now pending in the Senate.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 1194) to amend section 4 of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, as amended, reported it without amendment and submitted a report (No. 415) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 236. An act to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash. (Rept. No. 416); and

S. 2891. An act to authorize turning over to the Indian Service vehicles, vessels, and supplies seized and forfeited for violation of liquor laws (Rept. No. 417).

Mr. WHEELER also, from the Committee on Indian Affairs, to which was referred the bill (S. 1826) for expenditure of funds for cooperation with the public-school board at Poplar, Mont., in the construction or improvement of public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont., reported it with an amendment and submitted a report (No. 418) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (H.R. 2632) for the relief of Wilson G. Bingham, reported it with an amendment and submitted a report (No. 419) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 2898) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of George A. Carden and Anderson T. Herd against the United States, reported it with an amendment and submitted a report (No. 420) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 6th instant that committee presented to the President of the United States the enrolled bill (S. 1759) to revive and reenact the act entitled "An act granting the consent of Congress to the Mill Four Drainage District in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith", approved June 17, 1930.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYDINGS:

A bill (S. 2970) for the relief of George Edwin Godwin (with an accompanying paper); to the Committee on Naval Affairs.

A bill (S. 2971) granting a pension to Annie Cantwell (with accompanying papers); to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 2972) for the relief of John N. Knauff Co., Inc.; and

A bill (S. 2973) for the relief of First Lt. Walter T. Wilsey; to the Committee on Claims.

A bill (S. 2974) to incorporate the American National Institute (Prix de Paris) at Paris, France; to the Committee on the Library.

A bill (S. 2975) for the relief of Charles Wellesley Berrington; and

A bill (S. 2976) for the relief of Raymond Nelson Hickman; to the Committee on Naval Affairs.

By Mr. WHEELER:

A bill (S. 2977) granting a pension to Mary Lange; to the Committee on Pensions.

A bill (S. 2978) to amend the act of March 3, 1927, amending section 1 of the act of May 26, 1926, entitled "An act to amend sections 1, 5, 6, 8, and 18 of an act approved June 4, 1920, entitled 'An act to provide for the allotment of lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes'"; and

A bill (S. 2979) to repeal the act approved March 3, 1927 (44 Stat.L. 1365) entitled "An act to amend section 1 of the act approved May 26, 1926, entitled 'An act to amend sections 1, 5, 6, 8, and 18 of the act approved June 4, 1920, entitled "An act to provide for the allotment of lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes"'"; and to prevent the execution of competent grazing and farming leases in advance of the expiration of existing leases affecting said lands by competent Crow allottees and to make possible a unified system of leasing between competent and incompetent Crow allottees, and for other purposes; to the Committee on Indian Affairs.

By Mr. SHIPSTEAD:

A bill (S. 2980) to modify the effect of certain Chippewa Indian treaties on areas in Minnesota; to the Committee on Indian Affairs.

By Mr. NEELY:

A bill (S. 2981) to amend section 201 (a) of the Emergency Relief and Construction Act of 1932 so that the Reconstruction Finance Corporation may loan money to States, municipalities, and so forth, for the purchase of bridges and to operate and free the same from collection of tolls; to the Committee on Banking and Currency.

By Mr. VANDENBERG:

A bill (S. 2982) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes; to the Committee on Territories and Insular Affairs.

INCLUSION OF CATTLE AS A BASIC COMMODITY—AMENDMENT

Mr. O'MAHONEY submitted an amendment intended to be proposed by him to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, which was ordered to lie on the table and to be printed.

E. BARRETT PRETTYMAN

Mr. TYDINGS. Mr. President, due to the fact that I have to be absent this afternoon when the nomination of Mr. Robert H. Jackson as general counsel for the Bureau of Internal Revenue, Income Tax Department, will come before the Senate, and inasmuch as his predecessor, Mr. E. Barrett Prettyman, is a constituent of mine, I feel it proper and appropriate that I should make a brief statement about Mr. Prettyman.

First, while I did not recommend Mr. Prettyman for this position at the time he was appointed, I was asked by the authorities whether or not his appointment would be agreeable to me. Knowing Mr. Prettyman to be a man of splendid legal attainments and of outstanding ability and integrity it was a pleasure for me to endorse his appointment.

When Mr. Prettyman took over the position of general counsel of the Income Tax Department of the Bureau of Internal Revenue he found there about 20,000 claims in litigation, involving over half a billion dollars of back taxes, which the Government sorely needed, because its financial plight at that time was so desperate that the compensation of veterans and Federal employees and others had to be cut in order to sustain, it was said, governmental credit. Mr. Prettyman immediately began a reorganization of the Income Tax Department, insofar as his duties applied to it, and evolved certain modes of procedure which were calculated to speed up the collection of these taxes which were in dispute.

I wish to call the attention of the Senate for just a moment to the situation which he faced. As I have said, there were about 20,000 claims in litigation or in dispute pending in that department. The amount of taxes in dispute was estimated to be about $550,000,000, or over a half billion dollars. Mr. Prettyman has in the short while that he has been in charge of the legal end of the Income Tax Department speeded up greatly the machinery of collection; he has evolved a new set-up for the handling of these cases, and now there is some promise that these cases—some of which are 10, 12, or more years old—will be disposed of in the near future.

Bear in mind, Mr. President, we have been settling only about 1,800 claims a year; they have been accumulating over the past 5 or 6 or 8 years at the rate of 6,000 a year; and we have been settling only about 1,800, or a third of those which yearly are in dispute and come to the counsel for settlement. So that, if the old system had prevailed, in 5 or 6 or 8 more years the Bureau would have had 40 years' work ahead of it.

Mr. Prettyman faced that situation with ability, and the scheme he devised to collect the taxes in dispute and settle the cases has been accepted by the Treasury Department. I regret that he has tendered his resignation because, as I have said, he is a man well versed in the income tax laws, a man of unimpeachable integrity and of outstanding ability in his profession.

However, the new Secretary of the Treasury, Mr. Morgenthau, for reasons best known to himself, wanted in that position a man whom he knew. He said he had nothing at all by way of criticism to say of Mr. Prettyman; that his work had been splendid; that he had applied himself with great diligence to the collection of the taxes and the settlement of the disputes, but he said he thought it was only fair, inasmuch as he had the ultimate and final responsibility in the matter, that he should have a man as general counsel whom he knew, and that for no other reason he was anxious to place Mr. Robert H. Jackson in the position because he had been associated with Mr. Jackson for some time in the past.

I rose to make the statement that I regret the Government has lost the services of so splendid a man as Mr. Prettyman in that office. I rose to make the statement because I should like it to be known from Mr. Morgenthau and others that there is not the slightest criticism of the conduct of that office under Mr. Prettyman. I should like it to be known that there is no cloud, no suspicion, no reasonable room for criticism of the conduct of the Income Tax Bureau under Mr. Prettyman. On the contrary, all authorities over and under him, so far as I know, are in accord that he has done an excellent piece of work in collecting the half billion dollars of back taxes which are 8, 10, and 12 years overdue, and that the plan he has evolved will be followed by his successor and by the Bureau.

Since Mr. Prettyman tendered his resignation in order to accommodate Mr. Morgenthau in his desire to have a man whom he knew, I opposed the confirmation of Mr. Jackson because I thought we were losing too good a man in that very vital department, a man who could not be approached, a man whose conduct is exemplary, a man who knows the income tax laws from beginning to end.

However, Mr. Prettyman does not care to remain in the office if Mr. Morgenthau, Secretary of the Treasury, does not wish him to do so. I am authorized to say that in accepting his resignation there is no reflection upon Mr. Prettyman from any source whatsoever in the Government.

While I have been displeased to see Mr. Prettyman surrender this important post, it is gratifying to know that his services are so outstanding that he has been offered the position of Corporation Counsel of the District of Columbia. While he does not care for that kind of work, yet at the request of the President he has been glad to undertake it. I know in that position he will make a record equal to that which he has already made in the Internal Revenue Bureau.

I felt that I owed it to Mr. Prettyman to make this statement in order that people might know there is no cloud of suspicion or reflection in any way upon him in tendering his resignation, but that his desire to cooperate with the new administration was the sole reason for that action.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. WHEELER. Mr. President, I desire to announce at this time that tomorrow, at the first opportunity when I can obtain recognition, I shall address the Senate on the pending St. Lawrence Waterway Treaty.

VISIT OF PRINCE TOKUGAWA, OF JAPAN

Mr. COPELAND. Mr. President, I wish to make a brief verbal report on behalf of the Committee on Rules.

On Friday we had a visit from a very distinguished citizen of Japan, Prince Tokugawa. In view of the fact that the Senate was in recess on last Friday and Saturday, I escorted His Grace about the Capitol and showed him its various attractions. Also we visited the House of Representatives.

His Grace wished me to convey to the Senate his regrets that he did not meet Senators personally. I expressed to

him then, as I do now, our great regret that we were not in session to greet him and extend to him the privileges of the floor.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

Mr. O'MAHONEY. Mr. President, I desire to offer an amendment to the bill (S. 2732) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, and I ask unanimous consent to proceed for 2 or 3 minutes in explanation thereof.

The VICE PRESIDENT. Is there objection to the Senator proceeding as requested? The Chair hears none, and the Senator is recognized for the time designated.

Mr. O'MAHONEY. Mr. President, in June 1933 the Congress enacted the National Industrial Recovery Act. There is contained in it a provision known as section 208 which made an appropriation of $25,000,000 to be used by the President of the United States under rules and regulations to be issued by him for the purpose of encouraging subsistence homesteading. In the language of that section the purpose was "to aid in the redistribution of the overbalanced population in industrial centers."

For many years the Federal Government through the Reclamation Service has been developing what are really very efficient subsistence homesteads but in a slightly different form. In my State and in other States in the West there are numerous reclamation projects constructed by the Federal Government, settled at the invitation of the Government by men and women of high standards. Those projects, some of which are devoted to the raising of sugar beets, are particularly successful. In the opinion of those who live on the homesteads and those of us who are familiar with them, they offer an ideal answer to the query which, so to speak, was before the Congress and in the mind of the President when this particular section of the National Industrial Recovery Act was adopted.

I have in mind one particular project, the North Platte project, the chief town of which in my State is Torrington. That project was settled by veterans of the World War who were invited by the Federal Government to take up the homesteads. They have been engaged in the raising of sugar beets. In the neighborhood of Riverton is another project of similar homesteads and at Powell is another. It is the feeling of the settlers who, under contract with the United States, have made their homes there, and certainly it is my feeling that any action by the Federal Government now which would undertake to cut down the opportunity of those settlers to continue the work in which they are engaged would amount almost to a breach of faith. It is with that thought in mind that I am presenting the amendment and soliciting the very earnest consideration of all Senators thereof.

Mr. President, I am advised that the area in reclamation projects now devoted to the raising of sugar beets is scarcely more than 10 percent of that in the country which is so utilized.

I ask that the amendment may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment is as follows:

On page 5, line 18, after the word "thereto", to insert the following: "*Provided, however,* That production of sugar beets upon any reclamation project constructed under the Reclamation Act shall not be curtailed: *And provided further,* That the Secretary of Agriculture may authorize the production of sugar beets upon any reclamation project construction of which was initiated prior to the approval of this act."

The VICE PRESIDENT. The amendment will be referred to the Committee on Finance and printed.

INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. CONNALLY. Mr. President, on yesterday I outlined the provisions and the purposes of this measure, and it is not my intention to consume much of the time of the Senate.

At this point I ask unanimous consent to have printed in the RECORD my remarks before the House committee during the hearings, and also my remarks before the Senate Committee on Agriculture and Forestry, when the bill was pending before that committee.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[From hearing of Wednesday, Jan. 17, 1934, before the Committee on Agriculture of the House of Representatives]

STATEMENT OF HON. TOM CONNALLY, UNITED STATES SENATOR FROM THE STATE OF TEXAS

Senator CONNALLY. Mr. Chairman and gentlemen of the House Agriculture Committee, I want to thank you for this opportunity of appearing before the committee. I understand you are now considering a bill introduced by your chairman, Congressman JONES, to make cattle a basic agricultural commodity for the purposes of the Agricultural Adjustment Act. I want to say to the committee that I have introduced a similar bill in the Senate.

As you, perhaps, know better than I when this Agricultural Adjustment Administration bill was first proposed, the cattlemen, as I understand, by their own request, or at the request of the representatives of the industry, were omitted from the provisions of the measure. But since that time I have been convinced that there is now a change, almost a radical change, on the part of cattlemen with regard to the Agricultural Adjustment Administration and the possibility of aid to cattle thereunder.

Other agricultural commodities have been benefited tremendously. Speaking for cotton particularly, since I am very familiar with it, I think that the operation of the Agricultural Adjustment Act last year absolutely saved the cotton industry from disintegration and disaster. Its condition was already disastrous but there would have been an absolute holocaust in my State if it had not been for the program of relief adopted by the administration made possible under this act which put us back on the road to recovery at least.

Now wheat and a great many other agricultural commodities have been benefited, but cattle and the cattlemen are in a very bad situation. I have had telegrams from the president of the Texas and the Southwest Cattle Raisers Associations to the effect that according to their view 90 percent, and perhaps 95 percent of the cattlemen in my State want cattle included in the Agricultural Adjustment Act as a basic commodity.

The American National Livestock Association's executive committee, I believe, had a meeting at Albuquerque and from wires I received from the Texas members attending that meeting I am informed that of the 45 representing the Texas cattlemen attending that meeting 40 had voted to have cattle included as a basic commodity, and only 5 were voting against.

I also had wires from the Panhandle Cattle Raisers Association, from the Northeast Panhandle Hereford Association, with which you are very familiar, Congressman Jones, and I believe they are almost unanimous in wanting cattle included in this act as one of the basic commodities.

I believe if the committee will investigate further it will find that the cattle industry as a whole is very strongly in favor of having cattle brought within the purview of the Agricultural Adjustment Act.

Of course, I do not need to urge upon this committee the importance of taking some steps to relieve the cattlemen, but I do urge that the committee proceed with such hearings as you decide to have so that the bill may be reported for action of the House at an early date.

With reference to the suggestion for a tariff on the importation of canned goods as a means to relieve agriculture: When the last tariff bill was before the Senate I was a member of the Senate Finance Committee, and the amendment for increasing the tariff on live cattle was proposed by me, and adopted by the Senate, and agreed to by the House. While I am in favor of adequate protection for cattle, at the same time the volume imported is appreciably small compared with the volume produced, and I am convinced that no tariff legislation alone is going to remedy the situation, because the passage of a tariff measure for the further protection of cattle is not going to reach the spot in the present situation. Duties on canned meats ought to be raised. Now, as you know, on account of the foot-and-mouth disease in Argentina and other South American countries, we have had practically an embargo on cattle from the Argentine. I do not think that would apply to canned goods, but it does to live cattle, so that gate has been closed up.

There are very few cattle coming into the United States from Mexico; some cattle were being brought in, but the cost is almost prohibitive today and because of the international exchange condition they can hardly bring cattle in now.

The only measure that offers early help for the cattlemen is to be found in relief of the kind here proposed, and I am very strongly in favor of and urge this committee to include cattle as a basic commodity in the Agricultural Adjustment Act, and I believe I speak the sentiments of a majority of those in the industry.

The other basic commodities covered in the act have been taken care of or are being taken care of pretty well, and if cattle is not

a basic commodity or a basic agricultural industry it will be hard to find an industry that is basic.

Mr. Chairman, I am hoping that this committee will be able to complete its hearings very quickly on this bill and report it to the House recommending the inclusion of cattle in the act, as it was originally included when the measure first passed the House.

I believe I have expressed the attitude of the cattlemen of my State, have I not, Congressman KLEBERG?

Mr. KLEBERG. I think that is correct, Senator CONNALLY.

Senator CONNALLY. And so I hope very much that the committee will proceed and conclude its hearings on the bill, so there will be no delay in having cattle brought under the provisions of the Agricultural Adjustment Act and its administration.

I believe that a vast majority of the cattlemen are now in favor of including cattle. I just had a letter from a man in Houston, Tex., who is very active in the industry, and he stated that the cattlemen of that portion of the country and through south Texas, that the cattlemen were now anxious to bring cattle under the act as a basic commodity. I have had many wires and telegrams from the cattlemen in my State, and I believe that I am speaking the views of the vast majority of the cattlemen in urging the inclusion of cattle.

Mr. Chairman, I do not want to suggest to this committee what it should do, but I understand before any program can be worked out for the cattle industry we must have this legislation. Of course they might have their marketing agreement under the present act, but what we need is to have sufficient authority vested in the Department of Agriculture to put this program over; and I was going to suggest that this legislation be enacted, with the assurance on the part of the Department of Agriculture that before adopting the concrete manner in which the program was to be worked that a hearing be held to which all the cattlemen would be invited to give their views, because many of the interested parties will want to appear before the actual details of the plan are put into operation.

Mr. KLEBERG. May I suggest, Senator, that you include in your remarks a request that the Department of Agriculture express its attitude on the matter of the program to be worked out, and that before such a program is adopted that a hearing be held here in Washington on this question, to be attended by the cattlemen and that such a program be arrived at based on the suggestions and evidence presented at such a hearing.

Senator CONNALLY. Yes.

Mr. KLEBERG. If that meets with your suggestion.

Senator CONNALLY. I would be glad to do that. Mr. Chairman, I think it is hardly necessary for me to urge upon you the procedure to be followed.

The CHAIRMAN. I will state in that connection that Secretary Wallace is appearing before another committee this morning and if he gets through in time he expects to appear before us.

Senator CONNALLY. That matter can be covered by him.

The CHAIRMAN. Yes.

Senator CONNALLY. I was just going to suggest that you request either the Secretary of Agriculture or a representative of the Department to appear before the committee, and you can put that matter up to them.

The CHAIRMAN. I am sure that will be the procedure followed, as that is the usual method of the Department in developing these programs.

Senator CONNALLY. Yes. I was just suggesting that you get from the Department some assurance that if cattle are made a basic commodity under the act that the program would be worked out with those interested in the industry, by the representatives of the industry at a hearing.

I am sure that the Secretary when he appears before the committee will tell you that he is in favor of cattle being included under the Agricultural Adjustment Administration. I know what his attitude is with reference to the matter. I attended a meeting some time ago with representatives of farm groups and farm organizations in the office of the Secretary of Agriculture at which time this very matter was discussed, and the purpose of the meeting was to find out the sentiments of those groups with reference to putting cattle under the Agricultural Adjustment Administration, and the Secretary at the time submitted to the group his ideas for a plan or method in the very illuminating and interesting address he made advocating the giving to the Department of Agriculture a fund of $200,000,000 with which to administer the beef cattle and the dairy cattle industry, on the theory that he would be able to recoup that amount through some processing tax or some other arrangement of that kind.

The CHAIRMAN. May I suggest, Senator, if you have the time, in order to get your reaction to it, that I understand there has been some insistence on the part of hog producers, especially, that cattle be taxed as a competing commodity. I am advised that has been deferred for the present for the reason that the cattle industry would not be able to pay it. And if they are required to pay a compensatory tax they will not be able to benefit from any of the proceeds of such a tax. In other words, it might be possible under the terms of the present law to tax cattle as a competing commodity but there is no authority to pay any of those benefits to cattle.

Senator CONNALLY. Yes.

The CHAIRMAN. And if such a tax is to be levied certainly it would be to the advantage of the cattle industry to have the total proceeds of such a tax so applied, under some program that might benefit the industry.

Senator CONNALLY. Yes.

The CHAIRMAN. In that connection, if a processing tax were levied on cattle, then a compensatory tax might be levied in addition to the tariff on imports of other commodities.

Senator CONNALLY. Yes.

The CHAIRMAN. For the protection of the domestic market, and through which the cattle industry would receive some advantage if it is made a basic commodity.

Senator CONNALLY. I agree entirely with you, Mr. Chairman, in the very clear statement you have made of the situation.

Of course, I do not believe we ought to tax cattle as a competing commodity with hogs, for the benefit of hogs, most certainly unless you are going to bring cattle within the range of benefits from the Agricultural Adjustment Administration. I cannot see why we should. Of course, the hog people would like to get the benefit that would accrue from an increase on cattle, but I do not see why one class of the farming people should be taxed for the benefit of another engaged in another branch of the same industry. I know there are certain reasons being urged for taxing one branch for the benefit of the distressed producer in another line, but I do not believe there ought to be a tax unless its operations will apply to all.

Now, Mr. Chairman, those are briefly my views, and I simply want to say that I am heartily in accord with the views of the chairman of the committee, with whom I have been cooperating, and with whom I shall continue to cooperate.

And I want to take this occasion to congratulate the committee in having as its chairman one of our own distinguished Texans and one who is familiar with these matters, and who has shown such a grasp of the whole situation.

Mr. MARSHALL. Mr. Chairman, I should like to ask the Senator a question.

The CHAIRMAN. Mr. Marshall.

Mr. MARSHALL. Senator Connally, I should just like to ask you if you would care to express an opinion whether the operation of the processing tax has been successful, so far as hogs are concerned, or whether it has caused a shift to the consumption of cattle or beef products.

Senator CONNALLY. Frankly, I do not know much about the hog program, because we do not produce hogs for the market in large volume, and I am not familiar with just how the processing tax has affected the consumption of pork. But, of course, any processing tax which increases the cost of an article has a tendency to decrease the consumption, just like the cost of any article; when the price goes up the use of it declines to a certain degree. But if you do not increase the price to the consumer you are not going to be able to raise the price to the producer. You have got to raise the price and, of course, the consumer will have to suffer, somewhere along the line; the consumer will have to pay more if it is going to do any good. So the effect of a processing tax, even though it must result in the consumer paying a little more for the article, if it does not result in an increase in the price to the consumer, we cannot get a better price to the producer.

Mr. KLEBERG. Senator, may I ask you another question?

Senator CONNALLY. Yes.

Mr. KLEBERG. There have been times when the market for cattle on the hoof was very good when there was no appreciable difference noted in the price to the consumer on the different types of meat. How would you explain that? In other words, when cattle or beef was at 8 cents the price of beefsteak per pound, or roast, and the other cuts, remained about the same; the housewife paid about the same, with very little change in price to her, regardless of the price of beef on the hoof.

Senator CONNALLY. Of course, that involves a good many factors. For instance, the packing industry is interested in maintaining a stable level, I assume, insofar as it can, on all products handled in that industry, so that it is not a question altogether of the price of livestock or of beef cattle on the hoof.

Then there are distributing factors, freight factors, and many other factors which would enter into that situation, as they do in any other situation. When a man rides on a Pullman and gets a steak and pays a dollar or a dollar and a half for it, naturally he must expect to pay for the service involved in furnishing him that service.

The cost of everything—distribution, freight rates, overhead, facilities for furnishing the service are all things that must be taken into consideration in arriving at the price of the finished product.

Mr. KLEBERG. The reason I asked that question was to bring out whether or not the Senator did not think that it is barely possible that the distributors of the commodity, those who are interested in beef and cattle, possibly were in position to absorb very largely a part of the processing tax on these various livestock products if it were found desirable to levy a processing tax.

Senator CONNALLY. I will say that they are bound, naturally, to absorb some of it. We always have a law that when an article reaches a certain level, at which the price becomes burdensome, its use falls off. For instance, take the gasoline tax. When you put a gasoline tax on of half a cent, immediately that is reflected in the market price of gasoline, and if the tax is increased to a cent a gallon, the consumption of gasoline will fall off a little more. That is true all over the country. Now, the same thing is true in other commodities. When the price of beef gets too high immediately the consumption falls off. Necessarily if the processing tax is an appreciable amount, resulting in additional cost to the consumer, the packers have got to absorb some of it at least, by reason of the fact that consumption is going to decrease to a certain extent, resulting in the falling off in their volume of business.

And, of course, the greater the volume of business the less the pro rata expense per pound in handling the commodity is.

Mr. FULMER. May I ask the Senator a question?

Senator CONNALLY. Yes.

Mr. FULMER. During the consideration of the Agricultural Adjustment Act last year I advised the committee at that time that the program would work 100 percent so far as cotton was concerned.

Senator CONNALLY. Yes.

Mr. FULMER. Because so far as its application to cotton is concerned there was a considerable demand for export cotton and cotton would bring a better price. In other words, they would have to take the cotton, and so far as its operation with cotton is concerned the users of cotton would not have an opportunity to beat down the price to the farmer; they have had to pass it on to the consumer. At that time I stated that I was perfectly willing to go along with the hog and wheat and other commodities included in the act, but I could not understand how we were going to keep the packer from taking the price, increased price by virtue of the processing tax out of the farmer unless we had a fixed price.

Senator CONNALLY. Yes.

Mr. FULMER. And that is the way the plan has worked out in my section. Of course, if we had fixed the price at 6 cents and then the packer had cut the farmer's price down to 5 cents we would have had the privilege of raising a tax, increasing the tax 1 cent, so that there would have been no advantage to the packer in cutting the price to the farmer, and therefore instead of passing this tax back to the farmer, resulting from the processing tax, naturally the packers would have passed it on to the consumer.

Senator CONNALLY. Yes.

Mr. FULMER. And without fixing the price at which hogs are to be sold, or for that matter, any other commodity, the principal part of which is consumed in this country, unless we fix the price we are going to be met with the same situation; the benefit will not be passed back to the farmer, but they will take this tax out of the price paid to the farmer and the producer will have to absorb the tax just as the farmers have had to absorb it on hogs.

Senator CONNALLY. Of course, you cannot avoid some problems. We might take some of the cattle out of production.

Mr. FULMER. At the same time it is my belief that with the experience of the Department in dealing with cotton they will be able to work out a program that will meet this situation.

Senator CONNALLY. Yes. The Department has been learning things. There were a lot of things for them to do. These matters were all new and had to be worked out, and I think the Department of Agriculture has learned a lot of things in the administration of these various programs.

I want to stress one thing which your chairman brought out, and that is this: That, insofar as importation is concerned, you put cattle under the Agricultural Adjustment Administration as a basic commodity and then give the power to the Department of Agriculture to go ahead to put such restrictions upon the importation of beef as may be necessary; with the addition of the processing tax which could be imposed, the industry could receive a benefit. You are going to get much quicker results in that way than you could through any tariff legislation.

If you proposed a tariff to meet this situation, the tariff legislation will be opened up all along the line. Once you undertake to legislate on the tariff any Member of the Senate can ask a revision of the tariff on any article and you would upset this whole program. The best way to get at this is through the Agricultural Adjustment Administration by giving the Department of Agriculture power to balance the situation through restriction of imports and through such imposition of processing taxes as may be necessary to protect the domestic market.

Of course, Congressman FULMER, a tax on cotton has resulted in raising the domestic price. That is the only way that you are going to raise the domestic price to the producer, increase the cost to the consumer. That is the only way we are going to be able to raise the farmer's price. We probably cannot raise the price to the farmer as much as is desirable, but it is necessary to increase the price to the consumer more than was being effected through the tariff. We can, through the process of this processing tax, raise the domestic price and give the people here at home, the farmer, a better price for his commodity and take out of production some of this surplus which has been competing with what the farmer has been raising, and which has been destroying the industry. That is the only way that it can be done.

Mr. FULMER. In other words, the farmer is put in the position whereby he can receive the benefit of his own production through a tax, a processing tax on his commodity.

Senator CONNALLY. Yes, sir.

Mr. FULMER. And at the same time reduce, as has been done, the production of cotton.

Senator CONNALLY. Yes. Congressman JONES had a bill in the House and I introduced a bill in the Senate, what was known as the "export-debenture plan." Now, the export-debenture plan turned the tariff around, and the tariff benefited the industry and benefited the importer. And, therefore, to get the industries in this country back to raising the cost and to make the people here at home pay more for those articles in order that the farmer may receive a better price, we simply turned the tariff around and, instead of saving that, the manufacturer was going to be able to charge the consumer a greater price because of the tariff protection he had on his output; we provided that the producer would receive a better price, require the processor to pay more, and pass that on to the consumer. In other words, we simply turned the tariff around through a device whereby the producer would receive more and the consumer would have to pay for that export debenture, just as he has had to pay more by virtue of the tariff on the finished article.

Mr. FULMER. In other words, make the consumer pay just what he has paid heretofore?

Senator CONNALLY. Yes; the consumer has paid the increased cost just as he has been paying it for a hundred years in the case of the manufactured articles, and in the case of a great number of other commodities that have been imported into this country on which the farmer has been paying the price plus the tariff. They have had to pay that bounty, through the tariff, and the plan here provided is to give the benefit to the cattleman and to the farmer.

Mr. FULMER. Is it not a fact, Senator, that the program has been working out something like this, that as soon as we give the farmer a fair price for his commodities through the program of the National Recovery Administration, prices for the commodities which he purchases have increased so that the farmer after all is not benefiting as much as he otherwise would?

Senator CONNALLY. You are correct, Congressman FULMER. Of course, everything that the farmer buys is affected by the increase resulting through increase in wages, and the benefits to those engaged in the other industry resulting from the program of the National Recovery Administration.

Mr. FULMER. But is not the trouble this, that as fast as the Agricultural Committee here presents legislation and the Department of Agriculture and the Agricultural Adjustment Administration finds some way of doing something for the farmer, in raising his price, that the other industries, through the program of the National Recovery Administration are just placed in position to be a jump ahead of the farmer with the result that everything that the farmer has to buy has increased in price anywhere from 20 to 50 percent over what it was last year?

Senator CONNALLY. Well, I do not want to get into an argument about the other act, Congressman FULMER. But I am very much concerned in meeting this question of how we are going to help the cattlemen because I feel that something must be done for them, to offset whatever additional charges the cattleman has had to pay, and I believe the Department will be able to work out a program if we adopted the suggestion contained in this legislation.

The CHAIRMAN. Any further questions?

Mr. MITCHELL. Why was cattle stricken out from the original act as a basic commodity? I understand it was included originally in the bill.

Senator CONNALLY. I tried to make that clear. Evidently I did not make it clear when I first started. At the time the bill was pending in the Senate the cattlemen's position was represented by Senator Kendrick, of Wyoming, who was a very distinguished cattleman who was largely representing the cattle industry. He was on the Agricultural Committee in the Senate and was very much opposed to placing cattle in the Agricultural Adjustment Act, and most of the cattlemen, apparently, were opposed to it. They were afraid of getting into a program under which they might be taxed in some way. I do not remember all their reasons but at any rate, when the measure came up, cattle were excluded.

Since that time, however, there has been a radical and vital change of opinion among cattlemen, and I believe the overwhelming majority of them are now in favor of including cattle as a basic commodity in the Agricultural Adjustment Act.

Mr. Chairman, I wish to thank the committee for permitting me to appear before you. I beg your pardon for taking so much of your time.

The CHAIRMAN. Thank you very much, Senator CONNALLY, for your presentation.

Senator CONNALLY. I hope the committee will be able to report the bill forthwith and get it over to the Senate so we can act on it over there.

[From hearings of Friday, Feb. 9, 1934, before the Senate Committee on Agriculture and Forestry]

STATEMENT OF HON. TOM CONNALLY, A UNITED STATES SENATOR FROM THE STATE OF TEXAS

Senator CONNALLY. Mr. Chairman, I thank you for the courtesy of granting me this opportunity. I do not have any long, prepared statement with statistics, and so on.

This is the cattle bill. The committee was good enough the other day to report favorably a similar bill by me, and this is the House bill, and the reason I am asking that you also report this bill is that my bill, which was reported favorably, simply puts cattle under the Agricultural Act as a basic commodity. It did not include the clause which this bill carries making an authorization for an appropriation of $200,000,000 to be recouped, of course, through processing taxes, and I was afraid if we did not report this I would not be able to take it up and substitute it for my bill when mine is reached on the calendar. There is no pride of authorship; I want to get the measure through. My idea was that my bill is already on the calendar, and when we got to my bill I would take it up and substitute the House bill for it; but if the House bill has not been reported by this committee, I am afraid I cannot do that.

Senator FRAZIER. Your bill did not carry the $200,000,000?

Senator CONNALLY. No; but that part of it is the administration program. The Secretary of Agriculture is for it and everybody, so far as I know, is for it. It passed the House practically unanimously, so I should like to get this bill out and get it into shape so that I can take it up in lieu of my bill and get it right through.

Senator FRAZIER. This includes dairy cattle as well as beef cattle?

Senator CONNALLY. Yes; it includes dairy cattle, so that the dairy interests are for this as well as the cattle people.

In December I attended a meeting with the Secretary of Agriculture of the dairy and cattle interests, and at that time the Secretary of Agriculture proposed, in substance, this measure: First, to put cattle under the law as a basic commodity, under the act, and then to provide a fund to take care of dairy and cattle interests, to be recouped by a processing tax.

The cattle interests of the country are generally for this measure. My State is the biggest cattle State in the Union, and the president of the association there has wired me and written me that he thinks 90 percent of the cattle interests of our State are favorable to this measure. Recently at a meeting out in Albuquerque of the board of directors of the national association—and while the national association did not take any action because it felt that each State organization ought to express its views—there were 45 Texas cattlemen attending that convention, and 40 of them voted for this measure, expressing their approval of this bill, and 5 otherwise. So that is a pretty fair reflection of the sentiment of the cattlemen.

As you know, cattle is one agricultural product that has not done very well because it is not included. You remember, Mr. Chairman, a year ago the cattlemen themselves asked to be left out of the agricultural bill, and quite a change of sentiment has taken place, and I think if the committee would report this bill favorably and put it into shape where we could get early action on it, it would be a very good thing for the cattle industry.

Senator MCGILL. Senator, under the terms of your bill, the only reason for having the raising of cattle declared a basic industry would be to make it possible that a processing tax could be collected?

Senator CONNALLY. That is largely it; yes.

Senator MCGILL. Do you not understand that the cattle industry generally over the country are opposed to the processing tax on cattle or beef?

Senator CONNALLY. They are very largely, but that thing has been met in this way, Senator: While a great many of them are against the processing tax, yet they realize that something has got to be done about the cattle situation. Now, here is what is going to happen: They have had assurances, I understand, that the Secretary of Agriculture, after this bill shall have been enacted, will call a conference of all the dairy people and the cattlemen here or somewhere, and will undertake to work out a plan, under the act, of handling the situation which will be agreeable to the cattle people. As you know, the powers of the Secretary under the original act are very broad. He can do a lot of things, but the whole plan of this thing—the cattlemen have been here for some time conferring with the Secretary and his agents every day, and they have reached the point now where they think that the best thing that can be done is to pass this act, and after it is passed the Secretary then is going to have these conferences with the cattle people and try to work out something that will be satisfactory to them toward handling the situation.

Senator MCGILL. I am simply speaking from the knowledge I have from communications that I have had from my own State, and out there they seem to be opposed unalterably to a processing tax with reference to beef cattle. I can see that this is a different arrangement, and I can understand why mostly any industry would be willing to take an appropriation of this sort for its own benefit and probably its interest. I am not talking against it, but I think our people are opposed to a processing tax. They figure that a processing tax will be——

Senator CONNALLY (interposing). Will make beef higher.

Senator MCGILL. No; it will just be deducted from the price of the cattle.

Senator CONNALLY. It has a double effect, either way you take it, according to their view. Their view is that if you put it on cattle the consumer will eat hogs, pork, or something else; or if the producer pays it, it will come out of his pocket.

Senator MCGILL. Do you not think that a processing tax on beef cattle would be deducted from the price of the cattle rather than making cattle higher?

Senator CONNALLY. It probably would be a little of both.

Senator MCGILL. Do you not think it would fall right back on the producer?

Senator CONNALLY. To some extent. Probably a little of both. Let me say this to you, Senator: The packers are a big factor in this situation, and it is believed that, if the Secretary of Agriculture has some controlling power over the cattle situation, he can exact more consideration for the cattlemen from the packers than in any other way, because the packers are more or less a monopoly; and if the Secretary of Agriculture is given a little monopolistic power himself, he can probably make those boys act a little better than he can if we just turn them loose on the cattlemen. My information is that the packers made more money last year than they have made in any year for quite a considerable period of time. Well, that is all coming out of the cattlemen.

Senator CAPPER. They have collected a lot of it from the hog raisers.

Senator MCGILL. They have collected it from the men who produce hogs.

Senator CONNALLY. To be sure. That is the situation now.

Senator MCGILL. That did not help the hog producers.

Senator CONNALLY. That is the situation now; but if the Secretary of Agriculture is given a good deal of power in this and works out a plan that is agreeable to the cattle people, he can probably make those packers do a little jumping.

Senator MCGILL. Well, it seems to me that the beef-cattle industry and the hog-raising industry are a good deal in the same situation here.

Senator CONNALLY. That is true.

Senator MCGILL. If we are going to appropriate money for the benefit of the beef-cattle industry, we likewise should appropriate it for the hog industry. Why discriminate between the two?

Senator CONNALLY. I will say frankly, Senator, that the theory is that this sum will be gotten back into the Treasury through some method of processing tax which is hereafter to be worked out. The chances are it will not all get back into the Treasury, because of the law of abrasion there will be rubbed off part of this Government money.

Senator MCGILL. I think it is clear that even under the House bill the processing tax can be used, but the complaints I have had with reference to the pork industry indicates that the producer is the man who finally has to pay the tax.

Senator FRAZIER. Mr. Chairman, I think the House bill carrying this appropriation is an improvement on the Senator's bill.

Senator CONNALLY. Oh, yes; it is.

The CHAIRMAN. That is what he has come here to testify to.

Senator CONNALLY. When I originally introduced my bill, however, it was the understanding that this other was coming along. Congressman JONES, of my State, Chairman of the Committee on Agriculture in the House, and myself have been working absolutely in harmony. He introduced this the first day of the session, simply putting cattle under the Agricultural Adjustment Act as a basic commodity. Later on they worked out this plan of appropriation, so I did not amend my bill but waited till the House got its bill in shape, and I am now here asking the committee to report the House bill.

The CHAIRMAN. So that when his bill is reached on the calendar he can substitute the House bill for his bill.

Senator MCGILL. I agree that this is a better bill; that we had better provide for this appropriation. The only thing that is in my mind here is whether we should not make it possible to levy a processing tax; whether that is a detriment rather than a benefit, either to the hog or the cattle industry.

Senator FRAZIER. The Department is trying that processing tax out; and if they are going to try it out on hogs, it seems to me there would be the chance to make it more effective if we include cattle. I thought so last spring when we had the executive session and voted to put cattle in at that time.

Senator CONNALLY. Let me say, Senator MCGILL, that if they have the power to put the processing tax on, they do not have to do it; but if they go along and find later that it is necessary and they have got no power to do it under the legislation, then we are tied up again. So why not report the bill and give them the power and let them work it out with the cattle and dairy people?

Senator MCGILL. Would you have any objection to putting hogs, pork, under the same category here as you do cattle?

Senator CONNALLY. Are they not there now?

Senator FRAZIER. They are now.

Senator MCGILL. No. They have to have a processing tax, do they not?

Senator FRAZIER. They have; yes.

Senator MCGILL. In order to have any money. We are making an appropriation here for cattle and we are not for hogs.

The CHAIRMAN. But you must remember that hogs are already in the original bill. They are a basic industry.

Senator MCGILL. That is true.

The CHAIRMAN. And they are coming in to be taken care of just as this bill here provides, and they have apportioned in this bill $200,000,000 for the purpose of putting that industry in the same category as the others.

Senator CAPPER. The processing tax is now paid by the hog raiser. The allotments here are to be paid out of the Public Treasury, which is all right with me.

Senator MCGILL. The point I am getting at is this: That it only applies to cattle—beef cattle and dairy cattle. Now, if we are going to appropriate money here for the cattle and dairy industries, I think we ought to appropriate it for the hog industry.

Senator CAPPER. They ought to be on the same basis.

Senator MCGILL. That is the point I am getting at. Would you have any objection to that?

Senator CONNALLY. I do not know hardly what to say about that. Of course, I should like to get the bill up just as it is, but I would have no objection to offering an amendment on the floor. I would not object to it. I should like to get this out quickly, so that we can get some action on it, because I have assurances of the leadership that we can get this bill up pretty promptly if we can get it out.

Senator BULOW. You do not know what the attitude of Secretary Wallace is toward it?

Senator CONNALLY. He is for it. As I stated a while ago, Senator, we had a meeting last December, and this is the Wallace plan. This is his proposal. He is thoroughly for it. We had a big meeting of the cattle and dairy men, and Secretary Wallace really proposed this. This is an administration measure.

Senator CAPPER. As it stands now, he is not planning to levy this processing tax on the cattle raiser.

Senator CONNALLY. He is going to call a conference, Senator, as soon as the bill is enacted, of the cattle and dairy people and work out some plan that they hope will be agreeable to all interests. I cannot say what that plan is going to be, but he cannot do that unless he has got this authority, Senator. Unless we pass this legislation he cannot do anything.

Senator CAPPER. There is a general protest throughout our part of the country against this processing tax being passed back to the producer.

Senator CONNALLY. I know.

Senator CAPPER. And that is what is being done.

Senator FRAZIER. That was not the intention of the original bill.

Senator MCGILL. But that is what happens.

Senator CONNALLY. But they are learning some lessons out of that, and are trying to avoid that situation with regard to this particular product.

Senator FRAZIER. There was a group of representatives of the dairy interests of those Middle and Northern States down here 2 or 3 weeks ago. I had two or three conferences with them and the rest of our group out there, and we also went down to see the Secretary at that time. They wanted $200,000,000 appropriated for dairy cattle alone at that time.

Senator CONNALLY. They worked that out with the Secretary, I am sure.

Senator FRAZIER. Their plan was to have $200,000,000. There are some States that have not cleaned up on the tuberculosis of their dairy cows. They wanted that cleaned up. Then they suggested that surplus dairy cows be purchased by the Government out of this money and distributed to Indian reservations where they did not have any cows, just for the individual families, not in competition in the dairy business, and to some of the southern cotton farmers who did not have any cows—renters, I suppose—to distribute down through there, to take this surplus of dairy cows out of production at present. That was their plan, and the Secretary was quite favorable to it, although he was not sure whether we could get that amount of money or not, and I am satisfied that when this bill gets on the floor of the Senate they will attempt to amend it to increase that amount for dairy cattle.

Senator CONNALLY. Well, they may. But this has the hearty approval of the Secretary and the administration.

The CHAIRMAN. Senator CONNALLY, we are very much obliged to you for coming in and making this statement. This meeting was called and witnesses have been subpenaed on this other matter.

Senator FRAZIER. Can we vote on this bill right now? I think everybody understands it.

Senator CONNALLY. I wish we could.

Senator MCGILL. It is subject to any amendments we want to offer on the floor?

Senator CONNALLY. Certainly.

The CHAIRMAN. I will put the motion to report the bill.

(The motion was put and carried.)

The motion is carried, and it is so ordered.

Senator CONNALLY. I am certainly very grateful to you, Mr. Chairman and members of the committee.

Mr. CONNALLY. Mr. President, there is a committee amendment pending; but I desire to say that I wish to offer a substitute for the committee amendment. I will not press the matter for the moment, however.

The VICE PRESIDENT. The Senator may do that at any time. The question is on the committee amendment.

Mr. VANDENBERG and Mr. ROBINSON of Indiana addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield to the Senator from Michigan.

Mr. VANDENBERG. Mr. President, am I correct that this is the first basic commodity written into the Agricultural Adjustment Act for which a direct appropriation has been proposed?

Mr. CONNALLY. Does the Senator mean since the enactment of the measure?

Mr. VANDENBERG. Yes.

Mr. CONNALLY. So far as I know, this is the first amendment of the Agricultural Adjustment Act adding a commodity.

Mr. VANDENBERG. Or in the act itself? Is there any basic commodity in the act itself which is not wholly dependent upon processing taxes for its revenue?

Mr. CONNALLY. Oh, yes! In the original act, as I understand, funds were provided in somewhat similar fashion to this amendment, for instance in the cotton campaign and in the hog and other campaigns, which were subsequently reimbursed through processing taxes.

Mr. VANDENBERG. Precisely. It was a revolving fund for the purpose of reimbursement subsequently?

Mr. CONNALLY. I shall say to the Senator that if he were here yesterday, he will recall that it was stated that under this bill the Agricultural Administrator will have power to levy a processing tax to reimburse the Government for this appropriation.

Mr. VANDENBERG. I was here yesterday, and that is what disturbs me, because when one of the Senators asked the Senator from Texas something about the processing tax, the Senator from Texas interrupted to say, "If it is ever levied."

Mr. CONNALLY. I did.

Mr. VANDENBERG. Indicating a possibility that under the Senator's prospectus there will be no processing tax.

Mr. CONNALLY. No; on the other hand, Senators who occupied the other position and did not want any processing tax tried to get an admission from the Senator from Texas that there would be none levied; and he expressly stated that that was a matter that the Secretary would determine after the enactment of the bill and the outlining of the program. I do not know whether the Secretary will levy a processing tax or not.

Mr. VANDENBERG. Would it be fair, then, to say—and I am only seeking information—that under the bill as it stands it would rest within the authority of the Secretary to use this $200,000,000 in the nature of a bounty if he so saw fit?

Mr. CONNALLY. I do not think he could do it as a direct bounty, but he could do it if he expended it in carrying out any of the provisions of the Agricultural Adjustment Act.

Mr. VANDENBERG. And he could do it without reimbursement?

Mr. CONNALLY. I rather think he could expend it in carrying out the act, but not in paying benefits directly.

Mr. BORAH. Mr. President——

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. BORAH. Why was it not thought wise to determine definitely by the terms of the bill whether or not a processing tax should be levied? Why should we leave it open? It seems to me that as a matter of fairness to the cattle industry we should know where we are going.

Mr. CONNALLY. Of course, that is a matter of policy that the Senate can easily determine; but the bill simply puts cattle under the act along with other commodities, to be treated just as all other commodities have been treated under the previous legislation.

Mr. BORAH. In view of the policy which has been adopted with reference to other commodities, we would be justified in assuming that the same policy would be carried out with reference to cattle, and therefore that a processing tax would be laid. Would not that be reasonable?

Mr. CONNALLY. It is reasonable to assume that there will be a processing tax. I cannot say that there will be or that there will not be; but let me read to the Senator the proposed amendment which I shall offer as a substitute for the Senate committee amendment. It is to go in on page 2, line 2. This has reference to the appropriation:

With respect to the dairy- and beef-cattle industries, to carry out any of the purposes described in subsections (a) and (b) of this section (12), and to support and balance the markets for the dairy- and beef-cattle industries.

That makes the appropriation available to carry out any of the purposes of section 12, subsections (a) and (b).

Several Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield the floor?

Mr. CONNALLY. I do not care to occupy further time of the Senate.

Mr. BORAH. Mr. President, just a moment before the Senator takes his seat. I call attention to the statement of the Secretary, who says:

I can agree with you, Congressman HOPE, that through a great program, involving a vast expenditure of time and money that it will require the sympathetic cooperation of the great bulk of the cattlemen to make it really effective. And I am inclined to think that it might be just as well, in case of the cattlemen, to make cattle a basic commodity now and after that let the thing lay there until next fall, do nothing, just let the cattlemen suffer from low prices, go ahead and let the whole thing wait to see whether they want a processing tax; let them stew and see how the corn-hog thing comes out, and next fall formulate something, if they want to go without the processing tax, and next fall, when hog prices go up and there has been an increase in hog production and consumption of hog meat and perhaps a shift to the consumption of beef and a compensatory tax is put on cattle, then I think they would like to have the bill, making cattle a basic commodity, so they can avoid the compensatory tax going on cattle.

Just what does the Senator understand by that?

Mr. CONNALLY. The Senator understands that the Secretary was answering the contention of those particular cattlemen who wanted all the benefits of the act, and yet wanted to be guaranteed that there never would be a processing tax. He was replying to that attitude.

Mr. BORAH. As I understand the statement of the Secretary, it indicates very clearly that he intends to levy a processing tax.

Mr. CONNALLY. I so stated yesterday, that he had the power. I do not know whether he is going to do it or whether he is not. I cannot speak for the Secretary in advance; but it is clear that under the bill he has the power to do it if he sees fit to do so. I stated that yesterday repeatedly, and I reaffirm it today.

Mr. ROBINSON of Indiana. Mr. President——

Mr. CONNALLY. Mr. President, before I yield the floor, I desire to appeal to Senators to let us get along with this bill. It is my hope to have it passed today; and I hope Senators will not interpose and discuss extraneous matters if they can avoid doing so.

Mr. MURPHY and Mr. NORRIS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield first to the Senator from Iowa.

Mr. MURPHY. Mr. President, with respect to the appropriation of $200,000,000, this colloquy occurred in the Senate Committee on Agriculture and Forestry, with Mr. Davis present:

Senator MURPHY. How do you propose to recover this $200,000,000?

Mr. DAVIS. We have not gone into that phase of it, Senator. This appears to be an authorization for an outright appropriation. In that respect, that is a good deal like the $100,000,000 in the amendment last year. It was out of any money not otherwise appropriated.

Senator MURPHY. You do intend to impose processing taxes?

Mr. DAVIS. Yes, sir.

Senator MURPHY. You do not know when you will impose them?

Mr. DAVIS. We would have to impose them when the program first begins, and that should be regarded, I think, as a supplement to the income from processing taxes, so that more money can go out to the farmer, rather than substitute the price.

Mr. BORAH. Mr. President, may I interrupt there?

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. BORAH. May I ask the Senator from Iowa if Mr. Davis was representing the Agricultural Department?

Mr. MURPHY. Yes; he was.

Mr. BORAH. That leaves no kind of doubt as to what the plan is, it seems to me.

Mr. MURPHY. I have not any doubt in my own mind, I will say to the Senator, that under this bill the purpose and intent of the Agricultural Administration are to impose a processing tax.

Mr. BORAH. I do not think anyone could have any doubt in view of the statement of Mr. Davis.

Mr. MURPHY. Mr. Davis left no doubt of that fact in my mind at the meeting of the committee.

Mr. CAREY and other Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield to the Senator from Wyoming.

Mr. CAREY. I should like to ask the Senator from Iowa whether Mr. Davis did not also admit at the hearing that if processing taxes were imposed, they would be passed on to the producer rather than to the consumer? Does the Senator recollect his testimony?

Mr. MURPHY. I would not quote Mr. Davis as saying that; but Mr. Davis did resist the contention that the processing tax had been passed on to the producer, insisting that there was a twilight zone, and that nobody could determine where the tax went.

Mr. CAREY. It has been admitted that when prices are low, the producer must necessarily assume that tax.

Mr. MURPHY. That is my contention.

Mr. GEORGE and Mr. CAPPER addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield first to the Senator from Georgia.

Mr. GEORGE. Mr. President, I desire to say that in the Public Works section of the National Recovery Act an appropriation of $100,000,000 was carried last year to enable the Agricultural Adjustment Administrator to administer that act. When the bill was passed, and the question of imposing a processing tax upon certain of the basic commodities originally included in the Agricultural Adjustment Act was before the Secretary of Agriculture, the very definite position was taken that the Secretary would impose the processing tax, and he did impose the processing tax, although there were repeated and most earnest and insistent requests that the processing tax on certain of the basic commodities covered by the operations of last year, particularly cotton, be deferred for the time being. As I understood, the Secretary of Agriculture took the position that he was, if not legally bound, at least morally obligated to impose the processing tax for the purpose of reimbursing the Treasury, as well as for the purpose of carrying on the operations of the Agricultural Adjustment Administration under the Adjustment Act.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Arizona.

Mr. HAYDEN. I desire to ask the Senator from Georgia a question. A processing tax was levied on cotton, as I understand.

Mr. GEORGE. It was levied on cotton.

Mr. HAYDEN. Does the Senator feel that the tax was passed on to the producer of cotton?

Mr. GEORGE. Well, that question would lead to quite a good deal of debate.

Mr. HAYDEN. The statement was made a moment ago, on the other side of the aisle, that it was generally conceded that the producer paid the processing tax. If that was invariably so, it would be true with respect to cotton. The price of cotton has advanced, as I understand.

Mr. GEORGE. The price of cotton has advanced, but my own judgment is that the producer of cotton paid the processing tax last year, as a matter of fact.

Mr. HAYDEN. Was that a temporary situation?

Mr. GEORGE. I do not think so.

Mr. HAYDEN. I ask that question because it has been said that, while the producer might pay the processing tax temporarily, with respect to hogs it was stated that by next fall it is hoped the price of hog products will have so advanced that the tax will not be a burden to the producer.

Mr. GEORGE. I want to say in answer to the Senator from Arizona that the cotton farmers have received benefits under the Adjustment Act, beyond all doubt, and under other administrative measures taken during the year 1933.

Mr. HAYDEN. In the judgment of the Senator from Georgia, would the price of cotton be now as high if no processing tax had been levied?

Mr. GEORGE. I do not think the processing tax had a great deal to do with it. I think that other things that were done, wholly outside and irrespective of any processing tax, have had more to do with the price of cotton. But the benefits were given to the cotton farmer. In the first instance, they were made immediately available out of the hundred million dollars appropriated, but, at the same time, the processing tax was levied; and my own opinion—and I believe it to be the opinion of those engaged in the cotton business generally—is that the producer himself probably absorbed the tax last year.

Mr. HAYDEN. But the producer could afford to do that if he received a higher price for his cotton?

Mr. GEORGE. He did receive a higher price, and he received certain definite and distinct benefits through various operations undertaken.

Mr. HAYDEN. Mr. President, my reason for asking the question is that I have received the following telegram from the president of the Arizona Cattle Growers Association:

Arizona Cattle Growers Association has no serious objection cattle being made basic commodity, but object strenuously to processing tax on beef, because, as beef is competitive commodity, tax would immediately be taken off price of cattle same way it has been taken off price of hogs. With cattle market at present low level, any further reduction in income from sales would be added burden which the industry is unable to stand.

J. M. CARTWRIGHT,
President Arizona Cattle Growers Association.

I am trying to find out from the expressions of the Senator from Georgia how the processing tax worked with respect to cotton, and whether we could entertain the hope that the operation of the entire plan would ultimately effect an increase in the price of beef, so that the producers of livestock will be benefited rather than injured.

Mr. VANDENBERG. Find out how it worked in the case of hogs. That is the better way of ascertaining the probable effect in the case of cattle.

Mr. GEORGE. It is a debatable question, and I have given the Senator the benefit of my own opinion.

Mr. MURPHY. Mr. President, will the Senator from Texas yield to me?

Mr. CONNALLY. I yield.

Mr. MURPHY. In reply to the Senator from Arizona, I will say that there is a fundamental difference between the processing tax on cotton and the processing tax on hogs and beef. That difference lies in the fact that cotton is not a perishable commodity, while beef and hogs are perishable commodities.

I think it is a fundamental truth that if a processing tax is imposed on a perishable commodity of which there is a surplus production, inevitably that tax is taken out of the producer, and we will not be able to collect it from the consumer until such time as the supply falls short of the demand.

The price of beef will be depressed by a processing tax, as the price of hogs was depressed by a processing tax, and the price of beef now being so low, it ought not to be driven lower, and we ought to give discretion to the Department of Agriculture in the imposition of the tax. I myself would make it mandatory, if there were any way of doing it, and provide that the processing tax should not be imposed until such time as consumption should make it possible to raise the price.

Mr. CONNALLY. Mr. President, I send the proposed amendment to the desk and ask that it be read for the information of Senators.

The VICE PRESIDENT. The clerk will read.

The CHIEF CLERK. On page 2, in lines 2 and 3, it is proposed to strike out the words "to make advance rental and/or benefit payments with respect thereto" and to insert in lieu thereof the following: "to carry out any of the purposes described in subsections (a) and (b) of this section (12) and to support and balance the markets for the dairy- and beef-cattle industries."

Mr. BORAH. Mr. President, in connection with the question we have just been discussing, as to where the incidence of this tax will finally lie, I have before me a letter from Swift & Co. with reference to the processing tax on hogs. A farmer in Kerkhoven, Minn., dropped a postal card to Swift & Co. asking for information, and they replied to him as follows:

DEAR SIR: Replying to your post card of February 8, it was undoubtedly intended by the framers of the law that the processing tax on hogs would be paid by the consumer in the form of higher prices. The packer on whom the tax is first assessed was supposed to pass it along.

So far as we are able to tell, it has been impossible to get higher prices from consumers as a result of the tax. What consumers will pay for pork depends upon their incomes, as has recently been shown by the United States Department of Agriculture. Since the imposition of a tax on hogs does not increase the consumer's purchasing power, it does not enable the packer to get more for his pork products.

As you know, pork is highly perishable and must be sold for what the consuming public will pay, whether the price is satisfactory or unsatisfactory. The same is not true of other less perishable products like wheat, cotton, and tobacco, where it has been found possible to pass along processing taxes in the form of higher prices. The packer is in a position where he must sell at a market determined for him by the purchasing power of consumers.

In effect the processing tax has been an added expense to the packer and has had the effect, like he pays for hogs and what he is able to get for pork products. The packer's margin is not wide enough and never has been to enable him to bear the tax himself. It has therefore made the price of hogs lower than it would otherwise have been.

In my judgment, that is precisely what would happen with reference to cattle.

Mr. CAREY. Mr. President, does not the Senator believe that if the $2.25 processing tax which is being imposed were not imposed, the producer would be receiving that additional money in the price of his hogs?

Mr. BORAH. I should think so.

Mr. CAREY. I think so. I think it is simply taken out of the price.

Mr. BORAH. Undoubtedly the packers are taking it out of the price of hogs.

Mr. TYDINGS. Mr. President, is it not the opinion of the Senator from Idaho that the higher we make the price of hogs, through any process, whatever it may be, the less consumption of hog meat there will be?

Mr. BORAH. Undoubtedly. What has happened is that they have passed this tax on to the producer of hogs. He has paid it, and the price of his hogs is that much lower.

CANCELATION OF AIR-MAIL CONTRACTS—OPERATIONS OF N.R.A.

Mr. ROBINSON of Indiana. Mr. President, referring again to the ruthless cancelation of the air-mail contracts by the administration, and the tragic results which followed the Executive order directing the Army fliers to carry the mails, I have an editorial, published in the Logansport Press a day or two ago, under the caption: "Farley, Air Mail, and Death", which I ask to have read from the desk by the clerk.

The PRESIDING OFFICER (Mr. GEORGE in the chair). Without objection, the clerk will read.

The Chief Clerk read as follows:

[From the Logansport (Ind.) Press]

FARLEY, AIR MAIL, AND DEATH

What mail do the Army planes carry one half so precious as the lives of the flyers?

When Postmaster General Farley launched his age-old political trick of the ins building themselves up by showing the shortcomings of the outs, he visioned the drama, the snap, the headlines, the partisan plaudits, the "turn the rascals out!"

Always with himself basking beneath the halo of the good and faithful servant of the public.

And, to show that he, Postmaster General Farley, is a man of infinite resource he had his alternative ready for the time when commercial flying of the mail should cease, "The Army will fly the mail!"

Terse, dramatic, looked good in headlines—but it meant death and disaster to boys who bravely jump at a task set them by a fat, sassy, plausible politician safely on the ground.

All the mail carried is not worth one of the lives that have been lost.

Why, in the name of humanity, did the Postmaster General have to fix on this homicidal alternative? Is this ghastly thing also a product of the "brain trust"?

Suppose the Postmaster General felt it his duty to cancel the contracts to fly the mail—what then?

Is there law requiring that this circular and that market letter and this pep letter to salesmen be carried in the air?

Why could it not have been carried as mail has always been carried up until a few years ago?

Is industry so booming, is business so rushing, that the trains could not handle it, at least until the flyers were trained in the courses and the new work set to them?

In the greatest years of boom prosperity the mail seemed to get there on trains. Business was a whole lot better and faster than it is now. And the mail was heavier.

What emergency exists to throw untrained flyers into the break of political scandal? Whether or not Postmaster Farley was right or wrong in revoking the air-mail contracts is not the question.

The question is: Why, in the name of God, he cannot put the mail on the trains until this matter is settled or until his Army flyers have a chance for their lives?

Postmaster Farley before becoming a statesman and a king maker was a member of the New York Boxing Commission. It was a lousy, corrupt thing dealing with the dregs of humanity and his record for a short turn and a crosscut was an odorous thing on all the sports pages of America.

Someone, some person, should tell him that he cannot send a clean-cut American boy aloft to certain death with the same nonchalance that the boxing commission sent "set-ups" into the boxing ring to be brutally beaten in order to build up the reputation of some favored slugger in whose fistic destinies some of Farley's political cronies held an interest.

President Roosevelt is a genuine humanitarian. Six flyers have already been done to death in this crazy, irrational thing. We believe that the man who can grieve for the afflicted child can also feel for the relatives of these boys who are sent into unknown and needless danger as pawns on the politician chessboard.

Until the Government is prepared with experienced mail flyers let the mail be carried on trains, on auto—even by horse and buggy—rather than this holocaust which has a Nation wondering "who will be next?"

Mr. ROBINSON of Indiana. Mr. President, further, in connection with the cancelation of the air-mail contracts, there was published on the front page of the Washington Star, Monday, March 5, 1934, an article by the Associated Press, the headlines of which read as follows:

Morgan revealed air-stock seller as cancelation of pacts neared. Evidence 4,500 shares of United Aircraft was disposed of is given to Senate committee. "Leak" among Federal officials being hunted.

I will read this much of the story:

Evidence that J. P. Morgan, head of the big banking house bearing his name, sold a block of 4,500 shares of United Aircraft stock within 2 weeks before Government cancelation of the air-mail contracts, was presented today to the Senate Banking Committee.

Morgan's name was on a list—submitted to the committee by the New York Stock Exchange—of those who sold more than 1,000 shares of the air-transport stocks from a long position within the 2 weeks before cancelation.

Then further down in the article appears this item:

Morgan was listed as selling the 4,500-share block of United Aircraft through Richard Whitney & Co.

So it appears, Mr. President, that the international bankers knew all about the proposed cancelation before it took place. It would be interesting to know how the House of Morgan learned that the contracts were to be canceled. Evidently the money changers have not been driven out of the temple.

I note in another part of the article it is said that James Seligman also sold 800 shares of United Aircraft, 12,400 shares of Curtiss-Wright, and 5,200 shares of Douglas Aircraft. I understand James Seligman is of the Seligman Banking House, with which Mr. Earle Bailie was connected, the Mr. Bailie who was the right-hand man of the present Secretary of the Treasury, Mr. Morgenthau, until the latter's confirmation itself was held up by the Senate Finance Committee until he should get rid of Bailie. Evidently the Seligmans, as well as the international bankers generally, knew all about the proposed cancelation.

All this, Mr. President, is certainly food for thought for the American people in connection with one of the most ruthless, high-handed actions ever taken by an administration in the history of this or any other country.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. I wonder if the Senator did not know that in the case he was speaking of the bankers were just pursuing an ordinary course. It is nothing out of the ordinary. I should like to call the Senator's attention to the fact that when the bankers discovered what was being done in Cuba, and the Chase National Bank's confidential report showed that the loans were being carelessly spent and that the funds were being squandered, and when all the other illegalities that were being committed by Machado were discovered by them, the result was that they promoted a little stock offering to the public and cleared the vaults of the Chase National Bank of the Cuban securities and put them out to the public. The bankers are now fixing to see if they can clear up this air-mail business, penalizing the general public in order to take care of the matter. It is only customary with these big men that when they wish to cancel out something they have, they pawn it off on the little man a few days ahead of the time an unfavorable situation becomes known. I think the Senator is just wasting time in discussing it. It is nothing out of the ordinary.

Mr. ROBINSON of Indiana. I thank the Senator for his observation.

Mr. President, there are other concerns that evidently sold the aircraft stock with advance knowledge. There was published last night in the Washington Star a long list of the short sellers, the names of whom I shall not mention at this time.

It now develops, Mr. President, that in connection with the so-called "air probe" one man, at least, close to the administration, has had enough of it, and complains rather bitterly. Last night the Washington Star carried a story, again by the Associated Press, with the following headline:

James Roosevelt assails air probe. Declares Democrats on committee owe apology to Adams.

The story follows:

LOWELL, MASS., March 6.—James Roosevelt, in an address before the combined service clubs of this city last night, described as "absolutely silly" that phase of the air-mail contract investigation involving Charles Francis Adams, former Secretary of the Navy.

He declared the probe has become "focused on personalities", and added that Democratic members of the investigating committee owe the former Hoover cabinet member an apology for summoning him to Washington.

James Roosevelt is the son of the President of the United States. So much for that, Mr. President.

While I am on my feet I desire to mention an incident that took place with reference to the N.R.A. A great deal was said here yesterday and the day before about the accomplishments of the administration during the past year. Much has been made of it by members of the Democratic Party and representatives of the President on this floor and elsewhere. But apparently all is not well.

I suppose the cornerstone of the President's recovery program, probably the foundation for it all, is the N.R.A. It has been brought out on the floor of the Senate by distinguished Members of this body and by others throughout the country that the N.R.A. works under the present set-up in the interest of big business, but the little business interests throughout the country are finding small opportunity under this despotic sway. Evidently the President knows that by this time.

At the end of the first year of the present administration the President addressed a great assembly of business men and citizens in this city, in the Auditorium. Anyone would have thought, if all we read be true of the great recovery that has taken place, that that audience would have warmed up to the occasion. As a matter of fact, the Washington Daily News, which has been very friendly to the administration, published a report of that meeting which was addressed by the President. The meeting must have been very disappointing to the administration, from the story that appears in this newspaper which is so very friendly to the administration. The article is written by Martha Strayer and is entitled:

ROOSEVELT AUDIENCE WEARS POKER FACE, SITS ON HANDS

I send the article to the desk and ask that it may be read by the clerk.

The PRESIDING OFFICER. The clerk will read the article.

The Chief Clerk read as follows:

[From the Washington Daily News, Mar. 5, 1934]

ROOSEVELT AUDIENCE WEARS POKER FACE, SITS ON HANDS

By Martha Strayer

President Roosevelt will never face a tougher audience than the 4,000 American business leaders who heard him open the big code conference today at Constitution Hall.

They brought along their poker faces and sat on their hands.

They made one of the most amazing gatherings of the Roosevelt or any other administration.

Every seat of the 4,000 in Constitution Hall was taken, and there were two overflow meetings of people who wanted to get in and couldn't. Outside the doors were other hopeful souls who asked ticketholders, sotto voce, if they had any extras they weren't using.

Inside there was the Marine Band, in scarlet coats, out of sight in the orchestra pit and playing a concert for the half hour before the President arrived.

On the stage were Frances Perkins, Frances Robinson, Democratic Cabinet members, Senators, and others high in official life.

In the boxes were Cabinet members' wives, and other well-dressed women.

On the main floor and in the balconies were rows and rows and rows of men, with a very small scattering of women.

The meeting was opened like a session of Congress, with a prayer by Senate Chaplain ZeBarney Phillips.

An elevated platform was in the middle of the orchestra, supporting at least half a dozen sound-picture machines and operators.

There were Klieg lights above to play on the President, and flashlights of many exploding camera bulbs.

"The President of the United States", said Gen. Hugh Johnson, introducing Roosevelt.

The President began.

It was 5 minutes before he got even a flicker of applause.

He said, to an accompaniment of deep silence:

"For your support I give you my thanks."

When he quoted a question which has been much on the lips of American people, answering critics of N.R.A.:

"Well, what do you suggest?" there was a spontaneous burst of laughter.

When he said:

"One thing is very certain: We are not going back either to old conditions or old methods", Senator GEORGE NORRIS led the applause which came closer to rocking the building than at any other time in the speech.

The meeting was held up after his address until General Johnson could return after accompanying the President to the overflow gatherings.

Mr. ROBINSON of Indiana. Mr. President, evidently among the people themselves, if we get away from the ballyhoo of the administration and the propaganda, certain features of the program, notably the basic structure—the N.R.A.—are not so popular with the country.

This morning there is published in the Washington Herald an editorial on the front page entitled, "Government by Personal Whim Is Despotism." I shall not read it all, but just a paragraph or two, and then ask that the entire editorial may be incorporated in the RECORD in connection with my remarks. Some of these statements are startling:

We are advancing fast toward absolutism. We are retreating fast from constitutional democracy.

Encroachment after encroachment upon popular liberties follow one another.

Usurpation leads to further usurpation of dictatorial authority.

The President seems to think he can easily enlarge his already extended powers by merely weaving into a request for new authorizations some passing reference to the "existing emergency" and the "prevailing unemployment."

This is the familiar balustrade upon which he again leans in casually asking Congress for power personally to negotiate and conclude tariff treaties without their submission to the Senate for ratification, without recommendation or guidance by the Tariff Commission, without check from any quarter, without the concurrence of any other person or official body, without revealed method or proven principle or established precedent or even thorough survey of the facts.

Autocratic authority is so substituted for constitutional prerogatives and procedure.

The President becomes the panjandrum of American business, with power, by personal treaties, independently of any action by the representatives of the people, to raise or lower tariff rates 50 percent in all trade bargaining with foreign nations.

I shall read no more of the editorial, Mr. President, but I want to point out at this juncture if the bill giving the President alone and single handed the power to deal with foreign nations in tariff matters shall ever pass both Houses and become a law, that will be the end of the war debts. If the Congress should vote to him the complete power that is concealed within the bill as proposed, then he would have absolute authority to cancel the war debts, notwithstanding the fact that the American people, to the extent of at least 90 percent, are opposed to any such procedure.

Let the Senate take warning. If that bill shall be enacted, the majority in the Congress will be giving the President of the United States the power, himself alone, without ever referring it back to the Senate or the other House of Congress, to do that thing against the interests of the people of this country which Congress has solemnly said no President should do, namely, cancel the debts. I ask at this point that the entire editorial, a part of which I have just read, may be incorporated in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorial is as follows:

[From the Washington Herald, Mar. 7, 1934]

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The President becomes the panjandrum of American business, with power, by personal treaties, independently of any action by the representatives of the people, to raise or lower tariff rates 50 percent in all trade bargaining with foreign nations.

Conceding the virtuous intentions of the President and without dwelling upon the naive insensibility to business actualities revealed in his proposals, it is manifest—clear beyond all shadow of doubt—that this power should not be given at all.

The authority belongs to Congress and should be exercised by Congress!

If Congress, in its servile desire to surrender its functions, should confer more of its powers on the President, that power in this instance should be limited strictly to the right to raise tariff rates as a reprisal for prohibitive rates or quotas imposed by foreign nations on American products.

This power would at least be the right to defend American industry.

But the power to lower tariff rates 50 percent is the power to destroy American industry!

It is the power to cripple the 95 percent of production and employment which supplies domestic markets in order to favor the 5 percent which competes in foreign markets.

Such a policy is not only allowing the tail to wag the dog; it is destroying the dog to save the tail.

And the tail would be utterly valueless without the dog, not only in the simile but in the actuality.

There is another reason—although no other reason is needed for not giving the President power to make these bargains with foreign nations—and that reason is that the bargains will not be scrupulously carried out by foreign nations, most of which are unreliable in their dealings with America, and some of which are definitely dishonest.

The American Government is an utter innocent in the diplomatic field, and the foreign nations know it.

They borrow money of us and do not pay it. They make agreements and do not keep them.

To use the popular phrase, they are sharpers and we are hicks. We play their shell game and they make fools of us.

We buy their green goods and they laugh at us. We lose our money, and they take it and spend it to compete with us.

We labor under a load of taxation inherited from their war, and they show their appreciation by piling their taxation upon us on top of our own.

They have not even the gratitude which a sharper should show toward the simpletons who support him.

If we open our home markets to their goods, on their worthless pledges, we will find that we have sacrificed American industry and American labor for a bond that is without value, and a word that is without honor.

Take Mr. Roosevelt's historic apple swap, an example of ingenious innocence which has never been matched in the whole history of our fatuous foreign relations.

Under this arrangement the United States permits the entry of some $10,000,000 worth of French wines and France agrees to allow the importation of some $1,000,000 worth of American apples.

For some reason or other even this one-sided agreement has not operated reciprocally, various shipments of American apples having been left to rot on the French docks or seek a market elsewhere.

We confidently leaned again on the broken reed of French sincerity and honest intent, and experienced the usual consequences.

What reason have we to believe or to hope that other bargains would be more scrupulously kept, or that the United States can ever depend on the pledges of nations which repudiate their debts and dishonor their agreements?

The reaction of Congress to this startling proposal of the President's will be watched by thoughtful Americans with profound concern.

Perhaps it is with the issue here presented that real recovery in the United States will begin—the recovery of itself and its self-respect—the recovery of its constitutional rights, its independence, and its liberty.

Mr. VANDENBERG. Mr. President——

Mr. ROBINSON of Indiana. I yield to the Senator from Michigan.

Mr. VANDENBERG. I should like to call the Senator's attention to a really challenging hazard. Many of us were constrained to object when the money bill permitted the

Secretary of the Treasury, in his unaccountable and unaudited wisdom, to play with $2,000,000,000 in the dark. The domestic market is worth $90,000,000,000, and, if it was hazardous to permit one executive to play with $2,000,000,000 in the dark, it is 45 times more hazardous to permit another executive to play with $90,000,000,000 in the dark.

Mr. ROBINSON of Indiana. The Senator is exactly right, Mr. President, and I am grateful to him for the suggestion. As a matter of fact, it is my opinion that the Senate of the United States will never cease to regret the day it turned over $2,000,000,000 of the people's money to the youthful Secretary of the Treasury with which to gamble in the international poker game. The truth is that there he sits in with those who know so much more about that game than he does that there is no comparison. In my opinion, inevitably the entire $2,000,000,000 will be lost, while at the same time the veterans of the war are positively refused any consideration as far as the $2,000,000,000 due them is concerned. We turn that vast amount over to a young man, the Secretary of the Treasury, with utterly no experience, to gamble away as he pleases for a period of 3 years, and even the Senate cannot question him as to what he may do with it. Furthermore, as has been suggested, he has no definite policy at this moment. He has $2,000,000,000 and does not know today what to tell the people he proposes to do with it. He has, by his own statement, no policy of any kind. So far have we drifted, Mr. President, from safety.

LIMITATION OF INCOMES AND WEALTH

Mr. FESS obtained the floor.

Mr. LONG. Mr. President——

Mr. FESS. I yield to the Senator from Louisiana.

Mr. LONG. I thought I had the floor. I beg the Senator's pardon.

Mr. FESS. I yield to the Senator.

Mr. LONG. Mr. President, I want to call the attention of the Senator from Mississippi [Mr. HARRISON] and of the Senate to Senate Joint Resolution 65 and Senate Resolution 113, which I have offered, and I want to ask that, following the disposition of the present unfinished business, they become the unfinished business of the Senate.

The PRESIDING OFFICER. Is the Senator from Louisiana submitting a request for unanimous consent?

Mr. LONG. I am asking unanimous consent or I will ask the consent of the Senate.

Mr. McNARY. Mr. President, what is the nature of the Senator's request?

The PRESIDING OFFICER. The Senator from Louisiana requests that, immediately following the disposition of the pending bill, Senate Joint Resolution 65 and Senate Resolution 113 be taken up for consideration.

Mr. LONG. Mr. President, for the information of the Senator from Oregon, I will read Senate Resolution 113, if the Senator from Ohio will permit me. It is as follows:

Resolved, That it is the sense of the Senate of the United States, and that it accordingly does instruct the Senate Finance Committee, that it reform all revenue bills coming before it during the Seventy-third Congress, so that no person shall have an annual income in excess of $1,000,000; so that no person during his or her lifetime shall receive by gifts, inheritances, or other bequests more than $5,000,000; and so that all estates shall be limited so as not to exceed $50,000,000 to the person, all surplus above such allowances to become payable to the Government, in cash or in kind, on such terms as may be prescribed by said Finance Committee.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

Mr. HARRISON. Mr. President, this is a resolution which expresses the sense of the Senate. It is not a resolution that calls for any expenditure. It seems to me that the better procedure would be that when the revenue bill reaches the Senate the Senator offer his amendment to the bill at that time.

I have no objection to the Senate expressing its sense at any time. The resolution does not come within the category of resolutions which first have to go to a standing committee. I think the better plan in this case would be to wait until the revenue bill comes to the Senate and then offer an amendment accordingly.

Mr. LONG. The purpose is to work out the matter in the committee. In other words, it can be much more readily worked out in the committee than on the floor of the Senate. If the Senate decides to carry out the program which our President has announced, then I propose to make the method of its confirmation very practical rather than to undertake to consider it on the floor of the Senate. It would save much time. Perhaps my resolution will not be adopted, though I very much hope it will not be defeated.

Mr. McNARY. Mr. President, I feel precisely as does the Senator from Mississippi [Mr. HARRISON] that probably some day we should vote upon the resolution. I protest the practice of piling unanimous-consent agreements one upon another. I have no objection to making the resolution a special order at some time. But we have a unanimous-consent agreement under which we are now working. To add to that another is not a practice which I am inclined to follow and therefore I must object.

The PRESIDING OFFICER. Objection is made.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. I ask the attention of the Senator from Arkansas [Mr. ROBINSON]. We are recessing now from day to day. What is before the Senate when we get through with the bill in charge of the Senator from Texas [Mr. CONNALLY]? Is it the Great Lakes-St. Lawrence Waterway Treaty?

Mr. ROBINSON of Arkansas. Mr. President, there has been no arrangement with reference to the order of business beyond the present bill and beyond the arrangement that at 2 o'clock today the Senate shall interrupt its consideration of the present unfinished business to consider a nomination on the Executive Calendar.

Mr. McNARY. Unquestionably the unfinished business is the Great Lakes-St. Lawrence Waterway Treaty.

Mr. ROBINSON of Arkansas. It is not the unfinished business in a technical sense, but there has been an agreement made to vote on the treaty at a definite time.

Mr. McNARY. In a parliamentary sense it is the unfinished business.

Mr. LONG. Then, one might demand the regular order at any time?

Mr. McNARY. To enter intc a unanimous-consent agreement such as is now proposed would have the effect of displacing the treaty. I think I have made my position clear as to procedure.

Mr. ROBINSON of Arkansas. The unfinished business as a matter of fact and of law is the bill in charge of the Senator from Texas [Mr. CONNALLY]. There is a unanimous-consent agreement which implies an obligation to bring the Great Lakes-St. Lawrence Waterway Treaty before the Senate whenever some Senator wishes to discuss it.

The PRESIDING OFFICER. May the Chair suggest that the treaty is executive business and not legislative business.

Mr. ROBINSON of Arkansas. Yes; it is an executive matter.

Mr. HARRISON. Mr. President, will the Senator from Arkansas yield for a suggestion?

Mr. ROBINSON of Arkansas. Certainly.

Mr. HARRISON. Of course if we take an adjournment, the resolution of the Senator from Louisiana could come up during the morning hour. I have no doubt the Senator from Arkansas will have no objection to having a morning hour soon during which the resolution could be laid before the Senate.

Mr. ROBINSON of Arkansas. I shall be very glad to move an adjournment when the pending bill shall have been disposed of.

Mr. HARRISON. I do not want to commit myself as to whether or not I shall make a motion to table the resolution of the Senator from Louisiana or to refer the resolution to a committee, but it does seem to me it would be

perfectly proper that we should have a morning hour sometime soon when we could take it up for disposition.

Mr. LONG. The only trouble about that is that if my resolution gets into the hands of the committee, the chairman of which is opposed to its consideration, it might never again come back to the floor of the Senate. That is why I want to get action on the floor of the Senate if I can.

Mr. ROBINSON of Arkansas. I shall be glad to move an adjournment of the Senate when the pending bill shall have been disposed of. If it suits the convenience of the Senate and the debate on the pending bill is to be prolonged somewhat indefinitely, I may do that earlier.

NOMINATION OF DANIEL D. MOORE—AGREEMENT FOR EXECUTIVE SESSION

Mr. HARRISON. Mr. President, I desire to submit a proposed unanimous-consent agreement. I ask unanimous consent that at 2 o'clock on Friday, March 16, the Senate proceed to the consideration of executive business and to the consideration of the nomination of D. D. Moore to be collector of internal revenue, district of Louisiana. The nomination is now on the Executive Calendar.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The unanimous-consent agreement was reduced to writing and entered, as follows:

Ordered, That at 2 o'clock p.m. Friday, March 16, 1934, the Senate shall go into executive session to consider the nomination of Daniel D. Moore to be collector of internal revenue for the district of Louisiana.

INCLUSION OF CATTLE AS A BASIC INDUSTRY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. FESS. Mr. President, in reference to the bill which is the unfinished business and which proposes to enlarge the operations of the Agricultural Adjustment Act by amending it so as to include cattle as a basic commodity, I only wish to say that I cannot support the proposal. I do not want by my vote or voice at any time to indicate that I approve, first, of delegating to the Secretary of Agriculture such authority, and, secondly, after he has gotten it, of enlarging it. I would take it away from him as soon as I could by voting a repeal of the act which gave the authority in the first place.

I was opposed originally to the passage of the act. It was passed under the statement that it was to be purely an emergency measure; that it was temporary in character, to be repealed when the President declared the emergency ended. But we are now being told from the highest circles in the Government that the emergency legislation is not to be temporary, but is to become permanent law. We need not go further back than the statement on last Monday of the President of the United States and consider what he asked in reference to the control of industries in the country.

I should assume that any fair-minded person, considering an experiment which had been such a hopeless and admitted failure as the Agricultural Adjustment Act has been since it has been operating, would not only concede the unwisdom of the original act, but would be glad to vote to repeal it at the earliest opportunity.

In relation to the operation of the Agricultural Adjustment Act as to the several items that have been covered—and Mr. Davis, who is the best authority on it, says of the 7 articles 6 have been covered—I know of no instances where failure has been so glaring, and admittedly so, as in this governmental experiment. We were first told that the only way we could increase the price of commodities on the farm was either by increasing the demand or decreasing the production. I agree with that principle. That is a sound economic announcement. The truth about the matter is that prices cannot be determined by government. Of course, we can say that the price shall be such a figure, but that would mean a total divorcement between price and value. Whenever price is artificially fixed with no respect to value, it cannot be a success, as everyone must know. The difficulty about price fixing by the Government is that we yield to impulse rather than to common sense, and we fix the price not with regard to the value of the article, but with regard to the convenience of obtaining a greater return in order to be able to liquidate our debts.

Mr. LONG. Mr. President, I hope the Senator will pardon me. I have tried to get the floor to propound an inquiry.

Mr. FESS. Let me announce to my friend from Louisiana that we are to go into executive session at 2 o'clock, and I do not want my time before 2 o'clock to be used up.

Mr. LONG. I shall not use over a minute and a half.

Mr. FESS. I yield to the Senator.

Mr. LONG. I ask the attention of the sponsors of this bill on both sides of the Chamber. I desire to find out whether the formula upon which we were proceeding with reference to the processing tax on hogs has been applied as we were given to understand it would be.

This is from Mr. Mordecai Ezekiel. It is the table that was to be applied to hogs under the processing tax. Says Mr. Ezekiel:

> The price for each month may be conceived as represented by a small black ball, suspended above the line for its own date, at the height of the average price for that month, and as far over from right to left as indicated by the supply for that month. There would necessarily be only one ball for each month. These balls, however, would all be very close to the demand surface, a little above it for those months when the actual price was higher than the price as shown by the correlation formula and a little lower for the months when the actual price was a little below the estimated price. In general, however, it would be seen that the demand surface approximated the position that these prices occupy as they were thus suspended through space and time.

[Laughter.]

I desire to find out whether or not this formula has been applied.

Mr. FESS. I assume that it has been, because nobody knows what has resulted from it except failure.

On the subject of hogs, we have the following statement from Mr. Davis, found on page 1023 of the hearings before the House Committee on Appropriations on this year's appropriation bill for the Department of Agriculture:

> Our spring farrowings in 1933 were so heavy that it was evident that this winter was going to see a condition where farmers could not even market the hogs that they would produce at any price. That is what we were facing. So the farm groups set up a committee, at our suggestion, which brought in a recommendation for an emergency purchase of a surplus of pigs under 100 pounds, and we bought 6,200,000 head in the late summer of 1933.

I should like to have my friend from Louisiana note this formula.

The original proposal was to purchase 2,000,000 brood sows and 4,000,000 small pigs and take them off the market. When the Government agents came to purchase the pigs, they offered such an attractive price that everybody was willing to sell the pigs.

A friend and neighbor of mine, who is a large farmer, decided that he would sell half of his pigs at the price that was announced. His pigs averaged 50 pounds in weight, for which he got $5.10 a head. He had a lot of old corn, however, and he wanted to feed it, and he thought that would be a profitable thing to do. So he retained one half of his pigs, about 100 in number, and fed his corn 9 bushels to the pig, and brought the 50-pound pigs to 210 pounds. He had sold his 50-pound pigs for $5.10 a head, as I remember. He fed 9 bushels of corn a head to the others and brought them to 210 pounds, and sold the 210-pound hogs for 10 cents more than he had sold the 50-pound pigs for. That is the way the program operates.

How did this come about? The farmer urged the sale of his pigs at the high price; and the Government, instead of purchasing 4,000,000 pigs, purchased, according to this statement, 6,200,000 at the high price; and instead of purchasing 2,000,000 brood sows, it purchased only 220,000. In other words, the Department purchased 1,800,000 less brood sows than the program because the farmer was not inclined to sell a brood sow when he could sell a pig at such a high price. The result was that with the purchase of these hogs at a very high price the Government found that we had a

greater amount of hogs for sale than we had previously had, because the method adopted made it profitable for the farmer not to sell the brood sows but to sell the pigs at a high price.

That is the practical application of the effort to reduce the quantity of pork.

I want to say frankly that I think the announcement of the Secretary of Agriculture that the only way prices can be increased normally is either to increase the demand or to decrease the production is correct. The idea of increasing the demand is the natural one, the rational one, but it is very difficult to carry out. If we knew how to increase consumption, whether by individual units or in the aggregate, that would bring about an advance in the price of a farm product; but there is a limit to the satisfaction of appetite, especially for food. The only way in which the demand for a food can be increased is to increase the purchasing power of the individual who now purchases a quantity below his desire. If we could put to work every individual who is unemployed, we should increase the demand; but we all know that the power to increase the demand for farm products is limited. No one knew that better than the Secretary of Agriculture; so he decided that the relief was not in the direction of increasing demand, but that it lay in the direction of reduction of production.

No one knows better than the Presiding Officer at this moment (Mr. GEORGE in the chair) how difficult it is to bring about reduction of production when 6,000,000 people are engaged as the producing agencies. Our Democratic friends have been afraid of that method, and I have much sympathy with the position they took. In their platform of 1928 they announced what I regard as rather a sound position. They say:

> Industrial production is largely under human control, while agricultural production, because of lack of coordination among the 6,500,000 individual farm units and because of the influence of weather, pests, and other causes, is largely beyond human control.

Therefore they offered this announcement as a plank in their platform against the effort to solve the agricultural problem through reduction of production.

I have heard the Senator from Oregon [Mr. MCNARY], on this side of the aisle, emphasize the difficulty of undertaking to limit production on the farm, first, because it is so difficult to do, and, secondly, because it might bring us to a position where somebody would starve. It is very easy to see that if we should reduce acreage, and then there should be a bad crop, production might be so small that there would not be enough foodstuffs produced in the United States to satisfy our own demands.

I recognize that fact, and I mention it to indicate that, although the program of the present Secretary of Agriculture is along the line of reducing production, which would be a basis for increase of price if it were successful, yet it is rather a dangerous policy to establish as a fundamental principle; but I am perfectly willing to go along with the theory that reduction of production of agricultural crops would definitely increase the price of the product. When, however, we come to put the principle into practice, it breaks down, because the desired result is so difficult to bring about. In the first place, there is such a number of units, disorganized and independent, that it is almost impossible to get action, and, in the second place, if a farmer is paid a sum of money to induce him to reduce his production of any one of the commodities upon which the Agricultural Adjustment Act operates, and it is made an advantage, from a monetary standpoint, for him to reduce his acreage, he can very easily, knowing that a good price is to follow, take the money he receives and purchase fertilizer and cultivate his land intensively, with the result that out of the reduced acreage he will produce a greater crop than he produced before his acreage was reduced. That is what has happened with respect to cotton. We paid $160,000,000 to the cotton farmers as an inducement to them to cut down cotton production. Then we wake up to the fact that upon the reduced acreage they are producing a crop almost equal to what had been produced before the acreage was reduced. That is human nature, and the situation cannot be reached by agreement. There are too many people involved in the agreement.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. VANDENBERG. The net result does not flow merely from natural causes. It is, precisely as the Senator has indicated, the result of human causes, and I point the Senator's attention to the fact that the Southern Railway announces that it has hauled four times as much fertilizer this year as ever before.

Mr. FESS. Precisely. If a farmer had 20 acres of wheat last year, and was required to cut it to 15 acres, he could, with a little money, purchase sufficient fertilizer to produce on his 15 acres a greater yield of wheat than he did on the 20 acres, and the Government would have no right to interfere with him if he should want to do it. In other words, while I admit that the theory of reduction may be sound as an economic principle, it is simply impracticable, as has been shown in the cotton and hog experiments.

Mr. BORAH. Mr. President, does the Senator admit that the reduction of acreage is sound in principle, at a time when half the people in the world are hungry and ill clad?

Mr. FESS. I do not think I would want to admit that the theory is sound. I mean that it is sound as a basis of increasing prices.

Mr. BORAH. The purchasing power of people is constantly falling as production falls. That is happening now, and unless purchasing power is restored, or is at least kept to the point where it now is, reduction serves no purpose in the way of raising prices, because the farmer who reduces his acreage will get a lower price for his product. It seems to me that our problem is not reduction but restoration of purchasing power to those whose purchasing power is now so low that it causes what seems overproduction. If those who need food could buy food, there would be no overproduction.

Mr. FESS. I think the Senator is correct in that respect. My contention is that if the purpose is to increase the price, if the quantity of the commodity produced is less, naturally the price will be increased accordingly, but if the burden of the purchaser is increased, then, of course, the price may decrease. The Senator means that in the long run the price will go down.

Mr. BORAH. What we do is to say that half the human race is hungry and poorly clad, therefore we will destroy food, and we will destroy clothing. Is that a sound principle?

Mr. FESS. No. I recall what the Senator from Kansas said the other day, to this effect, "You cannot make me believe, at a time like this, with so many people needing food, that it is a sound principle to destroy food." I think the Senator from Idaho is absolutely correct. What I am trying to bring out is that as an economic principle, if the purpose is to increase the price, a reduction in the yield of the product would naturally eventuate into that result.

Mr. President, in order to get away from the human element, which takes advantage of an agreement such as has been entered into by the Secretary of Agriculture, there is a proposal to make it compulsory, and there is now before this body a bill, which I am told is backed by 90 percent of the cotton producers, intended to make the reduction of acreage not the result of agreement but of law, with the compulsion of law behind it.

If that is done as to cotton, it will be done as to wheat, it will be done as to corn, it will be done as to every basic article under the adjustment plan, and if we proceed along that line, the time will soon arrive when no farmer will put a plow in his field or turn a single furrow without first getting permission from a bureau here in Washington.

Mr. President, that sort of thing is within the possibilities; the way is open for it, but I do not believe the American people will stand for it 24 hours, when they realize what it

involves. I am willing to concede, for the sake of argument, that the purpose of the administration of this act seems to be well grounded, but the practice is not good.

Reverting to what was said by the Senator from Idaho, I have here an editorial, published September 2 last in the Washington Post, which reads:

Under Secretary Wallace's plan to purchase 4,000,000 pigs under 100 pounds in weight by offering a special price which will remove them from market competition next year when they would have become full-grown porkers, the youngsters are being rushed to the slaughter. Over 40,000 arrived in Chicago in 1 day, exceeding the packing-house capacity by 5,000. Reports indicate that throughout the country probably 1,000,000 piglets will be marketed by the end of the first week.

The offer of a $4 flat premium on 1,000,000 sows exceeding 275 pounds in weight has not met with the same prompt response.

I am reading this editorial because it comments upon the impracticability of the proposal.

Whether this is due to the fact that many sows are found to be underweight, or, as Secretary Wallace is credited with suggesting, the farmers shrewdly anticipate more little pigs to sell next year, has not been clearly determined. But there is no question about the way the youthful progeny is rolling in, and it looks as though the full 4,000,000 quota would be received by the deadline set for October 1.

The general program is expected to increase the market price of hogs by from 25 to 30 percent, but that will apply to hogs sold next winter. The desirability of selling young pigs now is calculated roughly in this way: If a 225-pound hog can be sold in 4 or 6 months at $6 per hundredweight, it would bring $13.50. The emergency price for an average 60-pound pig now is $8 per hundred pounds, or $4.80. To fatten this 60-pounder into a 225-pound hog would necessitate feeding him some 16 bushels of 50-cent corn, an expense of $8, which, subtracted from next year's value of $13.50, leaves $5.50.

That is precisely what took place with this program. Instead of the price of hogs increasing the price of hogs has been decreasing until, as was shown by the list submitted to me by the Department of Agriculture, to which I referred a few days ago, the price of hogs has gone below what it was before the adjustment act was put into operation.

In order to give the Senate a clear picture of the situation, I want to read another editorial. This is also from the Washington Post of September 25, last:

Some interesting facts are brought to light by a statement of the Agricultural Adjustment Administration as to its hog-slaughtering campaign.

This covers the subject to which the Senator from Idaho referred:

The Government has purchased approximately 3,575,000 swine, from which have been cured 51,000,000 pounds of meat. The average is a little better than 14 pounds of meat per pig.

I hope Senators will note that.

To get a clear picture of what the A.A.A. has accomplished it is necessary to break up these figures. Only a small portion of the total number of pigs slaughtered is being converted into food. About 36,000,000 pounds of meat have been obtained from 600,000 pigs weighing from 80 to 100 pounds each and 75,000 sows have yielded 15,000,000 pounds of meat. This leaves 3,500,000 smaller pigs with a total weight of about 159,000,000 pounds from which no edible substances appear to have been saved.

If the average yield of meat per pig is no higher in the future than it has been thus far, there is some doubt as to whether the A.A.A. will be able to supply the Federal Emergency Relief Administration with 100,000,000 pounds of cured pork. Director Hopkins has announced the allotment of that amount of pork to the various States. But at present only 51,000,000 pounds of meat are available.

Nearly 60 percent of the pigs called for in the Government's program have been slaughtered. The deficiency might be made up by larger purchases of heavier swine, but farmers are extremely reluctant to part with their sows. Only 7.5 percent of the number sought by the A.A.A. agents have been purchased thus far.

In spite of this probable shortage, thousands of tons of pork are going to waste. From the statement of A.A.A. authorities it appears that nothing has been salvaged from the slaughter of 2,900,000 pigs weighing less than 80 pounds, except 13,000,000 pounds of inedible grease and 13,000,000 pounds of fertilizer. The Government has spent $13,000,000 for pigs of this type, or 50 cents per pound for grease and fertilizer. In some cases the undried tankage has been turned over to farmers on request. In other cases it has been destroyed for lack of tankage facilities.

Mr. President, if we take the final statement of the adjustment in connection with the hog program, it will be found that the hogs, instead of costing the Government the amount it would ordinarily pay out to buy livestock will cost the Government something like 32 cents a pound. When the figures are analyzed to indicate what the Government bought, what the Government did with what it purchased, what the Government paid for what it purchased, and what the Government received from the transactions, it will be found that the cost to the Government will amount to something between 32 and 33 cents a pound.

Such, Mr. President, is, of course, the practice of the Government. It is naturally most wasteful and most extravagant. When we talk about turning the business of industry over to the management of the Government, such waste and such extravagance is precisely what we are proposing to bring about.

I will read, Mr. President, a letter which came in to me today:

I have been reliably informed that an amendment to the A.A.A. to include beef cattle as a basic commodity has been passed by the House and is now up for consideration by the Senate. Allow me to state that if the Government is going to manage my business and prevent my making any money, I will soon be asking the Government for support.

I signed the corn-hog contract, largely because the farmers will all pay the processing tax whether they sign or not; most farmers realize this; hence the heavy sign-up. But not long ago I bought a small bunch of cattle intending to grass them. If cattle are made a basic commodity, I suppose I will have to sell them or else cancel the contract. There are plenty of farmers who think the whole program isn't right, but feel they are forced to sign.

Please use all the influence available to defeat this unjust amendment.

Probably the farmer who wrote the foregoing letter does not know the exact operation of the proposed amendment. The cattle producers do not observe any increase in price, in spite of the 60-cent dollar and in spite of what would seem to be the only common-sense view, that if we cheapen the dollar we naturally increase the price. Yet, in the face of that, the price of livestock has gone down, and the farmer is suffering. The farmer is coming here and asking us to do something for him. If we have done it for others, why should we not do it for him? There is not any reason why it should not be done; that is, if it is proper to do it for one, it will be proper to do it for the other. But at the same time we objected to the processing tax, because it is a sales tax, a sales tax on food, and it is a tax levied not by Congress but by an arm of the Executive.

Others say that every article must stand on its own feet; that, if we are going to do some favor for the farmer, should there, on the other hand, be any loss, he must suffer. Consequently, persons who do not like the processing tax, and at the same time feel that if the Government does something for the producers of one commodity it ought to do it for others, are desirous of including cattle in the Agricultural Adjustment Act but to exempt cattle from the processing tax. I hardly see how that can be done, Mr. President.

It is true that the processing tax, in the case of cattle, very likely will not be assessed against the consumer. It is likely to be assessed back to the producer, and, if it is—and it probably will be done—then the inclusion of cattle in the Agricultural Adjustment Act, with the processing tax, would necessarily be an injury to the cattlemen greater than that they are now suffering.

Yet how are we to make flesh of one and fowl of the other? Why put the processing tax on the one and not on the other? The whole program is artificial and should never have been entered upon. On the other hand, it should be repealed just as soon as Congress can do it.

Some people have the opinion that everyone is in favor of this artificial proposal. That is a great mistake. I have here a letter from a baker, as follows:

It would be just as fair for the Government to tell me, "Instead of baking 100 loaves of bread, you bake 80 loaves only, and we will not only pay for the 20 you do not bake but also a higher price for what you do bake."

Thus setting aside every law of trade based upon supply and demand.

Mr. DICKINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. FESS. I yield.

Mr. DICKINSON. A most interesting suggestion came to me the other day. The suggestion was that, in view of the fact that we have overbuilt in many of our cities, the Government should assume the responsibility of paying rental on 20 or 25 percent of the rental space for stores and for offices and for all the other types of real estate suffering the same slump as every other line of business. Is that not just as logical as the other things that have recently been done?

Mr. FESS. The Senator knows that that is not only logical but if we pursue the course of socialism that we have entered upon we shall be driven to do that thing.

I was somewhat amazed at the answer of Mr. Davis, who is the best authority on the agricultural adjustment law, I think, in Washington. When he was asked, "If we appropriate $200,000,000, how will that ever be returned?" his answer was, "I had not thought about it." No, Mr. President, that had not been thought of. Why think about it? Why in these days think of any sum that comes from the Treasury? If some use can be found for the money, let us appropriate it. When asked the question, "How will it be repaid?" the answer is, "We had not thought of it." I would not expect them to; that is not their function.

The statement appears in a newspaper that payments to farmers exceed the amounts received from them by $122,431,666. That statement is given out by the Associated Press of February 27.

Mr. President, it is certainly a trite question to ask "What is to be the end of this program?" We have had an experiment with respect to hogs, a laughable mistake if it were not so serious. We have made an experiment with respect to cotton, an admitted blunder. We are now trying to correct it in a way that will be very dangerous. Other experiments have been tried and prices have gone up, but, unfortunately for the proponents of the program, the commodities not covered by the A.A.A. have had a greater increase in price than those in the A.A.A. That is what the Senator from Idaho referred to a while ago when he suggested that the price would not necessarily go up and substantially remain up. Yet, in the face of this dismal blunder, we are closing our eyes and saying, "Well, it is an experiment; we do not have anything else to do, and therefore we have decided we will not only do it but we will continue it and will enlarge it."

Mr. President, of course, while I have sympathy for the livestock man, knowing that if we do take this action in one case we will have to take it in others, I cannot vote for any such amendment as the one now proposed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, returned to the Senate, in compliance with its request, the bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I rise to a point of order.

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. ROBINSON of Arkansas. The hour of 2 o'clock having arrived, the Senate has agreed to proceed to the consideration of executive business.

Mr. FESS. I was aware of that, and so I stopped.

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Bernice Pyke, of Cleveland, Ohio, to be collector of customs for customs collection district no. 41, with headquarters at Cleveland, Ohio, to fill an existing vacancy.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the following nominations in the Diplomatic and Foreign Service:

Frank P. Corrigan, of Ohio, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to El Salvador;

Karl deG. MacVitty, of Illinois, to be secretary in the Diplomatic Service; and

H. Earle Russell, of Michigan, to be consul general.

The PRESIDING OFFICER. The reports will be placed on the calendar.

ROBERT H. JACKSON

The PRESIDING OFFICER. The question is on the confirmation of the nomination of Robert H. Jackson to become general counsel Bureau of Internal Revenue.

Mr. HARRISON. Mr. President, I desire to bring to the attention of the Senator from Michigan [Mr. COUZENS] that the nomination of Mr. Jackson is now before the Senate.

Mr. COUZENS obtained the floor.

Mr. KEYES. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Robinson, Ark.
Ashurst	Couzens	Keyes	Robinson, Ind.
Austin	Cutting	King	Russell
Bachman	Davis	La Follette	Schall
Bailey	Dickinson	Lewis	Sheppard
Bankhead	Dill	Logan	Shipstead
Barbour	Duffy	Lonergan	Steiwer
Barkley	Erickson	Long	Stephens
Black	Fess	McAdoo	Thomas, Okla.
Bone	Fletcher	McCarran	Thomas, Utah
Borah	Frazier	McKellar	Thompson
Brown	George	McNary	Townsend
Bulkley	Gibson	Murphy	Trammell
Bulow	Glass	Neely	Tydings
Byrd	Goldsborough	Norris	Vandenberg
Byrnes	Gore	Nye	Van Nuys
Capper	Hale	O'Mahoney	Wagner
Caraway	Harrison	Overton	Walcott
Carey	Hatch	Patterson	Walsh
Clark	Hatfield	Pittman	Wheeler
Connally	Hayden	Pope	White
Coolidge	Hebert	Reed	
Copeland	Johnson	Reynolds	

Mr. LEWIS. I desire to announce that my colleague the junior Senator from Illinois [Mr. DIETERICH] and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate. I wish further to announce that the Senator from Kansas [Mr. McGILL] is absent on account of a severe cold.

The PRESIDING OFFICER. Ninety Senators having answered to the roll call, there is a quorum present.

THE CALENDAR

Mr. McKELLAR. Mr. President, will the Senator from Michigan yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. COUZENS. I yield to the Senator from Tennessee.

Mr. McKELLAR. As I understand, the Senator's objection is to the first nomination. Would he have any objection to having the nominations on pages 2 and 3 of the calendar acted on at this time?

Mr. COUZENS. I would not.

Mr. McKELLAR. I ask unanimous consent that the nominations, beginning on page 2 and going to the end of the Executive Calendar, may be acted upon at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will state the first nomination in order.

CUSTOMS SERVICE

The legislative clerk read the nomination of Thomas Temple Hoyne to be comptroller, collection district no. 39.

Mr. LEWIS. Mr. President, I move that the nomination of Mr. Hoyne be confirmed.

The motion was agreed to.

The legislative clerk read the nomination of William J. O'Brien to be collector of customs, district no. 9.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters may be confirmed en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none and the nominations of postmasters are confirmed en bloc. That completes the calendar with the exception of the two nominations passed over.

Mr. TRAMMELL subsequently said: Mr. President, a short time ago the Senate confirmed the appointment of a postmaster in Florida, no. 1248 on the calendar. I ask that the vote by which that nomination was confirmed be reconsidered, and that the nomination be recommitted to the Committee on Post Offices and Post Roads.

Mr. McKELLAR. Does the Senator refer to the Greenville, Fla., postmastership?

Mr. TRAMMELL. Yes.

Mr. McKELLAR. I hope the Senator's request will be complied with.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote by which the nomination was confirmed is reconsidered, and the nomination will be recommitted to the Committee on Post Offices and Post Roads.

ROBERT H. JACKSON

Mr. COUZENS. Mr. President, the question before the Senate is the nomination of Robert H. Jackson, which is Order No. 925 on the Executive Calendar. I am somewhat embarrassed at having this nomination taken up this afternoon, due to the absence of the Senator from Maryland [Mr. TYDINGS]. The Senator from Maryland approached me along about the last of January or the 1st of February and asked me to join with him in protest against the action of the Secretary of the Treasury in removing Mr. E. Barrett Prettyman as general counsel for the Internal Revenue Bureau. He said the methods of the Secretary of the Treasury were reprehensible in this matter, and asked me to join with him in protest against the removal of Mr. Prettyman and the appointment of his successor.

I immediately got in touch with the Secretary of the Treasury and asked him if he had discharged Mr. E. Barrett Prettyman. He replied he had not. I said, "I understand you have asked for his resignation", and the Secretary of the Treasury said he had. I then asked what the difference was between discharging a man and asking for his resignation, and the Secretary of the Treasury said, "Why, he does not have to grant my request for his resignation." That, Mr. President, seemed so frivolous to me, coming from the Secretary of the Treasury, that I was astounded. It afterward transpired that Mr. Prettyman did accede to the Secretary's request for his resignation, and subsequently there was appointed in his place the nominee whose name is now before the Senate, Mr. Robert H. Jackson, of Jamestown, N.Y., to be general counsel for the Bureau of Internal Revenue.

On the 14th of February the Chairman of the Finance Committee, the senior Senator from Mississippi [Mr. HARRISON], called a hearing. The Senator from Maryland asked permission to be present and to examine the Secretary of the Treasury, Mr. Jackson, and Mr. Prettyman. The Senator from Maryland did appear before the Finance Committee, and examined the Secretary of the Treasury as to the reasons for removing Mr. Prettyman. The question of the confirmation of the nominee, Mr. Jackson, was not a matter that was greatly involved. The question was the procedure and the methods adopted by the Secretary of the Treasury in removing Mr. Prettyman.

I thought at the time there were stenographic notes taken of the hearing, but I have since been informed by the clerk of the committee that no stenographic notes were taken of the hearing.

It appeared that Mr. Prettyman presented to the Secretary of the Treasury a proposed settlement of some cases with which the Secretary of the Treasury disagreed. The Secretary of the Treasury told the general counsel, Mr. Prettyman, that he wanted them settled in another way, and the general counsel, Mr. Prettyman, acceded to the decision of the Secretary of the Treasury. The Secretary of the Treasury was asked at the hearing if there was any insubordination on the part of Mr. Prettyman, and he answered in the negative that there was no insubordination; but the justification the Secretary of the Treasury advanced for the removal of Mr. Prettyman and the selection of Mr. Jackson was that he wanted a man who would do as he wanted and think as he thought and a man on whom he could absolutely rely; and yet at no time did he make the statement that he could not rely on Mr. Prettyman. At the hearing I asked, if Mr. Jackson disagreed with him in the next 30 days would he discharge Mr. Jackson and ask the Senate to confirm someone else. The Secretary of the Treasury said in all probability he would.

The question involved is not a question of personality. It has been reported in the press that Mr. Prettyman was at one time my counsel. That is not true. In the so-called "Mellon suit" against the Ford minority stockholders, one of my associates in the case employed a firm of which Mr. Prettyman was a member, but neither Mr. Prettyman nor his firm represented me, and so I have at no time had any connection with Mr. Prettyman. I do not recall ever having seen him until his name came to the Senate for confirmation, at which time I went into his record very carefully because of my long-continued interest in the administration of the Treasury Department and particularly of the Bureau of Internal Revenue.

This is not a matter of personality. It is a matter of method. I desire now to condemn vigorously the methods of the Secretary of the Treasury in this matter and to further point out that his statements were unreliable and not dependable. At the hearing on February 14 he was asked if Mr. Jackson had been sworn in or had taken the oath of office, and he said that he had. He made no further comment than that, and yet, as I shall point out later, Mr. Jackson took his office on February 1, 1934, and was not sworn in until February 9, 1934, when he was sworn in as special counsel pending his confirmation as general counsel.

Having gone into this matter primarily at the urge of the Senator from Maryland [Mr. TYDINGS] I am required, I am sorry to say, in his absence to differ with some of the statements he made this morning prior to the Senate's going into executive session and taking up the matter. I am not charging any improper motive to the Senator from Maryland, but I notice that he has changed his viewpoint materially apparently since his friend Prettyman has received an appointment as corporation counsel for the District of Columbia. In the statement of the Senator from Maryland this morning, speaking of Mr. Prettyman, he said:

> I regret that he has tendered his resignation because, as I said, he is a man well versed in the income tax laws, a man of unimpeachable integrity and of outstanding ability in his profession. However, the new Secretary of the Treasury, Mr. Morgenthau, for reasons best known to himself, wanted in that position a man whom he knew. He said he had nothing at all by way of criticism to say of Mr. Prettyman.

That is not in accordance with the evidence. The evidence before the Finance Committee was to the effect that Mr. Morgenthau did have objections to Mr. Prettyman because Mr. Prettyman did not think along the same lines as the Secretary. The Secretary said he wanted a man who would think as he thought. So Mr. Prettyman was not above criticism, as stated by the Senator from Maryland to the Senate this morning.

Mr. LONG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. COUZENS. I yield.

Mr. LONG. Did not Mr. Morgenthau want to keep Mr. Bailie in office also on account of knowing him so well; was not that the reason he gave?

Mr. COUZENS. Yes; but that is another story, a long story, and one that does not add anything to the reputation of Mr. Morgenthau.

Mr. LONG. I want to inform the Senator from Michigan that I heard on the floor this morning that the banking house with which Mr. Bailie was connected, Seligman & Co., was one of the fortunate ones that unloaded its aircraft stock because it was told in advance about the cancelation of the air-mail contracts.

Mr. COUZENS. I have no information in that connection.

Mr. LEWIS. Mr. President, will the Senator from Michigan yield for a question?

Mr. COUZENS. Certainly.

Mr. LEWIS. I take the liberty of asking the Senator from Michigan about his remark as to the Secretary of the Treasury having insisted that some person should be appointed who would think along the same lines as himself. I take it the Senator means the new nominee, Mr. Jackson. Will the Senator say that the Secretary himself made that statement, or was it brought to the Senator from someone who claimed to speak for the Secretary of the Treasury?

Mr. COUZENS. The Secretary said that himself before the Finance Committee at a time when I was present, and at the time he was being examined by the Senator from Maryland [Mr. TYDINGS].

Mr. LEWIS. I wish to ask the able Senator if he did not understand that the Secretary meant someone thinking along the lines of policy in harmony with the Secretary of the Treasury, and not a personal matter of thinking individually in his own behalf.

Mr. COUZENS. I assume that the Senator from Illinois has put a proper interpretation upon it; but, as I pointed out, either before the Senator from Illinois came into the Chamber or at some other time, there was at no time any charge of insubordination against Mr. Prettyman. As long as Mr. Prettyman had gone along the lines that he had been instructed by the Secretary to pursue, there could have been no difference with respect to policy, although there may have been a difference with respect to details, as the Senator from Illinois now points out.

I continue to quote from the statement made this morning by the Senator from Maryland [Mr. TYDINGS]:

> He said he had nothing at all by way of criticism to say of Mr. Prettyman; that his work had been splendid; that he had applied himself with great diligence to the collection of the taxes and the settlement of the disputes; but he said he thought it was only fair, inasmuch as he had ultimate and final responsibility in the matter, that he should have a man as general counsel whom he knew; and that for no other reason he was anxious to place Mr. Robert H. Jackson in the position, because he had been associated with Mr. Jackson for some time in the past.

Mr. President, I am somewhat handicapped because I do not have the hearings before the Finance Committee in typewritten or printed form; but as I recall—and the Senator from Mississippi [Mr. HARRISON], chairman of the committee, will correct me if he thinks I am inaccurate—there were some matters presented to the Secretary of the Treasury by Mr. Prettyman and by the Commissioner of Internal Revenue, Mr. Helvering, in the settlement of a fraud case.

The Secretary of the Treasury objected to the settlement of the fraud case, to which no one I know of in the committee objected. It appears that the former Commissioner of Internal Revenue had told counsel for the concern involved that if he would plead guilty of fraud and submit the facts, the case might be settled and compromised. That was before the advent of the new administration or at least before the advent of the present Secretary of the Treasury, who was then Undersecretary of the Treasury.

In that matter of settlement Mr. Prettyman and the present Commissioner of Internal Revenue agreed with the decision of the former Commissioner of Internal Revenue, and submitted it to the Secretary of the Treasury. The Secretary of the Treasury, exercising his prerogative, as he had a perfect right to do, declined to agree. He sent Mr. Prettyman and Mr. Helvering back and said he would not settle the case on that basis. That, it seems, was the primary difference which arose between the Secretary of the Treasury and Mr. Prettyman.

The Committee on Finance did not attempt to give any consideration to the merits of the controversy which first arose between Mr. Prettyman and the Secretary of the Treasury. I think if the committee had taken a vote on the matter, we would have agreed generally with the Secretary of the Treasury. But that is not the point involved. The point is that the Secretary of the Treasury misstated the facts with respect to Mr. Jackson's being sworn in, misstated the facts with respect to Mr. Prettyman's removal, and did as a matter of fact declare that he wanted a man who would "go along with" him. I specifically asked the question, "If Mr. Jackson differs with you within 30 days, will you remove Mr. Jackson and send a new nomination for us to confirm?" Mr. Morgenthau replied, "In all probability", or "possibly", or something to that effect.

The point I am trying to make is that the whole issue was raised in the first instance by the Senator from Maryland [Mr. TYDINGS] because of the methods of the Secretary of the Treasury; and because of my long-continued interest in the Internal Revenue Bureau he solicited my assistance in bringing to the attention of the Senate and the country the methods of the Secretary of the Treasury, which I wholly condemn, and which I think he condemns, and which I know others condemn. The Senator from Maryland, however, has made his statement, which is not in accordance with the statements he has made to me, nor in accordance with the hearings that were held before the Finance Committee; but he states that he has been required to leave for New York, and is unable to participate in this discussion.

It also appears that Mr. Prettyman was a very good Democratic friend of the Senator from Maryland, and he has since gotten Mr. Prettyman a job as corporation counsel for the District of Columbia, and therefore the Senator from Maryland has lost his interest; at least, he has lost the interest he first had when he invited me to join him in this protest.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Pennsylvania?

Mr. COUZENS. Yes; I yield.

Mr. REED. I have my doubts as to whether we can correct injustices in dismissals by refusing to confirm the successor; but I am wondering what sort of testimony it is to the qualities of Mr. Jackson if the Secretary of the Treasury admits that he expects him to be nothing but a "yes man" for him.

What has the Senator to say about that?

Mr. COUZENS. When Mr. Morgenthau, Mr. Jackson, and Mr. Prettyman were before the Finance Committee, having the same thing in mind that the Senator from Pennsylvania had, I asked the Secretary in case Mr. Jackson disagreed with him at any time whether he would remove him and we would be asked to confirm a successor; and Mr. Morgenthau said, "In all probability", or "possibly." I cannot quote the exact words, because there appears to have been no record taken of the hearings, although I understood at the time that a record was being taken.

Later on—and I desire to point this out because I think the Secretary of the Treasury was absoluely tricky, and I think he is wholly unreliable, in this connection, at least—on February 9, I think, someone down in the Treasury Department drew my attention to the fact that Mr. Jackson was occupying his position in the Treasury Department before he had been confirmed, or before he had taken his oath of office. I went to the telephone and called up the Secretary, and he was not available; so I talked with Mr. Helvering, the Commissioner of Internal Revenue, and asked him if Mr. Jackson was occupying his position in the Bureau of Internal Revenue. Mr. Helvering answered in the affirmative. I said, "It is strange that he is occupying his position in the Bureau of Internal Revenue before he

has been confirmed and before he has taken his oath of office", to which Mr. Helvering said, "That is not right. It should not be that way."

Later, on the 14th, Mr. Morgenthau was asked, before the Committee on Finance, whether Mr. Jackson had been sworn in, and he answered in the affirmative; that he had been sworn in as special counsel. He made no explanation that Mr. Jackson served 9 days without being sworn in, during which time he was under no oath of office. Mr. Jackson had access to all the records of the Internal Revenue Bureau. He had information as to income-tax cases and as to settlements which no Member of Congress can get, which are, under the law, secret; yet this man Jackson, who was not even an employee, who had taken no oath of office, who had not been confirmed, had access to all these records.

Later on Mr. Jackson telephoned me, I think, and as a result wrote the letter which I will read to the Senate. It is dated February 21, 1934, and is addressed to me:

Enclosed is a list of my substantial or permanent clients. I shall be glad to give you any further information pertaining to any of them and to furnish a detailed statement of services rendered to any of them and the charges made therefor, or to bring the office books down for your inspection. No claim of privilege will be made as to any business which I have transacted.

I began to work on February 1 at the direction of the Secretary of the Treasury, and, as I am informed, by the express approval of the President. It was after you called attention—

I want to emphasize this. I am quoting:

It was after you called attention to the possible irregularity of the procedure that I took the oath as temporary special counsel. This was done on the 9th day of February. Prior to that time my work consisted chiefly in going over matters which Mr. Prettyman thought should have my attention and other matters of policy with him and other members of the staff.

I had planned to go to Jamestown tonight, returning here Monday morning. I will, however, of course defer the trip, or return here earlier, if you wish.

Please do not hesitate to ask any information you wish, however personal, as I do not want to start work with any misapprehension on the part of those whose opinion I would value, and whose support I would need in office.

(Signed) ROBERT H. JACKSON.

To this letter he attaches, as he states, a "list of substantial clients, 1933, in order of relative importance of fees."

I am not raising any particular objection to Mr. Jackson; but he has a number of clients that it would have been preferable he did not have, going into an office with several hundred attorneys, without any past experience, without any knowledge of internal-revenue matters, and coming from a place like Jamestown, where there never was any great opportunity to have a large office experience.

Mr. LONG. Mr. President, will the Senator tell us who some of those main clients are?

Mr. COUZENS. Yes; I will put them all in the RECORD after I conclude my remarks.

Mr. LONG. Will the Senator read a few of them, please?

Mr. COUZENS. Yes. The list is as follows:

LIST OF SUBSTANTIAL CLIENTS, 1933, IN ORDER OF RELATIVE IMPORTANCE OF FEES

Bank of Jamestown: General counsel; director; chairman merger committee negotiating merger three banks.

Estate Shelden B. Broadhead (Robert H. Jackson, one of administrators) (died 1925): Controls or has large interest in Jamestown, Westfield & Northwestern Railroad (electric, 30 miles); Jamestown Street Railway; Jamestown Motor Bus Co.; Jamestown Worsted Mills; Chautauqua Navigation Co. (practically defunct); Chautauqua Traction Co. (in liquidation); Broadhead Realty Co., (owns real estate, formerly William Broadhead); Broadhead Holding Co. (owns stocks and bonds Broadhead companies). This estate in bad financial condition.

Superintendent of Banks of New York State: Liquidation of Shearman State Bank and Sinclairville State Bank.

Jamestown Telephone Corporation: Local company. New York Telephone Co. owns nonvoting stock.

The New York Telephone Co. is a subsidiary of the American Telephone & Telegraph Co.

Local interests own two thirds voting stock. Is now engaged in controversy with New York Telephone Co. over toll rates and litigation likely. I do not represent the A. T. & T. or any subsidiary of A. T. & T. Have been active in Independent Telephone Association affairs. My employment is by J. N. Wright—active in fighting A. T. & T. in competition and in antitrust prosecution during Wilson administration.

That is going a long way back.

Homer M. Preston estate: Coexecutor and attorney. About administered. Still interested real estate St. Paul, Minnesota, Florida, and Jamestown.

Jamestown Mutual Insurance Co.: Local mutual insurance company handling compensation and automobile liability.

Niagara, Lockport & Ontario Power Co. and Hydraulic Race Co., subsidiaries of Niagara-Hudson.

The Niagara power interests is the great power interest of the State of New York, as all of you know.

Local attorney: Company sold its distribution system to city of Jamestown in 1929 and now sells power to municipal plant, which also manufactures. Tried one long lawsuit for Race Co. involving dispute with Niagara Falls Milling Co. over amount of water to be taken from its raceway.

These companies' fees together never amounted to 10 percent of my practice. Connection came about through N. L. & O. P. Co., buying small electric plant that I had been attorney for.

National Chautauqua County bank: Reorganized after bank holiday. Have represented them in resulting litigation. Argued for it that Emergency Banking Act was constitutional when their existence challenged. Favorable decision New York Supreme Court.

Fanny Jones estate: Litigation over construction of will.

Hultquist estate: Usual proceedings.

Pennsylvania Gas Co.: Distributes natural gas from Pennsylvania fields. Occasional negligence suit and question with customers. Public Service Commission hearing on minimum bill regulations.

Ashville & Panama Telephone & Telegraph Co.: Rural telephone line owned by about 20 local people. Not an A. T. & T. company. Reorganized last year as franchise expired.

Post Publishing Co.: Publishes Jamestown Morning Post. Business advice and libel suits defense.

Other clients who consult frequently: Blackstone Manufacturing Co., makes washing machines; Watson Manufacturing Co., makers of metal furniture and hollow metal; Chautauqua Worsted Mills, worsted textiles; Emprere Case Goods Co., bedroom furniture; Davis Furniture Corporation, four plants, bedroom and dining hoom; Ellison Bronze Co., bronze workers; Hotel Jamestown, Inc., owns and operates two hotels; New Process Co., mail-order merchants.

Litigation: Several defenses for insurance companies; *Kellogg Lumber Co.* v. *Union Furniture Co.*, for defendant; *South Shore Association* v. *H. J. Heurz Co.*, for defendant; *Gates* v. *Prudential Insurance Co.*, for plaintiff; *Goseoski* v. *International Rwy. Co.*, for plaintiff; *Johnson* v. *Johnson Estate* (suit to impress trust), for defendant; *W. D. Packard Est.* v. *J. W. Jackpard Est.*, for claimant.

These consist of litigation in State or Federal courts and counsel work.

We have no lobbying relation with State or Federal Government or city government.

Mr. President, as I stated when I began my remarks, there is no personal matter involved so far as I am concerned. It is the matter of methods. I am very doubtful of the ability of the Secretary of the Treasury to conduct that great office in the light of the methods which have developed in the few weeks or months that he has been in charge.

I am not going to make any protest against the confirmation of Mr. Jackson. Other Senators have the same records that I have, but it is quite evident that Mr. Jackson and all other employees in the Treasury Department will have to be "yes men"; unless they are, they will be removed and we shall have before us other nominees to take their places.

While I am on that subject, it is well known that almost ever since I have been in the Senate, or at least since 1923, I have been more or less a critic of the administration and the conduct of the Treasury Department. I was hoping that under the new deal I should at least be freed from thinking I had to observe the conduct of the Treasury Department. It seems, however, from all the information I can get, that the need for watching the Treasury Department is going to be as great as it was under the famous Mellon.

I have here a clipping showing that no matter what administration we have, apparently we cannot prevent a grapevine connection between all parties and all interests.

It is well known that under the $2,000,000,000 equalization fund that was granted to the Secretary of the Treasury under the so-called "gold act", the agent for the Treasury Department was to be the Federal Reserve Bank of New York. I read from a clipping taken from a Pittsburgh paper, I think it is:

Bank promotes Ray Harrison. Richard K. Mellon, the new president of the Mellon National Bank, announced today that Ray

Harrison, assistant cashier, has been promoted by the board of directors to be the vice president.

I am not going to read all of this clipping, but it states near the end—

He is a brother of George L. Harrison, governor of the Federal Reserve Bank of New York.

So, whether premeditated or otherwise, it is quite apparent that there is to be a connection between the old Mellon interests and the present administration of the Treasury Department.

Further than this, I do not care to have anything to say.

Mr. HARRISON. Mr. President, I think the Senator from Michigan [Mr. COUZENS] has made a very fair and a very correct statement of the facts as they were brought out in the Committee on Finance. Of course, I do not subscribe to some of his conclusions in criticism of the Secretary of the Treasury, to the effect that he is unreliable and tricky, because I saw nothing in the whole proceeding which in the wildest flight of the imagination would lead me to think that the Secretary was tricky or unreliable. On the contrary, it seemed to me that in this whole matter the Secretary of the Treasury was trying to lay the cards on the table, so to speak, that he took the committee into his complete confidence, and that he was trying to tell the truth, in his simple way, about the matter.

Of course, the Secretary of the Treasury has not been in his present office very long. He has not had that large and long experience in financial matters my friend the Senator from Michigan has had. Because of his lack of experience, he cannot express himself in that sweet, adroit, and persuasive way that characterizes the Senator from Michigan. But I predict for the Secretary of the Treasury that, while he may make mistakes as to some of his appointments, there will never be anything during his administration that will reflect upon his honesty and his integrity and his great desire to conduct the Treasury Department in the interest of the American people.

There is no great controversy about this matter. I regretted that the Secretary of the Treasury saw fit to ask for the resignation of Mr. Prettyman. All that was said by the Senator from Maryland [Mr. TYDINGS], all that was said by the Senator from Michigan in tribute to Mr. Prettyman's work and services, is true. He made an excellent and competent official in the Treasury Department. But the Secretary of the Treasury said that he preferred someone else in that position; and when the committee asked him why, he said, "I wanted one who, I believed, thought along the same lines I did, and one in whom I had complete confidence."

The Senator from Michigan is right; the Secretary of the Treasury did tell us that he wanted a man as general counsel of the Bureau of Internal Revenue in whom he had complete confidence and who thought along the same lines he did. He went further and said that if he should find that Mr. Jackson did not think along those lines, it might be that he would ask for his resignation. It may be that the Secretary of the Treasury is wrong in that position; I do not know, but that is the way he wants to conduct the Treasury Department, and that is the way he wants to keep free from criticisms which my friend from Michigan and others might hurl at him.

I did not believe there was enough to justify asking for the resignation of Mr. Prettyman; but this was the cause of the difference of opinion: The Secretary said that when Mr. Burnett was Commissioner of Internal Revenue there were some fraud cases before the Bureau, and an attorney, I think it was, went in one day to Mr. Burnett and said, "You do not know anything about this fraud, but I will reveal it to you, provided you compromise the case, and the Government, by compromising this case and accepting our version of it, will get something more than $200,000." I believe that was the sum, but I am not sure as to the exact amount.

I do not criticize Mr. Burnett for his stand, but he did accept the version of the attorney and compromised the case. Then there was a change of administration, and those fraud cases came over to the solicitor's department under the new Secretary. Mr. Prettyman took the view that since the past administration, acting through Mr. Burnett, had agreed upon this compromise, he ought to stand behind it, and he recommended to the Secretary of the Treasury an acceptance of it. Mr. Morgenthau said, "I shall not accept a compromise in fraud." He felt that he might be a party to it if he did accept it, and he took just the opposite policy.

People may differ as to that matter. Mr. Prettyman was honest in his interpretation of the policy, and certainly the Secretary of the Treasury was honest in the policy he laid down. But he said, "I just felt that if I had somebody in that position who, I knew, would think along my lines of thought, I would feel better", and that is why he asked for the resignation of Mr. Prettyman. He did not reflect in the slightest upon Mr. Prettyman. He said nothing against him. He said that Mr. Prettyman had ideas about policies different from his own, and that that was the only reason why he asked for his resignation.

No objection was raised in the committee to Mr. Jackson, not the slightest. Mr. Jackson came before the committee and answered all the questions the members of the committee asked him, and everything that was presented to the committee about Mr. Jackson bore out the fact that he was an excellent lawyer, and since the hearing I have been given to understand that he is one of the best lawyers in northern New York. He admitted that he did not know much about tax matters, that he had not specialized in those matters at all. He frankly gave this list of clients to the Senator from Michigan.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. LONG. I suggest to the Senator that Mr. Jackson was attorney for the American Telephone & Telegraph Co., which should convince anyone that he was a good lawyer, because they do not hire poor lawyers.

Mr. HARRISON. It may be that he represented a telephone company at sometime, and it may be that because of that fact he ought to be turned down; I do not know. I do not suppose I could hold a place here if the rule were invoked that at sometime in my life I represented somebody who was tied up in some remote degree with some interest. It never was charged, however, that Mr. Jackson represented special interests. There was no objection to him on that ground. Indeed, after the hearings were closed, the Senator from Michigan, with the spirit of fairness which always inspires him, moved that the nomination be reported favorably by the committee.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. COUZENS. During the comments I made previously, I stated that I raised no particular objection to Mr. Jackson. I submitted his record for the Senate, and in the committee I did exactly what the Senator has stated. After the Senator from Maryland had left the room, and it was not an issue between Mr. Jackson and the committee, but rather, in my judgment, between Mr. Morgenthau and the committee, there was no reason for holding up Mr. Jackson's confirmation, and the only reason why the confirmation has been held up has been that it seemed to me it afforded the only opportunity I would have to point out what I considered the reprehensible methods of the Secretary of the Treasury.

Mr. HARRISON. I thoroughly appreciate the Senator's stand. The Senator made a similar statement to me, and I am not offering any criticism of it. I was sorry Mr. Prettyman was let out, but I do not think that should be the basis of an objection in the Senate to the confirmation of Mr. Jackson.

I sympathize with the Senator, too, in that the distinguished Senator from Maryland has shifted a little bit in this matter. I do not know, but I expect he was provoked at first when his constituent, one whom he had probably endorsed and advocated, was let out. The Senator from Maryland felt a little bit provoked, no doubt. I suppose I would have been provoked. He said some things which perhaps he would not now repeat. If I had been in his position, I suppose I would have done what he did. He probably went

over and encouraged the Senator from Michigan to join with him in this fight. I do not know how the Senator from Michigan must look on the fact that the Senator from Maryland has left him at this particular stage of the proceedings.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. McKELLAR. I am in favor of the confirmation of Mr. Jackson, but I want to say that, so far as Mr. Prettyman is concerned, I have known him for many, many years, ever since his father was at one time Chaplain of the Senate, and there is no finer man than Mr. Prettyman. I cannot imagine a reason for his displacement. He is a splendid lawyer, a most conscientious and high-minded man and official, and I feel that I want to pay this small tribute to a man for whom I have such a high regard. I have confidence in his honesty, in his integrity, and in his ability, and I regret the situation which has arisen. I have no doubt that Mr. Jackson is a good man also, but I believe there is no better man than Mr. Prettyman. I am glad that the President has shown his confidence in Mr. Prettyman by appointing him to another high office immediately.

Mr. CLARK. Mr. President, if the Senator from Mississippi will yield, in response to what the Senator from Tennessee has said, I want again to emphasize, as the Chairman of the Committee on Finance has already done, that during the whole hearing before the Finance Committee there was not, either from the Secretary of the Treasury or anybody else, the slightest reflection on Mr. Prettyman. As a matter of fact, the Secretary of the Treasury stated that, while there had been some disagreement in policy, some difference in view, between him and Mr. Prettyman, he had such high respect for Mr. Prettyman that, in his desire to emphasize that Mr. Prettyman's resignation was not any reflection on either Mr. Prettyman's character or ability, he had already given direction that immediately after Mr. Prettyman's resignation he should be employed as special counsel in one of the biggest cases in which the Government was concerned at that time.

Mr. HARRISON. And to show that nothing reflects upon him, the President of the United States thought well enough of him to kick him upstairs into the corporation counselship of the District of Columbia.

Mr. COUZENS. Will the Senator from Mississippi yield at that point?

Mr. HARRISON. I yield.

Mr. COUZENS. The Senator knows that the President did that because of the great cry and protest that was made by the Senator from Mississippi and the Senator from Maryland and the Senator from Michigan and some other Senators. Let us not bluff each other. We know how Mr. Prettyman came to get the job of corporation counsel. [Laughter.]

Mr. HARRISON. I hope the Senator will exclude me from that designation.

Mr. COUZENS. I could not exclude the genial Senator from Mississippi, because it was his great influence, coupled with, as I understand, the influence of the Secretary of the Treasury, that got Mr. Prettyman the position of corporation counsel.

Mr. HARRISON. I would go a long way to keep the Senator from Michigan from making a fight on anything I have anything to do with, and I may say to the Senator that I have gone around with my basket a long time, and nothing has yet fallen into my basket, and I had nothing to do with the appointment of a corporation counsel.

Mr. President, we have taken too much of the time of the Senate on this question. I hope Mr. Jackson's nomination will be confirmed.

Mr. COPELAND. Mr. President, I was quite distressed when I heard there might be some objection to the confirmation of Mr. Jackson. I have known Mr. Jackson for so long a time, and have known him so favorably, that I did not conceive it possible that anyone could find any criticism to make regarding him. I am happy to say that no such criticism can be found.

The only thing I can think of against Mr. Jackson is that he is rather better looking than the ordinary man, and perhaps might come in for criticism on that account.

Just a word about Mr. Jackson's alleged connection with the corporations. First, the telephone corporation: His employment in that connection was in active opposition to and fighting the A. T. & T. Then his power connection came through the fact that the Niagara, Lockport & Ontario Power Co. bought a small local plant at Jamestown, a plant for which Mr. Jackson was the attorney. So in that way he was indirectly connected with large corporations.

I assure the Senate Mr. Jackson is a man of capacity and real ability. If the Secretary of the Treasury really wants a "yes man", I am sorry for the Secretary, because Mr. Jackson is not that sort of man. I doubt, of course, that Mr. Morgenthau does want a "yes man." However, so far as this particular candidate for confirmation is concerned, he is not of that type. He is a man of ability, capacity, energy, intelligence, and honor. He will serve well in any capacity because he would not undertake a place of legal responsibility unless he knew he had the qualifications for that place. I am glad to testify to his capacity and hope he will be confirmed.

Mr. GLASS. Mr. President, it is my expectation to vote for the confirmation of Mr. Jackson, not because I know anything much about him, or because the Secretary of the Treasury knew anything much about him, but because I prefer to assume that the Secretary of the Treasury would not seek the nomination of anyone for this vitally important position whom he did not highly regard, whether he knew him or not, and in whose integrity and legal ability he did not have confidence. For that reason I expect to vote for the confirmation of Mr. Jackson's nomination.

I am anxious to have it appear—as it does now appear in the RECORD—that there was not any valid reason for the summary dismissal of Mr. Prettyman. My personal interest in that connection is that I think it was somewhat upon my unqualified recommendation of Mr. Prettyman that he was appointed as general counsel for the Internal Revenue Bureau. That recommendation of him was based upon a personal knowledge of his very high character, having been briefly associated with him at the Treasury Department when I was Secretary, and upon my very definite knowledge of his fine abilities as a lawyer, so attested by some of the best legal firms in the District of Columbia and in Maryland. And I feel prouder of him today than I did on the day on which I recommended him for this position.

Mr. Prettyman's only offense was that he did not agree with the Secretary of the Treasury as to the moral obligation of the Treasury to carry out an agreement which had been made by the former Commissioner of Internal Revenue in certain specified circumstances. Mr. Prettyman thought the agreement was binding, if not legally, certainly morally binding; and, thinking that, he had integrity enough and courage enough to say so to the Secretary of the Treasury. The Secretary of the Treasury differed with his views. I personally asked the Secretary if Mr. Prettyman at any time ever intimated that he was unwilling to conform to the policies of the Secretary, and the Secretary stated explicitly that he did not decline to do it, so there was no question of insubordination whatsoever involved.

Mr. Prettyman, being a lawyer, was asked his legal opinion as to the effect of the agreement, and he gave it. I asked the Secretary in person whether he objected to Mr. Prettyman, because he had courage and integrity enough to give him his legal opinion, and he said quite the contrary; he respected him for it, but he wanted somebody there who would agree with him and whom he knew. Well, more as a matter of interest, perhaps more as a matter of curiosity than anything else, I asked him how well he knew Mr. Jackson. He said he had seen him only once in his lifetime; that he met him incidentally in the last presidential campaign at Jamestown, where he presided over a meeting.

That was the extent of his knowledge of Mr. Jackson. Yet my inquiry convinces me that Mr. Jackson is a first-class lawyer; that he is a man of high character, totally destitute of any knowledge of questions of taxation, however, a question in which Mr. Prettyman was largely and long experienced.

As between the fitness of the two men to discharge the duties of that office, I have no hesitation in affirming my own belief in the great superiority of Mr. Prettyman for the position in question. Moreover, it is no compensation to Mr. Prettyman or to his friends that he has been given another job. I am not and hope I never will become a job hunter. I did not recommend Mr. Prettyman because be wanted the position but because I then felt perfectly confident, and now more so, that he was peculiarly fitted for this particular place, which was one of service to the Government and to the taxpayers of the country, and I think so now.

I have no idea of vituperating the Secretary of the Treasury. I could not if I would, because, as everybody knows, I am so conservative of speech that I could not say anything of a critical nature of anybody, even in as gracious a way as the Senator from Michigan has said it.

I like Mr. Morgenthau personally; I think he would like to do well, and I hope he will do well; but there can be no question of the fact, and, in my own opinion, certainly there is none, that Mr. Morgenthau made a very grave mistake in depriving the Internal Revenue Bureau of the services of a man of high character, of great courage, and of large information concerning the problems with which he had to deal, and supplanting him with another gentleman, perhaps of equally high character, and it may be of equal courage, but certainly he cannot have superior courage, and with no qualifications whatever at the initial stages of his service to deal with large and important taxation matters. I shall, however, vote for the confirmation of Mr. Jackson.

MORE OUTRAGES PLANNED AGAINST THE GOVERNMENT

Mr. LONG. Mr. President, I do not care to speak on Mr. Prettyman or Mr. Jackson. I do not know either one of the gentlemen; I would not know them if I saw them. I do, however, wish the Senate to know that there are certain influences undertaking to use for a racket the financial processes of the Government in its several departments. I am going to send to the desk a document in my posession and ask the clerk to read it before I say anything further.

The PRESIDING OFFICER. Without objection, the Clerk will read, as requested.

The Chief Clerk read as follows:

[Excerpt from the New York Times, Feb. 22, 1934, p. 7, col. 2]

Memorandum placed on the record but not read to Mr. Brown tended to show that the interests seeking the contract after abandoning hope of obtaining the contract from Mr. Brown, proposed to bring influence to bear upon Postmaster General-designate Farley through Vincent Astor and on the President-elect through his cousin, Kermit Roosevelt. Senator Black quoted frequently from memoranda from the files of A. J. Ball, foreign freight agent of the Pennsylvania Railroad. An excerpt from one of them addressed to J. L. Heyman follows:

"We agree with him, as we feel we are close enough to Farley through Vincent Astor to accomplish what we want. Kermit Roosevelt is away with Vincent Astor and the President-elect on Mr. Astor's yacht and we have wired a complete statement of the facts to Kermit Roosevelt so that he can get in his good work as soon as possible."

Mr. Brown made no comment on this part of the memorandum, which was not read openly but was placed on the record, nor was it revealed who was meant when it said "We agree with him."

Another part of the same memorandum said:

"We considered an investigation called for in the resolution the most healthy method of clearing the atmosphere and would accomplish what the Departments were after, i.e., to distribute the patronage under a Democratic administration. The Roosevelt-I.M.M. (International Mercantile Marine) people feel that they are sufficiently strong with the new administration to secure prompt and favorable action on the bids."

Mr. LONG. Mr. President, I have no comment whatever to make on the statement that has been read. By some accident it was printed in the "bulldog" edition of the New York newspaper and was taken out of the succeeding editions and never was printed in any others, and I just wanted to afford the facility in case someone wished to read it who did not have the opportunity of doing so in the edition of the newspaper in which I read it, by reason of the matter having been omitted from subsequent editions.

The other matter, Mr. President, that I have to mention in connection with this and other financial rackets is this: I was present when Mr. Morgenthau came before the Finance Committee; in fact, I asked him some questions. Some statements had gone out that were rather not in keeping with what some of us, at least, had regarded as the law. Following that, the Senator from Michigan [Mr. COUZENS] stated he wanted the Secretary of the Treasury to dismiss Mr. Bailie, or, rather, indicated that he desired him to do so. My recollection is that Mr. Morgenthau hesitated considerably—if I am in error as to that, I hope I will be corrected—and held out quite at length before he finally consented to dismiss Mr. Bailie. I was later informed that even after Mr. Bailie was supposed to have resigned he stayed on for some time.

Following Mr. Bailie's dismissal, Mr. President, there came from the Post Office Department a cancelation of the air-mail contracts, and we find that Mr. Bailie's concern was one of those that unloaded air-mail company stock on the public a day or two days ahead of the day when the contracts were canceled.

The air-mail stocks had been away up to one of the highest points they had ever reached, and suddenly the J. & W. Seligman Co., the House of Morgan, and several others, began to unload the stock on the innocent public, so that when the break came, through the action of Mr. Farley's office, they would be out from under as much as possible and the public would have gotten the stock; and that is what happened, to a large extent. There were some very large sales; I have forgotten the exact number, but they were shown by a map someone placed on the wall.

Mr. President, I now have more specific and personal knowledge of the racket that is being made not only in the Post Office Department but elsewhere, for there is a close working between the Post Office Department and the Treasury Department. In the main, those appointed to the Post Office Department are recommended, of course, by the Postmaster General, and those appointed in the Internal Revenue Bureau are going in there on the recommendation of Mr. Farley. I am not undertaking, as the newspaper clipping did this morning, to question Mr. Farley's capacity to select men for the internal-revenue work. I do not say that just because the newspaper clipping read at the desk says he has been in the prize-fighting business, or something like that, rigging up matches and publicizing various and sundry individuals and giving them set-ups to knock down; I do not know whether he is that kind of a man or not; that is not the point. But what I am just bringing to the attention of the Senate is that through the same source that manipulated the handling of the cancelation of the air-mail contracts come the leaks that enable the big houses to get from under, and so that there will come out with great big headlines, "The Postmaster General takes action on behalf of the people." The ex-prize-fight promoter and matchmaker let it slip out to somebody 2 days and 24 hours ahead of time, and the big brokerage houses suck poor little innocent people in Louisiana, Arkansas, and Tennessee and West Virginia, for they unload that stock onto them. I am not particularly criticizing it; I am just simply mentioning it in this connection, so that we may know what to expect.

Now I come to what I have more direct knowledge of. This common source of selection operates in my State. They are doing the work by calling on certain citizens to help in the internal-revenue work, and they were able, through the personal contact of the present Postmaster General, Mr. Farley—and they will put him out of there before very many moons, I am afraid, before we know nearly as much about him as we want to know—to place in charge there a gambling magnate who helped run the casino gambling house, I think, in Palm Beach, Fla., in partnership with Colonel Bradley. I refer to a man by the name of Sullivan—John P. Sullivan—who, through an associate, ran a wire gambling-house outfit in the Ridges section of New Orleans, which I raided once when I was Governor of the

State, taking a roulette wheel, a dice table, and two or three thousand dollars of money.

This gambling king, John P. Sullivan, who also ran a race track, was placed in charge of selecting the internal-revenue collector, the United States attorney, and the postmaster of my own city of New Orleans. This gambling king was so bold about it that he actually came into the Finance Committee and into the subcommittee of the Judiciary Committee. He does not deny that. I am not slandering the man; I am only giving the Senate what the man has paid the newspapers to publish about himself. I would not have the Senate think that I would go beyond anything that the gentleman did not want known about himself! I am giving him advertisement that he has been paying the newspapers to print for the last 10 years. So there is nothing that is intended to reflect upon the man.

This gentleman, very much apparently of the same order as Mr. Bailie, has been calling in the business men of New Orleans and Louisiana, and has been telling them that he has had the internal-revenue collector appointed—and the newspapers published the fact—that he has named the district attorney, and he has; and the newspapers have so reported. He has been saying to them, "I am going to have this one indicted; I am going to have that one indicted." And we now behold the spectacle that the gambling king, in consort with his past associate, the ex-prize-fight promoter, are calling upon citizens far and wide—Mr. Sullivan, not on the pay roll, is calling in citizens as witnesses and putting them on cross-examination, giving them to understand that he has been vested with the power and discretion of adjusting incomes and assessing incomes and of making indictments.

There was a man in Louisiana by the name of R. L. Gay. He was very prominent and occupied in his church work in the State, and consequently was a man not in my company very frequently. [Laughter.] We lived 100 miles apart and we were in different towns on Sunday. But there was this gentleman named R. L. Gay. Mr. Gay discovered an oil field. He settled up his income tax in the year 1931, 3 years ago. One year ago Mr. Gay's name appeared in the newspapers in an item in which he said that he would put up $20,000 in cash at odds of 30 to 1 that the Long ticket would be elected in the State of Louisiana.

Mr. Sullivan, this gambling-house operator and dive keeper, was very much incensed over the matter. I do not mean to slander the gentleman, if the Chair please. I am merely giving him for nothing what he has been paying the papers to print. I could read from all the papers that are opposed to me in New Orleans now whatever may be needed from their editorial columns to show that he is the greatest gambling king the State has ever known, the partner of Mr. E. H. Bradley, who was in Kentucky and went down to Miami and opened up his several dives down there, then extending his influence as Sullivan's partner back to New Orleans.

They proceeded about 3 days ago to indict Mr. R. L. Gay through the internal-revenue man who has not been confirmed, and through the United States attorney who has not been confirmed. They never went to Mr. Gay. They checked over his returns and told him time after time he was all right. They never went to Mr. Gay and asked one question in 3 years. They never called upon him to pay a dime. They never said to him or to a friend of his that there was anything wrong about his income taxes. Instead of presenting his case before the district court in the district where the man lived and where his business is located and where he made his return, as has always been the practice, they had the indictment against him returned in the eastern district of the State at New Orleans. They never asked him for a copper cent.

I know nothing of the merits of the matter except as I have stated here to the Senate. However, it seems that this matter came just about the time they were changing counsel there. It seems that Mr. Morgenthau wanted somebody he knew. There had come out great big announcements that Mr. Morgenthau had stated that he was sending a flock of men down there with instructions to indict at least 100 of HUEY LONG's friends in the State of Louisiana. I do not think that is to be held against Mr. Morgenthau. I do not hold it against him. I never even brought up the matter when he was before the Senate for confirmation.

But the facts are that with the J. & W. Seligman fraud through Bailie, with the other frauds mentioned in what has been read at the desk, there is a trail of slime and corruption forming here at this very early day that is so wide and so deep that it is becoming almost an offense even in the Halls of the Senate. I hesitate to say where it might lead.

Someone might say, as this report read, he was on a yacht with the President fixing him up, and still be in error, or that he has the inside track with Farley—though I do not think it would take very much to get the inside track with Farley. It seems that a trip would do it.

Some men have very simple ways of estimating what it takes to break down the virtue of a man. Most of them will come for $20, or they will not come at all. I think that $20 hat is about Farley's size. That is what I would estimate to be the ordinary cost of his caliber. I understand he got a barbecue, got a free trip in an airplane that was not carrying a pound of mail on a trip that was not on a mail route at all, got a new hat that cost $20, everything paid for, and came on back to Washington. There is a yacht free to take them out while men try to use them for a scheme for some crooked thing to rob the American people of some of the franchises that belong to them, free airplanes to bring men here and there to do something else with banking-house stool pigeons, to let them know when there is to be a cancelation of something that will enable them to swindle the poor American consumers out of the little that they have.

But that is not half of it. I believe it has been said that the ground upon which the air-mail contracts were canceled was that it was found that there had been a spoils conference at which it was agreed on who was going to carry the mail, and that there was a division of the routes. When that information became public, they instantly found that sufficient ground to cancel the air-mail contracts. I am not going to take issue with that. I accept that. But I want to deal with another spoils conference that was held in which the parties named in the document read at the desk a few moments ago participated, and I want to read the facts into the RECORD, as given under oath, to see whether or not we cannot get another contract canceled before they unload their stock on an unsuspecting public.

The stock market is closed now, and they cannot get the sucker list into operation between now and tomorrow morning. I want to save the American people from being treated just as they were in the air-mail-contract imbroglio.

At page 618 of the hearings in the merchant-marine investigation before the Committee on Merchant Marine, Radio, and Fisheries of the House, appeared the following. This is from the minutes of a meeting of the Shipping Board. They have the proceedings of the Shipping Board printed in this hearing. Commissioner Denton there said:

> I move that the International Mercantile Co. interests, the Chapman-Dollar-Dawson interests, and Mr. J. E. Sheedy, who represents also an interest, be invited to a session with the Board, looking toward a consolidated bid on the part of all of them.

This was a secret meeting of the Board in which he moved that all these people be brought in to make a consolidated bid for the whole thing.

> Chairman O'CONNOR. Do you want him to come down before the Board?
>
> Commissioner DENTON. All together, at the same time, as early as can be arranged.

The air-mail contract conclave cannot beat this one.

I want them all here to consolidate on their bid and put this thing in one barrel at one time. It is too much trouble to have a deal with too many of them. We are liable to have some man roaming the range when we do not know what his business is. It is a whole lot more satisfactory and convenient when we are dividing these spoils, it is much easier when the Government has $4,000,000 or $5,000,000 that



it wants to donate to men who want to furnish airplanes and boats, to give it to them in one lump. If we have to divide the drink and pass it around, it takes time and it is liable to be confusing.

At any rate, let us read on a little further:

All together, at the same time, as early as can be arranged.
Commissioner SMITH. Suppose you gave them until Tuesday.
Commissioner DENTON. Let us make it Monday.

Tuesday was too long.

Commissioner SMITH. 10 a.m., Monday morning.
Chairman O'CONNOR. Wouldn't you be willing to leave out with reference to consolidation and just simply say a conference as to the proper disposal of this question now before us?
Commissioner DENTON. I think that would be more diplomatic; yes.

Still in secret session:

Commissioner SMITH. Just leave out the question of combination and consolidation; that might frighten some of them; looking to a solution of the difficulties in which the Board finds itself with the United States Lines.

Commissioner Denton says, on page 616:

Gentlemen, this is a lot of responsibility in our duty toward the establishment and maintenance of the services on the north Atlantic. Would it not be well, at this stage, when we have to consider Mr. Burke's telegram, which I have not had a chance to read yet, and the negotiations that we have not been able to make yet, or agree to as yet, with Chapman-Dollar-Dawson—would it not be worth while for this Board to make an effort to attempt to interest those people to agree on this working together in a mutual partnership or some agreement among themselves? The International Mercantile Marine and Chapman-Dawson-Dollar. Isn't it worth our effort to try to bring about such action?
Commissioner CONE. In my opinion, it is the only solution of this question.

Mr. President, it was in response to that—it was there and then—with these gentlemen as the absolute instigators of the matter, that this ship subsidy went out. That is the subject matter of what was contained in what was read at the clerk's desk just a few moments ago; and who wound up with the subsidy?

Why, Mr. President, in order that they might handle it exactly as they wished, when the United States Lines of Nevada got the contract and the ships, as I showed here on the floor the other day, they made an agreement giving the Roosevelt Steamship Co.—that is Kermit Roosevelt's outfit also—23 percent of the gross revenue as the "fees of operating management." In other words, of the tonnage that the *Leviathan* carried, 23 percent of the gross was paid to the Roosevelt Steamship Co. for what was supposed to have been operating management; and Mr. Dollar himself testified on the witness stand that he had never heard of any such thing as that as a charge for operating management as long as he had been in the steamship business.

They were building up an American merchant marine, were they? Well, let us see what the International Mercantile Marine did.

Here is a contract between the International Mercantile Marine and His Britannic Majesty. The International Mercantile Marine had this in its contract: Here is the agreement with this benevolent concern that had charge of things, that was given $6,000,000 of Government notes free, that took out of service the *Leviathan*, which was supposed to be the greatest ship sailing between the United States and Southampton, and it is in the mud; and this concern has not paid a dime on the $3,000,000 it did agree to give for the $9,000,000 of notes. Here is the contract that the International Mercantile Marine had entered into. This was between the International Mercantile Marine and the British Government:

This agreement shall have effect for 20 years from the 27th of September 1902 and shall continue in force thereafter subject to a notice of 5 years on either side (which may be given during the continuance of this agreement); provided, that His Majesty's Government shall have the right to terminate this agreement at any time if the association pursue a policy injurious to the interests of the British mercantile marine or of British trade.

In other words, this benevolent concern, to which we made all these gifts, and which we gave a $4,000,000 subsidy for the purpose of carrying the mail, for which Mr. Kermit Roosevelt was exerting himself in an effort to get some kind of an underhold in order to preserve it—the International Mercantile Marine had, several years previously, gone into an agreement that nothing that would ever be done by them was ever to interfere with the supremacy of the British mercantile marine.

They tried to get around that, Mr. President. They went over and made some kind of an amendment of this contract stipulating that the contract should not apply to American ships duly documented under the laws of the United States; but I am told by authority that this did not say anything about the management of American ships by the International Mercantile Marine and that there was a vast difference between putting responsibility in the ships and putting it in the management of the ships, and that that was the view taken of the matter by a former member of the Shipping Board, and he always regarded it as strictly impossible for them to do anything except contrary to the best interests of the American mercantile marine.

Now, there is another little innocent thing before the Senate.

Following this particular time when Mr. Kermit Roosevelt and Mr. Vincent Astor had the yacht down there in Florida waters that they are talking about, Mr. Kermit Roosevelt issued a statement; and here is his statement, published in the New York Evening Post. He said:

We are hopeful that the administration in Washington will eventually render the kind of assistance necessary to permit the completion of plans we have for a further development of American-flag fleets second to none on the high seas.

How were they going to develop them? Why, they took off the *Leviathan*. Today the White Star Line, flying the British flag, on which the International Mercantile Marine holds a mortgage for $9,000,000, are operating the *Majestic*, and it is advertised as the biggest ship on the seas. They have taken off the *Leviathan*, which they bought for a song, with all the other ships, for $3,000,000 in notes, due 3 years from date, and we gave them a $4,000,000 contract on top of that, and they never have paid a dollar of the $3,000,000 up to this time, and they junked the *Leviathan*, the operation of which they claimed was the consideration for the low price.

Was there a reason for taking off the *Leviathan*, Mr. President?

I have here a report which shows that the last month the *Leviathan* ran it had 993 passengers to the voyage, as against 955 carried in the *Majestic*, under the British flag. The *Leviathan* was carrying an average of 40 more passengers per trip than the *Majestic*, which flew the flag of Great Britain, was carrying. The *Leviathan* was the biggest ship in the world. It flew the American flag. These people had been given millions and millions and millions of dollars of American money; and after being placed in full control, with this kind of a subsidy, the next thing they did was to take off the *Leviathan* and make it unseaworthy, and today it is lying in the mud.

Talk about giving them a subsidy! Here is another little thing coming up—this matter of reciprocity.

I understand that these gentlemen have something figured on reciprocity. I never figured on it. I understand that the International Mercantile Marine now have matters all fixed so that they and their allies in agreement are the only ones that have any ships, and that if they can work the reciprocity agreements around to the point where they can say, in these reciprocal trade agreements, that a certain amount of the traffic shall be hauled in American ships, that is the same as though we wrote "the International Mercantile Marine" into the contract for a lot of it. Thereby will this concern, so closely attached to foreign shipping interests, be given cargoes for the future, through "reciprocity."

Those things, Mr. President, I present to the Senate. They have come within my knowledge; and I think it is my duty to communicate them to the Senate.

ROBERT H. JACKSON

The Senate, in executive session, resumed the consideration of the nomination of Robert H. Jackson to be general counsel for the Bureau of Internal Revenue.

Mr. COUZENS. Mr. President, I desire to make just one or two more comments because of the statements made by the Senator from Mississippi [Mr. HARRISON] and the Senator from Virginia [Mr. GLASS] with respect to my statement to the following effect. I quote from the RECORD:

I desire to point this out because I think the Secretary of the Treasury was absolutely tricky, and I think he is wholly unreliable, in this connection, at least—

The Senator from Mississippi said that he could not agree in that conclusion, and the Senator from Virginia made some reference to vituperation.

I have been here a long time. If I should approach the leader of the majority, the Senator from Arkansas [Mr. ROBINSON], or the Senator from Virginia, and ask a question, and should be answered in the same manner that Mr. Morgenthau answered me, I should say that they were tricky and unreliable. Mr. Morgenthau was asked by me if he had "fired" Prettyman, and he said "No." It later developed that he had asked for his resignation. That did not develop, however, until later.

I ask the Senator from Virginia now, if I should approach him and ask him if he had "fired" Prettyman, and he had only asked for his resignation, whether he would have said "no."

Mr. GLASS. Mr. President, I should have said that I had "fired" him.

I was unhappy in the use of the words. I am so accustomed to moderation that, knowing that the Senator from Michigan was scarcely less moderate than I, I just blundered there. I meant to use the word "reproach", rather than "vituperate."

Mr. COUZENS. I thank the Senator.

That is no. 1. Now, I shall mention point no. 2 in confirmation of my statement, which I do not retract one iota.

When Mr. Morgenthau was asked before the Finance Committee whether Mr. Jackson had been sworn in or not, he answered in the affirmative, and stopped. It appears that for 9 days prior to that Mr. Jackson had occupied the position of general counsel without taking his oath of office. Yet, in answer to my question as to whether he had been sworn in or not, the Secretary answered in the affirmative, without any qualification at all, to the effect that he had served 9 days without having taken his oath of office.

I submit that if I had asked the Senator from Arkansas or the Senator from Virginia that same sort of question, either of those gentlemen would have said, "He was sworn in on the 9th of February, 9 days after he was appointed."

Because of those evasive answers, I stand by my conclusion that at least in this connection the Secretary was tricky and unreliable.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Robert H. Jackson to be general counsel for the Bureau of Internal Revenue?

The nomination was confirmed.

Mr. ROBINSON of Arkansas. Mr. President, in view of the length of time the nomination of Mr. Robert H. Jackson has been pending before the Senate, I ask unanimous consent that the President be notified of the action of the Senate in confirming the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified.

LEGISLATIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to.

NATIONAL INCOME

Mr. LA FOLLETTE. Mr. President, some time ago the Senate authorized the publication of a report on distribution of income, which has been given Senate Document No. 124. Since that time certain illustrations have been presented.

After conferring with the Chairman of the Senate Committee on Finance, I ask unanimous consent for an additional order incorporating the illustrations and ordering them printed with the document.

The PRESIDING OFFICER. Without objection, it is so ordered.

TREASURY AND POST OFFICE DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 25, and 35.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 29, 37, and 38, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$18,500,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$98,500,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$47,200,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$12,000,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$13,325,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 3, 31, 32, 33, and 34.

CARTER GLASS,
KENNETH MCKELLAR,
PARK TRAMMELL,
FREDERICK STEIWER,
L. J. DICKINSON,
Managers on the part of the Senate.

WILLIAM W. ARNOLD,
LOUIS LUDLOW,
JOHN TABER,
CLARENCE J. MCLEOD,
Managers on the part of the House.

Mr. McKELLAR. I move that the Senate agree to the conference report.

The motion was agreed to.

Mr. McKELLAR. Mr. President, I move now that the Senate recede from its amendments numbered 31, 32, 33, and 34.

The motion was agreed to.

Mr. McKELLAR. Mr. President, in regard to the amendments on which the Senate has just voted to recede, I want to make a short statement.

These amendments refer to what is known as the "Reedsville, W.Va., matter." The House conferees took the amendments back to the House, and the House voted 3 to 1, as I recollect, against accepting the Senate amendments. Of course, under those circumstances, I cannot ask to have the amendments go back to conference, and therefore I have moved that the Senate recede.

In that connection I want to say that I think both Houses made a mistake in not adopting the Reedsville plan. My reasons are to be found in a statement from the Post Office Department, which I ask unanimous consent to have printed in the RECORD as a part of my remarks at this place in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MARCH 7, 1934.

Memorandum for Mr. Evans.

In connection with the strong opposition to the proposed erection of a Government factory in connection with the consummation of the subsistence-homesteads project near Reedsville, W.Va., which has developed among manufacturers throughout the country, and particularly to that which has manifested itself through the Keyless Lock Co., of Indianapolis, Ind., which, it is understood, is owned by Mr. Arthur R. Baxter, of that city, there is set out herein for such consideration as the facts may warrant, certain information which is supported by records in the Department and by personal observation and contact in the factory of the Keyless Lock Co. and in post offices on a number of occasions.

For several years the product of the Keyless Lock Co., as far as the Post Office Department is concerned, has been confined exclusively to the manufacture of steel furniture and screen-line equipment which is sold on contract to the Government, or sold outright or leased to a postmaster or the lessor of a building in which the post office is located. The latter plan is more highly remunerative to the Keyless Lock Co. than the former plan for the reason that in practically every instance a much lower rate is made to the Government than to a postmaster or other lessee for the outright purchase of the necessary equipment.

Investigation disclosed that the greatest source of revenue accruing to the Keyless Lock Co., however, is derived from post-office furniture and screen-line equipment furnished a postmaster on a rental basis, payable monthly in advance, under the terms of an iron-clad lease contract executed by the company and the postmaster or lessor of a post-office building. There is attached hereto a photostatic copy of form of such lease executed by a postmaster, which is as follows:

"To have and to hold same from the date of installation, and to continue thereafter so long as the said lessee continues as postmaster at ————, and until said chattel property is shipped back to said owner by said lessee, as hereinafter provided. And said lessee, in consideration of the leasing of said chattel property, by the said owner, as herein set forth, agrees to pay to the said owner, as rent for said chattel property, the sum of —— dollars and —— cents ($——) a month in advance, the first payment being due on the date of installation, and to continue thereafter monthly until the termination of this lease contract.

"And the said lessee further agrees that all of the said property shall be considered as chattel property, and hereby agrees not to attach any portion thereof to any building which would operate to make said chattel property a part of any building. It is, however, agreed between the said owner and lessee that the said owner will supply the necessary 'filler strips' without charge to the said lessee, which 'filler strips' the said lessee may attach to his walls as part of said walls, and to said 'filler strips' the above-mentioned post-office screen work may be attached with removable screws.

"It is further agreed and understood between the said parties to this lease contract that the said owner will carefully crate the said chattel property described above, and deliver the same f.o.b. the railroad station at Indianapolis, Ind., and that the said lessee will pay for, at his own expense, all freight, hauling, and erection charges connected with the installation of said work, and further that at the expiration of his incumbency as postmaster, the said lessee shall immediately, at his own expense, carefully take down, crate, and ship same to the said owner at Indianapolis, Ind., or to some equally distant point at owner's option, all freight charges prepaid.

"It is further agreed between the parties that at the expiration of this lease, peaceable possession of the said chattel property shall be given to the said owner in as good condition as when shipped to the said lessee, the usual wear and tear excepted; and furthermore, that upon the nonpayment of said rent that the said owner may, at his election, within 30 days after said rent shall have become due, recover possession of said chattel property, as if the same was held by forcible detainer."

This lease contains no provision whatever for the subsequent purchase of the equipment by the lessee, regardless of the amount that may have been paid in rental therefor, and, notwithstanding the provisions of the lease as applies to the lessee it might not deserve severe criticism if it obligated the lessee for a reasonably limited period, but it is operative to the fullest extent "so long as the said lessee continues as postmaster", and there are numerous instances where postmasters have continuous service extending over a period of 25 or 30, and in some instances over 40 years, there being a few instances in excess of even this period.

Investigation disclosed that there are a large number of cases where this, or a similar contract has remained in full force and effect over such an extended period that, based upon the quoted sale price, the equipment covered by such lease contract had been paid for several times over in rentals, even as many as six or seven times.

For instance, there was installed in the post office at Beacon Falls, Conn., on September 1, 1918, certain equipment manufactured by the Keyless Lock Co., at which time that company quoted to the postmaster, who was also the lessor of the building in which the office was being conducted, a price of $1,209 for the outright purchase of the equipment by the postmaster, or on a rental basis of $104 per quarter, or $416 per annum. The rental plan was chosen by the postmaster and the records in the Department show that this equipment is still being rented at that rate. On the basis of 15 years and 7 months (the current March quarter in advance) since the date of the installation of this equipment and figured at the rate quoted per annum, it appears that there has been paid in rental on this equipment a total of $6,968. Based on the initial cost of this equipment as quoted by the Keyless Lock Co., that is, $1,209, fully installed, the annual payment of $416 in rental is equal to 34.4 percent per annum on the investment.

Again the Keyless Lock Co. furnished certain equipment, to the lessor, for use in the post office at Tonkawa, Okla., on a rental basis of $80 per month and the lease on the present post-office quarters at that point terminated on February 26, 1934, at the expiration of 10 years. Rental on this equipment at the rate of $80 per month amounted to $960 per annum and over the period of 10 years there was paid $9,600 for the use of the equipment, which would have cost at the beginning of the lease approximately the sum of $1,861, figured item by item at the prevailing rate at that time. Much of the equipment furnished, however, is not in use, a large portion of it now being stored in the building. Recently when investigating the case at Tonkawa with a view to obtaining a new lease at a reduced rate, the post-office inspector handling the case was able to obtain an offer for the new lease at a rate of $830 per annum, as against a rate of $2,100 per annum under the former lease, due in a large measure to the Keyless Lock Co. having agreed to reduce to the lessor the rate for rental of such equipment as was actually in use at Tonkawa from $80 to $15 per month, with the understanding that any taxes that might be levied against this equipment would be paid by the lessee.

Further, there was installed in the post office at Urbana, Ohio, on March 1, 1922, certain equipment manufactured by the Keyless Lock Co., which equipment was rented by the lessor of the building in which the post office was conducted, from the Keyless Lock Co. on the basis of $964 per annum, the records showing that this rental was paid throughout the life of the lease which expired on March 1, 1932. When this lease was about to expire and the post-office inspector was endeavoring to negotiate a new lease at a reduced rate it developed that the lessor of the building would not consent to a reduction in the rental then in effect and it became necessary to take the matter up direct with the Keyless Lock Co. with a view to having that concern make a substantial reduction in their charge for rental of the equipment. After a somewhat lengthy correspondence the Keyless Lock Co. stated that they were willing to reduce the rate of rental but they requested the Department to set the amount which, of course, the Department could not do. The inspector who handled the lease case in this instance stated in his report that he had no information as to what this equipment originally cost, but gave it as his opinion that new equipment sufficient for the needs of the office would cost approximately $3,500 at the time of the investigation and that it was not believed that the equipment then in use would have a value in excess of $2,000 in 1932. It was also the opinion of the inspector that the rate of rental then being charged by the Keyless Lock Co. for the use of this equipment was apparently excessive, which rate, of course, would be included by the proponent in his proposal to the Department. The list of items of equipment furnished in this instance has subsequently been checked against approximate current prices in effect at that time, and it is estimated that this equipment, when new, could have been purchased for approximately $2,250 and that it could be purchased today for about $2,000.

In any event, when the Department informed the Keyless Lock Co. that it was not believed that their equipment had a value in excess of $3,500 they immediately agreed on that amount as a basis on which to submit an offer to reduce their rental, and they submitted an offer to accept 12 percent of that amount, or $420, per annum for the new lease. The Department protested that this rate was still too high and that a rate of $280 per annum, or 6-percent return plus 2 percent for incidentals, would be fair. To this latter proposal the Keyless Lock Co. finally agreed, but when it came to setting the date for the new rental rate to become effective they would not consent to March 1, 1932, the date of expiration of the former lease, as desired by the Department, but they arbitrarily set it for June 1, and the higher, or former, rate was paid them from March 1 to May 31, and then the new rate of $280 per annum became effective on June 1, 1932. This rate continued in effect until December 11, 1933, on which date the office was moved into the new Federal building, and the lease on the equipment automatically expired. Thus it will be noted that the Keyless Lock Co. received a total of some $10,308 from the lessor of the building for the use of equipment which could have been

purchased by the Department outright for about $2,500, and title to this equipment was still vested in the Keyless Lock Co. at the termination of the lease; and the same is likewise true in the two cases previously mentioned herein.

Another case in point indicating that it would be to the financial advantage of the Department to provide Government-owned equipment in leased buildings is that of temporary quarters for the main post office in the city of Detroit, Mich., at the present time. The Keyless Lock Co. manufactured and sold outright to the lessor of the temporary quarters in Detroit, provided by the Treasury Department, a steel screen line approximately 300 feet long containing 32 service windows. The cost of all this equipment was taken into the cost of alterations on the building of the successful bidder for temporary quarters, who was given a lease on June 2, 1931, for 157,420 square feet of floor space, at the rate of $65,000 per annum, to run for a period of 18 months, and for as long thereafter as should be required by the Government. It was stated that the cost of the alterations to fit the quarters for the needs of the Government, including all equipment, should be $95,400, which amount was divided into 12 equal parts and added to the rent for the first 12 months of occupancy. Thus it will be noted that the Government actually paid the cost of this equipment in 1 year, and ownership is still actually in the hands of the lessor of the temporary quarters. If the Government manufactured or otherwise owned this equipment, it could be transferred to other post offices as needed, and a substantial saving in cost to the Department would result thereby.

With particular reference to the product of the Keyless Lock Co.'s plant at Indianapolis, it may be stated that it has been a common practice on the part of this concern to restore for further service large quantities of old used equipment which has been repossessed by the company either on account of the nonpayment of rental by termination of a lease with a postmaster or other lessee, or which has turned back to the owner bodily by a postmaster after his office had been furnished with suitable Government-owned equipment.

The process of rehabilitation has been by submerging the steel screen line units in an acid bath to remove every vestige of the former finish; then the dents and other defects in the metal are rolled out by heavy machinery, flanges are straightened and squared, slight rust spots removed, and the equipment is then returned to the finishing room where a new finish is put on, the equipment being subsequently returned to the shipping room apparently ready for new-trade channels. It is not known whether or not any of these rehabilitated units have ever been sold as new equipment, but it is no reflection on the integrity of the Keyless Lock Co. to state that much of it could easily be furnished as new equipment to the average postmaster or other person unfamiliar with such product.

I have on a number of occasions, when visiting this plant on official duty, noted their drying ovens completely filled with this rehabilitated equipment, while other sections of the plant would have large quantities of this made-over equipment on the floors. I distinctly recall that on one occasion when I was officially at this factory one of the foremen directed my particular attention to a long array of screen-line panels standing along the walls of one of the rooms, and he suggested that I go over and look at these units carefully and then come back and let him know what I thought of the equipment. I accordingly went over and looked carefully at a number of these units and then returned to where this foreman was working, and I said to him, "Well, they look pretty nifty", whereupon he said to me, "You will be surprised when I tell you that that particular screen-line equipment has been in constant service for over 15 years."

While on a recent tour of official duty through the West I visited the factory of the George Pensky Co. in San Francisco, Calif., a concern which manufactures post-office equipment of wood, on which occasion Mr. Pensky brought up the question of the Government going to manufacture post-office equipment in the proposed new factory near Reedsville, W.Va., and he voluntarily informed me that he had received a letter from Mr. Baxter, of the Keyless Lock Co., strongly urging him to write letters protesting the proposed action of the Government going into the manufacture of postal equipment, these letters to be addressed to President Roosevelt, Postmaster General Farley, and to Senator HIRAM JOHNSON, of California, and that he had acted accordingly in the matter.

It is well known that Mr. Baxter is the author of many statements protesting violently against the contemplated manufacture by the Government of post-office furniture and screen-line equipment and as a refutation of his repeated claim that such action by the Department would throw hundreds of men out of employment at his factory, there is quoted below an excerpt from a letter written by him to the purchasing agent of the Post Office Department under date of June 9, 1933:

"As you probably know, we (the Keyless Lock Co.) have been receiving practically no business from your office on screen line and furniture during the past year, but we are still going through the formality of making bids."

Mr. Baxter, as well as a number of others through whom he is working violently against the West Virginia project, is on record in print on a number of occasions as stating that if this project goes through it will close his factory down entirely and thus throw out of employment 250 men. In this connection I desire to state that I have been making official trips of inspection to the factory of the Keyless Lock Co. in Indianapolis regularly since July 16, 1931, and never once during that time to my knowledge has Mr. Baxter ever had that number of men employed, and I do not hesitate to say that I do not think he has ever during that period had half that number of men employed in his factory at one time.

It is shown, by careful examination of the files relating to various lease cases in which is involved the furnishing of equipment by the Keyless Lock Co. or the American Post Office Equipment Co., both concerns owned by Mr. Baxter, the Department has for a number of years paid indirectly into the treasuries of these concerns thousands of dollars representing financial returns on the original investment involved in each case from 10 to 500 percent.

The Keyless Lock Co. (and the American Post Office Equipment Co.) have two sources of revenue on rentals of equipment, namely, through rental to lessors of post-office quarters who, in turn, pass the charge along to the Department as additional rent, and through rentals of equipment to postmasters, usually at offices of the third class, who are required to provide their own equipment. Very few postmasters at offices of the third class, upon appointment, are able to purchase outright the equipment necessary to conduct the office. It has been my observation in going over numerous rental cases in the division of post-office quarters that advantage of this circumstance has been taken by the Keyless Lock Co., which, through what might be termed high-pressure salesmanship, has been able to induce many postmasters to sign leases for equipment at excessive rates, considering the value of the equipment; which leases contain the provision that the contract shall remain in force so long as the leases shall continue as postmaster at the office involved.

Several years ago the Department, under authority of Congress, entered into a program of relieving postmasters at offices of the third class of expense in connection with rental of equipment by making leases at these offices with the Government supplying the equipment. After reviewing hundreds of questionnaires received from postmasters in the $1,900 to $2,300 salary grades, a number of cases were selected for investigation by inspectors with a view to making long-term leases with Government-owned equipment. An attempt was made to relieve first those postmasters who were renting equipment at an excessive rate. Consequently, a great many of the leases which were finally entered into and under which the Department supplied the equipment were at offices where the postmasters had signed leases with the Keyless Lock Co. The company endeavored in most cases to force the postmasters to comply with the terms of the leases and to continue to pay the rent on the equipment, even thought it had been removed from the post offices and Government-owned equipment installed in lieu thereof. A number of postmasters in this category wrote the Department for advice relative to what should be done as the result of the demands of the Keyless Lock Co. Inasmuch as the solicitor for the Post Office Department ruled that the lease contract was legal, the Department had no other recourse than to advise the postmaster that the argument was between him and the Keyless Lock Co.

It is known, however, that the Keyless Lock Co. did not endeavor to enforce the contracts in some cases. Instead of trying to force the postmasters to continue to pay the rentals indefinitely, the Keyless Lock Co., in an effort to get as much money as possible from the postmasters, offered to take back the equipment on condition that several months' rental be paid after the equipment was shipped back to the factory at the postmaster's expense.

For instance, the postmaster at Salina, Utah, in a letter to the Department dated April 28, 1932, stated that "the company has told me it will cancel my contract if I will continue to pay the above amount of rent for 6 months after returning the boxes to the home office."

The postmaster at Salina had rented the equipment from the Keyless Lock Co. at the rate of $148.20 per year for 8 years, or a total of $1,185.60. As the result of the investigation by the inspector looking toward making a lease at Salina, with the Department supplying the equipment, the Department purchased all new modern standard equipment from the Keyless Lock Co. for the sum of $1,129.36.

In support of the contention that the lease contracts which the Keyless Lock Co. made with various postmasters were unfair and that the company was quite willing to cancel the agreements rather than to force postmasters to continue paying rentals, it has been ascertained that the Keyless Lock Co., in many cases involving purchase of Government-owned equipment, offered to sell to the Department, at a greatly reduced price, the second-hand equipment which was then being rented to the postmasters.

None of these proposals of the Keyless Lock Co. to sell the second-hand equipment was accepted by the Department inasmuch as the equipment was found in practically all cases to be nonstandard.

Listed below are a number of third-class offices which fall in the class of those just mentioned:

Oldham, S.Dak.: Postmaster rented equipment from the Keyless Lock Co. at $165 per year for 7 years. Department bought new equipment from Morgan Lumber & Manufacturing Co. for $822.76.

St. George, S.C.: Postmaster rented equipment from the Keyless Lock Co. at $171.60 per year for 5 years. Department bought new equipment from the Keyless Lock Co. for $944.30 f.o.b. Indianapolis, Ind.

Pemberville, Ohio: Equipment rented by postmaster from the Keyless Lock Co. at $152.40 per annum for 7 years. Department purchased new equipment from Federal Equipment Co. for $892.

Cumberland, Ky.: Screen line only rented from the Keyless Lock Co. for several years at $273 per annum. Department purchased new equipment from the Keyless Lock Co. for $1,311.33.

Whitesville, W.Va.: Lessor rented equipment from the Keyless Lock Co. at $150 per annum. Department purchased new equipment from Federal Equipment Co. for the net sum of $818.90. The Keyless Lock Co. offered to sell to the Department for $495 the second-hand equipment it was renting to the postmaster for the sum of $150 per year. This proposal was rejected, however, inasmuch as the used equipment was not standard.

Decatur, Miss.: Paid the Keyless Lock Co. $90 per year for 2 sections lockboxes 120–32–8 for 6 years. Department purchased complete equipment for $962.70 (delivered and installed) from Corbin Cabinet Lock Co.

Tinley Park, Ill.: Postmaster paid $264 to the Keyless Lock Co. (per year) for equipment, 2 years. Department purchased equivalent equipment from McLane Manufacturing Co. for $752.40.

Gridley, Ill.: Postmaster paid $142 per year to American Post Office Equipment Co. for equipment for 8 years; value, $1,190. Department purchased new equipment from the Keyless Lock Co. (delivered and installed) for $1,036.33.

Isle, Minn.: Postmaster paid $144 per year rent to the Keyless Lock Co. for equipment, 6 years. Department purchased new equipment from the Keyless Lock Co. (delivered and installed) for $805.49 less 5 percent, 10 days.

Mound City, Kans.: Postmaster rented equipment from the Keyless Lock Co. at $121.20 per year for 2 years. Department purchased equipment from the Keyless Lock Co. (delivered and installed) for $1,023.37 less 5 percent, 10 days.

With reference to the first source of revenue to the Keyless Lock Co. by rental of equipment, mentioned above, namely, the rental of equipment to lessors, it is this business that represents a vast source of income to the Keyless Lock Co.

At Huntington Beach, Calif., under a lease executed for post-office quarters in 1922, equipment was rented by the lessor from the Keyless Lock Co. at a rate of $540 per annum, with the Department paying the lessor $2,400 per annum for the quarters. This lease was extended in 1927 on a month-to-month basis at the same rate and renewed on September 21, 1928, for another 5 years at $1,500 per annum. During the 11 years the lease ran, the Keyless Lock Co. received $5,940 for the rental of the equipment. On June 9 last, the inspector handling the lease case reported that an equipment company on the coast had offered to duplicate the equipment, delivered and installed, for the sum of $2,000. On attempting to make a new lease, the inspector suggested to the lessor that he negotiate with the Keyless Lock Co. for the purpose of securing a reduction in the rental paid for equipment. The company finally agreed to reduce the rent to $22 per month, and the lessor thereupon agreed to renew the lease at $1,000 per year with equipment, or at $800 per year without equipment. It may be stated that subsequently, after readvertising for quarters, the present lessors submitted a new proposal, which was accepted, for rental at $480 per year with the Government supplying the equipment.

At Overton, Tex., the equipment owned by the Keyless Lock Co., valued at approximately $450 by the lease inspector, was rented to the postmaster by the company at the rate of $96 per year. In negotiating the new lease the inspector suggested that the Department take over the second-hand equipment belonging to the Keyless Lock Co., inasmuch as certain Department-owned equipment was also in use at the office and used in conjunction with this privately owned equipment. After advertising in the usual manner, an order was drawn on April 2, 1932, on the Keyless Lock Co. for the second-hand equipment. Notwithstanding this purchase by the Department, the Keyless Lock Co. continued to bill the postmaster for rental, sending him a notice on June 23, 1932, that a payment of $8 would be due July 1; and on or about July 30, 1932, sent him a notice that $16 rental was past due. The postmaster called the matter to the attention of the Department, asking if information he had received from the inspector to the effect that the equipment had been purchased by the Department was correct. The matter was taken up with the Keyless Lock Co. and request made that the billing for rental be discontinued; also, make refund of any rental paid after April 2, 1932. Under date of September 20, 1932, the Keyless Lock Co. acknowledged the errors and stated the amount overpaid had been refunded to the postmaster at Overton, Tex.

At Sinton, Tex., a lease at the rate of $1 per year expired January 31, 1933. Previous to the expiration of the lease the Department was in controversy with the lessor relative to matters of light, heat, etc. The lessor, who rented equipment from the Keyless Lock Co. at the rate of $468 per year, was in arrears to that concern in the amount of approximately $750. A group of business men agreed to assist the lessor in paying the expense of renting equipment, furnishing heat, light, etc., but the individuals who made this agreement failed to carry out their part of the contract, and the lessors lost considerable money in carrying out the lease. When the time came to negotiate a new lease, the lessor was in the position of an unsuitable lessor, but the inspector stated that he believed conditions would be much improved under a new lease at a regular rental.

The most advantageous proposal was that of the owner of the quarters then occupied, and the owner offered quarters either with or without equipment. The Keyless Lock Co., only after the inspector had suggested to the proponent that an effort be made to have the rental reduced, agreed to reduce the rental on the equipment, which was then 10 years old and nonstandard, to $240 per year under a 5-year lease with option to renew for an additional 5 years at the same rate.

The Division of Equipment and Supplies was requested to advise whether second-hand equipment could be furnished for the Sinton office (current legislation prohibits the purchase of new equipment for offices of the third class) but that Division advised that all available equipment had been assigned to other post offices of the third class.

Consequently it was determined that the best interests of all concerned would be served by accepting proposal no. 1 at the rate of $480 per year for the room then occupied with equipment supplied by the lessor. Half of this rental will, in turn, be paid to the Keyless Lock Co., by the lessor, and under the 5-year lease that concern will be paid $1,200 for equipment which it has already rented to the lessor for 10 years and on which it has received approximately $4,500 in rentals.

From the above it can be seen that if the Department were authorized to furnish equipment to post offices of the third class where unusual conditions exist, a direct saving in rentals could be effected many times. If Government-owned equipment had been carried in stock which could have been provided the Sinton post office the cost would be much less than $1,200, which will be paid in rental, and at the expiration of the lease period the Department would still own the equipment.

In connection with this phase of the matter attention is also invited to the fact that many times lease cases are delayed to the point where acceptance of the new proposal is not effected until about the time the old lease expires. If the Department is required to furnish the equipment, it takes from 60 to 120 days to go through the regular routine of advertising, awarding contract, manufacturing, shipment, and installation of the equipment. Many times this involves double rentals or the payment of excessive renewal rates in the old quarters. The point is made that if the Department manufactured its own screen-line equipment, the various items of equipment could be made up in advance and carried in stock ready for immediate shipment, thus effecting considerable saving.

I. P. DAWSON,
Traveling Mechanician.

Mr. McKELLAR. Mr. President, I may say that many Representatives and Senators were perhaps persuaded to vote as they did in reference to this matter by propaganda sent out from what is known as the Keyless Lock Co., of Indianapolis, Ind. The statement I have had printed in the RECORD has to do with that. That company has been enjoying a virtual monopoly for some years in furnishing post-office equiqment, first to the Government, and, secondly, to the several post offices, at such prices that I think any fair-minded man would say, after having read the statement, that such purchases should not be permitted under any circumstances. The Government should not have paid any such prices, nor should the Government make it necessary for the postmasters of the country to pay such prices.

At a later date I will introduce a bill seeking to deal with the question of post-office equipment. The situation ought to be corrected, and the only possible way in which it can be corrected is for the Government to take some such step as is set out in the amendments referred to.

UNCLAIMED DEPOSITS IN NATIONAL BANKS—RECONSIDERATION

Mr. REED. Mr. President, 2 or 3 days ago the Senate agreed to a motion requesting the House to return to the Senate the bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks, which we had passed. The House has now messaged the bill back to the Senate in accordance with our request. Now that the bill is again in the Senate, I ask unanimous consent that the votes by which it was read the third time and passed be reconsidered, and that the measure be placed on the Senate calendar.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

NAVAL CONSTRUCTION

Mr. DILL. Mr. President, yesterday I entered a motion to reconsider the votes by which House bill 6604, the naval construction bill, had been read the third time and passed, because I wanted to have an amendment which I had offered considered and voted on by the Senate.

I have had conferences with the Chairman of the Committee on Naval Affairs of the House of Representatives and the Chairman of the Senate Committee on Naval Affairs as to the purpose I desire to serve, and they have promised to consider the matter, and state they think they can work out a reasonably satisfactory solution of it in the provisions which will be in conference. I do not want to hold up or

delay the bill, and I have every confidence in the ability of the gentlemen to whom I have referred to be fair in the matter, so I withdraw my notice of a motion to reconsider.

The PRESIDING OFFICER. Without objection, the notice is withdrawn.

Mr. TRAMMELL. Mr. President, I move that the Senate insist on its amendments to House bill 6604, ask a conference with the House on the bill and amendments, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Presiding Officer appointed Mr. TRAMMELL, Mr. WALSH, Mr. TYDINGS, Mr. HALE, and Mr. METCALF conferees on the part of the Senate.

INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. FESS obtained the floor.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oregon?

Mr. FESS. I yield.

Mr. McNARY. The Senator from Ohio having yielded, I desire to ask the Senator from Texas as to the parliamentary situation. I understand the pending proposal is the amendment offered by the Senator from Texas to the language found on lines 2 and 3, page 2. Is that correct?

Mr. CONNALLY. The matter immediately pending is the committee amendment, to strike out the word "advance" and then I propose to urge my amendment.

Mr. McNARY. I do not want to delay consideration of the committee amendment, but I want to discuss briefly the proposal of the Senator from Texas.

The PRESIDING OFFICER. Without objection, the committee amendment is agreed to, and the question now is on the amendment offered by the Senator from Texas [Mr. CONNALLY] on lines 2 and 3, page 2.

Mr. O'MAHONEY. Mr. President, I should like very much to propound a question or two to the Senator from Texas with respect to the reasons for the amendment.

Mr. McNARY. Mr. President, I think I shall proceed just briefly, if the Senator from Ohio will permit me.

As I read the House text, the money to be provided out of the Treasury, in the sum of $200,000,000, is to be reimbursed and again covered into the Treasury of the United States through a duly levied processing tax. When the bill reached the Senate committee the word "advance" was stricken out, so it makes a pure grant out of the Treasury in the sum of $200,000,000 to be used in the cattle and dairy industry. Is that the interpretation the Senator from Texas places on the bill?

Mr. CONNALLY. It is not.

Mr. McNARY. What purpose was there in striking out the word "advance"?

Mr. CONNALLY. I was not present in the Senate Committee on Agriculture and Forestry. I assume the Senator from Oregon was there when the Secretary appeared and asked that the word be stricken out.

Mr. McNARY. I was not there.

Mr. CONNALLY. I am sure that it was stricken out for the reason that the effect of this bill is to place cattle under section 12 of the original act. Under section 12 of the original act, subsections (a) and (b), the Secretary is authorized to make use of the appropriation for rental and benefit payments. It does not use the word "advance"; neither does the act use the word "advance" with respect to any other agricultural commodity. It simply treats cattle as it treats all other basic commodities. I assume the word "advance" was stricken out at the request of the Secretary of Agriculture because he did not want to differentiate between cattle and the other commodities.

The Senator from Colorado just called my attention to the proceedings before the committee. If the Senator from Oregon will bear with me, I will refer briefly to the statement of Chester C. Davis, Administrator, Agricultural Adjustment Administration:

> There is one criticism that I have of the form of the bill as it came over from the House. If you will take that bill and turn over to the second page, it says:
>
> "And to make advance rental and/or benefit payments with respect thereto." As you gentlemen know, we have power under the present bill to make advances when they are benefit payments by securing a Treasury advance. I think your committee should take that word "advance" out and just say: "To make rental and benefit payments with respect thereto", for the reason that with that "advance" in there it might raise a question as to whether the practice we now follow is legal or not; whether since you state the advance in connection with cattle it might imply that we have not the power to make the advance with the other commodities.

The legal staff consulted me some days ago and made the same argument, that since they had the power under the general act to make advance payments, if we inserted that word it might imply that as to other commodities it did not have that power.

Mr. McNARY. That is the view I have taken of the language since reading it this afternoon.

Mr. CAREY. Mr. President, it appears to me that possibly the reason they asked for this change was on account of section 9 (a), which provides that wherever benefit payments are made a processing tax must be immediately levied. I cannot see the difference between an advance and a benefit payment. If money is advanced to a farmer on account of his crop, it seems to me it is a benefit payment. That is the way I interpret it.

Mr. McNARY. Mr. President, it is perfectly clear to me that, under section 11, subdivision (b), the Secretary of the Treasury and the Secretary of Agriculture cooperating or collaborating can determine in advance the amount of money that will accumulate from the levying of the processing tax. That is a very simple thing to do, and that is what is done in the case of all the commodities now named in the act. I assume the amendment offered by the Senator from Texas is intended to bring again this language back into the act under subdivision 12, namely, that there will be no gratuity, no grant, no advance, if not reimbursable into the Treasury of the United States, so that cattle will not be favored over any other commodity specified in the bill. Is that the view of the Senator from Texas?

Mr. CONNALLY. I will say to the Senator from Oregon that I tried to make that clear yesterday by saying I was insisting that cattle be not set apart in any particular classification and that they have no benefits under this bill that other agricultural commodities do not obtain.

Mr. McNARY. I was not here yesterday.

Mr. CONNALLY. I feel that is a fair attitude to take, and I feel that it is one that the Secretary of Agriculture approves, and I believe that to do anything else will rouse more antagonism to the bill, and will cause us to lose more than we are losing by reason of retaining the provisions now in the bill.

Mr. McNARY. What does the Senator mean by adding to the act this language?—

> And to support and balance the markets for the dairy- and beef-cattle industry?

Mr. CONNALLY. I will say to the Senator from Oregon that that language was inserted at the suggestion of the Department in order that the Secretary might proceed with arrangements through marketing agreements and whatever other arrangements he is able to work out, toward balancing production and consumption by removal of diseased cattle, getting rid of the old cows and canning them, and things of that kind. That is my understanding of why they desired that language.

Mr. McNARY. Does the Senator expect the Congress later to appropriate the full amount of money authorized in this bill?

Mr. CONNALLY. I hope that it will not be necessary, I will say to the Senator; but I do not know.

Mr. McNARY. What processing tax has the Senator from Texas figured will it be necessary to levy in order to

meet the conditions which he attempts to remedy by this language?

Mr. CONNALLY. I will say quite frankly to the Senator that the Senator from Texas has not in mind any particular processing tax, because he is not sufficiently advised as to the plans to be put into operation.

Mr. McNARY. Does the Senator believe that one is necessary at this time to aid the cattle industry? When the first allotment bill was before the Senate Committee on Agriculture, at which time I was chairman, in the last session of the Hoover administration, the cattlemen of the country were vehement in their opposition to being included in any allotment bill. The late and most beloved Senator from Wyoming, Senator Kendrick, fought it very earnestly and successfully, and cattle were omitted from the bill, upon the theory that the processing tax would have to be paid by the producer of livestock.

I now want to ask the Senator from Texas, who comes from a great cattle-raising section, what is the theory upon which he now proceeds in an effort to amend this bill? Do the cattlemen believe they can afford to absorb the processing tax? When is it to be levied? What is the amount of the tax? What are the facts that caused the Senator today to rise on his feet and advocate the plan which a few months ago was stoutly opposed by the cattle industry of the country? That is all I am asking. It is just a simple inquiry.

Mr. CONNALLY. It will take me some time to reply to that inquiry, if the Senator desires me to make a complete answer.

I ask unanimous consent to insert in the RECORD at this point a list of representative cattle raisers and others who attended the meeting at the Department of Agriculture on January 29, at which this matter was discussed, prior to the introduction of the pending bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

LIST OF PEOPLE PRESENT AT CONFERENCE OF THE DAIRY- AND BEEF-CATTLE PRODUCERS, HELD IN ROOM 1324, NEW HOUSE OFFICE BUILDING, WASHINGTON, D.C., JANUARY 29, 1934

The Honorable Marvin Jones (chairman), Member of Congress from Texas.
The Honorable Henry A. Wallace, the Secretary of Agriculture.
The Honorable Robert D. Carey, Senator from Wyoming.
The Honorable Richard M. Kleberg, Member of Congress from Texas.
The Honorable Otha D. Wearin, Member of Congress from Iowa.
The Honorable Clarence F. Lea, Member of Congress from California.
Mr. W. W. Gaumnitz, Dairy Section, Agricultural Adjustment Administration.
Mr. John B. Shepard, Division of Crop and Livestock Estimates, Bureau of Agricultural Economics, Department of Agriculture.
Mr. W. D. McAfee, Cattle and Sheep Section, Agricultural Adjustment Administration.
Mr. L. M. Merryman, Dairy Section, Agricultural Adjustment Administration.
Mr. C. L. Harlan, Division of Crop and Livestock Estimates, Bureau of Agricultural Economics, Department of Agriculture.
Mr. Paul A. Porter, Division of Information, Agricultural Adjustment Administration.
Mr. DeWitt C. Wing, Division of Information, Agricultural Adjustment Administration.
Mr. Harry Petrie, Cattle and Sheep Section, Agricultural Adjustment Administration.
Mr. Charles E. Collins, president American National Livestock Association, Kit Carson, Colo.
Mr. Charles W. Holman, secretary the National Cooperative Milk Producers' Federation, 1731 I Street, Washington, D.C.
Mr. P. E. Mollin, American National Livestock Association, Denver, Colo.
Mr. Frederic Brenckman, Washington representative, the National Grange, 630 Indiana Avenue NW., Washington, D.C.
Mr. A. M. Loomis, secretary National Dairy Union, 630 Indiana Avenue NW., Washington, D.C.
Mr. Charles A. Ewing, president National Livestock Association, 160 North LaSalle Street, Chicago, Ill.
Mr. Walter P. Stuart, Cedar Bluff, Va. (representing Virginia cattlemen).
Mr. K. W. Hones, Northwest Farmers' Union Dairy Committee, Colfax, Wis.
Mr. J. H. Mercer, secretary Kansas Livestock Association, Topeka, Kans.
Mr. D. M. Hildebrand, president Nebraska Feeders and Breeders Association, Seward, Nebr.
Mr. John A. Simpson, Farmers' Union, Oklahoma City, Okla.
Mr. J. H. Meek, director, division of markets, State department of agriculture, 1030 State Office Building, Richmond, Va.
Mr. A. Sykes, president of the Corn Belt Livestock Association, Iowa.
Mr. F. F. McArthur, president the Central West Livestock Feeders Association, Oakland, Iowa.
Mr. C. F. Humphrey, San Francisco Milk Producers Association, San Francisco, Calif.
Mr. A. L. Crow, Atlanta, Ga.
Mr. W. B. Hutchinson, Albany, Ga.
Mr. J. Elmer Brock, Wyoming Stock Growers Association, Kaycee, Wyo.
Mr. W. B. Mount, Tennessee Beef Cattle Producers Association (city not given).
Mr. C. P. McClaugherty, division of markets, Virginia Department of Agriculture, 1030 State Office Building, Richmond, Va.
Mr. Harold H. Hall, The Dairy Laboratories, 1541 New Jersey Avenue NW., Washington, D.C.
Mr. Manville Kendrick, Wyoming Stock Growers Association, Sheridan, Wyo.
Mr. D. A. Fitzgerald, Brookings Institution, 722 Jackson Place, Washington, D.C.
Mr. J. Blaine Shaum, Central West Live Stock Feeders Association, Tarkio, Mo.
Mr. H. E. Gardner, Central West Live Stock Feeders Association, Oakland, Iowa.
Mr. Frederick H. Walton, Croswell Farm, Forest, Va.
Mr. Ray Brown, U.S. Live Stock Association, Springfield, Ill.
Mr. Doles L. James, manager, agricultural Service, U.S. Chamber of Commerce, Washington, D.C.
Mr. Chester H. Gray, Washington representative, American Farm Bureau Federation, 857 Munsey Building, Washington, D.C.
Mr. Hubbard Russell, 636 I. W. Hellman Building, Los Angeles, Calif.
Mr. Robin Hood, secretary-treasurer National Cooperative Council (city not given).
Mr. W. J. Dearth, National Live Stock Exchange, Omaha, Nebr.
Mr. Thomas B. Glascock, president Eastern Livestock Cooperative Marketing Association, Upperville, Va.
Mr. Walter Page, 350 Madison Avenue, New York, N.Y.
Mr. R. J. Kent, 2 Lafayette Street, New York, N.Y.
Mr. George L. Gray, Albany, Mo.
Mr. Julian L. Bivins, Amarillo, Tex.
Mr. W. T. Coble, Texas and Southwest Cattle Raisers Association, Amarillo, Tex.
Mr. Jerome O. Eddy (city not given), Arizona.
Mr. W. M. Vaughn (observer).
Dr. C. D. Pearce (observer).
Mr. W. A. Wentworth (observer).
Mr. J. B. Garrison, member Farmers' Union Dairy Committee (no city or State given).
Mr. T. R. Pirtle (no city or State given).
Miss Mildred Aaberg (reporter).
(The attendance list is incomplete. The reporter arrived at 2:30 p.m., after the meeting had been in progress for some time, and after the Secretary of Agriculture had given his address.)

Mr. CAREY. Mr. President, the Senator from Texas does not contend, does he, that all the men who attended the meeting approved the processing tax?

Mr. CONNALLY. I desire to read what they did approve. I have in my hand a full report of what transpired at that meeting. On page 22 of the transcript appears the following:

> Those favoring endorsing the principle of the measure now pending before the Committee on Agriculture will make it known by saying "aye."
> The vote was taken, and the motion carried, there being no dissenting vote.

Here was a unanimous vote by representatives of the cattle and dairy interests at that meeting. I cannot speak for all the cattlemen in the United States, and do not pretend to do so; but their chosen representatives were at that meeting, and they voted unanimously for the principle of this measure.

Mr. CAREY. Mr. President, I was present, I think, when they voted, and I know there were men there who were not in favor of the processing tax. I do not think there was an opposition vote, as the Senator has said, but I know there were men there who were opposed to the processing tax and who were opposed to this bill unless a certain program was worked out in connection with it. The thought was at that time that there should be a meeting of the stockmen and that the stockmen should determine upon a program to submit to the Secretary of Agriculture in connection with the carrying out of the act.

Mr. CONNALLY. Then the attitude of the Senator from Wyoming is, evidently, that he wants the $200,000,000 but he does not want the processing tax?

Mr. CAREY. The Senator has stated my position exactly.

Mr. CONNALLY. Of course, everyone would like to get $200,000,000 out of the Treasury, and then have the industry do nothing to bear its part of the burden or perform its duty. I am not going to stand on the floor of the Senate and ask the Senate to hand out $200,000,000 as a bounty to any industry. If the cattlemen do not want to come in under the Agricultural Adjustment Act, let them stay out; but if they want to come in, let them come in like everyone else comes in.

I am surprised that the Senator from Wyoming would stand upon the floor of the Senate and avow the position which he now asserts, that he wants the Treasury of the United States to hand out $200,000,000 to the cattlemen, and then he does not want the cattlemen to have to pay a processing tax or to do anything except to walk up to the Treasury and sign a receipt. Mr. President, that sort of procedure would bankrupt our Government, and I will not stand here and fight for such a thing.

Mr. FESS. Mr. President, if the Senator from Texas will wait a little while—it will not take me over 10 minutes to finish what I have to say—and then he can take the floor.

Mr. CONNALLY. I thank the Senator from Ohio for his indulgence thus far.

Mr. FESS. Mr. President, just before we went into executive session I was about to quote from a record as to the manner in which the hog program has been carried out. There were two or three things left unsaid that I wanted time to say.

I also wanted to make a general statement as to what this program is costing. The Secretary of Agriculture has stated at different times that he would not want to be committed to any particular figures because they were merely estimates, but that it would probably cost $800,000,000 to carry out the program as it was then in the minds of those who had it in charge. It was thought that the processing tax would be sufficient to take care of the expenditure, and that was the basis on which the processing tax was to be laid. In the language of the Senator from Texas, if there was to be any particular advantage to an industry the cost was not to come out of the Treasury but was, if possible, to be assessed in the form of a processing tax upon the consumer. The danger is that it will be reverted to the producer. No one seems to know whether the one or the other will happen; in fact, the Department is uncertain about it as it has expressed itself through one of its most notable representatives, Mr. Davis, who said:

> As you know, under the law we draw upon the Treasury for an advance against the processing tax to accrue so that temporarily any one account may be overdrawn while the payments are being met. However, we did collect up to December 31 approximately $80,000,000 on account of the cotton-processing tax. It is running right along very nicely, and somewhat in excess of the estimated collection of processing taxes. Therefore, there is every reason to believe that the proceeds from the processing tax will pay all of the cotton-program expense; with the exception of the payments in connection with the cotton-option pool, which are to be met out of a special fund known as the "Bankhead Act fund", which runs to a total under the Bankhead Act, of approximately $60,000,000.

Mr. Davis expressed the philosophy underlying the processing tax, that it is designed to take care of all the extra expense so that the money will not ultimately come out of the Treasury. Now we see that in practical operation that is not proving to be the case. In other words, the Department of Agriculture is asking for appropriations, not directly but through allocations from the P.W.A., of over $800,000,000. That suggestion is in this report which we will consider when we come to the appropriation bill. It is one of the most dangerous movements in connection with the activities of the new deal. In other words, heretofore every appropriation has been itemized, and no appropriation has been made, except in specific terms, providing how the money shall be expended. Here, however, is a request for appropriations—to come from what? From the lump sum that is provided for the P.W.A., the amount to be allocated to the Agriculture Department and to be applied by the A.A.A., with no restraint from the Comptroller General, as must be the case as to all other items of appropriation, and with an avoidance of all requirements that heretofore have been insisted upon as to every dollar that is appropriated being in terms specifically expended for the object for which it was estimated and appropriated. It would seem to be indicated that the processing tax is ultimately to be abandoned, and we will have to look to the Treasury to provide money for the purposes contemplated by the A.A.A. in the form of a subsidy. If we are going to enter upon that policy, let us know it at the outset. It ought not to be camouflaged or covered up in any way, as might be the case, it seems to me, if the requests now being made are rightfully interpreted.

Mr. President, with an expenditure of $800,000,000 out of the Treasury, or out of the processing tax, for the purpose of increasing the price of agricultural commodities, and having spent the money, as we already have done in the case of cotton, as we have done in the case of hogs, and as we are doing in the case of wheat for the purpose of reducing production, yet production has not been reduced, and there has been no increase in prices due to the operations of the A.A.A. There has been an increase in prices, however, due to the devaluation of the dollar to a basis of 50 cents or 60 cents.

I asked the Secretary of the Treasury to give me a report as to prices of commodities so that I might know just in what degree either the A.A.A. or the devaluation of the dollar has reflected or registered an increase of prices. I received this official statement from Mr. Tugwell:

> Cotton, percentage of increase, 74.5.

That is one of the commodities included in the A.A.A.

> Corn—

Another commodity included in the A.A.A.—

> 116.5 percent.
> Oats—

Which is not included in the A.A.A., and not being one of the seven basic commodities, it falls without the limit of assistance from the A.A.A.—

> percentage of increase, 136.1.

Or 20 percent higher than the percentage of increase in the case of corn, which is covered by the A.A.A.

> Barley—

And barley is not covered by the A.A.A., but there has been an increase in the price of that commodity amounting to 126.8 percent.

Wheat is included in the A.A.A., and in the case of that commodity there has been an increase in price of 108.4 percent.

In the case of rye, which is not included in the A.A.A., instead of the increase in price being 108 percent, as in the case of wheat, the increase has been 137 percent, a considerably higher percentage of increase in price than in the case of wheat, which is covered by the A.A.A.

I might go on down the line. Hogs are covered by the A.A.A., but there has been no increase in price. On the contrary, according to these figures, the price is 0.7 of 1 perecent lower. There is a loss also in the case of beef cattle, but they are not covered by the A.A.A.

In the case of milk, which is covered by the A.A.A., there has been an increase in the retail price of 12.2 percent; but, Mr. President, notice what has occurred in the case of wool. Wool is not covered by the A.A.A., and yet the increase in the price of that commodity has been 175 percent. So it appears that the greatest increases of price have been in the case of commodities not receiving assistance from the A.A.A.; in fact, the price of some of the commodities covered by the Agricultural Adjustment Act has actually fallen since the act began to operate.

I desire to make the statement—and I defy contradiction—that, after the expenditure of hundreds of millions of dollars in the inducement to reduce production for the purpose of increasing prices, there has been no increase of prices due to the operation of the Agricultural Adjustment Act.

There has been an increase of prices, it is true, but we anticipated it.

As I said on this floor at the time we were discussing the devaluation of gold, of course, if we cut the measuring unit by 50 percent we do not increase the value of the commodity measured by that unit; we do not increase its value but we increase the price, just as we do not increase the number of yards of cloth purchased when we halve the measuring stick. We may increase the number of units, but the length of the cloth is exactly the same. So I can understand why the Senator from Tennessee read the figures I hold in my hand, which were taken from the Washington Post, and which deal with commodity prices and take the two periods—one before the 50-cent dollar became operative and one after it became operative.

It is a pertinent question, when we see that the price of fertilizer has increased, to ask how much more fertilizer a 50-cent dollar will buy. Perhaps it is better to ask how much less it will buy. How much more machinery will be purchased by the cheap dollar? It is all right when the farmer is selling his products, but it is not all right when the farmer is buying the products of others. The difficulty is that the farmer loses because the price of the commodity he produces has increased less than the price of the products he consumes or purchases from someone else.

The whole program has been a complete flop, a total collapse, and it could not be otherwise. Notice the manner in which the Government dealt with the first hog-buying campaign. As I said a little while ago, the Government purchased 6,600,000 pigs and only 200,000 brood sows. The Government paid for those animals $31,000,000. Pork obtained from the slaughter of those animals aggregated nearly 1,000,000 pounds. In addition to that the A.A.A. obtained about 20,000,000 pounds of grease, the value of which was estimated at about $500,000, and 5,000 tons of fertilizer tankage, which might bring as much as $90,000. It is estimated that storage and other charges bring the total cost of this venture to $35,000,000.

If the estimated value of the grease and fertilizer obtained by the A.A.A. is deducted from this sum, about $34,400,000 remains to represent the value of the meat that was salvaged for the unemployed or thrown into the Mississippi River or otherwise disposed of. In other words, this vat of 100,000,000 pounds of meat, part of which is now going into the homes of the unemployed, has cost the taxpayers a little more than 34 cents a pound. I do not want that to escape the attention of Senators.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. ERICKSON in the chair). Does the Senator from Ohio yield to the Senator from Louisiana?

Mr. FESS. I yield.

Mr. LONG. I think the Senator has probably made a mistake in placing his decimal point. I understand that hogs are now selling for only about 4 cents a pound.

Mr. FESS. That is true.

Mr. LONG. Did not the Senator say this hog meat cost the taxpayers 34 cents a pound?

Mr. FESS. I did.

Mr. LONG. Has not the Senator made a mistake?

Mr. FESS. No; I do not think so.

Mr. LONG. How does that happen?

Mr. FESS. When the purchaser buys it in the general market, the price is about 4 cents a pound. It is 34 cents a pound only when the Government is doing the buying. In other words, this vat of 100,000,000 pounds of meat, part of which is now going into the homes of the unemployed, has cost the taxpayers a little more than 34 cents a pound. Fresh pork could be purchased for less than half that price at retail in the city of Washington at the very moment the Government paid the price I have indicated. The top price for hogs in Chicago at the time was only 4¾ cents a pound.

Mr. President, it is that sort of thing that nauseates every decent person who wants business to be conducted on a business basis. This miserable experience compels the Department, instead of undertaking to process it itself, to buy directly from the packers the meat necessary to supply the unemployed. I commend the Department for changing from the original plan to a plan that does not involve such wicked extravagance as the original plan demonstrated at the time.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Minnesota?

Mr. FESS. I yield.

Mr. SHIPSTEAD. Where does the Senator get that information?

Mr. FESS. The information comes from the Department's own statement, and this is a comment from an editorial in the Washington Post. I do not want the Senator from Minnesota to infer that what I am saying is not supported by a statement of the Department itself in a report on the first hog-buying campaign.

Mr. LONG. Mr. President, will the Senator pardon me again?

Mr. FESS. I yield.

Mr. LONG. There seems to be something wrong with that. Did not they get more meat than that out of it and throw some of it away?

Mr. FESS. Yes. Does not the Senator from Louisiana recall that it was suggested that some of it should be thrown into the Mississippi River? The purpose was to reduce production, and it was merely an afterthought to take it and give it to the unemployed. At first they did not know what to do with it except to make it into fertilizer.

Mr. CAREY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Wyoming?

Mr. FESS. Certainly.

Mr. CAREY. I desire to ask the Senator from Ohio if he has seen an article appearing in the Washington Daily News of yesterday headed "Wallace Denies Destruction of Food and Clothes"? It is an article by the Secretary of Agriculture in which he makes this statement:

> The emergency pig-slaughtering campaign did not destroy food. All the edible products were turned into relief channels. Surplus acres breed nothing but confusion, poverty, and waste.

I should like to ask the Senator, in view of the fact that nearly 6,000,000 pigs were destroyed and were not used for food, if the Secretary is justified in making such a statement as that?

Mr. FESS. I believe not. I want to be most cautious in what I say about anyone who has made an official statement. My acquaintenance with the Secretary of Agriculture is such that it leads me to believe he would not knowingly make a statement that is not supported by the facts. I think he is a very honest and conscientious man and has, I may say, a constructive mind; but he certainly is being misled when he makes the statement that there have been no foodstuffs destroyed.

If we buy a pig weighing 80 pounds and then undertake to slaughter it and get only 14 pounds of food, there is some waste somewhere. That is the report. It may be that the Secretary thinks he has made a correct statement.

Mr. CAREY. The Secretary made the statement in the report which he furnished that pigs weighing 80 pounds or less were not processed for the reason that it was not economical to process them. I believe 80-pound pigs are pretty good food; in fact, much smaller pigs are; but the reason given for not processing them was that the packers could not remove the hair from the pigs with their machines, and therefore they were thrown away.

Mr. FESS. That would be waste, would it not?

Mr. CAREY. I think so.

Mr. FESS. That may be an explanation of the thing about which I am trying to exculpate the Secretary. Whatever be the explanation, there is no justification in times like these, in the interest of reducing production, for the destruction of foodstuffs. That is a wicked thing and it ought not to be permitted under any circumstances.

Before the "new deal" and the "new dealers" ever saw Washington some of us here were engaged in considering

and passing what ultimately became the Clayton law. What was the purpose of the Clayton law? It was to prevent, by the imposition of penalties under a criminal provision, any destruction of any food products in order to keep up prices. That was the purpose of the Clayton Act. It was enacted into law by an overwhelming majority.

Yet here is the Government of the United States doing precisely what we penalized by the passage of the Clayton bill. It is absolutely indefensible, and cannot be justified on any basis whatever.

It is this sort of thing that, it seems to me, will lead the people of our country to demand a cessation of this foolish experimentation, the only excuse for which is, "Well, if it does not succeed, we will quit and admit that it is a failure", as if that were a justification for going on with such a program as this.

As I previously stated, if any article is to be favored, let the cattlemen come in and have the same consideration as others. The thing for us to do, however, is to remove the heavy hand of the Government from business, and let business have a chance to recover. Until we do that, there are going to be gloomy days before us.

Mr. CONNALLY. Mr. President, I should like to have a vote on my amendment.

Mr. VANDENBERG. Mr. President, may I ask the Senator one further question?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. I am keenly concerned about the basic question which the Senator from Oregon [Mr. McNARY] and the Senator from Ohio [Mr. FESS] have been pressing; to wit, the question whether, under the pending proposal as submitted by the Senator, a processing tax will be applied to match the benefits which it is proposed to pay.

If it is not proposed to make uncompensated payments out of the Treasury, why is it necessary to appropriate $200,000,000 in this respect for cattle alone, when the original bill appropriated only $100,000,000 as a revolving fund for all of these other basic commodities?

Mr. CONNALLY. I shall say to the Senator that it is necessary to make an initial appropriation for cattle, just as it was necessary to make an initial appropriation in the case of other agricultural commodities, because the purpose is to begin operations immediately.

Mr. VANDENBERG. I do not think the Senator gets my point.

Mr. CONNALLY. I do. I shall come to that in a minute. We cannot get the money from the processing tax until after the program is in effect and goes along for a considerable period.

Mr. VANDENBERG. That is true.

Mr. CONNALLY. It is necessary to have a revolving fund to start with.

Mr. VANDENBERG. That is true.

Mr. CONNALLY. When the Senator mentions the amount of the appropriation, I should like to remind him that beef and dairy cattle constitute a great proportion of the wealth of the country. It takes lots of money to deal in them. That is why the appropriation is larger.

Mr. VANDENBERG. Would the Senator say that it would take twice as much to finance a cattle campaign as a campaign covering all the wheat, cotton, field corn, hogs, rice, tobacco, and milk, and all their products in the United States?

Mr. CONNALLY. Let me say to the Senator that this is simply an authorization. Congress still has to make the appropriation. It will not all be made at one time. The processing taxes, when collected, go back into the Treasury. Therefore we have to have a rather broad range of authorization, because the processing tax does not go to the Secretary of the Treasury so that he can spend it again. It goes into the Treasury, according to my understanding.

Mr. VANDENBERG. There must have been some basis upon which the $200,000,000 was computed. Why is it that twice as much is necessary for cattle as was contemplated for all the other basic commodities combined?

Mr. CONNALLY. My information is that the cattle and the dairy industries cover more than three times as much acreage as the other industries. I am not prepared to say, however, just what their percentage of money value is as compared to other agricultural commodities.

Mr. McNARY. Mr. President, will the Senator yield to me for just a moment?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Oregon?

Mr. CONNALLY. Yes.

Mr. McNARY. I think the Senator made a statement which he did not intend to make. The dairy interest is not involved in this bill. The bill takes care of beef cattle and dairy cattle used for beef.

Mr. CONNALLY. That is partially correct. It takes care of all dairy cattle.

Mr. McNARY. The Senator said "the dairy industry."

Mr. CONNALLY. I meant "the dairy-cattle industry."

Mr. McNARY. The gross income from the dairy-cattle industry is smaller than that from cotton, vegetables, fruits, poultry, and dairy products. I think cattle stand about sixth from the top of the list in gross income, though the industry is a large one.

I do not desire to interfere with the Senator's remarks; but, like the Senator from Michigan, the point which I do not understand is this:

The original authorization was $100,000,000 for six distinct basic agricultural commodities mentioned in the original act. So far as I am advised, that has been sufficient to take up the slack between the gathering of the processing tax and the repayment to the Treasury of the amount advanced. That being so, why does the Senator want an authorization for $200,000,000 here for an industry that is far from the top in the matter of gross receipts and returns to the producer?

That is an argument that I do not understand. What is the basis for an authorization of $200,000,000? It occurred to me that $50,000,000 ought to be ample to take care of 1 industry, if $100,000,000 is ample to take care of 6 industries, 3 of which are larger than this 1.

Have I made myself clear?

Mr. CONNALLY. Allow me to say to the Senator that if a small sum were appropriated it probably would be frittered away without securing any substantial results. [Laughter.] That seems to arouse the mirth of some Senators. Here is a great program. We have to start it.

As I have indicated, this money no doubt will be collected finally in the form of processing or other taxes; but why limit it to $50,000,000 when Congress has complete control over the appropriation? This bill merely carries an authorization. We still have to bring out these appropriations; and Senators know—I am sure the Senator from Wyoming knows—that even with the low price of cattle it takes a large volume of money to finance the marketing and the sale and the handling of large herds of beef and dairy cattle. The dairy industry alone wanted $300,000,000, not for the cattle but for the dairy industry itself.

Mr. VANDENBERG. Mr. President, there seems to be uncertainty, as stressed by the Senator from Ohio [Mr. FESS], as to whether, in final fact, it is proposed to reimburse the Treasury for the benefits paid under this cattle section.

The Senator from Texas made a very sturdy statement a few moments ago, with which I heartily concur, and I commend him for making it; namely, that under this bill he seeks no benefit for cattle which does not already exist for the other basic commodities. Yet apparently there are Senators upon the floor who intend to vote for the Senator's bill upon the theory that they can get the benefits without paying any processing tax.

Mr. CONNALLY. And there are Senators on the floor—the Senator from Wyoming, for instance—who are going to vote against the bill because they think there is going to be a processing tax.

Mr. VANDENBERG. The Senator who is now speaking is interested solely in seeing to it that a precedent is not

established for straight bounty payments, because if there are going to be bounty payments on cattle there might just as well also be bounty payments upon Michigan beans, which are equally in difficulty.

Mr. CONNALLY. Let me say to the Senator that I cannot make this matter any clearer than I have undertaken to make it heretofore. If the Senator from Michigan will read the bill, and if other Senators will read the bill, and not draw conclusions from reaching up in the air and picking imaginary things out of the atmosphere, they will see that what the bill does is to put cattle as a basic commodity under section 12 of the original act. If the Senator will read section 12, subsections (a) and (b), he will find that the Secretary can do with cattle only what he does with every other agricultural commodity.

If that is not plain Michigan language, it is as plain as the Senator from Texas can make it.

Mr. VANDENBERG. Mr. President, that is plain Michigan language, and I have read the bill; but the Senator from Texas used some plain Michigan language yesterday also. I quote from page 3816 of the RECORD, where the Senator from Iowa [Mr. MURPHY] says:

> The Senator from Texas has admitted that the tax to be imposed will be paid by the industry.
> Mr. CONNALLY. If it is levied.

What did the Senator have in mind when he threw that "if" into yesterday's argument?

Mr. CONNALLY. I shall say to the Senator that I do not know whether a processing tax will be levied or not.

Mr. VANDENBERG. That is what I want to know.

Mr. CONNALLY. Just a moment. The Secretary of Agriculture may not find it necessary to spend any money. He may decide not to levy any tax. I do not know what he is going to do, and I am not going to undertake to speak for him. This bill provides other things than spending money and collecting it in the form of processing taxes. It authorizes the Secretary to make marketing agreements with the producers and with the packers and those engaged in the industry. It is possible that there never will be a processing tax levied; but certainly the Secretary has no broader powers under the pending amendment to the original bill with regard to cattle than he had with regard to all other basic commodities under the original bill, and the Senator from Michigan knows how that has been handled. Senators on the floor now are complaining because he levied a processing tax on hogs.

Mr. VANDENBERG. Senators also know that there is a $100,000,000 deficit today in the receipts from processing taxes as compared with the expenditures.

Mr. CONNALLY. Why, to be sure, because we cannot get all the processing taxes back in a moment. It takes at least a year's period.

Mr. VANDENBERG. May I ask the Senator from Texas, then, if it would be a fair amendment to the answer of yesterday which I have quoted—and I am not seeking to be controversial; I want the facts—that if no processing tax is levied, no benefits will be paid? Would that be a fair interpretation of the Senator's position?

Mr. CONNALLY. I have tried to indicate to the Senator from Michigan that I do not know everything that is in the mind of the Secretary of Agriculture. Here is another thing of which I should like to remind the Senator: Whatever the Senator from Texas has said is in the RECORD, and he stands by it.

On yesterday the Senator from Texas pointed out that the Secretary of Agriculture gave assurance to the committees of Congress that before he adopted any plan—any plan—under this bill, he would call representatives of the cattle industry to meet with him, get their views, try to go along with them, and work out a plan that would be satisfactory. What that plan will be I do not know; and unless I know what that plan will be, I cannot tell the Senator what the probabilities of any particular form of action may be.

Mr. VANDENBERG. Does the Senator construe the original Agricultural Adjustment Act as prohibiting the payment of benefits to basic commodities except as compensating processing taxes are applied?

Mr. CONNALLY. I do not know that the Senator from Texas is prepared to answer that question in great detail. It is contended by many Senators here on the floor that the moment a benefit is given to an industry, the processing tax goes on.

Mr. McNARY. Mr. President, will the Senator yield? I think I can answer that question.

Mr. CONNALLY. I yield.

Mr. McNARY. I think I am sufficiently conversant with the provisions of the act to say emphatically that no benefits can become available unless a processing tax is laid. I think that when the Senator from Texas inserts in subdivision 1 a provision that cattle are to be considered as a basic commodity, and under his amendment to section 12 cattlemen are to be inhibited from getting any benefit unless the processing tax is paid, it will be up to the Secretary of the Treasury to determine whether or not he wants to invoke this bill for the benefit of cattle and levy a processing tax. He may or may not. If he does, the processing tax will have to be paid. If he does not, the cattle situation will not have been at all affected by this bill.

Mr. CONNALLY. Mr. President, let me say that the testimony of Mr. Chester Davis, Agricultural Adjustment Administrator, before the committee, was along the line of the Senator's suggestion, and, as I understand, the testimony of the Secretary of Agriculture was along the same line. What the Senator from Texas said a little while ago was that he did not propose to stand here on the floor of the Senate and ask for any special exception to be made in the case of cattle, and I am not pleading here for a $200,000,000 bounty for cattle which other industries do not receive.

Mr. VANDENBERG. Mr. President, I honor the Senator for his position. There are two things which have emphasized the confusion in my own mind, and I will state the first thing that emphasized the confusion. The Senator has quoted the unanimous approval of a certain group of cattlemen for his pending amendment, and he was good enough to show me a report of the proceedings of the meeting where that endorsement was given. I find that the spokesman from Iowa in the meeting which unanimously endorsed the Senator's amendment made the statement that he was absolutely opposed to a processing tax which would fall back upon the producer. So it seems to me that since this tax, being a livestock tax, will fall back upon the producer, the gentlemen who have been quoted by the Senator as favoring his amendment are doing it on the theory that they will not be taxed with a processing tax. That is the first thing that confuses me.

The second thing that confuses me is that, if the bill does not contemplate any direct grant to the cattle industry, I totally fail to understand why $200,000,000 should be asked by way of a revolving fund for this one industry, when only $100,000,000 was necessary as a revolving fund for all six of the other basic industries of the country.

In the presence of those two contemplations, plus the obvious disagreement which has seemed to exist upon the floor of the Senate itself respecting the effect of this language, I have been challenged again to wonder what the final effect of the situation is.

The Senator from Oregon, who is quite a satisfactory witness to me as respects expert information regarding the Agricultural Adjustment Act, as I understand it, makes the categorical statement—and I wish to be corrected if this is wrong—that if the amendment of the Senator from Texas is adopted there can be no benefit payments to cattlemen, except as there is a compensating processing tax injected into the equation. If that is the situation, the situation is agreeable to me insofar as that phase of the problem is concerned.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. McNARY. I am not called upon to construe the provisions of the amendment of the Senator from Texas, but I

know this, from a study of the act as originally passed by the Congress, that no benefits could go to any industry, agricultural in its nature, mentioned in the act, unless charge in like amount, through a processing tax, were made. It is my opinion that when the Senator brings cattle within that category or classification, no benefits can go under the provisions of this bill to the cattlemen, unless there is a corresponding charge made through a processing tax.

Mr. VANDENBERG. Very well.

Mr. CONNALLY. Mr. President——

Mr. VANDENBERG. Just a moment. Then I am perfectly sure that the cattlemen who were quoted as unanimously endorsing the bill are going to be grievously disappointed, and are going to feel that their attitude has not been correctly reflected; and in the face of the statement made by the Senator, I am now totally unable to understand why any $200,000,000 authorization should be necessary, and why it should not be cut to at least $50,000,000 in relationship to the authorization in the original Agricultural Adjustment Act.

Mr. FESS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. CONNALLY. I have the floor.

Mr. VANDENBERG. I beg the Senator's pardon.

The PRESIDING OFFICER. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. Mr. President, I want to submit a few remarks myself in answer to the Senator from Michigan; then I shall yield to the Senator from Ohio.

Permit me to say to the Senator from Michigan that as soon as the Senator from Texas satisfies the Senator from Michigan upon one point, he brings up something else which he thinks is wrong with the bill. He was first worried about the prospect of somebody getting something for nothing. When he finds that is not to occur, he finds an objection about the amount of the appropriation.

Let me read what Mr. Davis said, if the Senator from Michigan is interested in getting an answer to his question. I see the Senator from Michigan in private conversation with the Senator from Ohio [Mr. FESS]. Whenever the Senator from Michigan and the Senator from Ohio go into a huddle there is trouble for somebody. [Laughter.]

I shall read what Mr. Davis, the Agricultural Adjustment Administrator, said before the committee. The Senator from New Mexico [Mr. HATCH] asked him this question:

> I would like to ask one more question about the direct appropriation, Mr. Davis, because my people in New Mexico are very much opposed to the processing tax, and they were under the impression that this bill, making a direct appropriation, might enable the Department to work out some other program aside from the processing tax. That is not correct, though, as I understand your statement?

The Senator from New Mexico [Mr. HATCH] understood Mr. Davis' statement to be along the line of the understanding of the Senator from Oregon. This was the response of Mr. Davis:

> No; it would not be possible to put the beef-cattle industry on a sound basis, in my judgment, without supplementing this appropriation with income from the processing tax.

I am not called upon to construe everything that may be done. Senators are just as capable of reading the original act and construing it as is the Senator from Texas. All in the world this bill will do, as suggested by the Senator from Oregon, will be to put cattle under the general act, and then the Secretary would have the same power with regard to cattle that he has with regard to other commodities, and no more.

The second section provides an appropriation, and authorizes the Secretary to begin operations. If there is anybody who does not understand those two simple things, then the Senator from Texas is powerless to explain anything, because if he cannot make that plain, he cannot make anything plain.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. VANDENBERG. Mr. President, may I make an inquiry, just to make one thing plain? Why is $200,000,000 required?

Mr. CONNALLY. The Senator says why $200,000,000? Why a dollar? Why 25 cents?

Mr. VANDENBERG. We had a yardstick in the original adjustment act.

Mr. CONNALLY. If the Senator from Michigan will only listen, he will learn that this bill covers all of the dairy cattle and all of the beef cattle in the United States. Neither of those classes of cattle is sold in the 5-and-10-cent stores. It takes a lot of money to handle operations with large herds of cattle. I do not know why the exact figure of $200,000,000 was fixed; but it is simply an authorization, and Congress does not have to give them a thin dime until it gets ready to appropriate the money.

Mr. President, if the Senator from Michigan is really against the bill, I would be glad to have him say so; but he finds one thing is wrong with it, and we have filled up that hole, then he goes over and has a whispered conversation with the Senator from Ohio [Mr. FESS], who is "agin the Government" all down the line [laughter], and he finds something else wrong with the bill. It is related of the Senator from Ohio [Mr. FESS] that he was once shipwrecked on an island. There was apparently nobody living there, but he finally found a fellow and said, "To whom does this island belong?" The man answered, "It belongs to the Government." The Senator said, "Who is the Government?" The man answered, "I don't know." The Senator from Ohio then said, "Well, I'm agin it, anyway." [Laughter.]

Mr. FESS. O Mr. President, I borrowed that from an Irishman.

Mr. CONNALLY. The Senator borrowed it?

Mr. FESS. Yes.

Mr. CONNALLY. Did the Senator pay back in the 50-cent dollars he has been complaining about all day?

Mr. FESS. I borrowed that from the Senator from Texas.

Mr. CONNALLY. Mr. President, I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, I just want to ask the Senator a question, because I may have misunderstood him earlier in the afternoon, and I do not want to have a misunderstanding. As I understood the Senator, he said, in a colloquy, that if the processing tax were levied, it would be paid by the industry. Did the Senator mean to say that?

Mr. CONNALLY. Of course. Who is going to pay it? Somebody must pay it. The industry, in a large sense, would bear the expense, of course. I suppose the Senator is inquiring whether the producer or the consumer would pay it?

Mr. SHIPSTEAD. Yes.

Mr. CONNALLY. Who can say? Nobody can say who is going to pay it, whether the producer or the consumer. I tried to discuss that point yesterday. I do not know, and nobody else can know. When a processing tax is put on a commodity the chances are that the producer will bear some of it and the consumer will bear some of it. If the price is lifted the producer can pay part of the tax and still profit by it. I want to be courteous to the Senator; but, frankly, I do not propose to go off into a discussion of things like that, because nobody can determine such questions.

Mr. President, I ask for a vote on my amendment.

Mr. DICKINSON. Mr. President, I think there is some explanation why this item is in the bill to the extent of $200,000,000, and I think all we have to do is to look up the record. Report No. 820 on the agricultural appropriation bill, filed in the House February 20, 1934, contains, on page 3, the following item:

> Appropriations for 1934. * * *
> 5. Agricultural Adjustment Administration: * * *
> Advances (paid from processing taxes), $855,379,811.

The Treasury statement of March 2 contains, on page 2, the following item:

> Comparative analysis of receipts and expenditures. Processing tax on farm products, $203,462,374.14.

In other words, we have here an obligation of the Government of $855,000,000; and we have collected since the

processing tax has been in operation—which includes also all the processing tax that was imposed on stocks in hand and on manufactured goods in storage—only $203,000,000. Against that we have created an obligation of $855,000,000.

As a matter of fact, I think any fair reading of the hearings on this bill shows that it is the purpose, if it can be done, to put this bill through in such a way that the beneficiaries can have $200,000,000, and that it will not be necessary to impose the processing tax at all. There has been a hesitancy on the part of every official who has testified in behalf of this bill to state when the processing tax would be levied. They have said they did not know. So we have this cushion fund of $200,000,000 charged against the general revenues of the Treasury in order to cover this particular period.

In line with what I have just said, I desire to read from the testimony before the Senate committee, on page 9:

Senator MURPHY. How do you propose to recover this $200,000,000?

Mr. DAVIS. We have not gone into that phase of it, Senator. This appears to be an authorization for an outright appropriation. In that respect, that is a good deal like the $100,000,000 in the amendment last year. It was out of any money not otherwise appropriated.

Senator MURPHY. You do intend to impose processing taxes?

Mr. DAVIS. Yes, sir.

Senator MURPHY. You do not know when you will impose them?

Mr. DAVIS. We would have to impose them when the program first begins, and that should be regarded, I think, as a supplement to the income from processing taxes, so that more money can go out to the farmer, rather than substitute the price.

Senator MURPHY. Then the processing tax will be imposed at the very incidence of this program?

Mr. DAVIS. Yes; but it must not be imposed at its full amount. I am inclined to think it would be graduated up and reach its full size when you began to have some effect from it and had a support under the market.

Senator MURPHY. Well, this is a perishable product, beef, and your idea of the effect of that processing tax, I gather from what you said, is that it will act to reduce the amount the producer may receive for cattle?

Mr. DAVIS. I say that the tendency might be in that direction.

I could read the remainder of Mr. Davis' answer, but I do not think it necessary.

The best and most experienced packers—and I desire to compliment some of the packers, as I think they have in many ways done a splendid job in attempting to cooperate with this law—say that, in spite of all they can do, the processing tax has been divided as follows: About 66⅔ percent comes from the price paid to the producer, and about 33⅓ percent comes from the price paid by the consumer for the packers' product. The percentage will vary in one form or another, but as a general rule it will be found that that percentage practically runs uniformly.

As a matter of fact, the real plan of this program and the real plan with regard to the $200,000,000 is to make the money available for exactly the same purpose as in the case of the purchase of hogs, where there was an allocation to the Agricultural Adjustment Administration of some $465,000,000 for which they made no accounting. When the agricultural appropriation bill comes before the Senate, I shall make some remarks along that line. I do not believe the administration can justify the method by which funds have been put in the hands of individuals with no provision for accounting to anybody, and probably in many cases with very little authorization of law.

In order that we may have some understanding as to what has happened with reference to the processing tax on hogs, I have prepared some data——

Mr. FESS. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. Before the Senator goes into that matter, permit me to interpose. In corroboration of what the Senator said with respect to Mr. Davis' statement regarding the processing tax, has the Senator examined the hearings in the Committee on Agriculture relative to the tax on hogs?

Mr. DICKINSON. I have to some extent.

Mr. FESS. Will the Senator permit me to read a sentence or two?

Mr. DICKINSON. Yes, indeed.

Mr. FESS. Representative DOXEY said:

That leads to this thought: Should we now place cattle in this act as a basic commodity and should the Congress appropriate $200,000,000 out of Treasury money for the relief of the cattle industry——

Secretary Wallace interposed:

I think, then, it would be possible to get an earlier program under way, in my mind.

Mr. DOXEY. All right. One step further. Should we include cattle as a basic commodity but not make the direct appropriation from the Treasury, which, as you readily understand, is going to be the real vital question, then it would be necessary in order to carry out any program and to finance the matter to have a processing tax on cattle, would it not?

Secretary WALLACE. Well, without the direct appropriation, if you are going to finance a program you would have to have a processing tax on cattle.

Mr. DOXEY. It is your thought that we put it in the bill, and leave it alone and see how the other program works out and if they are included as a basic commodity, provide some fund by direct appropriation from the Treasury, so that you will have that fund; has your Department a definite plan of action? What will happen; or would you just wait for developments in this situation? I mean, you have no definite plan worked out and you are depending on this Congress with reference to any plan on cattle, whether we make cattle a basic commodity under the Agricultural Adjustment Act; is that right?

Secretary WALLACE. Yes. But you can say that the approach would be totally different in case we get the $100,000,000 for beef cattle.

Mr. DOXEY. In case you do not, what would the situation be then?

Secretary WALLACE. That will depend on the cattlemen themselves, and I have no means of judging what they would do. My guess is that they would probably wait until next fall before placing their stamp of approval on a processing tax. In that I may be wrong.

Mr. DOXEY. At any rate, I take it it is your position that it is necessary to have cattle in the act as a basic commodity in order that the cattle situation can be handled by the Agricultural Adjustment Administration; is that correct? That is my construction of your statement.

Secretary WALLACE. Yes; and at any rate we hope that by next fall there will be sufficient reduction in the number of cattle, or feeders, rather, coming to the market and that there will be a sufficient increase in the pay rolls in cities so that these cattle can stand the processing tax, and then you can get to work on a fundamental program which has to do with the number of she and the tubercular reactors.

It seems to me, in the light of the statement of Mr. Davis and Secretary Wallace, that the processing tax is inevitable if cattle are made a basic commodity. However, what they want the $200,000,000 for is a question.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Michigan?

Mr. DICKINSON. I yield.

Mr. VANDENBERG. Did I correctly understand the figures which the Senator read a few moments ago as indicating that there is a $600,000,000 potential deficit in the processing-tax fund?

Mr. DICKINSON. That is correct. I take that from page 3 of the House report made by Representative SANDLIN, item 5, in which it is shown that the appropriations for 1934 that have been allocated to the Agricultural Adjustment Administration for advances amount to $855,739,811; that the Budget estimate for 1935 for exactly the same purpose is $831,022,428; and amount recommended in the House bill for 1935 is $831,022,428, a reduction of $124,000. That is $1,700,000,000 for 2 years.

Mr. CAREY. Mr. President——

The PRESIDING OFFFICER. Does the Senator from Iowa yield to the Senator from Wyoming?

Mr. DICKINSON. I yield if the Senator from Michigan has completed what he had to say.

Mr. VANDENBERG. Mr. President, permit me to ask the Senator from Iowa if he interprets that as the measure of the failure of the processing tax to equal bounties and benefits paid out under the act.

Mr. DICKINSON. That is exactly correct.

Mr. VANDENBERG. Then if the act presumably makes mandatory a processing tax equal to the benefit, the act has

not been administered pursuant to its intent. Is that correct?

Mr. DICKINSON. That is correct. In addition to that, I think there is a showing through the entire proceedings here that there is a hope that the bill will be passed as it has passed the House, so that the Government authorities will have $200,000,000 to play with, and that we will not make it necessary for them to impose a processing tax in order to cover the money into the Treasury.

Mr. VANDENBERG. That is what I am afraid of, and that is what I have been trying to bring out.

Mr. DICKINSON. That is why I believe the bill should be amended so there will be absolutely no question, if they spend this money for benefits, that they will have to impose a processing tax in order to cover it back into the Treasury.

Mr. CAREY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Wyoming?

Mr. DICKINSON. I yield.

Mr. CAREY. Is not the Department permitted to make certain benefit payments? Is it possible that there will not be money to make those payments, or have they all been paid in advance?

Mr. DICKINSON. As a matter of fact, they have allocated from the Public Works Administration $435,000,000, a part of which is being advanced under the provisions of the Agricultural Adjustment Act. They have been using those funds during the past year. There will come a time when they will have to come to Congress and say, "This is our showing. This is what we have been doing. In order to work this out, we have to have further authorization and more money." The Public Works Administration soon will have to come to Congress. They have allocated practically all of their funds.

So there will come a time when they must come and tell us how they have been playing with this big jackpot which we have voted into the hands of one individual to play with as he sees fit. It has not been handled by the one individual but by different individuals. The part relating to agriculture has been under the Agricultural Adjustment Act. In order to supplement those funds they are coming in and asking for a $20,000,000 appropriation, hopeful, I believe, that they will be able to have it without proper legislation attached thereto that in order to spend the money for benefits they must impose a processing tax.

Let me suggest further, with reference to the pig program, that there has been paid out a total of $16,131,095. Missouri received the largest share of any State. This money has been distributed in 41 States. I am glad to see the Senator from Missouri [Mr. CLARK] in the chair as I make this statement. His is the only State that received more than my State of Iowa. We have more pigs in Iowa than there are in Missouri, but the farmers of his State sold more to the Government in Missouri than we did in Iowa. The largest amount of money paid in any State was in Missouri, $3,634,508.82. Iowa received $3,570,484.26, the second largest amount. The third largest is South Dakota, which received $3,481,596.47.

Let me suggest another thing: I understand that in Iowa a preliminary survey shows that regardless of the destruction of the brood sows and pigs there will farrow next spring, in excess of the average farrowing, about 9 to 12 percent, and the other report shows there will be an excess of farrowing of between 20 and 26 percent. In other words, it is exactly the same experience that we have been having in the case of cotton and in the case of fertilizer.

In Iowa I am told they are now selling what is called high-bred seed corn, which is being sold to the very farmer who has signed up that he is going to reduce his acreage. That seed corn is guaranteed to increase the yield from 15 to 20 bushels per acre and sometimes as high as 25 bushels per acre. So that at the same time we are reducing the number of sows to farrow we are increasing the number breeding to farrow next spring. It simply shows that the program is one great big merry-go-round, where one hand undoes what the other one does. The Government is put to an expense of $855,000,000 in benefits.

Mr. President, in order to present this matter a little more fully I have had prepared some data based upon a report that was received in response to a resolution introduced by the Senator from Montana, and I would like permission to insert a brief statement relating to the data as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

HOG-PIG BUYING CAMPAIGN

"A substantial increase in the price of hogs", was the end and aim of the Secretary of Agriculture in pig-buying campaign, according to his report to the Senate in response to Senate Resolution No. 123 of January 8, 1934. The program cost the taxpayers about $35,000,000. The result, as I interpret this 75-page response of the Secretary, was to reduce the average price of hogs on the basing market, Chicago, from $4.32, the weekly average price obtaining July 20, 1933, to $3.19, which average weekly price prevailed for the week ending December 16, the week during which 195,535 hogs were marketed at Chicago.

In other words, the prices declined to within 23 cents of the lowest weekly price paid during the last 10 years ($2.95 Dec. 31, 1932). Top price paid for hogs on the Chicago market declined from $5.55, the high attained on October 9, 1933, to $3.25 on December 19 and December 20, 1933. The highest weekly average price reached during the fall of 1933 was $4.75 reached October 14, the price breaking 52 cents during the week following. I quote from Secretary's opinion as to reason for this remarkable break in prices.

PRICE DECLINE FROM OCTOBER 9 TO 17

The decline from October 9 to 17 of about $1 per 100 pounds was not due to the supply situation. Market supplies of hogs during this period averaged not greatly different from those of the first week of the month, and in the latter part of the period they were decreasing. The decline was due in part to a decline in the wholesale price of hog products. Product values declined at a more gradual rate than those of live hogs, however, and packers' gross margins increased.

Although announcement of the processing tax on hogs, to become effective November 5, was not made until October 17, the trade apparently was anticipating the tax a few days prior to the announcement. Hog prices declined 22 cents between October 13 (Friday) and October 16 (Monday), then dropped 30 cents more on October 17, making a total decline of 52 cents. The wholesale value of hog products declined only 12 cents during this period, thus increasing processors' gross margins 40 cents per 100 pounds. The trade apparently was uncertain as to what the rate of the tax would be and as to how to appraise its probable effect. Consequently the first response of the market was a decline in prices, notwithstanding that slaughter supplies were relatively small.

PRICE DECLINE FROM OCTOBER 13 TO NOVEMBER 2

The announcement of the processing tax was made on October 17, which stated that a tax rate of 50 cents per 100 pounds, live weight, would become effective on November 5, and that a tax on floor stocks would be levied on that date at a rate equivalent to the tax rate on live hogs slaughtered. Farmers, as well as processors, apparently were uncertain as to the probable immediate effect of the tax on hog prices, and shipments to market were reduced materially during the 2 weeks beginning October 16. This curtailment in supplies resulted in a sharp rise in wholesale values of hog products. The rise in wholesale value of hog products obtained from 100 pounds of live hog from October 19 to 26 amounted to 59 cents. During this period, however, hog prices declined slightly and processors' gross margins continued to widen.

With the sharp increase in slaughter supplies during the week ended November 3, processors were unable to maintain the higher level of hog-product values and such value declined sharply during the week. Another factor which probably contributed to the decline in product values was that packers apparently were moving an unusually large proportion of their floor stocks into consumption in order to escape the tax on these stocks. The decline in product values from October 27 to November 2 totaled 76 cents. This decline was accompanied by a decline in hog prices of 48 cents.

The Secretary explains the break during week ending November 3 as follows:

"The decline in prices of hogs and hog products during the week ended November 3, however, was also due in part to an increase of 14 percent in slaughter supplies during that week over those of the preceding week."

During this period the packers brought about this increased supply of hogs by increasing their purchases off the market by direct buying of 55,757 hogs week ending November 4; 75,344 hogs week ending November 11; and 92,109 hogs week ending November 18.

The sellers refused to permit the first processing tax of 50 cents to be passed back to the producers, and the deadlock referred to

by the Secretary in footnote[1] took place at Chicago, the packers going to the country for their hogs, thus creating abnormal receipts.

During the 3 weeks ending November 4, 11, and 18 of November 1933 the packers bought direct and shipped into Chicago 223,210 hogs as compared with 120,809 during the corresponding 3 weeks in 1932.

The Secretary explains: "When the processing tax was increased from 50 cents to $1 per 100 pounds, live weight, on December 1, hog-product values continued unchanged, but hog prices declined 23 cents on the 1st day of the month and 13 cents in the 2 days following, making a total decline of 36 cents immediately after an increase of 50 cents in the tax. Inspected slaughter decreased during the first week of December, but it was at a higher level during the 2 following weeks, and during the latter period hog prices declined to the lowest point of the winter. The low point was reached on December 19."

This was the period when hogs reached the average price of $3.18.

After destroying over 270,000,000 pounds of live pigs bought during August and September at a cost of $21,000,000, the Government started buying hogs for emergency relief, purchasing 8 percent of total inspected slaughter in January 1934.

A fair reading of the Secretary's response justifies the statement that a large part of the processing tax has been paid by the hog raiser, with no apparent benefit from higher prices predicted and promised by the Triple A. The stench of rotting pigs dumped near residence communities is dealt with by the Secretary while millions of people out of work could not buy food to eat.

The maximum yield of fertilizer tankage from the slaughter on the dry basis probably would have been between 20 and 25 million pounds, but after operations began it appeared that not all of the material should be saved because of the comparatively high cost of processing with respect to ultimate sale value and because of lack of adequate storage facilities at the principal processing points. After a study of the situation, administration officials decided to dispose of a large part of the product as it came from the rendering vat, and before extra expense had been incurred for drying and storing.

In a letter of instructions dated September 13, processors under contract were authorized and directed to dispose of tankage as follows:

"In consideration of the fact that the market value of dried fertilizer tankage does not offset the cost of processing, it is to be understood that no tankage shall be saved or stored for the account of the Secretary. Instead, tankage is to be disposed of in the most economical and practicable manner, at actual cost of disposal."

Again, on September 27, a letter of instruction authorized and directed the following with regard to tankage disposal:

"1. Should there be available any outlet for undried tankage at a price which partially or wholly offsets or exceeds the cost of removal and destruction, such outlet should be taken advantage of and the Government reimbursed with the net proceeds.

"2. Should there not be any outlet as described in paragraph no. 1, processors may dispose of this tankage free of charge in order to avoid other disposal charges.

"3. If undried tankage cannot be disposed of in either of the above-mentioned manners, and it is necessary to dry the tankage for disposal, this dried tankage (including tankage processed by dry melter process) shall be disposed of in the same manner as specified in paragraph no. 1 or no. 2."

On September 28, paragraph 3, of the letter of instructions dated September 27, was amended by wire to specify that dried tankage in stock or that might be produced, should not be sold or disposed of, except upon approval by the Secretary or his nominees, it being understood that tankage should not be dried except when there was no other practicable means of disposal.

Depending upon their own situation, the processors who handled light pigs used various methods of disposing of the tankage. In all cases it was required that the carcasses be completely rendered, in order that the maximum yield of grease should be obtained. After the grease was drained off, the residue was given to farmers who came to the processing plant; hauled away and dumped in places where such dumping was permissible; burned, buried, or consumed at public incinerators. In the processing of the light pigs for inedible products, the packers were reimbursed only for the cash paid for the live hogs and the initial processing charges for buying, driving, or killing, rendering into grease and fertilizer tankage, plus actual cost of tankage disposal.

Methods of disposal adopted by the processors at various points aroused criticism, especially in instances where the product was dumped at places that eventually became offensive in odor to people living nearby. Handling the tankage in a practical manner proved difficult in some cases. The administration was fully aware of the criticism which was certain to come if immediate disposal was permitted, but, on the other hand, it had to consider the practical facts that processing plants at the principal points did not have adequate facilities for completing the tankage, manufacturing, operating, processing, and placing in storage the large amount of available product, and that in view of the estimated low return value eventually from the finished product, a completion of the processing seemed uneconomical.

The Secretary explains that "The total reduction in tonnage for the 1933–34 marketing season, as a result of this emergency program, is estimated to be between 1,400,000,000 to 1,800,000,000 pounds of hogs, live weight, or between 12 and 16 percent." And that "This reduction can be expected to increase hog prices for the season by 25 to 35 percent, possibly 40 percent, above what they otherwise would be without the plan." The season is over and the price for the week ending February 24 was $4.44, or 12 cents more than week ending July 20, 1933.

The weekly average of cattle and lamb prices at Chicago before, during, and since the great pig-sow buying experiment, in comparison with hog prices for same weeks, follows:

	Average		Average weekly top	
	Hogs	Lambs	Lambs	Cattle
July 29, 1933	4.32	7.67	8.39	7.50
Aug. 5, 1933	4.19	7.37	8.12	7.50
Aug. 12, 1933	4.06	7.76	8.53	7.40
Aug. 19, 1933	3.93	7.46	8.05	7.40
Aug. 26, 1933	3.81	7.08	7.54	7.40
Sept. 2, 1933	3.82	6.86	7.30	7.15
Sept. 9, 1933	3.86	7.03	7.48	7.00
Sept. 16, 1933	4.06	7.18	7.62	7.00
Sept. 23, 1933	4.60	7.16	7.43	7.00
Sept. 30, 1933	4.35	6.86	7.21	7.00
Oct. 7, 1933	4.68	6.74	7.32	6.90
Oct. 14, 1933	4.75	6.98	7.54	6.75
Oct. 21, 1933	4.23	6.51	7.13	6.40
Oct. 28, 1933	4.25	6.74	7.30	6.50
Nov. 4, 1933	4.00	6.34	6.87	6.40
Nov. 11, 1933	4.30	6.95	7.48	6.50
Nov. 18, 1933	4.22	6.84	7.09	6.40
Nov. 25, 1933	3.85	6.99	7.27	6.25
Dec. 2, 1933	3.58	7.08	7.35	6.85
Dec. 9, 1933	3.37	7.07	7.34	6.75
Dec. 16, 1933	3.19	7.18	7.44	7.00
Dec. 23, 1933	3.18	7.15	7.47	6.85
Dec. 30, 1933	3.28	7.51	7.89	6.50
Jan. 6, 1934	3.38	7.64	8.04	6.85
Jan. 13, 1934	3.38	7.96	8.30	7.00
Jan. 20, 1934	3.38	8.30	8.61	7.25
Jan. 27, 1934	3.40	8.84	9.26	7.35
Feb. 3, 1934	3.70	8.92	9.34	7.35
Feb. 10, 1934	4.20	9.10	9.54	7.40
Feb 17, 1934	4.50	9.39	9.82	7.25
Feb. 24, 1934	4.44	9.36	9.78	7.35

The Secretary devotes much space to the explanation of methods employed to restrict operations of yard traders who had accumulated pigs. I cannot understand why so much effort was expended by the Triple A to prevent yard traders from disposing of pigs owned by them under the plan. If the real reason for the plan was to obtain the slaughter of pigs to prevent them from being fed and thereby increasing market tonnage, why make so much noise about so small a detail.

Consider the crime against the unemployed in the destruction of 270,000,000 pounds of pigs weighing under 80 pounds simply because packers found it inconvenient to scrape the hair from the bodies of those pigs.

The outline indicated that the purchases were to be made by processors authorized under contract and in accordance with usual buying customs under Federal inspection. The plan specified that sows, insofar as practicable, were to be converted into edible products. Carcasses from pigs over 80 pounds in weight also were to be processed into edible products. Pigs weighing 80 pounds or less were to be processed into the inedible products—grease and fertilizer tankage.

It had been pointed out that processing of pigs weighing less than 80 pounds into edible products was impracticable because of the comparatively high-processing cost per unit of cured product. Packing-house equipment, particularly dehairing machinery, is designed for larger and heavier animals and does not work efficiently on small carcasses. Processor representatives stated that supplemental hand-labor operations required for satisfactory processing of light pigs into edible products would bring the total cost of the products well above the cost of purchasing their equivalent in cured pork from packers.

It also had been pointed out that the time required for processing pigs under 80 pounds into edible products, even if considered practicable, would tend seriously to retard the marketing program. This was a consideration of some importance because it seemed certain that as soon as buying started owners of light hogs would sell as rapidly as possible, thus tending to crowd processing establishments to capacity.

I submit there is no greater delicacy than roast pig. Let me remind you of what the immortal Charles Lamb has written in his Dissertation Upon Roast Pig. I quote from that famous essay:

"Of all the delicacies in the whole mundus edibilis, I will maintain it to be the most delicate princeps obsoniorum. * * *

"See him in the dish, his second cradle, how meek he lieth!—wouldst thou have had this innocent grow up to the grossness and indocility which too often accompany maturer swinehood? Ten to one he would have proved a glutton, a sloven, an obstinate, dis-

[1] The Chicago live-hog market was temporarily disturbed between Nov. 8 and 17, due to the failure of buyers and sellers to reach an agreement on prices, and few sales were made during that period. The accumulation of hogs at the market was reduced by purchases for Government account on Nov. 11 and 14 at prices above those offered by slaughterers. The prices shown for this period, therefore, are higher than those actually paid by slaughterers and slightly higher in relation to other markets than during the periods immediately before and after.

agreeable animal—wallowing in all manner of filthy conversation—from these sins he is happily snatched away—

"Ere sin could blight, or sorrow fade,
Death came with timely care—"

Looking further at the report submitted by the Secretary to the Senate I find this statement:

"Based on a net relationship of Chicago hog prices and the total live weight of inspected hog slaughters for the November to May period during the last 13 years, the actual reduction in slaughter supplies of approximately 1,000,000,000 pounds as a result of the emergency program should mean an improvement in the Chicago price of hogs over what they otherwise would be to the extent of approximately $1.80 per hundred pounds for the months November to May 1933–34. It should be kept in mind, however, that the bulk of this benefit will go to farmers in the form of benefit payments for making certain production adjustments rather than in the more familiar form of an equivalent increase in the open-market price of hogs."

Hog raisers are not going to be satisfied with anything but reasonable open-market prices of hogs.

I submit that as a real relief measure the Secretary's report proves that the hog-pig buying campaign was a complete flop.

Purchases and product

	Number of head	Approximate live weight	Approximate total amount paid for live hogs
1. Purchases for edible purposes:			
(a) Pigs (70–80–100 lbs.)	1,083,650	93,816,471	$5,928,177.62
(b) Sows	222,149	79,100,364	3,355,182.28
Subtotal	1,305,799	172,916,835	9,283,359.90
2. Purchases for inedible purposes:			
(a) Light pigs	5,105,067	270,573,305	21,359,742.05
Total (all pigs and sows)	6,410,866	443,490,140	30,643,101.95

	Pounds
3. Yield and processing cost of edible product:	
(a) Pounds dry salt meat produced	100,145,000
(b) Shrinkage in cure	2,614,000
(c) Net yield of meat	97,531,000
(d) Amount of product ordered shipped (as of Jan. 1, 1934)	86,303,674
(e) Remainder available for distribution (subsequent to Jan. 1, 1934)	11,227,326
(f) Amount remaining for distribution (as of Jan. 25, 1934)	1,500,000
4. Yield and processing cost of inedible products:	
(a) Yield of grease	20,868,355
(b) Estimated potential yield of tankage (approximate)	25,000,000
(c) Amount of tankage saved and stored	10,086,000
(d) Total processing cost for inedible purposes (including cost of tankage disposal)	$1,874,000

NOTE.—Figures dealing with the emergency hog-marketing program given herein are subject to revision in all instances. This report is based upon the latest available information, but the final report of the auditors for the Agricultural Adjustment Administration is not yet available. Final figures will not differ greatly from those presented herein.

SCHEDULE OF PRICES

The emergency price schedule, as announced, provided that from 6 to 9½ cents per pound would be paid for pigs, depending on their weight, at the base processing point (Chicago) by the processors under contract. The schedule of prices for the pigs, Chicago basis, was as follows:

Price per 100 pounds

25 to 30 pounds	$9.50
31 to 35 pounds	9.25
36 to 40 pounds	9.00
41 to 45 pounds	8.75
46 to 50 pounds	8.50
51 to 55 pounds	8.25
56 to 60 pounds	8.00
61 to 65 pounds	7.75
66 to 70 pounds	7.50
71 to 75 pounds	7.25
76 to 80 pounds	7.00
81 to 85 pounds	6.75
86 to 90 pounds	6.50
91 to 95 pounds	6.25
96 to 100 pounds	6.00

Pigs were to be purchased under this schedule on basis of average weight per lot with a minimum individual weight of 25 pounds, maximum individual weight of 100 pounds, and maximum range of weight of 30 pounds on individual pigs in each lot. It was specified that premium prices would be paid only for healthy pigs, showing no bad deformities at the time of delivery. Pigs of inferior growth, usually mast fed, and commonly referred to as "range pigs", "razorbacks", and "oilies", were to be paid for at a discount of $3 per hundredweight at any market.

MARKET DIFFERENTIALS

Premium prices to be paid by processors under contract at other markets than Chicago were determined by a market differential schedule prepared by the corn-hog section as follows:

Differential per hundredweight

Chicago	Base
Oklahoma and Texas	−$0.60
Interior points in Iowa and Minnesota	−.40
Interior points in North Dakota, South Dakota, Nebraska, Kansas, and west Missouri	−.50
St. Paul, Sioux City, Sioux Falls, Omaha, Nebraska City, St. Joseph, Kansas City, and other points on the Missouri River	−.40
Interior points in Illinois and Wisconsin	−.20
Indiana, Kentucky, and Tennessee	−.10
Milwaukee, St. Louis, and National Stock Yards, Ill.	−.10
Michigan and Ohio	Base
All Rocky Mountain and Pacific Coast States	−.60
All points east of Ohio and north of Virginia	+.25
Georgia and Florida[1]	−1.00
North Carolina, South Carolina, Virginia, Alabama, Mississippi, and Louisiana[1]	−.50

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY], which will be stated.

The CHIEF CLERK. On page 2, in lines 2 and 3, it is proposed to strike out the words "to make advance rental and/or benefit payments with respect thereto" and to insert in lieu thereof the following: "to carry out any of the purposes described in subsections (a) and (b) of this section (12) and to support and balance the markets for the dairy- and beef-cattle industries."

The amendment was agreed to.

Mr. BYRD. Mr. President, I have an amendment, which I offer at this time.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. At the end of the bill insert the following new section:

SEC. 3. (a) Subsection (d) of section 9 of the Agricultural Adjustment Act, as amended, is amended by renumbering paragraph (5) as paragraph (6) and by adding after paragraph (4) a new paragraph, as follows:

"(5) In case of peanuts, the term 'processing' means the cleaning, polishing, grading, shelling, crushing, or other processing thereof."

(b) Section 11 of such act, as amended, is amended by adding after the word "tobacco" a comma and the word "peanuts."

The PRESIDING OFFICER. The question is on the amendment of the Senator from Virginia.

Mr. McNARY. Mr. President, will the Senator from Virginia permit discussion of his amendment to go over until tomorrow? I think it was rather understood between myself and the Senator from Texas [Mr. CONNALLY] that after the disposal of his amendment we would probably recess until tomorrow at 12 o'clock.

Mr. CONNALLY. Mr. President, permit me to inquire whether a unanimous-consent agreement fixing a time to vote on the bill would necessitate a quorum call?

The PRESIDING OFFICER. It would.

Mr. McNARY. I first wanted to know from the Senator from Virginia [Mr. BYRD] if he is willing to postpone consideration of his amendment until we meet tomorrow?

Mr. CONNALLY. I understood that; but I want to suggest to the Senator from Oregon that I am very anxious to get a vote on the bill, and I was going to try to get an agreement to vote on it at a specific hour tomorrow.

Mr. McNARY. I do not think the Senator can get such an agreement. If I were in his place, I would not press a request of that kind at this time.

Mr. McKELLAR. Mr. President, why can we not go on this afternoon? There is a very important appropriation bill which is to come up immediately after we finish with the bill which the Senator from Texas has in charge. It is an emergency matter, the air-mail appropriation bill. I hope we can get a vote on the amendment of the Senator from Virginia this afternoon.

[1] This schedule applied to pigs originating in this area wherever marketed.



Mr. McNARY. We could not have a vote on the bill tonight. That is a request which, it seems to me, the Senator ought not to submit at all. It must go over until tomorrow. The debate is not going to be lengthy. If the Senator from Texas [Mr. CONNALLY] will be patient, in my judgment he will have no difficulty in getting a vote tomorrow afternoon. If the Senator from Tennessee [Mr. McKELLAR] will do likewise, we will reach his appropriation bill very shortly tomorrow.

Mr. McKELLAR. I am very anxious to get a vote on the appropriation bill.

Mr. McNARY. I understand that. I am appealing to the Senator from Virginia [Mr. BYRD] to permit his amendment to go over until tomorrow. Is that satisfactory to the Senator from Virginia?

Mr. BYRD. Mr. President, I have no objection to the consideration of the amendment tomorrow. I do not think it will require much discussion, though; and if the Senator is willing to proceed with the consideration of it this evening I shall be glad to have that done.

Mr. McNARY. I am sure the Senator will desire to make some explanation of the amendment. Some questions will be propounded to him, and I am sure the discussion will continue until late in the evening. It is the desire of many Senators who are present to return to their offices to keep appointments and look after their mail, and other Senators have already left.

Mr. CONNALLY. Would the Senator object to recessing at 5:30, let us say, and letting the Senator from Virginia discuss his amendment now?

Mr. McNARY. I am not in charge of the floor. I am always willing to cooperate.

Mr. CONNALLY. I desire to go along with the Senator from Oregon, but I think it would be well for the Senator from Virginia to discuss his amendment tonight, so that the discussion will appear in the RECORD tomorrow.

Mr. McNARY. I assumed that I was doing the Senator from Virginia a great kindness in not desiring to have him go on at this late hour. I am sure the same kindness would be extended to every Senator here if he could be permitted to go to his office about this time.

Mr. CONNALLY. Very well.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

S. 1083. An act authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C.; and

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934.

CONSERVATION OF WILD-LIFE RESOURCES—DUCK STAMP BILL

Mr. McNARY. Mr. President, I desire to call up another matter which will take only a moment.

A few days ago the Senate passed an important amendment to the Migratory Bird Act. A similar bill was passed by the House. It contained a minor amendment. The House bill is on the Senate Calendar. I ask unanimous consent that we may take up the House bill and pass it.

Mr. McKELLAR. May the bill be read?

Mr. McNARY. I spoke to the Senator from Arkansas [Mr. ROBINSON] about the bill, and it is satisfactory to him.

The PRESIDING OFFICER. The Senator from Oregon asks unanimous consent for the present consideration of a bill, the title of which will be read.

The CHIEF CLERK. A bill (H.R. 5632) to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. CONNALLY. Will there be any debate on the bill?

Mr. McNARY. No; not at all.

Mr. TRAMMELL. Mr. President, I think it would be a good idea to have the bill read. Many of us do not know what it is about.

Mr. McNARY. A similar bill passed the Senate a week ago, and the House has passed its own bill with a slight amendment which I can specify.

Mr. TRAMMELL. What is the substance of it?

Mr. McNARY. It is a bill for the conservation of wild life by protecting migratory-bird flights. The House has passed the bill. It exempts persons under 16 from its provisions, and also provides that no license fee shall be charged against the owner of the property. A substantially similar bill passed the Senate. The House bill contains a slight amendment of the provisions of the Senate bill. The House bill is on the Senate Calendar, and I ask that it be taken up and passed at this time. I have spoken to the Senator from Arkansas [Mr. ROBINSON] about the bill, and he said it is satisfactory to him.

Mr. TRAMMELL. The bill does not deal with the requirement of a license; does it? Does it carry with it any license imposition?

Mr. WALCOTT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Connecticut?

Mr. McNARY. I yield to the Senator from Connecticut, the chairman of the special committee.

Mr. WALCOTT. I did not understand the question of the Senator from Florida.

Mr. TRAMMELL. I understand from one of the Senators that the bill does not deal with the question of imposing an additional license tax. I am rather of the impression, generally speaking, that we have already gone almost too far in imposing fees and taxes upon people for hunting privileges in regard to migratory birds. I do not want any measure of that character to go through here. I understand, however, that this bill does not do anything of the kind.

Mr. WALCOTT. I do not think the Senator from Florida understands this bill. It is almost identical with a bill that passed the Senate without opposition a week or 10 days ago. This bill was introduced in the House yesterday or day before and passed without opposition. The two bills are identical, with the two exceptions just indicated by the Senator from Oregon. One of them exempts from the provisions of the bill all persons under 16 years of age. The other exempts the owner of the property from paying the fee of a dollar if he intends to shoot migratory waterfowl on his own property.

The bill is designed to raise a fund for the purchase of sanctuaries and refuges. Ninety percent of the fund is to be used for that purpose and 10 percent for the maintenance of those areas. I may add that Florida is one of the States most affected advantageously by the provisions of the bill.

Bills on this subject have already passed both the Senate and the House. Two slight changes, as I have stated, were incorporated in the House bill. All we are asking is that the House bill be passed at this time, inasmuch as it is a revenue-raising measure. If the House bill shall be passed, that will be the end of it.

Mr. TRAMMELL. Does it relax or does it increase the tax imposition on those who hunt migratory birds?

Mr. WALCOTT. If I understand the question correctly, the bill does not increase the tax; it merely provides for a hunter's license.

Mr. FESS. Mr. President, the Senator asks whether the bill relaxes in some respects the license feature. It does to the extent that it does not require a license of the owner of the property.

Mr. WALCOTT. Precisely.

Mr. TRAMMELL. If that is the case, I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That after the expiration of 90 days after the date of enactment of this act no person over 16 years of age shall take any migratory waterfowl unless at the time of such taking he carries on his person an unexpired Federal migratory-bird hunting stamp issued to him in the manner hereinafter provided; except that no such stamp shall be required for the taking of migratory waterfowl by Federal or State institutions or official agencies, for propagation purposes or by the resident owner, tenant, or share cropper of the property or officially designated agencies of the Department of Agriculture for the killing of such waterfowl when found injuring crops or other property, under such restrictions as the Secretary of Agriculture may by regulation prescribe. The Secretary of Agriculture shall, immediately upon the passage of this act, adopt and promulgate such regulations as are pertinent to the protection of private property in the injury of crops. Any person to whom a stamp has been issued under this act shall upon request exhibit such stamp for inspection to any officer or employee of the Department of Agriculture authorized to enforce the provisions of this act or to any officer of any State or any political subdivision thereof authorized to enforce game laws.

SEC. 2. That the stamps required under this act shall be issued, and the fees therefor collected, by the Post Office Department, under regulations prescribed jointly by the Secretary of Agriculture and the Postmaster General: *Provided*, That stamps shall be issued at the post office or post offices of all county seats in the several States, at all post offices in all cities with a population of 2,500 or over, and at such other post offices as said officers may by regulation prescribe. Each such stamp shall, at the time of issuance, be affixed adhesively to the game license issued to the applicant under State law, if the applicant is required to have a State license, or, if the applicant is not required to have a State license, to a certificate furnished for that purpose by the Post Office Department at the time of issuance of such stamp. For each such stamp issued under the provisions of this act there shall be collected by the postmaster the sum of $1. Each such stamp shall expire and be void after the 30th day of June next succeeding its issuance.

SEC. 3. Nothing in this act shall be construed to authorize any person to take any migratory waterfowl otherwise than in accordance with regulations adopted and approved pursuant to any treaty heretofore or hereafter entered into between the United States and any other country for the protection of migratory birds, nor to exempt any person from complying with the game laws of the several States.

SEC. 4. All moneys received for such stamps shall be accounted for by the postmaster and paid into the Treasury of the United States, and shall be reserved and set aside as a special fund to be known as the migratory bird conservation fund, to be administered by the Secretary of Agriculture. All moneys received into such fund are hereby appropriated for the following objects and shall be available therefor until expended:

(a) Not less than 90 percent shall be available for the location, ascertainment, acquisition, administration, maintenance, and development of suitable areas for inviolate migratory-bird sanctuaries, under the provisions of the Migratory Bird Conservation Act, to be expended for such purposes in all respects as moneys appropriated pursuant to the provisions of such act; for the administration, maintenance, and development of other refuges under the administration of the Secretary of Agriculture frequented by migratory game birds; and for such investigations on such refuges and elsewhere in regard to migratory waterfowl as the Secretary of Agriculture may deem essential for the highest utilization of the refuges and for the protection and increase of these birds.

(b) The remainder shall be available for administrative expenses under this act and the Migratory Bird Conservation Act, including reimbursement to the Post Office Department of funds expended in connection with the printing, engraving, and issuance of migratory-bird hunting stamps, and including personal services in the District of Columbia and elsewhere: *Provided*, That the protection of said inviolate migratory-bird sanctuaries shall be, so far as possible, under section 17 of the Migratory Bird Conservation Act, passed February 18, 1929.

(c) The remainder shall be available for administrative expenses under this act, including reimbursement to the Post Office Department of funds expended in connection with the issuance of stamps, and printing and engraving of the same, and for administration expenses under the Migratory Bird Treaty Act and any other act to carry into effect any treaty for the protection of migratory birds, and the Migratory Bird Conservation Act.

SEC. 5. (a) No person shall alter, mutilate, loan, or transfer to another any stamp issued to him pursuant to this act, nor shall any person other than the person to whom such stamp is issued use the same for any purpose.

(b) No person shall imitate or counterfeit any stamp authorized by this act, or any die, plate, or engraving therefor, or make, print, or knowingly use, sell, or have in his possession any such counterfeit, license, die, plate, or engraving.

SEC. 6. For the efficient execution of this act, the judges of the several courts, established under the laws of the United States, United States commissioners, and persons appointed by the Secretary of Agriculture to enforce the provisions of this act, shall have, with respect thereto, like powers and duties as are conferred upon said judges, commissioners, and employees of the Department of Agriculture by the Migratory Bird Treaty Act or any other act to carry into effect any treaty for the protection of migratory birds with respect to that act. Any bird or part thereof taken or possessed contrary to such acts shall, when seized, be disposed of as provided by the Migratory Bird Treaty Act, or acts aforesaid.

SEC. 7. Any person who shall violate any provision of this act or who shall violate or fail to comply with any regulation made pursuant thereto shall be subject to the penalties provided in section 6 of the Migratory Bird Treaty Act.

SEC. 8. The Secretary of Agriculture is authorized to cooperate with the several States and Territories in the enforcement of the provisions of this act.

SEC. 9. (a) Terms defined in the Migratory Bird Treaty Act, or the Migratory Bird Conservation Act, shall, when used in this act, have the meaning assigned to such terms in such acts, respectively.

(b) As used in this act (1) the term "migratory waterfowl" means the species enumerated in paragraph (a) of subdivision 1 of article I of the treaty between the United States and Great Britain for the protection of migratory birds concluded August 16, 1916; (2) the term "State" includes the several States and Territories of the United States and the District of Columbia; and (3) the term "take" means pursue, hunt, shoot, capture, collect, kill, or attempt to pursue, hunt, shoot, capture, collect, or kill.

INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

RECESS

Mr. CONNALLY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from Texas.

The motion was agreed to; and (at 5 o'clock and 17 minutes p.m.) the Senate took a recess until tomorrow, Thursday, March 8, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 7 (legislative day of Feb. 28), 1934

GENERAL COUNSEL FOR THE BUREAU OF INTERNAL REVENUE

Robert H. Jackson to be general counsel for the Bureau of Internal Revenue.

COMPTROLLER OF CUSTOMS

Thomas Temple Hoyne to be comptroller of customs in customs collection district no. 39 at Chicago, Ill.

COLLECTOR OF CUSTOMS

William J. O'Brien to be collector of customs for customs collection district no. 9 at Buffalo, N.Y.

POSTMASTERS

COLORADO

George M. Griffin, Brighton.

GEORGIA

Alexander S. Chamlee, Bartow.

ILLINOIS

Perry F. Arnold, Browning.
James M. Allen, Decatur.
Grover C. Norris, Effingham.
George E. Brown, Franklin.
James R. Maher, Hillside.
George E. Kull, Strasburg.
Martha G. Baily, Table Grove.
George A. Larimer, Tuscola.

MASSACHUSETTS

Mary L. McParlin, Sandwich.

NEW JERSEY

William L. Scheuerman, Basking Ridge.
John Netterman, Island Heights.
Eleanor H. White, Plainsboro.

OKLAHOMA

Pauline M. Angevine, Dewey.
Millard H. Wright, Eufaula.
Mary B. Weathers, Grove.
James W. Blye, Hennessey.
Hugh Johnson, Hugo.
Delva E. Grubbs, Jenks.
Hiram Impson, McAlester.
Rex T. Strickland, Madill.
Jackson Willis, Maysville.
Charles W. Jeffress, Morris.
Laura L. Bennett, Mountain Park.
James T. Norton, Nowata.
John V. Cavender, Porum.
Monroe Burton, Poteau.
David S. Williams, Purcell.
George W. Shed, Sasakwa.
John C. Bennett, Tishomingo.
James McK. Williams, Walters.
Brooke L. Wallace, Wayne.
McGilbray D. Harmon, Webbers Falls.

WISCONSIN

Sheldon S. Chandler, Brooklyn.
Charles L. Haessly, Ellsworth.
Aloysius W. Fries, Kenosha.
Meridan D. Anderson, Omro.
Grover E. Falck, Seymour.
Louis J. Thompson, Spooner.
John C. Reinke, Stone Lake.
John H. Arent, West De Pere.

WYOMING

Albert E. Holliday, Laramie.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 7, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Heavenly Father, the One above all imperfection and above the touch of sin, hallowed be Thy name. We praise Thee that there is always an unwavering light, namely, Thy merciful providence. When faith is dim and hope is low, in the dearth of rest and in the defiles of doubt, at evening time and when the day is far spent, lo, Thou art with us. O continue to look upon us with divine favor; lay Thy hand upon us and bear Thy shadow in our souls. We thank Thee for the rays of the morning promise and for the cloudless sky of assurance. Illuminate our understanding, O Lord God; balance our judgments, season our tempers, and quicken our foresight. Give us pitying hearts that shall sympathize with human woe. May we feel the need of the weary, the pulse of the struggling, and the burden of the homeless. In these stony places of human experience establish Thou our work. In the holy name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

BUSINESS CONDITIONS

Mr. LUDLOW. Mr. Speaker, last Monday one of our colleagues, the gentleman from Indiana, JAMES I. FARLEY, made a very valuable and informative address on the subject of direct loans to industry. Mr. FARLEY is one of the outstanding business men of our State, a former president of the Auburn Automobile Co., and a wise and safe counselor in business affairs. His speech is a very valuable contribution to the discussion of this important subject, and I ask unanimous consent to have it printed in the CONGRESSIONAL RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement of Hon. JAMES I. FARLEY, of Indiana, before the Subcommittee on Banking and Currency, House of Representatives:

Mr. DISNEY and gentlemen of the committee, I am not a member of this Subcommittee of the Committee on Banking and Currency; I am just here by the grace of the subcommittee this morning, and I would not want to do something unethical so far as my committee is concerned, because there are some gentlemen on this committee whom I respect for their very fine character and splendid judgment and long years of experience in matters of this character. I should like to make it quite clear to you, Mr. Chairman, that what I have to say has nothing whatever to do with the company I was identified with for 20 years. We were fortunately in a very beautiful financial position. We started our business, and early, by economy and careful operation and very moderate salaries, were able always to keep our own position good.

When I thought of some of the things Mr. LUDLOW was talking about this morning, I remembered when we often were approached by the First National Bank in Chicago, where we carried our major account, and urged to borrow money at 1¼ percent per annum, so that, having been connected with an account that had been maintained for years with a rating of Aa–A1, I cannot thoroughly sympathize with business men who are wondering where they are going to get their money.

Our business was just a little different. We came in the time when the automobile was being developed and growing in popular favor. For many years our problem was not one of selling our merchandise, but wholly one of producing it. I want to say to you, that considering some of the hectic times we had in those years back in 1907, and again in 1914, and then in 1920, we might not be in existence as a company today if it had not been for the fact that we were in a position where we had plenty of working capital.

There are some very gigantic institutions in the automobile industry. Our business depended largely upon our being able to get something new in models, some new device making it a more satisfactory piece of machinery to own. Sometimes we made a mistake in getting what the public might demand; and if it had not been that we were in a sufficiently strong cash position at many times to reduce our prices and likewise go out in the open market and buy merchandise at a discount from distressed manufacturers, I do not know what might have happened to us.

So I am not speaking in any sense for that firm, because their cash balance was always sufficient to take care of their business, and they are likewise in that situation today.

However, there are many small industries which are not in that position. I was particularly impressed with the remark made by Mr. Roosevelt in his radio address some weeks ago, in which he said that the future of America depended upon keeping the small communities intact. In other words, instead of having factories in the small towns close and having the laborers migrate to the large cities, it would be much better to keep the small communities intact, to keep the people living in the small towns rather than to let them go into the large cities. I think he was very sincere in that, as in all the other of his pronouncements; but how are you going to keep communities intact if they close the factories?

Last evening I talked with some gentleman very late into the night, two or three of them from Texas, and they were talking over the various problems which they have. There are many manufacturing industries in that State.

In a number of States there are very few manufacturing institutions. Many counties do not have within their borders a single factory. They are agricultural and depend on farming and stock-raising, hence they do not have the need for the same assistance as strictly industrial small communities.

In the State of Indiana I would say off-hand that nearly every county seat and many other towns in the counties have one or more manufacturing plants that are dependent entirely at this time on being able to secure some assistance in order to continue.

I have in mind a little plant in my State employing some 125 to 160 people all the time, every day in the year except holidays. At their peak time they employ about 200 people. They sell their merchandise all over America, and also sell it in various foreign countries.

Take this particular case—when the stock market break came in 1929 they thought this was a temporary setback, that prosperity was soon to return, and they were asked not to reduce wages or lay off employees. Fortunately, during the period of 1930, they enjoyed a fair volume of sales, and while concerns all around were drastically cutting salaries and laying off employees, they did not do it, although the interest of both the employees and the company would have been served better had they done so at that time.

Their company has put up a strong fight to obtain what business they could, but in spite of the most intensive work the past 4 years of their sales volume has gradually dropped down until in the year 1933 it was just half that of 1931. They have been constantly cutting expenses in order to survive. The bank moratorium of 1933 caused many failures among concerns with whom they were dealing. Their loss on bad debts in 1933 was the largest they have experienced in 20 years.

In the crash they were caught with a lot of small accounts, these small merchants with whom they deal being unable to pay. It costs them an unusual amount of money to make these collections, but during this time they have been able to live and are now

in fairly good condition and their plant is intact. There are no mortgages on it, nor is there any bonded indebtedness, but they do need working capital.

They are obtaining working capital through the assistance of financial companies, which, however, charge them excessive interest and commission for their services. You are sufficiently acquainted with business to know that you cannot pay 14 percent on any proposition and make money unless you have a patented process where no one can step in and make the same article and you can fix your own prices. The net result of the two disastrous years of 1932 and 1933 have resulted in a heavy depletion of their working-capital position.

The year 1934 was begun with some improvement in sales, but it is becoming difficult to finance this increased business because they are unable to borrow from the banks as heretofore, to finance their business, and in addition, their own working capital has been depleted, making it very difficult to finance the business. In 1931 this company was able to borrow $120,000 on a straight bank line and it was paid off at the end of the year. In 1932 they were only able to borrow $58,000, and that was paid off at the end of the year. In 1933 one of the banks from which they obtained $38,000 the previous year was closed on February 15, and they had a deposit of $1,500 frozen. In 1933 they were able to borrow a total of only $20,000. Their sales volume in 1931 was $927,000—in 1933 it was $500,000. You can see their borrowings were reduced down to one sixth of that secured in 1931, while their business was reduced only one half.

When the N.R.A. was put into effect on August 1, this company whole-heartedly cooperated and signed the President's reemployment agreement, and they adjusted themselves to the code of their particular industry, which was signed by the President on October 31. However, this increased the pay roll by nearly $1,000 per month. So far, they have found it difficult to sufficiently raise their prices to take care of the increased cost of pay roll and material which they buy. They believe that conditions have somewhat improved, and improvement could be sustained if they were able to finance increased business. With additional working capital this company could right now increase sales at least 25 percent this year and employment from 25 to 33⅓ percent.

They have practically $450,000 of unencumbered assets in plant, equipment, and inventory. Their sales organization is intact. If they could obtain an industrial loan, to be amortized over a period of 5 years, they would be able to go ahead, increase employment, pay higher wages, and make their investment to stockholders more secure and profitable.

In general merchandising, where other people can make what you make, and sell it, if you have to pay that amount of money to obtaining operating capital, you have lost your profit, and it is only a matter of time until the fatal day comes and you cannot earn a profit.

They are unable to obtain this money through banks. The banks do not want to make the loans. They say they are only assisting enterprises that are absolutely necessary. It seems to me this program is the crying need of the hour and the one which will do the most good for the country at the present time—it is also the one that has been the most neglected.

Now, I submit to you gentlemen, is not a business necessary that employs men and women and pays them daily and weekly wages? I say that they are entitled to consideration and that they should have the assistance.

I have been very much impressed with the report from the Manufacturers Association of Indiana. I am confident that large manufacturing institutions, like General Motors, Chrysler, the American Telephone & Telegraph Co., and some other great business institutions of America are adequately financed, and do not need this assistance. They are not asking for this assistance, but I likewise want to say to you that unless you do assist these industries in the smaller units, one of these days, the big fellows will have it altogether, and you will have to pass right through with what you have been through in years gone by. Under this N.R.A. program we have practically eliminated the Sherman antitrust law. It is gone.

By the way, the biggest victory which large industry, without turning its hand apparently, has ever won, was through the N.R.A., and one of these days these giant industries are bound to put out the little ones scattered throughout the entire length and breadth of the land.

Now, I am amazed to find in this report from the Manufacturers' Association that 92 percent (plus) of men employed in factories are employed in factories employing from 101 down. Practically the biggest phase of the whole thing in the State of Indiana, particularly, is found in this group of men. The table before me lists factories as employing from 1 to 5, 6 to 20, 21 to 50, 51 to 100, and 101 to 250, etc. Then, when you get into the group that is actually employing from 1,001 to 2,501, you have only one half of 1 percent of the total employees in the country working in factories of that size. That is the big question here. If you cannot reach out and help the small industry, what will happen? I know what the banks are saying about this. Recently I wrote to one of the best and most substantial men in my district, asking for his expression upon certain things that I submitted. He came back and said, "I am not in favor of making loans to small industries, because it completely disrupts the functions of the banks." He said, "The banks are supposed to do that." I answered that he was entirely correct; that the banks were supposed to do it, but if they did not do it, what then?

The only way by which we can possibly relieve the situation is to begin lending something to industry. To be sure, it should be advanced on approved securities and should go to good small industries.

I offered in committee an amendment making it possible to make loans direct to industry. I do not want to go out and indiscriminately make loans to everybody. Unquestionably, there are many industries that are in the red, and that are hopelessly in the red. They reached down too far to ever regain their balance. There are many things of that character to be considered, but there are still many thousands of small industries scattered throughout the land that are essential to our general prosperity, and that are entitled to credit.

I was asked this question last night, "Would you turn over the extension of this credit to a certain class of people that were mentioned?" I was asked, "Who would you have to do it?" I have confidence enough in this country to believe that there are many men who are capable of passing on these loans, and of making satisfactory loans at a fair rate of interest.

I have been told further that industry is on fire and that nobody knows how far it will go. My judgment is that it is going too terribly far if we do not step in one of these days and help out.

I know, in line with Congressman LUDLOW'S suggestion, that we have recently appropriated $950,000,000 more to take care of Public Works and Civil Works, to be split up according to the wishes of the administration. Gentlemen, that is just the beginning. If there is anyone who has the slightest idea that we are through with C.W.A., or will be on the 1st of May, he is making a terrible error. As a matter of fact, we are just starting. If we do not get men back to work in the factories, they will finally go into the C.W.A. line. I would rather make a few loans that did not return 100 percent the day they were due to help to bolster up industry at this time than to continue doling out $950,000,000, or any other number of millions of dollars, to keep the C.W.A. running. I believe that if the men just had the opportunity, they would be more in favor of going back to work where they could get their pay checks on Saturday with the feeling that they had actually earned it by doing useful work.

I would not take your time to discuss some of these things, if I did not consider them important. The C.W.A. is not radically wrong. I was for it, I still am for it, and will be for it, or will continue to be for it as long as men are hungry or as long as they need food, shelter, and heat. As long as they are in need, I will be for any program that functions along that particular line; but I want to add that my humble judgment is that we are just wasting at the spigot on those propositions, instead of taking hold of the thing at the right place. We cannot get prosperity back into this country until we bring a large part of the population back into the picture, and let them earn some money in gainful and profitable enterprise.

I should like very much to see something done that would make possible loans direct to industry. I do not mean that you should give it out indiscriminately, or let Tom, Dick, or Harry come in and borrow from this fund. That is not my idea at all. There must be certain regulations set up that they must go through with. In September 1933, when the R.F.C. issued Circular No. 11, I thought the time had come when the importance of this matter was realized. However, 6 months have now elapsed since this supposed program was set up, and from the information I have, practically no loans have been made to industry. It seems to me the time has arrived when the Government should cut out all red tape and make these loans promptly to industries which are basically sound, have sufficient assets, plus a good future outlook and satisfactory past record.

This company and many others qualify in each particular.

As to the question of time, I have been working on some of these propositions for more than 6 months. They tell us down there at the Reconstruction Finance Corporation that the machinery is already set up to do this through loan companies, and through the famous Sheet No. 11 that they sent out that tells how to go about setting up mortgage companies. This has been done, yet we find that no one is getting results. I have never been told, although I asked the question direct on two occasions, how much money we are lending to industry. Mr. Jones said "not very much." It was not very much because they are not in sympathy with doing this, and they will not be in sympathy with it until the Congress of the United States passes an amend- to the Reconstruction Finance Corporation Act that will make it possible and obligatory for them to extend loans of this character.

A question was asked by my honorable colleague on my right, Mr. SPENCE, of Kentucky, as to how much would be required. No one knows. However, I contend that it is not essential to do all of it at once. The thing that we should do is to make a start, and then, while we are beginning, find out what will be required.

Mr. DISNEY. Could not a survey be made of the whole country through some such channel as the United States Chamber of Commerce? In that way, could they not make some approximate estimate of how much would be necessary?

Mr. FARLEY. I think a survey should be made. I think that would be very beneficial. The trouble now, Mr. DISNEY, is that the time question enters into it. That is because this has been dragging along for 6 months, and every man who has been connected with a factory knows that they should begin speeding up work about the 1st of January, so as to get ready to ship out during the spring buying season. Many of these factories that ought to have merchandise on their shelves have their shelves practically empty at this time, and they are bound to have a difficult time in taking care of their orders in the future. I think we should make a start on this at some place.

Further, answering the question as to whether we are getting any more relief in Indiana from the P.W.A., I will say we are not. That is not your fault. That is the fault largely of the State of Indiana, because we have in Indiana a $1.50 tax limit. With that limit, our people here in Washington do not feel that the security we can offer, with that $1.50 tax limit, can be accepted. They feel that does not make it possible for them to accept us. The result is that we are getting very little P.W.A. relief in the State of Indiana, in comparison with many other States. However, we are not envious of other States that are getting this relief. They have their own arrangements. All that we want down in Indiana, and all that we request, is the opportunity to establish factories in that land, and to get money enough to finance them.

I thank you very much for the opportunity you gave me to offer these few suggestions.

Mr. LUCE. There was one point that was not touched upon by Mr. LUDLOW when he was speaking of banks, and that is that a considerable part of the credit desired is simply wanted for what you might call a continuing supply of capital. For instance, here is the head of a chain grocery store, whose testimony was most illuminating: Clearly, what he was in need of was a perpetual capital. Now, up to our time, I take it, it was the custom for corporations to secure their capital by subscriptions to stock or by issuing bonds; but in recent years, banks have more and more furnished the money that was previously furnished through stock and bond issues, with the result that today banking restrictions are requiring banks to secure payments on these continuing loans at the time of the renewal of the notes, and that proves to be quite a source of trouble. Now, do you think it would be a proper governmental function for an agency of the Government to undertake to furnish working capital indefinitely?

Mr. FARLEY. I can answer that very easily. In my judgment, I do not think it is a function of the Government to furnish a permanent continuous working capital for industry. In other words, I am not in sympathy at any place with the idea that the Government of the United States should go into the manufacturing business. I do not agree with those who are carrying through this program in West Virginia. I think it is the function of industry to conduct its own operations. I think that this is an emergency matter that should not be extended over 3 years, with possibly a renewal for 2 years. I say that, because some of these things are bound to be washed out before all of this is over. What I am appealing for is assistance now, not a permanent investment, that must go on year after year indefinitely.

Mr. LUDLOW. Mr. FARLEY, I wish to thank you for your excellent contribution. I am quite impressed with what you have said in regard to the Civil Works program. Certainly we are not going to allow men, women, and children to starve in this country, and Congress will continue to pour out whatever funds are necessary to prevent starvation and hunger. Yet, would it not be a great deal better if Congress, instead of pouring out money in that way, should furnish money to industry whereby industry could resume its normal activity and absorb those C.W.A. workers into regular employment on regular industrial pay rolls? That is the question that is presented here.

SHIP SUBSIDIES

Mr. BLAND. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address made by the Secretary of Commerce over the radio 2 nights ago on the subject of ship subsidy.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BLAND. Mr. Speaker, pursuant to leave this day granted me, I extend my remarks in the RECORD by publishing a most able address made recently over the radio by Hon. Daniel C. Roper, Secretary of Commerce, on the subject of "Ship Subsidies."

A guiding principle of democratic government in the United States has been and is the welfare and progress of the human element in life. This has not been a haphazard development. It is a definite principle and has grown out of the very essence of democracy. We have a Government founded upon the fully conceived and thoroughly stated proposition that the people are capable of ruling themselves and that the people, as human beings, should be given primary consideration in the objectives and functions of such government.

This philosophy has worked naturally toward higher standards of living, and we pride ourselves as a Nation in believing that human interest in the United States has reached a higher plane of development than in any other country. It is only natural that these concepts and purposes, fulfilled in our high standards of living, should bring us into keen competition with other nations where working and living standards are lower than ours. This condition applies as much to ocean trade and commerce as it does to strictly internal or national aspects of our economic lives. Hence, due to higher standards of living and wage scales, the shipbuilding and ship-repair costs in the United States and ship-operation costs under the American flag are higher than in other countries.

For instance, the construction and operation costs of British ships are nearest to the American scale or average, but shipbuilding costs in American yards are, on the average, considerably higher than British costs. The higher American costs are largely in labor and materials. Any greater efficiency which may be present in the operation of American vessels is not sufficient to offset the lower costs of living in other countries.

As long as we were chiefly an agricultural country, interested primarily in marketing raw materials abroad, it didn't matter so much whether raw materials were transported in American or foreign bottoms. Foreign countries needed these raw materials, and the United States encountered scarcely no competitive problem in selling such raw materials. But, as the United States advanced to its present status of development in manufacturing, our quest for markets abroad was naturally increased and the competition in the sale of manufactured goods became an active and primary consideration. Today, therefore, there exists the necessity of marketing large quantities of manufactured goods in our own shipping bottoms.

As an economic necessity the foreign-trade development of the United States depends largely upon the use of American ships for carrying American goods. It is essential that we maintain an American-flag tonnage on important trade routes, to serve the needs of our commerce, and to safeguard against war and other emergencies which might disturb the normal flow of American commerce.

But it is not alone from the competitive and essential economic standpoint that we must view the development of our merchant marine. The merchant marine is an important and, we may safely say, an indispensable factor in our national defense. Obviously, it is not practicable to maintain within the Navy all the vessels which might be necessary in event of war. To do so would require a huge outlay of taxpayers' money and might tend to encourage unnecessary defense expenditures.

Speaking generally, the same types of ships which are necessary from the commercial standpoint in time of peace are required from the defense standpoint in time of war. Our World War experience is a striking testimony to the value of an adequate and efficient merchant marine and conclusive proof of the handicaps imposed and excessive expenses incurred through the lack of an adequate merchant marine. Upon the entrance of the United States into the World War we had to depend to a great extent upon foreign ships for transport and military purposes and for the import and export of raw materials and manufactured products. Much of this transportation had to be done at an excessive cost to the American Government and also was a severe handicap to naval and military operations.

Thus, from both the commercial and defense standpoints, it would seem that for the economic self-respect, the military self-respect, and the pride of the Nation, an adequate and proper development and maintenance of an American merchant marine is a fundamental necessity.

The practical question in view of these conditions, which early arose and is still before us, is the way in which the labor and other extra cost inequalities, as previously described, can be met or equalized so as to permit the building and sustaining of a requisite merchant marine. An equally important aspect of this question is the necessity of fixing the amount of the subsidy at a point where it will equalize these differentials and stimulate rather than discourage private initiative.

We can readily see that nationality determines the political and economic conditions under which a ship operates. The owner of an American vessel buys his repairs, employs part of his labor, and in some cases all of it, part of his supplies, and frequently the ship itself, in the protected domestic market characterized by the costs incidental to a high living standard. His stock in trade is ship's space, which he sells in an unprotected, competitive world market. Naturally the ship operator looks to the national interest which may be inherent in his business to neutralize any resultant handicaps.

We all insist that we must maintain our standard of living as against the lower living standards of other countries, and by so doing we automatically impose a handicap upon American shipowners. The best answer that Congress has worked out to this problem of meeting differential costs and expenses is to have the Federal Government supplement the larger costs for our country with money from the Federal Treasury. The question then arose: What is the safest and most effective manner of putting this principle into practicable operation? Congress decided to let this excess cost represent service rendered by the American shipping lines in carrying the mail and has seen fit to designate this financial aid as ocean-mail pay or a subsidy. Funk and Wagnall's Standard Dictionary defines subsidy as: "Pecuniary aid directly granted by government to an individual or commercial enterprise deemed productive of public benefit."

Webster's New International Dictionary defines subsidy as: "A grant of funds or property from a government * * * to a private person or company to assist in the establishment or support of an enterprise deemed advantageous to the public." Applying these definitions to the merchant marine we may say that the subsidy in this case is a payment of funds from the Government to American ship operators to offset the lower costs of ship construction and operation in foreign countries, so that American vessels may be placed on a sounder competitive basis in the world market. Merchant-marine subsidies take the form of ocean-mail pay and Government financing of shipbuilding and shipping operations to the extent that private business is unable to supply or provide.

Unfortunately, the Federal Government has not been industrious enough in its efforts to enlighten the people on the subject

of subsidies and this use of public funds; and many people probably think that the subsidy is nothing more than the compensation which transportation lines get for carrying the mail. It is not that, but rather a method for actually building a competitive American merchant marine.

Even with the much lower costs existing in other maritime nations, our chief competitors have found subsidies necessary in order to build and maintain their merchant marines. Great Britain, France, and Japan, with their much lower costs, have found subsidies necessary to maintain their commercial fleets for both economic and national defense purposes. It should not be difficult to understand, therefore, that a subsidy policy is essential in the building and maintenance of our merchant marine, at least until a better method is developed.

When we have accepted the necessity for a merchant-marine subsidy, we then face the question of how this money is to be most wisely spent, how the Treasury is to be safeguarded in these expenditures, and just what form these subsidies should take. When public funds are to be expended in as large quantities as those needed to maintain our merchant marine, the public is entitled to know what policy the Government has adopted and why such a policy is necessary. The question of subsidies comprehends, therefore, a study of the complete scope of the shipping and foreign-trade activities of the United States.

The designation of payments made to ship operators by the Government as "ocean-mail pay" is somewhat misleading. "Mail pay" is a misnomer, for payments are not made primarily as compensation for carrying the mail. If they were, these payments would only be a fractional part of what they are at present. Hence it would seem to me that there would be less misunderstanding if these payments were clearly and frankly designated as direct subsidies.

A private company operating an essential trade route under the American flag would require a capital investment and a continuing cost which, against foreign competition, would give no hope of a reasonable return over a period of years, but which would result in heavy losses instead. Consequently the Government of the United States determines essential trade routes and agrees to assist the ship operator by sharing in the venture through a contract service or subsidy payment.

What does this subsidy include and how is it determined?

First, as already explained, we have the excess cost of construction in this country as one of the items which the Government might seek to amortize partially. In the second place, we have the considerably higher cost of seamen and other labor as compared with foreign countries. Then we have the third factor of the subsidies given by foreign countries to their ship operators. After these facts are carefully weighed, the differential costs determined, and an agreement reached that the trade route is an essential one, the Government then, in effect, says to the ship operator, "We are absorbing a part of these additional costs in order that you may operate and develop this essential trade route." The payments made by the Government for this purpose are subsidies.

Since the transfer of the Shipping Board to the Department of Commerce as a regular bureau of the Department the Secretary of Commerce is charged with the responsibility of fostering the development of our merchant marine. After a study of the country's shipping policy in effect during the post-World War period, I am convinced that we must initiate a sounder and more adequate merchant marine and subsidy program. To accomplish this objective, there are several major considerations which it seems to me deserve careful attention.

We all stand for fair and equitable competition in all lines of trade and commerce, but we all know that competition can be carried to such extremes as to destroy the purpose for which proper competition is designed. For instance, when the Government supports one line of ships on an essential trade route through subsidy payments, it is very foolish and destructive to make loans to enable other lines to build ships and engage in commerce in competition with the very lines which the Government is already supporting, and through which it is trying to build a merchant marine. Such a policy is like the man who would defend himself with one hand and commit suicide with the other hand.

Inasmuch as Government aids to shipping have as their objective the establishment of an efficient and ultimately a self-sustaining merchant marine, the essential trade routes to be served should be determined by analyzing the flow and volume of traffic with due consideration to such other factors as defense requirements, trade policies, and industrial and agricultural needs. When these requirements are determined, Government aid should be given to ship lines necessary to fulfill these requirements and aid should be withheld from any other domestic operators seeking to enter into direct competition with the line already receiving Government aid.

It seems to me that the present system of aid in the form of compensation for the carrying of ocean mails might properly be replaced by specific subsidies granted for the maintenance of essential services. The subsidies granted should be based on differentials in building and operating costs, but should be flexible enough to permit adjustments as changes in conditions and circumstances may warrant. Furthermore, subsidies should not be granted to more than one line competing in the same trade route.

In order to facilitate the proper handling of subsidies, two broad classifications of subsidies might be made: First, a subsidy to cover the differences in shipbuilding costs, so long as governmental policy provides for compensation for this differential; and, second, a subsidy to offset the difference in operating costs with competing foreign companies. The governmental agency administering the subsidy should also have discretionary authority to make allowances in the national interest to meet exceptional trade developments. With these factors as a basis, subsidy payments could be made with maximum equality, because some operators would have the major requirement of a construction subsidy, others an operating subsidy, and another, perhaps under certain conditions, a trade-development subsidy.

The application of this subsidy policy must take into consideration present conditions in the merchant-marine industry and a proper audit and check-up on merchant marine as a safeguard to Government expenditures. In respect to the latter requirement, the Government should have authority to examine books at frequent intervals of the creditor companies, establish uniform accounting, and scrutinize carefully all items of cost. On such data readjustments of the direct subsidies or cost differentials can and should be made at annual intervals.

In a special study of shipping trends conducted by the Transportation Division, Bureau of Foreign and Domestic Commerce, in connection with its economic survey of a proposed ship canal, the following facts were developed:

The fleet of seagoing steamers under American registry in the World War era was expanded from 2,000,000 gross tons in 1914 to 13,500,000 gross tons in 1921. Most of this additional tonnage was constructed during that period, part of it was acquired by purchase of American and foreign ships, and part of it through seizure of interned enemy vessels. Not all of the tonnage acquired was suitable for commercial use and a considerable portion of it was never so employed. A considerable amount is either laid up or sold. Even at the time it was built, this war-time tonnage was not up to date in type. At the time, quantity of production was the primary consideration.

This war-time fleet, far from modern at the time it was acquired, is still the backbone of our American merchant marine and constitutes the great bulk of our seagoing tonnage.

Since the war period there have been additions to the American tanker fleet and a number of American combination-type vessels have been built, largely with Government assistance. But, with only one or two exceptions, the American freighter fleet was built during the war-construction period.

Since the war, rapid strides have been made in ship construction, particularly with regard to more economic propulsion, coupled with a definite trend toward increased speed. For instance, when compared with the general run of machinery installed during the war period, a modern high-pressure, superheated steam engine installation would operate, if at the same speed, on 35 to 40 percent less fuel.

Tonnage acquired in the war period cannot be estimated to last more than 8 to 10 years more, and may be retired much faster if faced with competition of many ships of the newer types.

Unless provision is made for progressive replacement of most of our concurrently operated vessels, the passing of American shipping from foreign trade appears certain from one or both of the following causes:

The end of the present economic depression and attendant world trade revival will see the construction of a number of modern-type vessels under foreign flags, with which our tonnage cannot compete on equal terms. Also, at the end of 8 or 10 years, our war-built tonnage will be so obsolete that it will be retired very rapidly and its business pass into foreign hands.

It seems clear to me that the subsidy is only a part of the problem of developing an adequate merchant marine. The shipping acts reflect the intent of Congress that the shipping industry should be properly regulated. Without such regulation, no subsidy, however well administered, can accomplish its intended purpose. The subsidy must not be used to cloak inefficiency. The communities served by American shipping lines must supplement governmental aid and support by doing everything within their power to encourage and promote business on these American lines. In the past many of our seaport communities have failed to do their rightful share in supporting and maintaining the merchant marine.

The United States can expect to attain the highest degree of efficiency and progress in our merchant-marine activities only if the ship operators and the communities served by our shipping lines fulfill in every sense their responsibilities, which are fully as great as those of the Government.

What is needed here as elsewhere is complete cooperation among the agencies affected in attaining results for the common good. Our shipping bottoms are entitled to have proper consideration in transporting goods made possible through the new agencies for the development of trade with Russia and other countries where our Government is providing special credit assistance.

From these facts we can readily determine the scope of the merchant-marine problem which faces the United States today. At the same time the United States, as a member of the world family of nations, is eager to fulfill its responsibilities for the development and maintenance of desired international trade and commerce. We approach, therefore, the solution of these problems on the broadest possible basis, determined to meet our national responsibility, while bringing our best efforts to bear upon cooperative international aspects as well. To these ends I solicit the cooperative thinking and cooperative action of all concerned, particularly those definitely related to shipping and marine activities, in promoting our commerce and thus helping to build a greater United States.

OCEAN- AND AIR-MAIL CONTRACTS

Mr. PEAVEY. Mr. Speaker, I ask unanimous consent to extend my own remarks on the subject of air mail.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. PEAVEY. Mr. Speaker and Members of the House, the Lindbergh telegram to President Roosevelt in opposition to the cancelation of the Government's air-mail contracts and the facts revealed by recent investigations into the graft and fraud in the letting of the air- and ocean-mail contracts have fixed the attention of the people of Wisconsin on this particular branch of the Government's operations.

Few Wisconsin people know or have been told that Congress has on numerous occasions and in the consideration of many different bills been contending with the question of "easy money" on Government subsidies to contractors for carrying ocean and air mail for the past 4 years.

Congressman PATMAN, Democrat from Texas, on January 26, speaking on the floor of the House, called attention to just one instance where the question of mail subsidies was before the House. I believe the record in this case will be of interest to the people of northern Wisconsin.

I quote Mr. PATMAN as follows:

The Republicans are criticizing the Democrats on account of the appropriation for ocean-mail contracts. The subsidy system for steamship lines and air lines to carry the mail was started under the Republican regime. I think the ocean-mail contracts was one of the biggest rackets growing out of the disposition of property acquired during the war for emergency purposes. January 18, 1930, an appropriation bill for these same Departments was pending before this House. At that time I brought to the attention of Congress the great subsidies that were being paid to steamship lines and offered an amendment which would have prevented similar subsidies from being adopted in the future. There were 13 such contracts in contemplation at the time.

So far as I have been able to find out, I was the first Member of Congress to expose in detail the small amount of service rendered by the subsidized steamship lines and the large amount of money received therefor.

Permission being granted, I insert herewith a part of the CONGRESSIONAL RECORD of January 18, 1930, and which appears on page 1914 of the bound volume of the CONGRESSIONAL RECORD for the Seventy-first Congress, second session:

"Mr. PATMAN. Mr. Chairman, I offer the following amendment which I send to the desk.

"The Clerk read as follows:

"'Amendment offered by Mr. PATMAN: Page 75, line 20, strike out the figures "$28,000,000" and insert in lieu thereof the figures "$21,400,000."'

"Mr. PATMAN. If this appropriation is not reduced, the Post Office Department, in compliance with a duty under existing law, will, no doubt, enter into a contract with a steamship company for a term of 10 years under which the Government will be obliged to pay this steamship company $284,920 a year, or $2,849,200 for 10 years for carrying the United States mail on a line where the total amount carried during the fiscal year of 1929 amount to 42 pounds of letters and 1,263 pounds of packages.

"There are 12 other contemplated contracts besides this one. I have not had the time to investigate them. This is the only contemplated contract on which I have been able to receive information so far, although the officials in the Post Office Department have cooperated with me fully in obtaining this information, and there was no reluctance on the part of anyone in that Department to disclose the facts fully.

"If the same amount of mail is carried by the Tacoma-Valparaiso line that was carried during the fiscal year 1929, the value of the services rendered on each trip by the steamship company to the United States Government will be $2.36; 61 cents worth of letters and $1.75 worth of packages. For each one of these trips the steamship company will receive $16,700. In other words, the steamship company will receive about $7,000 for each one dollar's worth of service rendered.

"A glaring example of a subsidy may be pointed out in the case of recent ocean-mail contracts where the owners of one vessel received from the Government $14,915 for transporting a few pounds of mail. A service that was worth $7.10.

"November 14, 1929, the steamship *Everett* sailed from Tacoma, Wash., for Manila. It carried as part of its cargo United States mail consisting of 16 pounds of letters, or first-class mail, and 136 pounds of parcel post. The *Everett* is owned by the Tacoma Oriental Navigation Co., a private corporation; on February 16, 1928, she was purchased by this company from the United States Shipping Board; before the purchase the name of the vessel was *West Ison*. The purchase price was $91,644; one fourth of the amount, or $22,911, was paid in cash and the remainder to be paid to the Government in eight annual payments; the unpaid amount draws interest at the rate of 4½ percent. The Shipping Board, at the expense of the Government, before delivering this vessel put it in first-class condition and ready for operation.

"If the owners of the *Everett* were paid the same price that foreign vessels will carry our mail for they would have received $7.10 for conveying this 16 pounds of letters and 136 pounds of parcel post. But, instead of the Government paying the owners $7.10 for this service, the owners of this vessel are receiving from the Government $14,915 for carrying a hat full of letters and a mail sack full of parcels."

Here is a case where we had an opportunity on an appropriation bill to reduce the appropriation to such an amount that it would have been impossible for Postmaster General Brown to approve 13 contemplated routes at an estimated cost of $6,600,000 a year for 10 years, or $66,000,000 in all.

It so happened that there was a roll call on this amendment, and I am inserting herewith the proceedings on the same day, which include the roll call in the House of Representatives on this question.

(The vote was taken; and there were—yeas 62, nays 178, not voting 187.)

It will be noticed that every Republican except Mr. PEAVEY, of Wisconsin, voted against this amendment. Mr. PEAVEY was known as a "progressive Republican." Our present Speaker, the Honorable HENRY T. RAINEY, voted for the amendment; so did our present majority leader, the Honorable JOSEPH W. BYRNS. It will also be noticed that the distinguished gentleman from Illinois, Mr. ARNOLD, the present chairman of the subcommittee, voted for the amendment.

Every Republican except Mr. PEAVEY, of Wisconsin—and the Republicans were greatly in the majority at that time—voted against the proposal to stop 13 contemplated ocean-mail contracts which were later agreed upon by and between the steamship companies and Postmaster General Brown and which has caused the inclusion in this bill of $6,600,000 to pay said steamship companies their subsidy for the next year. During the Seventy-first Congress, first session, there were 267 Republicans, 163 Democrats, and 1 Farmer-Laborite.

The Republicans cannot claim that they did not know what kind of contracts they were. I told them the names of the companies and the amount of the subsidy that many of the companies would get. I showed where Postmaster General Brown, if not stopped, would let a contract to a steamship company that would cause this Government to pay $7,000 for every one dollar's worth of service rendered. I have not quoted all of my speech on that occasion.

I am sorry that it is impossible to obtain support of the Members on the Republican side at a time when something could be done that would definitely stop a large number of ocean-mail contracts such as they now complain about. The best time to stop such contracts is before they are let.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CHRISTIANSON. Is not the gentleman thankful for Republican constituencies who have sent to Congress men who now stand for the same thing which the gentleman claims he stood for 3 years ago?

Mr. PATMAN. Yes. Of course, we had lots of Republicans here 4 years ago, but we did not hear of but one of them voting with us.

NAVY DEPARTMENT APPROPRIATION BILL, 1935

Mr. AYRES of Kansas submitted a conference report on the bill (H.R. 7199) making appropriations for the Navy Department and the Naval Service for the fiscal year ending June 30, 1935, and for other purposes.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, yesterday we heard an eloquent tribute paid to an employee of this House who has served 33 years. I hope that the gentleman who delivered that tribute [Mr. BOYLAN] will take cognizance of the valuable service of the employees in this House, and that he will take this subject up with the Civil Service Committee of the House in order that these gentleman may be retired under the same rules and regulations that pertain to civil-service employees. I understand some of these men have actually served 50 years in this Capitol, rendering a distinguished and outstanding service, but as yet they are not in a position to be retired. I think it is opportune and appropriate that this subject should be given consideration.

Mr. McFADDEN. Mr. Speaker I ask unanimous consent to address the House for 30 minutes.

Mr. BYRNS. Mr. Speaker, reserving the right to object, I do not know the subject upon which the gentleman is going to talk, but I simply wish to call his attention to the fact that the House has agreed to close debate on the pending bill at 2 o'clock.

Mr. McFADDEN. I may say to the gentleman from Tennessee that my request is in the nature of privilege. I do not want to consume a whole hour, however.

Mr. BYRNS. If it is on the question of personal privilege, I shall not object.

Mr. McFADDEN. If I do not need the time I have requested, I shall not use it.

Mr. COLLINS of Mississippi. Mr. Speaker, I shall not object to the request of the gentleman. I understand he wishes 30 minutes?

Mr. McFADDEN. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Mr. Speaker, on the 16th of February I made some remarks on the floor of the House in regard to some of the evaders of taxes. In those remarks I paid my respects to one, Henry L. Doherty and his companies, and to Andrew W. Mellon and his companies. Immediately the press carried the accounts of my statement in regard to Mr. Doherty. With all due respect to him, he had read only the early part of my remarks where I was dealing in a general way with the situation. I am rather of the opinion that if he had been familiar at that time with all of my statement he would not have made the public statements that he did in regard to me.

In order that the matter may be brought appropriately before you, I have just stated it as a matter of privilege.

I said, among other things, as quoted by the press, that Mr. Doherty was a tax evader and that he was being assisted by prominent lawyers; and among them I mentioned Arthur Mullen.

I said that Arthur Mullen was the national committeeman from the State of Nebraska; that he was floor manager of the Roosevelt forces at the Chicago convention; and that immediately after the Presidential election he set up shop here in Washington, as many attorneys do in the change of administrations, so that they can practice before the various departments and use their political influence to secure a clientele. When I suggested this Mr. Doherty immediately came back through the press and said that:

Mr. Arthur Mullen has never at any time been consulted by me or the companies in which I am interested in connection with any tax matters whatsoever.

Mr. Mullen also stated in the press:

I have never had any connection with any tax matters for H. L. Doherty or for the Cities Service Co.

Mr. Doherty also came back and said, rather vehemently, that I was a liar, and further stated that I was protected by my cloak of congressional immunity which I cowardly hide behind in these vicious and scurrilous attacks.

The next day or the following day after I spoke the gentleman from Oklahoma [Mr. McCLINTIC] asked unanimous consent to address the House for 1 minute for the purpose of correcting the RECORD. He placed in the RECORD a letter signed by Arthur F. Mullen, which appears in the RECORD of February 19, 1934. This letter reads as follows:

FEBRUARY 19, 1934.

Hon. JAMES D. McCLINTIC, M.C.,
Washington, D.C.

DEAR MR. McCLINTIC: I have just read the colloquy which passed between you and Congressman McFADDEN in the House on February 16, 1934, pages 2670 to 2672 of the RECORD.

The records of the Internal Revenue Department show that I have never appeared as attorney for Henry L. Doherty or any of his companies in any tax matter.

I have not been consulted by anyone regarding any of the tax matters of Mr. Doherty or any of his companies.

I would appreciate it if you would make this letter a part of the records of the House.

Yours respectfully,

ARTHUR F. MULLEN.

I do not propose to let either one or both of these men get away with anything like this. I am not cowardly, hiding behind congressional immunity, nor is there any need for it. What I have to say I say plainly on the floor of this House, and it ill becomes either Mr. H. L. Doherty or Mr. Arthur F. Mullen to try to deceive this House in the manner that they have in this respect. Hence I am presenting the facts to this House.

I probably should have been a little more specific. I was talking not only of tax matters but of the set-up of Mr. Doherty's companies, and I quoted certain specific increases in values that arbitrarily and without justification were used for capital purposes and that securities were sold on these marked-up values. In this connection I have here reports of the Federal Trade Commission on Mr. Doherty's companies. These are only a few of them. I have the balance in my office. These reports contain proof for the statement which I made in regard to Mr. Doherty's companies. The investigation by the Federal Trade Commission has been carried on for the last 3 years under Senate Resolution 83, which was introduced in the Senate by the late Senator Walsh of Montana. The disclosures in these hearings that are now pending before the Federal Trade Commission will confirm everything I have said in regard to Mr. Doherty's companies.

Of course, these attorneys who are lobbyists here in Washington, who come in on the political waves and set up shop here to practice before the departments and use their prestige and influence, do not always go in the front doors of these departments before which they practice. They have their errand boys to run around to the various departments. They meet the heads and key men of the departments socially and at dinners and privately. I should probably have listed Mr. Mullen more properly as a general counsel for Mr. Doherty. He is an attorney for Mr. Doherty, and there are many people in the departments that know it, and to make clear to you that this is a fact I shall read to you a letter from the Federal Trade Commission under date of February 23, 1934. May I point out before reading this letter the deliberate attempt on the part of Mr. Mullen to deceive the Membership of this House, to discredit me and to create the impression that he was in no wise associated with Mr. Doherty. I also point out to you that Mr. Doherty was conniving with him to create the same impression and they are both guilty.

This is a letter from the Federal Trade Commission, signed by Garland S. Feerguson, Jr., Chairman of the Board, and is as follows:

FEDERAL TRADE COMMISSION,
Washington, February 23, 1934.

(Senate Resolution 83)

Hon. LOUIS T. McFADDEN,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: This is in reply to your letter of February 19, 1934, in which you ask me to advise you "the names of the attorneys and the firms they represented, who were before the Commission in the interests of Mr. H. L. Doherty personally, H. L. Doherty & Co., Cities Service Co., Cities Service Securities Co., or any of their subsidiaries or affiliates at any appearances that may have been made before your Board or any of its departments."

We have had public hearings in our utilities investigation on the following companies in Cities Service group: Cities Service Securities Co., Arkansas Natural Gas Corporation, Public Service Co. of Colorado, Lakeside Construction Co. At all of these hearings the only appearance noted for any of the companies involved was that of Robert Burns, Esq., of the firm of Fruehauff, Robinson & Sloane, 67 Wall St., New York City.

Conferences were held prior to these hearings in the office of the Chief Economist, attended also by the Chief Counsel, or his representatives, relating to the affairs of the above-named companies at which appearances on behalf of the companies were Mr. Burns, Arthur Mullen, Esq., of the firm of Mullen, Mullen, Shea & Massey, and certain officers and accountants of the companies. No formal appearances are, of course, made in informal conferences of this character. The conferences related to the affairs of the companies named and also to relations and dealings between those companies and either H. L. Doherty or H. L. Doherty & Co., and the attorneys named, I am informed, seemed to speak on behalf of H. L. Doherty and H. L. Doherty & Co., as well as for the companies named above.

In addition, at the time the Chief Counsel was preparing to offer the report on the Cities Service Securities Co. for the public record several applications for a continuance were made to the Commission, its Chief Counsel, and Chief Economist. These were presented by Ira L. Grimshaw, Esq., Wade Ellis, Esq., B. F. Weadock, Esq., now executive director of the Edison Electric Institute, and Mr. Burns and Mr. Mullen.

The following attorneys have appeared on behalf of the following companies of the Cities Service group before the Securities Division of the Commission: B. F. Weadock, Arthur Mullen, Mr. Wil-

liams, of Buffalo, Huston Thompson, C. M. Owen and S. W. O'Brien, of Hornblower, Miller, Miller & Boston, of New York City. (These latter appeared for Alpha Shares.) There were other attorneys whose names cannot be recalled.

I think this complies with your request. This letter contains all the information I have been able to gather on the subject you describe.

Very truly yours,

GARLAND S. FERGUSON, Jr.,
Chairman.

May I point out that involved in all these matters before the Federal Trade Commission were also the Federal taxes due the United States Government, the proof of which was in the hands of the Federal Trade Commission's experts who were looking into these matters.

I am very glad, indeed, to notice in this morning's paper the resignation of Arthur Mullen from his position as a member of the Democratic National Committee from Nebraska. He says that there has been much unfavorable publicity. There has been publicity, because the President of the United States issued a statement against lobbyists who were political officeholders and members and heads of political organizations connected with the Democratic Party and is now endeavoring to have passed by this Congress a measure which will prohibit men of the type of Mr. Arthur F. Mullen (and there are many of them) from setting up shop in Washington and using the prestige at times even of the President of the United States to secure entree for their clients, who pay them well, to evade taxes and to take part in other matters which they want to put across in the various departments of this Government.

Mr. PARSONS. Will the gentleman yield?

Mr. McFADDEN. I yield to the gentleman from Illinois.

Mr. PARSONS. During the 12 years of the Republican administration did we not have men who came to the Capital and did just the thing that the President is now trying to stamp out?

Mr. McFADDEN. May I say to the gentleman that I am not treating this as a political measure in any instance. Of course there were. I am speaking against the practice. I am speaking against the unfairness of this kind of situation which is costing this Government hundreds of millions of dollars annually in the fact that through their influence these men aid and abet corporations and large taxpayers in avoiding a Government attack through the various departments on their financial set-up, and because of such practices these groups are permitted to go ahead and exploit the people of the United States by selling fraudulent securities.

Mr. O'CONNOR. Will the gentleman yield?

Mr. McFADDEN. I yield to the gentleman from New York.

Mr. O'CONNOR. The gentleman was here during all 12 years of the Republican administration. Did he ever introduce any legislation to stop Will Hays and Bascom Slemp, or any of the other Republican gentlemen, from doing just what he is complaining of now?

Mr. McFADDEN. The gentleman knows very well that for the last 6 years I have been doing everything in my power, as has the gentleman from Illinois [Mr. SABATH], among others, to get this House to pay some attention to an investigation of these things. Owing to the activities of the late Senator Walsh, the Federal Trade Commission is nearing completion of its investigation. May I say that the influence of this House should be exerted to see that the influence of Henry L. Doherty and his kind does not take the Federal Trade Commission by the throat and prevent them from exposing that which their investigators now know in regard to these companies.

Mr. BURKE of Nebraska. Will the gentleman yield for a brief question?

Mr. McFADDEN. Yes.

Mr. BURKE of Nebraska. The gentleman referred to the letter of resignation of National Committeeman Arthur F. Mullen, of Nebraska. Did the gentleman also take occasion to read the letter of the President of the United States acknowledging receipt of Mr. Mullen's letter?

Mr. McFADDEN. Yes; I will be very glad to do that.

Mr. BURKE of Nebraska. I trust the gentleman will, because it will modify very greatly the remarks the gentleman is making.

Mr. McFADDEN. I have here the President's reply to Mr. Mullen, but before I read that I want to put in that part of this article which refers to Mr. Mullen's statement in regard to his resignation:

The President's reply, addressed to "Dear Arthur", said that he appreciated Mullen's motives and that he remembered expressing confidence in his integrity.

Mullen's letter to President Roosevelt said:

"Certain publications recently have appeared in the press which have sought to create the inference that my activities as a practicing attorney in Washington were unethical and embarrassing to the administration; that because of this I had incurred your displeasure and ill will, and, therefore, should resign from the National Democratic Committee."

I am quoting from the Washington Post of March 7:

President Roosevelt replied on March 5:

"Have just received your letter in which you indicate your intention to submit your resignation as national committeeman for Nebraska to the chairman of the State committee.

MOTIVE IS APPRECIATED

"It is necessary for me to say that I appreciate the motives which prompt you to take this action. I recall distinctly talking with you last October when the question of your law practice in Washington was brought up, and I remember assurances of confidence in your integrity that I expressed.

"I can appreciate your feeling, as indicated in your letter to me, that the time has come when you feel you should resign as national committeeman. I want you to know, however, that there is no change in my personal friendship for you, and that I will continue to count on your unswerving loyalty to the principles for which we stand, your entire sympathy with the steps we are taking toward national recovery, and a continuation of that loyal support to these principles that you have always manifested.

"I know that your retirement as national committeeman will in no way lessen your deep interest in public affairs, and I shall welcome a continuation of your counsel and advice where the welfare of your State and country are concerned."

Mullen is one of the President's closest political friends. He was floor leader for the Roosevelt forces in the Chicago national convention. Following election, Mr. Roosevelt offered him an appointment on the United States circuit court of appeals, but Mullen declined the post on the ground that he felt he could be of more assistance to the President in his political capacity.

So much for this resignation.

However, let me point out that for over a year, following the elections of 1932, these gentlemen of the type of Mullen have come into Washington. They have opened offices, secured their clients; they have been practicing before the departments for over a year. Some of them have become immensely wealthy, and, of course, they have their clients now, and I am wondering whether this resignation, perhaps, is not for the purpose of continuing Mr. Mullen as the attorney for Henry L. Doherty and others of his type to avoid what the Government departments are proposing to correct in their investigation of Mr. Doherty and others here.

Mr. COCHRAN of Missouri and Mr. SABATH rose.

Mr. McFADDEN. I am sorry, but I have only 30 minutes, and I have a great deal of matter I want to present.

Mr. COCHRAN of Missouri. I should like to ask the gentleman a question which I think is quite pertinent. Can the gentleman cite any specific instance where any Government official in the Federal Trade Commission or the Treasury Department or in any other bureau or department has granted any improper favor to Mr. Mullen or anyone else who is in the class to which the gentleman is referring?

Mr. McFADDEN. Let me reiterate what I said in my speech on the 16th of February. I do not want to name specific people, because I do not want to do other people harm. I will say to the gentleman that I have the names. There is no question about it, and I have introduced a resolution in this House based on facts which I am prepared to present to the proper committee. I do not want to draw an indictment of all the lawyers here in Washington who are practicing before the departments. I do not want to bring in the men in these departments who have been aiding and abetting these men, but I have their names and I know who they are. I will furnish them to the gentleman privately or to the Committee on Rules, before which committee my resolution is resting, asking for the appointment of a select

committee of five Members of this House to look into these questions which are set forth in that resolution. I also propose to put that resolution in the RECORD so that the Members may have an opportunity to read it.

The resolution is as follows:

House Resolution 287

Whereas the Treasury Department in a survey of the Bureau of Internal Revenue published in 1927 reported that "the major problem of tax administration is one of personnel"; and

Whereas changes made as a result of such survey have resulted in no material improvement of the administration of the taxing laws; and

Whereas numerous attorneys, agents, specialists, advisers, and lobbyists in the employ of claimants for refunds and for the reduction of deficiencies are said to pretend to have influence with officers and employees of the Bureau of Internal Revenue with the result that erroneous refunds are made and in cases of deficiencies the tax justly due the Government is lost; and

Whereas it is alleged numerous officials of the Bureau have been placed in positions of responsibility beyond their capacities; and

Whereas it is alleged many of such employees were not placed in their present positions by reason of merit; and

Whereas it is of the utmost importance to the Federal Government and to the taxpayers of the country that a highly efficient and trustworthy personnel be maintained: Now, therefore, be it

Resolved, That the Speaker of the House is authorized to appoint a special committee of 5 members, 1 of whom the Speaker shall designate as chairman, 3 of whom shall be of the majority party and 2 of the minority party, which shall investigate the Bureau of Internal Revenue to ascertain the extent of which said conditions exist and report its findings together with recommendations for corrective legislation to the House of Representatives not later than December 31, 1934.

For the purposes of this resolution the committee is authorized to sit and act during the present Congress at such times and places in the District of Columbia, or elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and affirmations, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary.

Mr. COCHRAN of Missouri. I would be glad to have names of Government officials who, the gentleman states, are aiding and abetting in these matters.

Mr. McFADDEN. I have quite a list of them, I do not think it is right to present that list to the House at this time, but if the gentleman insists, I shall do it, although I think it would be a mistake. There is a proper committee before which this information should be presented, and I will say to the Rules Committee that the case will be presented and it will be verified by members of your own administration.

I say this matter is a serious one. The question involved here is whether or not you are going to permit organizations of the type of Doherty's to come here and take advantage of even the President of the United States, as well as various men in the departments and continue to practice through the back door by using attorneys of Mullen's type and use all the influences that are well known to all of us here, or whether this situation is going to be corrected. Social maneuvers and important contacts should be stopped so far as the Government is concerned, as a basis of law practice and as a basis of cheating the Government.

A large number of these concerns have falsified their accounts and have sold securities to the innocent public. Of course they try to get influence and lawyers who stand in. They are willing to pay. This affects every one of you in your own district. There are probably 1,000 to 1,500 investors, if the number is equitably distributed, in each congressional district, who are interested in the securities which they have purchased from this one concern. The matter affects not only the investment of these funds, but it also affects the rates that are paid on gas and electricity, light and power, because this marked-up value is the basis for the issuance of new securities, and the rates that are charged by public utilities are based on these fictitious values.

Mr. PARSONS, Mr. HOWARD, and Mr. SABATH rose.

Mr. McFADDEN. I am sorry, but I have so much to present that I am afraid I cannot yield.

Mr. PARSONS. Will the gentleman yield for just a brief question?

Mr. McFADDEN. I will.

Mr. PARSONS. The gentleman is making a very interesting statement, and I am in agreement with most of it, but would the gentleman have us enact legislation here that would prohibit Members of Congress from interrogating departments or bureaus in assisting constituents in respect of matters before the bureaus or departments?

Mr. McFADDEN. I would not, if it is done within the scope of duty of the Members to the people whom they represent—the constituents of one's own district, but I would otherwise absolutely prohibit such practicing on the part of Members of the House and the Senate, and we have glaring examples that we could refer to in this respect. May I say that just as long as lawyers can flit into and out of public office in all three branches of Government, thence back into the private practice of law only to sell to his clients, good, bad, and indifferent, his knowledge of the weaknesses of government and finally run for its highest offices at the suggestion of and with the financial backing of godless boodler bankers and dishonest lawyers and public officials, just that long will the legal profession be the floodgates through which will flow floods of corruption from big business and the underworld into public affairs.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. SABATH. I observed that the gentleman somehow or other has gotten information. Of course, this morning he has secured information from the departments, but outside of that he is capable of obtaining a lot of information, I do not know from what sources. Will he be able to obtain the information and the names of the lawyers and the experts that have secured during the last 12 years over $3,000,000,000 in refunds, to which he himself, as well as I, have called the attention of this House a good many times on this floor?

Mr. McFADDEN. I say to the gentleman that if this resolution is passed the information the gentleman is seeking I think will be fully covered and the situation will be corrected.

I would like to say to the House that I am thoroughly convinced that the Bureau of Internal Revenue cannot of itself correct this situation, and may I also say, with all respect to the committee, that the Joint Committee on Taxation of the House and Senate cannot of itself correct this situation. Both the Bureau of Internal Revenue and the joint committee need the help of a special committee of this House to accomplish the purposes of this resolution. This committee can call men from the Department and from the joint committee who will know how and can be trusted to do this job. And because of the fact that the men are available in the Department and in the joint committee, there should be very little expense attached to this investigation.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. O'CONNOR. I hope that in this information the gentleman will include investigating the connection the Whisky Trust has here in Washington and has had for years. That will be very interesting.

Mr. McFADDEN. I have not paid as much attention to that, perhaps, as has the gentleman from New York. I do not know whether that will be covered in this resolution or not, but I doubt it. The thing that should be looked into is the question of confidential settlements in the bureaus which permit evasion. Hundreds of millions of dollar are lost to the Government on account of the evasion of taxes and the practice before the departments and the courts of these particular corporations whose set-ups are illegal, whose set-ups are fraudulent, whose set-ups are made for the purpose of unloading securities upon marked-up values all over this country. I have been talking about that for a long time. I have been saying it as forcibly as

I could to this administration. I said it at the opening of the special session. I said that I wanted to see responsibility fixed, and not glossed over, of these houses of investment and other bankers, who have exploited this country as they have, who have used the Federal Reserve System, who have used all agencies of Government, to permit them to continue their nefarious operations, and I repeat, you are not going to restore confidence in the United States until you fix these responsibilities and punish these men as they are deserving of being punished. I hope this House will take action on what I am saying here in this matter, and I know that if any fair-minded Member of this House who wants to know the facts will check up on what I am saying he will find that what I say is absolutely true.

Mr. FORD. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I am sorry, but I have not the time. I have extracts from several letters. I have extracts here from people who are familiar with what has been going on in regard to this, and I shall read one extract from a letter that I have, written from Pittsburgh, Pa., by a man who has made a real study of this matter, who was at one time in the employ of the Doherty companies. He says:

> For your further information, they sold Indian Territory Illuminating Co. stock in the State of Pennsylvania during the years 1930 and 1931. The stock was sold anywhere from $31 to $47 a share.

He says he does not think it was listed before the securities commission in Harrisburg. I wrote to that commission, and this is what they say:

> Indian Territory Illuminating Co. has never been registered as a dealer nor has any circular describing its securities been filed by any registered dealer.

There is the situation, where the securities of this particular company, because many of their securities were listed on the New York Curb, were sold in every State of the Union, regardless of whether the blue-sky laws permitted it or not. That is a matter that should be taken up by the securities commission in every State, because if they have sold securities in Pennsylvania without legal authority, these securities have been sold in other States without legal authority.

This matter is so serious that I am taking it upon myself to notify the president of the New York Curb Exchange of the facts that I am presenting here. I shall call this to his attention and say to the president of the New York Curb that all these figures in all of Doherty's companies should be checked, and am suggesting that they audit these books and that no more transactions in his securities should be dealt in on the New York Curb until they have correct information as to the standing of his companies. I am also notifying the president of the New York Stock Exchange of this same situation, although I do not know that they have specifically listed any of these securities on that exchange or that they are dealt in on the New York Stock Exchange. But I propose that they shall have notice of what is taking place, because this Doherty outfit are now selling their securities to innocent people. They are making false statements in the circulars of investment houses that are selling their securities. They have just opened up a new plan of selling shares in some new company. I have not the details in regard to it, but it is known as "Alpha." I do not know whether they are going to have a subsequent one called "Omega" or not.

This man Doherty has resorted to every well-known scheme of influence. He has a string of expert lawyers from one end of this country to the other. He has moved into Washington. This is where influence counts. He is a grand entertainer. If you will dig into this situation, you will see that it is the usual type of the get-rich-quick scheme. He has taken all of his money out of these companies at the top price in 1929. He unloaded thousands of shares of these securities, not only on his employees but on other innocent investors, on the installment plan. He has cashed in at great profits at these high prices. The public and his employees are holding the bag. In Washington during the Harding administration we had examples of the Green House on K Street. We now have another house on K Street, the Doherty Men's Club, where, I am told, those people who are helpful to Doherty and have influence can go and enjoy a very pleasant evening.

Mr. BOYLAN. Will the gentleman yield?

Mr. McFADDEN. I am sorry, but I do not have time.

Mr. BOYLAN. I would like the gentleman to put the address of the house in the RECORD. [Laughter.]

Mr. McFADDEN. I am going to do that.

Mr. MARTIN of Oregon. Does the gentleman from New York want entertainment?

Mr. BOYLAN. The gentleman declines to commit himself. [Laughter.]

Mr. McFADDEN. I may say for the benefit of my genial young friend from New York [Mr. BOYLAN] that the number is 1319 K Street. If the gentleman would like the telephone number, I can give him that. [Laughter and applause.]

Mr. BOYLAN. I thank the gentleman very much.

Mr. McFADDEN. The gentleman from New York is so conversant with the city of Washington that I am surprised he does not know of this place.

Mr. COCHRAN of Missouri. Of course, the gentleman knows the social club has been in existence in Washington for at least 12 years?

Mr. McFADDEN. I do, but it has been very active lately. I am told it is a very convivial place.

Mr. PARSONS. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. PARSONS. Is that the same address at which Mr. Daugherty lived on K Street?

Mr. McFADDEN. I do not know the address of the little green house on K Street. If the gentleman will look in the telephone book he will find the number.

Mr. WOODRUFF. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. WOODRUFF. It seems to me that that name Daugherty, in connection with the little green house, has a strangely familiar sound.

Mr. McFADDEN. My memory recalls another Daugherty, but his name is spelled differently. My information is, however, that this club furnishes the same purpose that the little house on K Street did, to which the gentleman refers.

Mr. MAY. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. MAY. I would like to ask what is the use of the Government setting up such agencies as the Federal Trade Commission and making large appropriations for its operations unless it aids the Commission by the very information which the gentleman is trying to give to the House?

Mr. McFADDEN. I may say that the Federal Trade Commission is doing and has done a wonderful job. The experts who have gone into these matters, which are contained in probably 10 volumes such as I have before me and which were sent to me by the general counsel of the Federal Trade Commission, have done a fine piece of work. Their reports contain a marvelous revelation of all of these things. [Applause.]

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

ORGANIZATION OF THE ARMY

Mr. MARTIN of Oregon. Mr. Speaker, the House is being called upon to appropriate a very large sum of money for the Army. At the same time, the Army is subject to great criticism. I have been asked by many Members to explain the organization of the Army. I ask unanimous consent to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. MARTIN]?

There was no objection.

Mr. MARTIN of Oregon. Mr. Speaker, I am not volunteering this address. Many Members of the House, not familiar with Army organization or Army procedure, have asked me to clear up this situation, and I must give that as an excuse for addressing the House at this time.

Mr. Speaker, there are no traffic lights at the national crossroads. Nothing but the penetrating light of vision will enable us wisely to choose our direction. Such vision is but the reflected knowledge of our institutions. It is for each of us to contribute toward the sum of knowledge. In these brief moments I would like to throw the spotlight upon that region of national endeavor which has been home for me, and thus to increase your understanding of the American Army.

A few years ago the Honorable John W. Weeks published a dramatic narrative of the peace-time accomplishments of our Army. This text is worthy of study by every American citizen; because it portrays the character of a great national institution, devised for war, yet uniformly successful even when diverted to the pursuits of peace.

During the past few years the rumblings of impending war have grown stronger. The Army is stirred by a sense of our unreadiness for national emergency. In this moment of anxiety it has again been diverted from its primary purposes and called upon to assist in national recovery. There could be no better proof of its moral strength than its successful participation in a phase of national life for which it was not designed, at a time such as this.

No other agency in this country could have created the Civilian Conservation Corps overnight, or administered it better than has the Army. No other agency responded more promptly to the needs of the Civil Works Administration. No other agency has absorbed and employed public-works funds more efficiently than, for example, the expanded program of the Army engineers. No other agency has had a more urgent need for funds than the Army. Yet, at a time when public expenditures have been lavish, the Army has accepted quietly its meager allotment from the huge appropriations for public works, and the expenditure of these funds according to a program which was not its own choice.

In short, the Army's record of peace-time accomplishment has been unbroken during the past year. The Army has given full proof that, when assured the facilities and the undivided authority necessary to meet its responsibilities, it will continue to reach its objectives. I would like to stop at this point. But I must go on. I have promised to give light, not merely whitewash.

The Army has succeeded, but it has also been condemned. Most men admit that it has done well those tasks for which it was never designed. Many men claim, however, that it has failed in the very purposes for which it was created. It is charged that it has failed because of lack of suitable equipment. It is charged that it has failed to modernize. It is charged that it is stagnant, and that it has been so for 15 years. It is charged that it is unready for war.

There is no question but that modern equipment is lacking. You say it here on the floor of the House. The Army says it. The press repeats it. Radio broadcasts it. The man in the street knows it, and probably says to himself, "So what?" We represent the man in the street. It is time for us to inquire what and why is such a condition. Why should an army lack in its own field and succeed admirably in another backyard?

The average Member of Congress has a shrewd and instinctive understanding of the basic needs of a business enterprise. When the Army is called upon to perform peace-time missions, the public official is not afraid ultimately to give it the authority which it needs. So it succeeds. What could be simpler?

In the primary field of military preparation the conditions are reversed. The average Member of Congress has but a rudimentary understanding of the art and science of war. Knowing so little about it, he assumes, perhaps, that there is little to know about it. Is it not proverbial that we are most inclined to jump at conclusions and to interfere in those processes concerning which we have least knowledge?

From Valley Forge to the present day, our Army has been seriously handicapped in its legitimate field, by the unwarranted meddling of amateurs. Were it not that some of these meddlers are my very good friends, I should be tempted to compare them with little Jack Horner—

> Who stuck in his thumb,
> And pulled out a plum,
> And said, "What a brave boy am I?"

It would be unjust for me to attribute the meddlesome tendency solely to ignorance. It is indeed due, in part, to our inherited suspicion of military power. To one who knows our Army and its untarnished record of loyalty to civil authority, the permanence of this suspicion is paradoxical. Yet you do suspect the Army. And, because it focuses the cross section of military qualifications in the form of a convenient target, you suspect, above all, the General Staff.

The General Staff is a coordinating mechanism, created for the assistance of command. Command is vested in the President and administered through his Secretary and through the Chief of Staff. The viewpoint of command, which to some of you appears restrictive to progress, is seldom if ever the viewpoint of the General Staff. The viewpoint of command is the viewpoint of the Budget. This is, in turn, merely the budgetary reflection of the viewpoint of Congress. You have created a General Staff which is your own image. Because it is loyal to you, you condemn it.

The Army officer who appears before you is charged with loyalty to the Budget. He comes, perhaps, in defense of an insignificant item such as eight tanks, for example. He may believe, as does the General Staff, in the urgent need for 800 tanks. He is forced, nevertheless, to forget his own beliefs and resort to the mental gymnastics of defending an estimate which is yours, not his, from your own attack. After you haggle him down from eight to seven tanks, you ask him if the Army will still carry on in spite of its cuts. When he replies in the affirmative you jump to the conclusion, or at least profess to believe, that the Army has accepted willingly the stagnation which actually has been forced upon it by the Congress. Then you accuse the General Staff of being unregenerate and archaic in its views.

It is a wise American tradition that the Army should not become a political factor. Congress itself has insisted that the soldier should be freed from the necessities of self-advertisement, and protected against the temptations of public propaganda. It should be the wisdom of Congress, conversely, to establish itself as the defense of the Army. Yet, recurrently through history, Congressmen have been the first to attack this institution which is not allowed to strike back. The voice of the Army and of its General Staff is consistently ignored. Yet, in the tragic moments of inefficiency, it has been the Army that bears the brunt of attack.

Prior to the Spanish-American War the Army was a tiny band of scattered remnants, administered through a bureaucratic department which, in the knowledge of every trained officer, was obsolete and inadequate. Congress paid no heed to the voice of the Army. It was inevitable that our entry into war should have been marked, as it was, by scandalous inefficiency. Following the war, Elihu Root tore down the bulwarks of bureaucracy and created the foundation of the General Staff system of control.

Prior to the World War Congress again failed to support the Army and its new coordinating nucleus, the General Staff. Following the war the Army was again subjected to a storm of criticism to which it was forced to listen in silence. This time, through the guidance of Newton D. Baker, the remedy was again sought and the General Staff was built up virtually to the extent to which it exists today. The Congress should never forget that this organization was built up, at your own orders, in the clear light of postwar understanding to increase the efficiency of our country and the security of her sons in war.

History repeats its mistakes. The Army is again neglected. The moderate voice of its leadership is ignored. Financially handcuffed for 15 years, trained to sense the potentialities of war, and to know the need for progress in organization, equipment, and methods, it can only wonder in silence why its needs are ignored.

Our Army fully understands the principles of increasing dispersion, and increasing intensities of fire. Men once fought in ranks, 16 deep, elbow to elbow. With improvement of weapons and organization, ranks were reduced to 8; to 2; and to 1. Lateral intervals were increased to 1 yard; then 5; and what for the future? Dispersion has become three-dimensional. Thus men may have a reasonable chance for survival and victory in war.

But extension must follow the development of weapons. Thirty years ago, we adopted a magazine rifle. We still have it, out of date. Our Infantry should have light semi-automatics. At an enemy on the ground, and also in the air, these can deliver three to four times the volume of fire of the obsolete weapon. Infantry must have the light machine gun, new mortars, and large numbers of tanks which are so urgently needed to take over some of the grievous missions of shock action. It must be supported by vastly improved artillery weapons and transport. Infantry paths must be cleared and investigated by modernized cavalry. They must be assisted and supported by modernized forces in the air. Essential industrial plants and facilities must be protected by antiaircraft artillery which is equipped with modernized equipment. Troops must be prepared to resist the effects of chemical warfare. Communications must be brought up to date, employing all of the marvelous potentialities of radio. Engineers must have modernized bridge equipment. Above all, at the outset of war there must be war reserves sufficient to enable our first line to carry on until industries are mobilized. The Army understands all of this far better than any of you could possibly appreciate. Yet it has been unable to ask for what it needs.

I have endeavored to give you a story in two chapters. The first chapter relates to the achievement of great success in nonmilitary fields. The second is a tragedy of blighted potentialities. I shall not presume to argue the question. If I have not already shown clearly what is the cause of potential failure, and what should be done to remedy the deficiency, then I, too, have failed in my purpose. If I have succeeded in the slightest degree, the Congress will make a corresponding effort in the future better to understand its own creation, the General Staff.

The General Staff is constituted by temporary detail from all arms and services of the Army. Its membership, ever changing, includes, among others, infantrymen, aviators, surgeons, engineers and chemists, artillerymen, and supply experts. Representatives of all parts of the Army are brought together to form a conglomerate whole. This body is created to insure the presentation and weighted consideration of all viewpoints. Organization and procedure are planned to make use of these viewpoints so that, on every matter subject to departmental consideration, the Chief of Staff and the Secretary of War may obtain a composite picture in which all Army agencies are given balanced treatment. The General Staff is concerned primarily with policies. It has no power of action, except as expressly delegated by the will of command.

[Here the gavel fell.]

Mr. BURNHAM. Mr. Speaker, I ask unanimous consent that the gentleman from Oregon may proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. BURNHAM]?

There was no objection.

Mr. MARTIN of Oregon. In respect to procurement of equipment and supplies, the General Staff is concerned solely as the agent of the using forces. During the reorganization of the War Department, after the World War, Congress insisted that the tremendous task of coordinating industry and procurement for war should be withheld from the control of Army officers and placed securely in the hands of civilians. Side by side with the General Staff, wholly independent of it and of the Chief of Staff, Congress therefore created an organization under the exclusive control of the Assistant Secretary of War, who, in turn, is responsible only to the Secretary of War. The considerations of this agency are predominantly industrial, as those of the General Staff are predominantly military. All contractual functions are therefore under the exclusive control of the Assistant Secretary of War.

Mr. WOODRUFF. Will the gentleman yield there?

Mr. MARTIN of Oregon. Yes; I yield.

Mr. WOODRUFF. In view of what the gentleman has just said, it naturally follows that if there has been any inefficiency or worse in the purchasing of supplies for the Army, it has been due to civilians and not to members of the Military Establishment itself?

Mr. MARTIN of Oregon. Absolutely; and yet people rush in and say the General Staff is to blame for all of this. It has nothing whatever to do with it at all.

Time and talents have permitted me to give you but a thumb-nail sketch of a great institution; and a viewpoint of some of its problems. It is a loyal organization. It can stand censure, and criticism, if it must. I urge upon you, nevertheless, that you practice restraint in resorting to critical measures. When you criticize the General Staff, you criticize the Army of the United States—Regulars, National Guard, and Reserves. When you criticize the Army, you criticize our country. Look upon the General Staff as the reflection of your own image. Cherish its good faith, as you would protect your own good name, and the welfare of our great Nation! [Applause.]

The SPEAKER. The time of the gentleman from Oregon has again expired.

INVESTIGATION OF NAZI PROPAGANDA

Mr. COX, from the Committee on Rules, submitted the following privileged report (Rept. No. 878) from that committee for printing under the rule:

House Resolution 198

Resolved, That the Speaker of the House of Representatives be, and he is hereby, authorized to appoint a special committee to be composed of seven members for the purpose of conducting an investigation of (1) the extent, character, and objects of Nazi propaganda activities in the United States, (2) the diffusion within the United States of subversive propaganda that is instigated from foreign countries and attacks the principle of the form of government as guaranteed by our Constitution, and (3) all other questions in relation thereto that would aid Congress in any necessary remedial legislation.

That said special committee, or any subcommittee thereof, is hereby authorized to sit and act during the present Congress at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses, and the production of such books, papers, and documents, by subpena or otherwise, and to take such testimony, as it deems necessary. Subpenas shall be issued under the signature of the chairman and shall be served by any person designated by him. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

UNCLAIMED DEPOSITS IN NATIONAL BANKS

The SPEAKER. The Chair lays before the House the following communication from the Senate.

The Clerk read as follows:

Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill S. 2359, "To provide for the disposition of unclaimed deposits in national banks."

The SPEAKER. Without objection, the request is granted.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934.

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 1083) authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes.

The message also announced that the Senate recedes from its amendments nos. 31, 32, 33, and 34 to said bill.

WAR DEPARTMENT APPROPRIATION BILL—FISCAL YEAR 1935

Mr. COLLINS of Mississippi. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8471, the War Department appropriation bill for the fiscal year 1935, and for other purposes, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. In accordance with the previous order of the House, debate on the bill H.R. 8471 will proceed for 2 hours today and be confined to the bill, the time to be equally divided between the gentleman from Mississippi [Mr. COLLINS] and the gentleman from Ohio [Mr. BOLTON], at the end of which time the bill will be read for amendment under the 5-minute rule.

Mr. BOLTON. Mr. Chairman, I yield myself 15 minutes.

Under the agreement reached earlier in the week, the balance of the time for debate on this bill will be confined to a discussion of the bill itself. The Chairman of the Subcommittee on Appropriations intends to discuss the bill in detail. Consequently I propose to take only such time as needed to make some general remarks on the recommendations which the bill carries to this committee.

The bill as recommended to the committee represents the arduous work of the subcommittee for several weeks, and weeks of hearings. Happily, the bill meets the general approval of those most directly affected by its recommendations and it is believed the bill as recommended to the committee unanimously by the Subcommittee on War Department Appropriations will meet the approval of the committee. As we would naturally expect, discussions and studies of this matter have been led by the able chairman of the subcommittee. I am very glad to have this opportunity not only to express my personal regard for the gentleman from Mississippi and his intense interest in our Military Establishment, but also my respect for the manner in which he has handled these deliberations. But, further, I want to express my appreciation to him for the courtesy which he has shown the minority members of his committee. This year the chairman was handicapped, perhaps, by having two new minority members on his committee. This did not prevent him from giving us every consideration and we of the minority are grateful for the extreme courtesy he has shown us, and we feel very fortunate in having such an able leader of our committee considerations and our common problem.

I also should like to congratulate the chairman of the subcommittee on what he has accomplished in this bill. The gentleman from Mississippi has made suggestions to the committee and to the House of Representatives for many years with regard to certain types of equipment to be used by the Regular Army. Part of his recommendations are carried in this appropriation bill and so it really represents the culmination of years of work on this subject on his part.

I am one of those who believe in national defense. I believe the Regular Establishments of the Army and the Navy are not only the first line of our defense but our best insurance for peace. Consequently I am very happy at the support this bill gives the Army.

The bill carries appropriations of approximately $243,000,000 for the military activities of the Army. As we all know, the bill is divided into three parts: Appropriations for the War Department, appropriations for the military activities of the Army, and appropriations for the nonmilitary activities of the Army. The $243,000,000 recommended this year for military activities is approximately $30,000,000 less than the appropriations recommended to Congress for the current year, but approximately $25,000,000 more than the funds allowed the War Department by the Director of the Budget for the fiscal year 1933–34. When we add to this the huge sum of $115,000,000, which was allotted to the War Department by the Public Works Administration, we can see that the funds at the disposal of the War Department up to June 30 of next year are considerably greater than the War Department has had for several years.

I think it might be appropriate to point out the fact that after the appropriation bill was passed last year the administration saw fit to reduce it by many millions of dollars and cut down activities for which Congress appropriated money. Following that, however, this huge sum of $115,000,000 was allotted by the Public Works Administration; and in connection with that action it might be commented upon that the Public Works Administration made their allocations and allotments without regard to, or at least without following, the recommendations of the Chief of Staff as to the necessity of the different activities provided for.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. BOLTON. Certainly.

Mr. DOWELL. Was that at all in harmony with the recommendations of the subcommittee?

Mr. BOLTON. Our committee had nothing to say about the allotments made to the War Department by the Public Works Administration. I might say that what has been done in this instance is characteristic of what has been done with many other departments by the Public Works Administration. In other words, the Public Works Administration has seen fit to follow its own ideas in allotting money for various activities of the Government, many of which had been refused by congressional action.

Mr. DOWELL. One other question, if the gentleman will permit; I understand from the gentleman the General Staff was not consulted about these allocations.

Mr. BOLTON. No. The General Staff submitted a list of recommendations which will be found in the hearings. These recommendations amounted to approximately $380,000,000. From these recommendations the Public Works Administration selected certain ones for which approximately $95,000,000 was allotted for military activities. Of this amount over $60,000,000 was for Army housing. It is but fair to admit that the Public Works Administration in making its allotments was probably moved by the thought of primarily encouraging employment. I say, however, it is very unfortunate that the military necessities and tactical needs of the Army were not considered in making these allotments.

Mr. DOWELL. Would it have been possible to have allocated this money to military activities which would have been more beneficial to the Army and also have created the same amount of employment?

Mr. BOLTON. I think that is a matter of personal opinion. I, being a firm believer in the efficiency of the Army, would have preferred to have seen allotments made for equipment or for ordnance supplies or for mechanization and motorization rather than for the building of barracks, hospitals, gymnasiums, and parade grounds at the Army posts.

As I say, the military activities of the War Department have been well taken care of through the proposed appropriations. Insofar as the nonmilitary activities are concerned, $250,000,000 has been allotted by the P.W.A. For rivers and harbors and for flood-control improvements the total amount of the proposed appropriations comes to something like $279,000,000 as opposed to $349,000,000 appropriated last year. When we add to this $250,000,000 for non-

military activities and $115,000,000 for military activities allotted by the P.W.A. and available until June 30, 1935, I think we can agree that the War Department this year is well taken care of.

General MacArthur, commenting on the bill, said that the funds proposed to be appropriated for the War Department were meager but adequate. This comment was made prior to certain changes made by the committee in which recommendations for motorization, mechanization, and additional airplanes were added. The committee feels that the amount in the bill is adequate, and particularly in view of the augmentation by the P.W.A.

Insofar as the personnel of the Army is concerned, it is proposed at about the same basis as last year. Insofar as equipment is concerned, the committee feels that the ordinary equipment appropriated for is sufficient. In addition, however, there are three large items which the committee added through certain changes in the bill. One is for mechanization of a portion of the Regular Army, by which one regiment of Cavalry will be mechanized, as well as certain units of the Infantry. Another permits the total motorization program of the National Guard to be completed from funds recommended, with the exception of certain of the heavier types of artillery. The committee has appropriated additional funds for experimentation in the airplane field, as well as funds for the purchase of additional airplanes.

Mr. DOWELL. Will the gentleman yield again?

Mr. BOLTON. I yield to the gentleman from Iowa.

Mr. DOWELL. What is the cost of the motorization of the Army?

Mr. BOLTON. Does the gentleman mean motorization in this bill?

Mr. DOWELL. Yes. What is appropriated, or what is the extra amount involved?

Mr. BOLTON. There is an additional one million and a half dollars added to the bill for the purpose of motorization of the National Guard. In addition to this, there are about nine or ten million dollars of P.W.A. funds for motorization in the Regular Army.

Mr. DOWELL. Is that above the expense for motorization?

Mr. BOLTON. The $10,000,000 is the amount allotted by the P.W.A. in addition to funds appropriated in this bill.

Mr. DOWELL. What I want to get at is the aggregate; adding the $10,000,000 to the amount appropriated.

Mr. BOLTON. Between $10,000,000 and $12,000,000 for motorization alone.

Mr. DOWELL. May I inquire what is to be done with the horsepower in the Army? Is that to continue as it has been?

Mr. BOLTON. No. Does the gentleman mean as far as the actual operations of the artillery are concerned?

Mr. DOWELL. So far as the appropriations are concerned.

Mr. BOLTON. The Appropriations Committee has in mind that the horses which will not be used because of mechanization or motorization will be transferred to other units of the Army which today require horses and which today are underhorsed.

Mr. DOWELL. They will be continued?

Mr. BOLTON. In part. Some units will be cut down and some discontinued. There are about five or six thousand animals in the National Guard alone, which have, or can be dispensed with, meaning a tremendous saving on the part of the National Guard. As a matter of fact, the motorization program of the guard for the past 2 years has amounted to about $3,000,000. This expense will be taken care of entirely by savings in the elimination of horses, forage, and so forth.

Insofar as the training activities of the Army are concerned, the previous reductions made by the Director of the Budget will be corrected. Funds are carried in the bill for the training as heretofore of the regular units of the Army. Funds are carried for the National Guard which will permit of an increase in guard drills, also the regular 2 weeks' training at camp, and the regular number of Organized Reserves are appropriated for as recommended by the War Department.

Mr. WADSWORTH. Will the gentleman yield?

Mr. BOLTON. I yield to the gentleman from New York.

Mr. WADSWORTH. Can the gentleman give us some information in connection with the training of the National Guard in this respect? Will the supply of ammunition which may be expended in the coming fiscal year be sufficient to give all the units of the Regular Army and the National Guard their regular target practice in addition to their ordinary training with the rifle?

Mr. BOLTON. I cannot speak about the regular target practice, but the testimony before the committee indicated that ample funds have been set aside not only for the National Guard but for the Regular Army.

Mr. WADSWORTH. Are the funds set aside in this bill larger than the funds set aside last year?

Mr. BOLTON. I think they are much larger than the funds actually allotted last year. I may be mistaken in this.

Mr. WADSWORTH. I am very glad to hear that, because in this present fiscal year the fighting forces of both the Regular Army and the guard are being carried on with a minimum of instruction in their weapons, due to lack of ammunition, and a pitiable condition has arisen. I am glad that there will be a more generous allotment the next fiscal year.

Mr. BOLTON. I recall General MacArthur's testimony to the effect that ample funds were provided for rifle practice. As I say, insofar as training is concerned, we believe that ample funds are set aside for this purpose. This applies not only to the Regular Army and the National Guard but also the Organized Reserves.

The ordinary supplies for the Army are taken care of in the bill. There is one comment, however, I wish to make with reference to the general supply situation. It is on the broad subject of supplies and reserves for our Military Establishments.

We are all familiar with the situation confronting the War Department in 1917 and the fact that the various supply bureaus, with tremendous demands placed upon them, acted independently and without coordination, to such an extent that the President found it necessary to set up the coordinating body of the War Industries Board, with its Priorities Board, Clearance Committee, and similar activities, to correct the situation, and properly correlate the demands of industry.

After the war the National Defense Act was enacted, which, among other things, delegated the responsibility for the supervision of the procurement of supplies for the Army to the office of The Assistant Secretary of War, and which contemplated to so regulate the activities of the Army in that respect that difficulties such as experienced in 1917 would not be reenacted. Yet today each supply bureau of the Army is carrying on its procurement activities rather independently of other supply agencies, and, with the exception of matériel which is common to two or more branches of the field forces, it is customary for these bureaus to secure the necessary equipment and supplies requisitioned of them without regard to other activities.

[Here the gavel fell.]

Mr. BOLTON. I yield myself 5 additional minutes.

Mr. ROBERTSON. Will the gentleman yield?

Mr. BOLTON. I yield to the gentleman from Virginia.

Mr. ROBERTSON. Will the gentleman give us some information about the Army hospital at Denver, Colo.?

Mr. BOLTON. I will when I get through making my general statement.

It is quite true each supply bureau acts under the supervision of the office of The Assistant Secretary of War in its procurement program, but it is equally apparent no direct supervision or direction is authorized relative to sources of supply or industrial requirements of such programs. It is true studies and data relative to the industry of the country have been completed by the War Department and are constantly revised, but it is questioned whether the procure-

ment of supplies for the Army are made with these data primarily in mind and the necessity for close cooperation as well as the development and establishment of basic industries essential for such procurement always of first importance. The various bureaus are permitted to fill their requirements under such conditions as the law prescribes and from such sources as they determine, regardless of the activities of other bureaus.

While it is true that advances have been made in placing the responsibility for the procurement of types of equipment used by more than one branch of the Army under the authority of an individual bureau, yet it is apparent that the various supply bureaus of the Army are dealing with industry and their sources of supply in a manner which might result in the same confusion as referred to at the beginning of the World War.

The hearings through which the committee has sat indicate this lack of close supervision very clearly, and the very natural desire of each supply chief to carry out his activities as efficiently but independently as he is able.

It is believed that a study of the situation might develop facts which could well be corrected or at least indicate the necessity for closer cooperation, for emergency as well as peace-time activities. It is, of course, realized that because of the tremendous number of depots and posts which go to make up our Regular Establishment, centralized activity in the procurement of supplies is most difficult. It is believed, however, that a general policy of procurement under which conflict in purchases as well as the development of industry to meet requirements in times of emergency would be reduced to a minimum is highly desirable and possible, and would lead to greater efficiency both in times of peace as well as war.

Again referring to the National Defense Act, the responsibility for procurements is lodged in the office of The Assistant Secretary of War largely with a view of having in mind procurements on a large scale in time of national emergency, and for the purpose of avoiding conflict in the placing of orders with industry. The Assistant Secretary of War is charged with the development of additional sources of supply in order to most effectively utilize industry in times of emergency, and the assurance of adequate provisions for the mobilization of matériel and industrial organization.

Testimony throughout the hearings has indicated that the Ordnance Department have made real advances throughout the country in setting up ordnance districts for the express purpose of handling orders for ordnance equipment, though little has been done in this respect in other branches. Yet one very serious comment on our procurement activities during the World War was the fact that most of the large establishments producing ordnance matériel, such as guns, armor plate, ammunition, and so forth, were located within easy distance of the seaboard and very vulnerable on that account. While it has been indicated that efforts are constantly being made to develop the ability of industrial plants to produce ordnance requirements throughout the country, little indication is evidenced of actual steps to encourage production of ordnance matériel so essential to the success of an army at points inland.

It is believed highly desirable that consideration of this most important function of the Army be given attention and steps taken not only to coordinate the activities of the ordinary procurement, but to more effectually prepare for the production in various parts of the country of the many types of supplies necessary in huge amounts in time of war.

Similarly the matter of war reserves might well be given serious consideration and study. These reserves today are supposed to consist of matériel and supplies sufficient to promptly equip 1,000,000 men. Primarily the requirement applied to ammunitions and such munitions as require time to produce and were called for in large quantities. Fundamentally preparations should be such as to permit all requirements being secured promptly to properly equip the force designated. Practically part of those requirements can be procured more readily than others, part of those requirements deteriorate more rapidly than others, and some become obsolescent sooner than others. Heretofore Congress has appropriated huge sums to build up and maintain these reserves. Congress further disposes from time to time of surplus or damaged stocks. The recent demands made upon these reserves of the Army for C.C.C. camps, the disposal of large surplus stocks as well as reserve stocks, and the question of replenishment of those stocks brings the matter very much to the fore, and the desirability of reconsidering the entire requirements for that reserve and the best method of maintaining it. Recommendations were made to Congress for such a study by the Committee on Appropriations last year, and attention is again directed to this situation because of the reduction in appropriation for this purpose.

There are two distinct functions of the Army—one of arms, the other of supply. Neither is effective without the full cooperation of the other, and to secure the best results full efficiency must be had in both divisions.

My remarks are not directed as criticism of the activities or efforts of any branch of the War Department. It is rather a belief that further study of our activities might bring us further efficiency and keep us more abreast of the times, which is so essential in the Army, not only in arms and matériel but also on the method of procuring same.

Now I shall be pleased to yield to the gentleman from Virginia.

Mr. ROBERTSON. On the subject of procurement, I would like to ask, first, if it is not true that Government agencies are now carrying over $2,000,000,000 of surplus or excess supplies?

Mr. BOLTON. I am not able to give the gentleman the figures, but I know the amount is very large.

Mr. ROBERTSON. Is any plan being evolved, through the new Division of Procurement or any other agency, for consolidated inventories so that one agency can transfer to another without buying new supplies?

Mr. BOLTON. I know that the General Staff is giving that entire matter consideration and study, and I do know that forward steps have been taken since the war; but, as I have tried to point out, in my opinion, they can go a great deal further.

Mr. ROBERTSON. The other question was with respect to the Army hospital, at Denver, Colo.

Mr. BOLTON. No provision is carried in the bill for continuation of that hospital, largely on the recommendation of the Chief of the Medical Corps of the Army.

Mr. ROBERTSON. Is that because the Army does not feel it wants the hospital or because the Veterans' Administration was using the hospital and the Army bearing part of the expense?

Mr. BOLTON. I think it is a combination of circumstances.

Mr. ROBERTSON. You cut $50,000 off of the item and that is $50,000 under the recommendation of the Budget Bureau.

Mr. BOLTON. Yes.

Mr. ROBERTSON. Would the gentleman feel at liberty to express his own views as to whether this hospital should be continued or not?

Mr. BOLTON. Primarily my recommendation for the disallowance of these funds was based upon the recommendations made by the Surgeon General of the Army. [Applause.]

Mr. Chairman, I yield the balance of my time to the gentleman from Mississippi [Mr. COLLINS].

Mr. COLLINS of Mississippi. Mr. Chairman, in presenting the War Department appropriation bill for the fiscal year 1935, as has been my custom during my chairmanship, I shall avail myself of the opportunity first to speak to a subject pointing to the realization of a better, more efficient, and more effective Military Establishment. I feel that much is gained in this way of focusing public attention upon matters or conditions which should be corrected, if it be our purpose to have a modern and effective military machine both as regards matériel and personnel. Therefore, today I shall



speak at some length to the subject of youth as a prerequisite to the kind of a Military Establishment it is our aim and endeavor to have.

Through the medium of the report which accompanied the presentation of the bill which is before you for consideration, the committee has attempted to inform the House in considerable detail of its action upon the estimates as presented in the President's Budget. In addition, however, I wish to say some things to you about the principal phases of the bill, which I shall do upon the conclusion of my remarks upon youth.

What I have to say about age ought really to be dedicated to those 2,816 first and second lieutenants who have graduated from West Point since June 1920. The highest ranking man of these 2,816 junior officers is still 792 files from his captaincy, and he cannot hope for promotion in less than 4 long years. These forgotten men of the War Department, condemned to withstand the dryrot of a stagnated promotion list, are a real concern. For 14 years they have been lieutenants and for still many more years will they remain so, unless we act upon this problem or wait for Fate to take action for us.

Before I elaborate my view upon the ages of our own military men in particular and upon soldiers in general, a few figures are in order so that an adequate background may be supplied and full information made available. These figures are all contained in the hearings on this bill and reveal a situation that seems fraught with danger and needless expense if we are to maintain a Military Establishment supposedly efficient and instantly ready for action in an emergency.

On June 30, 1933, we had 10,872 promotion-list officers in the Regular Army—officers supposedly capable of combat duty in the event of an emergency. These officers held rank from second lieutenant to major general, and were from 21 to 64 years of age. A glance at the age table on page 104 for Regular officers shows that our 21 major generals, those supposed to exercise high command in war time, had an average age of 59.4 years. Our 46 brigadier generals, those officers who will command brigades and divisions in time of war, were even older, having an average age of 60.33. Our 466 colonels, those officers who nominally command regiments and who would be subject to front-line duty in war, at least those not drawn upon to supply a wartime shortage of general officers, had an average age of 58 years. Similarly, we find our 577 lieutenant colonels had an average age of 51.6 years. Our majors had an average of 44.6 years, our captains 42.6 years, first lieutenants 34.75 years, and second lieutenants 26.33.

What is the significance of these figures? How many of you gentlemen think a colonel of 58 years or more can successfully lead his regiment into the front line and conduct it through a modern engagement? How many men of 58 have the mental and physical stamina to stand the awful pressure of twentieth-century combat or the ravages of future scientific slaughter? There is no hope for sexagenarians in a military establishment, even in peace time, because the rapid advance of invention and ingenuity leave them far behind—desk soldiers, dreaming of battles they fought and won decades ago.

Our Army is not without its full complement of sexagenarians: 46 percent of our major generals, 63 percent of our brigadier generals, 27 percent of our colonels, and too many of our majors and captains will never see 60 again. We have on our active promotion list today 207 officers 60 years or over, and while they are legally entitled to be with us until they reach the age of 64, and while the Government may still, perhaps, realize on their services in so-called "administrative positions", they are of no more use in time of emergency and conflict than so many cigar-store Indians. Furthermore, the positions they now hold could better be filled by younger officers or by civilian clerks. I will grant that there may be exceptions, but from figures and data I will presently produce I hope to show that Father Time and Father Mars have rarely worked together to produce successful antiques in a modern army. I do not use clerks in a disparaging sense. Our War Department right now is staffed with a large number of officers, some of high rank, who were clerks prior to April 6, 1917, which signifies that there are clerks who have the capacity to do the work of officers.

Our Regular Army is not alone the repository of all the officers who seem to suffer from over age and threatened hardening of the arteries. Our Organized Reserves can produce a list of aging officers that ranks with any organization, civil or military, in the world today. The tables on pages 404, 405, and 406 in the committee hearings show we have 86,503 Reserve officers on the active or eligible list. It is assumed, whether properly or not, that they are physically competent to exercise command and withstand the rigors of modern campaign and conflict. As a matter of fact, they are the Reserve officers who have taken some training within the past 5 years.

Strange to say, the age levels in the Organized Reserves are lower—only slightly lower—than in the Regular Army. Happily, the sole major general in the Reserves misses being a sexagenarian by 1 year. However, in order to make up for this slip of venerability, we find on the eligible list of the Reserves, 5 of the brigadier generals 60 years or older, 18 percent of the 823 colonels 60 years or older, 10 percent of the 2,562 lieutenant colonels 60 years or over, 6 percent of the 5,656 majors aged 60 or over, 194 captains, 23 first lieutenants, and even 4 second lieutenants 60 years or over, all claiming years but not youth for their military laurels.

I should refrain from commenting further on 60-year-old second lieutenants, first lieutenants, captains, and majors. This situation is pitiful and the conditions surrounding it even too humorous for digression. Nine hundred and seventy-nine sexagenarians clutter up the so-called "active" list of our Reserve officers. There are 5,882 of these active-list Reserve officers over 50 years of age and let us bear in mind that Reserve officers are now commissioned in grades no higher than that of colonel. Perhaps some day we may realize that senility and national safety cannot join hands. If it be thought I draw too dark a picture here, I refer you again to the table on pages 405 and 406 in the hearings on this bill. For mirth-producing reading I suggest that this table of officers in the Auxiliary Reserve of the Officers' Reserve Corps be inspected. There we find generals, colonels, and majors in their eighties, and standing alone, like some prehistoric man, a second lieutenant aged 72.

I must admit that much of this data sounds like the report of an expedition that has been excavating stone tablets from an Egyptian city buried since time immemorial. Seriously, these tables are official War Department records, dated February 19, 1934—though the ages listed upon them lead one to believe they came from the archives of the Smithsonian Institution or were found in the tomb of King Tut. I do not want to seem to be singling out that overaged gladiator, the 72-year-old second lieutenant, although he deserves mention. I notice in the tables that he has still an older and a higher-ranking officer in the wheelchair brigade to report to—a major, age 86, of pre-Civil War vintage, but still a Reserve officer in the eyes of the War Department. And I am of the opinion, from what has been developed in committee hearings in the past few years, that even these Stone Age warriors of the Reserve Corps would have still older ones as comrades in arms if only it were possible, by regulation or otherwise, to make Reserve officers live longer. It is only through death that we can lose them from the muster rolls. Indeed, the words of that West Point cadet song have come true in more ways than one—the "Long Grey Line" stretches back into the years and includes the hoary and the aged.

These figures cannot be lightly dismissed with the hope that no such condition exists in our Air Corps. There youth is supposed to prevail. The tables on pages 157, 158, and 159 of the hearings show that there are 19 flying officers with 30 years of service in the Air Corps today. Seven of

these 30-year members are captains and some of the first lieutenants have as high as 24 years' service. On a straight age basis, an analysis of the personnel of the Air Corps shows that 34 percent are above the age of 40. I do not believe that all of these officers are capable of modern air combat in future high-speed planes at fighting altitudes.

There is little significance in merely reciting the ages of officers, as I have done, without making comparisons and relating these ages to war-time efficiency and combat work. I do not want to put the War Department's 86-year-old major and its 72-year-old second lieutenant out on the firing line just yet, even though it were necessary to carry them there. No such conditions as I have described were to be found in the A.E.F. during the World War. If we analyze the age figures in that great American Army, what do we find?

As a matter of truth, according to recent present press reports, a medical officer having the temerity to ground one of these old flyers runs the risk of being villified or involves himself in difficulties.

The supreme high command of the whole A.E.F., headed by Gen. John J. Pershing and including such distinguished staff members as Maj. Gen. Mason M. Patrick, Major General McAndrew, Brig. Gen. H. B. Fiske, and Brig. Gen. LeRoy Eltinge, had an average age of 48.8 years. None of these military leaders was a sexagenarian and all of them were in their low fifties or high forties. Compare these with our military leaders today, with 46 percent of our major generals and 63 percent of our brigadier generals sexagenarians and nearly ready, so far as their ages are concerned, to unhook their spurs and step jauntily into the nearest wheel chair.

We had generals in the World war in their thirties and colonels in their twenties, but we never get anyone lower than 55 or 56 in peace times. The commanding officers and generals of the staffs of the first, second, and third armies of the A.E.F. all averaged less than 50 years old, with one exception. Those two American generals of the A.E.F., Lt. Gen. Hunter Liggett and Maj. Gen. J. T. Dickman, who did reach 60 years of age while in service, invariably surrounded themselves with young generals in their thirties or forties. Gen. Douglas MacArthur, who commanded the Eighty-fourth Infantry Brigade under General Dickman, was 37 in the World War, while Gen. Hugh A. Drum, who was General Liggett's chief of staff, was 38 years old at that time.

Out on the front line with the combat divisions of the A.E.F. you saw no 60-year-old generals on the scene with minor exceptions. Here the average age was much lower, in the middle fifties. The following official War Department figures show that on November 11, the principal troop leading positions were held as follows:

	Oldest	Youngest	Average
Division commanders	63	44	55
Artillery brigade commanders	59	38	47
Infantry brigade commanders	62	37	51

Another important point to notice is that when division commanders were relieved, they were invariably replaced by younger generals. For instance, the First Division of the A.E.F. started out with a general aged 52 in command and ended at the armistice with a general in command aged 45. The Third Division, likewise, had as its first commanding officer a general aged 59. He was replaced with one aged 57 and finally a general aged 45 was placed in authority. I cite these instances, not to reflect upon the efficiency or the courage of any of our A.E.F. division commanders, but merely as an indication that modern warfare and age cannot be joined together in happy wedlock. And if these two instances seem isolated and not indicative of the general trend, I suggest that those of you with a penchant for military history follow the action of such A.E.F. divisions as the Twenty-sixth, the Thirtieth, the Thirty-second, the Thirty-fifth, the Forty-second, the Seventy-seventh, the Eighty-second, and the Ninetieth, each of which ended the war with a commanding general far younger than the one who first went into battle with it.

Even in the War Department in this country in 1917 and 1918 age had to give way to youth, and to give way rapidly. According to official War Department figures in 1918, the Chief of Staff, Gen. Peyton C. March, was only 54 years old. The chiefs of the branches of the War Department averaged 51 as against a pre-war average of over 60. Major generals appointed after October 1, 1918, averaged 54 years of age and brigadier generals averaged 47 years of age, with the youngest aged 35. The commanders of the units being formed in the United States up to and including the armistice showed these age levels:

	Oldest	Youngest	Average
Division commanders	61	43	53
Artillery brigade commanders	55	38	44
Infantry brigade commanders	51	34	47

In the Infantry of the Regular Army on November 11, 1918, there were 24 colonels who were under 40 and 1 of these was 29.

Mr. STUDLEY. Will the gentleman yield?

Mr. COLLINS of Mississippi. I will.

Mr. STUDLEY. How old was General Foch, who went through the entire World War?

Mr. COLLINS of Mississippi. He was one of the exceptions. He knew his weakness, and hence surrounded himself with young officers, and urged other allied countries to send only young men to France.

Mr. STUDLEY. How old was Hindenburg?

Mr. COLLINS of Mississippi. Ludendorff was the man upon whom Hindenburg depended, and was the outstanding general of the German Army.

Mr. STUDLEY. What was his age?

Mr. COLLINS of Mississippi. He was a young man. I do not want any man to believe that there have not been isolated instances in the world's history where men, in spite of their age, have been able to succeed in warfare. But these men have been the exception. If you will read history you will find almost without exception that every successful military leader was under 50, and most of them under 40 at their prime.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. COLLINS of Mississippi. I will yield.

Mr. MARTIN of Oregon. Does the gentleman know the age of Napoleon? He was only 27 years old.

Mr. COLLINS of Mississippi. The gentleman is right; I am coming to that.

When General March took over the War Department in 1917 he ruthlessly weeded out senescent holders of sinecures and replaced them with men almost one half their age. He took R. C. Marshall, a captain in the Coast Artillery, and made him a quartermaster general in charge of all construction. He took Frank Hines, a captain in the Field Artillery, and made him a general in charge of personnel. R. E. Wood, a retired Cavalry major, was made Quartermaster General. These men were young by all the standards that now exist in the War Department. Only youth and physical prime can meet the full impact of war in any field.

Official War Department data has the following to say about the relationship between age and command:

RELATIONSHIP BETWEEN AGE AND COMMAND

Official War Department Data

Command or leadership of any group goes to the man who has the mental and physical qualities necessary for the duty, the mental qualities having been developed by study and by experience.

The mental and physical ability of the officers of the Army to perform their allotted tasks has for many years been of very serious consideration by those in authority. The results of this consideration have been the many measures taken to eliminate those unfit—retirement for physical disability, examination for promotion, class B, etc.

The normal peace-time requirements as to the daily efforts of the individual fill his time, but they do not carry the added items of responsibility for lives of those under them and with it

the corresponding nervous tension which appears in time of stress and war calling for a much fuller and extra effort.

Within our service, command has gone by seniority. With only the losses of officers due to quite natural causes, this has meant that seniority has carried with it age. Increasing age means increasing likelihood of mental and physical disabilities.

The problem of age in relation to command was one of the first which faced General Pershing on his arrival in Europe on our entry into the World War. In 1917 Pershing himself was nearly the junior major general. He was 57 years old, younger than all except Wood, who was only a month younger than Pershing.

In his early visits of inspection to French and British troops he was struck by the ages of the principal troop leaders—division and brigade commanders—so much so that he expressed himself in a cable to War Department in July 1917, as follows:

"My observation of the British and French Armies and most exacting arduous service at the front, fully convinces me that only officers in full mental and physical vigor should be sent here. Contrary course means certain inefficiency in our service and possible later humiliation of officers concerned. General officers must undergo extreme effort in personal supervision of operations in trenches. Very few British or French division commanders are over 45 or brigadiers over 40. We have too much at stake to risk inefficiency through mental or physical defects. Strongly recommend condition be fully considered in making high appointments, and suggest that no officer of whatever rank be sent here for active service who is not strong and robust in every particular. Officers selected for appointment general officer of line should be those with experience in actively commanding troops. Officers not fulfilling above conditions can be usefully employed at home training troops."

It is but necessary to look at the average ages of the officers of the Regular Army of pre-war time to realize the intense shock of such information.

Average age, Jan. 1, 1915

	Number in grade	Youngest	Oldest	Average
Major general	6	55	64	58.2
Brigadier general	15	55	64	59.6
Colonel	160	41	64	57.4
Lieutenant colonel	139	43	62	52.1
Major	353	33	64	46.4

It is, of course, to be realized that the French and British had arrived at this condition as to age of their general officers only after 3 years' fighting with its inherent losses and the accumulated experience to the younger and at the outbreak of the war junior officers.

That he continued to bear this in mind is shown by a letter direct to the Secretary of War on October 4, 1917, in part as follows:

"Both the British and French higher officers emphasize in the strongest terms the necessity of assigning younger and more impressionable men to command brigades and divisions. We would commit a grave error if we fail to profit by their experience. A division commander must get down into the trenches with his men and is at all times subject to severe hardships. * * * The French Army was filled with dead timber at the beginning of the war and many French failures are due to this fact. General officers must be fitted physically and mentally, must have experience and must have go and initiative, if they are to fill positions fraught with such momentous consequences to the Nation and which involve the lives of thousands, perhaps hundreds of thousands of our men."

And in his book Pershing speaks again of the subject as of the summer of 1918, when he says:

"After visits to units that had lately joined, further attention was given to qualification necessary in our higher officers. The British and French both had commented unfavorably upon the evident inactivity of many of them and even upon the infirmities of some of the division commanders who had been sent over during the preceding months to observe and study conditions at the front. It had been proved over and over again by the Allies that only the strongest could stand the continuous and nerve-racking strain of battle. * * *"

Lt. Gen. Hunter Liggett, in his book "A.E.F.", speaks of this same subject as follows:

"Some of the finest officers we had went to pieces under the emotional strain of command, fearful at the best, intensified here by the knowledge that they were leading troops only partially trained against the best organized and most skillful man-killing machine ever set going. The responsibilities broke their hearts. * * * These nervous collapses were most apt to manifest themselves when a man's command was held up with heavy losses. A commander needed iron in his soul at such moment. They were much more frequent among older officers of higher rank than among lieutenants, captains, and majors who had physical discomfort added to responsibility."

For the information of this House I am here inserting into the RECORD an official War Department table compiled by the statistical bureau of the General Staff of yearly age levels of our Army officers:

Average age—Regular Army officers—Promotion list only

	Major generals		Brigadier generals		Colonels		Lieutenant colonels		Majors		Captains		First lieutenants		Second lieutenants	
	Years	Months	Years	Months	Years	Months	Years	Months	Years	Months	Years	Months	Years	Months	Years	Months
June 30, 1933	59	6	60	4	58	0	51	7	44	8	42	7	34	9	25	4
Dec. 31, 1932	57	6	58	5	57	2	50	11	43	9	41	9	34	1	26	1
Dec. 31, 1931	58	4	59	3	56	10	50	10	43	4	40	11	33	11	26	0
Dec. 31, 1929	58	2	58	0	55	8	50	7	41	11	39	5	33	5	25	10
Dec. 31, 1928	59	4	58	2	56	3	51	8	42	9	39	6	34	1	26	9
June 30, 1924	60	5	53	2	54	5	49	5	40	3	36	4	31	11	26	0
Jan. 1, 1923	59	5	54	2	51	9	48	1	39	1	32	8	30	3	25	2

And here is another official War Department table compiled by the statistical bureau of the General Staff showing the ages of A.E.F. World War officers:

General officers, World War—average ages

	Oldest	Youngest	Average
Division commanders—Nov. 11, 1918, A.E.F.	63	44	55
Artillery commanders—Nov. 11, 1918, A.E.F.	59	38	47
Infantry brigade commanders—Nov. 11, 1918, A.E.F.	62	37	51
General officers on duty with General Headquarters—Nov. 11, 1918	58	42	48
General officers on duty with Service of Supply—Nov. 11, 1918	59	39	52
General officers—Nov. 11, 1918, A.E.F. (activities):			
Commanding Army Corps	61	50	55
Confidential duty, Supreme War Council	65	55	59
Medical Corps	56	48	51
Commanding Armies	61	57	59
Sick	55	55	55
Railway Artillery	47	47	47
Headquarters Armies	51	39	46
Headquarters Army Corps	53	43	48
Unassigned	61	45	52
En route to United States	59	56	57
Military attaché	58	58	58
Commanding American forces in Siberia	53	53	53
American Mission to Italy	59	59	59
Major generals appointed after Oct. 1, 1918	61	48	54
Brigadier generals appointed after Oct. 1, 1918	62	35	47

All other armies in the World War had the same experience with regard to age of their officers in the high command. The beginning of the World War saw the British Army led by the commanders who had won their spurs in the Boer War 10 years before, with the result that out of 12 officers above the rank of major general, 9 broke down, including the chief of staff. The same condition existed for the German Army, and it held for the French also. For instance, military historians tell how the French general, Lanrezac, for many years in charge of the French Military Academy and who commanded the Fifth French Army, at once became incapable of forward movement under fire, yet he had done nothing but preach the necessity of continuous attack.

If this be too recent history, turn to our Civil War. What were the ages of our great generals there? Stonewall Jackson at Shenandoah in 1862 was 38 years old. McClellan in the peninsula campaign was 36. J. E. B. Stuart at Chancellorsville in 1863 was 30. Nathan Bedford Forrest, who got there first with the most men, was 43. Sheridan at the Battle of Five Forks in 1865 was 34. Grant at Vicksburg was 41. Lee at the Battle of the Wilderness was 57, and Grant's 15-year advantage, military historians say, had

much to do with the final results. The average ages of 14 of our most successful Civil War generals at the time of their most extended engagements was but 41.9 years.

At this point I will include a table showing these ages:

Ages of Civil War generals in 1862

Jackson	38
McClellan	36
Grant	40
Longstreet	41
Stuart	30
Mosby	30
Beauregard	44
Forrest	41
Early	46
J. Johnston	55
Lee	55
Hancock	38
Sherman	42
Sheridan	31

The average ages of these generals in 1862 was 40.5 years.

Almost any war of major proportions may be selected at random and it will be discovered that combat is the province of youth and not of age. In Gen. J. F. C. Fuller's recent book entitled "Generalship, Its Diseases and Their Cures" he says that in—

> The Napoleonic Wars the average age of generals was under 40. At Waterloo, Napoleon was 46. In 1861 the average age of 20 Federal and Confederate officers who as generals played a leading part in the Civil War was 38½ years.

General Fuller says:

> All the great British generals except Cromwell and Marlborough gained their victories before middle age. Clive, Wolf, and Wellington were all famous at 30, world famous at 40.

And, believe it or not, we now have in the Regular Army first lieutenants as old as 60 and in the auxiliary of the Reserves a second lieutenant aged 72 and a major aged 86. I confess that some merciful legislation ought to be passed to keep these old gentlemen away from the noise of combat and the dangers of military machinery.

Infrequently equally fine statements are available from worth-while military sources in the United States, some of which I have already noted. One of the most recent was contained in the Field Artillery Journal for January–February 1933. Col. C. D. Herron, executive for Reserve affairs in the War Department, has in that issue of the Field Artillery Journal part of his speech he made to the 1933 annual convention of the Reserve Officers Association of the United States. The subject of his speech was Age. He said:

> Of all the combat officers who reached the front line and lasted until November 11, 1918, the oldest was 52. * * * If 52 be the upper limit set by the god of war for a mere summer's campaign, many of us [Reserve officers] are doomed to disappointment when war comes.

Further along he said:

> It may be surmised that when war comes those colonels of the Regular Army rated "superior" not more than 60 will receive promotion. However, all over 50 might as well recognize the fact that unless they prove to be Pershings or Hindenburgs, the enjoyment of such promotion will be fleeting. * * * When the armistice came, a few, but not many company officers above 30, were to be found on the front line. And some majors over 40. But by and large, their elders, like the colonels over 52, had gone.

Later he said:

> For combat troops there is for every rank an age above which it is futile for the individual to attempt or the Government to permit front-line duty. It is all very well for graybeards to frisk merrily about and sound the loud bazoo concerning their youthful vigor, but they deceive no one but themselves. Congress can decree that we remain on the active list until we are 64, but no law can make us fit to take the field at that age.

Notice this officer's statement:

> The colonels over 52 had all left the front lines by the armistice.

And look at these figures I have submitted which show that in our Regular Army today every colonel, with the exception of four, are 52 years of age or older. Are we to learn nothing from experience? Are we to defy the lessons of history and turn our War Department into an old soldiers' home?

I want to quote once more from General Liggett. In his book, The A.E.F., he says—

> One night in July 1918 I said to Pershing, "We are too old to make war. If I were 15 years younger I should not be sitting here before a map. I should be out all over the front." Pershing, who was 3 years my junior, smiled, but did not commit himself. Speaking for myself I meant just what I said. * * * I let chances go by which I should have accepted had I been 45 or younger.

This statement is sound military thinking. It is in accordance with what all great generals have believed. Napoleon, for instance, said that no general over 45 should be allotted an active command, and that no general over 60 should be given anything but an honorary appointment.

Of all the diseases and debilities to which modern armies are prone, none is worse in its effects from top to bottom than old age. An army may lack quantity and quality of armament and personnel and still give a good account of itself, provided youth is on its side. But if it suffers from old age, there is no hope for it, and no amount of men and munitions can save it from chaos and failure when emergencies arise. The War Department went to pieces like a house of cards when faced by the problem of the World War. The reason for this holocaust was age and age alone. Maj. Gen. Johnson Hagood, of our Army, told the House Military Affairs Committee last spring that the War Department is doomed to break down again in the event of war. I believe the reason for his prediction may be summed up in one word—"age." Gentlemen, let us eradicate "age" now and fill vacant positions with officers possessing vigor, stamina, and leadership. Let us not keep those thousands of first and second lieutenants graduated from the Military Academy since the World War so far down on the promotion list that they grow old and rheumatic while waiting to exercise the command and the responsibilities they are naturally fitted for.

The only real successes of the last war were achieved when those strongest military attributes of youth were utilized most fully. Those military attributes are mobility and surprise. Mobility in the last war was achieved through mechanization. Surprise was achieved through vigor and dissembling. Age possesses neither of these characteristics and cannot manufacture them by prayer nor by army orders and regulations.

In the last war, mobility, under the guidance of the elders, became zero. Surprise was forgotten in month-long artillery preparations for gigantic battles that were akin to slaughter houses. Vigor was limited by the range of the guns and deception by no other method than to daub paint on static fortifications under the hallowed name of camouflage.

Meanwhile science, the handmaiden of youth, forced age to abdicate. The tank, a dream in 1911, came to fruition 6 years later at Cambrai. Long after the World War was ended a military historian found in the pigeon holes of the British War Office the full plans for a tank that had been submitted to British generals in 1911. On the margin of the plan was a significant notation made by the aged military bureaucrat in rejecting the idea of the tank. The notation read, "The man's mad!"

Youthful "madness", symbolized in armored fighting vehicles, broke the existing stalemate on the western front. General Ludendorf termed the day the tank appeared in France as "the black day for Germany." In the airplane, youth found to the full its highest expression of vigor, mobility, and surprise. Yet even here age offered every handicap. For instance, when Germany toward the end of the war was in possession of 11,000 battle planes, tradition and conservatism, the characteristics of old age, prevented more than 33 bombers from ever raiding England together at one time.

War promises ever to become more mechanical. No longer will a nation permit its manpower to be killed on the grand scale as in 1914–18. Civilization cannot afford to be drained white and prostrated physically and materially for an-

other generation. No one but a stupid commander chained to tradition will ever have the temerity or the gall to send a soldier out on the future battlefield again protected only by khaki. Steel armor will protect the soldier from small-arms fire in the future, and if the venerable general staffs of the future through procrastination or through ignorance deny to youth this protection, civilization is doomed. Flinging soldiers into combat with less than this protection is criminal. Asking them to fight for their countries without it will ever be the function of those vociferous and unintelligent patriots who cry for human sacrifice but do not render it.

E. E. Slosson, a writer on scientific subjects, said recently:

The next war will be something not yet taught in West Point nor discussed in peace societies. In estimating belligerent assets, mechanical horsepower counts far more than man power in a country. Germany held out so long not because of Hindenburg but because of Haber, who discovered how to extract nitrogen for explosives from the air.

Give the fruits of science and mechanics to youth and you will have an unbeatable team. Rely solely upon age and you ask for disaster. Liddell Hart, a brilliant military critic, phrased it in this manner:

When war arises the small minds of aged military men, worn out by attention to trifles, are incapable of effort and fall miserably. Few men understand war in its largest aspects. Their past life has been occupied in drilling troops and they are apt to believe that this alone constitutes the art of war.

I am happy to note a changing policy on mechanization in the War Department. I commend to all of you a careful reading of an article by General MacArthur which appeared in the Hearst papers in connection with National Defense Week. What he says about effective machines is worth while. It is a very great pity that he concludes the article with a plea for "mere numbers of men." Let us hope that General MacArthur, while still young, will look forward toward mechanics and not backward toward man-power mobilization for his guidance. In this connection I submit as a criterion what Brig. Gen. B. H. Estes told the graduating class of the tank school at Fort Benning last month. He said:

What we must have is a swift, smashing military machine full of pep and vigor.

I claim to be no expert of mechanized fighting vehicles. I prefer to quote the best thought of recognized experts. That eminent British military thinker, B. H. Liddell Hart, said in a recent magazine article:

Anyone who has studied the armies of Europe is well aware of their imperviousness to change. Their form, far from being a further development upon that of 1918, resembles that of 1914 save for slight accretions. They are short-horned cattle with unwieldly infantry bodies. If I saw one of them begin to reduce of its own accord, I might begin to feel alarm and to suspect the adoption of some new instrument.

That observation is equally applicable to our own Army. The eternal cry is always for more man power and more animal power, never for more fire power. In the article just referred to by our Chief of Staff he publicly urged a 33-percent increase in enlisted strength for our Army, but even he had to admit that this might be accompanied by some increase in mechanization. This has been actually accomplished in our National Guard without increasing their numbers. Mechanization asks not for more men to go into combat but for fewer men, because each man is faster, more protected, less easily fatigued, and develops greater fire power with his ability to operate more and heavier weapons. Liddell Hart has stated that—

The annual cost of a light tank is only equivalent to that of a couple of infantrymen. In the wars where a mobile arm served as the arm of decision, its proportion to infantry was roughly 2 to 1.

Maj. O. T. Firth, of the British Army, said in an article in the Army Quarterly last year:

The difference between a horsed battery and a motorized battery in respect to training is amazing. In a motorized battery we have three times as much time to train specialists, range takers, etc., than in a horse battery.

We hear on all sides the cry to go slow, to experiment more. Often this doctrine means nothing more than a policy of drift and stagnation. Then we hear the elders claim that the supply of a mechanized force changes its powers of mobility into those of immobility. Liddell Hart has this to say on that point:

The problem of supplying a mechanized force is represented as being insuperable. In actual fact, a tank brigade can perform all the maneuvers of the present-day army without any transport at all. That is to say, soldiers march from 12 to 20 miles per day, cavalry from 20 to 40 miles per day. Mechanized forces can perform these maneuvers and return to their bases without refueling in 2 to 3 hours. In fact, modern armored "cavalry" ought to be accustomed to moving without transportation. Food for the men can be carried in the tanks. And an extended maneuver of 300 miles can be undertaken with a fuel supply carried on 20 trucks. What a contrast to the hundreds of horse and motor vehicles an infantry division must maintain!

I will even go further than this critic and venture to say that a modern mechanized force, like General Sherman's raiders in the Civil War, can ruthlessly scrap its transportation and equipment and live off the country. Gasoline pumps to supply a mechanized force today are as numerous as haystacks for the horse cavalry of 1865.

Let me give a picture of the war of the future. Says Gen. J. C. F. Fuller:

Will the army of today find any place in the future? This depends upon the nature of the ground and the nature of the enemy. Infantry will find a playground in those tracts of land difficult for mechanized forces, but it will have no real place in future warfare. In a war of the first magnitude no decisive battle has ever been lost or won in a mountainous country. Imagine what a mechanized battle will look like. It will be a series of rapid maneuvers, of feints, advances, retirements, followed by sudden annihilating blows. It will resemble a battle at sea, short and sharp, not prolonged. A few hours will see the complete destruction of a large mechanized force or its withdrawal to some land port where it will risk blockade. What use are infantry in such a war? Cut their line of supply and besiege them with tanks and they will only be an encumbrance. The little good they can do will be outbalanced by their need for supply. Cut away the usefulness of infantry and conscription has little reason to exist. The nation in arms, the creation of the Napoleonic Wars, will become a thing of the past and will give way to comparatively small long-service armies. The answer, therefore, is that wars will become less prevalent, gas engines causing the same restrictions in land warfare that steam power already has in sea warfare. No general of the future can hope to be a success if he shows himself antagonistic to the new social order, to the new education, or to new inventions.

Whatever we may say about youth—it may make mistakes, it may be impetuous, it may be inexperienced—but it is never antagonistic to novelty and invention. Youth in warfare never suffers from tactical arthritis nor is it afflicted with arteriosclerosis of its strategy. It never suffers the diseases of generalship. It is not burdened with years, it never stays in the rear, it prefers quality rather than quantity of armaments, it can provide leadership and it has, above all, physical vigor. Give an army leaders with these characteristics and we need never fear about our national security.

And for good measure we bring about economy along with efficiency in expenditures upon national defense, when we change our officer personnel from the old to the young. We can pay those who ought to be retired three fourths of their pay and the younger officers their full salaries and save $1,400 cash in each and every case. [Applause.]

Ladies and gentlemen of the Committee, I see no reason why we should not take a step in this direction, and that is one reason for the provision in this bill, written there with the unanimous vote of this committee, which begins the policy of eliminating practically 200 of these older men. With their elimination, we can feed younger men from the bottom into our Army and make the officer personnel a more active and efficient organization.

PROVISIONS OF THE BILL

I shall now proceed to a discussion of the bill itself. In my opinion, this is the best War Department appropriation bill that it has been my pleasure to help in bringing before the House. It is reported to you unanimously. I know that that means to most of you that there are many things in it

that do not meet with my approval. However, I am supporting it in its entirety, and I ask each and everyone of you to support it in its entirety. It is about $3,000,000 under the Budget. I do not mean to convey that all items are under the Budget, because we have reallocated and increased funds in a number of instances. I believe that if any of you would care to ask the confidential opinion of any member of the General Staff or of any well-informed Army officer in the War Department, with whom you may be acquainted, you would be told that this is as good, if not the best, War Department appropriation bill that has been reported to this House since the war. We feel unusually complimented today in having as one of the supporters of this bill my good friend the very able gentleman from Oregon, Major General MARTIN, of the United States Army. [Applause.]

I consider that I have been particularly fortunate in having as members of the subcommittee, of which I have the honor and privilege to be chairman, the gentleman from Arkansas [Mr. PARKS], who has given a great deal of his time and his thought to military subjects, and who has brought to every War Department bill many worth-while suggestions. I regard Mr. PARKS as one of the ablest Members of this House, and his contributions to this bill have been constructive and forward looking. We also have the gentleman from Texas [Mr. BLANTON] on this subcommittee and all of you know that Mr. BLANTON is one of the most tireless and intelligent workers in the House. For our minority members, we have the gentleman from Ohio [Mr. BOLTON] and the gentleman from New Jersey [Mr. POWERS]. Both of these gentlemen are World War officers. They know military subjects as they are. They are both young men, too, and are therefore not tied to old ways of thinking. They are intensely anxious to give to this Government an efficient military establishment, and their sound help and intelligent cooperation has been largely responsible for what I have said in praise of this bill.

Mr. BYRNS. How about John Pugh?

Mr. COLLINS of Mississippi. We all know John Pugh. No better or more intelligent man ever lived than John Pugh. He is pure gold. With his help our labors have been light. [Applause.]

This bill appropriates $279,000,000 plus. The appropriation bill for 1934 carried $349,000,000 plus, but the $349,000,000 plus that was made available for expenditures in 1934 has been reduced by budgetary limitation to $269,000,000 plus. Therefore, while this bill is about $70,000,000 less than the amount appropriated for 1934, it is about $9,500,000 in excess of the sum to which the Budget has limited current-year expenditures. However, that is not a good criterion to follow in considering this measure, because as to both military and nonmilitary activities extensive funds have been supplied by the Public Works Administration that are available for expenditure not only in the fiscal year 1934 but in the fiscal year 1935 as well. So, when we use the amount appropriated for 1934 of $349,000,000 for comparative purposes we should bear in mind that while that amount has been reduced to $269,000,000 by the Budget, it has been augmented by P.W.A. funds to the extent of $158,000,000. Upon that premise, we find that there is available for expenditure for all War Department objects in 1934, $428,000,000, and not the $349,000,000 that we appropriated.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Mississippi. Yes.

Mr. MARTIN of Colorado. What was the P.W.A. allocation used for?

Mr. COLLINS of Mississippi. It was used for various objects, all of which the gentleman will find in the report of the committee, not only for military but for nonmilitary objects as well.

Mr. MARTIN of Colorado. And I presume that accounts for the fact that we are not getting a lot of P.W.A. work in a number of places.

Mr. COLLINS of Mississippi. This bill appropriates $279,000,000, but there will be available for expenditure out of P.W.A. funds an additional $156,000,000, making a total of $435,000,000 for the fiscal year 1935. So if you should have the impression that this bill carries $279,000,000, you are making a very serious mistake, because there will be available for expenditure next year $435,000,000, which is in excess of $7,000,000 above the amount available for expenditure, as augmented by P.W.A. funds, in 1934. Taking into account C.W.A. funds available for expenditure in 1934 of $23,205,509, the current-year expenditure total becomes $451,000,000. None of the figures that I have given you take into consideration any of the C.C.C. funds, for it has been impossible for this committee to ascertain the extent to which the War Department has profited by or through that activity. Suffice it to say, however, so far as this particular measure is concerned, the appropriations recommended, in the aggregate, are more than $3,000,000 less than recommended in the Budget.

The appropriations for the War Department may be divided into three classes—the War Department proper, military objects, and nonmilitary objects. As to the War Department proper this bill increases the Budget by $12,944, and the principal reason for that increase is owing to the restoration of the office of Assistant Secretary for Air. Our action accords with existing law. There has been a great deal of controversy over this subject. The Air Corps always has felt that it should be able to reach the ear of the Secretary without having to go through the Staff, in order that their proposals might reach the Secretary without alteration or suggestion by officers not directly concerned. The committee has made provision for the reestablishment of this office merely for the purpose of submitting the question for determination to the House itself, and whichever way it may be settled here will be satisfactory to the membership of this committee.

One of the principal proposals of a forward-looking nature that was done by this committee was to take travel wherever it appears in this bill and group it under one head, so that there will be greater flexibility and also in order that we may keep a better check upon expenditures for travel in the War Department.

Mr. WADSWORTH. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mr. WADSWORTH. I should have interrupted the gentleman as he was referring to the Assistant Secretary of War for Air. The gentleman used the expression that this bill proposes to reestablish that office.

Mr. COLLINS of Mississippi. Yes.

Mr. WADSWORTH. Has it ever been disestablished?

Mr. COLLINS of Mississippi. The appointment has never been made, and the amount for the pay and office help was not included in the Budget.

Mr. WADSWORTH. The amount for pay and office help was eliminated from the Budget?

Mr. COLLINS of Mississippi. Yes; as it came to us.

Mr. WADSWORTH. How about the bill for the current fiscal year?

Mr. COLLINS of Mississippi. The money was appropriated.

Mr. WADSWORTH. But the office has not been filled?

Mr. COLLINS of Mississippi. The office has not been filled.

Mr. WADSWORTH. Can the gentleman say for what reason it has not been filled?

Mr. COLLINS of Mississippi. I do not have any idea. I understand that a similar office in the Navy Department has never been filled.

Mr. WADSWORTH. Assistant Secretary of the Navy for Air?

Mr. COLLINS of Mississippi. Yes; but the committee felt that this was a matter of policy that should be presented to the Congress. Under the Constitution it is the duty of the Congress to provide for the national defense, expressly so stated in the Constitution. This office not having been dispensed with by law, we felt that before it should be abolished we ought to present the subject to the Congress.

Mr. WADSWORTH. May I ask again if the committee itself expressed any opinion as to whether this officer should be appointed?

Mr. COLLINS of Mississippi. Personally, I think the office should be filled. I believe the better of the argument is in favor of filling the position.

Mr. WADSWORTH. But the committee has not said so in its report?

Mr. COLLINS of Mississippi. Yes; I think this is the opinion of the committee.

Mr. WADSWORTH. It is a Presidential policy that we are up against.

Mr. GOSS. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mr. GOSS. If the office should be filled under the terms of the bill, the Assistant Secretary for Air would not have charge of any of the procurement, would he? It would still be under the Secretary of War, in accordance with the National Defense Act.

Mr. COLLINS of Mississippi. I do not know that that is the law.

Mr. GOSS. The Assistant Secretary of War and General Foulois were before the Military Affairs Committee this morning, and that was their opinion.

Mr. COLLINS of Mississippi. Well, that is an interpretation of the statute that many of us may not accept.

Mr. GOSS. What does the gentleman think about it?

Mr. COLLINS of Mississippi. Personally, I think that the Air Corps and the Assistant Secretary for Air would manage to take charge of Air Corps procurements.

Mr. GOSS. Without regard for The Assistant Secretary of War?

Mr. COLLINS of Mississippi. That is my opinion.

Mr. PARKS. Will the gentleman yield?

Mr. COLLINS of Mississippi. Gladly.

Mr. PARKS. In the event of any disagreement, it would naturally go to the Secretary of War, and he would have final decision, as a matter of course?

Mr. COLLINS of Mississippi. That is right.

Mr. McCORMACK. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mr. McCORMACK. How long has this particular office been vacant?

Mr. COLLINS of Mississippi. Since the 4th of March.

There are quite a number of minor changes that have been made by the committee in the estimates. The principal worth-while changes that have been made in this bill relate, first, to the desire of the committee to furnish the Regular Establishment with some modern implements of war. We have 13 worth-while tanks; we have 4 armored cars; we have 80 automatic rifles; and that is about all. It is a pitiable condition. So we added, in addition to about $300,000 that is in this bill for tanks, combat cars, and automatic rifles, $2,119,200 for these purposes. This will be the beginning of real implementation for foot soldiers.

We will be able to secure enough tanks fully to mechanize one regiment of Cavalry, considering the tanks on hand and being bought this year. In addition to that, we will be able to mechanize two companies of Infantry.

The Staff is very much pleased with this provision. It is 100 percent in line with the splendid statement of General MacArthur on mechanization made to the Hearst newspapers only a few days ago.

In addition to this, the committee restores about $300,000 to chemical warfare. Likewise, we have provided money so that one officer from the National Guard of each State may go to the Chemical Warfare School. We intend to teach these soldiers modern military methods and ways of making war and that hiding behind a tree is not the last word in military strategy.

Furthermore there is carried in this bill other increases for chemical warfare in the way of mechanized vehicles for the discharge of chemical shells, something they have been asking for for a number of years, but which they have been unable to get on account of budgetary limitations. We appropriated the money for this object last year. It has been withheld because of budgetary limitations, and we are in a sense reappropriating it this year.

AIR CORPS

The Air Corps especially wanted an additional $1,000,000 provided for experimentation. They want to experiment with foreign engines. They want to experiment with worthwhile accessories to airplanes. We did not feel that we should cut down the money for any of the projects included in the Budget, especially for the purchase and operation of airplanes. Therefore, we have added $1,000,000 for experimentation for the Air Corps over and above the amount recommended by the Budget.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mrs. ROGERS of Massachusetts. Can the gentleman state how many of our airplanes are equipped with both the Sperry & Union air-navigation systems?

Mr. COLLINS of Mississippi. This bill, together with what we have, will provide radio and other equipment of that nature for 55 percent of all the planes.

Mrs. ROGERS of Massachusetts. The commercial airplanes have both systems, or two systems, I understand.

Mr. COLLINS of Mississippi. I am very glad that the gentlewoman has asked me the question.

There are certain savings, we have been led to believe, that can be effected by the Chief of the Air Corps; and in this measure we authorize him to use those savings for the purpose of equipping planes with radio equipment and guns.

So much for the changes touching the Regular Establishments. I have mentioned the principal ones.

NATIONAL GUARD

Now, with regard to the increases elsewhere, this bill carries 42 drills for the National Guard. For the present year the National Guard has been restricted to 36 drills. This bill puts the number of drills up to 42. The law provides for 48. Even though we could, I do not know that we would have put the drills up to 48, the amount prescribed in the National Defense Act. As a matter of truth, England has an organization comparable to the National Guard; and the English officers believe that 42 drills is a sufficient number for their organization. Personally, I have talked with quite a number of very prominent men in the National Guard. I could not well give their names because it might not be a popular thing for them to say, but most of the men with whom I have talked believe that 42 is a better number than 48.

Besides increasing the number of drills, the committee has provided in this bill apparently $1,500,000 to complete the motorization of the National Guard. As a matter of truth, the bill contemplates an expenditure of $3,000,000. The guard is getting $865,000 from P.W.A. for motorization. This bill really gives them $3,000,000 additional. This is true, and yet it is not true. They are going to be able, through savings, to find $1,500,000. They have testified that much of the saving will result from being freed of the cost of repairing the old equipment that will be displaced. The National Guard authorities agree, furthermore, to amortize this $3,000,000 over a period of 2 years.

The CHAIRMAN. The Chair advises the gentleman from Mississippi that he has consumed 1 hour.

Mr. COLLINS of Mississippi. Mr. Chairman, I yield myself the balance of the time.

The CHAIRMAN. Without objection, the gentleman from Mississippi is recognized for an additional 30 minutes.

There was no objection.

Mr. COLLINS of Mississippi. The National Guard has a membership of 190,000 men. By changing the National Guard from an organization that is able to travel at the rate of 3 miles an hour to one that is able to travel at the rate of 25 or 30 miles an hour, in the event of an emergency, these 190,000 men can be taken to any part of the United States in 4 days. Not only that, but we have 190,000 men in the National Guard now available for combat duty. All

of these men, every one of them, are effectives. We have twice as many effectives in the National Guard today as we had 3 years ago without having increased their number by a single man. At the same time we have reduced the appropriation for the National Guard from around $35,000,000 to $27,500,000, yet we have more than doubled its former effectiveness.

These added drills cost approximately $250,000 apiece. You will notice that $968,000 is recommended for this purpose. In other words, the National Guard says it will be able to provide out of savings for 2 of the 6 additional drills.

You will observe with respect to this particular appropriation that $500,000 of the ammunition item has been eliminated. This is because of the fact that the guard has gotten $1,304,000 on ammunition from the P.W.A., of which $1,129,000 will be available for expenditure in 1935. This, together with the ammunition they have on hand, will be more than sufficient to take care of their needs during the fiscal year 1935.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mr. WADSWORTH. Will the gentleman be kind enough to say when they got the allotment for ammunition from the P.W.A.?

Mr. COLLINS of Mississippi. I do not know when, but I can tell the gentleman the exact amount.

Mr. WADSWORTH. I am not questioning the amount. What I have in mind is that they did not get it in time to use it to any extent in the last training period.

Mr. COLLINS of Mississippi. I have heard no complaint from the National Guard.

Mr. WADSWORTH. Then this sum is still held over for use in the next fiscal year, is it?

Mr. COLLINS of Mississippi. There will be available for the use of the National Guard in 1935 out of P.W.A. money $1,129,315.

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mr. MILLARD. The gentleman stated that the enlisted strength of the National Guard was 190,000 men. He also made the statement that we had double the number of effective men. I did not quite understand it. Will not the gentleman explain the matter?

Mr. COLLINS of Mississippi. That is because of the fact these men were doing things other than the duty of soldiering. They are all now available for combat duty instead of administrative work and other duties not essentially of a military character.

Mr. MILLARD. That explains it. I thank the gentleman.

REDUCTIONS RECOMMENDED

Mr. COLLINS of Mississippi. With reference to the items of reduction that appear in this bill, the larger ones will be found under the Quartermaster Corps and they deal with matters of clothing, regular supplies, and items of that particular nature; items the Department has in abundance. I think the committee felt the quantity was more than sufficient to take care of normal needs. Also, the War Department has been able to sell to the C.C.C. millions of dollars worth of old supplies for which the War Department has been or will be reimbursed. I say millions, because this is true; the figures will approximate about $40,000,000, and perhaps a larger sum. New stores replaced for old will be available for issue, and we felt it was unnecessary to pile up supplies, many of a limited life that might deteriorate or become obsolete before used.

We have eliminated $541,996 by not providing for the recommissioning of the transport *St. Mihiel*. The estimates contemplate recommissioning the Army transport *St. Mihiel*, which has not been operated since November 16, 1932. Since then only the *Republic*, *Grant*, and *Chateau Thierry* have been on passenger runs. During the fiscal year 1933 a total of 48,564 passengers were transported and the *St. Mihiel* was out of use more than 7 months. During 1935 it is estimated that there will be moved by water 35,204 persons, exclusive of persons traveling between New York and San Francisco, and exclusive of persons on leave and furlough and persons attached to other branches of the Government. Such class of passengers totaled 18,352 during the fiscal year 1933. The committee does not believe that such class of travel warrants the added expense in these hard times of operating another boat. It has, therefore, eliminated $521,612, included under the "transportation" heading, with the view to recommissioning the *St. Mihiel*, and $20,334 under the "subsistence" heading on account of operating personnel for such vessel.

We have reduced the estimates by $271,579 for motor transportation. Possibly we should have cut it more. The new equipment that the Army will have, to be procured out of P.W.A. funds, should reflect lesser expenditures for maintenance and operation if the old equipment is gotten rid of, which we require them to do.

Of 8,309 vehicles on hand as of January 1, 1934, 5,894 are classed as World War procurements and 596 as older than 5 years. Literally hundreds of thousands of dollars have been squandered in trying to keep this old equipment operating.

To what extent, if any, old equipment would be discarded upon delivery of the new, there seemed to be considerable uncertainty on the part of the Department's representatives. The committee was unable to get any definite information. Therefore, it has inserted in the bill a provision prohibiting expenditures other than for salvaging or scrapping on any vehicles procured prior to January 1, 1920, except tractors. The Department is left to exercise its discretion as to these.

The committee has repeated the provision in the current appropriation act authorizing the purchase of light trucks out of savings that would accrue from their substitution for animals or their use instead of commercial transportation.

We have subtracted from the estimates $635,635 for rail transportation, mostly in the item for transportation of enlisted men upon separation from the Service. The estimate was based upon 46,000 separations. Upon inquiry we found that many classes of separations included in the 46,000 figure should not be considered. They even had deserters included.

Then we have reduced the item for the purchase of horses by $75,000. I have a letter from the Secretary of War concurring in this action for the purpose of helping to finance the cost of the mechanization program, to which I have already referred.

These are the outstanding reductions in the bill affecting the Military Establishment.

NONMILITARY ACTIVITIES

There are only two items in connection with the nonmilitary activities that perhaps I should explain.

We were asked, in a supplemental estimate, to appropriate $150,000 for the repatriation of unemployed aliens in the Republic of Panama. The appropriation has not been granted because the committee desires to give the proposal further study. Such provision, if any, it later may decide to recommend, will be included in another measure.

In the same document a recommendation was made that an appropriation of $50,000 be made to supplement the current appropriation "Sanitation, Canal Zone", in lieu of revenues lost owing (a) to the withdrawal by the Government of the Republic of Panama from the Panama Canal Insane Asylum of some 600 insane nationals of that country; (b) to a material reduction in the amount received from the Veterans' Administration for the hospitalization of veterans; and (c) to an agreement entered into between the United States and the Republic of Panama under which the Panama Canal hospitals are restricted to the care of employees of the United States Government and their families.

Of the current appropriation it appears that more than $50,000 has been reserved from obligation which may be administratively released to meet this deficiency in revenue.

CIVIL COMPONENTS

Let me add before I forget the items under the military title touching the Reserve Officers' Training Corps, the Or-

ganized Reserves, and the Citizens Military Training Corps were left exactly as the Budget recommended.

The Department, as I understand it, feels that the amounts carried in the bill for such components are sufficient.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. With respect to rivers, harbors, and flood-control work, it is true that the appropriation for the improvements and works for the year 1935 is expected to be made out of the Public Works Administration funds?

Mr. COLLINS of Mississippi. That is right.

Mr. WHITTINGTON. This bill does not provide for the usual annual appropriation for this reason?

Mr. COLLINS of Mississippi. Because a large part of the money or most of it has been furnished by the P.W.A. for this fiscal year and most likely will be furnished by the P.W.A. for next year, at least.

Mr. WHITTINGTON. In the case of rivers, harbors, and flood-control work there will be available for 1935 construction the amounts not expended in the year 1934 and heretofore allocated by the Public Works Administration?

Mr. COLLINS of Mississippi. Yes.

Mr. WHITTINGTON. And such additional funds as may be allocated by the Public Works for 1935?

Mr. COLLINS of Mississippi. That is right.

Mr. WHITTINGTON. In the meantime, flood-control work and the rivers and harbors work will be maintained from previous appropriations unexpended?

Mr. COLLINS of Mississippi. Previous appropriations and allotments; that is right.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. Did I understand the gentleman to say that the committee considered appropriations for the R.O.T.C., the C.M.T.C., and the Organized Reserves sufficient?

Mr. COLLINS of Mississippi. Yes.

Mr. MARTIN of Colorado. There have been many inquiries along this line and I felt particularly concerned about these items.

Mr. COLLINS of Mississippi. Those organizations will be well taken care of.

Mr. MARTIN of Colorado. They ought to be.

LIMITATIONS AND LEGISLATIVE PROVISIONS

Mr. COLLINS of Mississippi. With reference to the limitations and legislative provisions, which will be found on page 33 of the report on the bill, may I say that the first one of these relates to enlisted men in certain offices in the War Department.

This committee is undertaking by this first provision to which I am directing attention to eliminate these men as they pass out of the picture, not withdraw them, but as they die, resign, or retire, prevent their positions being filled by military personnel, the idea being that their places should be filled eventually by civilians. This is the purpose of the first legislative provision.

On pages 5 and 6 of the bill there will be found another provision, reading:

> And it shall not be lawful to expend, unless otherwise specifically provided herein, for any bureau or branch of the War Department, or of the Army having or maintaining an office in the War Department proper at Washington—

And so forth. This is directed against the continued use of military appropriations for the objects and purposes of the appropriation "Contingent expenses, War Department."

The next provision, appearing on pages 10 and 11 of the bill, relates to transportation. It has been customary for the War Department to make agreements with the railroads each year and pay for the transportation of enlisted men, officers, and so forth, at 3 percent below the usual current rate charged by the railroads. The committee is of the opinion that the War Department should take advantage of low rates whenever they are available, such as round-trip transportation, thereby bringing about within the Department the savings that any prudent man would make. The purpose of this provision is to cause them to do this.

The next provision appears on page 11 of the bill, and provides that "no part of which sum (pay of the Army) shall be available for the pay of more than 11,750 commissioned officers whose commissions are dated prior to June 1, 1934." The purpose of the provision is to require the War Department by B-boards or otherwise to get rid of some of these older men and to place younger men in their stead, thereby giving some of the 3,000 men who have graduated from the Military Academy at West Point in the last 14 years a chance to advance.

The next provision relates to persons in the Air Corps and provides that none of the appropriation for flying pay "shall be available for increased pay for making aerial flights by nonflying officers above the grade of captain." In other words, we do not want these nonflyers of older ages to be given a 50 percent increase in pay for making these flights. I may say that they have to fly only 4 hours per month in order to draw flight pay and there is hardly a man in this House that does not fly, I dare say, more than that.

The next provision relates to the Panama Canal. There are a great many houses on the Panama Canal owned by the Canal and occupied by officers of the Army and Navy. They pay the Canal a nominal rental for these houses and then draw $75, $80, or $100 a month under the legal provisions relating to commutation of quarters. This is to take away their allowance for quarters when in occupancy of these houses. It does not prevent them from going out in the city of Panama or the city of Colon and renting a house as they would ordinarily, but it does prevent them from using a Government house and drawing a larger amount than they are charged for the use of the house or their full commutation, as the case may be.

The next provision relates to old automobiles. Most of the automobiles in the Army were bought during the war. The Public Works has set aside $10,000,000 for new automobiles for the Army. This provision is to prevent the War Department from continuing to operate these old war-time automobiles. There are two types of the old automobiles that they say they should be permitted to operate—namely fire engines and ambulances. I plan to offer an amendment changing this provision so as to permit the use of the old ambulances and old fire engines, but for reasons of economy the Congress should not delay in making an appropriation for new ones.

Mr. THOMPSON of Texas. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman from Texas.

Mr. THOMPSON of Texas. Going back just a moment to the matter of the elimination of some of the older officers, provision is made for 11,750 commissioned officers whose commissions are dated prior to June 1, 1934. How will you avoid eliminating some of the younger officers? Do I make the point clear?

Mr. COLLINS of Mississippi. Yes. There is no occasion to feel uneasy about that. They are not going to eliminate any of the younger ones.

There are about 800 officers in the Army now that a physical examination would show are unable to perform field duty. This will enable us to get rid of about 200 of the older men. The provision leaves the mechanics of the matter up to the Department. The Congress could not well invade that field.

Mr. THOMPSON of Texas. I agree with the gentleman.

Mr. COLLINS of Mississippi. I am sure it will be administered by the Department in accordance with the wishes of the Congress.

Mr. THOMPSON of Texas. I hope so. I think it is a splendid provision.

Mr. COLLINS of Mississippi. The next amendment relates to the closing of the Fitzsimons General Hospital.

The closing of this hospital has been recommended to the committee by the Surgeon General of the Army. Besides,

General Drum, who is the Assistant Chief of Staff, in two of his reports when he was Inspector General of the Army, recommended the closing of this hospital.

If the hospital is not closed it will mean Congress will have to appropriate about $5,000,000 for the reconstruction of the buildings.

Furthermore, a deficiency appropriation will need to be provided for its operation. The Army has no need for the hospital, and by closing it the Surgeon General expects to gain about 52 officers and in excess of 300 men for employment elsewhere. Also, the nurses who are there will be transferred to other places.

I find myself in this position. We have about 300 military posts in this country, most of which grew up during the days of Indian fighting. I have a map in my office with blue-headed pins and red-headed pins and green-headed pins, which undertakes to set out the points in the United States, where these posts and camps, and so forth, are located.

It is a great pity that the Army of this country is not accommodated in about 25 establishments, so that they could congregate large numbers of men and give them training in all of the various branches of warfare in small units and large units, instead of having them scattered around over the country and wasting much money on them in administration and otherwise, as we are doing today.

Mr. LEWIS of Colorado. Will the gentleman yield?

Mr. COLLINS of Mississippi. It seems to me whenever the Department itself comes to us and asks us to close one of these institutions, we should have the courage to do it.

I gladly yield to the gentleman from Colorado.

Mr. LEWIS of Colorado. Does not the gentleman know that this hospital was located during the war as the result of an inspection by officers of the Medical Corps of the Army because of the salubrious climate of Denver and the fact that for 60 years that city has been a health resort?

Mr. COLLINS of Mississippi. I imagine Denver is a very delightful place.

Mr. LEWIS of Colorado. I am not talking about it being a delightful place—I will concede that.

Mr. COLLINS of Mississippi. But it cannot be any more delightful than the gentleman who represents it.

Personally I should like very much to see the Veterans' Administration take over the management of this hospital and I shall be delighted to go with the gentleman to General Hines and help the gentleman persuade General Hines to take over and operate the hospital.

Mr. LEWIS of Colorado. I appreciate that very much, but, meanwhile, it is being operated by the Army, and being operated very successfully.

Mr. COLLINS of Mississippi. More or less in a stand-by fashion, I understand.

Mr. LEWIS of Colorado. Does not the gentleman know that the expense per patient per day of operating this hospital is less than any other Army hospital?

Mr. COLLINS of Mississippi. That is because it is being operated more or less on a stand-by basis.

Mr. LEWIS of Colorado. If I may suggest, it is more or less because of the fact there are about 900 patients there——

Mr. COLLINS of Mississippi. Two hundred and sixty-one, the hearings show.

Mr. LEWIS of Colorado. The hearings are not corrected to date, because I will show from a letter just received from the Surgeon General's Office that there were 914 patients there the end of last week. May I ask the gentleman if he knows what is the per diem per patient cost of operating Fitzsimons Hospital?

Mr. COLLINS of Mississippi. I imagine most of the officers and nurses and enlisted men who would ordinarily be charged up in such a table have been withdrawn.

Mr. LEWIS of Colorado. They are all charged up in this table.

Mr. COLLINS of Mississippi. All who are there.

Mr. LEWIS of Colorado. And I would call attention to the fact that the cost of operating this hospital is $4.05 per day per patient.

Mr. COLLINS of Mississippi. The gentleman will be accorded every opportunity to present his case.

Mr. LEWIS of Colorado. I thank the gentleman.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman from Oregon.

Mr. MARTIN of Oregon. With respect to the abandonment of all these old Indian posts and useless posts over the country, the gentleman, of course, understands that the General Staff has recommended the abandonment of these posts repeatedly to Congress?

Mr. COLLINS of Mississippi. Yes; and I may say to the gentleman that I have talked with the President about this matter. It may not be a very good thing to tell what a Member of Congress says to the President, but I assumed the President had the authority to abolish a lot of these posts; and assuming that, I suggested that when Congress adjourns he send somebody out to those he wants to abandon with an acetylene torch and burn them up and have them entirely burned up by the time the Congress meets again, so that we would not have anything over which to fight. [Laughter and applause.]

Mr. MARTIN of Oregon. The gentleman remembers that in order to mechanize a regiment of Cavalry, Marfa, Tex., was abandoned last year as an Army post.

Mr. COLLINS of Mississippi. Yes.

Mr. MARTIN of Oregon. And the gentleman is familiar with the onslaught that was made here on Congress and the President, and especially on the Chief of Staff, by all of Texas. All Texas rose in rebellion over the abandonment of a post of 450 men. That is the difficulty. The fault is not with the General Staff, but is right here in Congress.

Mr. COLLINS of Mississippi. Yes; the War Department wants to get rid of all of them except 25 or 30.

Mr. TABER. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman from New York.

Mr. TABER. Has the gentleman covered the question of how much money from all sources was available for 1934 and how much will be available for 1935?

Mr. COLLINS of Mississippi. I have covered that.

Mr. CULKIN. Will the gentleman yield?

Mr. COLLINS of Mississippi. I will yield to the gentleman.

Mr. CULKIN. Will the gentleman tell me where the authority lies to abandon these posts? Is it in the President?

Mr. COLLINS of Mississippi. He has that authority under the provisions of the Economy Act.

Mr. McDUFFIE. Will the gentleman yield to me?

Mr. COLLINS of Mississippi. I will yield to the gentleman.

Mr. McDUFFIE. I have not heard all of the gentleman's statement and I do not know whether or not he has covered the phase of the appropriation for air schools. You are carrying twenty-odd million dollars for aircraft, air schools, and so forth, and I assume the construction of a new air school could be had under that appropriation.

Mr. COLLINS of Mississippi. There is no money carried in this bill for the construction of a new air school.

Mr. McDUFFIE. Congress has made no effort to designate a site for such a school. I am wondering what is the gentleman's information as to what procedure will be taken when the time comes to expend money for the new school which is definitely needed.

Mr. COLLINS of Mississippi. There is a school which has been located in Illinois. That particular school has been recommended a number of times for abandonment by the Chief of the Air Corps. Congress last year eliminated, or rather diverted, appropriations that had been made for buildings at that school. The thought has been that this air school should be located either at Dayton or some place near salt water.

That was the idea of the Air Corps. Now, I understand that in view of the fact that there are certain cities, including Dayton, that feel that they should have this air school, they have set up a board——

Mr. McDUFFIE. The gentleman means a board in the War Department?

Mr. COLLINS of Mississippi. Yes; in the War Department, for further study. It will be my disposition to follow the recommendations of that board, and I feel that that will be the disposition of members of the committee.

Mr. McDUFFIE. The gentleman feels that the school will be located after the site is designated by the nonpolitical board, men trained in aeronautics?

Mr. COLLINS of Mississippi. That is right.

Mr. DOBBINS. Will the gentleman yield?

Mr. COLLINS of Mississippi. I will yield to the gentleman.

Mr. DOBBINS. With reference to the gentleman's statement that recommendations have been made to abandon the school in Illinois. The gentleman said it had been recommended several times. Is it not a fact that the last recommendation in favor of removal of the field from its present location has been reversed?

Mr. COLLINS of Mississippi. General Foulois testified that he had got to the point where he wanted a school, and he did not care where it was located.

Mr. DOBBINS. Is it not a fact that the last recommendation was made 2 or 3 years ago, and since that time it has been reconsidered and reversed?

Mr. COLLINS of Mississippi. No such information has come to this committee.

Mr. HARLAN. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mr. HARLAN. Where is the provision in the bill appropriating money for an air school?

Mr. COLLINS of Mississippi. There is no provision in the bill for that.

Mr. HARLAN. In what way will it be taken care of?

Mr. COLLINS of Mississippi. When the school is located, Congress will make an appropriation for it.

Mr. MARTIN of Colorado. They will get it out of the P.W.A., will they not?

Mr. COLLINS of Mississippi. I hope not.

Mr. McDUFFIE. My understanding was that funds are carried in this bill which may be used for the construction of this school.

Mr. COLLINS of Mississippi. No; there is no money in this bill for the construction of an air school.

Mr. McFARLANE. In regard to the appropriations carried for the Air Corps, in case we should be fortunate enough to unify the air forces, how would this hook up with the appropriations that should be made in that event?

Mr. COLLINS of Mississippi. I imagine that we would pass a resolution consolidating all of the appropriations that have been made for various air activities.

Mr. DUFFEY. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Mississippi. Yes.

Mr. DUFFEY. Where in this bill is there any reference to rifle practice and national matches at Camp Perry, Ohio?

Mr. COLLINS of Mississippi. There is no money in here for national matches. General Reckord is the head of the organization that always presents the case of the National Board for the Promotion of Rifle Practice. He is a most excellent gentleman and a splendid officer, and the committee always feels most kindly toward him. Naturally he would like to see the matches held, but he would not make a very spirited fight for them in times like these.

Mr. DUFFEY. The gentleman understands that Camp Perry is in Ottawa County, Ohio, and that I am very much interested in it.

Mr. COLLINS of Mississippi. I am sure the committee will take into consideration the fact that the gentleman represents that very fine district just as soon as flush times return.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Mississippi. Yes.

Mr. SABATH. In view of the information that has come to us, does not the gentleman think it would be beneficial and advisable that we should have this flying school, especially in view of the fact that we have the lands and buildings there at Chanute Field? Shouldn't there be an appropriation made? I understand from what some of the officers contended that there was a recommendation against its continuation there, but I think we should have in mind the service and not the pleasure of these officers, and for that reason that field should be retained.

Mr. COLLINS of Mississippi. Is the gentleman trying to make me say that I am against Chanute Field?

Mr. SABATH. No; I should like to have the gentleman say that he recognizes the need of that field, that it is helpful and beneficial and advantageous. That is what I hoped to hear the gentleman say.

Mr. COLLINS of Mississippi. I am sorry to say, as much as I think of the gentleman, I could not recommend Chanute Field.

Mr. SABATH. Has the gentleman ever visited that splendid location?

Mr. COLLINS of Mississippi. I am afraid that Chanute Field is not located at the right place.

Mr. SABATH. Has the gentleman ever visited that field?

Mr. COLLINS of Mississippi. No. I am simply taking the statements of experts who have testified from time to time.

Mr. SABATH. I am satisfied if the gentleman would give me and others from Illinois an opportunity to take him down there over that section of the country he would change his views and would come to the conclusion that it is a splendidly equipped field and location.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Mississippi. Yes.

Mr. McDUFFIE. The gentleman is correct, in my opinion, when he states that a site for this school should be designated with one idea in view, one paramount purpose, and that is for the good of the service.

Mr. COLLINS of Mississippi. That is right.

Mr. McDUFFIE. And those who know about the service are better capacitated to say where this school should be than gentlemen on this floor.

Mr. COLLINS of Mississippi. That is right.

Mr. McDUFFIE. And we should follow the suggestion of an impartial board who will make an investigation of the country to determine where this school should be, for the best interest of the service.

Mr. DOBBINS. Mr. Chairman, will the gentleman yield to me, to interrogate the gentleman from Alabama [Mr. McDUFFIE]?

Mr. COLLINS of Mississippi. Yes.

Mr. DOBBINS. Does not the gentleman from Alabama concede that the Military Affairs Committee of the House is fairly well informed on military affairs?

Mr. McDUFFIE. Indeed, I do.

Mr. DOBBINS. And that its recommendation and findings on this matter are entitled to weight?

Mr. McDUFFIE. I think the Military Affairs Committee is an excellent committee, and I think its recommendations would have great weight in this House; but if the gentleman will permit, I think those gentlemen of the Army who are trained in aeronautics know better where a technical air school should be located than the gentleman and his committee could possibly know. I recognize the very fine ability of the gentleman [Mr. DOBBINS], who is a most useful and effective Member of this House; I hope the people of his district will have the good judgment to return him to Congress. The question I raise is one that demands expert knowledge of Army officers.

Mr. DOBBINS. The gentleman then would favor abrogating the functions of the Military Affairs Committee in favor of Army officers?

Mr. McDUFFIE. Oh, no; and the gentleman cannot put that construction upon anything that I have said. In such a case as this I believe the Army officers' judgment should have consideration.

Mr. DOBBINS. Is it not true that the Military Affairs Committee has passed on this matter a number of times and has never provided for the location of this field or the im-

provement of it at any other location than at Chanute Field, its present location?

Mr. COLLINS of Mississippi. I would not say that, because the Congress discontinued the appropriations.

Mr. DOBBINS. The Congress did not provide for any other location?

Mr. COLLINS of Mississippi. No.

Mr. DOBBINS. It simply canceled certain appropriations.

Mr. COLLINS of Mississippi. The matter was thoroughly argued on this floor.

Mr. DOBBINS. I must disagree as to the matter being thoroughly argued. The gentleman from Mississippi declined to yield while he was presenting a matter on behalf of the Appropriations Committee and not the Military Affairs Committee.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Mississippi. Yes.

Mr. HARLAN. Is the gentleman familiar with the fact that at the time the Military Affairs Committee made this finding and recommendation which the House subsequently repudiated, that all of the testimony before that committee from the Army and the Air Corps was against the advisability of using Chanute Field, and that the Military Affairs Committee, for reasons of its own, and perhaps from some knowledge which was not in the record, found against this evidence?

Mr. COLLINS of Mississippi. I am very glad to get that information.

Mr. BYRNS. Can the gentleman tell us how many men have been killed by aircraft while flying the mail?

Mr. COLLINS of Mississippi. I am afraid my time is up. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired. All time has expired. The Clerk will read.

The Clerk read as follows:

Office of Chief of Staff, $196,609.

Mr. BYRNS. Mr. Chairman, I move to strike out the last word. When the gentleman from Mississippi was closing I asked him a question with the view to eliciting the information, if possible, as to how many had been killed in the aircraft flying the mail. I should like to have the gentleman now, if he is in a position to do so, reply to that inquiry, in view of what has been said heretofore upon the floor of the House.

Mr. COLLINS of Mississippi. Deaths incident to carrying the mail have occurred as follows:

But one death has occurred from actually flying the mail.

On February 22 Second Lt. D. O. Lowry was killed at Deshler, Ohio. The War Department reports that this death evidently resulted from engine trouble. Lowry attempted a parachute jump, but the parachute failed to open.

That is the only death that actually has occurred from flying the mail.

Deaths of prospective mail pilots who were familiarizing themselves with routes have been as follows:

February 22, Second Lts. J. P. Grenier and Edward White were killed. While engaged in flying to familiarize themselves with the route between Salt Lake City and Cheyenne, they ran into an unexpected snowstorm, and both were killed. They took off in clear weather.

February 16 Lt. J. Y. Easton was killed at Jerome, Idaho, while flying to familiarize himself with his prospective route. Easton also ran into an unexpected snowstorm, and had also taken off in clear weather.

Then, in addition to the four deaths I have recounted, one death occurred on February 23, while a prospective pilot was en route to an air-mail station. Second Lt. G. F. McDermott, while flying with two others on that day in an amphibian plane to Langley Field, Va., via Bolling Field, D.C., made a forced landing off Fort Tilden, N.Y. McDermott was drowned.

Those are the facts as furnished to me this morning by the Chief of the Air Corps, from the official records. Only one actual death has occurred from flying the mail, which is a very much better showing than any of us had suspected.

Mr. BYRNS. As I understand, the gentleman has read the names of five or six officers?

Mr. COLLINS of Mississippi. Five.

Mr. BYRNS. And only one of those, as the gentleman has stated, was engaged actually in flying the mail at the time of his death?

Mr. COLLINS of Mississippi. That is correct.

Mr. BOLTON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BOLTON. Were there not five men killed flying pursuant to orders in preparation for flying the mail?

Mr. COLLINS of Mississippi. Three of them were deaths of prospective pilots familiarizing themselves with air-mail routes. One was en route to an air-mail station to assume the duties of an air-mail pilot.

Mr. BOLTON. They were flying as prospective air-mail flyers, under orders?

Mr. COLLINS of Mississippi. Oh, yes.

Mr. BYRNS. I will say to the gentleman that his statement, which he says is official, is quite a different story from the impression that has been left upon the House and upon the country by remarks made upon the floor which would seem to indicate that there have been a wholesale number of deaths due to flying the mail.

[Here the gavel fell.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I rise in opposition to the amendment. I cannot see what difference it makes whether an air-mail pilot came to his death while actually flying the mail, or whether he came to his death as the result of the fact that the Army was forced to prepare to take over the air-mail flying as a result of the administration's order. I was told by the Air Corps, and no one in the Air Corps has attempted to deny that six men of our Air Corps went to their death in 6 days after the Army took over the air-mail flying or was preparing to do so. Death makes an indelible record.

Mr. BYRNS. Will the lady yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. BYRNS. Does not the lady give any consideration whatever to the extremely bad weather we have had ever since this took place?

Mrs. ROGERS of Massachusetts. Yes; and I think that is all the more reason why the Army should not have been forced to take this over in the 2 worst months of the year.

Mr. BYRNS. Is the lady——

Mrs. ROGERS of Massachusetts. I cannot yield again. The gentleman never yields to me. Why should I yield to the gentleman?

Mr. BYRNS. I hope the lady will not do me that injustice.

Mr. MILLARD. Mr. Chairman, a point of order; the lady does not yield.

Mrs. ROGERS of Massachusetts. I refuse to yield again; I yielded to him once. The gentleman does not yield to me.

Why was this injustice done to the Army Air Corps, to aviation in general? It was not done for efficiency. It was not done for economy. It was not done for humanity. I ask you why this was done—it is self-evident it was done for politics. It was not enough to defeat President Hoover through scurrilous attacks made upon him by the Democrats, but the very people who wrecked by their vindictive criticism President Hoover's efforts to bring this country out of the depression now object to any criticism of the present administration as unpatriotic and political.

Time after time since the present administration has come into power they have taken first one person and then another, who served under President Hoover, and tried to besmirch that person's reputation and to besmirch the reputation of the Republican Party.

Every red-blooded person in Massachusetts bitterly resents bringing here to testify the Secretary of the Navy under President Hoover, Charles Francis Adams, illustrious son of an illustrious family, a man most respected, most ad-

mired, most beloved by everybody. The idea of bringing that man into the so-called "air-mail scandals"!

As yet nothing has been proven against these people Why was it done? Was it to throw dust in the eyes of the people? Why was it that contracts recently made have not been canceled? How would you like it if your family, your sons, or your relatives were unjustly accused of dishonesty without a hearing? There is but one reason for it, to bring the former administration into disrepute.

A spokesman of your party criticized the administration for going too far in its attack on Charles Francis Adams, my constituent. This apology was made in my own city of Lowell on Monday night when the son of the President said it was absolutely "silly" to bring Charles Francis Adams into this air-mail investigation, or into the stock investigation. The word he used was "silly." I call it outrageous.

Mr. FOSS. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. Gladly.

Mr. FOSS. It is reported in the papers that the son of the President demands an apology from the committee calling Charles Francis Adams before it.

Mrs. ROGERS of Massachusetts. Yes; that is true also. The son of the President of the United States used the word "silly" in describing this attack; and why did he do it? He realized the smoldering resentment, the smoldering fire—and it is not just smoldering, either; it is growing into a bigger and bigger conflagration—against the administration for its extremely unfair, extremely unjust tactics.

I ask you, is it good sportsmanship? You knock a man out and then you kick him. It is not good sportsmanship. You have proved nothing against the man. You proved nothing against President Hoover's honor. You tried to bring the former President into this thing. You have attacked man after man, man after man, but you have not found a thing. [Applause.]

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it has been one of the most regrettable incidents of my entire career in Congress, which has extended over a long period of time, that there have been those who have sought to make a political issue before the country of the unfortunate deaths which have occurred incident to the carrying of the air mail.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Certainly; I will yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I yielded to the gentleman.

Mr. BYRNS. I will yield a dozen times to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I just proved the political nature of the movement to make the Army carry the air mail. If it was not political, why could not the weather have been taken into consideration before the order was issued?

Mr. BYRNS. For the simple reason, I may say to the gentlewoman from Massachusetts, that the country was convinced from the prima facie evidence developed before Senator BLACK's committee that graft and corruption and collusion had occurred in the making of these contracts.

Mrs. ROGERS of Massachusetts. But it had not been proved.

Mr. BYRNS. Mr. Chairman, I yield again to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. But graft and corruption had not at that time been proved, as the gentleman knows, for the hearings had just started. Punish the guilty, but do not make the innocent pay for it.

Mr. BYRNS. Oh, I beg the lady's pardon. I think the country was thoroughly convinced of the fact there was collusion, graft, and corruption.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield further?

Mr. BYRNS. I yield again to the gentlewoman from Massachusetts. [Applause.]

Mrs. ROGERS of Massachusetts. Is it not true that the meanest, the lowest criminal in the United States is not convicted without a trial? The air-mail companies were not given a hearing.

Mr. BYRNS: Oh, certainly; we all concede that; but let me say that while we are not trying anybody now, I hope that those who have been guilty of this graft and corruption will be duly exposed and punished.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield again?

Mr. BYRNS. In a moment. Just let me say this, the country was convinced, in my judgment, that graft and corruption had occurred in the making of these contracts; and what was the administration to do under those circumstances? Was it to sit idly by, and by its silence condone what had occurred; or was it to take action at once with reference to those companies which were carrying the mail? Under those circumstances there was nothing else to do but suspend them.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. McDUFFIE. I heard nothing said on the floor of the House about the destruction of a commercial plane, which left Los Angeles last week, with the resultant death of eight people. Do they charge that accident to politics?

Mr. BYRNS. And this morning's paper carries an account of the loss of another commercial plane in which four people were killed, but nobody on the other side of the aisle complains about that. We do not hear anyone make complaint that the commercial air lines are not prepared to fly and to carry passengers, human freight, worth vastly more than any mail that is carried in airplanes.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from New York.

Mr. O'CONNOR. To carry to a logical conclusion the argument of the distinguished gentlewoman from Massachusetts, if an enemy attacked us, we would have to wait until the Army had a little practice doing the very thing they are supposed to be trained to do before they could defend us against the enemy. [Applause.]

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. BYRNS. I thought I had the floor. Does the gentlewoman from Massachusetts want me to yield again?

Mrs. ROGERS of Massachusetts. I do.

Mr. BYRNS. Mr. Chairman, I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. The gentleman realizes that the number of deaths of pilots flying the air mail under commercial contracts were only 7 in 1 year as against 6 for the Army during the first week of its flying of the air mail. Give the Army pilots a chance to fly more hours per capita. Give the pilots more practice in night flying. Send them back to perform the duties which they are intended to perform as a part of our national defense. Give the air mail back to commercial air pilots whose sole duty it is to fly the mails.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from Alabama.

Mr. HILL of Alabama. The gentlewoman is in error about 6 deaths having occurred in carrying the mail. The total is 5 and it has been very clearly shown that 4 out of the 5 went to their death on account of the same weather conditions as destroyed the great private commercial liner and sent 8 people to their death and the same kind of weather that sent another plane down on yesterday causing a number of deaths.

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BANKHEAD. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from Alabama.

Mr. BANKHEAD. We have not heard a word in these debates about one phase of this proposition which I think is very important to be considered in view of the severe indictments that have been made. During the last 5 years the official statistics show, I think, that 150 commercial air-mail pilots carrying the mail have been killed. Nothing has been said about that.

Mr. BYRNS. I think the gentleman has stated approximately at least the number of deaths that have occurred. It is singular that in this election year, just a few months before the elections in November, there are some on the other side of this Chamber who have suddenly become aroused by the fact that on account of inclement weather and storms five brave officers have unfortunately gone to their death. As the gentleman from Alabama says, we heard no such complaint when something like 150 or more commercial air pilots went to their death. No one thought of making a complaint against the Government or the air-mail lines at that time or accusing anyone of being guilty of legalized murder.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. BYRNS. Will the gentlewoman please allow me to finish my statement and then I will yield.

No one sought to make political capital out of the deaths which occurred at that time. I repeat, it is one of the most deplorable incidents that has occurred in Congress that there are those who now seek to make the unfortunate death of these brave men, who were doing their duty, a political issue. But the country understands it, and the country will appreciate and understand just why these various speeches have been made upon the floor of this House, not once but repeatedly. The gentlewoman from Massachusetts states that you never condemn a person without trial. We have never condemned anyone, but we have said that in view of the graft and corruption which have been clearly shown by prima facie evidence to have occurred in the making of these contracts that the contracts of these men who were profiting at the expense of the Treasury of the United States shall be suspended while the facts are gone into and fully developed.

Something had to be done in the meantime to carry the mail. We were either in the position of condoning for the time being the occurrences which we all deplore and which I may say occurred during the administration of the party to which the gentlewoman and others who have made these complaints belong, or of suspending the contracts of these people until they can show that their skirts were clean. The Air Corps of the Army, under General Foulois, a man highly competent and splendidly trained, were entirely willing to undertake this duty. They are carrying the mail today. They will carry it until the Post Office Department can make arrangements to carry the mail in a different manner, and I dare say that if the administration had suspended these contractors and stopped the carrying of the mail we would have heard from the other side, particularly from those who have sought to capitalize these deaths politically, the complaint that we were neglecting the duties devolved upon the Government by law in carrying these mails. The truth is that the minority have no issue upon which they can go to the country. They cannot criticize legislation for which they all voted. Neither do they dare criticize the administration which is restoring prosperity and bringing relief from conditions brought on by a Republican administration. Those who have resorted to this criticism have done so hoping thereby to find an issue. In order to do so they have been compelled to reflect unjustly on the efficiency and the training of the brave officers of the Army Air Corps. I resent the imputation. No braver or more loyal set of officers ever lived. They are efficient, prepared, and willing to undertake any task. I give every meed of praise to them and their distinguished commander, General Foulois. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, not a word of politics was heard in connection with the carrying of the air mail until it came from the other side of the aisle. I appealed to the other side to ignore politics and do the right thing in protecting our air-mail flyers. The gentlewoman from Massachusetts did that, but your cry and your answer, as has been the answer of the Democratic Party to every just criticism of anything that has been done by the administration, was that this was politics.

I am not playing politics now. I am calling attention to the politics that has been played, and the attempt at playing politics by the Democratic Party in connection with this airplane situation. Not a word has been said here that is not just as bad as those of us who tried to correct the situation in the air mail bill that was before the House said at the time that bill was up. The story has been told here by the Chairman of the Appropriations Committee, Mr. COLLINS, of the five deaths, and all of them attributable to this operation.

Mr. MILLARD. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. MILLARD. The gentleman from Alabama [Mr. BANKHEAD] spoke about the number of deaths of commercial flyers carrying the mails. Does the gentleman know that since these flyers have learned to fly the beam very few deaths have taken place?

Mr. TABER. Of course, that would improve the situation.

Mr. DUFFEY. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. DUFFEY. I should like to know whether the gentleman took occasion to read the remarks in the CONGRESSIONAL RECORD that were made by the gentleman from New York [Mr. MEAD] the other day.

Mr. TABER. I read those remarks and they were not an answer to the things that have been told here. The men who understand this situation are aware of the fact that it was reckless and foolhardy to turn the Army flyers loose the way they were turned loose. I am not playing politics. When I went on the floor first I tried to correct the situation. I believe all of you realize this should have been done, but, on account of politics, refused to correct the situation.

Mr. O'CONNOR. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. O'CONNOR. What would the gentleman have done?

Mr TABER. I would have had them instructed in beam flying before they went out, and that was not done.

Mr. O'CONNOR. How long would that take?

Mr. TABER. It would not take very long. But why was it not done first?

Mr. O'CONNOR. How long is "so long"?

Mr. TABER. Oh, 3 or 4 days.

Mr. DOBBINS. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Illinois.

Mr. DOBBINS. Does the gentleman realize that since the last death among the Army flyers, with the Army flyers flying probably twice as far every day as the commercial flyers, there have been 12 deaths in commercial aviation while none has occurred in the Army?

Mr. TABER. I do not know that to be the situation.

Mrs. ROGERS of Massachusetts. That includes passengers.

Mr. TABER. There has been one passenger plane destroyed, I understand.

Mr. DOBBINS. And another today out in my own State of Illinois in which the aviation representative of one of the most severe newspaper critics of the administration met his death.

Mr. HAMILTON. Will the gentleman yield?

Mr. TABER. No.

Mr. HAMILTON. Is it not true that in every grave emergency, the Regular Army——

Mr. TABER. I do not yield.

There were two deaths in Ohio that have not been accounted for.

Mrs. GREENWAY. Will the gentleman yield?

Mr. TABER. I yield.

Mrs. GREENWAY. I thank the gentleman very much. I realize my fellow Members on this side may be uneasy as to my rising, because I have risen once before for the purpose of voting against the continuing of the Army mail service until the equipment was adequate to avoid hazard. I cannot resist rising now because I see no reason why we should confuse two totally different issues; that of carrying the mail as it is being discussed now, and the issue that was introduced, first, that of which we on this side of the House should be proud above everything else, namely, the "new deal", in which we are investigating the past and keeping faith with the taxpayers of the United States. [Applause.]

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. TABER. Not at this time.

The situation is that the administration has taken upon itself a responsibility. I hope that if there are any guilty they will be prosecuted to the limit. If there is none guilty, the country will know about it. I only regret that it was not the attitude of the administration to establish this first. [Applause.]

[Here the gavel fell.]

Mr. GIFFORD and Mr. FISH rose.

Mr. GIFFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, as one of those who has not taken any part in this discussion, but representing those who are interested, I want to say that my attention was arrested when I heard the leader on the other side of the House say that the people of the country are well informed and believe that there was fraud or corruption involved in this situation.

The people of the country were only made to believe that there was fraud or corruption, because in this, as in all these other matters, they believe in the President of the United States. [Applause.]

Yes; I want you to recognize the fact that the thought expressed by Congressmen on the floor of the House is not sufficient. The editorial writers of the papers throughout the country do not wait for Congressmen to consider the facts and place the blame. I want to remind you that they got their information from administration sources, with fraud and corruption asserted but in nowise established.

The second thought I want to express is with respect to the defense you offer here now, as well as previously, namely, that since pilots of some of the commercial transport lines went to their deaths, it is not strange that some of the Army flyers also went to theirs during the recent storms. My answer is that if private-line pilots, with such thorough training and up-to-date equipment, went to their deaths how much more reason was there to protect Army flyers, with their insufficient training and inadequate equipment.

It reminds me of the boy in the Army who tried to get back into the lines, and because he had forgotten the password said, "I am General Pershing." They knocked him down and hurt him badly and afterward asked him, "Why didn't you speak the truth?" He replied, "If you would do that to General Pershing, what would you have done to me?" [Laughter.]

If the finely equipped planes could not get through, how could Army machines have been expected to do so? Yet Members have answered this criticism by saying, "Read this, and see what happened to private flyers." Such an answer should be warmly resented.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. COCHRAN of Missouri. The gentleman in a number of speeches on the floor of the House has had a great deal to say about fraud and corruption in the activities of the C.W.A.

Mr. GIFFORD. Plenty.

Mr. COCHRAN of Missouri. Where did that fall?

Mr. GIFFORD. On the chairman of the committee who would not allow it to be investigated—squarely on your shoulders. [Applause.]

Mr. COCHRAN of Missouri. That charge exploded, and the gentleman set it off.

Mr. GIFFORD. It was exploded by the chairman of the committee who refused to have any further notice taken of it.

Mr. HARLAN. Will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. HARLAN. The gentleman has made the statement that the charges of fraud were based entirely upon statements emanating from the White House, and the people believed them for that reason. Does the gentleman think that when an ex-Postmaster General takes his mail home and finds lost mail there accidentally, and says that some crook or assassin must have put it there, and when another employee of the Post Office Department tears up mail when he is under subpena and the mail has to be taken out of the cellar——

Mr. GIFFORD. Ask a question. I do not yield further. All that has been gone over.

Mr. HARLAN. Is it necessary to charge fraud under such conditions? Do they not admit it?

Mr. FISH. Mr. Chairman, I move to strike out the last six words.

Mr. COLLINS of Mississippi. Mr. Chairman, I think we have had enough on this subject.

The CHAIRMAN. The gentleman from Massachusetts has the floor. The gentleman has 2 minutes remaining.

Mr. GIFFORD. I thought my time had been exhausted. I tried to explain, above interruption of the gentleman from Ohio, that all those matters seem to have been gone over with a fine-tooth comb by that marvelous committee in another branch, and after days upon the stand the same ex-Postmaster General seems to have come forth with nothing proved against him.

You tried to bring reproach upon a lot of others and then say to this side of the House "politics." Oh, it does not lie in your mouths to say that. It has been nothing but politics to try to bring in those of a past administration all the year long and refuse to allow any sort of examination into the present administration.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. OLIVER of Alabama. Does the gentleman feel that he has so carefully examined all of the evidence, which tends to show fraud, that he is now in position to say with very definite assurance that there was no fraud?

Mr. GIFFORD. I have not examined into the matter.

Mr. OLIVER of Alabama. But the gentleman's argument would suggest he had.

Mr. GIFFORD. We are informed by the press that after making many attempts to find something, nothing has come out of it.

Mr. OLIVER of Alabama. The gentleman will wake up some morning to find that he has been asleep at the switch.

Mr. BANKHEAD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BANKHEAD. What is the matter pending before the Committee?

The CHAIRMAN. A pro forma amendment to strike out the last word.

Mr. BANKHEAD. I make the point of order, Mr. Chairman, that all debate on that amendment has been exhausted.

Mr. FISH. Mr. Chairman, I move to strike out the enacting clause.

Mr. GOSS. Mr. Chairman, I make the point of order that that motion must be in writing.

The CHAIRMAN. The Chair sustains the point of order. The Clerk will read.

The Clerk read as follows:

Office of Chief of Engineers, $108,296: *Provided*, That the services of skilled draftsmen, civil engineers, and such other services as the Secretary of War may deem necessary may be employed

only in the Office of the Chief of Engineers, to carry into effect the various appropriations for rivers and harbors, surveys, and preparation for and the consideration of river and harbor estimates and bills, to be paid from such appropriations: *Provided further*, That the expenditures on this account for the fiscal year 1935 shall not exceed $199,242; the Secretary of War shall each year, in the Budget, report to Congress the number of persons so employed, their duties, and the amount paid to each.

Mr. FISH. Mr. Chairman, I move to strike out the last word.

Mr. BANKHEAD. What is the last word, Mr. Chairman?

The CHAIRMAN. The last word is "each."

Mr. FISH. Mr. Chairman, that is what I propose to speak on. I propose to speak on what each pilot receives, and I will give some interesting information to the House.

I am sorry that I was not present to hear the impassioned and partisan remarks that have been made this afternoon about the efficiency of the Army Air Corps.

What is the use of us acting like a lot of children? What is the use on both sides of the House in making a lot of unfounded statements about the Army Air Corps, when after all, the only people responsible for the inefficiency or lack of training of the Army Air Corps is the Congress of the United States.

It is the easiest thing in the world to prove to Members on both sides and the American people back home. I am going to prove it quickly, and I hope I will get the help of the gentleman from Mississippi. I think he has taken a big step to build up the efficiency of the Army Air Corps in the bill before us by making available an additional million dollars for oil and gas to provide more actual flight training.

Mr. BANKHEAD. Mr. Chairman, I make the point of order that the gentleman is not speaking to his amendment.

The CHAIRMAN. The gentleman will confine himself to his proposed amendment.

Mr. FISH. I will confine myself to speaking on the amount of money and, primarily, on the number of hours that each of the Army air pilots have allotted to them per day and per year.

The fact is the Army air pilots, for lack of appropriation by Congress, are getting only 25 minutes a day air service. That is the whole trouble. How can you make efficient Army air pilots when you appropriate insufficient money, only $1,640,000 for oil and gasoline, which provides for only 25 minutes' flying a day to a pilot? The commercial air pilots have on an average 3 hours a day. Then you expect the Army air pilots, because of a lack of appropriation on our part, to compare with the private air pilots who have an average of 3 hours a day.

The new appropriation adds $1,000,000, which will increase the average per day per pilot to about 32 minutes, in comparison with 3 hours per day for the private pilots.

If anybody is to blame, it must be self-evident that it is the Congress of the United States, and I am not raising any partisan issue at the present time. I was not here when the recent partisan debate took place. Therefore I shall not inject myself into it.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. O'MALLEY. Will the gentleman tell me how much time these pilots got under the Republican administration in Army training? Is there any difference in the time?

Mr. FISH. I am merely presenting the facts as they are. If the gentleman wants to raise a question of partisanship, I would call his attention to the fact that there has been a Democratic House for 3 years past. The chairman of the committee, the gentleman from Mississippi [Mr. COLLINS]—and I assume it is on his responsibility—has added a million dollars to this bill for oil and gas to extend the time for flights. He has increased the appropriation of last year for fuel oil and gas to the extent that the time of every pilot is lengthened from 24 minutes to 33 minutes a day.

Mr. O'MALLEY. That is much better than it was before, is it not?

Mr. FISH. If the gentleman will follow what I said, it certainly is, and I am congratulating the gentleman from Mississippi, if he is the one who did it, for increasing the time from 24 minutes to 33 minutes, but how does that compare with 3 hours plus in the private air-mail companies for the actual flying time of pilots per day?

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed for 3 minutes more.

The CHAIRMAN. Is there objection?

Mr. BANKHEAD. Mr. Chairman, I think we have had a pretty full discussion of this, and this section with which we are now dealing has nothing whatever to do with the air service.

Mr. FISH. If the gentleman will permit, I propose to offer an amendment, when it is reached, to increase the appropriation, for oil and gas, an additional million dollars.

Mr. BANKHEAD. When the gentleman does that he can discuss it. I shall not object to it, but it does seem to me that we ought to get down to a discussion of the bill, and I invoke the chairman of the committee because we have other pending legislation.

The CHAIRMAN. Is there objection to the request of the gentleman from New York that his time be extended 3 minutes?

There was no objection.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. OLIVER of Alabama. I am not willing to accept the implied indictment that the Army Air Service is inefficient. My understanding is that perhaps the most efficient, thorough, intense, and complete training that any air corps in this or any other country receives is that of the Army in its school at San Antonio, Tex. All pilots are required to pass the most rigid test and examination before they are qualified to fly, and many indeed have been denied the right to fly because they could not meet the very high and strict requirements of the Army.

Mr. FISH. I agree with the general statement of the gentleman from Alabama I have repeatedly stood on the floor of this House and upheld the Army Air Corps and have stated that in the past they trained the civilian flyers, probably 90 percent of them, that they are trained flyers themselves, and that they are exceedingly courageous, and that if given an opportunity they would make the best flyers in the world. But when Congress provides only 150 hours of flying per year, or 24.6 minutes flying per day, how can they keep up and continue to be expert flyers? In the new bill 200 flying hours are provided, or an average of 33 minutes per day. Under the amendment I propose, adding another million dollars, it would provide for 250 flying hours per year, or 41 minutes per day, as against 1,200 flying hours per year in private companies. Of course, it must be self-evident to all fair-thinking men on both sides that these Army pilots cannot go out and operate the mail routes and learn the beam flying and night flying and blind flying as well as the air-mail pilots who have been flying 3 hours a day over these air-mail routes for months and years and know every contour and sign post on them.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. O'CONNOR. Is that compulsory? Must they fly that time each year?

Mr. FISH. That is all they can fly under the appropriation.

Mr. O'CONNOR. The reason I ask that is that for years we have had the question here of flying pay. I have sat and listened to it for hours before the Committee on Rules, and every flyer flew the very minimum he had to fly, and it was testified that he flew the very minimum, whether 25 minutes a day or not.

Mr. FISH. If the gentleman is correct he is making a very serious indictment of the Army Air Corps.

Mr. O'CONNOR. I am.



Mr. FISH. I hate to hear him make that statement unless he can substantiate it.

Mr. O'CONNOR. It is against the individual.

The CHAIRMAN. The time of the gentleman from New York has again expired.

The Clerk read as follows:

For contingent expenses of the Military Intelligence Division, General Staff Corps, and of the military attachés at the United States embassies and legations abroad, including the purchase of law books, professional books of reference, and subscriptions to newspapers and periodicals; for the hire of interpreters, special agents, and guides, and for such other purposes as the Secretary of War may deem proper, including $5,000 for the actual and necessary expenses of officers of the Army on duty abroad for the purpose of observing operations of armies of foreign states at war, to be paid upon certificates of the Secretary of War that the expenditures were necessary for obtaining military information, $27,500, to be expended under the direction of the Secretary of War: *Provided*, That section 3648, Revised Statutes (U.S.C., title 31, sec. 529), shall not apply to payments made from appropriations contained in this act in compliance with the laws of foreign countries or their ministerial regulations under which the military attachés are required to operate.

Mr. BROWN of Kentucky. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed for 5 minutes out of order.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BROWN of Kentucky. Mr. Chairman, I wish to use these 5 minutes to dethrone one king of grafters and enthrone another. I read from the Louisville Courier-Journal of February 12, at which time there was a gathering of the American Legion at Paris, Ky., and at which place Dr. Jo M. Ferguson, head of the United States veterans' hospital at Lexington, Ky., made a talk. In that talk he paid a tribute to those Congressmen from Kentucky who voted here against the Economy Act last spring, and by innuendo a condemnation of those who voted for that act. For the benefit of the Membership of this House I shall now read the war record of that eminent gentleman who made the talk on that occasion, because since he was attempting to incite the soldiers of the country against those who voted for economy and to stir them up in a move to get back on the pay roll those thrown off, I think it well to know what moved this man in making a talk on that occasion. I find out from the War Department that he enlisted October 18, 1918, which is just 24 days before the armistice was signed.

We find that they did not call him from his home in Central City, Ky., for 17 days. That was 7 days before the armistice was signed. He was then called to Camp Johnson in Florida. He was a captain in the Medical Corps for that 7 days before the armistice was signed. He remained in the Army until July 11 of the following summer, but the war was over during that time. He remained as a captain in the Medical Corps, at a base salary of $200 a month. I do not have time to answer questions, because this is all very interesting and I want to call attention to some further things.

Mr. FISH. Will the gentleman yield?

Mr. BROWN of Kentucky. I cannot yield.

Mr. FISH. I wanted to know who the gallant soldier was.

Mr. BROWN of Kentucky. Dr. Jo Marvin Ferguson, head of the veterans' hospital at Lexington, Ky.

The war records show that he was offered a commission as a captain on August 6, 1917, and the records also show that on September 13 he declined that commission. That was at the beginning of the war, and the draft at that time included only those from 21 to 31, and the dear doctor was 40 years of age and therefore not included. His country offered him a chance to fight but it did not make him do it, and he therefore declined to do so. He did not want to fight then, but in the next year the selective draft caught him, for in the summer of 1918 they passed the selective draft including all between the ages of 18 and 45 which, of course, caught the doctor. And he then enlists on October 18, which was as late as possible to evade the draft and then comes in on his captain's salary in the Medical Corps and serves 7 days in the Army, before the armistice was signed, and the balance of his service was after the war was over and confined solely to such duties as a captain in the medical service would be required to perform. There was no drill for him, no smell of gunpowder, no rigors of campaigning of any form or manner but a fat salary of a captain in the Medical Corps and the ease attendant upon such a position. Now, this is the interesting part of it. Before the Economy Act was passed he was drawing $6,500 as head of that hospital, but that was not enough. He was drawing $150 a month emergency officer's retired pay. But that was not enough. He was getting $33 a month for a service-connected disability, based on 7 days as a captain in the Medical Corps. He was drawing a total from the Government of $8,696. The Economy Act cut him $3,099 per year, which was money which he never had any right to draw, for he served only 7 days before the armistice and suffered no injury in any form or manner.

Mr. BLANTON. Did he have some teeth injury?

Mr. BROWN of Kentucky. That is what I am coming to. Here is what his injury was, based on an affidavit of one of his home-town doctors in Central City, Ky. Let me tell you what he said the last day before he left camp. This is the statement he made to the examining surgeon at the time of his discharge on July 11, 1919:

I have no wound, injury, or disease, whether in the military service or otherwise.

That is what he said July 11, 1919, when they mustered him out of the Army, and September 1921 he gets an award of $33 a month dating back to the day after he got out of the Army, $33 a month beginning July 12, 1919. The very day after he made the statement that he had no disability whatsoever, he starts drawing back pay for an injury which, according to his own statement, he did not have.

This is what his home-town doctor said who examined him:

I examined him. He had a pulse at rest of 84; a pulse after exercise of 100. I found the following symptoms: Swelling of the feet and ankles.

He diagnosed the case as rheumatism. Rheumatism! A captain in the Medical Corps for 7 days' war-time service. His home-town buddy said, on which this disability is being paid:

I believe his disability is attributed to the service, due to the fact that he had abscessed teeth.

[Laughter.]

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. BROWN] has expired.

Mr. BROWN of Kentucky. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. MARTIN of Oregon. I ask that the gentleman be given 5 additional minutes.

Mr. BAILEY. Mr. Chairman, I ask unanimous consent that the gentleman proceed for 5 additional minutes.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that the gentleman be granted 5 additional minutes.

The CHAIRMAN. Without objection, the gentleman is recognized for 5 additional minutes.

There was no objection.

Mr. BROWN of Kentucky. Mr. Chairman, I think this hero who has proclaimed against a great many of us down here deserves this extra 5 minutes, in order that we may get more of his great record in time of war.

Mr. RANDOLPH. Will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. RANDOLPH. Is it not a fact that the indictment made by Dr. Ferguson is not against all Members of Congress, but simply the Members in the Kentucky delegation?

Mr. BROWN of Kentucky. That is correct.

Mr. BLANTON. Will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. BLANTON. It might be interesting to our friend from Kentucky to know that there have been 4,800 of those impostors dropped from the retired list, and now draw no longer their unmerited monthly loot from the Government, and if the gentleman will look at House Document No. 269, which

I just had printed, he will see that of those six-thousand-three-hundred-odd emergency officers who got themselves retired, only 1,518 of them are now on the rolls drawing monthly retired pay.

Mr. BROWN of Kentucky. That is too many.

Mr. BLANTON. I know that the gentleman from Kentucky is going to aid us materially in preventing these emergency officers who have been dropped from being put back on the rolls by the amendment which has been passed by the Senate.

Mr. BROWN of Kentucky. I want to finish with this gentleman's record.

On 7 days' service in the Army, on the affidavit of his home-town physician, he has been drawing $33 a month as a service-connected case. This gentleman has been, since 1922, in the Veterans' Bureau as head of a hospital.

Mr. PARKER. Will the gentleman yield for a question?

Mr. BROWN of Kentucky. I yield.

Mr. PARKER. Did the gentleman say the trouble was caused from cold feet? [Laughter.]

Mr. BROWN of Kentucky. I said the diagnosis of his case showed that his feet and ankles were swollen, and that the doctor, his home-town buddy, said it could be attributed to service connection, because he had had abscessed teeth. From his own statement of the case, the only service he had was as captain in the Medical Corps, without any drilling that would have made ankles or feet swell, but he comes in there as a part of the Veterans' Administration, lives on the pay roll, not once, but three times, and yet we are going to vote in a few days, as the gentleman from Texas has said, on Senate amendments that will put this louse back on the Government pay roll in three different places. [Laughter.] And still honest veterans have to go down there to be taken care of by this fellow who has been grafting on the Government ever since the day after he got out of the Army.

Why, he was grafting even before that. In 1917 when other doctors volunteered and went to war they offered him a commission, but he did not want to fight. He did not have to then, but he had an opportunity to go fight the next year. When he saw he was going to be caught in the selective draft and when the war was over he enlisted.

Mr. Chairman, I am as much in favor as anyone else of putting back on the rolls every honest veteran whose case has not been treated fairly; I am in favor of giving him what he deserves; but I am not in favor of blanketing in a lot of grafters like this one whose case I have just outlined. [Applause.]

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. MARTIN of Oregon. The gentleman from Kentucky has very ably unmasked one of these veteran politicians. The country is full of them. Has the gentleman any more on his list? Why not go after some more of them?

Mr. BLANTON. I have 4,800 of them on my list. And we have had them removed from the pay roll, and some are State judges drawing big salaries.

Mr. MARTIN of Oregon. These men are masquerading as soldiers, nothing more.

Mr. BROWN of Kentucky. The Economy Act did not go far enough along this line, for 1,500 of them were left on the rolls. I would like to reach every one of them. It is this type of man who is willing to graft and eat up the money that is allotted for honest veterans that prevents the deserving veterans from being cared for. The money that this man has been taking from the Government on a disability which he never incurred based on manufactured evidence and contradicted by his own statement at the time he left the service is money that ought to be going to actual cases of men who suffered disbility but who cannot get on the rolls because of such grafters as this.

The Economy Act was aimed at and made necessary by such grafters as Dr. Ferguson, and the sooner the American Legion and other service organizations kick out this type of grafter the sooner will their organizations become real peace-time service organizations, devoted to the country's need. I have been a member of the American Legion, and I do not believe that this organization or, for that matter, the real service man of this country, favors Dr. Ferguson's type, living like leeches on a Government which in time of war they declined to serve until they could not evade the draft and who then come in and take the money that should go to those who actually suffered injury in their country's service. It should be the goal of the American Legion to clean this type out of their ranks instead of placing them on their program as was done in the meeting at which Dr. Ferguson spoke in Paris. I believe that his record of grafting on the Government is without parallel, and so I therefore ask that we dethrone William Wolf Smith, who has been known as the "king of grafters" along this line, and crown a new king of grafters. From this time on, the name of William Wolf Smith should be forgotten, and when we speak of graft which deprives honest veterans of an opportunity at compensation we should enthrone the name of Dr. Jo Marvin Ferguson, the new king of grafters on the Veterans' Administration pay roll. He should not only be kicked off the compensation pay roll but should be kicked out of the Veterans' Administration.

[Here the gavel fell.]

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn.

There was no objection.

The Clerk read as follows:

For pay of not to exceed an average of 12,000 commissioned officers, $23,617,645, no part of which sum shall be available for the pay of more than 11,750 commissioned officers whose commissions are dated prior to June 1, 1934; pay of officers, National Guard, $100; pay of warrant officers, $1,336,407; aviation increase to commissioned and warrant officers of the Army, not to exceed $1,579,410, none of which shall be available for increased pay for making aerial flights by nonflying officers above the grade of captain; additional pay to officers for length of service, $7,039,844; pay of enlisted men of the line and staff, not including the Philippine Scouts, $45,946,153; pay of enlisted men of National Guard, $100; aviation increase to enlisted men of the Army, $457,904; pay of enlisted men of the Philippine Scouts, $945,401; additional pay for length of service to enlisted men, $3,453,300; pay of the officers on the retired list, $9,188,436; increased pay to not to exceed four retired officers on active duty, $4,620; pay of retired enlisted men, $11,610,000; pay of retired pay clerks, $1,519; pay not to exceed 60 civil-service messengers at not to exceed $1,200 each at headquarters of the several Territorial departments, corps areas, Army and corps headquarters, Territorial districts, tactical divisions and brigades, service schools, camps, and ports of embarkation and debarkation, $64,800; pay and allowances of contract surgeons, $46,148; pay of nurses, $759,204; pay of hospital matrons, $540; rental allowances, including allowances for quarters for enlisted men on duty where public quarters are not available, $5,386,397: *Provided*, That during the fiscal year ending June 30, 1935, no rental allowance shall accrue to any officer of the Government in consequence of the provisions found in section 10, title 37, United States Code, while occupying quarters at his permanent station not under the jurisdiction of the service in which serving but which belong to the Government of the United States, or to a corporation the majority of the stock of which is owned by the United States, in excess of the rental rate charged for such quarters on March 5, 1934; subsistence allowances, $5,290,066; interest on soldiers' deposits, $30,000; payment of exchange by officers serving in foreign countries, and when specially authorized by the Secretary of War, by officers disbursing funds pertaining to the War Department, when serving in Alaska, and all foreign money received shall be charged to and paid out by disbursing officers of the Army at the legal valuation fixed by the Secretary of the Treasury, $100; in all, $121,758,094, less $285,000 to be supplied by the Secretary of War for this purpose from funds received during the fiscal year 1935 from the purchase by enlisted men of the Army of their discharges, $121,473,094; and the money herein appropriated for "Pay, and so forth, of the Army" shall be accounted for as one fund except that no amount in this paragraph specifically limited may be increased: *Provided*, That no part of this appropriation shall be available to pay any officer detailed as a military aide to any civil officer of the United States outside of the War Department except the President: *Provided further*, That no appropriation contained in this act shall be available for or on account of the maintenance of more than 32 military attachés: *Provided further*, That no appropriation contained in this act shall be available for or on account of the maintenance of more than 83 bands: *Provided further*, That during the fiscal year ending June 30, 1935, no officer of the Army shall be entitled to receive an addition to his pay in consequence of the provisions of the act approved May 11, 1908 (U.S.C., title 10, sec. 803), or of section 1261 of the Revised Statutes (U.S.C., title 10, sec. 692).

Mr. McDUFFIE. Mr. Chairman, I make the point of order that the language, on page 11, line 8, beginning with the word "no" and ending with the figures "1934" in line 11, constitutes a change of substantive law and, therefore, is legislation on an appropriation bill.

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. McDUFFIE. Mr. Chairman, in 1911 Congress passed an act providing that the pay of Army officers detailed for work on rivers and harbors may be taken from the funds appropriated for that work rather than from the general funds of the Regular Establishment.

Into the law of 1911 was written substantially this language, that the pay of Army officers detailed for work on river and harbor projects may be paid out of funds appropriated for a given project.

There is probably some $200,000 involved here which might be termed hidden costs. It is to eliminate this that I am asking that this language be stricken.

For instance, in the operation of the Mississippi-Warrior barge line it is often alleged that the salary of General Ashburn, who is in charge of this operation, is not being charged against the operation. Whether the operation has merit is not the question here; the charge is being made that the general's salary is not accounted for in its set-up costs of the operation. The same allegations are often made as to river and harbor work.

When the statute of 1911 was passed providing that these Army officers, the officers of the Corps of Engineers, may be paid from funds appropriated for a given project, the question of its interpretation was raised, and the then Attorney General, Mr. Knox, held with reference to river and harbor work that the word "may" was mandatory. The decision of Attorney General Knox was followed by a decision of the Comptroller General to the effect that the word "may" was mandatory. Since 1911 the officers charged with the duty of river and harbor development have been paid from funds appropriated for given projects.

Assuming that it is now the law that such officers are to be paid from funds allocated to the various projects under their supervision and direction, I make the point of order that this language constitutes a change of substantive law and, therefore, is legislation on an appropriation bill and subject to a point of order.

The CHAIRMAN. Does the gentleman from Mississippi wish to be heard on the point of order?

Mr. COLLINS of Mississippi. Only to say that the gentleman mistakes entirely the purpose of the language. It is not subject to a point of order; it is clearly a limitation. A transfer has been made to the amount here carried from another part of the bill and whether or not a change will be made in the present procedure of charging the pay of Engineer officers on river and harbor work, has been left for administrative determination.

Mr. BLANTON. Mr. Chairman, I call the Chair's attention to the fact that this is merely a limitation pure and simple on the expenditure of this fund. The committee has the right at any time to make such a limitation on expenditures.

The CHAIRMAN. In the opinion of the Chair, the language against which the point of order is made is a limitation. Although it may have an effect upon existing law, nevertheless, it is a restriction which, in the opinion of the Chair, is clearly in order and against which a point of order would not lie.

The Chair overrules the point of order.

Mr. HOEPPEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: Page 11, lines 25 and 26, strike out "$11,610,000" and insert in lieu thereof "$12,846,672."

Mr. HOEPPEL. Mr. Chairman, it is possible that a point of order may be raised against this amendment. I wish, nevertheless, to explain what is sought to be accomplished by the amendment.

The pending bill provides $450 per annum rental allowances for Government clerks. This same bill provides only $75 per annum rental and clothing allowances for retired enlisted men. In other words, retired enlisted men receive only $75 for the entire year for rent and clothing, yet Government clerks receive $450 for rent alone for the same period. I claim this is an unfair disparity.

In addition, in this bill we provide only 27 cents per day subsistence for retired enlisted men. This amount is insufficient and wholly inadequate.

The men in active service receive 35 cents per day. This figure of 35 cents is predicated upon the fact that they buy in annual allotments and at wholesale, otherwise the allowances would be higher. The aged retired enlisted men who have served in two or three battles, many decorated for bravery, are only receiving 27 cents per day to subsist themselves. Bear in mind that they must purchase subsistence at retail, which makes this small figure insignificant. This is not as much as some of us give in tips. Compare these enlisted men who have served our Nation faithfully and honorably in two or three wars and who receive only 27 cents per day for subsistence with Federal prisoners' allowances. I have here a letter from the Director of the Federal Prisons, Department of Justice, in which he states they are appropriating 60 cents a day to feed racketeers, bootleggers, and criminals of every sort, while we here are only providing 27 cents a day for retired men to subsist themselves in their own private homes.

Mr. BLANTON. Will the gentleman yield?

Mr. HOEPPEL. I yield to the gentleman from Texas.

Mr. BLANTON. The gentleman need not be afraid of a point of order, because he can move to raise this amount to $100,000,000, and it would not be subject to a point of order.

Mr. HOEPPEL. I hope the gentleman will bear in mind that I am seeking to provide for the most honorable body of men that ever served our flag. Some of these men are Civil War veterans. They are also receiving only 27 cents a day subsistence. As a comparison, may I say that enlisted men in active service detailed for duty in any city of the United States receive $1.95 per day to subsist themselves and for their quarters, whereas retired men living in the same city receive only 55 cents per day for the same facilities. In other words, enlisted men of the same grade in active service receive four times as much as the retired enlisted men, who are unable to work. Most of these men bear service-connected disabilities, and because of the fact they are retired they cannot receive one cent of pension regardless of the disabilities they have. Also bear in mind almost 2,000 of these men receive less than $66 per month less 15 percent.

Mr. BLANTON. Will the gentleman yield?

Mr. HOEPPEL. I yield to the gentleman from Texas.

Mr. BLANTON. This subsistence proposition merely means three meals a day?

Mr. HOEPPEL. Three meals a day.

Mr. BLANTON. Breakfast, dinner, and supper?

Mr. HOEPPEL. Correct.

Mr. BLANTON. The gentleman would call it breakfast, lunch, and dinner since coming to Washington, but does the gentleman from California know that there is being fed our Army now better food and more of it than has ever been fed to them before in the history of this country for all three of the meals—breakfast, dinner, and supper? There is more food and better food than they have ever received in the history of this country.

Mr. HOEPPEL. They are grateful to Congress for this consideration, but the Congress should take cognizance of the retired men who are unable to take care of themselves. The criminals, outlaws, and highbinders to whom I have referred receive 60 cents per day and from a glance at this picture you can readily note the commodious and elegant cells which they occupy. I hope you will vote for this amendment.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I rise in opposition to the amendment.

This amount of $11,610,000, which the gentleman seeks to increase, will pay the retired pay of 10,009 enlisted men according to schedules provided by law. We could add more money to this appropriation, but these 10,009 men would not get one penny more than the amount appropriated here. It may be a very nice gesture the gentleman is making, but a gesture is all it is. It would be utterly foolish for us to amend this figure by appropriating more, because these men could not get it if the money were appropriated.

The question was taken; and on a division (demanded by Mr. HOEPPEL) there were—yeas 6, nays 23.

So the amendment was rejected.

Mr. DOWELL. Mr. Chairman, I move to strike out the last word and ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. DOWELL. Mr. Chairman, on Friday last I sought to secure some information from the Appropriations Committee relative to the appropriation for Federal roads next year. I had a great deal of difficulty getting definite information relative to the program. However in answer to a question of mine the gentleman from New York [Mr. TABER] made a statement with reference to the amount available for next year. As will be recalled, $400,000,000 was appropriated for the Public Works highway projects in the Industrial Recovery Act and my inquiry went to the point of ascertaining how much of this remained for use next year. The gentleman from New York answered as follows:

If the gentleman will turn to pages 80, 80–A, and 81 of the Budget message I think he will find that approximately $200,000,000 out of the $400,000,000 will be available for expenditure in 1935.

Mr. Chairman, if that is correct, of course, it divides the appropriation about equally, but this statement coming from the Budget message I desire to correct.

Mr. MacDonald, Chief of the Bureau of Public Roads, was before the Committee on Roads of the House on February 23, and I quote from his statement before that committee, as follows:

Mr. MACDONALD. But this will give you a partial answer now, as of the 17th of February—we had approved 6,139 projects. That "approved projects" means that the State highway departments have prepared the surveys, plans, and specifications, the Bureau has approved all of the details of the project, and the work is ready for letting. That involved $275,000,000, a small part of which came from other funds. Two hundred and fifty-five million dollars came from the Public Works highway funds.

Mr. WHITTINGTON. When do you anticipate that the remainder of the $400,000,000 will be allocated?

Mr. MACDONALD. It will be substantially completed in the latter part of April or the first of May.

Mr. WHITTINGTON. In other words, there will be contracts approved for the expenditure of the entire $400,000,000 by the first of May, in your judgment?

Mr. MACDONALD. Yes, sir; substantially so. There are always projects in every State that for some reason or other take more time to get under way, but substantially the amount will be approved and either be actually contracted or in the process of contracting in the latter part of April or first of May. As of today we have approved projects covering 74 percent of the total highway allotment.

In the report of the Bureau of Public Roads to the Secretary of Agriculture entitled "Progress Report, June 1933 to February 1934, Highway Improvement Projects, Federal Public Works", I quote the following:

FUNDS AVAILABLE FOR ADDITIONAL HIGHWAY PROJECTS

Seventy-three and three tenths percent of the total $400,000,000, less administrative reserve, apportioned to the States is now obligated to the 6,139 projects already approved. There remained as of February 17, $105,262,000 available for additional projects.

* * * * * * *

As indicated on this chart, employment on Public Works highway projects will continue to rise rapidly until June, when it will reach its approximate maximum of around 280,000 men continuously employed. By the 1st of September the major part of the work will have been completed, and employment in this field will fall rapidly during the latter half of the year. The Public Works highway program will be completed as a major employment measure by the 1st of January.

This was sometime ago. I have here a statement from the Bureau of Roads as of March 3, which shows that $296,694,000 of the $400,000,000 has been already obligated. This is 75.3 percent of the entire appropriation.

You will note Mr. MacDonald, in his statement before the Committee on Roads, has stated that this appropriation of $400,000,000 will be obligated by the latter part of April or the first of May of this year. He also stated that the major part of the work will have been completed on September 1 of this year and the employment in this field will fall rapidly.

With no appropriation, the Bureau of Public Roads has told you that after September 1 there will be a closing out of the road work in every State in the Union, and the employment they have been giving to the thousands of men will cease as far as road building is concerned.

[Here the gavel fell.]

Mr. DOWELL. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. DOWELL. I am speaking to this question now because all of us know that the highway commissions of the several States must make out their program for the work of the coming year in advance, and these programs must be approved by the Department.

Unless Congress now makes appropriation for the fiscal year of 1935, road construction cannot be carried on and the men employed in road building throughout the country will find themselves out of employment.

This is a serious question and must have the attention of this Congress, and I am calling your attention to it now, that it may not be overlooked and that Congress may not fail to act.

In my judgment, there is no money expended by the Federal Government which is distributed among more people than the money expended in the building of roads. Federal road building furnishes employment to labor in every section of the country and more of the appropriations reaches the pockets of labor than any of the other appropriations.

The Bureau of Roads estimates that 80 to 85 percent of the money expended in road building goes to labor. I hope that the committee having this matter in charge will give it proper attention. [Applause.]

The Clerk read as follows:

Regular supplies of the Army: Regular supplies of the Quartermaster Corps, including their care and protection; stoves required for the use of the Army for heating offices, hospitals, barracks, and quarters, and recruiting stations, and United States disciplinary barracks; also ranges, stoves, coffee roasters, and appliances for cooking and serving food at posts in the field and when traveling, and repair and maintenance of such heating and cooking appliances; authorized issues of candles and matches; for post bakery and bake-oven equipment and apparatus; for ice for issue to organizations of enlisted men and offices at such places as the Secretary of War may determine, and for preservation of stores; authorized issues of soap, toilet paper, and towels; for the necessary furniture, textbooks, paper, and equipment for the post schools and libraries, and for schools for noncommissioned officers; for the purchase and issue of instruments, office furniture, stationery, and other authorized articles for the use of officers' schools at the several military posts; for purchase of commercial newspapers, market reports, and so forth; for the tableware and mess furniture for kitchens and mess halls, each and all for the enlisted men, including recruits; for forage, salt, and vinegar for the horses, mules, oxen, and other draft and riding animals of the Quartermaster Corps at the several posts and stations and with the armies in the field, for the horses of the several regiments of Cavalry and batteries of Artillery and such companies of Infantry and Scouts as may be mounted, and for remounts and for the authorized number of officers' horses, including bedding for the animals; for seeds and implements required for the raising of forage at remount depots and on military reservations in the Hawaiian, Philippine, and Panama Canal Departments, and for labor and expenses incident thereto, including, when specifically authorized by the Secretary of War, the cost of irrigation; for the purchase of implements and hire of labor for harvesting hay on military reservations; for straw for soldiers' bedding, stationery, typewriters and exchange of same, including blank books and blank forms for the Army, certificates for discharged soldiers, and for printing department orders and reports, $2,576,880.

Clothing and equipage: For cloth, woolens, materials, and for the purchase and manufacture of clothing for the Army, including retired enlisted men when ordered to active duty, for issue and for sale; for payment of commutation of clothing due to warrant

officers of the mine planter service and to enlisted men; for altering and fitting clothing and washing and cleaning when necessary; for operation of laundries, existing or now under construction, including purchase and repair of laundry machinery therefor; for the authorized issues of laundry materials for use of general prisoners confined at military posts without pay or allowances, and for applicants for enlistment while held under observation; for equipment and repair of equipment of existing dry-cleaning plants, salvage and sorting storehouses, hat-repairing shops, shoe-repair shops, clothing-repair shops, and garbage-reduction works; for equipage, including authorized issues of toilet articles, barbers' and tailors' material, for use of general prisoners confined at military posts without pay or allowances and applicants for enlistment while held under observation; issue of toilet kits to recruits upon their first enlistment, and issue of housewives to the Army; for expenses of packing and handling and similar necessaries; for a suit of citizen's outer clothing and when necessary an overcoat, the cost of all not to exceed $30, to be issued to each soldier discharged otherwise than honorably, to each enlisted man convicted by civil court for an offense resulting in confinement in a penitentiary or other civil prison, and to each enlisted man ordered interned by reason of the fact that he is an alien enemy, or, for the same reason, discharged without internment; for indemnity to officers and men of the Army for clothing and bedding, etc., destroyed since April 22, 1898, by order of medical officers of the Army for sanitary reasons, $4,207,112, of which amount not exceeding $60,000 shall be available immediately for the procurement and transportation of fuel for the service of the fiscal year 1935.

Mr. WADSWORTH. Mr. Chairman, I move to strike out the last word, to ask the chairman of the subcommittee a question. I notice on page 21, line 11, this language:

For indemnity to officers and men of the Army for clothing and bedding, etc., destroyed since April 22, 1898.

Why go back so far?

Mr. COLLINS of Mississippi. That is old language simply carried to take care of an occasional case.

Mr. WADSWORTH. Those cases must come pretty near being mildewed.

Mr. COLLINS of Mississippi. Once in a while one arises and has to be taken care of.

The Clerk read to page 28, line 12.

Mr. COLLINS of Mississippi. Mr. Chairman, I ask unanimous consent that the next paragraph for the construction and repair of hospitals be passed over until tomorrow.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent that the next paragraph be passed over for consideration tomorrow. Is there objection?

There was no objection.

The Clerk read to page 29, line 12.

Mr. FISH. Mr. Chairman, I move to strike out the last word. I want to say to the chairman of the subcommittee that this is a very important section of the bill, and I suggest that it be passed over for consideration tomorrow because if he insists on taking it up this afternoon I shall have to make a point of no quorum.

Mr. COLLINS of Mississippi. I cannot consent to its being passed over.

Mr. FISH. Mr. Chairman, I make the point of no quorum.

The CHAIRMAN. The gentleman from New York makes the point of no quorum. The Chair will count. [After counting.] Forty-two Members present—not a quorum.

Mr. COLLINS of Mississippi. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 8471, the War Department appropriation bill, and had come to no resolution thereon.

ENROLLED JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1083. An act authorizing adjustment of the claim of the Potomac Electric Power Co. of Washington, D.C.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 52 minutes p.m.) the House adjourned until tomorrow, Thursday, March 8, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, Mar. 8, 10 a.m.)

Continuation of hearings on H.R. 7852, the National Securities Exchange Act of 1934.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COX: Committee on Rules. House Resolution 198. Resolution to authorize special committee to investigate Nazi propaganda activities and certain other propaganda activities; without amendment (Rept. No. 878). Referred to the House Calendar.

Mr. KRAMER: Committee on Immigration and Naturalization. H.R. 8317. A bill to extend the validity of declarations of intention beyond 7 years; without amendment (Rept. No. 879). Referred to the House Calendar.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. H.R. 7801. A bill to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.; without amendment (Rept. No. 880). Referred to the House Calendar.

Mr. KELLY of Illinois: Committee on Interstate and Foreign Commerce. H.R. 7803. A bill authorizing the city of East St. Louis, Ill., its successors and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.; with amendments (Rept. No. 881). Referred to the House Calendar.

Mr. KELLY of Illinois: Committee on Interstate and Foreign Commerce. H.R. 8040. A bill granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa; without amendment (Rept. No. 882). Referred to the House Calendar.

Mr. CROSSER of Ohio: Committee on Interstate and Foreign Commerce. H.R. 8477. A bill authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.; without amendment (Rept. No. 883). Referred to the House Calendar.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. S. 2545. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.; without amendment (Rept. No. 884). Referred to the House Calendar.

Mr. SADOWSKI: Committee on Interstate and Foreign Commerce. S. 2593. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn.; without amendment (Rept. No. 885). Referred to the House Calendar.

Mr. SADOWSKI: Committee on Interstate and Foreign Commerce. S. 2594. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge

across the Mississippi River at or near the southerly end of Lake Bemidji, Minn.; without amendment (Rept. No. 886). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. S. 2675. An act creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.; with amendment (Rept. No. 887). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. S. 2347. An act to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended; without amendment (Rept. No. 888). Referred to the House Calendar.

Mr. CONNERY: Committee on Labor. H.R. 8492. A bill to provide a 30-hour week for industry, and for other purposes; without amendment (Rept. No. 889). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Claims was discharged from the consideration of the bill (H.R. 8432) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of George A. Carden and Anderson T. Herd, and the same was referred to the Committee on the Judiciary.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOLCOTT: A bill (H.R. 8511) to amend the Home Owners' Loan Act of 1933 to reduce the interest rate on obligations and/or liens acquired by the Home Owners' Loan Corporation from home owners; to the Committee on Banking and Currency.

By Mr. AYERS of Montana: A bill (H.R. 8512) to amend the act of March 3, 1927, amending section 1 of the act of May 26, 1926, entitled "An act to amend sections 1, 5, 6, 8, and 18 of the act approved June 4, 1920, entitled, 'An act to provide for the allotment of lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes'"; to the Committee on Indian Affairs.

By Mr. EDMISTON: A bill (H.R. 8513) to authorize the coinage of 50-cent pieces in commemoration of the birthplace and boyhood home of Gen. Thomas J. (Stonewall) Jackson; to the Committee on Coinage, Weights, and Measures.

By Mr. KLEBERG: A bill (H.R. 8514) authorizing the Secretary of the Treasury to convey a part of the post-office site in San Antonio, Tex., to the city of San Antonio, Tex., for street purposes, in exchange for land for the benefit of the Government property; to the Committee on the Post Office and Post Roads.

By Mr. SMITH of Washington: A bill (H.R. 8515) to provide for the construction of a post-office building at Kelso, Wash.; to the Committee on Public Buildings and Grounds.

By Mr. COLLINS of Mississippi: A bill (H.R. 8516) granting the consent of Congress to the board of supervisors, of Leake County, Miss., to construct a bridge across the Pearl River in the State of Mississippi; to the Committee on Interstate and Foreign Commerce.

By Mr. KELLY of Pennsylvania: A bill (H.R. 8517) to provide for needy blind persons of the District of Columbia; to the Committee on the District of Columbia.

By Mr. BLACK: A bill (H.R. 8518) to authorize the Commissioners of the District of Columbia to permit the Congregation Shewry Tallmud Tairy, of the District of Columbia, to lay out a cemetery in the District of Columbia; to the Committee on the District of Columbia.

Also, a bill (H.R. 8519) to amend sections 5, 9, and 12 and repeal section 36 of the District of Columbia Alcoholic Beverage Control Act; to the Committee on the District of Columbia.

By Mr. DUNN: A bill (H.R. 8520) to authorize the operation of stands in Federal buildings by blind persons; to create a bureau for the blind in the Post Office Department; to issue licenses to blind persons for the operation of such stands, and to supervise the same; to the Committee on the Post Office and Post Roads.

By Mr. SISSON: A bill (H.R. 8521) authorizing the appropriation of $600,000, or so much thereof as may be necessary, to refund payments made to the collector of taxes of the District of Columbia for illegally assessed taxes for paving roadways or laying curbs or gutters in the District of Columbia, including penalties charged and paid, as may on the date of approval of this act be legally due Paving Tax Refund Corporation of the District of Columbia, a corporation organized under the laws of the State of Arizona; to the Committee on the District of Columbia.

By Mr. BROWN of Georgia: A bill (H.R. 8522) to authorize the President to commission certain officers in the Regular Army; to the Committee on Military Affairs.

By Mr. McLEOD: A bill (H.R. 8523) to provide for the creation of the Pan American Peoples Great Highway Commission, and for other purposes; to the Committee on Foreign Affairs.

By Mr. OLIVER of New York: A bill (H.R. 8524) granting retirement to certain former employees of the Treasury Department; to the Committee on the Civil Service.

By Mr. WEIDEMAN: A bill (H.R. 8525) to amend the District of Columbia Alcoholic Beverage Control Act to permit the issuance of retailers' licenses of classes A and B in residential districts; to the Committee on the District of Columbia.

By Mr. BOYLAN: Resolution (H.Res. 294) authorizing payment of expenses of investigation authorized by House Resolution 293; to the Committee on Accounts.

By Mr. CONNERY: Resolution (H.Res. 295) for the consideration of H.R. 8492, a bill to provide a 30-hour week for industry, and for other purposes; to the Committee on Rules.

By Mr. ANDREW of Massachusetts: Joint Resolution (H.J.Res. 291) directing the Secretary of the Navy to make Boston Harbor the home port of the U.S.S. *Constitution*, and to maintain it there as a national museum; to the Committee on Naval Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Georgia: A bill (H.R. 8526) for the relief of James O. Greene and Mrs. Hollis S. Hogan; to the Committee on the Post Office and Post Roads.

By Mr. CARPENTER of Kansas: A bill (H.R. 8527) granting a pension to Mary L. Golden; to the Committee on Invalid Pensions.

By Mr. CHRISTIANSON (by request): A bill (H.R. 8528) to provide for the carrying out of the award of the National War Labor Board of April 11, 1919, and the decision of the Secretary of War, of date November 30, 1920, in favor of certain employees of the Minneapolis Steel & Machinery Co., Minneapolis, Minn.; of the St. Paul Foundry Co., St. Paul, Minn.; of the American Hoist & Derrick Co., St. Paul, Minn.; and of the Twin City Forge & Foundry Co., Stillwater, Minn.; to the Committee on War Claims.

By Mr. DOBBINS: A bill (H.R. 8529) for the relief of Herbert F. Wascher; to the Committee on Claims.

By Mr. FIESINGER: A bill (H.R. 8530) granting a pension to Evaline Binkley; to the Committee on Invalid Pensions.

By Mr. McCLINTIC: A bill (H.R. 8531) for the relief of Earl J. Babcock; to the Committee on Military Affairs.

By Mr. MOTT: A bill (H.R. 8532) for the relief of Lincoln County, Oreg.; to the Committee on Claims.

By Mr. OLIVER of Alabama: A bill (H.R. 8533) for the relief of Mrs. Tonnie Smith Young; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 8534) for the relief of Garland Hartman; to the Committee on Military Affairs.

By Mr. SNYDER: A bill (H.R. 8535) for the relief of Lawrence W. Muncey; to the Committee on Military Affairs.

By Mr. WEAVER: A bill (H.R. 8536) for the relief of Dr. C. A. Toline; to the Committee on Claims.

By Mr. WERNER: A bill (H.R. 8537) for the relief of Ursula S. G. Cleaver; to the Committee on Claims.

By Mr. WILLFORD: A bill (H.R. 8538) for the relief of H. E. Harvey; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2807. By Mr. ADAMS: Petition of approximately 4,000 residents of New Castle County, and approximately 125 residents of Kent and Sussex Counties, Del., favoring passage of a bill to safeguard inherent rights of the American people relative to radio broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

2808. By Mr. ANDREW of Massachusetts: Petition of Charles H. Stevens and 24 other citizens of Groveland, Mass., favoring the passage of House bill 7019, providing for old-age pensions; to the Committee on Labor.

2809. By Mr. BEITER: Petition of Holly Lodge, No. 70, Ladies' Society to Brotherhood of Locomotive Firemen and Enginemen, protesting against the proposed consolidation of the railroads of the United States, and particularly the Prince plan; to the Committee on Interstate and Foreign Commerce.

2810. By Mr. CARTER of California: Petition of W. Larson, G. H. MacDonald, Dan Shearer, and 43 other residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2811. Also, petition of Nellie Potter Kahot, Mrs. A. J. Church, Margaret L. Kirt, and 32 other residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2812. Also, petition of Perry B. Hollis, R. W. Trowbridge, Thomas A. Merrit, and 47 other residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2813. Also, petition of H. A. Mayberry, P. A. Allison, W. B. Giles, and 19 other residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2814. Also, petition of F. E. Barry, C. Smith, and 48 other residents of Alameda County, Calif., urging the restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2815. Also, petition of Richard E. Robertson, Martha Meyer, Lillian M. Anshultz, and 18 other residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2816. Also, petition of Julius Swanson, Willard Lynch, L. S. McMichael, and 22 other residents of Alameda County, Calif., urging the immediate payment of the bonus; to the Committee on World War Veterans' Legislation.

2817. By Mr. COLLINS of California: Petition signed by 7,500 voters of the Nineteenth Congressional District, Calif., urging the restoration to Spanish-American War veterans, their widows, and dependents of the pensions they were receiving prior to the passage of the Economy Act; to the Committee on Pensions.

2818. By Mr. FISH: Petition of 61 citizens of Warwick, N.Y., requesting an investigation into the propaganda of munitions companies, and that findings of such an investigation be made public; to the Committee on the Judiciary.

2819. By Mr. GOODWIN: Petition of Hudson Valley County Council Veterans of Foreign Wars in convention, urging support in the passage of the current bonus bill, claiming the veterans in their community are actually destitute and in dire need of immediate payment; to the Committee on World War Veterans' Legislation.

2820. Also, resolution of the Ulster County Pomona Grange, Lake Katrine, N.Y., that Ulster County Pomona Grange favors a 5-percent tariff on coconut oil and sesame oil, and urges the passage of this bill; to the Committee on Ways and Means.

2821. By Mr. KELLY of Pennsylvania: Petition of citizens of Pittsburgh, Pa., protesting against censorship of radio messages; to the Committee on Merchant Marine, Radio, and Fisheries.

2822. By Mr. KRAMER: Resolution of the Council of the city of Los Angeles, petitioning the Secretary of the Navy to retain all present and contemplated Coast Guard facilities at Los Angeles Harbor; to the Committee on Naval Affairs.

2823. By Mr. KVALE: Petition of members of the First Methodist Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2824. Also, petition of Trades and Labor Assembly, International Falls, Minn., urging protective legislation for pulp and paper industries; to the Committee on Ways and Means.

2825. Also, resolution of the Farmers' Union, Lyon County, Minn., opposing direct marketing of livestock; to the Committee on Agriculture.

2826. Also, petition of members of the First Methodist Episcopal Church of Duluth, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2827. Also, petition of citizens of Minneapolis, Minn., urging legislative action for the remonetization of silver; to the Committee on Coinage, Weights, and Measures.

2828. Also, resolution of the Farmers' Union of Lyon County, Minn., urging passage of the Frazier, the Swank-Thomas, and the Wheeler bills; to the Committee on Banking and Currency.

2829. Also, petition of members of St. Mark's Evangelical Lutheran Church, of North St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2830. Also, resolution of the Farmers' Union, Lyon County, Minn., urging passage of the bonus bill; to the Committee on Ways and Means.

2831. By Mr. LINDSAY: Letters of Ethel Sakson, Ethel Penzes, Ann Brooks, and Daniel Penzes, all of Brooklyn, N.Y., favoring the enactment of the McFadden radio bill, H.R. 7986, to amend the Radio Act of 1927; to the Committee on Merchant Marine, Radio, and Fisheries.

2832. By Mr. MARTIN of Massachusetts: Memorial of the House of Representatives of the Commonwealth of Massachusetts, urging the return to its home port of the U.S.S. *Constitution*; to the Committee on Naval Affairs.

2833. By Mr. MEAD: Petition of the Central Council of Polish Organizations and Societies, Buffalo, N.Y., urging proposed Cannon amendment to the naturalization law; to the Committee on Immigration and Naturalization.

2834. Also, petition of the International Brotherhood of Electrical Workers, Local No. 45, Buffalo, N.Y., urging favorable action on House bill 7580; to the Committee on the District of Columbia.

2835. By Mr. MILLARD (by request): Petition signed by members of James Daley Post, No. 200, Veterans of Foreign Wars, of Hastings-on-Hudson, urging immediate payment of veterans' adjusted-compensation certificates; to the Committee on Ways and Means.

2836. By Mr. PARKER: Petition of J. B. Tippins and 26 other citizens of Evans County, Ga., urging the enactment of legislation providing for an old-age pension; to the Committee on Pensions.

2837. By Mr. RUDD: Petition of Hal U. Fisher, 209-58 One Hundred and Eleventh Avenue, Bellaire, Queens, N.Y., and 16 other citizens of Bellaire, favoring the repeal of the gasoline tax as outlined in Senate bill 2038; to the Committee on Ways and Means.

2838. By Mr. THOMASON: Petition of residents of Hyman, Mitchell County, Tex., recommending reduction of cotton production; to the Committee on Agriculture.

2839. Also, petition of citizens of Crane County, Tex., urging immediate payment of the soldiers' bonus; to the Committee on Ways and Means.

2840. By the SPEAKER: Petition of Jose M. Garcia, secretary Provincial Board, Lingayen, P.I., urging the passage of the King bill; to the Committee on Insular Affairs.

2841. Also, petition of the members of the Switchmen's Union of North America, protesting against any plan of railroad managers or others to merge railroads where such merger would result in the closing of terminals, yards, or plants which would result in the lay-off of man power; to the Committee on Interstate and Foreign Commerce.

SENATE

THURSDAY, MARCH 8, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Tuesday, March 6, and Wednesday, March 7, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. McKELLAR. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Robinson, Ark.
Ashurst	Cutting	Keyes	Robinson, Ind.
Austin	Davis	King	Russell
Bachman	Dickinson	La Follette	Schall
Bailey	Dieterich	Lewis	Sheppard
Bankhead	Dill	Logan	Shipstead
Barbour	Duffy	Lonergan	Steiwer
Barkley	Erickson	Long	Stephens
Black	Fess	McAdoo	Thomas, Okla.
Bone	Fletcher	McCarran	Thomas, Utah
Borah	Frazier	McKellar	Thompson
Brown	George	McNary	Townsend
Bulkley	Gibson	Metcalf	Trammell
Bulow	Glass	Murphy	Tydings
Byrd	Goldsborough	Neely	Vandenberg
Byrnes	Gore	Norris	Van Nuys
Capper	Hale	Nye	Wagner
Caraway	Harrison	O'Mahoney	Walcott
Carey	Hastings	Overton	Walsh
Clark	Hatch	Patterson	Wheeler
Connally	Hatfield	Pittman	White
Coolidge	Hayden	Pope	
Copeland	Hebert	Reed	
Costigan	Johnson	Reynolds	

Mr. LEWIS. I desire to announce that the Senator from South Carolina [Mr. SMITH] is unavoidably detained from the Senate, and that the Senator from Kansas [Mr. McGILL] is detained by a severe cold.

Mr. HEBERT. I desire to announce that the Senator from South Dakota [Mr. NORBECK] is necessarily absent from the Senate.

The VICE PRESIDENT. Ninety-three Senators have answered to their names. A quorum is present.

SUPPLEMENTAL ESTIMATES FOR DEPARTMENT OF JUSTICE (S.DOC. NO. 151)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of Justice, fiscal year 1935, amounting to $193,900, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

FIELD SERVICE POSITIONS IN FARM CREDIT ADMINISTRATION (S.DOC. NO. 150)

The VICE PRESIDENT laid before the Senate a letter from the Governor of the Farm Credit Administration, transmitting, in response to Senate Resolution 135 of the present session, a statement showing the number of all persons employed in the field service of that Administration in each salary grade, segregated by States, together with the names and addresses of all persons receiving in excess of $2,000 in each State, compiled as of January 31, 1934, which, with the accompanying statement, was ordered to lie on the table and to be printed.

COMPENSATION OF OFFICERS AND DIRECTORS OF CORPORATIONS

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Trade Commission, which, with the accompanying papers, was referred to the Committee on Banking and Currency, and the letter was ordered to be printed in the RECORD, as follows:

FEDERAL TRADE COMMISSION,
Washington, March 6, 1934.

The PRESIDENT OF THE SENATE,
United States Senate, Washington, D.C.

DEAR SIR: In connection with the Commission's recent report to the Senate dealing with salaries and other compensation paid by certain corporations with securities listed on the New York Stock Exchange or the New York Curb Exchange, the Commission has received letters from the American Austin Car Co., Inc., and from Messrs. S. H. Vallance and Frank Bulkley, of which copies are hereto attached. There is also attached a copy of the Commission's replies to these letters.

In view of the representation made in these letters to the effect that the Commission's report to the Senate regarding "other compensation" paid by the American Austin Car Co., Inc., was erroneous, the Commission has directed that copies of the correspondence be forwarded to the Senate.

By direction of the Commission.

GARLAND S. FERGUSON, Jr., *Chairman.*

The VICE PRESIDENT also laid before the Senate a letter from the Chairman of the Federal Trade Commission, which, with the accompanying statement, was referred to the Committee on Banking and Currency and the letter was ordered to be printed in the RECORD, as follows:

FEDERAL TRADE COMMISSION,
Washington, March 7, 1934.

The PRESIDENT OF THE SENATE,
United States Senate, Washington, D.C.

DEAR SIR: In the Commission's recent report to the Senate dealing with salaries and other compensation paid by certain corporations with securities listed on the New York Stock Exchange or the New York Curb Exchange, the statement was made that the "General Refractories Co. sent in a schedule originally, but later wrote to the Commission to have this report returned to the company for revision. General Refractories Co. did not return the report in revised form, nor did it answer a further request for the report."

Upon the publication of this report the General Refractories Co. advised the Commission that it had sent in its report on January 15. In view of this the Commission advised the company that although its report had not been received, that if it would furnish a copy of its report immediately, the Commission would forward the information to the Senate with an appropriate explanation. There is enclosed herewith, therefore, the information as to the salaries paid by the General Refractories Co. to its executive officers and directors.

By direction of the Commission.

GARLAND S. FERGUSON, Jr., *Chairman.*

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Senate of the State of New Jersey favoring the passage of legislation abolishing the Federal gasoline sales tax, which were referred to the Committee on Finance.

(See resolutions printed in full when presented today by Mr. BARBOUR.)

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Virginia, which was referred to the Committee on the Library:

Whereas it is the desire of the General Assembly of Virginia that the historic grounds and points of interest at Old Appomattox Courthouse be suitably marked, restored, and preserved; and

Whereas such can best be accomplished by establishing this area as a national park: Now, therefore, be it

Resolved by the senate (the house of delegates concurring), That the Congress of the United States be, and it is hereby, memorialized to establish a national park at the said historic spot embracing within its boundaries the points of interest and restoring thereon all buildings connected with the events which took place at and in the said area; and be it further

Resolved, That the clerk of the senate transmit a copy of this resolution to the President of the United States, the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, and to each Senator and Representative therein from the Commonwealth of Virginia.

Agreed to by the senate March 6, 1934.

O. V. HANGER,
Clerk of the Senate.

Agreed to by the house of delegates March 6, 1934.

JNO. W. WILLIAMS,
Clerk of the House of Delegates.

The VICE PRESIDENT also laid before the Senate a resolution adopted by members of the American League of Medical Freedom, assembled in mass meeting at Seattle, Wash., protesting against the passage of the so-called "Copeland-Tugwell pure food and drug bill", particularly on the alleged ground that "It will place in the hands of the Assistant Secretary of Agriculture despotic powers in matters of health and gives the person or persons ruled against by the said Secretary no recourse to the courts of the land", which was referred to the Committee on Commerce.

He also laid before the Senate a telegram from A. Tapani, secretary of Italian Local, No. 202, Amalgamated Clothing Workers of America, of Rochester, N.Y., endorsing the so-called "Wagner labor dispute bill" and the proposed child-labor constitutional amendment, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by Lazarus Davis Lodge, No. 548, Independent Order of B'rith Abraham, of Dorchester, Mass., favoring the adoption of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a petition of sundry citizens of Chicago and vicinity, in the State of Illinois, favoring the passage of House bill 7483, providing a minimum wage for substitutes in the Postal Service, which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate the petition of Felix F. von Wilmowsky, of New York City, N.Y., praying for legislative relief from certain alleged oppressive practices which under color of law are resorted to in the Patent Office, which, with the accompanying papers, was referred to the Committee on Patents.

He also laid before the Senate a resolution adopted by the municipal board of the city of Manila, P.I., favoring the passage of the so-called "King bill", granting full independence to the Philippine Islands, which was referred to the Committee on Territories and Insular Affairs.

Mr. GIBSON presented a petition of sundry citizens of Chester and Ludlow, in the State of Vermont, praying for the passage of House bill 7019, providing old-age compensation, which was referred to the Committee on Education and Labor.

Mr. ROBINSON of Arkansas presented a letter from Herman Dierks, Kansas City, Mo., relative to a provision in House bill 7835, the revenue bill, affecting the lumber industry, which was referred to the Committee on Finance.

Mr. TYDINGS presented resolutions adopted by LaFayette Lodge, No. 86, Independent Order of B'rith Abraham, of New York City, N.Y., favoring the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented petitions of sundry citizens of Providence, R.I., and New York City, N.Y., praying for the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

TAX ON GASOLINE

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in full in the RECORD and appropriately referred resolutions adopted by the Senate of the State of New Jersey on the subject of the gasoline tax.

There being no objection, the resolutions were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

GASOLINE-TAX RESOLUTION

Whereas the Congress of the United States of America has imposed a tax upon all sales of gasoline; and

Whereas the State of New Jersey and all other States of the United States have already imposed taxes upon such sales; and

Whereas the Federal tax on such sales is untimely and prohibitive and, coupled with the respective State taxes on such sales, places a burden upon the users of gasoline beyond that which they should carry and beyond that which the traffic can legitimately bear; and

Whereas the taxation of sales of gasoline should properly be left to the exclusive use of the States as a means of providing funds for road construction and maintenance: Now, therefore, be it

Resolved, That the Congress of the United States be, and it is hereby, respectfully memorialized to enact with all convenient speed such legislation as may be necessary to abolish the Federal gasoline sales tax and to surrender to the States exclusively the power to tax such sales in the future; and be it further

Resolved, That a copy of this resolution be transmitted to the President of the United States, the Clerk of the House of Representatives, the Secretary of the United States Senate, and to each Member of Congress elected from the State of New Jersey, and that the latter be urged to use their best offices to procure the enactment of such legislation as will accomplish the purposes of this resolution.

FIDELITY INSURANCE FOR BANK EMPLOYEES

Mr. FRAZIER presented a telegram from W. C. MacFadden, secretary of the North Dakota Bankers' Association, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

FARGO, N.DAK., *March 6, 1934.*

Hon. LYNN J. FRAZIER,
United States Senate, Washington, D.C.:

Putting banks of the country in hands of merciless fidelity insurance monopoly by passage of Senate bill 2849, would be terrific blow in increased expenses. Cost has been increased from four to twenty dollars per thousand with no such increase in dishonest bank employees. Defeat of bill should be overwhelming.

W. C. MACFADDEN,
Twenty-nine Years Secretary North Dakota Bankers' Association.

REPORTS OF COMMITTEES

Mr. BACHMAN, from the Committee on Military Affairs, to which was referred the bill (S. 610) for the relief of Thomas Salleng, reported it with amendments and submitted a report (No. 421) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 841. An act for the relief of Charles C. Floyd (Rept. No. 422); and

S. 2661. An act for the relief of Clayton M. Thomas (Rept. No. 423).

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 1857) for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes, reported it with amendments and submitted a report (No. 424) thereon.

He also, from the same committee, to which was referred the bill (H.R. 3780) for the relief of William Herod, reported it without amendment and submitted a report (No. 425) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 2142) for the relief of Mrs. Charles L. Reed, reported it with amendments and submitted a report (No. 426) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2342. An act for the relief of I. T. McRee (Rept. No. 427); and

S. 2627. An act for the relief of Arvin C. Sands (Rept. No. 428).

Mr. COOLIDGE, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1993. An act for the relief of the Lower Salem Commercial Bank, Lower Salem, Ohio (Rept. No. 429);

S. 2141. An act for the relief of Roy Lee Groseclose (Rept. No. 430);

S. 2373. An act for the relief of Isidor Greenspan (Rept. No. 431);

S. 2636. An act for the relief of James Slevin (Rept. No. 432);

S. 2798. An act for the relief of Nephew K. Clark (Rept. No. 433); and

S. 2807. An act for the relief of the Germania Catering Co., Inc. (Rept. No. 434).

Mr. LOGAN, from the Committee on Claims, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 2558. An act for the relief of William J. Cocke (Rept. No. 436); and

S. 2879. An act for the relief of the Sanford & Brooks Co. (Rept. No. 437).

Mr. LOGAN also, from the Committee on Claims, to which was referred the bill (S. 411) for the relief of the International Manufacturers' Sales Co. of America, Inc., reported it with amendments and submitted a report (No. 438) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the bill (H.R. 7966) to authorize the Postmaster General to accept and use equipment, landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes, reported it with an amendment.

Mr. HARRISON, from the Committee on Finance, to which was referred the bill (S. 2398) for the relief of Nancy Abbey Williams, reported it without amendment and submitted a report (No. 435) thereon.

Mr. NEELY, from the Committee on Interstate Commerce, to which was referred the bill (S. 2411) to amend the Emergency Railroad Transportation Act, 1933, reported it with an amendment and submitted a report (No. 439) thereon.

Mr. LONERGAN, from the Committee on Interstate Commerce, to which was referred the bill (S. 2897) to regulate interstate commerce by granting the consent of Congress to taxation by the several States of certain interstate sales, reported it with an amendment and submitted a report (No. 440) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 7th instant that committee presented to the President of the United States the following enrolled bills:

S. 407. An act for the relief of Willie B. Cleverly;

S. 2277. An act to establish fish and game sanctuaries in the national forests;

S. 2461. An act to amend an act entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict"; and

S. 2529. An act to promote the conservation of wild life, fish, and game, and for other purposes.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GIBSON:

A bill (S. 2983) for the relief of the United Marble Cos., Inc., Rutland, Vt.; to the Committee on Claims.

By Mr. LA FOLLETTE:

A bill (S. 2984) for the relief of Wayne Bert Watkins; to the Committee on Claims.

By Mr. DAVIS:

A bill (S. 2985) to permit radium to be accepted in payment of war debts due from Belgium, and to provide for the distribution of such radium; to the Committee on Finance.

By Mr. GEORGE:

A bill (S. 2986) granting an increase of pension to John P. Phillips; to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 2987) to restore homestead rights in certain cases; and

A bill (S. 2988) to amend section 3 of the act of July 13, 1926 (44 Stat. 915), entitled "An act for the relief of certain counties in the States of Oregon and Washington, within whose boundaries the revested Oregon & California Railroad Co. grant lands are located"; to the Committee on Public Lands and Surveys.

By Mr. COPELAND:

A bill (S. 2989) to confer jurisdiction on the Court of Claims to hear and determine the claims arising from the use by the Postal Service of the United States of a combined postmarking and stamp-canceling device, generally known and referred to as the "Norton device or stamp", and more particularly described in United States letters patent issued to Marcus P. Norton, nos. 25036, 37175, and 38175; and to award compensation therefor; to the Committee on Claims.

By Mr. BANKHEAD:

A bill (S. 2990) for the relief of Mrs. Tonnie Smith Young; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 2991) to encourage civil aviation in the United States; to the Committee on Commerce.

By Mr. DILL (by request):

A bill (S. 2992) to amend paragraph (c) of section 5155 of the Revised Statutes, as amended, relative to the establishment of branches of national banks; to the Committee on Banking and Currency.

By Mr. WHEELER:

A bill (S. 2993) to promote the safety of employees and travelers upon railroads by compelling common carriers by railroad engaged in interstate and foreign commerce to man locomotives, trains, and other self-propelled engines or machines with competent employees, to provide the least number of men that may be employed on locomotives, trains, and other self-propelled engines or machines, to provide qualifications for certain employees, and providing a penalty for the violation thereof; to the Committee on Interstate Commerce.

By Mr. BACHMAN:

A bill (S. 2996) to authorize the attendance of the Marine Band at the United Confederate Veterans' 1934 Reunion at Chattanooga, Tenn.; to the Committee on Naval Affairs.

By Mr. CAREY:

A bill (S. 2997) authorizing loans by Federal land banks to incorporated associations and corporations in certain cases, and for other purposes; to the Committee on Banking and Currency.

By Mr. CUTTING:

A bill (S. 2998) for the economic development of the Mescalero Indians of New Mexico; to the Committee on Indian Affairs.

THE N.R.A. AND THE ANTITRUST LAWS

Mr. BORAH. Mr. President, I received a telegram this morning from Grand Island, Nebr., a portion of which I desire to read. I have received a number of telegrams and letters of the same nature. The telegram states:

I am compelled to close March 17 what 6 months ago was a profitable service station gasoline business in Grand Island, Nebr. Evidently the big oil syndicates are in control. They have raised crude oil from 10 cents a barrel to a dollar. Gasoline at the refinery is three times what it was a year ago, thus giving the big syndicates plenty of money with which to fight the independent oil retailer. They are disregarding the code in Nebraska except the parts that help them. The officers of the big oil trusts have been appointed on the coordinating board. Locally the State manager of the Standard Oil is vice chairman of the State oil code committee. The representative of one of the big syndicates remarked that the oil retailers' fight in Nebraska was a fight to a finish, evidently expressing their intention to wipe out the independent oil dealer, which their present method will do. How long will the administration permit big oil trusts to totally disregard the code, disregard the State law, and disregard the right of a small man to exist? The new deal is putting me out of business. The Interior Department has dispatched two men within the last 60 days to Nebraska to investigate these conditions, both of whom have frankly admitted it was deplorable to see major companies literally wipe out independents.

I desire to say, in passing, that the Secretary of the Interior has endeavored to remedy these situations, but I am of the opinion that so long as the law remains as it is it will be impossible for the Secretary to accomplish what he seems to desire, and what I have no doubt he does desire, to protect small business and also protect the consumer. The telegram continues that these men from the Department stated that—

They did not know what they could do about it. Thus, with Federal power they have raised crude and raised gasoline and used the profits to run me out of business. I am sending this telegram hoping that something may be done. * * *

Mr. President, one of the most important items in the oil industry which looks toward monopoly and enables the major companies to control the situation and to effectuate com-

plete monopoly is the fact that the pipe lines transmitting the oil are owned by the major companies, or some of them.

I ask leave to introduce two bills, which I trust will have the consideration of the Committee on Interstate Commerce, to which I ask that they be referred.

The VICE PRESIDENT. Without objection, the bills will be received and referred as requested.

The bill (S. 2994) to amend section 18 of chapter 1 of title 15 (Commerce and Trade) of the United States Code; and

The bill (S. 2995) to amend paragraph (8) of section 1 of the Interstate Commerce Act, as amended, were each read twice by their titles and referred to the Committee on Interstate Commerce.

Mr. LEWIS. Mr. President, may I inform the able Senator from Idaho that the Secretary of the Interior has lately offered a modification of the code because of the very complaint the Senator from Idaho makes, and has sent out an examining commission with a view of making a return to him of the facts on which he may justify a change in the code to meet the exact situation pointed out by the Senator from Idaho.

Mr. BORAH. I have no doubt of the intention of the Secretary of the Interior to bring about a change. I am very thoroughly convinced, however, that so long as the antitrust laws are suspended and so long as the pipe lines are owned by the major companies it will be impossible to accomplish what he desires.

AMENDMENT TO REVENUE BILL—MATCHES

Mr. WALSH. Mr. President, I ask leave to submit an amendment to House bill 7835, the revenue bill, which I request to have printed, printed in the RECORD, and referred to the Finance Committee, together with the accompanying letters and a statement.

There being no objection, the amendment was referred to the Committee on Finance, ordered to be printed, and, with the accompanying papers, to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. WALSH to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

At the proper place in the bill to insert the following:

"SEC. —. (a) Section 612 of the Revenue Act of 1932, as amended (relating to tax on matches), is amended by adding before the period at the end thereof a comma and the following: 'And except that in the case of fancy matches and matches having a stained, dyed, or colored stick or stem, packed in boxes or in bulk, the tax shall be 5 cents per 1,000 matches.'

"(b) Section 612 of such act, as amended, is further amended by adding at the end thereof the following new paragraph:

"'There is hereby imposed upon cigarette and cigar lighters, and upon other devices used as substitutes for matches that can be used more than once, a tax equivalent to 25 percent of the price for which such lighters or devices are sold by the manufacturer, producer, or importer thereof.'"

CLEVELAND, OHIO, *February 15, 1934.*

Hon. DAVID I. WALSH,
Washington, D.C.

MY DEAR SENATOR: Regarding revenue bill H.R. 7835, now being considered by the House of Representatives, wish to advise the match industry of the United States would like very much to amend Revenue Act of 1932, section 612, Tax on Matches, by the addition of the following two paragraphs:

"There is hereby imposed upon fancy matches and on matches having a stained, dyed, or colored stick or stem, packed in boxes or in bulk, sold by the manufacturer, producer, or importer, a tax of 5 cents per thousand matches.

"There is hereby imposed upon lighters or on so-called 'matches' that can be used more than once, a tax equivalent to 25 percent of the price for which so sold."

We respectfully call your attention to the fact American match manufacturers are now paying 2 cents per thousand matches excise tax, which actually figures 25 percent of their net return from sales. As a very large volume of strike-on-box matches are being imported into this country (at the present time principally from Japan) paying a duty of 6 cents per gross, whereas the duty imposed by the Seventy-first Congress reads:

"PAR. 1516. Matches, friction or lucifer, of all descriptions, per gross of 144 boxes, containing not more than 100 matches per box, 20 cents per gross, etc., etc."

Later in the same paragraph it reads:

"Wax matches, wind matches, and all matches in books or folders or having a stained, dyed, or colored stick or stem" are dutiable at "40 percent ad valorem"—

was undoubtedly intended by Congress to be a higher rate than 20 cents per gross, yet matches with "colored" stems, otherwise identical to all other safety matches, are appraised on a basis of 15 cents per gross and 40 percent of this value is only 6 cents per gross instead of 20 cents per gross.

Through the evasion of the 20-cent duty by coloring the stems the customs revenue lost approximately one half million dollars in 1933, and the American match industry did not get the protection intended by Congress.

As the American match manufacturers pay 25 percent of their net return from sales in excise, we feel on lighters "25 percent of the price for which so sold" is but fair and equitable.

We estimate the adding of these two paragraphs to revenue bill H.R. 7835 under title 4 of Excise Taxes will yield revenue of at least $1,000,000 per year.

We respectfully urge your giving this matter careful consideration, as we consider it will stop a "leak" in the existing statutes, give the match industry the benefits intended by Congress, and provide appreciable revenue.

Very truly yours,

COLUMBIA MATCH CO.,
J. H. WEAVER, *President.*

SPRINGFIELD, MASS., *March 3, 1934.*

Hon. DAVID I. WALSH,
United States Senator,
Senate Office Building, Washington, D.C.

DEAR SENATOR WALSH: We are very glad to learn that you are interested in an amendment to the tax bill now before the Senate Finance Committee that will increase the tax on fancy matches and matches having a stained, dyed, or colored stick or stem from 2 cents per thousand to 5 cents per thousand, and that will impose a tax on cigar and cigarette lighters and other similar substitutes for matches, and so make it possible for the wood match with a plain stick, which is already taxed, to compete fairly with the colored stick match and the automatic lighters.

This support that you are giving is very much appreciated by this company and by all of its employees in the State of Massachusetts. It has seemed unfair to us that our matches should be taxed and articles that are used as substitutes which decrease employment in this factory should remain untaxed.

We earnestly request that you do everything possible, therefore, to have this amendment adopted.

Assuring you of our continued support,

Sincerely yours,

THE DIAMOND MATCH CO.,
T. J. REYNOLDS, *Vice President.*

THE MATCH INSTITUTE.
New York City, February 24, 1934.

To Members:

EXCISE TAX STATISTICS

The report just released by the Treasury Department shows that $264,959.26 was collected in excise taxes during January 1934 on match sales in December 1933, as compared with $313,411.01 collected on November sales and $247,130.52 collected on December 1932 sales.

Following are the collections since January 1:

Tax collections, 1933

On December sales	$264,959.26
On November sales	313,411.01
On October sales	362,170.60
On September sales	1,406,125.73
On August sales	374,919.91
On July sales	906,591.30
On June sales	1,262,149.36
On May sales	555,724.15
On April sales	427,990.88
On March sales	310,799.74
On February sales	257,604.08
On January sales	400,285.85

Since the beginning of the year the total taxes collected on matches amount to $6,842,731.87, or an average of $570,227.66 per month.

E. O. MERCHANT.

BANKRUPTCY AND RECEIVERSHIP PROCEEDINGS—EXPENSES OF SPECIAL COMMITTEE

Mr. ASHURST, Mr. MCADOO, Mr. VAN NUYS, Mr. HEBERT, and Mr. AUSTIN submitted the following resolution (S.Res. 203), which was referred to the Committee on the Judiciary:

Resolved, That the special committee authorized and directed by Senate Resolution 78 on June 13, 1933, to investigate the administration of receivership and bankruptcy proceedings in the courts of the United States, is hereby authorized to expend in furtherance of such purposes the sum of $20,000 in addition to the amount heretofore authorized and expended.

PROCEEDINGS OF THE CONVENTION OF AMERICAN INSTRUCTORS OF THE DEAF

Mr. HAYDEN. Mr. President, I present and ask to have referred to the Committee on Printing, with a view to having the matter printed as a public document, the proceedings of the twenty-seventh meeting of the convention of American Instructors of the Deaf.

The VICE PRESIDENT. Without objection, the matter will be so referred.

THE ADMINISTRATION'S SUGAR BILL—ADDRESS BY SENATOR COSTIGAN

Mr. NORRIS. Mr. President, on the 6th day of March the Senator from Colorado [Mr. COSTIGAN] delivered a speech over the radio on the administration's sugar bill. I ask unanimous consent that that speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

There is recent evidence that sugar is not so much a food as an explosive. Its innocent whiteness is deceptive. As with gold, into which it is ordinarily convertible, men who pursue its lure often lose their sense of proportion. Lavishly appealing to gamblers, sugar has made fortunes for the few and ignored the well-being of the many. Some of its beneficiaries draw large salaries or reap the rich harvests of speculation but bitterly resist its possibilites of distributed prosperity. They seem to hold that their advantages can only be preserved by slander and the use of an occasional newspaper to throw the dust of falsehood into the eyes of the unsuspecting. Such faithlessness to the public is deplorable but not fatal. It recoils on the accusers. The issues are so vital that in the long run no libel, however large, no newspaper, however morally small, can escape discovery, for truth is mighty and will prevail.

ADMINISTRATION'S SUGAR BILL

On Lincoln's Birthday there was introduced in Congress a much misrepresented bill which is part of President Roosevelt's farm-improvement program. It directly aims at the betterment of farm conditions and earnings for American sugar growers. The bill (S. 2732) has three special aims. First, it seeks to add sugar beets and sugar cane to the other basic commodities, such as wheat, cotton, and corn, and, so doing, looks to the combination of a more moderate tariff—measured by differences in production costs here and abroad, approved by the Tariff Commission—with benefit payments or bounties to sugar growers. This means on the side of farm earnings, if the bill passes, that sugar farmers will receive the pre-war fair exchange value of sugar beets. If the bill were now a law, last year's beets and cane would be giving growers an average of more than $1 per ton above the growers' final price received for the average of all beets and cane under factory contracts. Second, the bill provides that bounty payments are to be raised, without any increase in sugar cost to consumers, out of the proceeds of a processing tax on refined sugar exactly matching in amount the tariff reduction. Third, the bill provides a stabilization limitation on tonnage production in the different sugar areas of the continental United States, our island possessions, and shipments to the United States from Cuba.

QUOTA RESTRICTIONS AND THE 1933 STABILIZATION PLAN

The program for stabilizing continental and world sugar prices by quota restrictions and agreements is one which has grown in favor among sugar producers—both growers and factories—in recent years. A world-wide restrictive effort is known as the "Chadbourne plan". Experts believe that plan has failed until now to stabilize world prices, chiefly because the United States and its island possessions have not been included. Only last fall my hearers will remember that our domestic sugar interests, including beet and cane growers, were willing, by a voluntary stabilization agreement under the Roosevelt Farm Act, to limit production both here and abroad, and strenuously urged the Secretary of Agriculture to give their plan official approval. This, he then refused to do for reasons publicly stated, among which was his conviction that the agreement did not sufficiently protect sugar growers. Under that plan, our domestic growers were willing, with allowances for normal increases in consumption, to abide by a limitation of 1,100,000 short tons of Philippine imports; 1,700,000 for Cuban imports, and to impose a limitation on themselves of 1,750,000 short tons. The main and proper purpose, of course, was to improve and stabilize sugar prices by preventing excessive production which depresses those prices in the market. It is nevertheless an admission of the wisdom of setting limits even to domestic production.

One recent farm witness before the Senate Finance Committee declared he would submit, but would not accept, a domestic quota imposed by law. When pressed, he emphatically said that he was standing by a principle, but would rather have the administration's bill than no bill at all. In fairness, it should be noted that people will, of course, differ over what constitute proper quotas, and friends of sugar growers in Washington are unitedly urging the largest just quotas for domestic producers which public action can secure. It must, however, be remembered that most legislation in the end is the result of a fusion of different views and demands of legislators, and I submit as sound that any temporary experiment with quotas, which is to be tried under the present bill, involves no fundamental issue of principle.

OBJECTIONS TO DOMESTIC QUOTA

The chief objection of some spokesmen for domestic sugar-beet growers springs from the fact that the 1933–34 crop of sugar beets resulted—in part through abnormal business and unemployment conditions—in the production of 1,756,000 short tons of beet sugar and the domestic beet quota specified in the administration's bill is 1,450,000 short tons. Domestic interests urge that our domestic quota is less than this year's production and Cuba's is more, whether or not for international reasons stressed by the State Department. Some domestic producers oppose any domestic limitation short of this year's production, even though that may result in excessive sugar supplies. It should, of course, be said that the domestic figure the administration inserted in the bill, while less than this year's unusual output, is higher than any figure for domestic beet-sugar consumption in the previous history of our industry. The highest preceding domestic consumption was from beets produced in 1932 and marketed in 1933, namely, 1,372,703 short tons. All other preceding years showed lower domestic consumption. The question remains, and is being earnestly debated in Washington at this hour—what is the largest limitation on domestic production which may be guaranteed in the law, without upsetting the total program of stabilization of prices and farmers' earnings? It is not only a proper subject for debate but calls for expert advice, having in view both American and world sugar production and their combined effect on sugar prices in relation to the world market. It is still hoped by domestic representatives that a larger domestic quota will finally be written into the bill. Undoubtedly, too, there will be provisions for a suitable domestic share of any expected or unexpected increase in domestic consumption.

Farmers who believe in growing sugar beets without restriction will, no doubt, continue to object to any curtailment whatever of production. There are also persons interested in lands suited to sugar production acquired for speculative purposes who will similarly protest. However, farmers, who have thoroughly considered the disastrous results on prices of unlimited sugar supplies under world conditions, will not fail to grasp that their interests will be best served by orderly and centralized joint action and control of sugar production and marketing. In this connection, it should be mentioned that, if the present bill becomes law, its passage will doubtless be promptly followed by a helpful marketing agreement.

MODERATE TARIFFS AND BOUNTIES

The combination of a more moderate sugar tariff with bounty payments is a far sounder treatment of the sugar problem than the persistent policy of ever higher tariffs, which has led our domestic industry to the verge of ruin. Warnings have been sounded for years against the fatal flaws in our old sugar-tariff policy. As recently as 1930 ex-Senator Thomas, of Colorado, at that time said to be an attorney for the Great Western Sugar Co., declared that the Smoot-Hawley tariff bill, to quote his words, "dooms the sugar-beet industry to certain extinction." There is a familiar ring about that prophecy, which was then properly laid at the Republican door and today is mistakenly laid at the Democratic. Senator Thomas' statement was not far-fetched. Under Republican tariff policies we have long paid a huge tariff bounty—$40 per ton—to sugar producers in our island possessions. This has greatly increased Puerto Rican, Hawaiian, and particularly Philippine production at the expense of world prices and to the disadvantage of domestic sugar growers. Sugar from these islands enters the United States duty free. In contrast, Cuba, a foreign country, pays on sugar coming here the tariff of $40 per ton. Our present domestic sugar production, therefore, is much less threatened by Cuba than by the Philippines' output, which for years has been increasing by leaps and bounds. In 1933, for example, the United States consumed almost three times as much Philippine sugar—1,247,000 tons to be exact, and this year it will be more—and only half as much Cuban sugar as we consumed from these islands 9 years ago, in 1925. Indeed, it is this tariff-stimulated switch from Cuba to the Philippines which has thrown Cuba—which since our War with Spain has been under our guardianship—into the agonies of starvation and revolution and brought us in recent months to the brink of another costly military intervention.

A WISER SUGAR POLICY

Because of these effects of our tariff policies on sugar producers, some of us have long urged a new tariff policy, reducing through a lower tariff, the stimulus to excessive Philippine and other island production, and safeguarding domestic growers through a bounty. This substitute and wiser method receives administration and other expert approval in the pending bill. However novel the proposal in some parts of the country, it is not new to experts or to the splendid Colorado sugar-producing areas I know best. In 1930 the advantage of combining moderate sugar tariffs and bounties was definitely submitted for many weeks to discussion and debate before sugar growers and other farmers of that famous sugar region. The election result was a mandate in which beet growers joined other citizens in favor of these key features of President Roosevelt's bill. I am, therefore, merely repeating when I say—backed by long official experience on the Tariff Commission—that the pending bill is the most constructive tariff effort to save and promote our domestic sugar industry in the history of this country. It is the Rooseveltian new deal experimentally applied to sugar. This new approach to an old problem is so well worth trying that growers can afford for the time being to be less worried about some details. It represents an immense advance over out-worn methods. Secretary of Agriculture Wallace was amazed that sugar producers have not enthusiastically seized this opportunity to lift sugar out of politics, provide reasonable and stable production and prices, and assure sugar growers under any and all circumstances at least living earnings from beets by receiving under the law their fair exchange value. Having his attention drawn to a loose, and in part foolish, hypothetical discus-

sion by a previous witness, Secretary Wallace, whose intelligence and uprightness are beyond question, declared in substance that he will administer the law so as to safeguard the industry. He insisted, as anyone who understands it knows, that the bill looks to the relief of beet growers and he denies that it contemplates in any respect the elimination or retirement of the sugar industry.

TARIFF REDUCTION THROUGH THE TARIFF COMMISSION

Sugar farmers naturally want to know the effect of the administration bill on farm crops and earnings from sugar. However, one important fact must first be mentioned. A tariff commission—which is still Republican, because its membership has not yet been changed—working under the provisions of the tariff law of 1930, passed by a Republican Congress and approved by President Hoover, has very recently unanimously recommended to President Roosevelt a half cent per pound reduction in the tariff on sugar. When we talk of restricting sugar production, therefore, it should be remembered that if President Roosevelt acts on the Tariff Commission's recommendation, without doing anything else, the result may be a disorganized market, with reduced prices for sugar and sugar growers, which in the end will impose some practical restrictions on production. Tariff experts calculate that such reduced prices, unless something is done to offset them, may for a time diminish returns to beet farmers 75 cents or more per ton of beets. Fortunately the needed offsetting factor is found in President Roosevelt's bill. The President has shown his friendliness to domestic growers by making clear that, before he acts under the law and proclaims the Tariff Commission's recommended reduction, he is willing, through the present bill, to save farmers from such reduced prices by imposing under the present bill a processing tax equal to the reduction approved by the Tariff Commission. That would leave the domestic price level unchanged, and out of the processing taxes the growers would be paid their bounties, as was done in the case of wheat growers.

SUGAR GROWERS' BENEFITS

If this bill had been law during the last few months, our farmers, who expect to receive an average of about $5.30 per ton for last year's beets, would instead be now assured of receiving on this cash crop an average of something like $6.45 per ton. Every farmer can do his own calculating with this figure as his starting point. Under the bill payments will be made on the basis of the fair exchange value of beets and cane, thus making a figure changing with changing living costs, but always assuring purchasing power for articles farmers buy equal to the purchasing power of beets and cane in the 5-year period from August 1909 to July 1914.

Bearing in mind that increasing tariffs on sugar during the last 10 years have brought decreasing, not increasing, returns to beet growers, the significance of the offer of pre-war fair exchange value to sugar farmers is plain. Farmers in times past have assumed that if they obtained higher prices in dollars per ton by bargains with factories at the planting season, their problems would be solved. They have, therefore, accepted contracts with factories making some or all of the returns from beets dependent on the price of sugar, then waited for that price to rise. However, even when the price of sugar goes up, the price of other commodities also usually rises to the general price level. The net result at the end of a crop year with rising prices is often no better and sometimes worse than when prices remain unchanged. For example, in 1927, when farmers received as much as $7.67 per ton for beets, the highest figure in the 1925–33 period, the average prices of articles farmers buy had advanced 50 percent above the pre-war level, so that beet farmers were actually no better off with $7.67 per ton than in the pre-war period with an average price of $5.67 per ton.

Since 1920, except in the year 1923, farmers have not received the fair-exchange value for their sugar-beet crops which is assured to them by the administration's bill. In fact, the bill now before Congress has been expressly drawn to remedy this situation and aid beet and cane growers. The funds and machinery are provided for giving growers fair-exchange value for their crops. This means that as prices of articles that farmers buy increase, the beet and cane prices per ton to growers will increase. Surely this is more valuable to farmers than to rely on possible price increases for sugar which may never materialize. In other words, under the bill, the grower, even if the price of sugar goes down, has a Government price guaranty, and, of course, if prices of sugar under his company contract go up and entitle him to more, he then gets more under his contract.

Expert analysis of the bill, applied to individual growers, also shows that under the administration's plan, total receipts for beets produced on the proposed restricted acreage should exceed the total received under present conditions under a larger unrestricted acreage. If, on the other hand, the bill does not become law, and sugar prices decline in an unstabilized market, growers will receive substantially less per acre for beets than would be received under the pending bill if adopted. With reference to the proposed restriction in acreage, two facts should be borne in mind. One is that there will be less expense on the smaller acreage. The other is that the unused acres can, if the farmer likes, be devoted to the production of any other crops than those termed "basic" under the Agricultural Adjustment Act.

SURPLUS PRODUCTION

It should be added that the administration has in view plans for taking care of excess sugar supplies now available from the various producing areas supplying the United States market and that its plans look in the direction either of the distribution of such supplies over a considerable period, or the removal of all or part of such supplies from the market, without damaging market prices.

FUTURE OF INDUSTRY

Complaints have been made that such restrictions on domestic production will ruin the industry. Naturally representatives of sugar-producing regions have earnestly urged the largest possible domestic production consistent with reasonable sugar prices and farm earnings. It must be pointed out that the industry was not ruined year before last when production was about equal to the limitations proposed in the administration's bill. Indeed the industry, both factories and growers, received better returns and were generally more prosperous in years when production was considerably below the level now suggested by the administration.

EXPORT MARKETS

Our sugar-producing farmer ought also to bear in mind that great numbers of American farmers in other States, such as wheat growers and hog raisers, have their separate problems and interests. The pending bill offers to such other farmers an opportunity to increase some of their export markets for agricultural commodities for which there is now a domestic surplus. In 1928 it was estimated that 1,738,000 acres were required to grow the exports, such as lard and wheat flour, we then sent to Cuba, while in 1932 only 921,000 American acres were required for that purpose. Restoration of the Cuban market for more than 800,000 acres of American exports to the 1928 level is, therefore, sought by other American farmers. To sugar-raising States, of course, sugar production comes first, but other States have their representatives in Congress and are also making their appeals for consideration.

CONCLUSION

In conclusion, although I introduced the present measure in the Senate for the administration and am convinced that its program, which permits reasonable amendments, is highly constructive and important, I have no wish to force on American sugar growers this legislation if they really oppose it, however much I believe it will help them. So far, however, the messages I have received lead me to conclude that the bulk of sugar farmers who know what is in the bill strongly favor the legislation.

While, of course, wanting the largest practicable quota for domestic sugar growers, I declare with confidence that the administration's bill is so meritorious in substance and plans that most of the opposition proceeds either from lobbyists for powerful special interests or from those who favor some other less helpful plan which will not protect the growers if Congress fails to legislate. With many informed men in Washington, who are publicly criticizing and privately praising this bill, it is time for the growers to make their own decision. The impending probable change in the sugar tariff immensely strengthens the argument for the bill. For one, I am satisfied that sugar growers, made more than ever alert by our long depression, will not, in line with one of Aesop's Fables, throw away the substance of farm help to plunge after the shadow of a long-discredited tariff policy. If the bill becomes law, American sugar growers should rejoice that 1934 saw a leader in the White House of sufficient vision and courage to move experimentally toward a long delayed but necessary new deal for the sugar industry.

UNEMPLOYMENT AND RELIEF—ARTICLE BY FRANK R. KENT

Mr. FESS. Mr. President, on last Monday I attempted to analyze the report of the Labor Department on unemployment. This morning there appears an article in the Baltimore Sun touching the question of unemployment and relief. It is a good-tempered article, one of the best I have read. It is written by Mr. Frank R. Kent. I believe everyone would like to read it, and I ask unanimous consent to have it printed in the RECORD.

There being no objection, the article was ordered to be inserted in the RECORD, as follows:

[From the Baltimore Sun, Mar. 8, 1934]

THE GREAT GAME OF POLITICS—THE BOTTOM PROBLEM

By Frank R. Kent

WASHINGTON, *March 7.*

The seriousness of the situation that now confronts the administration is appreciated by the more thoughtful men within it. It has not, however, been plainly stated by any spokesman.

Heads of the various new deal agencies, each immersed in his own experiment, have no chance to grasp it. Only those can who try to see the thing as a whole. It is no exaggeration to say these are worried. There is a division of opinion as to how to deal with the problem publicly. On the one hand there is the necessity of sustaining popular optimism with the illusion of success; on the other is urgent need of driving home the fact that the crisis is acute. It is not easy to make the choice. One way involves glossing over the facts; the other means unpleasant admissions.

The truth is the Federal relief projects show signs of getting beyond control. In another year, unless means of lessening the burden are found, they will be. As Mr. Hopkins, some weeks ago, said of C.W.A., "We have the bull by the tail and can not let go." This is what is back of the tremendous N.R.A. drive to compel industry to employ more men, to shorten hours, and spread

work. It is back of the demand for complete tariff control for the President, and the determination to prevent additional appropriations for veterans. Behind the whole looms the fact that the Federal Government, in cooperation with the States, is today supporting with public funds millions of men and women. This is the basic administration problem. If support is withdrawn, the condition might be chaotic. Under present conditions the Government dares not do that. This was shown when the President announced a new relief plan as a substitute for the C.W.A., which is exactly the same thing, except in name.

If the Government stops, millions will be without means of subsistence. If it continues, in the judgment of one highly placed man, it will break both the Federal Government and the States. It is enough to cause concern. No one has exact figures, but in every State thousands of families are on the Government pay rolls. The total runs high into the millions and the funds, partly Federal and partly State—except in one or two cases where the States have refused to do anything and the Government does it all—represent a huge total. Many of these people are actually in need, but no small proportion prefers to live this way than to work. Many never expect to work again. Many get more pay than they could by working either for business or on farms.

In addition, the machine to handle and distribute the cash is big, elaborate, and expensive. In every State there is a large central salaried organization headed by a Federal director. In every county of every State there is a similar organization in miniature. There has been no tabulation of the number thus employed or the cost, but no one denies the overhead is great. The President says the Government cannot be expected to keep this up indefinitely. It not only cannot be expected to keep it up—it can not keep it up. More than anything else it is the item responsible for the great increase in national deficit and debt. Within the past year it has forced every State to plunge deeper in the hole. In Maryland last year it was necessary to increase the State debt by twelve millions—nearly 50 percent. This year to get its share of Federal funds an equally great increase will be essential. Thus in 2 years the State debt will have been doubled. Maryland is merely a typical State. If there is indefinite continuation, the end of this is clear. It means, say those who grasp the facts, either chaos or paper inflation. When the Treasury is finally drained, the Government will have to print the money.

The real problem is the relief problem. There seems no sense in not plainly stating it. It is at the bottom of everything, and it has to be solved if we are to keep solvent. Unless it is, the whole new deal is doomed. The President knows this and so do his better-class advisers. The hope lies in a business recovery by the end of the year far greater than today.

THE STIMSON DOCTRINE AND ECONOMIC CONDITIONS

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial in the Nation of March 7, 1934, entitled "Retreat from Stimson." The desire for peace which has permeated our entire Nation has led us to think of other nations as we think of ourselves. Idealism has its place and must be maintained; however, we must not be blind to conditions as they are in the world today. We do not desire war, but if war should come, what shall we say of ourselves and the lack of preparation which is everywhere manifest among us? We need deceive ourselves no longer. A distinguished religious leader told me that in his opinion there are not more than two chancelleries in the world which can be counted upon to uphold the principles of the Prince of Peace. If war should come, economic demands would be made upon us which we would be unprepared to meet. These demands would come whether we maintained neutrality or not. The economic program which calls for curtailed production has no justification in either peace or war, but it certainly will show at its worst disadvantage when the flames of war begin to consume all and more than the warring nations can produce. War leads to devastation, famine, and want. War orphans, war widows, and hungry civilian populations will then cry out for aid and we shall be unprepared to meet their needs. The wisdom of Joseph, who realized that inevitably years of plenty are followed by years of want, is just as true as ever. In the interests of our national well-being and of the impending world crisis every dictate of high idealism and common sense unite to demand that we now prepare in every possible way to meet the emergency which lies ahead. I also ask unanimous consent to have inserted at this point in my remarks an editorial from the Irish World entitled "Armageddon."

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Nation, Mar. 7, 1934]

RETREAT FROM STIMSON

Washington dispatches indicate that President Roosevelt is thinking of modifying the Stimson doctrine. Such modification would inevitably result in American recognition of the Japanese state of Manchukuo. These reports have met with no denial either from the White House or from the State Department. Nevertheless, we find it hard to believe that the President is seriously contemplating a retreat from the Stimson doctrine, or if he is, that he has really weighed the consequences of such action.

When Japan by its conquest of Manchuria set the civilized world at defiance and brazenly violated its obligations under the League Covenant, the Kellogg Pact, and the nine-power treaty, the United States could have followed any one of several courses. It could have attempted to enforce the treaties to which it is a party by the employment of force in the form of a blockade or by direct intervention, either independently or in concert with the other parties to these treaties. Or it could, jointly with the other powers, have applied economic sanctions, thus depriving Japan of the materials it needed to carry on its campaign of aggression. On the other hand, it could have sat back and done nothing, allowing the Japanese to go their way without restraint.

Instead of any of these the United States chose a middle course. It elected to rely upon moral suasion as a means of obtaining enforcement of and respect for the peace treaties. Under the Stimson doctrine it refused to recognize any territorial gains or other changes resulting from military aggression or from violation of international agreements. This doctrine was immediately adopted by the entire membership of the League of Nations except Japan and Siam. As an integral part of the doctrine it was agreed that recognition should be withheld from Manchukuo. Thus the moral weight of the whole world was thrown against Japan and its conquest of Manchuria.

That this policy was having the desired effect may be seen from the extraordinary efforts the Japanese have been making to break through the solid diplomatic blockade of Manchukuo. They have not even been above attempting to trick the Western Powers into recognizing Manchukuo. They have labored hard and long to build up the pretense of an independent state in Manchuria, going so far as to lift the pitiable Manchu prince, Pu-yi, out of obscurity to set him upon a new "imperial" throne. They have endeavored to win French recognition by promising French capital a share in the economic exploitation of Manchuria, and German recognition by dangling attractive trade opportunities before the hard-pressed Hitler regime. While these efforts are mainly significant because they betray the anxiety the Japanese have felt in consequence of the world's moral condemnation of their aggression, it now appears that the Japanese maneuvers may soon succeed in breaking through the united front of the powers. French capitalists are reported ready to extend long-term credits to the South Manchuria Railway, while the German Government is said to be on the verge of recognizing Manchukuo.

If one country abandons the Stimson doctrine in the hope of gaining commercial or other economic advantage, every other power will be sure to follow. This will mean a reversal of the League's policy, though the reversal may not be formally proclaimed; and it has been indicated in Washington that if the League changes its stand the United States will do likewise. Even from a purely selfish point of view such action on the part of the powers would be foolish, for Japanese Government and private-monopoly interests have already grabbed virtually everything of consequence in Manchuria. Moreover, if reports from Moscow are true—and these reports can readily be confirmed by the American Military Intelligence Service in the Far East—the Japanese are developing Manchuria largely with a view to using it as a military base for an invasion of Siberia. American recognition of Manchukuo would then be equivalent to giving American support to preparations for another Japanese war of aggression. In brief, we should be endangering the purposes of our recent rapprochement with the Soviet Union. But recognition of Manchukuo would be more than foolish, and in its implications it would go far beyond any bearing it might have on our relations with Moscow. It would mean the abandonment of a moral principle for the sake of political or commercial gain. It would place a heavy premium on treaty violations. It would, in fact, place the United States in the role of treaty breaker, at least in spirit, since recognition of the booty State of Manchukuo would constitute open and unashamed approval of the Japanese rape of Manchuria in defiance of all Japan's international obligations.

[From the Irish World, Mar. 3, 1934]

ARMAGEDDON

When careful and impartial observers the world over are predicting the outbreak of a new world war, and when a priest of the Catholic Church endorses such a prediction, it is time for those who believe in peace to be prepared to maintain it.

Preaching recently in St. Patrick's Cathedral, New York City, Rev. Father Joseph C. Fleming made this significant remark:

"Whether we know it or not, the battle lines are forming for Armageddon, and the most disheartening reflection at the moment is the world's indifference to this tremendous fact."

Not only are militaristic powers urging on the war lords to renewed battle, but there are subsurface movements gathering mo-

mentum which threaten the overthrow of all ordered government everywhere.

So far as this latter aspect of the situation is concerned, few will deny that misgovernment has done more than anything else to encourage these subversive elements. They can be seen in action the world over. Here in the United States we have escaped, at least to some extent, the penalty for this state of affairs, not because there was no abuse of governmental power here but because there is in Washington at this time a man of the people resolved to rid us of the parasites who have fattened on the wealth created by the people.

For years the Irish World has opposed with all the force at its command not only the abuse of riches but the unjust accumulation of riches. Today a similar protest is being voiced in many quarters, on the radio, and in the pulpit. There has come to be a realization of the fact that something is radically wrong with a system which permits thousands, nay, millions, to starve in destitution while a few possess many times more money than they will ever be able to use.

We protested against people suffering from lack of food and clothing in a country which produced a surplus of food and clothing. Today that protest is being sounded all over the Nation. The only difference is that our protest was voiced at a time when the racketeers and the profiteers were in power; it has become more popular today when those at the head of the Government are leading an assault upon these forces of evil.

Not merely 2, 5, and 10 years ago, but 40, 50, and 60 years ago the Irish World—as its files show—took a determined stand against those who took the profits of the workers and used them for their own enrichment while the worker himself and his family seldom escaped from the shadow of starvation and destitution.

The advent of a new deal in our National Government has given rise to the hope that these abuses will be corrected here and those responsible for them will receive the punishment they have so richly earned. It is too much to hope that everything can be accomplished in a year or two, but the fact that the situation has been recognized and faced and that the general cleaning out of these parasites has commenced has had a great deal to do with the present tranquillity of this country. The people believe in Roosevelt and in the Roosevelt policies. They are giving him a full and generous measure of support. They refuse to listen to the critics who try to tell them that Roosevelt is all wrong, not because they reject criticism but because the critics have no alternative to offer that does not ultimately lead back to the selfsame system which brought about the wide-spread wreck and ruin which we call the depression.

In other nations we see riots and bloodshed as oppressed people rebel against tyranny. We must look further than the newspaper reports to know why these things are. We are told that Socialists revolted in Vienna; that they were quelled by anti-Nazi organizations. These are probably facts, but why are people attracted to socialism, to Nazi and Fascist doctrines? Is it not because they are the victims of social oppression? Where this oppression does not exist, or where efforts are being made to change the system which brought it into being, these elements obtain little or no support from the mass of the people. The people of Paris rebelled against abuse, corruption, and gross fraud; not against their system of government but against the acts of those in that government.

On the other side of the question we see so-called "statesmen" striving deliberately to bring about another deluge of blood. How few and how puny are the efforts being made to create friendship between nations; how many are working to stir up enmity! In central Europe, at the present time, there are men who make no secret of their intention to start another war if the opportunity is afforded them. The Governments of France, England, Italy, and Germany are kept in leash chiefly because of lack of money with which to purchase munitions. Plot and counterplot, intrigue and trickery, are characteristic of the chancelleries of Europe today; more, are their chief occupation. Russia rattles the saber; Japan snarls. And the greatest country of them all, the one with the least warlike intentions, the one that is creditor to the world, scraps its fleet, reduces its army, and invites a warring world to come and take it.

The world situation today, viewed dispassionately, is loaded with dynamite.

It may be that armageddon approaches. If such be the case, it is evident that the one nation capable of saving what remains of our civilization is this Republic of the West. Here, at least, let us be strong enough to keep out of war; let us do all that lies in our power to prevent war by having the strength to render a decisive "no."

The future of humanity may yet rest upon the shoulders of those who govern this country.

EDUCATION AND PREVENTION OF CRIME—ADDRESS BY SENATOR COPELAND

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the subject "Education and the Prevention of Crime", delivered by the senior Senator from New York [Mr. COPELAND] before the National Education Association, department of superintendence, Cleveland, Ohio, convention, on February 28, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Any Member of the United States Senate would be flattered by an invitation to speak to this group. I say this because the National Education Association is representative of what in many respects is the most important profession practiced by men and women.

We have chosen in America to turn over to the school teachers not only those duties which are naturally theirs, but also many of the functions which should be performed in the home. We have come to expect the teacher to instruct our children in manners, personal hygiene, social etiquette, and the household arts. We expect the teacher to give by precept and example that moral and ethical training which in other times was imparted by the home and the church.

At this moment I have no desire to challenge the fundamental wisdom of this, our almost universal custom. It is mentioned merely to prepare the way for certain comments which will follow.

Before entering upon that discussion, let me pay a brief tribute to the teacher. I regard that public servant as the most potent factor in the training of our children in honesty, worthy ambition, self-control, and substantial preparation for merited success in the battle of life.

It happens many times that the influence of an inspiring teacher has neutralized evil tendencies which environment has imposed upon unfortunate children. No thoughtful person who analyzes his own mind can fail to find reason for gratitude to this or that teacher for the rich contribution of noble thoughts and desires planted there during school days.

The teacher is the most self-sacrificing, hard-working, and poorly paid individual of all those included in the schedule of public servants. That is my honest conviction and one I have held for many years.

Certain recent experiences of my own have given me a growing belief that America must lean still more heavily upon the school teacher. As chairman of a committee appointed by the United States Senate to investigate crime, it has been my duty to listen to the testimony of hundreds of witnesses. What we have learned centers upon one point—the necessity of preventing juvenile delinquency. To accomplish this the schools can do more than all other agencies within public control.

The importance of what I shall have to say to you is emphasized by the statistics of crime. In the United States today the average age of the criminal is 23 years. The largest age group is found at 19 and the next largest group at 18. The seeds of moral delinquency sown and grown during school age develop into evil plants, the fruits of which are publicly displayed by boys and girls long before maturity of their minds and bodies.

In saying these things to this particular group I am not unmindful that the members of your association have long been concerned over the problems which crime presents. I am aware of the serious thought you have given this subject and am acquainted with your research bulletin on Crime Prevention Through Education, published in 1932, and your Tenth Yearbook on Character Education, published in the same year.

I am depending on your wide background of knowledge to fill in an outline of the facts for which I have but brief space. I must trust your trained imaginations to supply the details, depending upon your proven patriotism and loyalty to perfect and carry out some such plan as the one I shall propose.

First, let me present a brief statement of fact: From several sources, apparently authoritative estimates of the cost of crime, it appears to total approximately one fourth of our national income. This sum, as is pointed out in your bulletin, exceeds by at least three times our total expenditures for education. We can agree, I believe, that the cost of crime in money and in reduced morality of the people is devastating beyond computation.

You know better than I how much the situation has been aggravated by recent publicity given the activities within the law of certain metropolitan bankers, utility heads, and business executives. Such infractions of the moral law reported by the press, are dramatic presentations which must have undermined the public morale and the morals of many individuals. Your minds will quickly jump to acts within your own knowledge, where perhaps there may have been smaller monetary losses but which are equally distressing examples of that lack of the sense of trusteeship and general public spirit which should characterize men of affairs. The antisocial conduct of persons operating within the law, ruthlessly exploiting the economic resources of the public, has inflamed the minds and emotions of criminals and weaklings. Recognized as one of the major causes of our economic condition, those acts have added to the general social unrest.

In short, the factors that have acted to promote criminality have been added to of late because of economic conditions, and what the average man believes is the chief cause of our economic distress. No matter how we approach the problem, we surely must agree that the menace of antisocial behavior and actual crime is greater than ever before.

Where does crime begin? The answer to that question will determine what we should do about it. While there are many causes, no doubt, yet there will be no dispute of the thesis that the perfect home should develop the perfect character.

Most of us regard character building as the primary responsibility of the home. But, if I may jump to my conclusion on this point, I am forced to recognize that there is no immediate hope of greatly improving the home conditions of those who may later follow criminal careers. To accomplish this end is a long-range process.

We think of the church as having a heavy responsibility in character building. But as regards this, I can criticize no church except my own. For any except my own denomination I have no right to comment upon the adequacy of its character-building program or to make recommendations for the extension of its work. I will say of my own denomination that I believe there is much more it should be doing. But whatever the churches may do in the future, we cannot turn to them for an immediate and major attack on the problem of crime. I pause only long enough to express confidence that the church will lend support to a well-planned program of prevention.

This brings me to the schools. It is an old custom, familiar to you, to carry to the doorstep of the school all the problems that cannot be solved in the home or elsewhere in the community. To blame the schools and the teachers appears to be one of the diversions of the American people. But it is not in this spirit that I approach the subject under discussion.

I could devote my available time to reviewing the forces which have tended to transfer from the home to the school almost the entire responsibility for the welfare of children. To you this is a well-known story. But when I turn my thoughts to what the schools can and should do in the matter before us, I have been wondering how the public would respond to a new plan. What would happen to a proposal that the public schools assume the responsibility for a basic crime-prevention program?

In face of the alarming facts about crime and the growing anti-social conduct within the law, may not the public be wondering what has happened and why? How many are inquiring how such a state of affairs has come to pass in a country that has so liberally supported schools for the express purpose of insuring good citizenship?

Personally, of course, I do not place upon the American public-school system primary responsibility for this crisis. But what shall we say in reply to those who charge the public schools with a share of the blame?

The report and a digest of the hearings of our Senate subcommittee, which will soon be off the press, contain pointed discussions of this question. I want to refer you to this report for comments on the merits of the public-school record of past performance. Whatever may be your own conclusions, I know you are ready to face the issue of your future responsibilities in this field; and, of course, it is the future alone that we can do anything about, whether in the line of your duty or mine.

One of the questions I want to ask you today is this:

Does the habit of appraising the influences of schools exclusively in terms of intellectual achievement and manual skill have anything or everything to do with our trouble?

To define clearly what I mean I want to make reference to two recent publications: First, the committee of the American Association of University Professors, in its report issued last May, stated that the purpose of college teaching is to "induce self-propelled intellectual activity on the part of the student."

The second reference is to a report of the Commission on the Social Studies, entitled, "A Charter for the Social Sciences in the Schools", drafted by Charles A. Beard. This is intended to emphasize the value of scholarship and skill in scientific method as a primary dominating objective. This point of view is epitomized on the ninety-ninth page of the report, which I quote:

"All the way through the schools the process may be followed, *ever sharpening the mind*" (the italics are mine) "by increasing the complexity of the situations about which questions are asked and of the materials necessary to correct answers, rising steadily in the complexity and abstraction of the subjects considered."

The words "character", "conduct", "behavior", "attitude", and "emotions" do not appear in Beard's index. His discussion of character and the process of character building are limited to a few sentences in the closing pages of his 117-page charter. These two reports financed by large foundations seem to represent the point of view of orthodox leadership of our higher educational institutions.

Is it proper for me to ask: Have not educators tended to define the job of the schools in terms of developing tool skills, and of mastering narrowly defined content? Have they not placed unduly exclusive emphasis upon sharpening the minds of those who are to be the lawyers and the executives of the future, as well as the minds of the average run of us who pass through the school system?

Has not the habit of appraising the results of schools in terms exclusively of intellectual achievement and manual skill tended to produce a citizenry with sharpened wits and skilled craftsmanship rather than a realizing sense of social obligation and good citizenship?

Has not our attention been too sharply focused on the universal mastery of scientific method, to the exclusion of the personal and social needs of the masses of our children?

Let me turn from this questioning process a moment to say this: Sometimes the scientist becomes so engrossed in what he sees in the microscope that he fails to lift his eye from the instrument to gaze upon the wide world about him.

I have asked what I intended to be pointed questions regarding problems which to me as a layman are not being solved by the intelligentsia—and I use that word with entire respect. Have not teachers and teachers' colleges, in their zeal for a predetermined curriculum and for a universal intellectual discipline, forgotten that their objective is good citizens rather than subject matter conformity? In all candor, I believe they are shooting over the target.

We must take society as it is. Our program of education must be suited to the requirements and capabilities of each boy and girl according to individual need. In view of this self-evident truth, it may be fortunate that the many and no doubt brilliant suggestions of educational literature have met no more than intellectual, languid, and ephemeral acceptance. Far be it from me to criticize, but, in humility of spirit, I contend that there is something in education more vital than sharpening the mind.

Undoubtedly many ideas in education now considered too advanced will find a place in the practice of the schools of the future. It is to be expected that there should exist some lag between the time of general acceptance of a policy, program, or principle and its complete incorporation into practice.

Even though the program I present today may be approved by you, it will take time to appraise its value. But certainly as regards past objectives has there not been an excessive lag in the field of education? Even though this exists in public education, it is also true in home training, in parent education, in the efforts of the church, and in the work of character-building agencies. But these last institutions are outside your field. Certainly your desire is to define the objectives of teaching and of the total school experience and to realize them as soon as possible.

I want to refer next to the 1932 Bulletin No. 17, Monograph No. 13, of the United States Department of the Interior, Bureau of Education, entitled "Provisions for Individual Differences, Marking, and Promotion." This monograph reports a study covering the efforts of the secondary schools to break away from traditional practices and to adjust their programs to individual needs. This report appears to indicate that there is a tremendous desire to do something about the problem of the differences in individuals. But in this report I have found grounds to warrant several questions: Have not the standardizing agencies of the past, the rigid requirements for college entrance, and the prescriptive curriculum made well nigh impossible real progress in meeting the variable needs of the masses of our students? Have the schools and teacher-training institutions made adequate provisions for ascertaining the abilities and needs of pupils as indivduals? Has any school or teachers' college carried out the logical implications of Professor Morrison's justly famous statement to the effect that teachers should spend half their time studying their pupils as growing individuals and the rest of their time doing what that study shows to be desirable and necessary?

My attention was recently called to an interesting innovation made by Supt. Herbert S. Weet and inaugurated just before his retirement from the public schools of Rochester, N.Y. Dr. Weet has been active in your body for so many years that I am confident he is known and loved by all of you.

Dr. Weet has provided for two groupings, (a) in accordance with individual ability and (b) a marking system which undertakes to recognize five major areas of desired results, including character building and habits. I note, however, that in his system promotion is decided solely on the marks in tool subjects, such as spelling, arithmetic, and geography.

I hope no one will read into my remarks the slightest inclination to criticize any teacher, any parent, any social worker, or any clergyman for the emphasis placed upon the scientific method, upon objective thinking, or other methods of procedure. Anything I might say is necessarily no more than the general opinion of a layman anxious to be helpful. My purpose is to stimulate your interest and to cause you to focus your attention upon what I personally regard as important—a restudy of the objectives of education from the viewpoint of the individual child who must live in a complex and changing society.

Perhaps the examples I have given are sufficient preface to a preliminary concrete suggestion dealing with a way in which the public schools can help in a major attack on the prevention of crime. The suggestion calls for a thorough-going application of a particular one of the many generally accepted proposals with which you are familiar, a proposal which, because of the lag I have mentioned, has not yet been adopted into universal practice.

Nearly 10 years ago Dr. Ben D. Wood, of Columbia University, proposed the adoption of a continuous record card for general use in the public-school system. The plan for a continuous record has been promoted by various agencies, including the American Council on Education. Many individuals have urged its adoption.

Professor Wood early proposed that the school record should include not only the classroom grades and objective measures which are useful in long-term intellectual guidance but also a behavior record so designed as to disclose the blossoming character and personal and social development of the child. Such a behavior record has been demonstrated and, as I view it, greatly improved in the practice of the Rochester Athaenaeum.

If the system is used, as I believe it should be, in every community, the public schools will have placed every child under continuous constructive observation. The child who shows anti-social tendencies may then be given special attention and such treatment as the individual case requires. Under this system, prevention of crime can be undertaken in time to produce results. You can readily imagine the far-reaching effects if the character-building agencies of the community collaborate energetically with the schools in helping suspected predelinquents to achieve normal adjustment.

Of course, it is not enough merely to start upon another campaign of record making. Attics and basements are filled with "reports" and material which its fond authors thought to be of such importance that it might sometime be studied, formulated,



and made of practical use. Holding the same idea, the United States Government is erecting what is called the "Archives Building." It occupies an entire square on Pennsylvania Avenue in Washington. This is to be used to store papers, some of them valuable, no doubt, but many of them worthless trash.

If the behavior reports were to be filed in cabinets somewhere, in order that a statistically inclined person might use them sometime, I should not be interested. Such reports are invaluable, provided their significance is recognized and their potentialities are wisely exploited. But the realization of these potentialities in terms of better individual school adjustments and more effective citizenship depends upon a reorientation of our whole teaching and administrative personnel regarding the place of guidance, personal adjustment, and character building in relation to the curriculum and the traditional procedures and attitudes which it has engendered and perpetuated.

It ought to be clear that if a pupil in the schools manifests habits of thought or tendencies which are or may become antisocial in their nature, there should be instituted at once an inquiry to determine what is wrong, and appropriate corrective measures should be taken without the traditional subservience to the formal integrity of the curriculum. To this end there must be set up in connection with every school system a means of immediate treatment of the child who appears to need it. Surely in every community there are enough general medical practitioners, dentists, psychiatrists, specialists, and surgeons, also trained psychologists and social workers, who will gladly examine the child and give the school authorities the needed help to determine a course of action.

The thought I have in mind is that the behavior record will carry a warning that there is danger along the path of progress of this particular pupil. It may be a red light, indicating the necessity to stop, look, and listen. If it serves to attract attention to the need for special treatment and if, as a result of collaboration with these scientific consultants, the child is returned to mental and physical health, our first purpose has been accomplished.

In urging the importance of the social, personal, and moral influences of the schools, I do not mean to minimize the intellectual influences and scientific disciplines. These are now and, I hope, will ever be important in our schools. What I here suggest is that our pursuit of intellectual discipline shall not be so exclusive as to leave character building to chance, nor so undiscriminating with regard to individual limitations and needs as to provoke or perpetuate negative reactions and antisocial attitudes in some of our children. Let us not forget that while appropriate intellectual training may go far toward correcting antisocial attitudes, it is also true that inappropriate or wrongly motivated learning efforts may produce opposite results.

The testimony of several leading educators at the subcommittee hearings indicates that unconstructive attitudes and the formation of antisocial groups among school children frequently originate in or are perpetuated and aggravated by academic maladjustments. Hence the importance of maintaining continuous records both of growth in academic and intellectual achievements and of extra-curricular experiences, personal and social adjustments, and character development.

The reports of all school systems that have come to my notice reveal an appallingly large number of academic failures in every grade year after year. Authentic testimony indicates that many, if not most, predelinquents are found in these failing groups. Are these failures inevitable or are they due largely to the fact that our curriculum is still so rigid that many of our pupils are confronted with academic tasks which are beyond their abilities, irrelevant to their interests and needs, and which foredoom them to what our inflexible academic standards call failure? It seems to me, as an interested layman deeply sympathetic with teachers in dealing with their complex problems, that the type of intellectual and behavior record here proposed, which centers attention upon the pupil as a growing entity, cannot fail to increase their success in dealing with problem cases of all types.

But important as the use of the behavior record will be with the problem child, its use is vastly more important with all the rest of the pupils. My good friend, Dr. Eugene A. Colligan, president of Hunter College, has supplied me with an excellent manuscript relating to teacher guidance in conducting character education in the public-school system of New York. These guides suggest a thoroughly sound program of day-to-day instruction.

In taking over the guidance of a new pupil, however, the teacher is at great disadvantage without a history of the child's behavior in the earlier grades. As I view the problem, behavior records promise to do for the practice of the teacher in the field of character building what records have done for the doctor in his practice. Except in case of emergency, no surgeon would think of operating unless he had studied the case records of the patient. The reports of what the attending physicians have found in the past will help the surgeon to do a good job, and perhaps be the determining factor as to what shall be undertaken.

These references to the behavior-record system pave the way for another question:

Is it possible to do vastly better in character building than we are now doing?

If you answer in the affirmative, there remains the question as to how we shall break through the restraints that have stood in the way of progress in this field. How must we go about our task if we are to make full use of the available knowledge and experience at our command?

As a first movement in a major attack, let us secure from the public a new mandate. Let us have new specifications of the results expected from public education, or a restatement of objectives. I believe that in drawing these specifications there must be written in large letters certain primary conditions. We expect results in character and in everything that is essential to good citizenship rather than results measured chiefly in terms of facts learned or in terms of pure intellectual activity or sharpened minds. If you agree with me, I am prepared to join with you in an effort to win general acceptance of a public policy redefined in such terms as I have stated.

The National Government may assemble facts which will be helpful in the formulation of a general policy in education. Let it be borne in mind, however, that the States never delegated to the Federal Government any legislative or administrative authority in the field of education. Under our Constitution the acceptance of a new policy and of action under such a policy must be left to voluntary cooperation.

In order to have an agency to coordinate such volunteer efforts and to assist in the work of our Senate Subcommittee on Crime, we have formed an advisory body known as the "Education and Law Conference." The plan of organization of the conference assumes that its members will all be voluntary, nonofficial, unpaid workers.

We are in process of organizing an advisory committee and several technical committees. Through these we hope to carry on the work of the conference. The members of these technical committees will be selected from experts known to be free to actively participate in the work of the conference. For example, Prof. Ben D. Wood has accepted the chairmanship of our committee on records, and Prof. W. W. Charters the chairmanship of our committee on instructional materials. Other committees will be organized as the plan proceeds.

If we agree upon the wisdom of such an organization, we need to consider a second step. Sane, practical measures must be taken to develop in practice a full expression of a new American policy in education. Such measures should be evolved as will not interfere with present day essential educational practice and without reduction in efficiency in providing the pupils with the tools of literacy. It is particularly important in these days of economic stress, too, not to increase unduly the cost of the schools. But the desired results cannot be attained unless the plan is so stated as to catch the imagination of every community and command its respect and voluntary cooperation.

To make a clinical test, to use the words of my profession and to demonstrate the type of development proposed, Dr. Ballou, superintendent of the Washington schools, is arranging to initiate the proposed plan in the District of Columbia. This will involve evolution in many areas. You can see that he must face problems in administration, records, individual instruction, materials of instruction, training teachers in service, adult classes, and evening classes. In community contacts there will be a new relationship to the movies, the press, the facilities for recreation, the church, the juvenile courts, children organizations, and many more.

In the furtherance of Dr. Ballou's development the American Council on Education and the Education and Law Conference have set up a joint committee for the coordination of community effort in making this development a success. Under this arrangement the technical committees of the Education and Law Conference serve in an advisory capacity only. The local joint committee functioning as a committee of the American Council has assumed the responsibility for all operating activities.

I have given you the details of this set-up because I want you to see how we are proposing to face not only the local conditions but the deep-rooted traditions of State rights and local autonomy. The most that may be claimed for the Federal Government in such a matter is that it is the function of the Congress to do what it can for the people under the general-welfare clause of our Constitution.

Our experience with prohibition has reminded us that it is dangerous to attempt to modify the practices of our people in major activities through constitutional amendment and Federal legislation. Just as the operation of bringing about temperance in America rests upon the educational agencies of our country, so the building of character and good citizenship is more dependent upon volunteer cooperation than upon laws.

It has seemed necessary for the success of Dr. Ballou's project to seek general public approval of his plan and also the approval and cooperation of the colleges and universities in the District, the churches, the so-called "character-building agencies", the welfare agencies, and all the rest of the agencies which you know from experience affect operations of the public-school system. I hope the procedure proposed for the District of Columbia will be followed in each State. A new deal in education must grow from the seeds of progressive ideals and ideas which have been so generally planted locally by you and other leaders in the past.

The agencies of informal education must have a large place in any consideration of this subject. For example, the newspapers, motion pictures, and the radio make a daily impression on the majority of our people. That the combined influence of these agencies is growing more constructive requires only a comparison of the releases of a decade ago with those of the present. Here, as in other areas of education, the path of progress is through cooperative study and action, and I hope these agencies will join in using for this purpose the education and law conference.

Because I place such complete dependence upon voluntary cooperation, I have concluded there is needed only one general legis-

lative enactment by the Congress. In consequence I have introduced in the Senate a bill which is intended to serve two purposes:

First, it is intended to establish a privileged status in the Federal courts for teachers and their behavior records of the American Council type—records which I hope will eventually be established for every child of school age in this land.

And second, I hope this bill will establish, so far as the Federal Government is concerned, the professional status of the teacher as parallel with and comparable in its dignity and authority to that of the doctor and clergyman.

If this proposed act meets with your approval, I trust you will join the movement to see that it is also written into the statutes of the 48 States. Support of such legislation assumes that you are ready to support my major thesis, which is that we must redefine the desired objectives of education for our children as individuals in society.

If you support this thesis, I repeat:

We must secure, from the public, support for a restatement of what should be the American policy as to the desired results of education in terms of character and citizenship as well as content. We must secure from higher educational institutions an emancipation from the requirements for college entrance insofar as they in fact interfere with the legitimate efforts to achieve results in terms of a newly defined public policy. If this policy is adopted, the colleges themselves may well go through a period of soul searching as to the possibility of their own need of readjusting their practices.

To these ends I bespeak your voluntary cooperation, both in the general support of the Education and Law Conference and in the work of its education committees, in fostering joint projects initiated in the spirit of the proposed District of Columbia project. If by this means we can make a successful attack upon juvenile delinquency, the next generation will bless us for our efforts. If we succeed in deepening the public spirit of our students and developing that high sense of trusteeship which will stand the test during the competitive actions of later life, we shall have saved the Nation from a repetition of the alarming disclosures of vicious conduct in high places. We shall have had a large part, too, in giving to America the leading place in moral as well as technical education.

CONSTITUTIONALITY OF THE COTTON ALLOTMENT BILL

Mr. BANKHEAD. Mr. President, I requested the Attorney General's Office to give me the benefit of the services of one of the best attorneys in the Department on the power of Congress under the taxing clause of the Constitution. Mr. Alexander Holtzoff was selected. I submitted to him the bill known as the "Bankhead cotton control bill" and asked him to give me an opinion on the constitutionality of the taxing provision of the bill.

Subsequently Mr. Holtzoff submitted to me his opinion on the subject. While this opinion is not an official one I think it is valuable and will be helpful to Members of Congress who are interested in the subject. I ask unanimous consent to have it printed in the RECORD.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

THE CONSTITUTIONALITY OF THE COTTON ALLOTMENT BILL (S. 1974)

By Alexander Holtzoff

The bill proposes to impose a tax on all cotton ginned in the United States. There is to be exempted from this tax an amount of cotton grown on each farm not exceeding the amount allotted to it by the Secretary of Agriculture. For the purpose of making the necessary allotments to each farm engaged in the cultivation and production of cotton, the Secretary of Agriculture is directed to ascertain the available supply and the probable market requirements of cotton year after year and to apportion it amongst the cotton-producing States, the counties within the States, and the farms in each county pursuant to a formula prescribed in the bill. The bill is thus a revenue measure.

I. THE BILL IS A VALID EXERCISE OF THE TAXING POWER

The bill seeks to impose an excise tax on the ginning of cotton. The power of Congress to impose excise taxes is unlimited, subject only to the qualification that they must be uniform—and this has been held to mean uniform in the geographical sense. The limitations of the fifth and tenth amendments do not circumscribe the taxing power in any respect.

Thus, in *McCray* v. *United States* (195 U.S. 27, 61), it was said:

"Whilst undoubtedly both the fifth and tenth amendments qualify, insofar as they are applicable, all the provisions of the Constitution, nothing in those amendments operates to take away the grant of power to tax conferred by the Constitution upon Congress."

Likewise, in *Billings* v. *United States* (232 U.S. 261, 282), the Court wrote as follows:

"It has been conclusively determined that the requirement of uniformity which the Constitution imposes upon Congress in the levy of excise taxes is not an intrinsic uniformity, but merely a geographical one (*Flint* v. *Stone-Tracy Co.*, 220 U.S. 107; *McCray* v. *United States*, 195 U.S. 27; *Knowlton* v. *Moore*, 178 U.S. 41). It is also settled beyond dispute that the Constitution is not self-destructive. In other words, that the powers which it confers on the one hand it does not immediately take away on the other; that is to say, that the authority to tax which is given in express terms is not limited or restricted by the subsequent provisions of the Constitution or the amendments thereto, especially by the due-process clause of the fifth amendment."

Again it was stated in *Brushaber* v. *Union Pacific Railroad Co.* (240 U.S. 1, 12, 24):

"That the authority conferred upon Congress by section 8 of article I, 'to lay and collect taxes, duties, imposts, and excises' is exhaustive and embraces every conceivable power of taxation has never been questioned, or, if it has, has been so often authoritatively declared as to render it necessary only to state the doctrine.

* * * * * * *

"So far as the due-process clause of the fifth amendment is relied upon, it suffices to say that there is no basis for such reliance since it is equally well settled that such clause is not a limitation upon the taxing power conferred upon Congress by the Constitution; in other words, that the Constitution does not conflict with itself by conferring upon the one hand a taxing power and taking the same power away on the other by the limitations of the due-process clause."

In *United States* v. *Doremus* (249 U.S. 86, 93), these principles were summarized as follows:

"The only limitations upon the power of Congress to levy excise taxes of the character now under consideration is geographical uniformity throughout the United States. This Court has often declared it cannot add others. Subject to such limitation, Congress may select the subjects of taxation and may exercise the power conferred at its discretion. (*License Tax Cases*, 5 Wall. 462, 471.) Of course, Congress may not in the exercise of Federal power exert authority wholly reserved to the States. Many decisions of this Court have so declared. And from an early day the Court has held that the fact that other motives may impel the exercise of Federal taxing power does not authorize the courts to inquire into that subject. If the legislation enacted has some reasonable relation to the exercise of the taxing authority conferred by the Constitution, it cannot be invalidated because of the supposed motives which induced it. *Veazie Bank* v. *Fenno* (8 Wall. 533, 541), in which this Court sustained a tax on a State bank issue of circulating notes. *McCray* v. *United States* (195 U.S. 27), where the power was thoroughly considered, and an act levying a special tax upon oleomargarine artificially colored was sustained. And see *Flint* v. *Stone Tracy Co.* (220 U.S. 107, 147, 153, 156), and cases cited."

The motive of the Congress in levying a tax is immaterial and will not be considered by the judicial branch of the Government in determining the constitutionality of a tax measure. Consequently the mere fact that the ultimate purpose of a tax measure is not to collect revenue but to accomplish some other purpose does not constitute a ground for declaring it unconstitutional.

Thus in 1866 Congress passed an act levying a 10-percent tax on bank notes issued by State banks. The real object of the statute was not to raise revenue, but to eliminate State bank notes from circulation. It is understood that no revenue was ever collected under this measure, so effectively was its real purpose accomplished. The validity of this measure was challenged on this ground, among others. In *Veazie Bank* v. *Fenno* (8 Wall. 533) the constitutionality of the act was upheld.

In *McCray* v. *United States* (195 U.S. 27) the Supreme Court upheld the validity of the statute taxing oleomargarine. The act provided for a very low tax on white oleomargarine and a much higher tax on yellow oleomargarine, because the latter so closely resembled butter that it was frequently sold as a substitute. Again the actual intention of the Congress was not to provide a new source of revenue, but to suppress the sale of oleomargarine as a butter substitute under circumstances under which the purchaser did not realize that he was not buying real butter.

A very striking illustration of this principle is found in the Narcotic Act, which, under the guise of the exercise of the taxing power, placed traffic in narcotics under severe and stringent restrictions in an endeavor to suppress all dealings in drugs other than those expressly permitted. Again the validity of this act was attacked, but the objections were overruled and its constitutionality upheld in *United States* v. *Doremus* (249 U.S. 86).

There are two decisions that might possibly be cited as opposed to the foregoing line of authorities, but on close analysis they become clearly distinguishable. They are the *Child Labor Tax Case* (259 U.S. 21), and *Hill* v. *Wallace* (259 U.S. 44). In the first of these cases the Supreme Court held unconstitutional a tax on all concerns employing child labor. In the second, there was held invalid a measure imposing a tax on dealings in grain futures other than those consummated on boards of trade and embodying an elaborate scheme for regulating boards of trade. In each instance, the decision of the Supreme Court was placed on the ground that the purpose of the measure was to regulate intrastate business, in one case manufacturing and mercantile concerns employing child labor, and in the other case, boards of trade, which from the facts before the Court did not appear to have any relation to interstate commerce. This reasoning is clearly inapplicable to the situation here under consideration. The business affected by the measure is not a wholly intrastate business. On the contrary, it is principally interstate. The bill seeks to reach interstate commerce in cotton. It is a well-known fact that the major portion of the cotton produced in the United States, after it is picked, enters the channels of interstate and foreign commerce. This bill does not touch the growth and

production of cotton. It seeks to reach it at the moment it begins to enter the channels of trade, namely, when it is ginned. Most of it then finds its way into interstate or foreign commerce.

II. THE EXEMPTION FEATURES OF THE BILL ARE VALID

The fact that the bill exempts from the tax a certain minimum amount of cotton allotted to each producer in no way detracts from the validity of the measure. It is within the constitutional power of Congress in levying an excise tax to create exemptions. An obvious illustration in support of such procedure is found in the exemption features of the income tax law, the validity of which were expressly upheld in *Brushaber* v. *Union Pacific Railroad Co.* (240 U.S. 1).

Similarly, in the oleomargarine case, to which reference has been made (*McCray* v. *United States*, 195 U.S. 27), a much higher tax was imposed on yellow oleomargarine than on white oleomargarine, with the motive of preventing oleomargarine producers from coloring their produce yellow and thereby misleading the public into thinking that it is butter. In *Billings* v. *United States* (232 U.S. 261), the Supreme Court upheld the tax on foreign-built yachts, although no similar tax was imposed on yachts of domestic construction.

III. THE BILL DOES NOT CONTAIN ANY DELEGATION OF LEGISLATIVE POWER TO THE SECRETARY OF AGRICULTURE

The authority to apportion the amount of cotton to be produced in any one year by the various cotton-producing States, the counties in each such State, and the farms in each county does not constitute a delegation of legislative power. The bill fixes a standard or a formula which the Secretary of Agriculture is to apply. Section 1 declares the policy of Congress. Section 2 requires the Secretary to ascertain from an investigation of the available supply of cotton and the probable market requirements, the quantity of cotton that should be offered for sale during the succeeding cotton-crop year. Section 4 prescribes the measure by which the Secretary of Agriculture is to apportion the entire amount of cotton among the several cotton-producing States, i.e., the ratio of the average number of bales produced in each State during the 5 crop years preceding the passage of the act to the average number of bales produced in all the States during the same period. On a similar basis he is directed to make an apportionment among the several counties in each such State and likewise among the various farms within each county. Thus there is no room for arbitrary action by the Secretary. The bill directs the Secretary of Agriculture to find certain facts and to make certain apportionments pursuant to a prescribed formula. This is not a delegation of legislative power.

An examination of congressional legislation indicates that from the earliest days of the Republic, Congress has had occasion to pass laws containing a general principle or a formula, leaving to the Executive the determination of the occasion on which the general principle should be invoked and the manner in which it should be effectuated. Some acts included provisions that violations of any regulation that might be made by the Executive in carrying it into effect should be deemed criminal offenses. In a long line of decisions the Supreme Court has sustained the constitutionality of this type of legislation. It realizes that as a matter of practical administration of governmental affairs, it is impossible to foresee and cover every detail by legislative enactment. Much must be left to the discretion of executive officials. The legislative branch of the Government need properly concern itself solely with enacting general principles the detailed application of which must often be left to the judgment of administrative officers. Congress delineates and sketches a general outline; the Executive fills in the details.

These principles were summarized as follows in *Mutual Film Corp.* v. *Ohio Industrial Commission* (236 U.S. 230, 245):

"While administration and legislation are quite distinct powers, the line which separates exactly their exercise is not easy to define in words. It is best recognized in illustrations. Undoubtedly the legislature must declare the policy of the law and fix the legal principles which are to control in given cases; but an administrative body may be invested with the power to ascertain the facts and conditions to which the policy and principles apply. If this could not be done there would be infinite confusion in the laws, and in an effort to detail and to particularize, they would miss sufficiency both in provision and execution."

Within a few years after the adoption of the Constitution, during the second administration of George Washington, Congress, by the act of June 4, 1794, granted to the President authority to lay an embargo on all ships and vessels in the ports of the United States "whenever, in his opinion, the public safety shall so require", and under regulations, to be continued or revoked "whenever he shall think proper."

By the act of February 9, 1799, the President was given authority to remit and discontinue for the time being the restraints and prohibitions which Congress had prescribed with respect to commercial intercourse with the French Republic "if he shall deem it expedient and consistent with the interest of the United States", and to revoke such order "whenever in his opinion the interest of the United States shall require."

During the administration of Thomas Jefferson, Congress, by the act of December 19, 1806, delegated to the President the power to suspend the operation of the nonimportation act, "if in his judgment the public interest should require it."

By an act approved on May 1, 1810, by President Madison, who participated in the framing of the Constitution probably to a greater extent than any other single individual, Congress authorized the President to revive a former act as to Great Britain or France if either country had not by a certain day so revoked or modified its edicts as not to violate the neutral commerce of the United States.

The act of March 3, 1815, conferred upon the President the power to declare the repeal as to any foreign nation of the several acts imposing tonnage and import duties, when he should be satisfied that the discriminating duties of such foreign nations, so far as they operate to the disadvantage of the United States, had been abolished.

It is a significant commentary on the topic under discussion that all of the statutes that have just been enumerated were enacted while many of the framers of the Constitution were still living and active in public life. It does not appear that the constitutionality of any of these statutes was ever called in question.

The act of May 31, 1830, contained provisions similar to those of the act of March 3, 1815.

By the act of March 6, 1866, the President was clothed with authority to declare inoperative the provisions of the act forbidding the importation of cattle whenever in his judgment that might be done without danger of the introduction or spread of contagious or infectious disease among the cattle of the United States.

The Tariff Act of October 1, 1890, authorized the President to suspend the free importation of sugar, molasses, etc., from any country which levied duties against importations from this country that he might deem unequal and unreasonable. The validity of this enactment was attacked as delegating legislative power to the President. The Court overruled this contention and sustained the validity of the statute (*Field* v. *Clark*, 143 U.S. 649, 680).

The act of March 2, 1897, prohibited the importation of inferior tea. It was provided that the Secretary of the Treasury should appoint a board of experts every year to fix and establish uniform standards of purity, quality, and fitness of all kinds of tea imported into this country. All tea inferior to such standards was to be deemed within the prohibition as to importation. In *Buttfield* v. *Stranahan* (192 U.S. 470, 496) the Supreme Court ruled that the statute was constitutional and did not involve the vesting of the Secretary of the Treasury with legislative power.

The Rivers and Harbors Act of March 3, 1899, authorized the Secretary of War to determine that certain structures constituted obstructions to navigation and to require their alteration or removal. Failure to comply with the order of the Secretary of War was made a criminal offense. The validity of this statute has been sustained in a number of cases, and convictions for violations of the statute have been affirmed (*Union Bridge Co.* v. *United States*, 204 U.S. 364; *Hannibal Bridge Co.* v. *United States*, 221 U.S. 194; *Wisconsin* v. *Illinois*, 278 U.S. 367, 414).

By the act of February 1, 1905, the Secretary of Agriculture was authorized to make rules and regulations to regulate the occupancy and use of forest reserves and to preserve the forests from destruction. Any violation of the act or of such rules or regulations was made a criminal offense. The Secretary of Agriculture promulgated a regulation prohibiting the grazing of stock in any forest reserve without a permit. The defendants were indicted on a charge of driving and grazing sheep on a forest reserve without a permit. Demurrers to the indictments were sustained and the Government appealed to the Supreme Court. The latter tribunal reversed the judgments, holding that the statute was constitutional and did not comprise any delegation of legislative power to the Secretary of Agriculture (*United States* v. *Grimaud*, 220 U.S. 506).

The Transportation Act of 1920 authorized the Interstate Commerce Commission, whenever it was of the opinion that an emergency existed requiring immediate action, to suspend its rules as to car service and to make such reasonable rules with regard to to it as in its opinion would best promote the service. The act provided that violations of such rules should constitute a criminal offense. On July 25, 1922, the Commission issued an order reciting that, in its opinion, an emergency existed and formulating certain rules in reference to furnishing coal cars to the mines. A conviction for violating this rule was upheld and the constitutionality of the act sustained in *Avent* v. *United States* (266 U.S. 127). In discussing this point, Mr. Justice Holmes stated that "Congress may make violation of the Commission's rules a crime."

The Tariff Act of September 21, 1922, contained the so-called "flexible provisions" authorizing the President to increase or decrease rates of duty by proclamation in order to equalize them with the difference in costs of production in the United States and the principal competing country. The constitutionality of this provision was challenged as an invalid delegation of legislative power to the Executive. The Supreme Court reached the conclusion that the act was constitutional (*Hampton & Co.* v. *United States*, 276 U.S. 394).

The Supreme Court has applied the same principles in passing upon the validity of State legislation. Thus, in *Sproles* v. *Binford* (286 U.S. 374), the Court upheld the validity of a provision of the Texas motor-vehicle act, which prohibited the transportation over State highways of certain overweight or oversized vehicles, but authorizing the highway department to grant special permits for limited periods exempting from its operation equipment that could not be reasonably dismantled.

LIVING COSTS AND SALARIES OF FEDERAL EMPLOYEES

Mr. COSTIGAN. Mr. President, Mr. Luther C. Steward, president, and Miss Gertrude McNally, secretary, of the National Federation of Federal Employees, recently joined,

assisted by other officials and representatives of that organization, in a series of brief radio addresses, beginning January 17 and ending February 1, 1934, in which problems of living costs, including reasons for maintaining salaries of Federal employees at normal and proper levels of subsistence, were discussed. I believe it will be helpful to have these addresses preserved in more permanent form, and I ask that they be printed in the CONGRESSIONAL RECORD.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

LUTHER C. STEWARD, PRESIDENT NATIONAL FEDERATION OF FEDERAL EMPLOYEES, JANUARY 17, 1934

The National Federation of Federal Employees is happy to avail itself of the opportunity afforded by the public-spirited sponsor of this program to present to the public over this station the facts in the broad campaign we are waging to bring about the restoration of Federal salaries.

In these 5-minute programs we shall tell the story, the very moving human story, behind the cold facts which make a handful of statistics, a few pages of congressional legislation, and a Roman holiday for those who would "balance the Budget" at the expense of hundreds of thousands of already underpaid and overworked human beings.

In order to understand the whole story we must go back months ago before the so-called "economy legislation" was enacted.

Selfish interests, headed up by such organizations as the United States Chamber of Commerce, the National Manufacturers Association, the National Economy League, and others, early began the most intensive of all propaganda campaigns to shove the burden of the depression from the shoulders of their powerful and influential members onto those of the small wage earners of the Nation, including the Federal employees.

The brunt of the attack was borne by the Federal employees. In a campaign of vilification they were attacked as leeches and drones; the work they were doing was ridiculed; and in addition to wholesale wage cuts, complete emasculation of the Federal service was demanded.

The Budget, they declared, must be balanced, and at the expense of the Government workers and the Federal service, set up to serve the whole people of the country.

The campaign was successful. So-called "economy legislation" was passed. This legislation brought wage cuts, furloughs, reduction of leave, and the loss of other conditions of labor which had been gained only after years of struggle.

The National Federation of Federal Employees emphasized from the outset that national economic recovery could not be brought about by such means. Soon the Federal Government itself gave substantial recognition of that fact in the setting-up of the Nationary Recovery Administration, whose prime purpose is to bring about wage increases and shorter hours of labor.

Thus, the Federal Government now is in the anomalous position of advocating wage increases and shorter hours for other employers and of taking a diametrically opposite position with respect to its own personnel. The Government cuts the wages of its own employees; and then tells private enterprise, and quite correctly so, that recovery cannot be achieved in that manner.

Since their original misguided campaign, some of the special interests have suffered a partial—but by no means complete—change of viewpoint. All of them no longer are so confident that economic balance can be restored by a specious balancing of the Budget by destroying the buying power of hundreds of thousands of men and women throughout the country.

Many legislators, too, have changed their minds. But the economy legislation is still with us. Every consideration of sound economics and justice demands its repeal.

In future programs in this series we shall bring you many facts in support of this contention.

MISS GERTRUDE M. M'NALLY, SECRETARY-TREASURER, NATIONAL FEDERATION OF FEDERAL EMPLOYEES, JANUARY 19, 1934

There are at least three basic reasons why the Federal wage scale should be restored. They are:

The Federal pay cut is exactly contrary to the sound principle of wage increases and shortened hours advocated for private business and industry by the Federal Government through the National Industrial Recovery Act and through the National Recovery Administration.

The Federal pay cut is a rank injustice to the hundreds of thousands of already underpaid men and women who are carrying on the vital duties of the Government.

The Federal pay cut is indefensibly bad from the standpoint of efficient personnel administration.

Time this evening does not permit a full discussion of any one of these reasons. However, during the course of these programs the many phaces which logically find a place under these and other important headings will be presented. Tonight, however, I want to discuss a little more fully the question of the Federal pay cut as it refers to the N.R.A.

Wisely, the Federal Government has undertaken the most comprehensive plan in history to bring to the wage earner a fuller measure of the fruits of his own labor.

The Federal Government has said to business and industry:

"The only way out of this depression is to put more persons to work. We must spread employment, reduce hours, and improve purchasing power by raising wages."

That is a program every thinking man and woman in the country can support. It is a sound program. It provides, at least, the principle which must show us out of the worst of all economic crises.

The Federal Government has been supported in its N.R.A. program by the mass of the people. But the large vested interests have opposed it, either openly or under cover. The same interests that campaigned for a so-called "balanced Budget" by the slashing of Federal pay now point to the Government position on pay as a reason why they should not raise the wages of their own workers.

In other words, the Federal Government does not come into court on this issue with clean hands. It cannot say to business, large or small:

"Follow the example of the Federal Government and raise wages so that purchasing power may be increased."

The Federal Government instead of raising wages has crushed the wage scale—in some cases reductions run as high as 50 percent because of furloughs pyramided upon the basic cut.

Thus, in a very definite manner, the Federal Government has been, demonstrably, the largest single handicap to its own sound and constructive program of economic reconstruction.

This fact was impressed upon all unbiased observers during the months which preceded the opening of the present session of Congress. So important did the issue loom that countless individuals, organizations, and Members of Congress made known their reversal of their original stand on the Federal pay question.

But despite these incontrovertible facts, despite the clearly apparent change in public and legislative opinion, the pay cut and its manifold attendant evils still stand.

The National Federation of Federal Employees is continuing its battle for pay restoration now. It is a battle in which the public is vitally concerned. Your support is needed now.

MISS MATILDA LINDSAY, NATIONAL ORGANIZER, NATIONAL FEDERATION OF FEDERAL EMPLOYEES, JANUARY 22, 1934

There is an implied contract in the relationship between the Federal employee and the Government. A great many Federal employees have had opportunities to leave the Federal service and go into private business and industry at a substantially greater rate of pay.

In most cases Federal employees have weighed this increased wage scale against the value of the implied contract with the Government; a contract which gave assurance of permanent occupation, for efficiency, at a meager, but nevertheless fixed, rate of pay.

On the basis of this implied contract, Federal employees have taken over certain obligations. They began the purchase of small homes. They have endeavored to provide life insurance for the protection of their families, for even under normal conditions Government pay is such that the building of an estate for one's dependents is a virtual impossibility by any other means.

These are fixed charges. Other fixed charges are such items as light and fuel costs, transportation costs, and the like.

Although Federal employees have suffered reductions in pay ranging from 15 to 50 percent, rates of interest on mortgages have not declined. Insurance premiums in many instances have actually increased. Transportation, fuel, light, and other charges either have remained stationary or have risen.

Federal employees have been ground between two millstones. The Federal Government has broken its contract, and at the same time the burden of fixed charges, entered into on the basis of that contract agreement, has increased.

Many of my listeners may say that the same thing applies to every person in the community. That is not true, because in the so-called "boom years" Federal salaries lagged far behind the wages paid in private business and industry. A comparison of similar positions in the Government and in private enterprise showed that persons in the latter field were receiving several times—and often much more—the salaries paid to Federal workers.

But, despite this fact, a majority of the civil-service personnel remained in Government employ, bearing in mind their contract which it was felt would not be repudiated.

But that is exactly what has happened. In practical effect Federal employees have been penalized for remaining in the civil service and carrying on the vital functions of Government during the years when far higher salaries on the outside were beckoning most alluringly.

That, of course, is palpably unfair. But the situation does not end by being simply unfair. These Federal employees are still faced by the stark necessity of meeting fixed charges which were soundly and sensibly incurred as good citizens and the heads of families.

Because of the smallness of Federal pay, employees never have had much leeway. Now, with pyramiding pay cuts and furloughs and immovable or increased fixed charges to meet, conditions have become well-nigh unbearable.

The Federal Government has a responsibility here which it cannot evade. It has a responsibility to cease its repudiation of a contract. It has a responsibility to deal fairly with thousands of employees who, on the basis of a stated set of conditions, placed their careers at the disposal of the Government. Beyond that the Government has a responsibility to end a situation which is so

completely out of harmony with the principles it has set up as models for private business and industry.

The time is at hand for the Federal Government to deal fairly and squarely with its own workers. Further delay is indefensible!

HARRY W. JOHNSON, NATIONAL ORGANIZER, NATIONAL FEDERATION OF FEDERAL EMPLOYEES, JANUARY 24, 1934

I am sure that few people realize the full extent or import of the Federal pay cut.

In the first place, it is fallacious to assume that Federal pay has been cut simply by 15 percent. As a matter of fact, pyramiding furloughs in many instances have raised that pay slash as high as 50 percent. In many other cases cuts of 20, 25, and 30 percent have been sustained.

These cuts have been taken by hundreds of thousands of Federal workers throughout the land. In Washington alone 70,000 persons have been affected directly.

But actually more than 70,000 persons in Washington have been affected—far more than 70,000—indeed, the whole city of Washington is suffering from the deep slash in purchasing power.

The Federal Government on the one hand is endeavoring to build up purchasing power, through the National Recovery Administration and through the Public Works Administration and Civil Works Administration. On the other hand it has slashed—and now declares that it wants to continue that reduction—the wages of hundreds of thousands of its own civil-service employees, men and women who have prepared themselves for a career in the Federal service and have qualified for that work by training and experience.

The result is a serious hardship not only upon Federal employees but upon the thousands and, indeed, millions of persons who are dependent upon them. Furthermore, business and industry in every city and town in the Nation, in varying degree, are feeling the effects of the sharp and continuing reduction in purchasing power.

Throughout the period of the depression the meager salaries of Federal employees have been stretched to care for an ever-increasing number of dependents. On every Government pay day lines at the post offices testify to the thousands of workers who are sending money orders to destitute relatives throughout the country.

This money has gone into circulation immediately. The reduction in Federal compensation thus has worked a many-sided hardship. It has curtailed the ability of Federal employees to relieve distress. It has placed many thousands of already underpaid employees themselves in actual need and want. It has had a decidedly deleterious effect upon business throughout the land.

We have an all too graphic picture of the effect of the Federal pay cut upon business right here in Washington.

Although the city has maintained a commendable economic balance, and the business community has given ample proof of its stability, the retarding effect of the wage reduction is not to be questioned.

Business leaders are frank to say that a concerted and aggressive forward movement in local business can come only when the Federal Government falls in line with its own National Recovery Administration principles and restores the pay level. In making such a statement business authorities are not in any sense heretical. They are in no sense lacking in a willingness to aid the administration in its great program of reconstruction. They are simply facing facts, realizing that the purchasing power of 70,000 wage earners in a city of half a million population must be returned to normal if business is to proceed on a thoroughly normal basis.

The Federal Government can render a broad human service and a vitally important economic service by righting the wrong which has been done to the hundreds of thousands of small-salaried men and women who are serving the Government everywhere.

Throughout the depression Federal employees have borne their social responsibilities nobly and well, handicapped as they were first by meager wages and then further hindered by income reductions ranging from 15 to 50 percent.

The Federal Government should remove this restriction and its inevitable subsequent retarding influence upon the whole course of national economic recovery by discarding the unjust and unsound wage cut it has inflicted upon its employees. The sooner such action is taken, the quicker national recovery will be achieved.

ALFRED HARMON, SECRETARY-TREASURER DISTRICT OF COLUMBIA FEDERATION OF FEDERAL EMPLOYEES' UNIONS, JANUARY 26, 1934

I want to speak tonight about the cost of living in the District of Columbia and its relationship to the nearly 80,000 Government workers in Washington.

But I shall not burden you with figures, knowing full well the difficulty of following them as they come in rapid succession over the air. However, you may be certain that the facts which I shall present briefly are based on the Federal Government's own accurate survey.

Put in its simplest possible form, the statement may be made that it costs more to live in Washington than it does elsewhere. Living costs go up here sooner, they come down later; and when they do come down, they fall far less than in almost any other community in continental United States.

Now, we know that there are definite reasons why this should be so. And all of us who know Washington and live in it for the beautiful city that it is recognize these facts.

But it is unfair of the Federal Government to penalize its workers simply because they happened to be stationed at the seat of government.

And it is especially unfair to aggravate that condition by the reduction which has been in effect and which it was planned to keep in effect.

In other words, Federal employees working in Washington always are at a disadvantage in the matter of living costs as compared with Federal workers in most other communities. There is no pay differential in favor of the Federal employees here, although it is proved by the Government's own figures that it always costs more to live here. Thus, with the lesser drop in the cost of living, the pay cut has worked a far more emphatic hardship.

So it is that the Government worker in Washington finds himself, from the practical and not the esthetic standpoint, in an economic plight which is hurtful not only to himself and his family and dependents but to the business community as well.

Federal employees, or at least a great many of them, enjoy living in Washington and deem it a privilege to be here. But as a matter of fact they have found on an increasing scale that it is a privilege which they cannot afford, especially since the pay cut became effective.

Federal employees must face the facts. And the facts are that the Washingtonian pays a premium, as compared with workers elsewhere, on all staple commodities, from rents to potatoes and all up and down the line.

That is a condition which should be taken into consideration. It is a condition which, I am sorry to say, has not been taken into consideration.

Within the past few weeks a new and vitally important factor has been projected into the picture, which will further complicate and aggravate the desperate economic plight of the Federal employee in Washington.

It is the prospect of rapid and sharp increases in commodity prices attendant upon the new monetary policy.

Without desiring or intending to enter into any detailed discussion of the plan which has been sincerely entered into for the sole purpose of furthering the cause of general economic recovery, it must be recognized that Federal workers are at a distinct disadvantage in a program which entails a marked rise in price levels.

Government pay is fixed. It cannot be revised upward from month to month as is possible in private business and industry and as occurs in those fields as business improves and as prices rise.

Federal pay schedules, unfortunately, are inflexible to a high degree; certainly they always have been inflexible where increases are concerned.

It will be remembered that that so-called "economy legislation" called for varying decreases but not for any increases should the price level move forward.

So we see that the Federal employee in the District of Columbia pays a heavy and ofttimes virtually unbearable price for the undoubted privilege of residence here. And that that price, already high, is likely to be even more of a burden as the new monetary policy successfully achieves its purpose.

Economic justice demands that Federal employees not only be returned to their original pay schedules but that provision be made for rates which will enable these workers to live on an American standard as the price level continues to rise.

Certainly that is not asking too much.

It seems to us that every man and woman in the District, whether or not he or she is in the Federal service, can conscientiously support our contention. Will you not lend your active cooperation in this struggle for a square deal?

HENRY G. NOLDA, SECRETARY-TREASURER FEDERAL EMPLOYEES' UNION NO. 2, JANUARY 29, 1934

In previous talks in this series, the broad economic principles involved in the whole Federal pay cut issue have been discussed.

This evening I want to tell you something about the human side of the question. I want to discuss it fairly and frankly, telling you just what the pay cut has meant to thousands of your friends and neighbors.

Federal salaries always have been low, very low. Now, with the pay cuts which range anywhere from 15 to 50 percent, the rank and file of employees of the richest Nation on earth are facing a blank wall.

By that I mean that to thousands of Federal employees our vaunted "American standard of living" is a cruel jest. Thousands of Federal employees are not adequately clothed. Thousands of Federal employees cannot adequately clothe their families. Thousands of Federal employees and their families are not eating properly or sufficiently, because their wages do not permit it. Thousands of Federal employees will leave their families destitute, because they cannot save against the inevitable day of need.

I realize that this is not a pleasant subject. I realize that many of us—and some even in the Federal service itself—do not like to face these facts. There is a tendency to "play them down", to "hush them up", to talk in generalities.

But the time for generalities is past. We must face the facts. The facts are that right here in Washington today there are thousands of Federal employees who cannot make ends meet because their employer pays them starvation wages. That is not a pretty picture, especially when that employer happens to be the Federal Government. But the picture has the unfortunate virtue of being absolutely true to life as it is being lived by great num-

bers of Federal employees in the District of Columbia and elsewhere throughout the land.

Federal employees are not spendthrifts. They do not throw their money about with any more reckless abandon than any other group. They are the heads of families, with dependents who look to them for support either in declining years or to give them the start in life which America proudly declares in the heritage of every child born under the Stars and Stripes.

Federal employees are keenly aware of their social and economic responsibilities, responsibilities which they are carrying with unflinching devotion in the face of almost insuperable obstacles.

We can see what the Federal pay cut really means only when we study individual cases. It is with no sense of pride in any respect that I say that I have ample opportunity to study hundreds of cases and to see daily the hardships which are being endured by loyal and faithful workers who are being penalized unjustly and unfairly.

Under present conditions, with pyramiding pay cuts and rising living costs, it is impossible for thousands of Federal employees to do more than barely keep body and soul together. Living has been reduced to the barest necessities. For many, to whom cultural opportunities have been closed because of lack of funds, life has lost its savor and its zest.

President Roosevelt has said, with characteristic breadth and vision, that life must offer more than simply the satisfaction of the rudimentary wants of food and shelter and warmth.

It is truthfulness, it must be said, that this, and only this, is possible to thousands of men and women who toil night and day in the far-flung services of the Federal Government. And in many cases food and shelter and warmth are to be had only when starvation wages are buttressed by pittances borrowed at exorbitant rates of interest, or by meager savings which had been laid by at the sacrifice of those little luxuries that help to make life worth while.

I am convinced that the American people will not wish longer to countenance these conditions. I believe that the average American citizen wants his Government to pay its employees on a basis more nearly in keeping with the American standard of living, although the Federal pay level never actually has reached that standard.

It is not in the nature of the people of our Nation to indulge in sweatshop tactics, to pay as little as possible for an extreme maximum of service.

Yet that is the policy which the Federal Government is following. That is the policy which has forced hundreds of thousands of American citizens, trained, efficient, loyal, and faithful workers, into an economic morass which is unbelievable to all except those who really know the facts.

The National Federation of Federal Employees knows these facts. It is presentng them in the hope that a knowledge of them will help to right the great injustice whch has been done.

This is the responsibility not of a small group but of all citizens. Every American should do his part to make "the American standard" a reality!

DR. J. FRANKLIN MEYER, PRESIDENT FEDERAL EMPLOYEES' UNION NO. 260, JANUARY 31, 1934

The Federal pay cut has had a very serious effect upon the scientific services of the Federal Government.

Furthermore, the effect which current conditions will have upon the future of those services is equally as important and presents a question in which every American citizen has a vital concern.

I fear that the words "Government scientist" have rather a strange connotation for a great many of our people. Particularly since the recent campaign of vilification by such organizations as the United States Chamber of Commerce, National Economy League, National Manufacturers' Association, and others, many people have tended to look upon the Government scientist as a caricature. He is pictured as long-bearded and vacant-eyed ancient who putters aimlessly about an incredible laboratory, wasting the taxpayers' money in idle alchemy.

Such a picture is not only an untruth but a dangerous untruth. In reality, the scientific branches of the Federal Government are rendering a tremendous service to the whole people. They are protecting our lives and our homes; they are setting up safeguards against disease; they are teaching business and industry new methods; they are showing the farmer and the city dweller how to save in new and important ways; they are establishing standards which are an essential to the progress of our civilization.

I regret that I have not sufficient time at my disposal to do more than to indicate the tremendous range of the Federal scientific services and their importance to every man, woman, and child in the Nation.

Trained, experienced, highly skilled scientists are laboring in Washington and in the field at shamefully low wages to maintain the scientific progress and integrity of our Government. Always poorly paid, with the wage cuts these men and women now are working for salaries which are but a scant fraction of those paid in the outside world for similar services. At great personal sacrifice, scores of Government scientists have remained at their posts for years. Their reward, I am sorry to say, has been only in the satisfaction of a job well done, for the Government's own reward to them has simply been to reduce their already indefensibly low salaries.

The scientific services of the Federal Government, and I am referring now to every branch, have a record of which they may be justly proud. In attacking that record and in vilifying the personnel, selfish special interests have demanded themselves beyond description.

To serve the Federal Government, scientists have spurned wealth and glory. And in many cases they have laid down their lives in an unselfish devotion to duty.

From the work of these men and women the whole Nation derives practical profit.

The Government scientist adds to the Nation's prosperity, increases its life expectancy, adds substantially to all of those tangible and intangible factors that help to make life worth living.

An inevitable effect of the Federal pay cut will be increasing difficulty in maintaining intact the personnel of the scientific services. The longer the pay cut is in effect, the more difficult that task will become.

Many great scientists have joined the Federal staff because of the supposed assurance of a continuity of effort and a wage at least sufficient to purchase the necessities of life. They have given up opportunities to earn large sums elsewhere in return for the different but definite opportunities afforded in the public service.

But now the Federal Government has broken its contract, and it proposes to keep on in that way.

The result must be, unless remedial action is taken quickly, to make the Federal scientific service far less attractive in the future.

In other words, it will not be possible for the Federal Government to command the services of scientists as it has done in the past. These men and women will examine the Government's record as an employer and say that they cannot do else but refuse to make a sacrifice so heavy.

None of us, and least of all the scientists themselves, want such a condition to come to pass. But come to pass it must, unless the Federal Government decides to follow the principles it is advocating for private business and industry and becomes a constructive employer and puts into practice a sound program of personnel administration.

The scientific branches of our Government serve the whole Nation. Every citizen has a deep and abiding interest in their welfare and in the responsibility of bringing about conditions which will enable them to continue and to be of greater service in the future.

MISS GERTRUDE M. M'NALLY, SECRETARY-TREASURER NATIONAL FEDERATION OF FEDERAL EMPLOYEES, FEBRUARY 1, 1934

It has become increasingly clear to the public generally that the Federal pay cut is wrong economically and that it is unfair and unjust. That viewpoint certainly has gained ground throughout the country. Of the utmost importance, many Members of Congress have reached that conviction.

But despite this change in attitude, there still are persons who speak in effect like this: "I don't see why the pay of Federal employees should be restored. They don't do anything, anyway."

Now we might just as well look the facts in the face. There are a great many people who really believe Federal employees are leeches and drones who do nothing but draw their pay. The work they do, in the opinion of these persons, is of little value and importance, and in any event constitutes no real task.

This view has been fostered very largely by selfish special interests who have sought to further their own ends by bringing the Federal service into disrepute.

Never before has there been afforded such a complete refutation of so baseless a contention as has been revealed to the world within the past year.

Upon the shoulders of the Federal Government—and in the final analysis that means upon the shoulders of the men and women in the service—has been thrown the tremendous responsibility of carrying out a broad program of economic recovery. It must be understood that this is not a responsibility of the emergency agencies alone. Every permanent establishment of the Government is playing a great part in this effort.

But this emergency program is just one phase of the story of the Federal employee's work.

The man or woman who says, either in earnest or in jest, that "Federal employees don't do anything, anyway", is simply giving clear evidence of a complete lack of understanding of the functions of government.

Federal employees aid and safeguard every aspect of life.

Federal employees deliver the mail.

Federal employees inspect livestock and dairies for the health protection of the public.

Federal employees live at lonely lighthouses to make shipping safe.

Federal employees make the primary charts and maps essential in so many fields.

Federal employees are engaged in a host of vital scientific projects.

I wish sincerely that I had the time here to name the many ways in which Federal employees bring order and progress and happiness into all of our lives. And the details of their work, which often is hazardous in the extreme, make a fascinating story.

Tonight I can do little more than to indicate the wide variety of services rendered efficiently, faithfully, and loyally by Federal employees, and to emphasize the falsity of the belief that these services are without great public value.

Only recently, in a public address, Dr. Lewis Meriam, distinguished authority of the Brookings Institution, reaffirmed the fact that "Government has been called upon to bail out the sinking ship of private industry." He declared that it is upon employees

of the classified civil service that chief reliance must be laid for the success of the recovery plans. And Dr. Meriam was outspoken in asserting the dollars and cents value of the service rendered by the permanent Federal establishment.

Dr. Meriam is but one of many leaders who have come to the front to give the lie to the interests who would willingly sacrifice these services for selfish reasons.

If we accept the fact that the Federal Government, as a modern, civilized, central authority, should provide protective and other services essential in this day and age, we also must agree that the personnel is entitled to a living wage.

Always meager, Federal salaries now, under the weight of pay cuts and furloughs, have been crushed to subsistence levels, and in many instances below that.

For the good not only of the employees themselves, but in the best interests of our national economy, that situation should be corrected.

MISS BELLE A. TROULAND, PRESIDENT FEDERAL EMPLOYEES' UNION NO. 105, FEBRUARY 2, 1934

The advent of women into the Federal service parallels to a striking degree the struggle of women to liberate themselves from the shackles of second-class citizenship.

It was with real misgiving that women were admitted into the Federal service during the last century. Aside from all else, serious doubt was expressed of their efficiency and ability.

As time went on, women proved amply their right to serve the Federal Government. They demonstrated in countless phases of the Government's activities that their loyalty and faithfulness and patriotism were equaled by their honesty and efficiency.

Today we may look back with very real pride upon the record which women have established in the Federal service.

At all times, in all places, under all conditions, they have acquitted themselves splendidly.

Today they have earned the right to the vital place they occupy in the Federal service. It is a place which they occupy not for sentimental reasons, but because they have proved their value and capacity.

The Federal pay cut has rested heavily upon the shoulders of these women, who rightly have assumed responsibilities in keeping with their services to the Federal Government.

Never paid in accordance with the vital character of the work done, these employees are suffering the most severe hardships. In many instances they are the sole support of families. I venture to say that there is not a woman in the Federal service today who is not contributing a substantial part of her usually meager income to the support of persons who, through no fault of their own, cannot earn a livelihood.

I do not wish to go into the heart-breaking details of the numberless cases of this nature which have been brought to my attention. I do, however, want all of those within the sound of my voice to believe me when I say that the situation brought about as a result of the pay cut is bitterly and shamefully acute.

While an increasing number of notable women are occupying high places in the Government, it is a fact, of course, that the greatest number of women are in the low-pay groups. To them the pay cuts and the furloughs—which simply mean more pay cuts—have reduced the salary scale to bare subsistence levels. In many instances Federal wages are not enough to keep body and soul together.

Every real American is quick to anger at the unjust working conditions under which so many women have labored in the past.

We all have agreed that this country will no longer tolerate such conditions, whether they affect men or women.

Every thoughtful citizen has applauded the efforts of the Federal Government to improve conditions of employment. But how many citizens are aware that the Federal Government itself is not yet in the vanguard?

How many citizens know that the Federal Government has crushed the wage scale to the lowest possible level, has speeded up its operations to the breaking point, and has refused to set a standard of employment that could serve as a model for the rest of the country?

How many persons in the outside world realize the full and somber meaning of the Federal pay cut to the thousands of men and women, your neighbors and mine, who are working bravely and unselfishly for a great common cause?

The women in the Federal service ask for no special consideration. They want no unusual favors.

They, along with their fellow citizens in the Federal service, ask only for simple justice.

That is being denied to them so long as pay cuts remain to shadow their lives and the lives of their loved ones.

PURCHASING POWER OF GOVERNMENT EMPLOYEES

Mr. SCHALL. Mr. President, in his recent message to the N.R.A. code authorities, President Roosevelt clearly states the urgent need of putting purchasing power into the hands of labor and the consumer. It is, therefore, inconceivable to me how the leaders in this body can say, as they have said, that the administration is against the McCarran amendment to restore purchasing power to Government employees. It seems to me that Congress is digressing from the logical and proper path in following its leadership, and that it should follow the suggestion of the President to provide such purchasing power as it can for the American people. Thus only is it following the wish of the administration unless the administration is adopting a course of being "all things to all men."

I ask leave to insert in the RECORD an editorial from the Washington Times for March 8, 1934.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Times, Mar. 8, 1934]

FALSE LEADERS TAKE HOUSE INTO PAY-CUT DETOUR

"Every examination I make and all the information I receive lead me to the inescapable conclusion that we must now consider immediate cooperation to secure increase in wages and shortening of hours." (President Roosevelt.)

Congress cannot sidestep the clear-cut duty imposed upon it by the Government program in regard to private industry.

That duty compels immediate and complete restoration of the salaries of the hundreds of thousands of men and women who carry on the functions of the Federal service.

The evasion and equivocation which the McCarran salary-restoration amendment to the independent offices appropriation bill is meeting in the House indicate clearly that someone in high authority in that body is out of line with the Government's recovery policy.

The dodging and ducking which some Members of that body are executing seem to be designed to give succor and encouragement to those backward private employers who are resisting the efforts of the Government to put the working man back into the buying market.

Everyone knows that there are some few private employers to whom the recent address of the President on "purchasing wages" is just a lot of words.

Everyone knows that there are some few private employers who are determined to hold back recovery to the extent that that recovery includes the expenditure of money for decent wages.

And the conclusion is inescapable that those recalcitrant or reluctant employers are finding just the excuse that they need in the recalcitrancy and reluctance of Members of Congress to deal promptly and with enlightenment with the Federal pay-restoration amendment.

Every day that the House continues its game of "committee, committee, who has the bill" it is inviting noncompliance by industry with the President's program.

With amazing effrontery the very men who are delaying the enactment of this essential recovery measure pretend to be the champions of the general reconstruction program.

If they really have the interest of that program at heart, they will abandon their dilatory maneuvers and get behind the McCarran amendment.

All of their arguments against the restoration have been knocked into a cocked hat by the Presidential address to the N.R.A. code authorities.

That address clearly pointed the only way we can travel toward recovery—that way is labeled by the leader "increase of the consumer's purchasing power."

Those who would guide us by another way would lead us into pitfalls and ditches.

Those Members of the House who are in doubt as to the position they should take when given an opportunity to vote on the McCarran amendment should beware of these false leaders.

Right now those false leaders have led the House into a detour. They have sidetracked the measure which would send the Government along the pathway it is urging upon its citizens.

But that detour cannot last forever.

Eventually the McCarran amendment will come out of the detour and reach the floor of the House.

Then will the Membership of that body have an opportunity to stand and be counted.

By that vote the American people will be able to determine which of their representatives want to abandon the Government program and which are willing to give it the support which it deserves.

INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Virginia [Mr. BYRD].

Mr. McNARY. Mr. President——

The VICE PRESIDENT (putting the question). The ayes seem to have it; the ayes have it, and the amendment is——

Mr. McNARY. Mr. President——

The VICE PRESIDENT. The Senator from Oregon.

Mr. McNARY. I was attempting to attract the attention of the Chair before the decision of the Chair had been announced. This measure was argued at length yesterday, except as to the proposal now submitted by the Senator from

Virginia. Personally, I should like to hear some further debate upon the pending amendment. I ask unanimous consent that the vote by which the amendment was adopted may be reconsidered.

The VICE PRESIDENT. The Chair has not declared that the amendment was adopted. The Chair was perhaps a little fast. The Chair understood the amendment was agreeable to the Senator in charge of the bill and that probably, like other amendments, it would be agreed to without discussion. The Chair now holds that the amendment has not been adopted.

Mr. McNARY. I fully appreciate the courtesy of the Chair. I thought the pending amendment, however, was the amendment offered by the Senator from Texas [Mr. CONNALLY].

The VICE PRESIDENT. The amendment of the Senator from Texas was agreed to yesterday. The amendment now pending is the amendment offered by the Senator from Virginia [Mr. BYRD] to include peanuts as a basic commodity.

Mr. McNARY. I have not seen the amendment of the Senator from Virginia. I have not heard it read. I do not know what reason may exist for the inclusion of peanuts as a basic commodity.

The Senator from Texas [Mr. CONNALLY] made a very interesting statement yesterday and argued at length the reasons why he believed cattle should be included as a basic commodity. I should like to have some discussion by the Senator from Virginia setting forth the reasons why he wants peanuts included as a basic commodity, the amount of money he expects will be necessary before the bill becomes operative as to peanuts, and some reason therefor. I desire that he shall go into the matter logically and thoroughly, and let the merits of the question, if any it has, be presented. I am sure the Senator from Virginia will realize the situation and conform to the suggestion I have made.

Mr. BYRD. Mr. President, the amendment carries no appropriation. It simply provides that peanuts shall be included under the Agricultural Adjustment Act as one of the basic commodities. The amendment was considered by the Committee on Agriculture and Forestry of the Senate and has the unanimous endorsement of that committee. It likewise has the approval of the Secretary of Agriculture, Mr. Wallace. I ask that a letter which Mr. Wallace has written to me giving his approval of the amendment may be inserted in the RECORD as a part of my remarks.

Before that is done, however, let me say that so far as I am advised the peanut growers of Virginia and of the South are unanimously in favor of having peanuts included under the Agricultural Adjustment Act as a basic commodity. The main reason for that is that under the Agricultural Adjustment Act plans are now in operation for the purpose of reducing the acreage that is planted to cotton and tobacco. The fear is expressed that this acreage will be planted to peanuts and therefore peanut growers of Virginia and the South are anxious to come under the Agricultural Adjustment Act on the same basis as other commodities, without asking for any appropriation whatever, so as to avoid having planted to peanuts the land that has been taken out of cotton and tobacco.

If the Senator from Oregon has any further questions, I shall be glad to answer them.

Mr. McNARY. Mr. President, it has been exceedingly difficult, because of the noise and confusion in the Chamber, to hear anything the Senator from Virginia has said. Does the Senator contemplate any addition to the funds now provided?

Mr. BYRD. No appropriation whatever is asked for, I will say to the Senator. The amendment simply proposes to make peanuts one of the basic commodities together with the other commodities covered by the act, and carries no appropriation of any character.

Mr. McNARY. Does the Senator contemplate by his amendment that money derived by the growers shall come from the processing tax alone?

Mr. BYRD. That is true. If it comes from any source it will come from the processing tax.

Mr. GEORGE. Mr. President, with the permission of the Senator from Virginia——

Mr. BYRD. I yield.

Mr. GEORGE. Let me say to the Senator from Oregon that even the levying of a processing tax would not necessarily follow in this particular instance if the bill were amended as now proposed. The real difficulty is in the transfer or shifting of the large number of acres that have been taken out of the production of other basic commodities and that land being planted to peanuts. That makes a complicated condition and threatens the industry. That is the primary reason for the amendment at this time.

Mr. McNARY. I desire to ask the Senator from Virginia if his amendment has ever been referred to a committee having general jurisdiction of the subject matter, or has it been referred to the Secretary of Agriculture or to the A.A.A. for an opinion?

Mr. BYRD. Mr. President, the Senator from Oregon evidently did not hear what I said. The amendment has been considered by the Committee on Agriculture and Forestry of the Senate. It has the unanimous approval of the Committee on Agriculture and Forestry. It has the approval of the Secretary of Agriculture, and I have sent his letter to the desk and shall ask that it be inserted in the RECORD.

Mr. McNARY. Has the letter been presented?

Mr. BYRD. The letter is on the clerk's desk, and if the Senator cares to have it read I shall be pleased to have that done.

The VICE PRESIDENT. The clerk will read the letter, as requested.

Mr. KING. Mr. President, before that is done, does not the Senator expect, if his amendment shall be adopted, that there will be, as a necessary corollary to it, additional legislation asked for and obtained—first, an appropriation for the enforcement of the law; and, secondly, a processing tax, or, at any rate, some other legislation that will give a little more effectiveness and vitality to his amendment? It certainly cannot be just a mere declaration, left suspended in the air in that way, that peanuts are to become a basic agricultural commodity. There will have to be some dynamic force behind it; though, of course, the Secretary of Agriculture, with his vast army of employees, has great dynamic force in that way.

Mr. BYRD. The amendment merely provides that peanuts shall become a basic commodity on an equality with other basic commodities included in the act. Whether or not there will be a processing tax I cannot say. The main purpose of the amendment is to prevent the land that is now being taken out of cotton and tobacco being planted to peanuts, because the character of land that is suitable for those products is suitable for peanuts. The main purpose is to bring about an arrangement whereby there shall not be an increase in the acreage planted to peanuts.

Mr. GEORGE. Mr. President, may I say that under the Agricultural Adjustment Act, unless peanuts are declared to be a basic commodity, the power does not exist to control the shifting to the planting of peanuts of the acreage taken from cotton and tobacco.

Mr. BYRD. The Senator is entirely correct.

The VICE PRESIDENT. Without objection, the clerk will read the letter of the Secretary of Agriculture, as requested.

The Chief Clerk read as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., February 12, 1934.

Hon. HARRY F. BYRD,
United States Senate.

DEAR SENATOR BYRD: This will acknowledge your letter of February 3 with reference to the question of including peanuts as a basic commodity in the Agricultural Adjustment Act.

As you know, we have in operation at the present time a marketing agreement for peanut millers under the management of a control board consisting of 5 peanut growers and 5 peanut millers. This board met in Washington on February 5 of this week, and passed a resolution requesting that peanuts be designated as a basic commodity in order that the Agricultural Adjustment Administration may have broad powers in dealing with the problem of controlling peanut production in 1934.

In view of the rather large areas suitable for peanut production, and in view of the reduction in cotton and tobacco acreage now being effected in the present peanut-producing areas,

we recognize that it will be necessary to take definite steps to discourage undue expansion in peanut acreage in 1934. We believe also that the designation of peanuts as a basic agricultural commodity will give the Agricultural Adjustment Administration more latitude in dealing adequately with this problem.

If you feel, therefore, that the peanut producers are prepared to support a program of production control, I can assure you that the Agricultural Adjustment Administration will make every effort to utilize its facilities in the administration of a program designed to control peanut production and improve the income of peanut producers.

Sincerely,

H. A. WALLACE, *Secretary.*

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Idaho?

Mr. BYRD. I do.

Mr. BORAH. As I understand the reading of the Secretary's letter, if this amendment should go in the bill it would give the Agricultural Department absolute power to determine whether or not any particular land left vacant by reason of reduction of cotton production should be permitted to be devoted to raising peanuts.

Mr. BYRD. The Senator, I think, is mistaken. The amendment simply gives to the Secretary of Agriculture the same control with respect to peanuts that he has with respect to any other basic commodity under the Agricultural Adjustment Act.

Mr. BORAH. As I understand, the theory of that is that, owing to the fact that there is going to be a reduction of cotton acreage, the acreage might be planted to peanuts; and the Senator, by his amendment, is seeking to give to the Secretary of Agriculture power to say that that may not be done.

Mr. BYRD. That is only to be done through agreement with the growers and by compensation to them. It is not an arbitrary power.

Mr. BORAH. We are not lodging in him yet the power to say that a man shall not raise a certain crop without the Secretary's consent? I am greatly relieved to know that is not true.

Mr. BYRD. This amendment does not increase the power of the Secretary of Agriculture.

Mr. HASTINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Delaware?

Mr. BYRD. I do.

Mr. HASTINGS. Has the Senator any idea what the processing tax upon peanuts will be?

Mr. BYRD. I have no idea.

Mr. HASTINGS. Then the Senator has not any idea how many less nuts we will get for 5 cents than we now get? [Laughter.]

Mr. BYRD. I will say to the Senator that regardless of how many less nuts we get, I will present him with a bag of the finest peanuts in the world.

Mr. NEELY. Mr. President, let us hope that we shall not get any more nuts in the Senate. [Laughter.]

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Virginia.

Mr. NORRIS. Mr. President, I may have an entirely erroneous idea, but I have been laboring under the impression that when any agricultural product is defined in the law as a basic product, it necessarily follows that a processing tax should be levied upon that product.

There are a great many people who want to have different commodities classified under the law as basic agricultural products, but who are opposed to having any processing tax levied on those particular products.

Cattlemen throughout the West are telegraphing to their Senators—I have seen several of the telegrams, and have received several of them—that the cattlemen in a certain community are in favor of having cattle named in the law as a basic product, but they are opposed to the levying of any processing tax upon cattle.

As I say, I may be wrong; but it seems to me that if a commodity is defined in the law as it now stands as a basic agricultural product, it follows as a matter of law that a processing tax can be levied upon that particular product. Otherwise, we would have two kinds of basic agricultural products: One would be a basic agricultural product upon which a processing tax could be levied, and the other would be a basic agricultural product upon which a processing tax could not be levied.

If that be true, then I presume every Senator who represents a district where some of these basic products are produced would want to have taken away the power under the law to levy a processing tax upon those particular products. It strikes me that it would be very unfair to have two basic agricultural products named, and provide by law that a processing tax should be levied on one and not on the other, if my impression is correct that when a product is added to the list of basic agricultural products it necessarily follows that a processing tax can be and probably will be levied upon that particular product.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. CONNALLY. The Senator is correct to the extent that if any benefit payments are made to an industry, then of course the processing tax is imposed; but if the Secretary does not pay benefits, but merely arranges marketing agreements, or something of that kind, a processing tax would not necessarily be required. They would all be treated in the same way, however.

Mr. NORRIS. Could not the Secretary, under the law as it now stands, make agreements of that kind whether there was a processing tax or not?

Mr. CONNALLY. Voluntary agreements will be worked out with the industry. They will not necessarily involve the payment of benefits. If any benefits are paid to the producers, the processing tax must be levied; and that necessarily follows.

Mr. NORRIS. What benefit can come to the owners of any particular product if we do not levy a processing tax upon the product? I had understood that the power to levy a processing tax necessarily followed if a given product were put on the list and made by law a basic commodity.

Mr. BAILEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from North Carolina?

Mr. NORRIS. I do.

Mr. BAILEY. As I understand the present law, the whole purpose of the Agricultural Adjustment Act, and especially the processing tax, was to restore what we call parity prices as of 1909–14. All that this amendment does is to place peanuts in the same category with the other agricultural products named in the bill, and of course with a view to restoring parity prices, so far as the Agricultural Adjustment Administration can do so, by means of an appropriate processing tax on peanuts.

Mr. NORRIS. All right. If we assume that power, the Senator has a processing tax, then, on peanuts.

Mr. BAILEY. Now let us take the facts. If the Secretary undertakes to operate with a view to restoring the parity price, as I understand the law, the tax is imposed upon the processing of peanuts for the express purpose of restoring the parity price.

Mr. NORRIS. I understand that.

Mr. BAILEY. And it can be done in two ways: One by way of benefit payments to induce a curtailment of the crop; the other by way of curtailing the crop and reducing the supply, and therefore increasing the price. That, as I understand, is the philosophy of the Agricultural Adjustment Act.

Mr. NORRIS. Mr. President, I am a member of the committee to which the original bill was referred. I remember that this question of what we should put in was the subject of debate and discussion and consideration that lasted for 2 or 3 weeks, most of the time in executive session, on the part of a committee that were conscientiously and honestly trying to meet the problem; and the question as to what should be included as basic agricultural products was one of the most important questions that came up for consideration.

There was a division in the committee as to what we should put in. There was a time, as I remember, during our consideration of the bill, when almost every agricultural

product known was included as one of the basic agricultural commodities, until it became apparent, I think, to every member of the committee that we had overloaded the bill. I was one of the minority of that committee, which included, I believe, the then chairman of the committee, which believed in the beginning, and believed when we finished, that the agricultural commodities that should be listed under the law as basic commodities, and therefore be subject to the processing tax, should be limited to two products. One was wheat, and the other was cotton. They covered in their scope practically the entire country.

The legislation was experimental. We had never had anything like it before, and there were various opinions as to how it would work. Nobody knew positively, no matter how definite his ideas might be. I think all would have to admit that, after a full discussion, there was not a member of the committee who could definitely satisfy his own mind as to just how the processing tax was going to work. In the committee I voted to confine the commodities to two, namely, wheat and cotton, of both of which we produced a surplus, both of which were commodities permanent in their nature, so that they were different from hogs or cattle, or anything that would have to be handled within a limited time.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. I have been receiving a number of letters, particularly from cotton producers, and I wondered whether the committee had taken into consideration this kind of a problem. In these letters the correspondents tell me that as a result of reducing these crops a great many share tenants have simply been thrown out, and a good many of the laborers and hands on the farms, having nothing at all to plant, have therefore been discharged.

Mr. NORRIS. I have not received any such communications that I remember. What the Senator says may be the situation; I am not disputing it. However, I do not know just why that should follow.

Mr. LONG. These correspondents state that a planter, say, is raising a thousand acres of cotton; his farm is cut down, let us assume, to six or seven hundred acres, and there will therefore be 300 acres he will not plant. So the particular share tenant of that particular part of the crop, or the hands needed for that particular part of the crop, instead of having anything done for them, just naturally must be laid off. Is there any way in which that can be corrected or taken care of in this measure?

Mr. BORAH. Secretary Wallace says in his article, I remember, that it may be necessary to transport them north.

Mr. NORRIS. Mr. President, let me give my idea of the situation presented by the Senator from Louisiana. I should say that if a crop is limited it matters not what it may be—and a processing tax contemplates a limitation of the acreage—the loss to the farmer of that acreage has to be paid for out of the processing tax. That is the theory of it. But whenever that is done, whenever acreage is reduced, no matter what it may be, it necessarily follows that there is less employment, that there is a reduction, although there are provisions in the measure about taking care of other crops which will be substituted for the ones which are basic commodities in order to relieve the situation which might arise by virtue of substitutes being produced in lieu of commodities upon which a processing tax was levied, the idea being at the time that the processing tax would somewhat increase the price to the consumer.

When the original law was under consideration by the committee, I think without exception every member of the committee had the idea that the cost to the consumer would be increased on account of the processing tax. Up to date it has not worked that way in all cases. In the case of hogs it has seemed to me that the processing tax has been a failure. Instead of the consmer paying it, it has been taken out of the farmer, and his price has been reduced.

I noticed a statement made in a recent hearing, at which I was not present, by Mr. Davis, for whom I have the very highest regard and whose ability, I think, is unquestioned I would be inclined to follow him if I were in doubt. He recently testified that while they were disappointed with the processing tax on hogs, he was satisfied that the time was just here now when the processing tax on hogs was going to be felt, and that the farmer was going to get the benefit of it. I do not know whether it will turn out that way or not. If it does not, as the Senator representing a great many farmers whose chief production is hogs, I would be very much inclined to vote to take off the processing tax on hogs.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. NORRIS. In just a moment.

Therefore, it seems to me that if we are going to divide the tax, have some commodities not subject to the processing tax and some subject to the processing tax, I should like to have some of the processing taxes, which already exist, taken off.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NORRIS. In just a moment.

I received a telegram from some cattlemen who said, in substance, that some organization had met and they had passed a resolution unanimously in which they stated:

> We want cattle included as a basic commodity, but we do not want anybody to have the power to levy a processing tax on cattle.

With due regard to those gentlemen, it seemed to me that it would be a good deal like saying to a man, "I want you to go swimming today, but I do not want you to get wet." It seems to me that the processing tax logically follows the inclusion of a product as a basic commodity. If I am wrong about that, why not do away with the entire processing tax and put everything in as a basic commodity? It seems to me that if we did that we would be just where we were when we started, that we would not have done any good.

I know that some Senators contemplate offering an amendment to the bill to put in oats as a basic commodity. An amendment will be offered to put in rye as a basic commodity. An amendment will be offered to put in flax as a basic commodity. Probably one will be offered to put in potatoes as a basic commodity, and so on. If we start to putting in these other articles, why should we exclude some the producers of which want them put in and nominated in the law as basic commodities?

Now I yield to the Senator from Texas.

Mr. CONNALLY. Mr. President, let me say to the Senator from Nebraska that the Senator from Texas does not favor the exemption of cattle from the processing tax. He said yesterday he would not stand on this floor and advocate a bounty to one industry which other industries did not get. I want to set myself clear with the Senator in that respect. If cattle are included as a basic commodity, the cattle industry will have to bear a processing tax, just like every other industry.

Mr. NORRIS. I think it should.

Mr. CONNALLY. That is right and that is just. I am not contending otherwise. In the matter of hogs——

Mr. BORAH. Mr. President, does the Senator say that if cattle go into the bill a processing tax is to be laid?

Mr. CONNALLY. Not necessarily. I want to read the law to the Senator.

Mr. BORAH. I know; but the Senator has framed this measure, and he says he does not want cattle in unless there is a processing tax, that he would not advocate a bounty. As I understood the Senator yesterday, he said that he desired to leave it entirely discretionary with the Secretary.

Mr. CONNALLY. Oh, no.

Mr. BORAH. Then I misunderstood the Senator.

Mr. CONNALLY. If the Senator will look at the RECORD, he will see that the Senator from Texas did not intend to convey any such impression. The Senator from Texas said that the Secretary might administer the other portions of the bill, about marketing agreements, and might determine

that it was not necessary to levy a processing tax because no benefits would be paid directly to the industry. Here is the law, section 9 of the original Adjustment Act. I quote:

When the Secretary of Agriculture determines that rental or benefit payments are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with respect to such commodity from the beginning of the marketing year therefor next following the date of such proclamation.

The Senator from Texas said yesterday, and he now repeats, that if under that act the Secretary determines to make benefit payments to any industry, then he has to levy a processing tax. If he works out a program which does not involve the payment of benefits or rentals—a program, say, of marketing agreements which do not involve the payment of money out of the Treasury—then, of course, he does not have to levy a processing tax.

Mr. NORRIS. I think that is a fair statement of the law. I want the Senator from Texas to understand that I am not finding fault with him or with any other Senator, but there is a great question whether it is a benefit or otherwise to have a commodity subject to the processing tax. I do contend that no producer of a commodity has the right to ask to have it included as a basic commodity unless he is willing and unless he understands in advance that a processing tax may be levied against that particular product. It cannot be levied against the product unless it is named as a basic commodity. So, whenever we put a commodity in that class, we make it subject as a matter of law to the processing tax, and I do not see how anybody can ask for an exception.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. TYDINGS. I was interested in trying to find out how this tax could do the farmer any good, and I should like to ask the Senator whether he agrees with the conclusion that the levying of the processing tax will make the article upon which it is levied cost more to the consumer. Is that correct?

Mr. NORRIS. That was the theory. I do not know whether it is going to work out that way. It has not worked out that way with respect to hogs.

Mr. TYDINGS. If it shall not work out in that way, the consumer will pay more.

Mr. NORRIS. Yes.

Mr. TYDINGS. If it shall not work out in that way, the farmer will get less.

Mr. NORRIS. Yes.

Mr. TYDINGS. Assuming that it works out so that the farmer gets less, then it has not done what it was set up to do.

Mr. NORRIS. That is absolutely true.

Mr. TYDINGS. If it shall work out so that the consumer pays more, with 8,000,000 or 10,000,000 or 12,000,000 people out of employment all over the country, will not the result be that we will cut down the consumption in the exact proportion that we increase the cost to the consumer?

Mr. NORRIS. The Senator from Maryland has stated a proposition that is logical, but it is not logical to the extent to which he applies it.

Mr. LONG. Mr. President——

Mr. NORRIS. Permit me to finish, Mr. President. There will be a tendency to decrease consumption. I think every honest man who has studied the question must admit the truth of that statement, for when we raise the price we necessarily decrease consumption. That question was presented and discussed up and down before the committee and by the committee. The object of the legislation, however, was to help the farmer; to enable the farmer to get an increased price for his products. We were all in earnest in that endeavor. I think all those behind the movement, the administration and the committee, were conscientious in that endeavor. It was realized, however, that if the farmer should get a higher price the consumer would have to pay a higher price.

Mr. TYDINGS. Certainly.

Mr. NORRIS. But it was felt by all that under no circumstances should the consumer ever demand that the producer produce at a financial loss to himself that which the consumer used as food. That is the theory of the legislation.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Maryland?

Mr. NORRIS. I yield.

Mr. TYDINGS. I am more in agreement with the Senator's observation that the farmer will receive less money for his commodities with the processing tax rather than more. I agree with the Senator's first conclusion that had the price been raised, theoretically, at least, it would have cut down consumption; but in the application of the law the tax is imposed at the source, upon the producer of the manufactured product; and if imposed there, in my opinion it will do nothing more or less than cause the farmer to get less for his product with the tax on it than he would have gotten without the tax.

Mr. NORRIS. No; that was not the intention.

Mr. MURPHY. Mr. President——

Mr. NORRIS. Just a moment, Mr. President. The theory was that the processing tax should be paid by the manufacturer; that he would pass it on to the consumer; that the farmer would get the benefit of it. It has worked, in the case of hogs, so that instead of that being done, the processing tax has been taken out of the farmer in a reduction of the price he has received.

That was well shown here yesterday when the Senator from Idaho, I think, read a letter from one of the packers who frankly said that they were paying less than they did before. I should not want to continue with that kind of a processing tax if I thought there was no better hope for the future; and I have only the hope of Chester Davis, one of the experts working out this problem, who says in his testimony, in substance, that when the processing tax is first applied it will for a time reduce the price received by the producer, but that in time—and he thinks that time has now arrived, for there is a slight increase in the price of hogs—the farmer will get the benefit of it.

Mr. MURPHY and Mr. TYDINGS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Iowa, who has been seeking for some time to interrupt me.

Mr. MURPHY. Mr. President, having reference to the conclusion stated by the Senator from Maryland that a price decline will necessarily follow the imposition of the tax, because there will be a diminution in the consumption of the food taxed, our experience with the processing tax on hogs has been that the first tax imposed was followed by a decline in the price of hogs. When the tax was stepped up from 50 cents to $1.50, I think last February, the Department of Agriculture, profiting from the experience of the imposition of the first taxes, timed purchases of pork so as to resist the impact of that increase. A billion more pounds of pork were marketed in November, and 25 percent more were marketed in December, than in the corresponding months of the year before. That pork, except for what went into storage and what went into the export trade, was absorbed by the consumer.

Mr. KING. Except what was wasted.

Mr. CAREY. Mr. President——

Mr. NORRIS. Mr. President, I yielded to the Senator from Iowa. He has not yet finished.

Mr. MURPHY. Since the imposition of the second tax the price has not declined. One development not taken into account in the statement of the Senator from Maryland is that the justification for this program is the eventual emancipation of the hog industry. The whole program contemplates that in consequence of the imposition of this tax, which produces the money to pay the farmer for reducing his production of hogs and withdrawing acreage from corn production, he will receive much higher prices for what he will market next year.

Mr. TYDINGS. Mr. President, I should like to make a comment in reply to the Senator from Iowa.

Mr. NORRIS. If the Senator from Iowa is through, I yield to the Senator from Maryland.

Mr. TYDINGS. What I am afraid of is that we shall then go into the second phase; namely, that if we shall finally get an increase in price we will then enter the time, which the Senator says we are now entering, when there will be a decrease in consumption.

May I make another observation? Let us consider the relief fund of $950,000,000. Some of it was spent for pork. The higher the price of pork, the less pounds of pork the $950,000,000 will buy. The lower the price of pork, the more pounds of pork the $950,000,000 will buy. We must take one horn or the other of the dilemma. We cannot hold onto both of them.

Mr. NORRIS. Mr. President, let me deal with that dilemma now. I tried to show awhile ago that while the Senator from Maryland was, I thought, perfectly logical in his deduction, it did not follow that the same logic extended clear through. In other words, while increasing the price has a tendency to decrease consumption, the amount will not necessarily balance the increased amount that the farmer gets for his stock.

Mr. TYDINGS. That is true.

Mr. NORRIS. That was the only objection I found to the Senator's logic.

Mr. TYDINGS. It might be more; it might be less.

Mr. NORRIS. I do not see how it could be more. In fact, it could not be more, and I think it certainly would be less. Although it seems to me no man ought to deny, if he wants to face this question fairly, that if we increase the price paid to the farmer for a certain product we necessarily decrease consumption to some extent. That decrease to the consumer is not necessarily the same in amount as the increase to the producer. That is the point I desire to make.

Mr. TYDINGS. Mr. President, I think that point is well taken.

Mr. NORRIS. The theory of the processing tax was this: We were confronted by a situation in which the farmer was producing the food that we eat at a financial loss to himself. Everybody knew that he could not indefinitely do that. No one who consumes food ought to object to paying the man who produces it at least the cost of production. I was one member of the committee, and I was one of the Senators on the floor of the Senate when we had the original bill up for consideration who favored an amendment, which amendment was agreed to in the Senate—it was taken out in conference—making provision that the farmer should receive not only the cost of production, but there should also be included a reasonable profit in connection with production.

In my judgment we made a mistake when we designated anything as a basic commodity beyond the two commodities I have previously mentioned—wheat and cotton. Inasmuch as it was an experiment, inasmuch as everyone knew it was an honest attempt to help the farmer, to help the producer of the foods we eat, although we did not know what the result of the experiment would be, it was my thought that we should try it first on the two commodities that were practically universal in production and in use, and wait until we saw, after a full trial, how that worked out, before we included anything else in the enumeration of basic products.

Mr. LONG. Mr. President——

Mr. NORRIS. I will yield in a moment. The committee, I think, reached the same conclusion after it had put in all the other products and then, seeing how ridiculous it was, took nearly all out again.

One exception that I finally agreed to was in reference to hogs. I did that after I had a long conference with the Secretary of Agriculture, who, as we all know, comes from a section which produces hogs and corn to a very great extent. I believed then, and I believe now, he understood the section very well, and he was in favor of levying a processing tax on hogs. I did not want to do it. I yielded after a while, but I thought then, and I believe now, that we have made a mistake in including all these products, and if we include one, if we include cattle, if we include peanuts, certainly I would not say that we should not include rye, we should not include flax, we should not include oats—and I do not know where we would stop. That is the only objection I have to any of them.

Mr. KING. Peanuts?

Mr. NORRIS. Yes; peanuts.

Mr. BAILEY. Mr. President, may I interrupt the Senator?

Mr. NORRIS. I yield first to the Senator from Louisiana [Mr. LONG].

Mr. LONG. Mr. President, I want to ask the Senator a question, and I presume and hope I can attract the attention of the Senator from Oregon [Mr. MCNARY]. We started out with a back-to-the-land movement and that back-to-the-land movement is still under way. I just want to say to the Senator that I am going to vote to put peanuts in the law; and anything else that it is moved to put in and that anybody wants to put in; I am for putting them all in; but we started with a back-to-the-land movement and we have wound up in this way: As I understand from what the Secretary of Agriculture himself has said, we have got to take a lot of people off the farms and transport them to the North and try to absorb them in industry. So that has knocked down the back-to-the-land movement. So we have the proposition, on one hand, that we must depopulate the farms, and, on the other hand, that we must put people back on the land.

Mr. NORRIS. Mr. President——

Mr. LONG. Mr. President, will the Senator just let me complete the suggestion?

Mr. NORRIS. Yes.

Mr. LONG. I want the Senator from Nebraska to consider if it would not have been better to have taken the Louisiana and South Carolina plan and have planted surplus crops and stored the surplus for the following year, according to the Scripture, than to have gone along depopulating the farms?

Mr. NORRIS. Mr. President, let me say, in passing, that that is another plan, and perhaps it is better than the present one. During the last 10 or 12 years I have listened attentively, I should say, in the aggregate, for at least 5 years of my existence, to men who had plans, most of them to relieve the farmer and many of them to relieve the whole economic situation. In the main these plans come from men who are perfectly honest and perfectly earnest; they are conscientious; and I cannot say that any particular one is wrong. But here is a plan that we have agreed upon; that we have adopted; we have gone part way through it; and I do not want to quit. I do not want to make it ridiculous either. I do not want to overburden it with a whole lot of other products that I think ought not to be included, although the experiment probably can continue if we put them all under the law. The Secretary of Agriculture does not need to levy a processing tax unless he wants to, but I believe it is a mistake—and, it seems to me, we are to blame in part for the mistake—to put on too much. We have overloaded the law; we have gone too far. Someone else may not think so, and he is just as honest about it as I am. We are all trying to accomplish the same end, and I am in earnest about it, as I think everybody else is. We are conscientious about it; we have gotten into a dilemma; we are confronted by a predicament from which we must extricate ourselves; and how are we going to solve the problem? When we start and get half way through it, it seems to me we make a mistake by not going on and giving the plan a full trial. If it will not work, we will have to admit it, say that it will not work, and try something else.

Chester Davis, as I have said, has been connected with the farm question ever since the World War. He comes from Montana; he is a student of the subject; he is perfectly conscientious; he is perfectly honest. I have reached the conclusion that the processing tax on hogs was a failure; I have reached the time when I want to abandon it. I have read what he said about it; he has charge of it, and he says it is going to work, and he wants it to be tried just a little

longer. I realize that sometimes when we try these experiments we wear the fellow out on whom we are trying them, and he disappears from the equation. Yet I cannot doubt the sincerity of Mr. Davis nor his wisdom, and he has gone a good way with it.

I think that hogs never ought to have been included as a basic commodity. I come from a hog-producing section, and I was opposed to including hogs in the provisions of the law although, as I said, I yielded. After I was convinced that the Secretary of Agriculture was very anxious to try the experiment with respect to hogs, I thought it best to give him an opportunity to do it. Now that we have arrived about at a point where we are going to get benefit for the producer of hogs, I would hate to quit; yet, at the same time, I would hate to add a whole list of other products to the basic commodities. It is not because I depreciate the importance of other commodities at all, but because I believe the time has not arrived when we should do that. Yet, if we are going to do it with one, I see no reason why we should not do it with all.

Mr. BYRD. Mr. President——

Mr. NORRIS. I yield to the Senator from Virginia.

Mr. BYRD. Mr. President, I agree with the Senator from Nebraska that perhaps the farm relief law should have included only two commodities, wheat and cotton, at the beginning so as to give a trial to the plan, but it did not include only those two commodities.

Mr. NORRIS. I am sorry to say the Senator is right.

Mr. BYRD. The situation that confronts us now is that with respect, for example, to cotton and tobacco—and especially tobacco—if there shall be a reduction of acreage planted to tobacco, as there will be under the agreements that have been made, then that acreage is going to be planted, for example, to peanuts, and is going tremendously to increase the production of peanuts and reduce the already abnormally low price of peanuts, which is now less than the cost of production.

Mr. NORRIS. Let me ask the Senator right there if there has not been an agreement made for the reduction of acreage planted to tobacco?

Mr. BYRD. Yes.

Mr. NORRIS. Has there been any agreement made as to peanuts?

Mr. BYRD. No agreement has been made as to peanuts, because peanuts are not a basic commodity under the Agricultural Adjustment Act.

Mr. NORRIS. In the case of tobacco the agreement that has been made about the reduction of acreage planted has been reached by the producers of tobacco themselves. They are parties to the agreement.

Mr. BYRD. The only way that the agreement was reached was by putting a processing tax on tobacco in order to compensate the farmers who reduced their tobacco acreage.

Mr. NORRIS. Suppose we put all agricultural products on the list of basic commodities, would not the result be just the same as though we had included none? If we should levy a processing tax on every one of them, and make an agreement as to the reduction of acreage, we would have the same difficulty.

Mr. BYRD. We would not have the same difficulty with respect to putting the land that is taken out of one crop into another crop where the land is suitable for the new crop. In the case of peanuts, tobacco land is especially suitable for their production. It might interest the Senator to know that we put rice in the Agricultural Adjustment Act, and the Senator voted for it, and I voted for it; but, as a matter of fact, the value of the rice crop of this country is far less than the value of the peanut crop. It is further true that there are only 9,000 farms in this country planted to rice, while there are 326,000 farms planted to peanuts.

Mr. NORRIS. The Senator has me wrong in respect to my attitude regarding rice. I was not in favor of including rice in the bill.

Mr. BYRD. The Senator voted for the bill that included rice.

Mr. NORRIS. Yes; I voted for the bill; but that was one feature of the bill I did not like.

Mr. BYRD. The point I make is this: We have included these other commodities in the law——

Mr. NORRIS. Mr. President, I do not think it is fair to say, I will say to the Senator, that because I and others who agreed with me—and there were quite a number of members of the committee who did agree with me—as to what products should be included as basic products voted for the bill after other commodities were included we were necessarily in favor of including those particular products as basic commodities. That would not be a fair statement.

Mr. BYRD. Very well; I will apologize to the Senator; but the fact remains that these other commodities are included in the law, and operations are now under way to reduce the acreage of those particular commodities. That acreage is going to be planted to some other crop; and it seems to me we have got to put these other commodities under the Agricultural Adjustment Act in order to prevent an overproduction of commodities that may be planted in the acreage that is withdrawn under the provisions of the present law.

Mr. NORRIS. I have forgotten some of the provisions of the law, but I think we had carefully worked out the provisions of the bill when it was pending and gave the Secretary of Agriculture the power to meet that condition. We realized that in putting on the processing tax we might increase the price to the consumer, that we might have the market supplied with substitutes, and there is a provision in the law by which a tax is levied on such substitutes with the idea of giving the Secretary of Agriculture control over the situation.

Mr. BYRD. Does the Senator think that on peanuts, for example, there could be placed a processing tax without peanuts being included in the law?

Mr. NORRIS. No; I do not believe that to be so. I believe the Senator is right; that, in order to get a processing tax, it is necessary to include the commodity as one of the basic commodities.

Mr. BYRD. The Senator well knows in order to get a farmer to reduce his acreage that he must have some compensation for doing so. He is not going to do it by voluntary agreement. That has been tried for a number of years, but the effort has failed.

Mr. NORRIS. When the tobacco farmer reduces his acreage does he not have to agree, is it not part of his agreement that he shall not put the acres on which he does not cultivate tobacco into peanuts or some other agricultural product?

Mr. BYRD. The letter of the Secretary of Agriculture, which is lying on the desk, says that peanuts should be included as a basic commodity——

Mr. NORRIS. I heard that letter read.

Mr. BYRD. Because the farmer who reduces his acreage of cotton or tobacco will plant the land to peanuts, and that certainly indicates that peanuts should be classified as a basic commodity.

Mr. NORRIS. The Senator would not be in the dilemma in which he is with regard to peanuts if tobacco were not included in the law.

Mr. BARKLEY. We would be in a worse dilemma with reference to tobacco if tobacco were left out.

Mr. NORRIS. If tobacco were not a basic commodity, then, the reduction in tobacco acreage would not be such as could be planted in peanuts.

Mr. BYRD. But tobacco is a basic commodity.

Mr. NORRIS. Is not that the case with regard to hogs? We already have too much in the bill.

Mr. BYRD. It is a basic product, and I do not think that it could be taken out of the law as a basic product, no matter who attempted to take it out.

Mr. NORRIS. Probably it could not be, because it was put in with the other products by a majority vote; it was put in legally and fairly, so far as that is concerned.

Mr. ERICKSON. Mr. President, I have just received a telegram from the Montana Stock Growers Association pro-

testing against making cattle a basic commodity if that action carries with it a processing tax. I ask unanimous consent that this short telegram may be read from the desk.

The PRESIDENT pro tempore. Without objection, the telegram will be read.

The Chief Clerk read as follows:

HELENA, MONT., *March 6, 1934.*

Hon. JOHN E. ERICKSON,
United States Senate, Washington, D.C.:

Montana Stock Growers Association is opposed to making cattle basic commodity if this carries a processing tax. Will appreciate your support of our wishes in this matter. The industry in such condition that no additional burdens can be carried.

MONTANA STOCK GROWERS ASSOCIATION.

Mr. BAILEY. Mr. President, I had intended to speak for some little time regarding the peanut industry, but a number of Senators have requested that they have opportunity to speak at this time, and I will occupy the floor for just a moment.

I wish to make a brief statement regarding the situation of the farmer producing peanuts in North Carolina. I think that situation furnishes an instance and a commentary on the Agricultural Adjustment Act, and the administration of the act, of very great value. In my State there are about 17 counties in which peanuts are the principal agricultural product and means of livelihood for the farmers. In each of those counties cotton and tobacco might be produced, but the farmers in those counties have specialized in raising peanuts, and, incidentally, since hogs go with peanuts as a byproduct, in raising hogs.

Under the administration of the Agricultural Adjustment Act, the tobacco farmers of North Carolina, in a great belt surrounding the territory in which the peanut farmers operate, have, to the extent of some 97 or 98 percent, executed agreements, and received considerations for the execution of those agreements, to curtail the production of tobacco, in acreage as well as output, by 30 percent, and to that extent they will have 30 percent less to do in the current year, and they wish to find something more to do. In the same territory are the cotton farmers, and they have executed agreements to curtail the cotton crop by 25 percent, and that leaves them in need of something more to do.

Here is the point: In executing the cotton agreements and the tobacco agreements the cotton and tobacco farmers were required by the Agricultural Adjustment Administration to agree also not to produce more wheat or corn or other crops which were competitive with the crops of the Middle West, the whole crop situation being considered one, and it being quite clear that if the effect of curtailing the cotton and tobacco crops would be just to increase the production of wheat and corn and other crops in the South at the expense of the farmers in the Middle West and the far West, nothing would be accomplished.

With that state of facts, the peanut farmers are exposed to the almost irresistible necessity operating upon the cotton and tobacco producers to produce something in place of their cotton and tobacco. They have reduced the cotton; they have reduced the tobacco; they feel the necessity of employing their stock and employing themselves. There is the land, and there is the opportunity. They cannot produce any more cotton or tobacco but must abandon acreage and produce less. They are not allowed to produce more wheat; they are not allowed to produce more corn; and naturally they will produce peanuts.

Now see what the effect will be. If the peanut farming operations are spread from about 17 counties into probably 40 counties, the men who have lived by way of producing peanuts in northeastern North Carolina are destroyed. Whether this act is a good act or not, the farmer producers of peanuts are under the necessity of self-preservation to demand of this Government that it shall throw around them the same protection it throws around the farmers who are producing other crops. On the other hand, while they labor under the necessity that is imposed upon them of self-protection, the United States Government, having entered into this sort of thing, is not less under the necessity of protecting them in the interest of justice.

Mr. President, that is the situation. There is no disposition to make this act a ridiculous thing. The peanut is spoken of with a certain light sense of humor; we understand that. But the man who makes his living down in North Carolina, in those 17 counties, by way of producing peanuts, sees no humor whatever in the situation under which the Government itself throws him into competition with a great territory, induces the cotton farmer and the tobacco farmer to plant at his expense, and drive his crop down to nothing.

The matter is a matter of very great importance, and I will agree with the Senator from Nebraska and with the Senator from Idaho, and with the other Senators that, since the Government has gone into this business, necessity on one hand and justice on the other demand that it go all the way or retrace its steps. So I ask, in behalf of the peanut farmers in North Carolina, that steps be here taken to enable them to come under this adjustment act and within the powers of this administration in order that they may be saved from destruction by way of the operations of the Government, to which they are loyal and which derives its life from them and the taxes they pay.

ST. LAWRENCE DEEP WATERWAY TREATY

Mr. BROWN. Mr. President, on the 10th day of January last the President submitted a message to the Senate requesting consideration of the ratification by this body of a Great Lakes-St. Lawrence Treaty with Canada. In the second sentence of the President's message he stated:

> Broad national reasons lead me without hesitation to advocate the treaty.

Mr. President, the State which I have the honor to represent borders neither on the St. Lawrence River nor the Great Lakes, and, therefore, she may not derive from the completion of this great project the benefits accruing to some of her sister States. New Hampshire never profited, directly, from the hundreds of millions of dollars expended by this Government on the Mississippi waterway system nor from the huge expenditures made for flood control on that river. New Hampshire has never directly benefited from the expenditure of the millions of our national funds on the Hudson River, the ports of Albany, New York, Baltimore, or any other ports of the Atlantic or Gulf coasts. Yet New Hampshire indirectly profits, each and every time, from any Federal expenditures which materially add to the welfare of this Nation.

Mr. President, in the brief statement which I shall make with relation to this project, I hope to consider the subject in no narrow, sectional attitude, but to follow the broad and unselfish view adopted by the President in his message addressed to this body.

I shall not discuss the question of costs; that has been answered to my satisfaction by the Army engineers in their evidence before the subcommittee of the Committee on Foreign Relations, that sat and took testimony from November 1932 to February 1933. I admit my incompetency and that of every other Senator in this Chamber to question the ability of these engineers, who have the most authoritative and reliable information available to the Government upon public expenditures of this character. Neither do I intend to discuss the effect of the treaty upon our sovereignty over Lake Michigan. The Department of State has fully satisfied me on this subject.

I shall not detain the Senate to consider at length the diversion of water from Lake Michigan to the Mississippi watershed. A glance at the map shows that the State of Illinois is taking water from one natural water course and diverting it into another. This bold action naturally met with opposition from the State of Wisconsin, which filed a suit in July 1922. Three years later the States of Minnesota, Ohio, and Pennsylvania brought similar actions to restrain this alleged illegal diversion. In April 1926 the State of Michigan filed a similar suit. In October of the same year the State of New York filed a separate bill for like relief. Subsequently the three cases were consolidated, and the decision of the Supreme Court appears in the RECORD in the

able address made by the senior Senator from Wisconsin on the 31st of last January. There can be no question but that the courts will grant relief to communities damaged by the diversion of flow from one watershed to another. I deem it an advantage to those benefited by the permitted diversion that under this treaty Canada agrees to accept the decision of our Supreme Court upon this question.

Mr. President, my remarks will be directed to the benefits which will flow to this Nation as a whole and not to any particular section or locality. The amount of costs allocated to this country—and all figures are approximate—is $272,500,000; $56,500,000 will be expended for locks in the St. Marys River and to deepen and broaden the channels of the St. Clair River, Lake St. Clair, and the Detroit River. Of this amount, $14,500,000 has already been appropriated, leaving $42,000,000 additional money to be spent on these rivers. The remainder, or $216,000,000, is to be expended in the International Rapids section, which lies between New York State and the Province of Ontario. Of this amount, the State of New York will pay for the hydroelectric power to be developed on the American side of the international boundary line $90,000,000, leaving $126,000,000 as an outlay by the National Government in this section. If we add to this amount the $42,000,000 yet to be appropriated for the works in the rivers of the upper locks, we have a total of $168,000,000 of new money to be raised and paid for this development over a period of from 8 to 10 years during its construction. As I see it, the only question involved when stripped of all irrelevant argument is: Will the Nation as a whole be sufficiently benefited to justify the expenditure?

Every impartial study made by governmental agencies has answered this question in the affirmative. In 1920 President Wilson asked the International Joint Commission, a body consisting of 3 members from the United States and 3 from Canada, created under the treaty of 1909, to investigate and report on the feasibility of building a waterway from the Great Lakes to the Atlantic Ocean. The Commission, assisted by competent advisers designated by the two Governments, made a most comprehensive study covering 2 years. A number of routes were considered, including one from Buffalo to the Hudson, another from Oswego to the Hudson, another by way of Lake Champlain to the Hudson, and the St. Lawrence route. It held 44 hearings, 33 hearings in 16 States of this country, and 11 in 5 Provinces of Canada. These hearings were held at convenient points from New York, on the Atlantic coast, to Boise, Idaho, and Calgary, Alberta. Three hundred and fifty-eight organizations and prominent individuals appeared, consisting of agriculturists, presidents of civic organizations, public men of national reputation, engineers, and officers having technical knowledge, officers of farm organizations, leaders of finance, grain dealers, wholesale grocers, livestock breeders and dealers, lumbermen, millers, manufacturers, miners, naval architects and navigators, publishers, paper manufacturers, public-utility officers, packers, statisticians, traffic experts, officers of rail- and marine-transportation companies. Of nearly 150 organizations, only 30 appeared in opposition. The same organizations and interests from Montreal and the eastern seaboard cities who are now protesting against this waterway appeared in opposition at the hearings held before the Commission in 1920 and 1922. The Commission weighed their arguments, but found the weight of evidence against them and in favor of the waterway. The Commission took 7,500 printed pages of testimony.

The committee cast aside the other routes and recommended in its report:

First. That the Governments of the United States and Canada enter into an arrangement by way of treaty for a scheme of improvement of the St. Lawrence River between Montreal and Lake Ontario.

Second. That the new Welland Ship Canal be embodied in said scheme and treated as a part thereof.

That report was made in 1922, during President Harding's administration. President Harding took occasion to comment on this project in an address delivered in this city in January of that year, in which he said:

> The heart of the continent, with its vast resources in both agriculture and industry, would be brought in communication with all the ocean routes by the execution of the St. Lawrence Waterway project. To enable ocean-going vessels to have access to all the ports of the Great Lakes would have a most stimulating effect upon the industrial life of the continent's interior.
>
> The feasibility of the project is unquestioned, and its cost, compared with some other great engineering works, would be small.

In 1924, President Coolidge appointed the St. Lawrence Commission of the United States, of which Secretary of Commerce Hoover was chairman. Canada appointed a similar body, called the "Advisory Committee." These two commissions appointed the International Board of Engineers to study further the many engineering problems involved in the development. After 2 years of investigation by the Commission, during which time intensive study was made by the engineers, the Commission reported to President Coolidge. It stated not only that the construction of this waterway was imperative for the relief and future development of the continent but that the saving to the farmers annually would equal the cost of the development.

Mr. President, are we to ignore the impartial conclusions reached by governmental agencies that had the best information available to arrive at a conclusion based on good judgment? Are we to sweep away lightly the conclusions reached by men who devoted to the public service years of their time to perform a patriotic duty? I insist that the conclusions reached by the two commissions to which I have referred cannot be lightly cast aside.

The States of New England became so deeply interested in this waterway that in 1923 a committee consisting of 5 representatives from each of the 6 New England States was organized—

> For the purpose of conducting a comprehensive study and rendering an unbiased opinion respecting various conflicting claims and arguments which have been advanced from time to time respecting the feasibility and desirability of developing the St. Lawrence River as a seaway for deep-draft vessels from the Great Lakes to the Atlantic Ocean.

The 30 men on this committee were made up of ex-Governors, ex-Congressmen, leaders of finance, public-service commissioners, and other men conspicuous in the life of New England. Of the 5 men from my own State, 3 were former Governors, 1 a former Member of Congress, and another had devoted much time to public service.

That committee investigated the power possibilities, the economic features involved in the waterway for navigation purposes, the rights of the United States and Canada in the St. Lawrence River and the Great Lakes, the estimated savings in transportation costs, the navigation possibilities, the question of costs, the interference to navigation by fog and ice, the effect of the closed winter seasons, the possible adverse effect upon the railroads, the lack of balanced cargoes, the influence of the project upon the Nation's merchant marine.

All these subjects were considered by leading men of the States of New England some years ago, and their report concludes with the following statement:

> The committee, therefore, places itself definitely on record as favoring the early entrance of this Government into negotiations with the proper officials of the Canadian Government looking toward the prompt consummation of a treaty which will make possible the undertaking of the enterprise, and urges upon all New England's local and national representatives the desirability of their full cooperation in every reasonable manner to bring this result about.

Mr. President, this is the recommendation of 30 prominent New Englanders to their representatives, and although made a few years ago, the facts have not changed; and if this proposition was feasible at that time, it is feasible today.

In 1930 Governor Roosevelt, of New York, appointed the St. Lawrence Commission to investigate the power possibilities of that portion of the river contiguous to New York State. After a year's investigation, this commission made a report favorable to the development, and upon that report a law was passed in the State of New York creating the power authority of the State and declaring the policy of the State of New York to be in favor of the development of the

river for navigation, commerce, and the development of hydroelectric power therefrom.

Upon the submission of the St. Lawrence Waterway Treaty to the Senate it was referred to the Committee on Foreign Relations, and a subcommittee of that committee commenced hearings in November 1932. All parties interested appeared and registered their approval or disapproval. After hearing the evidence, the subcommittee gave its approval to the treaty and recommended its ratification. The full committee did likewise in its report to this body.

Mr. President, the record shows that 3 Federal governmental agencies, 1 official New York State agency, and 1 unofficial but representative New England agency have had this undertaking under advisement over a period covering the past 14 years, and each and every one has given its unqualified approval and has vouched for its economic soundness.

President Roosevelt has not been content with the reports to which I have referred. He has had studies made by the various departments of the Government. We have before us information from the War Department, the Department of Commerce, the Interstate Commerce Commission, and the Federal Power Commission. Those studies show that railroads will be benefited, not injured, and that railroad employees will not be detrimentally affected. They further show that the project will not in any way affect or interfere with the proper use of the Mississippi River or the Missouri River for navigation. These studies show that the midcontinent might have saved in transportation charges on foreign imports and exports alone, without considering domestic commerce, about $79,000,000 annually. Based on this estimate the saving on foreign commerce alone to the Great Lakes States in 3 years is more than sufficient to pay the United States Government's share of the waterway.

Mr. President, my experience in this body has been brief, but I doubt if any public enterprise has ever received the thorough, unbiased, and conscientious study which has been given the St. Lawrence project, and I cannot disregard the conclusions which have been reached.

The Republican Party endorsed this waterway in its national platform. President Roosevelt as a candidate committed his party to it. Both candidates in their campaign declared in favor of it, and I propose to uphold the President of the United States in carrying out a pledge which he made to the American people when he was a candidate for the Presidency and which he is now endeavoring to fulfill.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes; agreed to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VINSON of Georgia, Mr. DREWRY, Mr. GAMBRILL, Mr. BRITTEN, and Mr. DARROW were appointed managers on the part of the House at the conference.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

Mr. WHEELER. Mr. President, on February 18 of this year the senior Senator from the State of Pennsylvania [Mr. REED], delivering a radio address over the National Broadcasting chain, made this statement:

> Sixteen months ago, by a huge majority, this administration was elected. Its platform held out many fair promises which evidently made a strong appeal to the American people. As if to emphasize the solemnity of these promises the platform said: "We believe that a party platform is a covenant with the people to be faithfully kept by the party when intrusted with power, and that the people are entitled to know that the party when intrusted with power shall fulfill that platform pledge."

On another occasion in the same speech he said:

> These were the solemn promises on which the Democratic Party secured enough votes to give it control of the Government of the United States. Let us see how these solemn promises have been kept.

Again in the same speech he said:

> In view of this record, is it fair to assume that all of the Americans who voted the Democratic ticket are in favor of the policies of the new deal? I do not think that it is. Those voters relied upon the promises of the Democratic platform. They trusted the solemn assurances that were given them in these planks of the platform. Anyone who favors these present policies could not have approved that platform.

Again he states:

> I have now run hastily over the list of broken promises, for which this administration must some day account to the American people, and in the brief time remaining to me I want to consider the effect of this bad faith upon the condition of the Nation, and to outline briefly the alternative course that I believe the Nation ought to be helped to follow.

Mr. President, I concur in what the Senator from Pennsylvania said with reference to campaign promises and with reference to platform promises. I particularly desire to call attention this afternon to the promises that were made by Mr. Roosevelt in the last campaign with reference to the St. Lawrence Treaty, and I also want particularly to call attention to the platform pledges that were made by the Republican Party on that same subject.

The President sent his message to the Senate January 10 with a report of an economic and engineering study covering every phase of the Great Lakes-St. Lawrence project for navigation and water power.

Since that message and report were received, not a speech has been made in this body that refutes or even effectively challenges a single statement of fact upon which the President's conclusions and recommendation rest.

Mr. WALSH. Mr. President, some of us have not yet made our speeches.

Mr. WHEELER. That may be so, Mr. President.

LOCAL AND SPECIAL INTERESTS VERSUS NATIONAL BENEFITS

It is true that appeals have been made to the local and special interests, which the President condemned in his message. It has been claimed that the President was misinformed and misled by his advisers when he asked the ratification of the treaty. But no one has yet successfully shown that the President was in error in respect to any fact which led him to the decision that the completion of this project will permanently benefit the people of every section of the United States.

To say that the President of the United States is ignorant of the facts related to the St. Lawrence shows an entire want of familiarity with the public record of Franklin D. Roosevelt. Yet certain Senators have justified their opposition to the treaty in speeches on this floor by charging that the President was misinformed when he submitted his message.

ROOSEVELT'S 5-YEAR FIGHT FOR ST. LAWRENCE POWER

No one can read the official papers and messages of Mr. Roosevelt as Governor and as President from 1929 to 1934 and deny that he has given more continuous study to this question than any other living public man—more than even the Members of the Senate. He dealt with this project for 4 years as Governor with the same consistency with which he is dealing with it as President of the United States. It is amazing that Democrats should arise here and charge him with acting upon this subject without proper consideration and experience with the problem.

In his inaugural address as Governor of New York, on January 1, 1929, more than 5 years ago, Mr. Roosevelt said:

> In the brief time that I have been speaking to you, there has run to waste on their paths toward the sea enough power from our rivers to have turned the wheels of a thousand factories, to have lit a million farmers' homes—power which nature has supplied us through the gift of God. It is intolerable that the utilization of this stupendous heritage should be longer delayed by petty squabbles and partisan dispute. Time will not solve the problem; it will be more difficult as time goes on to reach a fair conclusion. It must be solved now.

I WANT THE CONSUMERS TO GET THE BENEFIT

On March 12, 1929, in a special message to the legislature, Governor Roosevelt said:



For a generation the need for power for industrial and domestic purposes has been steadily increasing, and during this period the ownership by the people of the State of New York of a vast potential source of energy in their portion of the waters of the St. Lawrence River has received increasing public attention. * * *

I have spent many hours and many days in study of the mechanics of the problem. I am very certain that we have today in existence sufficient data and facts to justify the elimination of any further study as to mere physical feasibility. I have gone over volumes of carefully gathered information, including a comprehensive physical survey of the suggested site or sites on the St. Lawrence River. * * * It is my judgment that no insuperable difficulty lies in the relationship between the State of New York on the one side and the United States Government or the Canadian Government on the other side. * * *

I want to see something done. I want it done in accordance with sound public policy. I want hydroelectric power developed on the St. Lawrence, but I want the consumers to get the benefit of it when it is developed.

Is there any indication in that statement, Mr. President, that he is depending only upon advisers with reference to the St. Lawrence deep waterway? On the contrary, it shows conclusively that not only has he listened to advisers but that he himself has taken an interest in this question, and that he has made careful survey of every single detail in connection with it.

REELECTED GOVERNOR ON PUBLIC-POWER ISSUE

In 1930 Mr. Roosevelt based his campaign for reelection as Governor upon the power and public-utility issue. In speech after speech he produced the facts to show that domestic rates for electricity in his State were, on the average, about four times the rates charged on the other side of the St. Lawrence River in the Province of Ontario.

In the principal speech of his campaign tour, at Syracuse, N.Y., on October 22, 1930, he said:

While for decades we have been permitting the millions of horsepower lying in the flow of the St. Lawrence River to go idly on its way to the ocean, the Canadian municipalities have been taking advantage of their natural water-power resources so as to convert it into cheap electricity. * * *

ROOSEVELT INSPECTS PROJECT SITE ON ST. LAWRENCE

During the last two summers I have been up to the Niagara and St. Lawrence Rivers a number of times.

Not that the President is taking somebody else's statement for it, but he himself has been up to the Niagara and St. Lawrence Rivers a number of times.

On these visits I have seen power houses erected by private corporations which obtained franchises from the State practically for nothing. I could not but reflect on the short-sighted policy of those past legislatures which had so wantonly given away the heritage of the people of the State.

I had long before that given the subject much consideration and had come definitely to the conclusion that that policy had been uneconomic and unsound; but as I stood on the banks of the St. Lawrence and Niagara Rivers and saw this rich possession which should rightfully belong to the people of our State going into power houses of private corporations, I formed a firm resolve that so long as I am Governor and so long as it is at all possible for a State agency to develop these resources that no more would they be given or leased to private corporations.

THE POWER TRUST AGAINST GOVERNOR ROOSEVELT

In 1931 the State Senate of New York, controlled by the Republican Party, attempted to deprive Governor Roosevelt of the power to name the membership of a State commission authorized to act upon this problem. The senate sought to name the members of this commission by legislative act. On April 2, 1931, Governor Roosevelt said:

I am convinced that this action is dictated by forces which have prevented the development of water power on the St. Lawrence for the last generation. I am convinced that Republican leaders in and outside the legislature have realized that this movement toward the public development of water power is, from their viewpoint, dangerously near to achievement. * * * The conclusion is irresistible that this action was taken purely to hamstring, hinder, and stop the power development.

What Governor Roosevelt said 3 years ago is equally true today. The same forces that he met and defeated in his own State are still attempting to stop the power development on the St. Lawrence River, and they are doing it now by attacking the navigation features of the pending treaty.

PRIVATE COMPANIES EAGER TO LEASE ST. LAWRENCE POWER RIGHTS

In his address to the legislature on January 1, 1930, Mr. Roosevelt answered one of the absurd arguments against the development of the St. Lawrence River which is still being heard today in opposition to the pending treaty. He said:

Let us stop once and for all the silly talk that the electricity available by the development of the St. Lawrence is not needed or not usable in a practical way. We know that private companies are only too eager to proceed if the State were to abandon its rights. * * *

It is becoming more and more clear that the families, whether they live in the cities, in the villages, or on the farms, have been paying too much for their electricity and are therefore not in position to use to a proper degree the many labor-saving devices of modern invention. * * *

Whether mere regulation of electric utilities in the future can be made more successful than it has proved in the past remains a serious question. In the meantime the development of the great State-owned natural resources offers a definite method of relief.

ROOSEVELT CONDEMNS ALUMINUM CO. GRAB

At the crisis of his administration over this issue in April 1931, Governor Roosevelt announced that he would take the case to the people. On April 7, 1931, he spoke on the radio, as follows:

You are familiar with the fact that over 20 years ago the legislature literally gave away for nothing to the Aluminum Co. of America the title of the State in the bed and waters of the St. Lawrence River; that this action was rescinded and annulled by a subsequent legislature. * * *

In the early years of Governor Smith's term a desperate effort was made by the power companies and the Aluminum Co. to get the State to turn the St. Lawrence sites over to them on a so-called "50-year lease."

Mr. Roosevelt described the defeat of this attempted grab by the Aluminum Co., and the subsequent effort of the private power companies of the State to block the public development of the power they had been seeking to exploit. The Governor was then trying to obtain from the legislature the enactment of a law creating the present Power Authority of the State of New York, and in this radio address he stated:

* * * I can only say that I hope there will be no political or administrative obstruction in Washington, and the State of New York must very properly make its plans so as to interfere in no possible way with the present or future navigation of the St. Lawrence River. The State of New York has no desire to selfishly block either our Federal Government or the Canadian Government in any development of the St. Lawrence which they may mutually agree upon. There is, therefore, no real reason for obstruction in Washington.

PUBLIC OPINION BOUND TO WIN IN THE LONG RUN

"From the very beginning", he said, "I have held to a consistent course and to a consistent objective. I have fought all along for development of this power by an agency of the State itself and not by any private corporation. Furthermore, I have fought from the very beginning for the use and distribution of this power for the great purposes of bringing more and cheaper electricity into the homes of the State * * * The influence of a handful of political leaders is strong and so is the influence of private corporations when they see an opportunity to get something for nothing * * * but public opinion, when it understands a policy and supports it, is bound to win in the long run."

In the teeth of this public record, the charge can no longer be seriously made on this floor that President Roosevelt was "misinformed", "ill-advised", and "mislead", when he sent his message to the Senate urging the ratification of the pending treaty.

The fact is the President knew exactly what he was doing, and he had sufficient confidence in the Members of both parties in the Senate to believe they would join with him in bringing to completion a project that would confer great national benefits, even though it meant the opposition of the Power Trust.

Not only that, Mr. President, but we find among Democratic and Republican Senators those who have stood on the floor of the Senate and condemned others, who did not always follow the President, while they themselves have said, "We want to follow the President of the United States." Yes; some of them wanted to follow him when it came to cutting down the pay of the soldiers; some of them wanted to follow him when it came to curtailing the expenses of

the Government of the United States, and when it came to cutting down the pay of the workers of the Government; but when it comes to facing the opposition of the great corporations that are now opposed to this project they forget their loyalty to the Chief Executive of this Nation.

CANDIDATES OF BOTH PARTIES PLEDGED TO PROJECT IN 1932

There has been much discussion in this debate as to exactly what was promised the American people in 1932 in respect to the development of the Great Lakes-St. Lawrence project.

There need be no doubt upon that subject. The candidates of both parties specifically and repeatedly promised that this project would be completed without delay and the representatives of the land-locked States of the Middle West and the Northwest are here today to demand the fulfillment of that pledge.

Mr. DIETERICH. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Montana yield to the Senator from Illinois?

Mr. WHEELER. I yield.

Mr. DIETERICH. At that time there was not any treaty in existence. Is not that right, I will ask the Senator?

Mr. WHEELER. Yes, I think there was no treaty in existence at that time.

Mr. DIETERICH. The party declared itself on the question of the St. Lawrence waterway.

Mr. WHEELER. Yes.

Mr. DIETERICH. There was no indication then as to what the division of power rights would be between the United States and Canada, was there?

Mr. WHEELER. I think that is correct.

Mr. DIETERICH. What does the Senator say as to how the power rights should be divided as between the United States and Canada?

Mr. WHEELER. I think there is only one way in which they can be divided, upon an equitable basis, and I think they are being divided upon an equitable basis. I think the United States cannot afford to take the position of saying to Canada that we will reject the treaty on that ground. There is no use of arguing about it. I appreciate the fact, with all due deference to my good friend from Illinois, that people who are bound and determined to defeat this treaty—and we might just as well be frank about it—are the same group who were in Chicago saying, "Let us stop Roosevelt from being nominated", and that effort came to a large extent from the power interests in the city of New York or which had headquarters there.

Mr. DIETERICH. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Montana yield further to the Senator from Illinois?

Mr. WHEELER. I gladly yield to the Senator from Illinois.

Mr. DIETERICH. The Senator does not accuse me of being in that category, does he?

Mr. WHEELER. Not in the slightest, not at all. I think, however, the Senator is being misled by propaganda which they disseminated.

Mr. DIETERICH. The Senator says he thinks the power rights should be divided equitably, but it is a fact that the United States furnishes 65 percent of the water that flows over Niagara Falls; and does he think that an equitable division there would give Canada 38,000 second-feet and the United States only 20,000 second-feet?

Mr. WHEELER. I think there is plenty of power if we give them that much and the United States only takes that much for the people of the United States.

Mr. DIETERICH. Mr. President, will the Senator yield further?

Mr. WHEELER. Yes.

Mr. DIETERICH. This treaty, if ratified, would forever dispose of the division of power, would it not?

Mr. WHEELER. I am not particularly interested in that. I am perfectly willing, let me say to the Senator, to trust the ability and the integrity of the President of the United States and the commissions that have been appointed to solve this problem upon a sound and equitable basis, both to the Canadian Government and to the United States. I am not familiar with the details, let me say to the Senator, of the working out of the project and with the conclusions on which the details are based, but I have confidence in the commissions that have been appointed not only by President Hoover but likewise those that have been appointed by the present President of the United States.

Mr. DIETERICH. Mr. President, if the Senator from Montana will yield to me further, it is not necessary to work out many details when at Niagara there is a division of power rights in the ratio of 38,000 second-feet to Canada and 20,000 second-feet to the United States, and when we are charged with half the cost of the St. Lawrence development, and in the power rights developed on the St. Lawrence we are given 1,000,000 horsepower and Canada takes 3,000,000 horsepower, although we pay an equal amount for the development work. Does the Senator consider that safeguarding the interests of the United States?

Mr. WHEELER. Is that the only objection the Senator has to the treaty?

Mr. DIETERICH. No; there are others.

Mr. WHEELER. I want to know, is that the only objection the Senator has?

Mr. DIETERICH. I have indicated two objections—namely, the division of power at Niagara Falls and the division of power on the St. Lawrence River. I have another objection, and that is to limiting the diversion of water for the Lakes to the Gulf waterway to the terms of the decision of the Supreme Court, which never even passed on the question of the volume of water necessary to supply that waterway and make it commercially useful.

Mr. WHEELER. Let me say to the Senator——

Mr. DIETERICH. I have another objection, if the Senator will yield further.

Mr. WHEELER. I am glad to yield.

Mr. DIETERICH. That is, to making Lake Michigan an international basin and allowing Canadian vessels to ply from port to port there as against our ships that are now there.

Mr. WHEELER. Then I take it that the Senator feels that the President of the United States has completely betrayed the people of the United States in advocating the treaty.

Mr. DIETERICH. O Mr. President, I resent any inference of that kind.

Mr. WHEELER. Does not the Senator feel that it is a betrayal of the interests of the people of the United States?

Mr. DIETERICH. I have never said anything of that kind.

Mr. WHEELER. Then I beg the Senator's pardon.

Mr. DIETERICH. I have never said anything of that kind. I have never accused the President of the United States of betraying the interests of the people of the United States. He never has done that. He acts upon information he has received, and it is my honest judgment that the President of the United States has never received the proper information. It is further my opinion that when he shall receive the proper information he will reverse his attitude on the St. Lawrence waterway, not as a waterway but as to other matters in the treaty that are not even pertinent to the waterway.

Mr. WHEELER. Let me say, as I said a moment ago, and as I have been pointing out, that I think there is no man in the country who has given such complete and such close study to the project as has the President of the United States.

Mr. LONG and Mr. LEWIS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Montana yield; and if so, to whom?

Mr. WHEELER. I will yield in just a moment. I repeat what I said a moment ago. I think the President of the United States has made a more complete study of the problem than any man in the United States, including the Senator from Illinois and the Senator from Louisiana.

Mr. LONG and Mr. DIETRICH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Montana yield; and if so, to whom?

Mr. WHEELER. I will yield first to the Senator from Louisiana.

Mr. LONG. I just want to ask the Senator from Montana if he happens to know who is going to get the power that will go to Canada, embracing about 75 percent of the power?

Mr. WHEELER. No; I do not; but I do know that the propaganda that is being disseminated from one end of the country to the other at the present time is being put out by the Power Trust. Does the Senator deny that?

Mr. LONG. I do deny it.

Mr. WHEELER. Then, the Senator does not know the situation.

Mr. DIETERICH. Mr. President, will the Senator yield further?

Mr. WHEELER. When I shall have finished with the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Montana has the floor. To whom does he yield?

Mr. WHEELER. I yield further to the Senator from Louisiana.

Mr. LONG. Does not the Senator from Montana know that it has been disclosed on the floor of the Senate that $500,000 was spent directly in trying to put over the treaty?

Mr. WHEELER. No; I do not know anything of the kind. On the contrary, I know that the power interests are carrying on a campaign of propaganda from one end of the country to the other against the treaty, and every Senator on the floor who knows anything about the situation at all knows exactly the influences that are back of the opposition. I am not accusing any Senator in any way, but I do say that the Power Trust has sent out a great deal of misinformation. Senators rise here and say that the President of the United States is misinformed and that he is taking such misinformation as a basis for his attitude. I say he has been making a study of this question for the last 10 years, and I have sufficient confidence in him to believe that he knows what is for the best interests of the people of the United States and that he is going to protect our interests.

Mr. DIETERICH and Mr. LEWIS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Montana yield; and if so, to whom?

Mr. WHEELER. I yield first to the junior Senator from Illinois.

Mr. DIETERICH. Does the Senator know who is supplying the funds for the Tidewater Association to scatter propaganda, or did he ever become acquainted with the Tidewater Association?

Mr. WHEELER. I did not know there was a Tidewater Association.

Mr. DIETERICH. Does not the Senator know it to be a fact that the Canadian Power Trust is supplying those funds in order to put through the provisions of a treaty that gives to Canada, as the Senator from Louisiana [Mr. LONG] said, about 75 percent of the power developed in the St. Lawrence waterway and at Niagara Falls?

Mr. WHEELER. I said I did not know there was a Tidewater Association, and I do not know anything about the facts the Senator has stated, if they are facts. I never heard of them before in my life. In other words, does the Senator think the power interests have deceived the President of the United States?

Mr. DIETERICH. I think the power interests of Canada are back of those provisions of this particular treaty, but we cannot investigate the power interests of Canada because they are across the Canadian border.

Mr. WHEELER. Does the Senator think they have misled the President of the United States?

Mr. DIETERICH. I do not say the proponents of the treaty have misled the President, but I do say they have not supplied him with the proper information that he should have had to act intelligently upon the matter, because I cannot conceive of the President being properly advised on it and then giving to a foreign country an advantage over the United States in the matter of power development.

Mr. WHEELER. Then the Senator does think that the President is being misled by the foreign power interests?

Mr. DIETERICH. I do not mean by the Senator who is speaking, because the Senator has not been so enthusiastic on this question until the present time.

Mr. WHEELER. I have been for the treaty for a long period of time, and so has my colleague the junior Senator from Montana [Mr. ERICKSON]. I spoke in favor of it in Montana long before the Senator from Illinois came here.

Mr. DIETERICH. That was before there was a treaty pending.

Mr. WHEELER. Yes.

Mr. DIETERICH. That was with reference to the St. Lawrence development proper and not with reference to the treaty.

Mr. LEWIS. Mr. President, will the Senator yield to me now?

The PRESIDING OFFICER. Does the Senator from Montana yield to the senior Senator from Illinois?

Mr. WHEELER. I am glad to yield.

Mr. LEWIS. I ask the attention of the Senator from Montana.

Mr. WHEELER. The Senator always has my attention.

Mr. LEWIS. I want not only the attention of the Senator from Montana but his reflection.

I want to invite the attention of the Senator to a statement he has just made in his speech that he may give it serious thought. The Senator said that they who are opposing the treaty, who profess to be devoted to the President and to support his policies, were willing to support the cutting down of the soldiers' pay and compensation otherwise, and such other things, but that when it comes to this matter they refuse to support the President because, as I gathered from my able friend from Montana, of the great influence of some power trust that is somewhere influencing those who in this particular instance do not follow the President. I ask my friend if he will not reflect on that statement and realize that he has been an advocate of a monetary policy called "16 to 1 for silver"?

Mr. WHEELER. Yes; and I still am.

Mr. LEWIS. Yes; and it is because the Senator still is that I wish to ask his serious consideration of a proposition he has just submitted. He has been an advocate of that measure, for which there is great support. The President of the United States has been compelled, in considering the monetary policy of the United States, to present matters to this body and to the Congress generally touching a gold basis that my eminent friend from Montana must esteem was inconsistent with the position he has been advocating of 16 to 1 with relation to silver.

Now, that he has been called on in the advocacy of the interests of his own State to give the support of his own honest convictions to the remonetization of silver at 16 to 1 as a current money, which is not the position of the President, will he contend it to be just or allow it to be said, because of the presentation of the views of the President on the matter of gold, that the silver interests or the silver-mine owners are those who are influencing his action as against the monetary policy of the administration? Therefore, there is a parallel in the accusation he makes with reference to the power interests.

Mr. WHEELER. It is parallel because of the fact that the mining companies of my State have been openly opposed to my bill for the remonetization of silver at 16 to 1. I am not complaining because any man disagrees on conviction with the President of the United States. I have disagreed with him and I shall probably disagree in the future as to many matters. I have said, on the contrary, that a few of us have been reprimanded on the floor of the Senate for not standing by the President, and some of those who have reprimanded us for not standing by the President are now turn-

ing around and voting against him on one question in which he is vitally interested, which he has been favoring and for which he has been fighting for the last 5 or 6 years, as Governor of the State of New York, and in the campaign, and as President of the United States.

Mr. LEWIS. But the Senator will not forget that he intimated and clearly stated as to the opposition of those Senators who heretofore have been supporting the President and so continue to do, such as myself, that upon this proposition they must be influenced, unconsciously or consciously, by the power trust, that it is the power trust that is guiding their views and that now causes their opposition to the President.

I make the parallel that my able friend from Montana is in favor of remonetization of silver at 16 to 1. Does he think it is fair that the intimation be made that the silver mines of the Western States shall be charged with being the real source of the influence which causes him and his colleague to favor 16 to 1 as against the President in the fight which is now being waged by the Senator from Montana?

Mr. WHEELER. I think, in the first place, the Senator entirely misunderstood me.

Mr. LEWIS. That may be.

Mr. WHEELER. If the Senator understood me as saying that Senators here were fighting this treaty because of the fact that the Power Trust were opposed to it, he misunderstood my statement, because that was not what I intended to state. I did say that the power interests were opposing the treaty, that they had been fighting it continually, and they are fighting it today. They opposed the President of the United States as Governor of New York on this question; they opposed him in the convention at Chicago, as I shall point out; and they have repeatedly opposed him on this particular issue.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. NEELY in the chair). Does the Senator from Montana yield to the Senator from Michigan?

Mr. WHEELER. I yield to the Senator.

Mr. VANDENBERG. I have no interest in questioning the motives of anybody in respect to his attitude upon this treaty. I am perfectly willing to concede thoroughly honest motives to everyone. I suggest that the rule might well be reciprocal.

It has been stated here repeatedly that the Great Lakes-St. Lawrence Tidewater Association is financed by some sort of sinister fund from the Canadian Power Trust; that it has some sinister source of supply. The truth of the matter is that the funds of the St. Lawrence-Great Lakes Tidewater Association are furnished by legislative appropriations in 23 States of the Union; and there never was a movement which had a more definite, clean source of supply than the fund to which I refer. It speaks for millions of our citizens by an authority little short of official.

Mr. LONG. Mr. President——

Mr. WHEELER. Let me say to the Senator from Michigan that I did not even know there was a Tidewater Association. I never heard of it until the Senator made his statement.

Mr. CLARK. Mr. President, will the Senator yield on that point?

Mr. LONG. Mr. President, let us get the thing straight.

Mr. WHEELER. Yes; I will get it straight.

Mr. LONG. My friend from Michigan speaks about 23 States. How much did those 23 States put up?

Mr. VANDENBERG. I shall be very glad to provide the complete balance sheet. For many years they have been making their annual appropriations. My own State has made an appropriation for at least 10 years. The appropriations are made in public. There is no question whatsoever about them.

Mr. LONG. The point I wish to make for my friend from Montana, who is ignorant on this matter of the Tidewater Association because he was not here the other day, is that there is a Tidewater Association, amply financed, that has not been, I am sure, paid money by the State of Michigan to carry on this fight; and if the domestic power interests of America are against this treaty the only difference in the power stand can be that the Canadian power interests are on one side of the issue and the American power interests are on the other side. I do not know whether they are or not; but if that is the case, let us just quit talking about the power part of this treaty at least. If we are not going to drive out the American power interests, if we are going to concede that they are lawful enough to stay in this country, then certainly we ought not to be trying here to ratify a treaty which is simply a case of power against power, and in the Canadian power interest in the proportion of 33 to 20, with America producing 65 out of 100 percent of the power.

That is the proposition we are facing here.

Mr. WHEELER. Let me say to the Senator that some of the power interests have not remained in this country. Some of them are hiding over in Greece, and a lot more of them, if they had their just dues, would be in the same place that Mr. Insull is, or they would be on their way to the penitentiary, because of the fact that they have robbed the American people. They have not only done that but they have likewise robbed their own bondholders, and their own stockholders, and their own directors, in some instances.

Mr. LONG. Will the Senator permit me to say that the Insull interests went one half to Greece and the other half to Canada; and the Senator is now advocating something that could be very well taken advantage of by the part of the Insull outfit that went to Canada.

Mr. WHEELER. Oh, no; I am not worrying about the part that went to Canada, and nobody else is. They do not amount to very much, either in Canada or here.

Mr. LEWIS. Mr. President——

Mr. WHEELER. I yield to the Senator from Illinois.

Mr. LEWIS. First, I desire to advert to the statement made by our eminent friend from Michigan, referring to the Tidewater Association, and the information accorded that the States have been making appropriations for that association for 16 years, or say for 10 years, of which the able Senator from Michigan is quite informed.

I beg to answer that those associations, to the degree that they were honest—some of them were not—were merely for the development of some water system that led through these States to tidewater. It was not this treaty that was involved. The treaty had no life. It did not exist. It was a manifest imposition, though unintended, to leave the impression that these States have been contributing for the enforcement of the particular treaty that is before us here. We have shown clearly once or twice before this body that the gentlemen who were paid salaries and who have been maintained by this fund had one interest, and the States wholly another.

I conclude this interruption now by saying that there never has been a contention—I must correct my able friend from Montana—that our able President was not informed on the power question. It has, to the contrary, been asserted that he was fully informed. We have always asserted, as to the power question, that what the President said in his message while Governor of New York, as well as in the communication read by the Senator, as to the arrangement between Ontario and the State of New York respecting that power, is something that can be done at any time, either through the body called the Power Authority, which was created by the President when Governor of New York, or in any other form. It does not go at all to the question of the rightfulness of this treaty as a treaty between this country and the Empire of Great Britain, pledging America to pay these vast sums of money, equaling what may be a billion of dollars, out of our pockets for the welfare of the Canadian interests on the one hand and for the development of the shipping of the British Empire on the other.

Mr. WHEELER. I have heard that speech before.

Mr. LEWIS. The Senator will hear it again, and will oftentimes have to meet it from his constituents when they learn the truth of it.

Mr. WHEELER. I appreciate, of course, that the Senator from Illinois is very much opposed to the portions of the treaty which would permit navigation; but the people of my section of the country and the entire Northwest took the President at his word, and took the Republican Party at their word, when they pledged that they were going to carry through this treaty. There was a pledge not only on the part of the Republican Party, as I shall show, but likewise repeatedly on the part of the President of the United States, to do that very thing; and the people voted for him upon that issue.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WHEELER. I yield to the Senator from Missouri.

Mr. CLARK. The Senator surely did not mean to say what he did say—that the Senator from Illinois is opposed to those portions of the treaty which permit navigation. What the Senator from Illinois is opposed to, and what I am opposed to, and what many other Senators are opposed to, are those provisions of the treaty which prevent navigation on the Lakes-to-the-Gulf project.

Mr. WHEELER. I think the Senator is entirely wrong, and my understanding is that engineers' reports will be in here in a short time which will show that the Senator is wrong with reference to that feature.

Mr. CLARK. Of course, the engineers' reports can be brought in at any time. The Senator never has known an instance where a President of the United States who took a definite position about any project could not get a report from the Corps of Engineers on that side of the question.

Mr. WHEELER. After all, we as laymen must depend upon engineers with relation to projects of this kind; and if we cannot depend upon the Army Engineers to furnish us with proper reports upon such matters, I do not know where we will go to get our information regarding them.

Mr. CLARK. Mr. President, will the Senator yield for just a moment further? Then I will not bother him any more.

Mr. WHEELER. I yield.

Mr. CLARK. If the Senator will examine the testimony of the most eminent of the Army Engineers, he will find great diversity of opinion as to the volume of water necessary for the Lakes-to-the-Gulf project. As eminent an engineer as General Jadwin, the late Chief of Engineers, testified on one occasion that 10,000 second-feet were necessary for a commercially successful Lakes-to-the-Gulf project, and on another occasion in the same year he testified that 5,000 second-feet were necessary.

Mr. WHEELER. Let me say to the Senator that my understanding is that the majority of the Army engineers upon whom the President is depending have concluded that this project is feasible. I have stood upon the floor of the Senate and advocated, as a matter of fact, the development of the Mississippi River and the Great Lakes, not because it would help my section of the country, but because it would benefit all the people of the United States. The Great Lakes-St. Lawrence Treaty, in my judgment, is not only going to benefit the Northwest, but it is going to benefit every section of the country. One thing that must be done, in my judgment, if we are going to have a return of prosperity in this country, is to have the vast Middle West and West settled; and I think the ratification of this treaty will help more in that respect than almost any other piece of legislation that could be accomplished.

Mr. LONG. Mr. President, will the Senator yield for just a moment?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. I yield.

Mr. LONG. Since the Senator brings in the Army Engineers, who have vacillated on this matter, I wish to say that the President of the United States announced first what he wanted to do, and then sent word to the Army Engineers of his position, and asked, "What about it?"

Mr. WHEELER. I do not know anything about that.

Mr. LONG. That is not uncommon, if I might trace it for just a minute.

Mr. WHEELER. I will say to the Senator that I do not think that is a fair statement on his part, and I should have to dispute it, although I have not any basis for disputing it. I cannot conceive that the President of the United States said to the engineers that he wanted a certain specific report made, and I do not believe it.

Mr. LONG. I did not say he did. What the President said was, "We are for this treaty." Then he said to the engineers, "Now, give us a report on the feasibleness of it. I am going to advocate this treaty." That is what happened.

Mr. WHEELER. I should have to dispute that statement, although I do not know the facts in the matter, and I should like to know upon what the Senator bases his assertion.

Mr. LONG. I base it upon the simple fact that the President went out and said he was in favor of this treaty, and that was before the engineers ever were called on at all.

Mr. WHEELER. The Senator draws a very unfair conclusion from the mere suggestion that the President advocated the treaty. The Army engineers have said that this project is entirely feasible—at least, that is my understanding—and the President is for it; and the mere fact that the President of the United States came out and advocated it before some of the reports from the Army engineers came in is no excuse for the Senator's saying that the Army Engineers were influenced by that statement.

Mr. LONG. The point I want to make to the Senator is that when General Jadwin and his crowd made their survey for the Mississippi Valley floodway, they recommended certain things that were written into the law. General Jadwin passed on, and Mr. Hoover came in, and Gen. Lytle Brown has gone ahead executing that program, and has paid no attention to what the Army Engineers reported and what they have done; and Mr. Hoover told several of us that what they were going to do was to ignore the Boeuf spillway. They never got another opinion from the engineers about the Boeuf Spillway, but they went ahead after Mr. Hoover decided to go the other way, and the Army engineers went the other way.

Those Army engineers are just like an army mule. Wherever you pull a line, there is where the engineer goes. There is not any difference between them and anybody else bossed by a superior. [Laughter.]

Mr. WHEELER. I should have to disagree with the Senator with reference to that; but, speaking of campaign pledges and campaign promises which were made, as referred to by the senior Senator from Pennsylvania [Mr. REED], I call the attention of Republican Members of the Senate to the platform of the Republican National Convention assembled at Chicago on June 13, 1932.

The temporary chairman of the convention, who delivered the keynote speech, was the Senator from Iowa [Mr. DICKINSON]. The permanent chairman of the convention was Representative SNELL, of New York. Representative Wadsworth, of New York, the Secretary of the Treasury, Mr. Ogden L. Mills, of New York, and the little coterie of Republicans from the Atlantic seaboard, who have sought to dominate every Republican National Convention since the Civil War, were much in evidence.

The convention adjourned in 2 days, after hearing the keynote speeches and adopting the platform.

TREATY TERMS AGREED UPON BEFORE REPUBLICAN CONVENTION MET

At the time that convention met President Hoover had before him the final report of the joint board of engineers upon which the pending treaty is based. That report covered in detail all the works, whether for navigation or power development, embodied in the treaty.

The report had been agreed upon April 9, 1932, more than 2 months before the convention met, and the treaty itself had been drafted and submitted to the President, Mr. Hoover.

Is there anybody who wants to dispute that statement? I repeat it for the benefit of the Republicans in this body. At the time when the Republican convention met in the city of Chicago President Hoover had before him the final report of the Joint Board of Engineers upon which the treaty is based.

I should have liked to call the attention of the junior Senator from Illinois [Mr. DIETERICH] specifically to this, but I notice he is not in the Chamber at the present time. The report covered in detail all the works, whether for navigation or power development, embodied in the treaty. The report had been agreed upon April 9, 1932, more than 2 months before the convention met, and the treaty itself had been drafted and submitted to the President.

The platform adopted by the unanimous vote of the Republican National Convention in 1932 contained the following plank:

> The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. Under the direction of President Hoover, negotiation of a treaty with Canada for this development is now at a favorable point. Recognizing the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base, the party reaffirms allegiance to this great project and pledges its best efforts to secure its early completion.

Will the Senators on the other side of the aisle tell me how they are going to answer to the people of this country for that pledge, made to the people with full knowledge that the President of the United States, Mr. Hoover, had before him the report of all the negotiations, had before him all of the data, and that they themselves, in that platform, pledged themselves to this very treaty?

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. VANDENBERG. The able Senator can go even further. The Republican National Committee sent its representatives into the great Middle Northwest with the specific message that the Republican platform meant what it said, and that Republicans could be depended upon accordingly. I speak feelingly, because I happened to be one of those who went into that area on that mission at the specific request of the Republican National Committee.

Mr. WHEELER. I thank the Senator from Michigan, and I know that what he says is true, because not only were speeches made by men sent there by the national committee, but likewise the Republican newspapers throughout that section carried editorial after editorial seeking to get the voters to cast their ballots for Mr. Hoover upon the statement that Mr. Hoover and the Republican Party were committed to this treaty, and that the platform of the Democratic Party, as a matter of fact, did not contain as favorable a plank, or any plank whatever, upon that subject. But the Democratic candidate for the Presidency of the United States, Mr. Roosevelt, came out at the Chicago convention immediately after he was nominated in favor of this treaty, as I shall point out in a moment or two.

THREE REPUBLICAN PRESIDENTS HELPED NEGOTIATE TREATY

It is now being boldly stated in the public press that Republican Senators from New England and the States on the Atlantic seaboard are ready to furnish the votes to defeat this treaty. It is inconceivable that that report can be true. The completion of the Great Lakes-St. Lawrence project was advocated and promised by President Harding, President Coolidge, and President Hoover, and the first negotiations with Canada, initiated under President Wilson, were carried forward under the three Republican Presidents I have named.

The present Chief Justice of the Supreme Court, Mr. Hughes, conducted many of these negotiations while Secretary of State. Secretary Kellogg, of Minnesota, and Secretary Stimson, of New York, carried those negotiations to a conclusion.

Is there anybody in this Chamber who thinks that the Chief Justice of the United States of America, that Mr. Stimson, or that Mr. Kellogg, betrayed the people of the United States to the power interests of Canada? Is there anybody in this Chamber who thinks that President Hoover betrayed the people of this country to the power interests of Canada?

Will any Republican Senator across the aisle say to me that he feels that this treaty betrays the American people? If one shall do so, he will accuse his own Presidents, accuse his own Secretaries of State, accuse his own people of betraying the trust reposed in them.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. LONG. How about taking a little of the Canadian facts on this subject? The Canadians say that this treaty has killed the Great Lakes-to-the-Gulf waterway forever and means that Canada will never be pestered by the danger of its commerce going down through the Mississippi Valley. That is the opinion in Canada, as I have heretofore said on the floor of the Senate. Are those Canadians just a bunch of ignoramuses? Do they not know anything at all about their own business? If they do not, who does? The people down in Louisiana think this treaty would have that effect, and the Canadians think it would.

Mr. WHEELER. I am not interested in what some Canadian propagandist says about it. I am perfectly willing to take our own Secretaries of State and our own Presidents, regardless of whether they are Democrats or Republicans, and put them alongside some Canadian propagandists.

Mr. LONG. We have had them acting for us before. They were the gentlemen who settled the war debts. That is about all the Secretaries of State can do. They are the men who put us in the condition in which we find ourselves right now. We have been following the treaties they drew ever since they have been ratified. We have ratified every one of them except that embodying the League of Nations, and they have both parties trying to get that ratified, so far as the party leaders are concerned. If the Senator from Montana will point out one case where the United States ever gained anything in a treaty with England, or even was able to collect anything after a treaty, where it was to the advantage of the American people, I will vote for this treaty, if he will show it. If the Senator will even undertake to show where the United States ever gained anything in a conference with England——

Mr. WHEELER. We got something a great many years ago, about 1776.

Mr. LONG. We did not have a conference then.

Mr. WHEELER. We had a treaty afterward, however.

Mr. LONG. No; they just quit. We whipped them. But in 1812 there was a war the Senator knows about, and in 1815 we entered into a treaty, and gave them the territory between the Mississippi River and the Rocky Mountains; and if Andrew Jackson had not whipped Pakenham's army at New Orleans before the Treaty of Ghent got back to the United States, that would have been carried out. It is just like taking candy away from a baby.

Mr. WHEELER. Let me ask the Senator a question. He has been talking a good deal.

Mr. LONG. I beg the Senator's pardon.

Mr. WHEELER. Does the Senator think that President Hoover and his aides betrayed the American people when they negotiated this treaty and assembled the data for it? Does he so think?

Mr. LONG. What does the Senator mean by "betraying" them?

Mr. WHEELER. Just exactly what I said. The Senator is familiar with the English language, and he knows what that term means.

Mr. LONG. I say that it just like taking candy away from a baby, and it always has been. They have never gotten us into one of those conferences over something we had and which they wanted that they did not wind up by taking everything they wanted to get. I am not just talking in my own language. The Senator knows that to be the fact.

Mr. WHEELER. No; the Senator is not going to put words into my mouth. I will do my own talking.

Mr. LONG. Very well.

Mr. NYE. Mr. President, will the Senator yield to me?

Mr. WHEELER. I yield.

Mr. NYE. Does the Senator from Montana feel that his challenge to Senators on this side of the Chamber has been answered?

Mr. WHEELER. Of course not. The other side of the Chamber has had to depend upon the Senator from Louisiana to defend them, and when they go out in the next campaign, let me say to them that they had better call upon the Senator from Louisiana to come out and defend them if they vote against this treaty, because they will not be able to do it themselves.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. I yield.

Mr. LONG. Do I understand now that the Senator from Montana has gone into holy wedlock with the Senator from North Dakota in upholding one of Mr. Hoover's treaties and Hoover's policies? Has that come about here?

Mr. WHEELER. Let me say to the Senator from Louisiana that the Senator from North Dakota and myself have been accused throughout the Northwest on many occasions of entering into unholy alliance, and I probably will be accused of that many times again, because I hope that the alliance between the Senator from North Dakota and some others of the progressive Republicans and myself will continue.

Mr. LONG. Is not this rather a late date for the Hoover policies to require such sponsorship? [Laughter.]

Mr. WHEELER. It is rather a late date for the Republican Party to have to depend for its defense upon the Senator from Louisiana, and I am glad to see that when he does defend them in this matter he takes a seat on the other side of the Chamber. [Laughter.]

Mr. VANDENBERG. Mr. President, will the Senator yield to me?

Mr. WHEELER. I yield.

Mr. VANDENBERG. We are happy to have the Senator from Louisiana on our side of the aisle temporarily, but if he is to be charged against us in respect to his attitude on the treaty, I will have to say, borrowing his——

(At this point Mr. LONG took a seat on the Democratic side of the aisle.)

Mr. VANDENBERG. I will continue to say what I was going to say, even though the Senator from Louisiana has somewhat relieved me of the necessity. If we are to be charged with his attitude on this treaty, I shall have to borrow his favorite authority and refer to the Bible, and say that his observations on the treaty remind me of nothing quite so much as the language in the thirteenth verse of the tenth chapter of Ecclesiastes; and I will leave it there. [Laughter.]

Mr. LEWIS and Mr. LONG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Montana yield; and if so, to whom?

Mr. WHEELER. I still yield to the Senator from Michigan.

Mr. VANDENBERG. Mr. President, the favorite theme song of the Senator from Louisiana in respect to the treaty is to quote Canadians who boast of what a tremendous advantage they have gained over us. I agree with the Senator from Montana that we can well rely upon our own national authorities, and that it is not necessary to cross the line for authority; but if that sort of thing is going to be indulged in, I call the attention of the Senator from Montana to the fact that Quebec's Prime Minister stated in a public interview on January 16:

> I do not believe that the plan is in the interest of Canada, but if the majority of the other premiers are in favor of it we will have to bow to their will.

Let me quote Senator Casgrain, speaking in Montreal on January 17, 1934:

> The St. Lawrence River seaway project is not only an economic absurdity but also cloaks, under the terms of the treaty now awaiting ratification by Canadian and United States governing bodies, suspected hidden motives on the part of Uncle Sam, which may have as the end in view, ultimate exercise of American jurisdiction over the Canadian territory. * * *

Mr. President, it is to be seen that we have our Senator LONGS upon both sides of the international boundary, and I think we had better rely upon our own authorities.

Mr. WHEELER. I thought the British ships were coming up the canal, and they would take Chicago.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Illinois?

Mr. WHEELER. I yield.

Mr. LEWIS. In the first place, I desire to refer to what has just been said by my friend the Senator from Michigan. The Senator from Michigan presumes to refer to Scripture—Isaiah, I believe?

Mr. LONG. Ecclesiastes.

Mr. LEWIS. He does not quote the passage; and I call the attention of the Senator to the fact that Shakespeare reminds us, with respect to such quotations, that—

> The devil can cite Scripture for his purpose.

The Senator has called attention to a speech made in Montreal. I know what the speech is to which he refers. He read only a part of it. It is a speech made by a senator of Canada before a club at noontime—either before their Rotary Club or its colleague—in which he not only says that he thinks there is some sinister design but concludes that in view of the vast amount of money they are getting out of the United States for Canada he reverses his opposition and supports the position which previously he had opposed.

Let that be read in connection with the portion of the speech which the Senator from Michigan quoted.

Mr. LONG. Mr. President, will the Senator from Montana yield for the purpose of having a Senator on this side of the aisle say a word?

Mr. WHEELER. I really think the Senator from Louisiana belongs on the other side of the aisle, since he is fighting the ratification of the treaty.

Mr. LONG. Since it is Hoover's treaty, perhaps I do.

Mr. WHEELER. It started out to be Wilson's treaty.

Mr. LONG. Mr. President, they only got the money out of Wilson. Wilson gave them only $12,000,000,000. Wilson gave them an army and $12,000,000,000; and our present President is going to give them about another billion dollars, so they will have the advantage of us in that respect.

I desire to ask the Senator from Michigan if he will give the date of the speech from which he quoted, and about which he spoke so volubly.

Mr. VANDENBERG. Some time in January of this year.

Mr. LONG. I had stood on the floor of the Senate prior to that time and pointed out what the treaty meant, and had quoted from Canadian statements and Canadian newspapers; and then, in order to get a little something to pacify just such men as the Senator from Michigan and the Senator from Montana, they got a little clique together, and made a little palavering speech up there to the effect that they were afraid they were liable to get stuck in this matter, and shot the speech down here by air mail, I suppose, to the Senator from Michigan; and of course he held his mouth open, and decided that probably there was something to it. Until we had exposed this iniquity, however—I had almost used another word—until we had exposed what they were doing here, and what they were writing in the editorials appearing in the newspapers in Canada, and that they were about to give a knighthood to the man who had come down here and put this thing across, even going to the extent of saying they had no idea that they were going to get half until we had exposed those editorials, everything was rosy, and it was a marvelous thing.

Permit me also to quote from Scripture for the benefit of the Senator:

> Having eyes, see ye not? and having ears, hear ye not? and do ye not remember?

Mr. WHEELER. Let me say to the Senator that in my humble judgment the statements that come from Canada, either for or against this treaty, should have little weight with any Member of the United States Senate. It seems to me it is the height of asininity for someone to get up and quote a Senator or a statesman from the other side of the boundary as to the effect that the treaty is going to have or is not going to have upon the American people. As I

said a moment ago, and I reiterate what I then said, this treaty was advocated by President Harding, by President Coolidge, and by——

Mr. LONG. Mr. President——

Mr. WHEELER. Mr. President, I refuse to yield for a moment—by President Harding, by President Coolidge, by President Hoover, and now by President Roosevelt.

Mr. LONG. Mr. President——

Mr. WHEELER. Just a moment.

Mr. LONG. Was not the World Court also advocated by most of those Presidents?

Mr. WHEELER. I am not going to be led astray to discuss the World Court at this particular time. There is room for some dispute with reference to that question.

The PRESIDING OFFICER (Mr. NEELY in the chair). In behalf of orderly procedure, the Chair invites the attention of the Senate to rule XIX, which, among other things, provides:

> No Senator shall interrupt another Senator in debate without his consent, and to obtain such consent he shall first address the Presiding Officer.

So long as the present incumbent occupies the chair, that rule will be rigidly enforced.

Mr. WHEELER. The Senator from Illinois asked me a moment ago, as I recall, whether or not the treaty had been signed at the time the Republican convention met. I have pointed out here that at the time the Republican convention met, President Hoover had before him the final report of the joint board of engineers upon which the pending treaty was based. The report covered in detail all the works, whether for navigation or power development, embodied in that treaty. The report had been agreed upon on April 9, 1932, more than 2 months before the convention met, and the treaty itself had been drafted and submitted to the President. The platform adopted by unanimous vote of the Republican convention contained a plank absolutely endorsing the treaty in every detail; and not only that, but let me say for the benefit of the Senator from Illinois that Republican speakers, as the Senator from Michigan [Mr. VANDENBERG] has said, went out into the Northwest and into the Middle West advocating this very plank, knowing the details that were in the treaty at that particular time.

Mr. DIETERICH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Illinois?

Mr. WHEELER. I yield.

Mr. DIETERICH. I desire to ask the Senator from Montana if it is not a fact that at the time the Republican convention met there were differences between the United States members of the Board and the Canadian or British members of the Board, and that those differences were not adjusted until after the convention met?

Mr. WHEELER. That is not my understanding. It is my understanding that there was no difference between them upon any substantial matter.

Mr. DIETERICH. My understanding is as I have stated. I do not want to be quoted as saying that is correct, but it is my understanding.

Mr. WHEELER. My understanding is that the Senator from Illinois is not correct on that point, but that the treaty had been agreed upon in substantial detail at that time and at the time the Republican platform was drafted.

Mr. DIETERICH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana further yield to the Senator from Illinois?

Mr. WHEELER. I yield.

Mr. DIETERICH. My understanding is that the United States engineers were in favor of a one-stage development, while the Canadian engineers were in favor of a two-stage development, and that they never agreed upon the two-stage development, as advocated by the Canadian engineers, until after the Republican convention met and until after the platforms were adopted.

Mr. WHEELER. The platform adopted at the Republican National Convention in 1932 is as follows:

> The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. Under the direction of President Hoover negotiation of a treaty with Canada for this development is now at a favorable point. Recognizing the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base, the party reaffirms allegiance to this great project and pledges its best efforts to secure its early completion.

At the time that plank was adopted the President had before him the details, and the men who were responsible for that plank at the convention, including Mr. Mills, Mr. Dickinson, and the other leaders of the party, knew, in my judgment, exactly what the details were.

Mr. DIETERICH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana further yield to the Senator from Illinois?

Mr. WHEELER. I yield.

Mr. DIETERICH. When the Republican convention met they understood that in this treaty the division of power was to be in the ratio of about 75 percent for Canada and 25 percent for the United States. Is the Senator informed as to whether or not the Canadian Power Trust contributed anything to the Republican campaign fund?

Mr. WHEELER. Oh, that is so far-fetched a question that the Senator knows perfectly well that I have not any information about it. I do not believe they did anything of the kind, and the Senator himself does not believe they did, with all due deference to the Republican Party.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Michigan?

Mr. WHEELER. I yield.

Mr. VANDENBERG. Just one further statement, and then I shall subside. The statement which the Senator from Montana has challenged is no more absurd than the statement that this treaty divides the power in favor of Canada. So far as the power covered by the treaty is concerned, it is divided evenly, and the other power is Canadian power which Canada can develop on her own responsibility and with her own resources at any time when she sees fit, regardless of the treaty.

Mr. WHEELER. I thank the Senator.

Mr. LEWIS. Yes; but the Senator finds himself again in error——

The PRESIDING OFFICER. The Senator from Montana has the floor. Does the Senator from Montana yield to the Senator from Illinois?

Mr. WHEELER. I yield.

Mr. LEWIS. May I correct my able friend from Michigan? While ostensibly it is true that Canada has all this element described by my friend under the treaty and under the regulation, specifically it is assumed that the power Canada has is to go to the benefit of the United States and that the States along the Atlantic Ocean will enjoy it. But I challenge my able friend from Michigan, than whom there is no man better informed about this treaty, to show where there is any provision whatever that pledges Canada to supply power to the United States of America upon any terms whatever.

Mr. VANDENBERG. I do not think I follow the Senator's question. Canada is under no obligation to furnish her power to anybody over here. So far as the treaty division of power is concerned, it is even.

Mr. LEWIS. As to that we differ.

Mr. WHEELER. Mr. President, I said a moment ago that the present Chief Justice of the Supreme Court, Mr. Hughes, conducted many of these negotiations while he was Secretary of State, as did Secretary Kellogg, of Minnesota, and Secretary Stimson, of New York. If Republican Senators in this body, while conceding in their platform that it will benefit every section of the country, vote against this treaty, with no defense except that which has been made by the Senator from Louisiana [Mr. LONG], that it may divert a few tons of export tonnage from the ports on the fringe of the Atlantic coast, that act will wipe out the last vestige of the Republican Party in the great region from the Pennsylvania line to the Rocky Mountains.

Mr. FESS. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Ohio?

Mr. WHEELER. I will be glad to yield.

Mr. FESS. I do not feel inclined to criticize anybody because of not following the platform of his party; neither do I feel justified in criticizing those who take one position at one time and later on change their position. I think obviously there may be reasons for such a change; but having myself, after long study, come to the conclusion that the treaty is justifiable and the construction of the project ought to be prosecuted, without some additional reason of which I did not know at the time I came to that conclusion I cannot now change my view.

I am receiving, as the Senator perhaps knows, letter after letter and resolutions adopted by chambers of commerce in my State, some of them stating, "We originally favored the St. Lawrence waterway, but we now, after further study, have decided that it is not justifiable", and asking me to vote against it. I have received a resolution of that kind from the Chamber of Commerce of Cincinnati; and if the Senator will permit me, I should like to state how I answered it.

Mr. WHEELER. I am very glad to yield further to the Senator.

Mr. FESS. I stated to the chamber of commerce of that city that I had somewhat reluctantly supported the piecemeal efforts to improve the Ohio River until we took up the project of the canalization of the river from its source down to Cairo. Then I voted for it without any hesitancy, and in so voting I was doing what the people of Cincinnati and the people all along the river wanted me to do. It was a navigation project, and the opposition of the railroads to that project was not a sufficient argument to induce me not to vote for it.

I voted also for the Mississippi River project, which was almost purely a flood-control measure. I voted for it without hesitancy, except for the fact that I could not ascertain how much money it would cost to achieve the result which it seemed to me to be so essential, and I did not hesitate very long.

I also voted for the Boulder Canyon project, because of the flood-control aspect which was involved. The opposition of those who did not want the power development, combined with the opposition of those who were opposed to irrigation, which would increase the number of acres of tillable land, did not seem to me to afford sufficient justification for my opposing it. If the flood-control item had not been involved, I probably would have voted against the Boulder Dam bill, but it seemed to me that the fact that 300,000 people in the Imperial Valley were constantly in danger of destruction justified the construction of the Boulder Canyon Dam, and the fact that power would be developed, or irrigation of additional acres made possible, as a secondary feature, was not a sufficient argument to cause me to vote against the project, although I probably would have voted against it as a power and irrigation project alone.

I may say the same thing as to the Columbia River project. That was a reclamation project; navigation was not involved and power was not involved. At this particular time, I do not see that I was justified in favoring that project.

However, coming to the St. Lawrence project, the opposition that comes to me is largely on the ground of its interference with rail transportation. That opposition has always been in evidence against water transportation. Also opposition comes from shippers, including coal operators—and that is a powerful opposition—but that does not justify my refusal to vote for a purely navigation project that will afford an outlet for the people of 23 States who live in a land-locked region and who are required to pay heavy transportation charges.

My answer to my friend in Cincinnati was that, regarding the St. Lawrence River, the only serious objection I had to it was that it might involve an indefinite outlay of money, and that, while that sum was known to be indefinite, I suspended my judgment and withheld my commitment; but when the Army Engineers, with the record they have made as to the accuracy of their estimates, gave us figures which were not exorbitant at all and showed a cost not anything like that involved in the construction of the Panama Canal, it seemed to me that the one objection I had had been removed. So I announced that I would vote for the St. Lawrence project and that I was going along with President Hoover.

Now I want to ask my friend what position would I be in, having come to this conclusion, not on impulse, not suddenly, but after a thorough study of the facts, if, when President Roosevelt recommends the treaty I should vote against it, while when President Hoover recommended it I advocated it? I could not retain my self-respect. Therefore, I am going to vote for the St. Lawrence project.

Mr. WHEELER. I thank the Senator very much, and I think he is following the only conscientious course that anyone under the circumstances could follow.

Mr. President, I have not always criticized people for not following their party platforms. The reason, however, that I specifically mentioned the matter this afternoon was because the distinguished senior Senator from Pennsylvania [Mr. REED] in a radio speech entitled "The New Deal", attacked the Democratic Party for what he claimed were violations of party pledges. Here is a party pledge made on the part of the Republican Party definitely and specifically, with all the information before it. Appeals were made by the Republican press in the Northwest and in the far West and by speakers upon the platform to the people of my section of the country and all through that region to vote for the Republican Party because it was definitely and specifically committed to the St. Lawrence Waterway Treaty, and criticizing the Democratic Party because it had no specific plank in its platform similar to the one which the Republican Party had adopted. It was only because the candidate for the Presidency on the Democratic ticket, now the President of the United States, Mr. Roosevelt, repeatedly during the campaign in speech after speech in various sections of the country and in radio talks, stated that he was for it, that he was able to hold the votes of many of the people in the Northwest who otherwise would have voted for Mr. Hoover.

So I say that for the eastern Republicans to oppose this treaty on such grounds would be to revive sectionalism in this country in its most vicious form. It would deprive the Republican Party for a generation to come of any pretense of being a national party. It would do an act that would never be forgiven or condoned, even by former members of the Republican Party throughout the great western section of the country.

DEMOCRATS PLEDGED ST. LAWRENCE PROJECT IN 1932

The Democratic Party, let me say, in the last campaign offered pledges for the completion of the Great Lakes-St. Lawrence project no less binding than that contained in the platforms adopted by the Republican Party. President Roosevelt has publicly stated on more than one occasion that through an oversight—that is the language used—that through an oversight the plank he submitted to the Democratic Convention on this subject was not read from the platform when the resolutions were formally adopted.

In his radio address summarizing the platform immediately after the convention, the Democratic nominee specifically included a pledge for the completion of this project among the planks to which he, as the standard bearer of the party, was bound.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. CLARK. The Democratic platform did not endorse this particular treaty with its limitation on the diversion of water.

Mr. WHEELER. But, as I pointed out a moment ago, it was the only treaty that could have been in contemplation, because of the facts before President Hoover at that time;

the Commission had made its report to him and the treaty was practically agreed upon.

Mr. CLARK. The provisions of the treaty were not publicly known.

Mr. WHEELER. I am not at all sure as to that.

Mr. CLARK. I will say to the Senator from Montana that there are hundreds of thousands of people in the United States who had always been in favor of the general St. Lawrence seaway project who, immediately the particularly provisions of this treaty became public, announced their opposition to it.

Mr. WHEELER. In his radio address summarizing the platform immediately after the convention, the Democratic nominee specifically included a pledge for the completion of this project among the planks to which he, as the standard bearer of the party, was bound. It was the only treaty that was considered, because at the time the Chicago convention met and 2 months before that time President Hoover had the information in his hands.

Mr. CLARK. The Senator does not undertake to give the impression that there was any binding effect on the Democratic Party because of something that might have been in President Hoover's mind?

Mr. WHEELER. I am convinced that the Republican administration knew it and I am confident likewise that Democratic Members knew it.

Mr. CLARK. If so, they can repeal the provisions of that treaty with remarkable dexterity.

Mr. WHEELER. The treaty was not signed at that time. All the information was in the hands of the President of the United States, Mr. Hoover at that time, and not a single Democrat in the United States, not a candidate for the Senate or for the House, challenged that address of the President of the United States or expressed his dissent from the position taken by the Democratic Party's nominee for the presidency.

Mr. CLARK. Mr. President, if the Senator will yield at that point——

Mr. WHEELER. Certainly.

Mr. CLARK. I should like to say that the Senator is entirely mistaken about that. As soon as the provisions of the treaty became public at all, I, as candidate for the United States Senate on the Democratic ticket, publicly announced that I would vote against the treaty if I was elected.

Mr. WHEELER. I am thankful for that. I did not know it. The Senator is the only man I know of who did publicly announce in his campaign that he was against it.

On July 9, 1932, in the first public statement he issued as the party nominee, Mr. Roosevelt addressed an open letter to President Hoover, urging "the immediate construction of the deep waterway as well as the development of abundant and cheap power", and expressed the hope that the treaty would be ratified as soon as it was formally submitted to the Senate.

In this letter Mr. Roosevelt said:

> May I respectfully point out that such action would hasten greatly the initiation of this vast project—one which means cheap transportation by deep waterway for the agricultural products of the West; cheap electricity from the State-owned and controlled resource, to be developed for the primary interest of homes, farms, and industry; and, of immediate importance, employment for thousands of workers. * * * Early and final action on this great public work * * * would be greatly to the public interest. It has already been too long delayed.

It has already been too long delayed, he said. How are Democrats going to stand up in the face of this statement of the President of the United States, and in the face of promises which he made during the campaign, and answer simply by saying that the President has been misinformed?

For months before the Democratic National Convention met at Chicago in 1932 the Power Trust tried to block the nomination of Franklin D. Roosevelt.

The agents of the trust in every State were busy in the primaries and the conventions, trying to elect delegates and get instructions for "favorite sons."

Why did the trust oppose Roosevelt? The whole country understood why. It was because the power and public-utility companies feared the policy of the public-power development the Governor had advocated on the St. Lawrence River in his own State.

Boulder Dam in California was an accomplished fact. The Senator from Nebraska [Mr. NORRIS] had twice put through Congress the bill for completion of the Muscle Shoals plant, and it was foreseen no President could veto that bill a third time. But most of all the power companies of the East, financed by J. P. Morgan & Co., feared this public power project on the St. Lawrence in the midst of the greatest market for electricity in the world. They knew Roosevelt was the leading advocate of that project and they determined to block his nomination for the Presidency.

I attended the convention at Chicago. The influence back of the stubborn effort made there to prevent Roosevelt's nomination was the power and public-utility companies and the great banks allied with the trust. The hotels and lobbies swarmed with their agents who boasted that they controlled enough delegates to prevent Roosevelt from getting a two-thirds majority of that convention.

History is repeating itself. The most servile organs of the Power Trust are saying now that this treaty will be beaten because the President cannot muster a two-thirds majority of this Senate.

At Chicago we beat the Power Trust simply because the Democratic Party could not be intimidated or controlled and because the Democrats who believed in Roosevelt and in the progressive principles he had advocated as Governor fought the issue out in the open and refused to trade or compromise.

SECTIONAL DOMINATION FROM THE EAST REJECTED BY DEMOCRATIC PARTY

One of the arguments used against this treaty is that New York is opposed to it. At the Chicago convention a majority of the New York delegation voted from the first ballot to the last against the nomination of Franklin D. Roosevelt. The delegates from several of the New England States joined with New York.

The rank and file of the delegates in the convention refused to yield to the domination of the Democratic Party by these forces. A clear majority of the 48 States had elected delegates instructed for Roosevelt and that convention repudiated sectionalism and gave the Democratic Party a chance to go before the people on national issues with a standard bearer who had a vision that reached beyond the Atlantic seaboard.

What happened? Roosevelt's first move as the party nominee was the issuing of a public statement reaffirming his demand that the St. Lawrence River be immediately developed for power and navigation. He issued that statement at Hyde Park on July 9 and he repeated it in an address at Portland, Oreg., on September 21, 1932. Not a Democrat in the Nation announced his opposition to the carrying out of that pledge, unless it was the Senator from Missouri [Mr. CLARK].

In the November election Roosevelt carried every State in the Union except Vermont, Maine, Connecticut, Delaware, and Pennsylvania. His determination to ratify this treaty and to carry out the St. Lawrence public power project was as well known before the election as it is now.

Mr. LEWIS. Mr. President, may I call to the attention of my able friend from Montana that he is falling into error through a misconstruction of phraseology? The President at no time in any of his speeches advocated the pending treaty. He advocated that which many thousands and many millions of our people are for, as they were then. He advocated a waterway, that which we all advocate, across the country, but he did not advocate, in any speech to which my able friend has referred, the ratification of the pending treaty in its present phraseology as now presented to the Senate.

Mr. WHEELER. It was generally known what the provisions of the treaty were, because it had been practically agreed upon 2 months before the meeting of the Democratic and Republican conventions in the city of Chicago, and

surely Mr. Roosevelt knew, before he came out and advocated the waterway, what was in the treaty. Before he came out and took a position in favor of the waterway, surely he knew what was in the treaty. Certainly the Senator cannot say that he did not know what was in it, because at that time and after his election he repeatedly advocated and is at the present time advocating this particular treaty with all its provisions. There can be no question that if he had known the identical provisions he would have advocated it at that particular time.

Mr. LEWIS. Mr. President, with the consent of my friend from Montana, I am alluding to the position he has been taking that there was a party platform declaration and that the attitude was that of the President and binding upon his party.

But I invite my friend's attention to the fact that the President never endorsed certain features of the treaty, such as turning over to Canada Lake Michigan as an American lake, nor other provisions in the treaty that would put upon us billions of dollars of expense for the benefit of Canada. I invite my able friend from Montana to note that President Roosevelt, then Governor of New York, addressed a letter to President Hoover protesting as to certain matters within the alleged report in the newspapers as to what the treaty contains as to power.

Mr. WHEELER. Let me call the Senator's attention to a fact. I called attention to a statement made by Mr. Roosevelt and sent to President Hoover to the effect that New York should not stand in the way of this treaty. I called attention to it earlier in the speech which I am making at this time.

In the November election, as I said a moment ago, Roosevelt carried every State in the Union except Vermont, Maine, Connecticut, Delaware, and Pennsylvania. His determination to ratify this treaty and to carry out the St. Lawrence public power project was as well known before the election as it is now. Yet he carried Massachusetts, Rhode Island, New Hampshire, New Jersey, and Maryland, and every other eastern seaboard State save those to which I have referred.

Certainly the people of the State of New York were familiar with Roosevelt's views on the St. Lawrence. He had been pleading for the development of the river for power and navigation for years. The approval by law of this project which he won from the legislature was his outstanding achievement as Governor of the State. Yet the people of New York gave him a majority of 600,000 votes.

Mr. DIETERICH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Illinois?

Mr. WHEELER. I yield.

Mr. DIETERICH. As I understand, the Senator now is directing his argument to trying to establish the fact that President Roosevelt's candidacy for President was successful, and he carried these States, by reason of the fact that he advocated the construction of the St. Lawrence waterway, and was in favor of the pending treaty. Is that correct?

Mr. WHEELER. No; that is not correct.

Mr. DIETERICH. Then, I misunderstood the Senator.

Mr. WHEELER. I said he carried all those States, and he advocated this treaty; but he carried all the States from which the greatest opposition to the treaty is coming at the present time.

Mr. DIETERICH. Mr. President, may I call the Senator's attention to the fact that the Democratic platform did not specifically mention this treaty. It stated that the Democratic Party was in favor of waterways. The Republican platform did specifically mention this treaty, and the Republican candidate carried scarcely a State in the Union.

Mr. WHEELER. Yes; I had called that to the attention of the Senate a moment ago; but I also desire to call attention to the fact that the President of the United States, Mr. Roosevelt, came out immediately after the convention and said that he was in favor of the St. Lawrence Waterway Treaty, and that in speeches in Portland, Oreg., and in Chicago, and in several other speeches throughout the United States, he advocated the ratification of this treaty.

ADMINISTRATION HAS BEEN GENEROUS TO ALL SECTIONS

Of course the President knew, when he sent his message to the Senate, that he would bring down upon his administration the vindictive resistance of the Power Trust and of the eastern trunk-line railroad corporations; but he has the vision and he has the courage to advocate the treaty because of its national benefit to every section. He is pledged to it, just exactly as the Republican Party is pledged to it; and the only difference between the Republican Party and the Democratic Party in this respect is that the Republican Party was more specifically pledged to it than was Mr. Roosevelt or the Democratic Party.

Mr. LONG. And therefore it lost.

Mr. WHEELER. Not at all. The only reason why the President was able to offset the propaganda put out by the Republican Party in the Northwest and in the West was because he came out specifically in his Portland speech stating that he was for this treaty.

Mr. LONG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. I yield.

Mr. LONG. With Mr. Hoover representing a party that had pronounced in favor of this treaty, and having made the treaty, I was just wondering why it was, if the people wanted it so badly, that they could have been so ungrateful as practically to repudiate him in those States, and if it would not be a good plan to warn the Republicans—to whom my friend from Montana apparently is devoting about 75 percent of his speech—of the disaster that befell the candidate advocating the treaty on the platform after having made that deal with Canada.

Mr. WHEELER. If the Republican Party should repudiate the pledge they made, it would be a waste of time for them to come out into the Northwest and ask for votes on any platform. I say to the Senator from Louisiana that neither he nor any other man would be able to come out there and rehabilitate the Republican Party if they should violate the pledge they made in their Chicago convention in 1932.

Of course, I appreciate the appeal that the Senator has made in defending the Republican Party today. He has done a magnificent job; but he is the only man on the floor of the Senate today who has had the courage to stand up and defend some members of the Republican Party for their attitude on this question.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana further yield to the Senator from Louisiana?

Mr. WHEELER. I do.

Mr. LONG. I think the Senator entirely misunderstands my position so far as the Republican Party is concerned. First, I have no intention of going to the Northwest to try to rehabilitate the Republican Party, or to the South, either. Second, I was simply saying that inasmuch as the Senator is directing all his remarks to the Republican Party, these gentlemen probably have as good hindsight as they had foresight. Seeing a candidate of the Republican Party make a treaty, and seeing a candidate of that party running on its platform wholly repudiated within the bounds of that territory, certainly there ought to be such a thing as warning. Is there no such thing as a burnt child being afraid of fire in the Republican Party after the kind of repudiation that they received?

Mr. WHEELER. In other words, the Senator thinks the Republican Party ought to go back on the promises they made?

Mr. LONG. The Republican Party ought to say, "We asked the people of that part of the country, 'Do you want this treaty? Do you want the candidate who made this treaty?' and the people said, 'No; we would not have him on a bet.'" Are not the Republicans to take any notice of that kind of a stand on the part of the people?

Mr. WHEELER. There might have been quite a different story had it not been for the fact that the present President of the United States took a very definite and positive stand with reference to this very question in several of his speeches throughout the Northwest.

Mr. LONG. Will the Senator yield further?

Mr. WHEELER. I yield.

Mr. LONG. If the Senator will be fair with us, I think he will find that there was a great deal more of a Mother Hubbard character about the expression of our candidate than there was about the Republican platform. Almost anything could be read into the President's statement, because when he made it no treaty had been made, as I understand.

Mr. WHEELER. Oh, yes; all the facts were in the hands of the Democratic candidate for President of the United States. The Commission had practically agreed upon all the details of the facts at the particular time he made his speech at Portland, Oreg., and I have no doubt that he was entirely familiar with every detail of the matter.

The Tennessee River is today being developed for power, navigation, and flood control primarily for the benefit of the Southeast. About $100,000,000 has been allocated under the Public Works Administration for the development of the Mississippi River and its tributaries. The Fort Peck Dam has been authorized on the Missouri River to control and improve navigation on that mighty stream. Boulder Dam is being completed on the Colorado River for the benefit of the great Southwest. The Bonneville power project and the Grand Coulee development have been authorized for the benefit of the Northwest.

THE ST. LAWRENCE IS THE PRESIDENT'S PROJECT

Here is a project, embodied in the pending treaty, which was initiated and made possible by the efforts in his own State of Franklin D. Roosevelt while serving as Governor, and which will benefit not only the people of his own State, but 45,000,000 living in the area tributary to the Great Lakes. If the President is entitled to support on any issue, certainly this development in his own State heads the list.

Here is a project in the President's own State that has been very close to his heart for a great number of years, that he has been fighting for and urging upon the people of the United States for the benefit of his own State, and yet some of the Members of the Senate are going to turn down a project in which he has been vitally interested and for which he has been fighting for a number of years because they say Lake Michigan will become a Canadian lake, to which, of course, I cannot subscribe.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Utah?

Mr. WHEELER. I yield.

Mr. KING. I am inclined to think that my friend from Montana, who always tries to be accurate and usually is, made a statement that was a little too broad.

I do not understand that Mr. Roosevelt has committed himself at any time definitely and precisely to the terms of this particular treaty. We have here two Senators from the State of New York who are deeply interested in their State, and who now are seeking to carry out the wishes of the people of their State as they understand them. Both of them have given a great deal of attention to the questions involved in the treaty. That President Roosevelt and the Senators referred to have favored a treaty that would produce power is undoubtedly true; but these Senators believe, and others are of the opinion, that this treaty contains provisions that are inimical to the State of New York as a State, and to its sovereign rights, and disadvantageous to the best interests of the American people. I am not now indicating my approval of the treaty, but only wanted to point out that representatives of the State are opposed to the treaty.

If the Senator will pardon me still further, personally, I desire to say the States control the waterways within their borders, or contiguous to their borders, where they have interests therein, not only for the advantages which might be derived indirectly but for the advantages which would be derived from the production of power. I should like to see the States derive revenues from power developed by them, or under their direction, in order that the burden of taxation might be lifted from homes and real estate; and any measure that would injure any State by depriving it of the benefits to be derived from the utilization of streams passing through or along the same, and which would deprive them of the benefits that might result from the development of power and the revenues derived therefrom, I should oppose the same.

Mr. NORRIS. Mr. President——

Mr. WHEELER. I yield to the Senator from Nebraska.

Mr. NORRIS. I desire to call the attention of the Senator from Montana to the fact that this treaty, as I see it, does just exactly what the Senator from Utah says any treaty ought to do in protection of the rights of the States with regard to power. Specifically, it gives all of the power to the State of New York. That is what the Senator was contending in speaking of the interests of the State of New York, that they ought to have the power; and in this particular case every kilowatt of power is given to the State of New York.

Mr. WHEELER. Let me correct the Senator from Utah by saying that the President of the United States is not only in favor of a treaty but he is in favor of this particular treaty, and desires to see this particular treaty ratified.

Mr. KING. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. KING. I am not sure that I understood the Senator. I did not mean to say, and I did not say, that President Roosevelt was not in favor of a treaty with Canada. I stated that he was. I did state that I did not understand that he was definitely committed by the platform to this particular treaty. I interpolate that.

Mr. WHEELER. Not at all; but he is definitely committed to this treaty at this time, if I understand the English language, as is evidenced by the messages which have been sent to the Senate. Not only that, but let me say to the Senate that, as I have repeated again and again on this floor, the Republican Party was committed to this particular treaty in their platform; and then the present President of the United States, with that information in mind and with the knowledge, as he must have had it, that the commissioners had practically agreed upon the details of the treaty, came out in his Portland speech advocating this waterway project.

Mr. DUFFY. Mr. President, will the Senator yield to me?

Mr. WHEELER. I yield.

Mr. DUFFY. My information is that the details as to what was contained in the treaty became public knowledge on or about July 18, and certainly it was after that time that the radio talks and other speeches were made by then Governor Roosevelt in his political tour, in which he committed the Democratic Party upon this subject. There could have been no other treaty in contemplation and no other terms except those contained in the pending treaty. It seems to me, if the Senator will permit, that it is rather a specious argument to try to draw a distinction, certainly after that date.

Mr. WHEELER. I thank the Senator. As I stated a moment ago, here is a project embodied in the pending treaty which was initiated and made possible by the efforts of Governor Roosevelt in his own State.

If the Democratic Party, with 60 votes in this Chamber, should supply the margin necessary for the rejection of this treaty, no Senator who participated in that effort could go back to his constituents as a friend and supporter of this administration. How could he claim that on one of the chief policies of President Roosevelt he had upheld and supported him by his vote in this body?

For 4 years as Governor of New York Franklin D. Roosevelt fought through one session of a hostile legislature after another to prevent the power resources of the St. Lawrence River from falling into the hands of the Aluminum Co., the Dupont interests, the General Electric, and other combinations dominated by J. P. Morgan & Co., which constitute the Power Trust in the East.

PROGRESSIVES SUPPORT THE PRESIDENT ON PUBLIC POWER RECORD

It was his valiant and successful fight against these interests which won for Franklin D. Roosevelt the support of progressives of both parties throughout the West and resulted in his nomination and election to the Presidency. I say in the presence of the distinguished Senator from Nebraska [Mr. NORRIS] that Mr. Roosevelt won the confidence and support of that Senator, and the millions of progressive Republicans and independents who followed him primarily because of his record on this issue, which endeared him also to the rank and file of Democrats throughout the country.

By the same token, the party, or the faction, or the pretended leaders of any group in this Chamber, who provide the votes to reject this treaty will have to flout the overwhelming sentiment of the Nation, and place that responsibility upon the party, or group, or faction which they represent.

OPPONENTS CHARGE CONSPIRACY WITH A FOREIGN NATION

I have listened with amazement to many of the statements which have been made here, apparently in the effort to befuddle and confuse the minds of Senators as to the basic facts of cost, maintenance, capacity, and the simplest matters regarding the physical characteristics of the project provided by the treaty. If we are to accept some of these statements as true, this treaty is nothing better than a bold conspiracy to betray the interests of this country to a foreign nation and to lay waste our Atlantic seaboard for the benefit of Canadian ports.

Indeed, one Senator in his opening speech against the treaty seriously contended that the opening of this great natural highway to the profitable exchange of goods with ports on the Atlantic, Gulf, and Pacific coasts and with the markets of the world, would close every factory in the Middle West.

He went on to state that the removal of existing obstacles to navigation would provide a channel through which British battleships might invade our country and bombard Detroit, Cleveland, Milwaukee, and the other Great Lakes ports which have so long pleaded with the Federal Government to complete this seaway.

The Senator made this statement soon after putting forth the contention that the waterway was utterly inadequate to permit use by ocean-going vessels, implying that only barges and shallow craft could navigate the depth of 27 feet provided from Duluth to the sea.

CONFUSED CHARGES OF ENEMIES OF TREATY ANSWERED BY THOMAS J. WALSH

In this maze of misinformation, uncertainty, and confusion in which the opponents of this treaty have enveloped themselves, it is refreshing to turn to the statement of one who will not be charged with lack of experience with this problem or want of devotion to his country and its service.

I have heard no better description of the character and effect of the project provided by the treaty than the following epitome of its terms:

> Under the treaty the cost of the improvement is to be borne equally by Canada and the United States, each country to receive credit for expenditures made toward the end sought, a channel of 27 feet depth * * *.
>
> From motives of economy, the works to be installed will serve not only the purpose of navigation but the development of electrical energy as well, to the amount in the international section in which the contracting parties share equally of 2,200,000 horsepower.
>
> The State of New York claims to be entitled to one half of the power developed in that section of the river, and your committee is of the opinion that it should be accorded the same upon the payment of so much of the total cost of the improvement therein as is justly allocatable to power development * * *. New funds required of this country will amount to $257,992,000 (hearings, p. 11), including the sums to be provided by the State of New York on account of power, which the engineers of that State and those of the War Department have agreed should be $89,000,000 * * *.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. WHEELER. Let me finish this quotation.

> The figures given are all based on unit costs used in the 1927 report of the joint board * * *. The opinion is confidently expressed that were the work undertaken at once it could be accomplished at a very substantial sum less than the estimate. The part of the work now being prosecuted in the neighborhood of Detroit under the supervision of Colonel Markham, in charge of river and harbor work in that district, is costing less than the estimates by from 25 to 50 percent * * *.
>
> The enterprise is in the very strictest sense national in its scope. It would be to take an unjustifiably narrow view of it to consider it as of concern only to those States whose traffic passes through commercial centers on the Great Lakes. Governor Goodrich spoke of the reasonable probability of lumber and canned fruit, among other products, going from the Pacific coast by the all-water route to the land-locked interior, a region that is now laboring under a heavy handicap in competition in consequence of the opening of the Panama Canal route * * *.
>
> New England is not without a very direct interest in the project. A map submitted to the committee showing the region within which the power to be developed in the St. Lawrence can be economically transmitted indicated that Boston and Portland, Me., are within the area that may be served. * * * The products of the Northwest would, as shown by indubitable testimony before the subcommittee, go in enormous quantities by the water route to New England, and its products, manufactured and unmanufactured, go westward in like manner. * * *
>
> Whatever loss may ensue (to Atlantic ports) will be more than compensated by the betterment of conditions through the new waterway in the vast hinterland upon whose welfare their prosperity so vitally depends. In other words, they will share in the benefits of any great national development such as that under consideration. * * * To view the project provincially is to disregard the intelligent self-interest of the communities of which such ports are the center.

That statement was the last public utterance of my former colleague in this body, Senator Thomas J. Walsh. He had given years of study to this project and its effect, not only upon the State of Montana and the great Northwest but upon all the sections of the Union, to which his service in the Senate was devoted.

Now I yield to the Senator from Illinois.

Mr. LEWIS. I want to say to the able Senator from Montana, now speaking, that he previously alluded to the fact that in the debate which opened the opposition to the treaty one Senator had referred to the intimations of disaster to the United States in the event of a conflict by virtue of turning over to the British Empire the proposed waterway. I beg my able friend to amend his speech, and, instead of saying "one Senator" please refer to the Senator specifically. It was myself. The senior Senator from Illinois, Mr. LEWIS, said that, but Mr. LEWIS did not say or use the word "battleships." He referred specifically to the prospect of danger to the country from the use of such agencies as the British Empire could employ in the waters in our country when she owned them, and I now call the attention of my able friend to the fact that in the late debate on the naval construction bill the Senator from Utah [Mr. KING] brought the attention of the Senate to the vast number of small cruisers being built, particularly those in Britain, the small cruisers which are ostensibly used for commercial ships but are so made that they can be at once converted in aid of the navy in warfare. Therefore I would have my able friend understand that I do not wish any mask, I do not wish any disguise, I do not wish to be exempt from complete and full responsibility for the utterances I gave, as I expect to repeat them in many places besides this honorable body.

Mr. WHEELER. I have no doubt that the Senator will repeat them, but I hope that no man in the Senate will be influenced in his vote by the belief that Great Britain might send some warships up this channel and destroy the various ports. If she could do that, then certainly there is not a seaport on the Atlantic coast that is safe from destruction by Great Britain.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. NORRIS. The Senator ought to add, I think, that if that is true when these little boats are being built over there we had better shut off the Mississippi River, because they will come sailing up the Mississippi River and destroy all the cities along that stream.

Mr. WHEELER. Of course; they will destroy St. Louis, and New Orleans, and Chicago, all of the cities along that stream.

Mr. LEWIS. Oh, no——

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The Senator from Montana has the floor, and he is entitled to have his rights protected. Does the Senator from Montana yield; and if so, to whom?

Mr. WHEELER. I yield to the Senator from Louisiana for a question, though I should like to finish my remarks.

Mr. LONG. Apropos of what my friend the Senator from Nebraska said, that we might better shut off the Mississippi River, I wish to tell the Senator from Nebraska that the British thought of that before he did, and that is what this treaty does. It cuts off the Mississippi River. It provides for internationalization of Lake Michigan, as the Canadians have very properly said, so that we cannot have a navigable Mississippi River. So it may be that is what they had in mind in this treaty.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Nebraska?

Mr. WHEELER. I yield.

Mr. NORRIS. We have a navigable Mississippi River now, and it may be that all the cities along the river are destroyed this very minute. I am not sure about that. It may be that the Senator from Louisiana will find that he has no home to go to when he leaves here.

Mr. WHEELER. We certainly had better not do anything further for the Mississippi River.

Mr. NORRIS. No.

Mr. WHEELER. Because I am sure that if we enlarge the channel and deepen it the British will certainly send their battleships up the river and will destroy New Orleans and St. Louis and the other big cities on the river.

Mr. NORRIS. They are now building the battleships in England.

Mr. WHEELER. Yes; as the Senator from Nebraska says, they are building them now for that very purpose.

Mr. LONG. Well, go ahead.

Mr. WHEELER. Mr. President, on February 23, 1933, as the last act of his long public life, in the final days of his service in this body, Senator Walsh obtained a majority report from the Committee on Foreign Relations recommending the ratification of this treaty by a vote of 9 to 2. This is the same treaty which has been condemned here as a betrayal of American interests and a profligate waste of public funds.

NEW YORK CITY AND CHICAGO COUNSEL FOR THE WHEAT FARMER

I do not rest my vote for this treaty upon its benefits alone to the State of Montana. But, since the Senator from New York [Mr. COPELAND] and the Senator from Illinois [Mr. LEWIS] have undertaken to prove that they understand our problem better than the wheat farmers of the Northwest, I wish to touch upon one phase of the seaway.

The Senator from New York, where little or no wheat is raised for export, said the seaway would injure rather than benefit the wheat farmer. The Senator from Illinois, where wheat is consumed rather than produced, made a similar statement. He said after the wheat was shipped from Montana or the Dakotas to the lake head by rail all the savings in transportation by water to Liverpool or Atlantic ports would be lost. That was the basis for his conclusion that it would, therefore, be a good thing to compel the western farmer to continue to ship the entire distance to seaboard by rail or to reload his products and imports from barges to sea-going vessels in addition to the rail haul.

ENGINEERS SHOW SAVINGS ON WHEAT ALONE WILL AMORTIZE COST OF PROJECT

In the report of the Corps of Engineers submitted to the Senate by the President this absurd argument is disposed of.

Wheat produced in Montana was traced from Helena, Mont. by rail to Duluth, and thence to the markets at Liverpool. This study shows that from Helena to New Orleans, by way of Minneapolis, the present rail cost per ton is $11.86, and the actual vessel cost from New Orleans to Liverpool is $2.93 per ton, making a total of $14.79 per ton, by the present route.

To ship the same wheat, after the seaway is completed, it is shown that the cost by rail from Helena, Mont., to Duluth, plus the cost from Duluth to Liverpool, would be $11.70 per ton, or an indicated net saving per ton of $3.09.

On the basis of the wheat production for export of this region in a single normal year, it is shown that the transportation saving would amount to $8,089,620, or within about $1,000,000 of the amount necessary to maintain, operate, and completely amortize the Great Lakes-St. Lawrence project in a period of 50 years.

CHEAP POWER FOR THE EAST—CHEAP NAVIGATION FOR THE WEST

I will freely concede that when any project is proposed here that involves one community in a single State, the views of the Senators from that State, on account of their familiarity with conditions, are usually entitled to greater weight than the opinions of Senators from other States.

I am willing to apply that principle to the pending treaty. What is the situation here? This project provides for a public power project in one State—the State of New York—and for a navigation project that affords cheap transportation for the bulk products and imports of 18 States.

Where do the Senators from New York stand on the only phase of this project that directly concerns New York? They have stated repeatedly that they favor the public power project on the St. Lawrence. In campaign after campaign in New York they have stood on the same platform with Smith, Roosevelt, and Lehman urging the development of the St. Lawrence in order to provide cheap electricity for the benefit of their constituents.

PUBLIC POWER PROJECT BLOCKED IF TREATY FAILS

Everyone recognizes that that power cannot be developed without a treaty with Canada. The President stated it in his message. Both Senators from New York have conceded it to be true. New York cannot get cheap electricity without a treaty for the development of the St. Lawrence, and it is in the International Rapids section of that river in New York that we find the bottle-neck obstruction that blocks off 18 States in the Great Lakes area from deep-water navigation and direct access to the sea.

The Senators from New York have declared again and again the power development on the St. Lawrence will benefit the people of their State. I agree with them.

"But", they say, "You Senators from Wisconsin, Indiana, Ohio, Michigan, and the great Northwest do not know what is good for you as respects navigation. Some of our railroad and port interests in New York fear that traffic will be diverted from our ports if you are permitted the same access to salt water which we enjoy today on the Atlantic seaboard."

It is true no one has yet been able to show any sound basis for such a fear. It is true the President, a native New Yorker, has denied it and submitted a report showing it will help rather than injure our ports. Nevertheless, we are afraid of the navigation project and we are opposed to it since we are not sure we will get the major benefits from it. We strongly favor the power project, and we concede both the navigation and power can be provided more cheaply if both jobs are done simultaneously and the dams are built for these dual purposes. But since we are afraid New York won't get the major benefits of both we will give up cheap electricity and you Senators from the West can not have cheap navigation.

That is, in substance, the argument that has been made. Was a more preposterous proposition ever offered to the Members of this body? Against that position I place the statement of another New Yorker—the President:

This great project involves two objectives of equal importance, and cannot in public justice accomplish one without the other. I am deeply interested in the immediate construction of the deep waterway, as well as in the development of abundant and cheap power. * * * This project * * * means cheap transportation by deep waterway for the agricultural and other products of the West; cheap electricity for the State owned and controlled resource, to be developed for the primary interest of homes, farms, and industries; and, of immediate importance, employment for thousands of workers. * * * It has already been too long delayed.

And in his message on this treaty the President said:

I call your attention to the simple fact that Canada alone can, if desired, build locks at the Lachine Rapids and at the international sector, and thus provide a seaway wholly within Canadian control without treaty participation by the United States. * * *

I want to make it very clear that this great international highway for shipping is without any question going to be completed in the near future and that this completion should be carried out by both nations instead of by one.

I am sending you herewith a summary of data prepared at my request by governmental agencies. This summary, in its relation to the economic aspects of the seaway, shows from the broad national point of view, first, that commerce and transportation will be greatly benefited and, secondly, local fears of economic harm to special localities or to special interests are grossly exaggerated. It is, I believe, a historic fact that every great improvement directed to better commercial communications, * * * have all been subjected to opposition on the part of local interests which conjure up imaginary fears and fail to realize that improved transportation results in increased commerce benefiting directly or indirectly all sections.

For example, I am convinced that the building of the St. Lawrence seaway will not injure the railroads or throw their employees out of work; that it will not in any way interfere with the proper use of the Mississippi River or the Missouri River for navigation. * * *

Here is the President of the United States speaking upon the subject, having given it more careful attention than any man in this body; who has been familiar with it, not this year, not last year, but who has studied it personally for a period of 6 or 7 years, both as Governor and as the President of the United States. He said:

* * * As you know, I have advocated the development of four great power areas in the United States, each to serve as a yardstick and each to be controlled by government or governmental agencies. * * * The St. Lawrence development in the Northeast calls for action. This river is a source of incomparably cheap power located in proximity to a great industrial and rural market and within transmission distance of millions of domestic consumers. * * *

Power in the international sector of the St. Lawrence cannot be developed without a treaty between the United States and Canada. On the other hand, Canada can develop a huge block of new power at the two other rapids which lie wholly within Canadian territory. Here again, as in the case of navigation, it is better in every way that we should maintain the historic principle of accord with Canada in the mutual development of the two nations.

That states the practical condition that exists, the sound principle and the broad national ground upon which Members of this body of both parties can safely rest their votes for ratification of this treaty.

Mr. President, I apologize to the Senate for having taken so long a time in the discussion of this subject, but I conclude by repeating what I said a moment ago, that I feel that no man in the Senate is so well grounded in the economics of this proposition, is so familiar with the facts in the case, as is the President, and I hope the treaty will be ratified.

Mr. KING obtained the floor.

Mr. McNARY. Mr. President, will the Senator yield for just a moment?

Mr. KING. I yield.

Mr. McNARY. I promised to suggest the absence of a quorum at the conclusion of the speech of the Senator from Montana.

Mr. KING. I merely wish to speak for a few moments, and then I will yield to the Senator.

Mr. McNARY. Very well.

Mr. PITTMAN. Mr. President——

Mr. KING. I yield to the Senator from Nevada.

Mr. PITTMAN. Mr. President, I desire to give notice that, as soon as I may obtain the floor tomorrow morning, I intend to discuss one feature of the pending treaty, and I believe that I will be in a position at that time to prove, by incontrovertible evidence, that the development of navigation on the Mississippi River and its tributaries is not dependent in any way whatever upon the Great Lakes, and never has been, and never has been considered to be so dependent. Later on I intend to take up the question of sovereignty, which I do not consider to be such a controversial question, for I think most lawyers admit that that question is not involved. I also intend to demonstrate, as I believe I can, that the railroads will not be injured by the adoption of the St. Lawrence waterway project, and certainly the employees of the railroads will in no way be affected by it.

Mr. President, I ask unanimous consent that a statement by a group of distinguished mayors who are now visiting our city may be published in the RECORD as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MILWAUKEE, WIS., *February 8, 1934.*

DEAR SENATOR: We present to you herewith copy of a petition from the mayors of Great Lakes Basin communities, appealing to the Senate to ratify the pending Great Lakes-St. Lawrence Deep Waterway Treaty.

We respectfully ask your consideration of this appeal and your favorable action so that these cities and countless others not on the immediate water front may have the economic freedom to which they are entitled, but of which they are now deprived, due to navigation obstacles in the present waterway.

We consider it to be imperative to the future welfare of our people and our cities that the pending treaty be ratified and the seaway completed at the earliest possible moment. Our cities have direct investments in port facilities, and their success depends on the efficiency of a complete and modern waterway to the ocean.

We sincerely trust that the treaty will receive your support so that our Great Lakes Basin may have a healthy interchange of business with the peoples of all other sections of our country and the rest of the world.

Very truly yours,

GREAT LAKES HARBORS ASSOCIATION,
D. W. HOAN, *President.*

PETITION OF GREAT LAKES CITIES TO THE UNITED STATES SENATE ASKING RATIFICATION OF ST. LAWRENCE TREATY

FEBRUARY 8, 1934.

To the Senate of the United States:

We, the undersigned mayors of American cities in the littoral of the Great Lakes, urge the immediate ratification of the pending Great Lakes-St. Lawrence Deep Waterway Treaty so that construction of the seaway may be started at once as a part of the very necessary Federal Public Works program.

No other Public Works project has been proposed which insures such vast benefits to the entire Nation. Construction of the seaway will give employment to countless thousands immediately, and its completion will add a new coastline of approximately 3,500 miles. It will permit our citizens in the great industrial and consuming centers of the Great Lakes to exchange products with the Atlantic, Gulf, and Pacific ports in the coastal and intercoastal traffic which comprises more than 80 percent of the ocean shipping of the United States.

The opening of our home markets by this means to the full enjoyment of all sections alike is the key to national recovery. It will stimulate the growth of new industry which will absorb labor and raw materials, create new rail tonnage which will give added employment to railroad workers, revive domestic commerce and open up rich markets to the shipping and industry of our Nation.

A 27-foot channel entirely adequate for ocean cargo ships today exists throughout the length of the Great Lakes and the St. Lawrence River, save only for the deepening of the connecting channels.

The seaway is thus already more than 90 percent complete. The pending treaty merely provides for finishing the balance of less than 10 percent—the removal of obstacles to ocean navigation which today block our access to the sea and deprive 45,000,000 American citizens of their birthright.

The construction of the Panama Canal, 2,500 miles from the National Capital, conferred inestimable transportation benefits upon the Atlantic, Gulf, and Pacific coasts. The Middle West did not share in these benefits. In fact, we suffered a decided injury. Our condition can be improved—and should be—by the removal of the obstacles to navigation which today block off the fourth seacoast of the United States.

The communities we represent have always given sympathetic aid and support to the development of all other waterways. We have adhered, year in and year out, to the broad national principle that useful and necessary public works should be given generous support, not upon local or sectional grounds but for the ultimate benefit to the entire Nation.

We refuse to believe that we have been wrong in giving our cooperation. But we are becoming alarmed at the actions of sectional groups who upon unsound grounds are endeavoring to deprive us of the seaway which means our future economic freedom.

Our representatives in Congress have cooperated in voting the total now fast approaching the $2,000,000,000 mark—already expended, allocated, or recommended—for water transportation throughout the Nation. The Great Lakes and St. Lawrence River have received only 10 percent of this sum, although this area furnishes approximately 90 percent of the ton-mileage of the Nation's inland water-borne commerce.

We ask your good offices so that our great country may obtain the great benefits of the seaway. We ask you to remove the obstacles which now hinder the Middle West and penalize 45,000,000 of our citizens.

We pray you to see to it that the Great Lakes-St. Lawrence Seaway Treaty is ratified at an early date.

Respectfully submitted.

H. L. Gokey, Alexandria Bay, N.Y.; E. W. Coons, Antwerp, N.Y.; James C. Lantry, Brasher, N.Y.; John Bird, Canton, N.Y.; John T. Gormley, Carthage, N.Y.; C. J. Thompson, Clayton, N.Y.; E. H. Valle, Gouverneur, N.Y.; Howard M. Thompson, Madrid, N.Y.; Ralph J. Cardinal, Malone, N.Y.; T. S. Bushnell, Massena, N.Y.; Fred E. Worden, Morristown, N.Y.; William Brown, Norfolk, N.Y.; L. R. Donovan, Norwood, N.Y.; Ralph Morrisette, Ogdensburg, N.Y.; I. H. Kendall, Potsdam, N.Y.; Norris Phelps, Sackets Harbor, N.Y.; Leon Gibson, Stockholm, N.Y.; Frank L. Murphy, Waddington, N.Y.; John B. Harris, Watertown, N.Y.; Harry L. Davis, Cleveland, Ohio; W. H. Vanoster, Elyria, Ohio; John O. Rendrick, Fairport, Ohio; E. A. Braun, Lorain, Ohio; F. E. Thompson, Sr., Maumee, Ohio; George J. Schade, Sandusky, Ohio; R. L. J. Wagar, city manager, Sandusky, Ohio; Solon T. Klotz, Toledo, Ohio; S. J. Miller, La Porte, Ind.; Harry B. Tuthill, Michigan City, Ind.; H. Lee Pocklington, Algonac, Mich.; L. S. See, Charlevoix, Mich.; Frank Couzens, Detroit, Mich.; Martin J. Cain, Cheboygan, Mich.; C. J. Sawyer, Escanaba, Mich.; Peter Peterson, Gladstone, Mich.; W. J. Engle, Harbor Beach, Mich.; N. Ray Markland, Highland Park, Mich.; A. P. Zirkaloso, Lincoln Park, Mich.; H. L. Hill, Manistee, Mich.; D. A. Knaggs, Monroe, Mich.; W. W. Richards, Muskegon, Mich.; D. Charles Levinson, Petoskey, Mich.; Arthur L. Valade, River Rouge, Mich.; C. B. Wing, St. Ignace, Mich.; E. L. Thirlby, Traverse City, Mich.; William R. Teifer, Trenton, Mich.; H. H. Heidemann, Algoma, Wis.; John Goodland, Jr., Appleton, Wis.; J. M. Dodd, Ashland, Wis.; Albert J. Rosenthal, Fond du Lac, Wis.; H. C. Laughlin, Kenosha, Wis.; M. Georgenson, Manitowoc, Wis.; Richard P. Murray, Marinette, Wis.; Daniel W. Hoan, Milwaukee, Wis.; George E. Sane, Neenah, Wis.; Donald MacQueen, Oconto, Wis.; George F. Oaks, Oshkosh, Wis.; A. F. Kruke, Port Washington, Wis.; William J. Swoboda, Racine, Wis.; Willard M. Sonnenburg, Sheboygan, Wis.; Fred A. Baxter, Superior, Wis.; S. F. Snively, Duluth, Minn.

Mr. LEWIS. I desire to announce, Mr. President, following the announcement of the able Chairman of the Foreign Relations Committee [Mr. PITTMAN], that he will address the Senate tomorrow upon the treaty and in support thereof; that on Monday next, following the addresses that may be delivered by others already announced, I shall assume the liberty of replying to the speech of my eminent friend, the Chairman of the Committee on Foreign Relations.

NOMINATION OF D. D. MOORE—CHANGE IN AGREEMENT

Mr. BARKLEY. Mr. President, on yesterday a unanimous-consent agreement was entered into to consider the nomination of Mr. D. D. Moore, to be collector of internal revenue for Louisiana, on the 16th of March. I ask unanimous consent that that date be changed to the 23d of March.

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). Is there objection? The Chair hears none, and it is so ordered.

INCLUSION OF CATTLE AS A BASIC INDUSTRY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. CONNALLY. Mr. President, since announcements seem to be in order, I wish to announce that I hope to get a vote on the so-called "cattle bill." [Laughter.]

The PRESIDING OFFICER. The Chair also hopes it may be done.

Mr. KING. The Chair is supposed to be nonpartisan.

Mr. CONNALLY. I should like to ask the Senator from Oregon at this point if he would entertain a request to fix a time to vote on the so-called "cattle bill"?

The PRESIDING OFFICER. The Chair, in his capacity as a Senator, will suggest that we proceed until the pending bill shall have been passed. There are two other bills of very great importance which are to follow right after the pending measure, and it is necessary for them to be acted upon.

Mr. KING. I do not think that it is the function of the Chair to suggest the course of legislation.

Mr. CONNALLY. Let me suggest to the Chair that the trouble about his suggestion is we do not seem to be able to proceed. The Senator from Texas is perfectly willing to proceed. I want to inquire of the Senator from Oregon if he would have any objection to an agreement to take a vote on the cattle bill tomorrow?

Mr. MCNARY. Mr. President, I had hoped that we could adjourn this evening until Monday, so that we might have Friday and Saturday for office work.

Mr. CONNALLY. That would be entirely agreeable to me, and I should like to vote tonight if we can adjourn over until Monday.

Mr. KING. May I say to my friend from Texas and to my friend from Oregon that I am advised that, in addition to the peanut amendment, a number of Senators intend to offer other amendments, to include rye, flax, and other commodities. There are many agricultural and other commodities produced in the United States, and I understand that we are to make this blanket as broad as the productive capacity of the United States. So I do not see any chance now of getting an agreement.

Mr. SHIPSTEAD. Mr. President, in view of the amendments that are to be offered, I am confident that we cannot finish this bill tonight. There are some very important amendments to be offered, which will undoubtedly lead to considerable debate.

Mr. KING. I was prompted to make the statement I made a moment ago by reason of information which has been conveyed to me, which is just corroborated by the Senator from Minnesota and by statements made to me by the distinguished Senator from North Dakota [Mr. FRAZIER], who states that requests will be made that a number of commodities be included within the boundaries of this bill which has now descended to the peanut stage.

Mr. CONNALLY. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. KING. I do not yield now for that purpose. I desire to make a few observations, and then I will yield.

NAVAL CONSTRUCTION

Mr. KING. Mr. President, I shall take but a few minutes for the purpose of calling the attention of the Senate to a dispatch which appears in this afternoon's edition of the News which, by the way, is very alert in securing news of importance to the public.

When the naval construction bill was under discussion I stated—and similar statements were made by other Senators—that if we passed the so-called "Vinson Navy bill", the object of which was to authorize an appropriation of no one knows how much, perhaps a billion or a billion and a half dollars, there would be immediate repercussions among various nations of the world, nations that would be glad to materially reduce both naval and land armaments, and whose course would be influenced, if not determined, by the military program and policies of the United States. It was obvious that if the United States authorized the expenditure of the stupendous sum called for by the Vinson bill they would immediately feel compelled to revise their budgets so as to provide larger appropriations for the construction of additional war vessels.

So we find, Mr. President, immediately following the action of the Senate of the United States, the following telegram coming from Tokio:

Admiral Mineo Osumi, Minister of Marine, announced today that because of the $750,000,000 Vinson Navy bill, passed by the United States Senate Tuesday, Japan must build additional warships.

His announcement seemed concrete evidence that Japan did not intend after next year to accept the 5–5–3 ratio of the expiring naval treaties.

Osumi said that at the end of 1939 Japan would have slightly over 60 percent of ships as compared to the United States.

He cited tonnage figures as of that time on the basis of present programs as Japan 735,063, United States 1,135,240. That gives Japan 65 percent as many ships as the United States instead of the present treaty ratio of 60 percent, even without the building program he said would be necessary.

Osumi estimated that at the end of 1939, on the basis of programs, the United States would have 195 ships, Japan, 150. He classified the projected number of larger ships as:

Battleships—United States 15; Japan 9.
Aircraft carriers—United States 6; Japan 6.
Cruisers (8-inch guns)—United States 18; Japan 12.
Cruisers (6-inch guns)—United States 19; Japan 19.
Destroyers—United States 97; Japan 69.
Submarines—United States 40; Japan 35.

Following the Tokio dispatch the News contains this additional statement:

The day the Vinson bill passed the Senate, 65 to 18, Great Britain announced that she would increase her fleet. Previously the French had indicated the same projected course.

With the definite assurance of Japanese expansion, which had been expected, the "big navy" groups throughout the world have precipitated a naval armament race that bids fair to exceed anything previously known in the world's history.

Mr. President, this is an ominous statement, but we ought to have realized that, with the naval program which we were projecting and demanding should be carried out, ministerial declarations of the character emanating from Japan would inevitably result. We cannot authorize naval construction costing a billion or more dollars immediately following a naval bill appropriating for the ordinary expenses of the Navy for the ensuing year over $300,000,000, without arousing fears and apprehensions upon the part of other nations.

The United States Senate, Mr. President, in my opinion, committed a grave blunder in passing the Vinson bill. We know that at the expiration of the period fixed in the Washington Treaty there is to be a naval conference unless the signatories to the treaty avail themselves of the provision which continues in force the treaty for a further period of 2 years. Instead of waiting until the treaty expires, and opportunity is afforded the governments signing the same to confer with the view of reducing naval armaments, our Government by this measure commits itself to the expenditure of hundreds of millions of dollars for additional ships of war. We should wait for the treaty to terminate, and in the meantime exert the powerful influence of the United States to secure an agreement among nations to bring about important reductions in military and naval armaments.

It follows as the night follows the day, when the most powerful nation in the world, with the greatest resources, appropriates or authorizes the appropriation of a billion or more dollars for naval expansion and naval development, that other nations not so favorably situated financially or otherwise will inquire as to the reason for such important naval activities upon the part of the United States, and fear will be engendered in their minds that notwithstanding the avowals of our desire for world peace, there lurks behind peaceful words sinister purposes affecting other nations. It is natural that huge military expenditures by any nation will occasion fear, apprehension, perhaps animosity, and lead other nations to increase their military expenditures.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Minnesota?

Mr. KING. I yield.

Mr. SHIPSTEAD. The Senator will remember that at London when we agreed to the London Treaty and later when it was ratified by the Senate, we put our stamp of approval on it. We had an opportunity to disagree to this increase in armament. It was very clear at the time we ratified that treaty that the next logical step would be to spend a billion dollars to increase our Navy. In view of that fact, it seems that to call another conference may have the result the London Conference had, of increasing the Navy another billion dollars, and selling it to the country in the name of peace and disarmament, as the London Treaty was sold.

Mr. KING. Mr. President, I do not wish to discuss at this time the conduct of any government at the Conference to which the Senator refers; but, as the Senator knows, and as I have put in the RECORD on two occasions, at that Conference representations were made, either in plenary session or in preliminary discussions, that Great Britain was ready to reduce naval armaments and would favor the ultimate abolition of battleships. Great Britain was ready then and there by treaty to prolong the life of battleships to 30 years and also to add to the length of life of other naval craft. Our Government declined to discuss anything but cruisers.

Mr. President, we waived or repulsed the opportunity for entering upon a program which in my opinion would have led to material reduction in naval armaments. Not only did Great Britain, speaking through MacDonald, indicate a desire for a reduction of armament but France indicated that she was willing to abolish battleships and submarines. Signor Grandhi, upon a former occasion as well as then, indicated that Italy was willing to enter into treaty relations for a reduction of the naval armaments of the world.

I call attention again, as I have upon previous occasions, to the attitude of Soviet Russia. We have been critical of the Bolshevist regime, but Russia, in one of the preliminary conferences as well as at the Geneva Conference, submitted a concrete proposal which in effect was that it was willing to abolish all naval craft as well as all land armaments. What was the result? The Soviet representatives, Litvinoff, was treated with derision by representatives of Christian nations.

Can it be possible that this Soviet Government, which we have criticized and, indeed, at times denounced because of its declared purposes to introduce bolshevism into this and other countries, and because of what we consider its antisocial and antireligious declarations, shall now carry the torch throughout the world for the limitation of armament and for the ultimate abolition of the weapons of human destruction? It would be a strange situation if Christian nations, professing to follow the cross of Christ, should abdicate their high mission and surrender to a government, the leaders of which avow their opposition to all forms of religion and to all forms of capitalistic governments, the task of bringing about world disarmament.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Minnesota?

Mr. KING. I yield.

Mr. SHIPSTEAD. The Senator's very apt remarks, while they may be ironical, remind me of the man who found a community of Christians who were always quarreling among themselves. He said, "If those people were only heathens, they could live together like Christians." [Laughter.]

Mr. KING. Mr. President, I do not wish to pursue the thought any further. I rose only to challenge attention to the statements made by the two able Senators from North Dakota [Mr. FRAZIER and Mr. NYE], as well as one or two other Senators, in the discussion of the naval construction bill, to the effect that the passage of the Vinson so-called "preparedness bill" would provoke legislation upon the part of other nations and lead to enormous appropriations by them, the result of which then would be developed a mad competitive naval race that would burden the peoples of other lands and add to the already overwhelming burdens that are breaking the backs of the American people.

Mr. WALSH. Mr. President, I ask to have published in the RECORD at this point a statement from the Washington News of March 3, 1934, in reference to France's attitude toward disarmament. Let it be noted that this publication was of March 3, and the vote in the Senate was not had until March 6.

The headline is as follows:

France inaugurates new defense plans as holiday lapses. Agreement with Italy terminates as Paris decides to build more air, sea units.

There follows a statement of the French program in building up its new Navy.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Washington News, Mar. 3, 1934]

FRANCE INAUGURATES NEW DEFENSE PLANS AS HOLIDAY LAPSES—AGREEMENT WITH ITALY TERMINATES AS PARIS DECIDES TO BUILD MORE AIR, SEA UNITS

By United Press

PARIS.—France, terminating its 1-year naval holiday with Italy, embarked today on a defense program that showed clearly its despair of a disarmament agreement.

The program envisages (1) construction of a battleship-cruiser, a destroyer and two submarines, (2) expenditure of 3,000,000,000 francs ($197,490,000) on an air expansion program, (3) continuation of construction of frontier and coastal fortifications that will hem the country within a steel and concrete wall believed capable of holding the strongest artillery.

Mr. KING. Mr. President, permit me to add by way of supplement to the statement of the Senator from Massachusetts that the Vinson bill was under discussion for a long time in the House, hearings were had upon it, and it passed the House before the date of the newspaper item which the Senator has just placed in the RECORD.

RECIPROCAL TARIFF TREATIES

Mr. HATFIELD. Mr. President, the subject which is all-absorbing to American industry today, and especially so to the industries which this week in Washington have been notified that no longer are they free agents but henceforth are controlled by governmental dictum, is the question whether the Senate of the United States will abdicate its constitutional powers in treaty making, placing in the hands of the President the sole power to control the prosperity or failure of 95 percent of all American industry.

The subject of reciprocal trade treaties, upon which hearings are now being held before the Ways and Means Committee, will, I assume, be the subject of considerable discussion on this floor in the near future.

As one who believes that we can do more for Americans through legislation which insures the American market for the products of American labor, American industry, and American agriculture, it is my hope to participate in the discussion of this question when it comes before the Senate.

Strange as it may seem and despite the great importance of this subject to American employers of labor, apparently their troubles have been so multiplied by the administration of the N.R.A. that they have either been unable to focus their attention upon this question or perhaps they have been lulled to sleep by the promises which so often have failed of fulfillment.

However, it was with considerable pleasure yesterday that I read in the New York Times of a presentation on this question from the viewpoint of labor, and I have succeeded in obtaining a copy of that presentation. I desire first to have incorporated in the RECORD as a part of my remarks an address delivered by Hon. Matthew Woll dealing with the subject of the tariff as viewed by labor.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

(The following presentation was made at the hearing of the Commission of Inquiry on National Policy in International Economic Relations on Tuesday afternoon, Mar. 6, at the Bar Association, New York City.)

OUR TARIFF AND EARLY POLICY AS VIEWED BY LABOR

(By Matthew Woll, vice president American Federation of Labor, chairman America's Wage Earners' Protective Conference, president the Union Labor Life Insurance Co.)

Our old national economic objectives were modeled largely upon those of Old England, which was a mother country for ships, for colonists, for traders; which gathered raw materials from the ends of the earth, turned these into manufactured goods, first for her own rather limited range of buying power and then for the expanding world market. Developing the first great factories of the world, she needed more food and fabrics than her own soil produced. She became a great free-trading nation. Her obligations were imposed upon the ends of the earth, and she was creditor to all of them. Export was the life of her labor, her market, her world policy. With a total population of Great Britain and Ireland of 46,000,000, her total foreign trade in 1929 amounted to over £2,000,000,000. That would be about $1,000 of foreign trade for each family. Applied to this country, that would mean a total foreign trade of approximately $30,000,000,000. The people of Great Britain cannot live at their level of civilization on any other terms than those of a foreign trade measured in some such amount and proportions. And for that trade Great Britain has been fighting increasingly during the last 15 years, not only with the old European industrial nations and with the United States, but also, and to an increasing degree, with her own colonial domains and with the awakening industrial set-ups of the Asiatic peoples, including Japan, China, and India. This explains in great part the tightening of the Britisher's financial and industrial belt since the World War, the increasing unemployment, and the necessity for what has been called the "dole."

Quite different have been the factors entering into the American side of the economic problem since the World War closed. At the peak of the war market, when we were emptying our laps of all imaginable commodities into the hungry places of the earth, our total foreign trade, exports and imports, went a little over $9,000,000,000, and in the following first year of peace we increased this to only a little over $13,000,000,000. That was an average of about $700 per American family of the total foreign trade in 1920. This dropped to about half that volume in succeeding years, and only in the peak years of 1928 and 1929 did it climb even to a total foreign trade of $10,000,000,000. But our production capacity, set at the rate which produced for the feeding and furnishing of a world at war, could now find no adequate outlet. Plenty—more than plenty—floods of plenty, now stared us in the face, within our own shores. We did not know what to do with it. For a while we gave it away in billions of dollars. In the years from 1915 to 1920 our total excess of exports over imports amount to more than $15,000,000,000. In the 10 years following we gave away another $7,000,000,000. The total excess of imports from 1911 to 1930 was almost $26,000,000,000. But the flood of wheat, of steel, of meat, and of cotton still piled up on our shores, while the dwindling army of labor found it more and more difficult to maintain its loosening handhold upon the means of living.

We had opened the floodgates of production to meet a world demand. And when the gates were closed in our faces we almost strangled in the swirling depths of wealth.

Here was presented a problem so unheard-of, so different from anything the world had ever seen, that all our old charts and maps, all our adages of wisdom and doctrines of thrift, served only to confuse and confound the wisdom of our wisest men. We could not believe the all-too-evident meaning of the phenomenon. Our own people were more and more idle, more and more homeless and wandering, more and more hungry and unclothed. And we had millions of bales of cotton, hundreds of millions of bushels of wheat, and tons upon thousands of tons of meat and lard. And the world did not want it all, finally, unless we continued to give it away. What is to be said in explanation of all this?

Before 1914 nations were content to rely on other countries for things which could be produced better and cheaper abroad. During the war the Central Powers, ringed by fire and steel, turned to self-containment. England and France, threatened with starvation by the submarine, learned the fear of economic strangulation. Thus the world became honeycombed into trade-tight economic departments. Tariffs, import quotas, domestic substitutes, and other trade barriers or subsidies are symptoms of a universal fear of the imminence of war. They are the ultramodern bulwarks of national defense. The quicker we realize and recognize that, the more competent we shall be to deal with this world development.

Incidentally we will also be well advised not to delude ourselves in the thought that a development of our foreign trade will tend toward ending the period of depression. It will be better if we shape our home economic policy without making further vain sacrifices at the expense of our people.

During the war we mobilized agriculture and industry. Labor-saving machinery was only one of the many expedients. Engrossed in production we neglected the problem of distribution, especially the equally distributing buying power throughout our population. Instead we entered an era, not of "overproduction" as a correlative to "underconsumption", but in the development of excess productive capacity.

There are those who hold that it is impossible to restore economic equilibrium to the United States while the rest of the world is either in the throes of internal disruption or upon the verge of bankruptcy and that, therefore, economic as well as political isolation are more and more an anachronism. It is they who are most vociferous in their declamations that the cure for the present depression and for unemployment is the development of the export market.

Our attention is constantly directed to the estimated loss of $2,000,000,000 a year due to our reduced foreign trade. Varying and conflicting statements are prescribed as to the number of workers that would be reemployed, if exports were encouraged. But what are the facts?

In 1929 the Ways and Means Committee of the Congress issued a report showing that there were some 45,000,000 American workers gainfully employed and interested in or affected by tariff legislation. This report also made it very clear that there were but some 600,000 industrial workers actually employed in peak times in producing manufactured goods for export.

The United States Tariff Commission, in a report recently sent to the United States Senate, states: "The number of factory workers engaged in producing articles for export fell from about 658,000 in 1929 (the peak year) to 364,000 in 1931, a decrease, in round numbers, of 300,000."

After referring to the total number of persons engaged in industrial and agricultural production for export employed in 1929 who were unemployed in 1931, the Tariff Commission further states: "The aggregate decrease in employment resulting from the reduction in all exports (both agricultural and manufacturing) between 1929 and 1931 was, therefore, in the neighborhood of 500,000."

In other words, the Tariff Commission's investigation indicated in effect that if our exports were increased to the amount having prevailed before 1929, but 500,000 would be reemployed in both industry and agriculture. This represents less than 4 percent of our industrial workers who have been unemployed. Wage earners of America may therefore be rightly alarmed at the urgency of the proposal made to increase our exports, when it is self-apparent that increased exports must necessarily be accompanied by an

increase of imports and therefore a consequent and perhaps greater loss of domestic employment due to an enhanced foreign competition in our home market.

Workers are also aware of the fact that our manufactured goods for export are produced mainly in mechanized mass-production factories operated by concerns known for their indifference or hostility to labor, and where labor costs are relatively small. The report of the Tariff Commission evidences that of the 294,000 industrial workers employed in 1929 in production of manufactured goods for export who were unemployed in 1931, 175,000, or 48 percent, were formerly employed in the production of metals, machinery, and automobiles. I need not dwell on the type of working conditions or the wages paid to these workers. The employers in the class just referred to are conspicuous for their evasion, if not denial, of the right of workers to organize and to bargain collectively—industrial relations made mandatory under the N.R.A.

Then, too, we read considerable about the necessity of exporting wheat, cotton, and tobacco. Little, if any, emphasis, is laid upon the beneficial and protective legislation which has secured to the American farmer complete control of the richest market in the world—America—with its nearly 50,000,000 consuming industrial workers and their families.

Government figures for 1932 evidence that there are only two products of which we export 50 percent or more of our yearly production. The census figures show that, of $650,000,000 worth of cotton raised in 1932, we exported some $345,000,000 worth. The same figures show that, of the $110,000,000 worth of tobacco raised, we exported $65,000,000 worth. Of the $370,000,000 worth of fruits and nuts we produced we exported $77,000,000 worth, and of the $254,000,000 worth of wheat produced we exported some $50,000,000 worth. If we eliminate these four items from our calculations, we find that of the billions of dollars' worth of farm products which we produce yearly, we export but a fraction of 1 percent of the balance.

Theorists who are advising the American people today what legislation is essential for our success and recovery from the depression overlook or disregard the fact that, since 1920, millions, billions of bushels of wheat are raised yearly in Canada, Rumania, Russia, and other European countries at prices which make it almost impossible for our American-raised wheat to compete.

If it be argued that it is possible for American-raised wheat to compete in the world markets, why, then, is it essential to maintain a tariff of 42 cents per bushel on foreign-raised wheat which might otherwise seek entry into the American market? Possibly it may be said that in view of the small amount of imports of wheat that the tariff rate quoted is but a political gesture to the American farmers. If such claim be urged, then why was it necessary for the Tariff Commission to find, after a public hearing and after a full investigation and with the approval of the President, an increase in the duty on imports of wheat of from 30 cents to 42 cents per bushel was essential? (Such increase was made effective Apr. 6, 1924.)

That which is true of wheat is also true of corn. Why is it necessary to retain a tariff duty of 15 cents per bushel on imports of corn? Seventy percent of the world's corn crop is produced in the United States. Yet unless the American farmer had this protection of 15 cents per bushel it would be possible for imports of corn from Argentina to be delivered in the rich markets along the Atlantic, Pacific, and Gulf coasts at prices which would force down the price now received by the corn raisers of the Western States.

The tobacco raisers were not forgotten by the Congress when tariff legislation was under consideration. It is true that we export about 50 percent of our yearly production of tobaccos. In order to insure the American market for the products of American tobacco raisers, Congress imposed tariff rates which amount to more than three times the export value per pound of our exports for the year 1932.

That which is true of wheat, corn, and tobacco is also true to a much greater extent of other favors shown the American farmers in the framing of tariff legislation in recent years.

America's industrial workers have never appeared before Congress or before the Tariff Commission seeking reduction in tariff rates or in opposition to other legislation which is considered beneficial to the farmers of our country. We realize that the American farmer is to a great extent the purchaser of the products of American labor.

A careful examination of the reports of the Tariff Commission to the United States Senate reveals the interesting fact that an average increased purchasing power of 12 percent to America's industrial workers during the past 10 years would have equaled in purchasing and consuming power the total value of our average exports during that period. With the possible exception of cotton, of which we export 50 percent of what we produce, all of the other exports could be consumed by America's industrial workers had they the purchasing power to do so.

The carrying out of the suggestion that all tariff duties be eliminated on those articles of which we export more than we import must be of particular interest to America's farmers. In effect this will mean that the American farmer will lose as much as will American industrial workers. Some of the articles which now carry high import duties of which we export larger quantities than we import, are pork products, and of these we export 40 times more than we import, but which carry a protective tariff duty in the interest of American farmers. Lard, of which we export 600,000,000 pounds and import none, has a tariff duty equal to half the export pound value. Due to import taxes, we export 50 times more milk than we import. Shall we continue this recital?

Facts and figures clearly indicate that farmers will lose the purchasing value of hundreds of thousands of industrial workers employed in the production of all types of machinery, petroleums, and metals—all of which we export in greater quantities than we import. If we are to remove these taxes, which procedure is being urged by those insistent upon a new tariff policy, then the American market will be flooded with products of foreign workers produced at total landed cost much less than actual American costs of production. Is it necessary to dwell upon the resultant and demoralizing consequences?

The exigencies of the Recovery Act have focused more and more attention upon the proposal of arriving at reciprocal agreements whereby detailed and selected concessions are made in return for similar ones. These agreements are sought through bilateral treaty negotiations rather than multilateral arrangements. To date only one such treaty has been signed. Colombia has agreed to certain concessions on American goods in return for our promise to retain coffee and bananas on the free list. While this treaty has been signed it must, of course, receive the required legislative ratification before it goes into effect.

This policy of reaching reciprocal agreements is one which may not be inconsistent with the Recovery Act. By a studied selection a number of commodities can be found which are not produced in important quantities in the United States and which are regularly supplied in considerable quantities by foreign countries. Similarly, we ship certain articles to other countries without competing with important domestic industries within their borders. In this field, though greatly limited, trade may be fostered without injury to domestic industries of the contracting States. Indeed, the furthering of reciprocal trade treaties is not a new or untried proposal. Congress on a previous occasion did propose reciprocal trade treaties based upon a bargaining flexibility of 20 percent of then prevailing tariff duties. However, the experiment failed of any substantial results.

What is now proposed is not alone the authorization of the President to enter into reciprocal trade treaties based on a bargaining flexibility of 50 percent of the present tariff duties, either upward or downward, but the consummation of such treaties without previous hearing to domestic parties and interests affected and without the necessity of approval by Congress. Thus it is proposed, first and foremost, to alter our constitutional division of power by having Congress abdicate its duty and responsibility under the Constitution to approve or disapprove treaties entered into with other nations with respect to trade relations.

Is America prepared to take this step? Are we willing that hereafter exclusive control over our imports or exports shall rest solely with the President? It is, of course, argued that with imports and exports of European and Asiatic nations largely a matter of exclusive government control, to be exercised not through parliamentary channels but by order in council and like methods, that we can no longer trust such matters to our Congress. Are we ready to admit, as well as accept, the doctrine that democracy in international relations has failed and that the logic and force of events in Europe and Asia will compel us to alter our form of government and of institutions within its borders?

If it be the judgment that for practical efficiency Congress must no longer be trusted with joint treaty-making power in the matter of trade relations, why ought not sole authority be delegated to the President in dealing with agreements relating to international public debts, disarmament, and the like? Are we not thus hastening a time when power to be exercised by the President will be greater than the power of former kings, czars, and emperors?

Labor has implicit confidence in the present incumbent of the Presidency of the United States and has implicit faith and confidence in his humanitarian instinct and in his desire to maintain and hold secure our democratic ideals, ideas, and institutions. We are confident he is actuated solely by a desire to get our people and our institutions out of the terrible chaos into which we had drifted. But labor is without knowledge of the certainties of life and who may succeed him or when. In addition, powers of government should not be granted because of faith in any one individual temporarily in authority. Power once delegated is difficult to limit, regulate, or annul. Are we not thus building a dangerous structure for the future, even if it be confined to reciprocal trade treaties? Who knows what the future has in store and to what end we are building a permanent structure on the basis of meeting an emergency by devices of expediency?

Then, too, it must be clear that the motive underlying is to promote foreign trade by holding forth bargaining opportunities to foreign manufacturers in the American market. This involves not alone a change of principle that has been the foundation stone of our foreign-trade policy—the protection of home industries and safeguarding of the home markets, but it likewise raises the issue of American capital invested abroad being granted the opportunity of competing in our home market free from all the restraints, limitations, regulations, and requirements demanded at home under our taxing laws, N.R.A. requirements, and other legislative provisions.

Prior to the World War, America was one of the few Nations possessing high-powered machine production plants. Today the industrial nations of Europe and Asia have adopted American methods and means of production. Indeed, one nation in Asia is possessed of the most modern of industrial equipment. In addition, a number of the highly modernized plants in foreign countries are either owned or were financed by American surplus wealth

and American skill. Those foreign American-owned plants are today, in part, supplying the world markets, thus precluding to that extent possible export trade on our part. Indeed, in a number of instances they have invaded our domestic market with the product of their foreign factories to the distinctive loss of employment of American workers.

The rapid development of American-owned and controlled foreign plants may be attributed to the selfish spirit of gain, to restrictive legislation on the part of other nationals, the subsidizing of industry by foreign nationals, and the fact that in other lands the wages received are considerably lower and working hours considerably longer than those that prevail in our own land. The lower cost of production and of distribution abroad may therefore be fairly assigned as one of the principal causes for this movement of American capital abroad.

Labor has always viewed the transfer of American capital to other lands with great apprehension. It has realized that as a result we have had an ever-increasing pressure on the part of this capital to destroy the barriers which safeguard American standards of life and work. American labor has not been without experience in feeling the loss of employment opportunities through this process of the internationalization of American capital.

It is a tragic commentary upon the lack of our industrial foresight, which permits foreign nationals and domestic, as well as foreign private, interests to acquire a monopolistic sales control throughout our Nation by our patent laws and yet not require a single commodity entering into that production to be carried on in our land.

Many years ago we established a national policy for the protection of the employment opportunities of America's industrial workers by restricting the entry into our country of the overflow of workers from European and Asiatic countries. We also set forth a national policy, subscribed to by both political parties, that tariff rates would be imposed which would equalize the difference in cost of production of manufactured articles.

President Roosevelt, some 9 months ago, inaugurated the National Industrial Recovery Act, which has sought to reduce unemployment among the ten or eleven millions of unemployed industrial workers by reducing the daily and weekly hours of labor. He has just urged that industry reduce the work hours to less than 40 hours per week and increase wages so that a real enlarged purchasing power would not only start the wheels of industry everywhere, but absorb the nine millions as yet admitted to be without employment.

Is it possible that those who favor entering into reciprocal-tariff treaties with foreign nations expect that those nations, where weekly hours exceeding 50 and 60 per week are not uncommon, are going to permit Americans to dictate to them what legislation or laws they shall enact for their people?

Unless this can be done is it reasonable to suppose the products of American industries, with America's industrial workers producing for not more than 30 or 35 or even 40 hours per week, with wages which will permit of their retaining the American standards of living, can compete in the American market with products of foreign countries?

Unless it is intended to scrap the N.I.R.A. and force America's industrial workers to compete on an almost equal footing with the low-wage workers of Europe and Asia, then is no possible benefit to accrue from the fundamental change of government and new tariff policy proposed and involved.

In venturing into and applying the method of process of trade treaties with foreign governments, it is essential that workers should have an opportunity to be heard. It is equally important that participation of labor, as at present made possible and available, through an appeal to Congress and through direct representation on the Tariff Commission, should in no way be lessened, but be increased.

Labor realizes that unfortunate delays are encountered in the present method of adjusting tariff rates through the Tariff Commission with the approval of the President. However, we believe much of the unnecessary delay is due entirely to restrictive rules and requirements of law which could and should be corrected so as to permit the rendering of decisions in a shorter space of time.

One of the causes for delay on the part of the Tariff Commission is the necessity, under the present rules, to make investigations in foreign countries. Several foreign nations resent our investigators seeking information. In other cases, due to the limited appropriations at the disposal of the Tariff Commission, conditions have so changed by the time the investigation is concluded and a decision reached, that the industry in question has been irreparably injured.

That is not said in criticism of the personnel or the work of the Tariff Commission. Indeed, situations referred to are due solely to a procedure made mandatory by law. Many workers believe that great good would come by freeing the Tariff Commission of restrictive rules now in force. Certainly that method should be tried before any other procedure is followed and which may result in great apprehension, confusion, and doubt.

America's workers are also aware of the fact that our present tariff policy confers the greatest benefits upon those countries, especially the Asiatics, where labor conditions are the most repressive and intolerable. American labor favors a tariff policy wherein imports will be valued on the basis of the value of the imported article in the United States—a policy better known as the "American valuation"—and not upon the depreciated as well as manipulated values of foreign countries.

Many foreign countries have monopolized industries. More are doing so. Soviet Russia has monopolized all industry and agriculture. Its government is the sole producer and distributor of all things. Japan and other nations have monopolized the match industry of their country. They prevent the entry into their countries of matches made in America. Japan, also, holds the world-wide monopoly on natural camphor. Germany holds a monopoly on many chemicals. These are but a few of many illustrations.

Indeed, the tendency toward State or national control of imports as well as exports is rapidly increasing, and to such an alarming extent that the question may well be raised as to whether or not reciprocal trade treaties do encourage and strengthen foreign cartels and trusts and as against our national attempt to prevent monopolization at home.

As against all these urgencies for increased export trade, reciprocal trade treaties and other devices urged to that end, America's wage earners raise the more important issue of enlarging our domestic purchasing power and of increasing and protecting our home markets.

Government statistics clearly indicate that more than 93 percent of the products of American labor and American agriculture are consumed in America. While this is an average figure of all commodities and include such important commodities as cotton, which is widely exported, it does indicate how great a domestic market we have in our own free-trade area. This great American consumption of American goods is largely due to the high standards of life and work which prevail in our country and have been established in the main through the untiring efforts of American organized labor. Our present problem is rather that of extending this home consuming power in view of the constant losses which our producers of cotton, wheat, lumber, and other products have suffered and will increasingly suffer in the world markets by reason of a constantly growing competition from other nations.

There is little hope of recovery of our lost foreign trade whether or not there is a change of political and governmental attitudes which have been or hereafter may be assumed on questions of foreign debts, tariff duties, allotment of domestic content, patent laws, and other devices used to regulate international as well as domestic trade and commerce.

Regardless of how we balance advantages and disadvantages, the fact remains that the foreign market is not so desirable as the home market—either for capital or for labor. Goods exported must be sold at world prices in competition with goods produced by poorly paid, pauper, and even forced labor—and the certain result of large exports is always that labor of the chief exporting countries, such as England and Germany, is forced to accept lower wages in order to be able to compete effectively in the foreign market. In other words, the predominance of the foreign over the home market totally destroys the benefits of the protection of labor. What the Nation needs and is beginning to know it needs, is not great economic dependence upon the foreign market, but exactly the opposite—greater economic independence.

Labor's interest in tariff legislation and the proper administration of our customs laws is solely for the purpose of assuring opportunities of employment for American workers at fair wages. To assure American workers of an opportunity of employment at fair wages it is essential that we maintain an American protective tariff policy and avoid the dangers of entangling alliances with nations abroad.

Mr. HATFIELD. Mr. President, I now ask permission to have printed as a part of my remarks a newspaper clipping on the subject, taken from the New York Journal of Commerce of March 8, which contains news that I know will be read with considerable interest by many of the Democratic members of the Finance Committee.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Journal of Commerce, Mar. 8, 1934]

COALITION IN SENATE ORGANIZING TO BLOCK PRESIDENT ON TARIFF—HOUSE INQUIRY OPENS TODAY WITH PLAN FOR BRIEF HEARING AND VERY SPEEDY PASSAGE—HARRISON, KING, GEORGE, WALSH, THOMAS PROTEST—CONNALLY ALSO OPPOSES STEP—AMTORG BID REPORTED FOR COTTON CONDITIONED ON CREDIT AID

By Clarence L. Linz

WASHINGTON, March 7.—Creation of a new tariff bloc in the Senate, antagonistic to the administration's tariff program, of proportions comparable to that which logrolled high duties into the present law, may lead to an earnest plea to the President not to insist upon this legislation at the present session of Congress.

With the House Ways and Means Committee inaugurating brief public hearings tomorrow, with the evident intent of House Democratic leaders to secure passage of the Doughton bill within the next fortnight or so, Senate Democratic leaders propose to test sentiment in the Senate on giving the President the broad powers he asks.

REVOLT IN MAKING

From such casual inquiries as have thus far been made it appears that not only will there be desertions from the Democratic ranks but that a majority of the progressives will go along with the regular Republicans in opposition to the legislation.

The leaders foresee the possibility that the Senate will write into the legislation all sorts of prohibitions, and even may write increases of rates now in the Hawley-Smoot Act. Of course, the effort would be made to eliminate these through Senate-House conference action, but that might bring about a deadlock which would keep Congress in session well into the summer.

It was indicated in informed circles today that the President would favor adjournment of the Congress about May 15, hardly regarded possible if the tariff and war debts are to be injected into the agenda of the Senate.

Individual Senators are endeavoring to acquaint themselves with the proposal, its antecedents, and its future effect, receiving many letters of inquiry from constituents who want to know what will be the basis of the proposed bargaining for trade.

WIDE INTEREST SHOWN

Great interest is shown in the plan before the commercial policy committee, an interdepartmental group in the Government, which contemplates classification of all industries in the United States into six groups for consideration in the awarding or withholding of tariff protection.

Tentatively, Friday, March 16, has been fixed as the date for the holding of a Senate Democratic conference for the consideration of both the tariff and the revenue bill. At this session a program of action will be worked out.

The authority to be vested in the President, as asked for by Mr. Roosevelt, transcends that which is at present conferred upon him by the Hawley-Smoot law in the flexible-tariff provisions. These latter were vigorously opposed by a group of Democrats on the ground that the proposal "strikes at the very roots of constitutional government." The protest was signed by Senator PAT HARRISON (Democrat), Mississippi, now Chairman of the Senate Finance Committee, and who is to pilot the administration's measure through the Senate, and Democratic Senators KING, Utah; GEORGE, Georgia; WALSH, Massachusetts; BARKLEY, Kentucky; THOMAS, Oklahoma; and CONNALLY, Texas.

OPPOSITION IS VOICED

"Whatever could be advanced during the war and immediately following for delegation of the taxing power to the Executive unquestionably no longer exists", this group said, "in the hope of arousing the people, regardless of party, to take a broad and public view of this important public question" to the end that the flexible provisions might be abandoned.

"To incorporate in the law any recognition of a right of the Executive to impose taxes without the concurrence of the legislative branch is without justification.

"Authority to the Executive to make the laws that govern the course of commerce through taxation is especially objectionable. It is an entering wedge toward the destruction of a basic principle of representative government for which the independence of the country was attained and which was secured permanently in the Constitution.

"There is no issue here as to the integrity of any Executive who has had or may have extended to him the exercise of this power. The issue is one of taxation by one official, be he President or monarch, in contrast to taxation by the representatives of the people elected, intrusted exclusively with the power to seize the property of the citizen through taxation.

SECRET ACTION HIT

"The principle is", they continued: "Are taxation laws and their application to be made virtually in secret, whatever may be said about a limiting rule, or are they to be enacted by the responsible Representatives of the people in Congress, where public debate is held and a public record made of each official's conduct?

"The arbitrary exercise of the taxing power, all the more dangerous if disguised and not obvious, in its basic character is tyranny. * * * An issue of this importance should not be associated with the opinions or necessities of those interests, States, or sections that directly profit by some rate schedule in the body of the tariff act. With respect to the principle here at stake, any trading or logrolling is especially unjustifiable and indefensible."

In conclusion, it was given as their "solemn judgment that hereafter all taxation through the tariff and regulation of commerce thereby will be made by the President."

OUT TO STIFLE ISSUE

"It is the inherent tendency of this tariff-changing device and the apparently conscious purpose of its proponents to use it to keep the tariff out of Congress, where it is such an embarrassing business, as everybody knows, to the party that profits politically by it."

It is learned that there will be a real effort on the part of some Senators so to amend the legislation as specifically to provide that its provisions shall not be applicable to the products of agriculture, the forests, or the mines.

Western Senators were relieved today upon learning through the National Lumber Manufacturers' Association that official Russian advices declare the Russian Government does not consider the United States a large potential market for its lumber, but rather as one of its main competitors.

The administration, it is said, has been seeking to develop what commodities might be favored by tariff-rate reductions to permit of the piling up of a trade balance here that would enable Russia to buy more American goods.

FARRELL REPORT CITED

This program for additional trade, dealt with in a report from the National Foreign Trade Council by James A. Farrell, stirred great interest locally.

"Any exceptional arrangement with Russia that diverts trade in particular commodities from other countries must in the end prove disadvantageous for the United States", he said.

"Our objections to the Ottawa trade agreements were based largely on this artificial diversion of trade from the United States. Viewed from this standpoint, fundamentally there is no essential difference between trade agreements of this kind based on barter and a trade agreement that introduces the quota system."

It was learned here today that Peter Bogdanov, chairman of Amtorg, has entered proposals for the purchase of 500,000 bales of American cotton, conditioned upon a grant of credit by the Export-Import Bank. The matter apparently is under consideration by the directorate of the bank, of which George N. Peek is the head.

INCLUSION OF CATTLE AS A BASIC INDUSTRY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Virginia [Mr. BYRD].

Mr. CONNALLY. Mr. President, I am willing to have a vote, but if we cannot have a vote at this time I wish to discuss the question briefly.

Mr. KING. Mr. President, the Senator from Oregon [Mr. MCNARY], the leader on the other side of the Chamber, desired to call a quorum a little while ago and I asked him to delay to enable me to submit a few observations. In view of that fact I think there should be a quorum call.

Mr. CONNALLY. Very well. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Johnson	Reed
Ashurst	Cutting	Kean	Reynolds
Austin	Davis	Keyes	Robinson, Ark.
Bachman	Dickinson	King	Robinson, Ind.
Bailey	Dieterich	La Follette	Russell
Bankhead	Dill	Lewis	Schall
Barbour	Duffy	Logan	Sheppard
Barkley	Erickson	Lonergan	Shipstead
Black	Fess	Long	Steiwer
Borah	Fletcher	McAdoo	Stephens
Brown	Frazier	McCarran	Thomas, Okla.
Bulkley	George	McKellar	Thomas, Utah
Bulow	Gibson	McNary	Thompson
Byrd	Glass	Metcalf	Townsend
Byrnes	Goldsborough	Murphy	Trammell
Capper	Gore	Neely	Tydings
Caraway	Hale	Norris	Vandenberg
Carey	Harrison	Nye	Van Nuys
Clark	Hastings	O'Mahoney	Wagner
Connally	Hatch	Overton	Walcott
Coolidge	Hatfield	Patterson	Walsh
Copeland	Hayden	Pittman	Wheeler
Costigan	Hebert	Pope	White

Mr. LEWIS. I desire to announce that the Senator from South Carolina [Mr. SMITH] is necessarily detained from the Senate, and that the Senator from Washington [Mr. BONE] and the Senator from Kansas [Mr. MCGILL] are detained by severe colds.

The PRESIDING OFFICER. Ninety-two Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Virginia [Mr. BYRD].

Mr. CONNALLY. Mr. President, I desire to propose a unanimous-consent agreement.

I request that at the conclusion of the address to be delivered by the Senator from Wyoming [Mr. CAREY] no Senator shall speak more than once or longer than 10 minutes on the bill or any amendment thereto, and that the Senate shall vote on the bill not later than 2 o'clock tomorrow.

Mr. LONG. Mr. President, if there is no objection, why not vote now?

Mr. CONNALLY. There are objections, as I understand.

The PRESIDING OFFICER. The proposed agreement provides for a vote on tomorrow; and in that situation, under the rules as the Chair understands them, there will have to be a quorum call.

Mr. CONNALLY. We have just had a roll call. I thought that was sufficient.

The PRESIDING OFFICER. The necessity of another roll call may be waived by unanimous consent.

Mr. McNARY. Then, Mr. President, I ask unanimous consent that a second calling of the roll be waived.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. McNARY. I did not understand the exact nature of the proposal made by the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas will please restate his unanimous-consent proposal.

Mr. CONNALLY. I asked unanimous consent that at the conclusion of the address of the Senator from Wyoming [Mr. CAREY] debate shall be limited to 10 minutes on the bill and 10 minutes on any amendment, and that no Senator shall speak more than once, and that not later than 2 o'clock tomorrow a vote shall be had on the bill and all pending amendments thereto.

The PRESIDING OFFICER. Is there objection?

Mr. LA FOLLETTE. Mr. President, I do not feel that I can discuss in 10 minutes the amendment which I intend to offer. I shall feel constrained, therefore, to object.

Mr. CONNALLY. Then I modify the proposal to 15 minutes on the bill and 15 minutes on any amendment.

Mr. LA FOLLETTE. Mr. President, my understanding is that the Senator from Nevada [Mr. PITTMAN] has given notice that he expects to speak tomorrow, and I feel that I could not agree to the suggestion of the Senator from Texas at this time. I think we should go along this afternoon until a reasonable hour, and then have some debate on the bill tomorrow. So far as I am concerned I have no disposition to delay the measure; but, as the Senator from Texas knows, there has been debate on other subjects this afternoon.

Mr. CONNALLY. That is why the Senator from Texas is making the request. There will be debate on other subjects tomorrow, and there will be debate on other subjects the next day, and the next day. The Senator from Texas hoped we could have a recess over the week-end; but it is his purpose to keep the Senate in session until a vote may be obtained on this bill whether we have any recess over the week-end or not.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas, as modified?

Mr. KING. I think objection was made.

Mr. McNARY. Mr. President, all possibility of a hoped-for adjournment over the week-end is at an end, in view of the statement made by the Chairman of the Foreign Relations Committee, the Senator from Nevada [Mr. PITTMAN], that he desires to speak on the treaty tomorrow. I was advised a few moments ago that the able Senator from Nebraska [Mr. NORRIS] may also desire to speak. In view of these contemplated speeches, I think it would come within the rules of propriety if the Senator should wait until tomorrow and ascertain how long a time the speeches will occupy, the nature of the debate, and what may occur, and then propose his unanimous-consent agreement.

Mr. CONNALLY. The Senator from Texas has anticipated the Senator from Oregon, and has done that today. He has observed the debate today. He knows just exactly what is going to occur. If Senators do not want a recess over the week-end, if they desire to devote all the time to talking about something other than the pending bill, the Senator from Texas is perfectly willing to stay here and try to conduct the bill through the Senate; but the Senator from Oregon knows, as other Senators do, that those who desire to speak on the bill have had opportunities to do so today, and they have not improved them.

Mr. McNARY. The situation in that respect does not differ from others. The Senator must be patient when he has a bill in charge.

Mr. CONNALLY. The Senator from Texas is trying to be patient.

Mr. McNARY. I have had similar experiences during the course of a great many years. I recall at one time having a farm bill up here, the debate on which extended into the fourth month. I did not ask for a unanimous-consent agreement with regard to it after 2 days of speech making.

Let me suggest to the Senator that the quickest way to pass this bill is to proceed in the usual way. In view of the fact that we are going to meet tomorrow, and speeches will be made on the treaty, I appeal to the Senator again to be a little patient, and tomorrow the situation may develop itself in such a fashion that he may get an agreement or a vote during the afternoon.

Mr. CONNALLY. Was there objection to my proposal, Mr. President?

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement proposed by the Senator from Texas as modified?

Mr. FRAZIER. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. CONNALLY. Mr. President, I desire to propose another unanimous-consent agreeement. I ask unanimous consent that when the Senate concludes its session this afternoon, it take a recess until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection?

Mr. KING. I object to that.

The PRESIDING OFFICER. Objection is heard.

Mr. KING. The Finance Committee and several other committees will meet tomorrow, and Senators must be in attendance upon those meetings.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Virginia [Mr. BYRD].

The amendment was agreed to.

Mr. CAREY obtained the floor.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Louisiana?

Mr. CAREY. I yield.

Mr. LONG. The bill is not to be voted on tomorrow under the unanimous-consent agreement, is it?

The PRESIDING OFFICER. There is no agreement about when the bill is to be voted on.

Mr. LONG. I want to give notice that, while I shall not be here tomorrow, on Monday I shall move to write into the bill as basic commodities cucumbers, sassafras, and several other allied products. [Laughter.]

Mr. CAREY. Mr. President, I realize that the hour is late, and I will try to be as brief as possible in my remarks.

Senators will recall that the Agricultural Adjustment Act as originally written included cattle as a basic commodity. They will also recall that, largely through the efforts of my late colleague, Senator Kendrick, cattle were taken from the act. I do not know what his position would be if he were here today, but I believe that he would be with me in opposing the pending measure. No man has served in the Senate who had as long and as varied an experience in the cattle business as had Senator Kendrick. He came to my State following a trail herd from Texas. He continued in the cattle business until he became one of the largest owners of cattle in Wyoming. I feel that he knew the business and knew what was good for those who are engaged in it.

I have had some experience in the cattle business. My father was one of the pioneer cattlemen of Wyoming. He went there in the very early days and engaged in the livestock business. He founded a business which is still in operation. This business is probably the oldest cattle company in Wyoming, and our cattle bear the oldest registered brand in the State. I have grown up in the business. I have devoted my life to it, and I do not believe there is a man on this floor more interested in the cattleman and the cattle business than I am. They are my friends, and we speak the same language. Anything that would help them would help me, and I am for anything that would help them.

We hear much about cycles in the cattle business, how the price of cattle goes up at one period, and at the end of that

period goes down. That has always happened; it happens in any industry, that when the product of the industry is bringing a good price, people engage in that business, and continues until there is an overproduction. Officials of the Department of Agriculture speak of cycles in the cattle industry. I have been through cycles that they know nothing about. I have fought blizzards and have seen thousands of cattle perish. I can remember one winter when half the cattle in my State died. I can also recall the winter of 1919 and 1920, when the greater part of the livestock was shipped out of Wyoming in order to obtain feed for the winter. They went to Texas, to New Mexico, to Nebraska; some of them went to Old Mexico. The cattlemen then fought their own battles; and they did not call to Washington for help. It was their fight, and a hard one. Some of the best men in my State never recovered from that winter.

I realize the condition of the business. There has never been a time since the nineties when cattle were bringing a lower price, and I would support any program which I thought would help the cattle industry. But I do not believe that an appropriation of $200,000,000 will make up for the damage that would be done to the cattlemen by placing a processing tax on cattle.

Mr. President, both during the summer and since my return to Washington I have conferred with the Secretary of Agriculture regarding some plan to help the cattle business. I must admit that neither he nor I had any plan which we could call a cure-all for the ills of that industry. Frankly, I do not think that by legislation we can furnish the relief which we should like to give to it.

I asked the Secretary of Agriculture on numerous occasions to call together a group of livestock men to discuss this problem, and try to work out something that would be satisfactory to them. After several conferences with the Secretary wires were sent inviting representatives of various livestock and dairy associations to come to Washington. There was a very representative meeting, and some 53 organizations of beef raisers and dairymen were represented.

A committee was appointed to work out a plan and submit it to the Secretary of Agriculture. That plan contained numerous suggestions. The cattlemen who were here, who I feel were representative, were willing that cattle should be made a basic commodity under the conditions set forth in this plan. They recommended that as soon as the bill shall be passed and become a law, the producers of dairy and beef cattle, or their representatives, again come together to prepare detailed plans covering the suggestions embodied in these recommendations.

They recommended the elimination of diseased dairy and beef cattle, believing that such elimination would be desirable in the interest of public health and in the interest of the welfare of the entire dairy and cattle industry. It is estimated that today there are 600,000 tubercular cattle being used in the dairy industry. They felt that to kill off these cattle would mean not only that there would be less cows to breed in this country but also that it would be beneficial in protecting the health of the people who are drinking milk produced by these cows.

Further than that, the offspring of old dairy cows which are shipped on the market are having a very depressing effect upon the beef-cattle industry, and the killing of 600,000 cows would relieve that situation materially.

They further insisted that the indemnity payments, while they should be paid out of the $200,000,000 appropriation provided in this bill, should not be charged against the cattle industry through processing taxes. They made this recommendation for the reason that in previous campaigns for the eradication of disease in livestock the expense has been borne by the Federal Government and the States, and not by the cattle producers.

They also recommended the elimination, by purchase, of other dairy and beef cows, and that the cattle so purchased should be distributed and used for relief purposes. I might say that the emergency relief administration has been purchasing large quantities of food products, but have purchased very few cattle.

They asked for a packers' code. I might say, in connection with such a code, that last August there was a meeting here of cattlemen and representatives of the packers. Following that gathering a meeting was held in Chicago. Nothing more was done about it, I think largely on account of the indifference of the Department of Agriculture.

More recently another meeting has been held with the packers. Under the proposed plan there would be set up a board to manage the code, composed of representatives of both the producers and the packers, with the Secretary of Agriculture having the right to approve any rules or regulations which might be established by the board. On this board the producer was to have equal control with the packers, with the Secretary of Agriculture having a veto power.

Much could be done through such a code on account of the packers being able to eliminate many extravagances in their business and therefore being able to pay better prices to the producers. It would do away with dumping, which is largely done today in the packing industry. One of the best things it would do would be to prevent the chain stores from buying cattle at the prices at which they have been purchasing them. There is nothing that has depressed the price of livestock so much as have the chain stores. They are large buyers. They will go to a packer and ask for prices. They will shop around. They will buy as cheaply as they can. The packers, realizing the size of their orders, will cut prices to them and then will have to go on the market and buy the cattle at lower prices in order to meet the prices they have quoted to the chain stores.

There are numerous other problems which could be worked out through a code agreement which would guarantee better prices to the producer. There is no question that the selling end of any business must be coordinated with the purchasing end, if livestock men are to receive fair prices.

The difficulty in agreeing to such a code has been caused by the demand of the Department that the Department have free access to the books of the packers. My understanding is that the packers do not object to the inspection of their books from the time the code agreement is entered into, but they do object to the Department's going in and digging back into their books from the year 1 to date.

This committee asked for an excise tax on certain vegetable oils. There has been a constant increase in the imports of vegetable oils. In 9 months of 1932 the imports amounted to 453,688,061 tons. In 1933 the quantity imported was 589,572,659 tons. There was an increase of 25 percent in importations.

Mr. VANDENBERG. Mr. President, would the Senator tell me to what extent that imported oil comes from the Philippine Islands?

Mr. CAREY. A great part of it is coconut oil. I have not the exact figures. There has also been a great increase in stocks of foreign fats and oils on hand in this country; and, furthermore, the increase of domestic fats and oils has been constantly becoming larger, which demonstrates that there is not a market for domestic fats and oils.

In September 1932, of domestic fats and oils there were on hand 766,654,476 tons. In September of this year that amount had increased to 1,151,213,562 tons. I could give the Senate other figures, but I am not going to take the time. The stock of creamery butter in this country has increased. The amount of lard on hand in this country is almost three times what it was a year ago.

It was for these reasons that the representatives of the cattle and dairy interests recommended that an excise tax be placed upon foreign oils. They also recommended that the tax on canned meats be increased. The present tax is 6 cents a pound; and if Senators should try to buy canned meat, they would find at nearly every store in Washington that the storekeepers would hand them imported rather than domestic meats. In fact, both the Army and the Civilian Conservation Corps have purchased foreign canned meats during the present year.

The importation of canned meats has increased from 18,118,531 pounds in 1931, which is equivalent to 73,304 head of cattle, to 39,177,193 pounds, in 11 months last year,

which is the equivalent of 157,010 head of cattle. As a matter of fact, most of the American packers were producing canned meat in South America and shipping it into the United States. There have recently been started plants in this country to process meat on account of the fact that the Army and the other agencies have refused to make further purchases of imported meats.

By keeping out the foreign meats it would mean that at least 157,000 head more cattle would be used in this country for canned meat, and the killing-off of tubercular cattle would mean a further reduction of 600,000 cattle. If these two things were done, it would reduce the cattle supply by three quarters of a million.

That, briefly, was the plan suggested by these stockmen. There has been no intimation by the Department of Agriculture as to whether or not this plan met with its approval. I do not believe that the Department approves, as there has been read on two occasions during this debate a statement made by the Secretary of Agriculture that he thought it might be well to make cattle a basic commodity and then let the cattlemen stew until such time as they would accept a processing tax. Also, attention has been called to the statement made at the Senate hearing by Mr. Chester Davis, head of the A.A.A., that it would be necessary to levy a processing tax if cattle were included as a basic commodity.

I am fearful of a processing tax, and my reason for feeling as I do is because of what has happened in the case of hogs. That question has been pretty thoroughly discussed here, so I will not discuss it in any detail, except to say that, in spite of all the money that has been expended, in spite of all the effort that has been made, the price of hogs has been raised but 12 cents per 100 pounds since the 1st of July. The Department of Agriculture expended originally some $30,000,000 for the purchase of hogs, and, since that time, there have been additional expenditures of, I believe, some $5,000,000.

The Emergency Relief Administration also has purchased $12,000,000 worth of hogs up to some time last month. That means approximately $45,000,000 has been expended by the Government to boost the hog market. The total amount the Government has raised the price since July is but 12 cents a hundred, and the people of this country today are paying a processing tax on those hogs of about $2.25 a hundred. I feel that if that processing tax had not been imposed, most of that $2.50 per hundred would be going to the man who is now shipping the hogs to market.

The corn program of the Department of Agriculture has had a most depressing effect upon the cattle market. Under that plan the Secretary of Agriculture has advanced the farmers 45 cents a bushel on their corn. This has absolutely destroyed the feeder market for livestock. It has forced cattle which were placed on feed back on the market, as it has also forced the hog grower to ship his hogs onto the market. No man can feed either cattle or hogs with 45-cent corn when the livestock are bringing the low prices they are bringing today. This destruction of the feeder market has been most harmful, particularly to cattlemen in the Western States, who depend upon the feeders to purchase a large part of their livestock. It has also hurt the man in the Corn Belt who has had cattle on feed. He could not afford to keep them with this high-priced corn, and he, too, has been obliged to put them on the market or, if he kept them, to sustain a loss.

It is interesting to note that one kind of livestock, with no processing tax, has been constantly increasing in value, and that is sheep. The price of fat lambs increased from $6.98 a hundred on October 14 of last year to $9.36 on February 24 on the Chicago market.

Hogs have decreased from $4.75 on October 14 to $4.44 on February 24. They have actually decreased in price despite the processing taxes and Government purchases.

There has been no processing tax on cattle. The total decrease in cattle prices for top cattle on the Chicago market since October 14 is from $7.35 a hundred to $6.75. There is no processing tax on cattle.

I do not think that the program carried out in the case of hogs makes a very good showing. The price of hogs would be lower today than it has been for years if the Government was not in the market buying and constantly trying to peg the market.

In the month of January, 8 percent of all the Federal-inspected hogs were purchased by the United States Government and for the Government. They are pegging the market to put over their program and make it appear that the program is working.

There seems to be some dispute as to the attitude of the cattlemen regarding this bill. The cattlemen are in a desperate situation. They, naturally, want help, and, naturally, they will turn to anything they think will help them; but I think I can truthfully say that a majority of cattlemen are against a processing tax. Naturally, they would like to have an appropriation for their benefit, but I feel certain that they would rather not have this appropriation than to pay a processing tax. Many cattlemen fail to realize that any benefits they may receive by this act must be paid back by them to the Federal Treasury through processing taxes.

I have here a telegram from the secretary of the Colorado Stock Growers and Feeders' Association, Dr. B. S. Davis, which reads:

> We have this day wired our Senators, ADAMS and COSTIGAN, requesting they oppose bill that would make cattle a basic commodity.

I have a telegram from the president of the Wyoming Stock Growers' Association, reading as follows:

> Wyoming Stock Growers' Association oppose inclusion of cattle as basic commodity under Agricultural Adjustment Act.
>
> D. R. WHITAKER, *President.*

I have a letter from the secretary of the Western South Dakota Stock Growers' Association, written to Mr. Russell Thorp, secretary of the Wyoming association. I will read a part of this letter:

> We wired our Representatives in Washington, also the committee chairmen, our strong protests against making cattle basic commodity, and Mr. Abbott, one of the committee of five, told me last evening in Denver that he had had a message from Secretary Wallace saying that everything will be done for the cattlemen's interest as soon as the cattlemen let them know their wishes. Mr. Abbott said that the message was most encouraging.

Since that letter was written, the cattlemen have made known their wishes, but they have never had an answer from the Department as to whether those wishes would be carried out.

I have a telegram from the Governor of Wyoming, who, by the way, is a good Democrat. This telegram is addressed to Secretary Wallace under date of December 22. He says as follows:

> The sentiment of stockmen in Wyoming is absolutely against processing or compensatory or any other kind of tax on cattle. This in the belief that in any case the producer will have to bear the tax. The price of choice prime beef and good steer beef at the present market is cheaper than the bids to Government for canned cow meat. Would suggest that relief committees buy dressed meats through local markets.

I have a letter from the State of Montana, from the State veterinary surgeon, who also is secretary of the Livestock Sanitary Board, in which he says:

> STATE OF MONTANA LIVESTOCK SANITARY BOARD,
> *Helena, January 17, 1934.*
>
> Hon. ROBERT D. CAREY,
> *United States Senate, Washington, D.C.*
>
> DEAR SENATOR CAREY: You probably will be surprised to hear from me, but I am interested in the cattle industry and so are you. I trust you also realize we in Montana look upon the Senators from Wyoming as also representing Montana interests, and especially the beef industry interest.
>
> I enclose you a short brief that we have drawn up protesting a processing tax on cattle and also wool. We realize that this is only one argument, but it is an argument that, so far as we know, has not at this time been presented.
>
> We trust that reading this short brief will be of interest to you and that the argument presented meets with your favor.
>
> With kindest regards, I am, yours very truly,
>
> W. J. BUTLER,
> *State Veterinary Surgeon.*

I have a letter from Mr. C. B. Abbott, of Hyannis, Nebr., a man who owns some 17,000 cattle, and I think is feeding 2,000 or 3,000 this winter. A part of his letter is as follows:

For one I should like to remain outside the bill as far as being named a basic commodity is concerned. If we could be assured of the marketing agreement, I would be willing to let them go on a reduction program if it was fair. But if they intend to levy a processing tax first thing and then try to pay us back in benefits, I am afraid that whole new deal will be forgotten before we are ever paid.

The Nebraska Stock Growers' Association had meetings in several sections of the State. At a number of those meetings resolutions were adopted. I will read the resolution adopted at the meeting at Valentine:

If a processing tax comes within and under the provisions of the Jones bill, known as House Roll 6133, we deplore it for the reason that we feel and believe that the cattle industry at this time is unable to absorb any processing tax but do not object to making cattle a basic commodity.

At another meeting held at North Platte, Nebr., the Nebraska Cattle Growers' Association adopted these resolutions:

Whereas reports from Washington indicate that the beef industry will be classed as a basic commodity by the administration and supporters in Congress;

Whereas it is suggested by the administration and the Secretary of Agriculture that a processing tax be imposed on the beef industry to repay the appropriation and the machinery set up;

Whereas, if adopted, the administration proposes to appropriate $200,000,000 to purchase breeding cows for slaughter to lower production: Therefore be it

Resolved, That the stock growers of Lincoln County and vicinity in Nebraska earnestly protest against putting this wholly unnecessary and unjustifiable handicap of processing tax on the producers of an essential food; and be it further

Resolved, That we appeal to friends of agriculture in Congress to defeat any attempt at imposing the processing tax on the beef industry, which tax has proved a failure to the pork producers.

Mr. THOMPSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Nebraska?

Mr. CAREY. I yield.

Mr. THOMPSON. I have the resolutions which were adopted at the North Platte meeting. The Senator from Wyoming read only section 3. If he will permit me I should like to read section 4 as follows:

We approve that part of the Jones bill known as "H.R. 6133", wherein from the Treasury of the United States is appropriated the sum of $200,000,000 for the immediate relief of the cattle industry, to be divided equally between dairy and beef cattle. We suggest and recommend to those charged with the enforcement of said act, if enacted into law, that not less than 5,000,000 breeding and producing beef and milch cows be bought immediately; that these cows be purchased on the open markets by the Government in competition with the packers and all other buyers; that the meat processed from these cows be by the Government sold either as fresh, canned, or corned beef abroad to those countries needing meat products, but unable to pay cash therefor, on long-term credits if necessary, to be first assumed by governmental agencies, and when paid to be credited upon the cost of purchase and processing before any consideration be given to levying a process tax therefor.

Does the pending bill cover that section of the resolutions, in the opinion of the Senator from Wyoming?

Mr. CAREY. Frankly, I do not believe the pending bill covers anything except that cattle shall be made a basic commodity, that a processing tax may be levied, and that we are to appropriate $200,000,000 to start something. I think this resolution could be carried out if the Secretary would agree to it.

Mr. THOMPSON. I notice that thus far in the discussion the Senator is, in a way, criticizing the bill. Has he a substitute measure to offer in its stead?

Mr. CAREY. I have no plan which is a cure-all. I have not introduced a bill, but I think there are certain things that might be done to help the livestock industry.

Mr. THOMPSON. But the Senator is not offering any amendment?

Mr. CAREY. No; this bill could not be amended satisfactorily. I should prefer to send the pending measure back to the committee and have the entire bill rewritten. I may offer certain amendments to the pending measure.

Mr. THOMPSON. I also have a telegram from Alliance, Nebr., which I should like to read, as follows:

Cattlemen in all western Nebraska believe that the cattle industry at this time is unable to absorb any processing tax, but do not object to making cattle a basic commodity. Please see that the bill pending makes no provision for a processing tax.

NEBRASKA STOCKGROWERS' ASSOCIATION.
ROBERT GRAHAM, *President*.
F. M. BROOME, *Secretary*.

Mr. CAREY. I think the Senator is aware that the Agricultural Adjustment Act makes it mandatory that a processing tax be imposed if cattlemen are to have any benefits.

Mr. THOMPSON. I do not think there is any doubt about it.

Mr. CAREY. I think the average cattlemen, or most of the cattlemen, in adopting these resolutions were not aware of the provision of the act that a processing tax is mandatory if they are to receive benefits.

I want to read a letter from a packer which I received with reference to the processing tax. This was written by Mr. A. C. Young, president of E. M. Todd Co., who are packers at Richmond, Va. The letter reads as follows:

RICHMOND, VA., *January 25, 1934*.

Senator ROBERT D. CAREY,
Washington, D.C.

MY DEAR SENATOR: I noticed in the papers, a few days ago, that the Senate adopted a resolution offered by you requesting the Secretary of Agriculture to report on the money spent in the corn-and-hog program, seeking to know the amount of the processing taxes collected, and the cost of administration.

I have been in the packing-house business for over 40 years, and I think the processing taxes are doing more harm to the farmer than good, and that the prices on hogs would be higher if the processing tax was not required.

It is natural that Secretary Wallace opposes any attempt to do away with the processing taxes, because the expense of carrying out his plan has to be paid out of these taxes, but who knows how much the farmer will get of the amount of processing taxes collected.

I saw a statement the other day that Secretary Wallace reported at the end of November that the administration had paid out $44,701,650 more in benefits to farmers than it had collected taxes, but had expended $135,000,000 to persuade farmers to reduce cotton, wheat, corn, and tobacco production, and you realize there is no way to tell how much good this expenditure amounted to.

I can but feel that the return in dollars and cents, to the farmers, will be a very small proportion of the amount of processing taxes collected by the Government, and therefore the project is costing the people of the United States an enormous amount of money, by the Government taking such a large proportion of these processing taxes to pay the cost of the experiment.

As you know, the price of hogs has been declining all the winter on account of these processing taxes, as there is no way for packers to assume that loss.

If these processing taxes were abandoned, I am satisfied the farmer will be getting as much or more in the price of the hogs as he sells them, instead of having to wait possibly for a long time to get back a portion of the amount collected in the way of a return for the farmer.

The plan certainly has not been a success so far and is going to cost the Government (and taxpayers) a whole lot more before they get through with this experiment.

Yours very truly,

E. M. TODD CO., INC.,
A. C. YOUNG, *President*.

I am not going to detain the Senate much longer; but the Senator from Nebraska [Mr. THOMPSON] asked me what I would do if I were introducing a bill for the benefit of the cattle industry.

Previously I stated that I had no cure-all for the ills of the industry, that I wished I had, or I wished someone else had been able to find a way to solve their problems. I think, however, there are some things that could be done which would materially help the cattlemen and would not necessitate the imposition of a processing tax.

First. I think that governmental agencies in purchasing supplies for relief could give the cattlemen the same consideration they have given hog producers in making hog purchases. A short time ago I learned that the Emergency Relief Administration had expended some $12,000,000 for the purchase of hogs in addition to the purchase of $35,000,000 by the Department of Agriculture. The purchases of beef amounted to about $250,000, nearly all of which has been canned beef costing 16 cents a pound, so that only a very

small part of what they paid went to the producer. When the Government paid the packer 16 cents a pound for canned meat it paid more for the can than for the meat.

Second. If excise taxes were placed on the importation of canned meats it would keep from the American market an amount of meat equal to 157,000 cattle produced in foreign countries.

Third. The destruction of tubercular cattle would eliminate some 600,000, mostly cows, and would reduce the surplus to that extent.

Fourth. Excise taxes on vegetable oils and fats which would reduce importations would materially help both the producer of beef cattle and the dairyman.

Fifth. Of the various things that have been suggested I think the most important is a packers' agreement or code. More can be accomplished through this than by any one thing, as much of the waste and extra cost in the packing industry could be reduced, which would make it possible for the packers to pay better prices for livestock. With a code prices could be fixed, thereby assuring the livestock producers of a fair price for their products.

None of these would require the levying of a processing tax which must be paid by the producer.

Mr. KING. Mr. President, will the Senator permit an interruption?

Mr. CAREY. Certainly.

Mr. KING. The Senator may have answered the question I am about to propound. He has just stated that there were 600,000 head of cattle, as I understand, that were alleged to be tubercular.

Mr. CAREY. Yes, sir.

Mr. KING. Who is to pay for those cattle if they come in under this basic agricultural-commodity theory?

Mr. CAREY. I think the usual custom has been for the States and the Federal Government to cooperate in paying for such cattle; but with the present low price of cattle I think these cattle could be eliminated from the market now for a great deal less money than at any other time. The way cattle are selling, it will not take a great deal of money—certainly not $200,000,000—to get these cattle out of the way. At $20 apiece, the expenditure will amount to about $12,000,000.

Mr. KING. I assume from what the Senator has just stated, then, that the owners of the cattle are to sustain no part of the loss, but that the Government, out of his $200,000,000 is to pay for the entire value of the cattle, whatever value is attributed to them. Is that true?

Mr. CAREY. Either the Government or the Government and the States cooperating. I think the practice has been for most of the States to cooperate.

Mr. KING. Does not this bill contemplate the abrogation of that plan and place upon the Government the entire burden of paying for the cattle out of this $200,000,000?

Mr. CAREY. I do not know of any plan in the bill, as I have previously said. It simply makes cattle a basic commodity and appropriates $200,000,000. What the Department officials are going to do if the bill passes, I do not know. I know what might be done, but I do not know what the Department is going to do. I never have been able to find out.

Mr. KING. Are we to pass the bill without knowing what disposition is to be made of the $200,000,000, what it is for, whether it is to buy tubercular cattle or whether it is to enable the Department to go into the cattle business, or what? What is the plan?

Mr. CAREY. I have always been advised that the Department could not work out a plan until cattle were made a basic commodity. I do not know why their heads cannot work before cattle are made a basic commodity, but the fact remains that they cannot.

Mr. KING. If we are going to authorize the expenditure of $200,000,000, or, indeed, appropriate that amount, to be turned over to the Department of Agriculture, we ought to know what is going to be done with it.

Mr. CAREY. Possibly it will be used for the payment of benefits, as in the case of hogs. They might advance money to cattlemen to induce them to reduce the number of their cattle. The Department officials might also go into the market and buy a lot of cattle and destroy them and throw them away, as they did with hogs. I do not know, and I do not think they know what they are going to do.

Mr. VANDENBERG. This is part of the lottery.

Mr. CAREY. One man's guess is as good as another's. I do not know.

Mr. ADAMS. Mr. President, may I suggest that on yesterday an amendment was adopted, as I understand, providing that this money could be used to balance the markets, whatever that may mean.

Mr. CAREY. That is what they have been doing with hogs. They have been pegging the market every day to keep up the price. How long they can do that I do not know. They can do it for a long while if they do not run out of money.

The last thing, and I think perhaps the most important thing, is the packers' agreement which I have previously mentioned. If those things which I have suggested were done, I think they would materially help the livestock business; but I cannot say that they would place the cattleman on "easy street."

Mr. President, I ask unanimous consent to have inserted in the RECORD at the conclusion of my remarks a letter written by a committee representing the American National Livestock Association, addressed to the Secretary of Agriculture, and urging upon him the necessity of the adoption of the packers' code or agreement.

Mr. KING. Mr. President, may I ask the Senator whether the organization to which he has just referred endorses the pending bill, which would put cattle in the category of basic agricultural commodities?

Mr. CAREY. At the meeting in Albuquerque the American National Livestock Association took no action, largely for this reason: The Texas cattle growers are a very important factor in that association, and that group were desirous of having cattle made a basic commodity, while many other cattlemen were opposed to it, and the matter was not brought before the convention for the reason that they thought they would get into a fight which might wreck their association.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wyoming that the letter he has offered be printed in the RECORD?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

To the SECRETARY OF AGRICULTURE.

DEAR MR. SECRETARY: In accordance with the request of your Mr. Christgau, we are hereby filing this statement setting forth some of the benefits to be derived from a marketing agreement between the packers and the producers.

We are representatives of the beef-cattle industry. Our industry, combined with the dairy industry and the hog producers, converts the crop of over 70 percent of the entire acreage of the United States into pork and beef and cattle products. Our representatives, together with the representatives of the dairy industry and some of the representatives of the hog industry, held a national conference in Washington during the past week, and passed among other recommendations one in which we stated that we favored the immediate working out of a satisfactory marketing agreement with the packers.

We feel that our industry is one of the most fundamental of industries; and, while cattle are not as yet included in the Agricultural Adjustment Act as a basic commodity, however, this act does provide for marketing agreements whereby processors and producers of other than basic commodities can enter into a monopolistic marketing agreement without violating the antitrust laws of the United States. We wish to again bring to your notice that as early as last August we of the beef-cattle industry held a meeting, elected a committee, and took part in a hearing in Washington early in September. This hearing was the forerunner of hearings a week later in Chicago. At the Chicago hearings we did develop a marketing agreement which was acceptable to all of the committees of our industry represented in every provision except the paragraph pertaining to the examination of the packers' books. We feel that this matter should be left to the Secretary, and we urge immediate action.

We have been told by you and others of your office that you have little faith in a marketing agreement and that you could not help the producers more than about 15 percent in this manner. We feel that an agreement wherein the packing industry can unify its control and remove its product from a buyer's market and place it in a seller's market will in itself react to the benefit of the industry more than 15 percent. We know that you are

aware of the demoralizing influences that rebates, advertising allowances, premiums, unduly easy credit terms and extra deliveries can bring on any merchant. At present we think that the packing industry is subject to all of these evils and to a worse evil than any of these, that of dumping. We know that you are aware that some packers who have accumulated surpluses which they could not sell in their regular consumer channels have in times past shipped huge quantities to certain large city markets and have dumped these accumulations for any price that they would bring, thereby demoralizing the market. We cannot help but feel that certain large buyers, who retail tremendous quantities of meat, are thus enabled to buy at prices which are unwarrantedly low and which must be completely reflected in the producer's price.

We cannot help but remind you in this connection of the case in which one of our large chain stores set up one of their buyers as a broker. Being a broker this man was entitled to an extra rebate on meats, which rebate, he admitted in a hearing before your Department, was refunded to the great chain store that employed him and which had set up his brokerage office. Although your Department issued a cease-and-desist order, he is still able to do business by appealing the order. We feel that through a marketing agreement we could eliminate all of the industry's wasteful practices relating to merchandizing (one of which this example illustrates, and we remind you that a 15-percent rise in the cattle markets would be a much-needed beginning.

There are many more ways in which a marketing agreement can coordinate the various branches of our industry. We could obtain sufficient money to carry on a comprehensive advertising campaign. While advertising beef as a food will not of itself solve all the difficulties besetting the livestock business, yet most informed producers and processors agree that we could materially increase the per capita consumption by judicious advertising. Our industry has no machinery at the present time to handle this problem or any other problem. There is no organization which represents us as a whole or is supported by us as a whole. We cannot but feel that your Department and the processors would be incalculably benefited by having three or four dynamic committees, representing its various branches, to coordinate and establish a policy of unity and good will. This is possible for the first time since the enactment of the antitrust legislation by the passage of the Agricultural Adjustment Act. We feel that the organization of such machinery and the announcement of our cooperation would create a confidence which in itself would strengthen the price of meat products.

We are reminded that Denmark through cooperation and by being able to tell their producers through their cooperatives and cooperative packing plants the kind and quality of the product needed, has thereby been enabled to capture 60 percent of the British market. Cooperation through a marketing agreement can make this sort of planned production possible without ownership of the packing industry. It will go farther to produce orderly marketing in both the raw material and the meat product to the consumer than any other plan. It does not make any difference what kind of a plan of controlled production we may finally arrive at, it will have to have the cooperation of the processor. Unless we have this cooperation, we will not be able to determine our surplus production. When we are producing more than our domestic market will consume at fair prices, we would under this agreement be enabled to levy a subsidy on the meat products which could be sold at fair prices in order that the remainder could be disposed of.

The selling end of any business should be coordinated with the producing end and should try to sell the production. This brings us to a discussion of the two possible methods which we believe might be utilized in controlling supplies. One might be called limited production and the other limited utilization. We feel that production control, so far as the livestock industry is concerned, may be made effective either in controlling production of the animal or of the meat product. Thus production of meat products might be regulated by discarding the meat of inferior animals in sausage and canning and replacing with meat of better quality. In this manner we would have a reservoir to draw from in the event any emergency arose such as has arisen at a number of periods in our history. During the years 1917 and 1918 the Government was asking us to produce at greater and greater volume and insisting that the American public observe their program of meatless days. This reservoir which saved the Nation during the war seems to us a national necessity, yet it is the very thing which produces demoralized markets in times such as these. We feel we should be entitled to the cooperation of your Department in utilizing every available means until we reach parity price. The marketing agreement submitted to you at the Chicago conference provided this cooperation.

We are not of the opinion that our foreign markets cannot be regained. We feel that if we were permitted to cooperate under a marketing agreement we would be enabled to trade enough of our surplus which is perishable, for some commodity not produced in the United States in sufficient volume which is unperishable. We could in this way cooperate to the extent that we would not demoralize our domestic market. At least we could get greater consideration for our industry when quotas of exports and imports are being fixed by our own Government.

We must again remind you that our industry is in dire distress. Our feeders have been compelled to purchase corn at or near the Government loan value. Our range producers must sell their feeding cattle at a price which the feeder is justified in paying, giving consideration both to the present beef market and the price of corn. The cattle marketed in Chicago each week are losing upward of a half million dollars in actual money out by the owners in spite of the fact that both the packer and retailer are handling the same product at a profit. We feel that a marketing agreement will reduce this spread between the consumer's cost and the producer's price. We feel that it will operate as a permanent plan and tend to stabilize the market. We remind you again that it creates a monopoly, with the producers having a voice through their committee, with yourself as supreme governor and in our belief will restore meat products to parity prices and that it, coupled with a production-control program, either inaugurated separately by you or by its monopolistic provisions, will effectually accomplish the provisions of the Agricultural Adjustment Act.

CHAS. COLLINS.
ELMER BROCK.
HUB. RUSSELL.
THOS. COBLE.
C. J. ABBOTT.

Mr. FRAZIER. Mr. President, I offer an amendment, which I send to the desk and ask to have read.

The PRESIDING OFFICER (Mr. BANKHEAD in the chair). The clerk will read.

The LEGISLATIVE CLERK. It is proposed to insert the following new section at the end of the bill:

SEC. 4. Section 11 of the Agricultural Adjustment Act, as amended, is amended by adding after the word "wheat" a comma and the words "rye, flax, barley."

Amend the title so as to read: "An act to amend the Agricultural Adjustment Act so as to include cattle, rye, flax, and barley as basic agricultural commodities, and for other purposes."

Mr. FRAZIER obtained the floor.

Mr. CONNALLY. Mr. President, as far as I am concerned, I am willing to accept the amendment, and let it go to conference.

Mr. FRAZIER. Mr. President, I understood there were two or three Senators who desired to speak briefly on the amendment, and I think their remarks will be very important.

The PRESIDING OFFICER. The Senator does not accept the suggestion of the Senator from Texas?

Mr. FRAZIER. I am perfectly willing that the amendment should be agreed to, but I know there are two or three Senators who desire to speak on it briefly.

Mr. CONNALLY. Of course, if the Senator wants to make a speech, I withdraw the suggestion.

Mr. FRAZIER. There is no objection to it being agreed to, of course.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota.

Mr. KING. Mr. President, I should like to ask the Senator who has just submitted this omnium gatherum amendment, or partially such an amendment, where he expects the money to come from with which the plan is to be executed? Is it to be part of this $200,000,000?

Mr. FRAZIER. Oh, no. The money would be raised by assessing a processing tax upon these products.

Mr. KING. My recollection is that a day or two ago the able Senator from Ohio singled out oats, which had not been wrapped in the beneficent robes of the agricultural organization here, and had not been placed in the category of favored commodities, and the Senator stated that oats were higher, relatively, than the other commodities which had been placed under the control of the Department of Agriculture. I was wondering whether the Senator was now striking at that commodity, because it would seem, if we are to judge by the effect of the work of the Department of Agriculture with respect to hogs, that he may find a very material reduction in the price of oats if he places them in the category of basic agricultural commodities. I suggest that he may be doing the producer of oats a disservice by submitting them to the tender embrace of those in the Department of Agriculture.

Mr. FRAZIER. Mr. President, I am not including oats in this amendment. It includes rye, flax, and barley.

Mr. KING. I thought the Senator included oats.

Mr. FRAZIER. No.

Mr. KING. May I ask the Senator whether flax and barley have not fared better, so far as prices are concerned,

than the two commodities which were placed in the category of favored commodities?

Mr. FRAZIER. I think the effect was about the same as the effect on the price of wheat. Of course, I know that there is a great deal of controversy and dissatisfaction over the price of hogs, but the price of wheat, I should say, is about on a parity with the prices of barley and flax and these other grains.

Mr. KING. It seems to me that, with the limited information we have with respect to a matter that is so important, we ought to have further discussion and ought to have a fuller attendance of the Senate. As I recall, the committee, after very elaborate hearings, if I recall correctly the statement made by the Senator from Nebraska [Mr. NORRIS], rejected the inclusion of any commodity except cotton and wheat, and the incorporation of hogs within this favored group was against the protest of a number of the members of the committee.

Mr. FRAZIER. Mr. President, the objection that was raised by the Department at that time was that they wanted to try the plan out on two or three products as a sort of experiment, to see how it worked. They say now that they are satisfied that the experiment is going to work, that it is going to be of benefit to the farmers, and, therefore, a number of us think that, if we are to continue the processing tax on wheat and hogs, we should also have a processing tax on beef cattle, on rye, barley, and flax.

Mr. ADAMS. Mr. President, may I inquire whether or not flax is a surplus commodity?

Mr. FRAZIER. No; it is not; nor is rye.

Mr. ADAMS. None of the three commodities included in the Senator's amendment is a surplus commodity?

Mr. FRAZIER. No; I do not think any of the three would be called a surplus commodity.

Mr. ADAMS. I am curious, then, as to how the Senator expects to benefit the flax producers by having flax made a basic commodity.

Mr. FRAZIER. If these articles are made basic commodities, and a processing tax is placed upon them, any imports of the products, when they are processed, would pay the processing tax. Therefore, it would have the effect of putting a higher tariff on these products.

Mr. KING. Are there any imports?

Mr. FRAZIER. Oh, yes. Over 8,000,000 bushels of rye have come into the United States during the last 6 months. There is a tariff of 15 cents.

Mr. KING. How many bushels have we exported?

Mr. FRAZIER. I think practically none of rye during that period.

Mr. VANDENBERG. Mr. President, if the Senator can protect flax, I advise him to do so, because that is one of the two commodities for which the Secretary of Agriculture has signed a prospective death warrant. The two, he has announced, are inefficient, and ought to disappear from our American agriculture.

Mr. FRAZIER. Is the Senator from Michigan sure of that? There was a statement in the press, which someone sent to me, to the effect that some $12,000,000 was to be used by the Department of Agriculture to stimulate the production of flax where it had not previously been grown. I called the Department, and they stated they knew nothing about it, and did not know the source of the statement.

I cannot see why flax should be one of the products to be excluded from production in the United States, inasmuch as we do not raise anywhere near enough to supply the domestic needs, and there is no question that we could raise enough flax in the United States to supply our full domestic demand if there were a sufficient price to give the farmers cost of production for that product.

Mr. VANDENBERG. Mr. President, I read from the booklet entitled "America Must Choose", by the Secretary of Agriculture. In his discussion of what he calls "approach to a world neighborhood", he suggests that this requires a radical reduction of tariffs which might seriously hurt certain industries, "and a few kinds of agricultural businesses, such as sugar-beet growing and flax growing. It might also cause pain for a while to woolgrowers and to farmers who supply material for various edible oils. I think we ought to face that fact. If we are going to lower tariffs radically, there may have to be some definite plan whereby certain industries or businesses will have to be retired."

The only examples the Secretary gives in that aspect are sugar beets, flax, edible oils, and wool. Can the Senator contemplate a successful agriculture in his area with those products eliminated?

Mr. FRAZIER. Mr. President, I must say that I cannot agree with the Secretary of Agriculture as to eliminating either flax or sugar beets. They are both important products in my section of the country.

Mr. VANDENBERG. How about wool?

Mr. FRAZIER. I cannot agree as to eliminating wool, either.

Mr. FESS. Mr. President, that is in line with the philosophy of doing away with any article of which we do not produce any large amount in proportion to our need, or saying that if we are not producing sugar beets to anywhere near our demand we would better discontinue producing them.

That runs all through the argument. So that, notwithstanding the fact that the Dakotas are very much concerned in the production of flax, the quantity produced in proportion to the demands of the whole Nation is regarded as rather inconsequential. I think there is no doubt that flax is one of the articles which must go when we enter upon the tariff bargaining plan, because we cannot possibly get an advantage coming without losing some advantage going. The question is, What are we going to sacrifice of our own production in order to get the advantage in the matter of imports?

Mr. FRAZIER. Mr. President, if we take flax and sugar beets and perhaps some other farm products out of the picture, what are the farmers going to do with the land that has been used in the production of those commodities in the past?

Mr. FESS. Let others answer the question. I cannot imagine what they are going to do.

Mr. VANDENBERG. The farms will be made subsistence farms, with furniture factories in the middle of them, and then the Government will work the furniture factories.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

THE CALENDAR

The PRESIDING OFFICER. Are there any reports of committees? There being none, the calendar is in order.

Mr. ROBINSON of Arkansas. Mr. President, the first nomination on the calendar goes over under a unanimous-consent agreement that was made today and entered of record.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Frank P. Corrigan, of Ohio, to be Envoy Extraordinary and Minister Plenipotentiary to El Salvador.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Carl deG. MacVitty, of Illinois, to be secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of H. Earle Russell, of Michigan, to be consul general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

CUSTOMS SERVICE

The legislative clerk read the nomination of Bernice Pyke to be collector of customs, collection district no. 41, Cleveland, Ohio.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the nominations of postmasters may be confirmed en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

That completes the calendar.

INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate now take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 33 minutes p.m.) the Senate took a recess until tomorrow, Friday, March 9, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 8 (legislative day of Feb. 28), 1934

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Frank P. Corrigan to be Envoy Extraordinary and Minister Plenipotentiary to El Salvador.

SECRETARY IN THE DIPLOMATIC SERVICE

Karl deG. MacVitty to be secretary in the Diplomatic Service.

CONSUL GENERAL

H. Earle Russell to be consul general.

COLLECTOR OF CUSTOMS SERVICE

Bernice Pyke to be collector of customs for customs collection district no. 41, Cleveland, Ohio.

POSTMASTERS

ARKANSAS

Bess M. Nobles, Dierks.

NEBRASKA

Albin E. Rodine, Stromburg.
Eric Fredrickson, Wakefield.
Richard H. Schwedhelm, Westpoint.

NEW YORK

Joseph W. Cain, Adams.
Leo W. Pike, Belmont.
John A. Holland, Brushton.
Bertha Sagendorph, Claverack.
James D. George, Gardiner.
Frank L. Egger, Larchmont.
Robert E. Purcell, Philadelphia.
Elmer R. Chaffer, Point Pleasant.
Harold D. Ashline, Rouses Point.
George O. Fountain, Scarborough.
May A. Cupernall, Thousand Island Park.
Charles R. Frank, Yorkville.

SOUTH CAROLINA

Marion G. Anderson, Conway.
Hattie J. Peeples, Varnville.

SOUTH DAKOTA

John E. Dunn, Elkton.
J. Russell Anderson, Irene.
John W. Hoven, Selby.
Daisy E. Berther, Wentworth.

HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 8, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

All praise and glory be unto Thee, our Heavenly Father. Love and mercy never pass by the boundaries of Thy heart. As we tread the crowded pathways of life lead us, we pray Thee. May we be converted to humility, to self-sacrifice, to unfailing kindness, and to the love that casteth out fear. Earnestly persuade us that the finest type of manhood lies not in outward honor and glory but in the hidden soul. There is no work so great and so high as the creation of character; all other things are dim and stationary. Almighty God, the judge of all men, be with the whole race of humankind; cleanse its dark and forbidding passageways and stop its thundering cries. Come Thou, O come to our own country, to our President, our Speaker, and this Congress; O make them abundantly equal to every emergency. May they bind up wounds and not make them, may they quench the fires of war and not kindle them. Blessed Lord, give us all that power that lifts us above all wrath and revenge. In the name of our divine Elder Brother. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 5632. An act to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6604. An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. TRAMMELL, Mr. WALSH, Mr. TYDINGS, Mr. HALE, and Mr. METCALF to be the conferees on the part of the Senate.

BOARD OF VISITORS, UNITED STATES MILITARY ACADEMY

The SPEAKER laid before the House the following communication, which was read:

MARCH 1, 1934.

HON. HENRY T. RAINEY,
Speaker of the House of Representatives,
The Capitol, Washington, D.C.

MY DEAR MR. SPEAKER: Sometime ago I sent you the names of the persons appointed by me to constitute the members of the Board of Visitors to the United States Military Academy on behalf of the Committee on Military Affairs.

I am now requested by the Honorable W. FRANK JAMES to accept his resignation as a member of that committee, and do hereby substitute in place of Mr. JAMES the Honorable CHARLES A. PLUMLEY, a member of the Committee on Military Affairs, from the State of Vermont.

With great respect, I am, yours sincerely,

J. J. MCSWAIN, *Chairman.*

NAVAL CONSTRUCTION

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to take from the table the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22,

1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. The gentleman from Georgia asks unanimous consent to take from the Speaker's table the bill H.R. 6604, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate. Is there objection?

There was no objection.

The Chair appointed the following conferees: Mr. VINSON of Georgia, Mr. DREWRY, Mr. GAMBRILL, Mr. BRITTEN, and Mr. DARROW.

THE COUNTRY NEEDS THE REPUBLICAN PARTY

Mr. MARSHALL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a speech delivered by the gentleman from Kansas [Mr. MCGUGIN] at Lancaster, Ohio, March 6.

The SPEAKER. Is there objection?

There was no objection.

Mr. MARSHALL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech of Hon. HAROLD MCGUGIN, of Kansas, before the Fairfield County Republican Club, Lancaster, Ohio, on March 6, 1934:

No scheme has yet been devised whereby legislative forms of government can survive other than by the two-party system. Three or more parties mean that no party is in the majority and can take the responsibility. In such a situation, in order to obtain a majority, minority blocs and factions always committed to some selfish interests, form a coalition based upon each minority faction entering the coalition supporting the selfish interests of other minority factions. In the end, legislation is enacted which is not for the general welfare and never had the support of an honest majority. This means intolerable government. The result is that parliamentary government breaks down under the bloc system. This accounts for the failure of legislative government in continental European countries.

One-party government always leads to dictatorship because there is no agency at hand to restrain the majority from practicing all kinds of excessive encroachments upon the liberties of the people.

In two-party government, one party must be the majority party to bear the responsibility of government. The other party must be the minority party to point out the mistakes and errors of the majority party. In the two-party system, the minority party has an indispensable function to perform.

At the present time the Democratic Party is in the majority. It is its responsibility to take the leadership and carry out a governmental program. The Republican Party is the minority party. It is its function and responsibility to criticize constructively and to point out to the public the mistakes which the Democratic majority is making. It is inevitable that this Democratic majority, the same as any other majority party, will make mistakes. This administration and this Democratic majority in Congress comprise a human institution and mistakes are inevitable. They will be made world without end.

Since the Civil War the Republican Party has been the majority party during the greater part of the time and the Democratic Party has been the minority party. During this long experience as a minority party the Democratic Party has developed into the world's best minority party because it became a criticizer par excellence. It very largely forgot how to meet responsibility as a legislative party in control of Congress. It is now a matter of history that the Democratic Party has been unable to function in a constitutional manner in control of legislation. With a Democratic President and with a Democratic Congress virtual dictatorship on the part of the President is inescapable. In the light of this record the people of this country must be content with practically a dictatorship rather than traditional legislative government when we have a Democratic President and a Democratic Congress.

This would seem to be a partisan statement on my part if it were not for the fact that the record substantiates this statement.

Grover Cleveland was the first Democratic President after the Civil War. He could not depend upon his Democratic Congress and had immeasurable trouble with it.

Woodrow Wilson was the second Democratic President. Even in the most far-reaching legislation of his two terms as President he could not depend upon his Democratic Congress. The Speaker, Champ Clark, opposed the draft. Senator Stone, Chairman of the Foreign Affairs Committee in the Senate, opposed the Wilson war program.

In the House of Representatives, Claude Kitchin, Chairman of the Ways and Means Committee, likewise opposed the draft. Hubert Dent, Chairman of the Military Affairs Committee in the House, refused to introduce the draft bill. This bill was introduced and carried through the House of Representatives under the leadership of Julius Kahn, the ranking Republican member on that committee. When it came to meeting the legislative responsibilities, Mr. Wilson had to depend upon the Republican leadership to carry out his war program. In order for Mr. Wilson to have a semblance of order in government, he had to go to the extreme of disciplining Democratic Members of Congress by going into senatorial and congressional primaries and opposing their renomination.

Franklin D. Roosevelt, the third Democratic President since the Civil War, has found that he cannot depend upon a Democratic Congress to meet the responsibility of legislating in the usual manner. The result is, he has been demanding and receiving of his Congress legislation which does not legislate on a particular subject but merely transfers the constitutional responsibility of Congress to legislate to the President to carry out his program by Executive orders.

The Constitution provides that appropriations shall be made by the lower House of Congress. The reason for this provision in the Constitution was that the people's money should not be expended except under the guiding hand of their chosen representatives. At present, for all intents and purposes, this provision of the Constitution is destroyed. Lump-sum appropriations are being made in the amount requested by the President, and the President is expending the money as he sees fit. The function which Congress is performing in this respect is a mere formality. So far as actual results are concerned, the President might as well make his own appropriations.

The Congress is abrogating its responsibilities. It is conferring upon the Executive step by step the full control and power of government. It is doing piecemeal what the German Reichstag recently did in one fell swoop. For the moment this may meet with the approval of the people, yet the fact remains their liberties are being transferred to the Executive. The great struggle for American independence was to take the power of government from the Executive and place it in the hands of the chosen representatives of the people. The purpose of this was to establish and to preserve the rights and liberties of the people as a whole. Since the 4th of March 1933 we have day by day given over to the Executive that which our forefathers gained at the price of blood and treasure.

When legislation is enacted invariably gag rules are passed in the House of Representatives so that the legislation cannot be amended when it is being considered on the floor of the House. These gag rules are not employed in order to keep a hostile Republican minority from wrecking administration legislation; 114 Republican Congressmen cannot outvote 315 Democratic Congressmen. The only purpose in the world for these gag rules is to keep a Democratic Congress from wrecking the legislation of its own administration. The only possible excuse for this conduct can be attributed to the fact that a Democratic Congress will not meet its responsibility of standing up and enacting legislation. There is equally as much responsibility as there is privilege in being a majority party and having control of government. No constructive legislation can be enacted which does not step on someone's toes and bring criticism upon those who enact it. Election-conscious legislators shrink from this responsibility.

Whatever may be said for the new deal, this much is certain, we are not getting it for nothing. One of the prices which we are paying is that the pages of history are being turned back over 150 years and the people's liberties are being daily transferred from their chosen representatives to the Executive department of the Government. Practically every piece of legislation which is a part of the new deal has carried with it a repudiation of some section of the Constitution.

The proposed granting of powers to the President to make foreign-trade agreements by changing tariff provisions changes two sections of the Constitution. First, tariff legislation is a revenue measure and under the Constitution should originate in the House of Representatives. From Magna Carta until now, the very cornerstone of free government has been that the revenues which shall be collected from the people shall be prescribed by the representatives whom they elect at frequent intervals. It is in this manner that the people have something to say about how much of their money shall be spent and for what it shall be spent. The most unbearable tyranny that mankind has suffered has been found in an executive collecting such tribute from the people as he deems advisable.

The second section of the Constitution which is being overridden by this provision is that treaties or agreements with foreign countries shall not become effective until they have been ratified by a two-thirds vote in the United States Senate. Yet the legislation which is now being considered places in the hands of the President power to make these foreign-trade agreements, which are treaties, without their being ratified or considered by the Senate. The Executive making treaties and arrangements with foreign countries without any approval of the representatives chosen by the people is another intolerable tyranny which the writers of the Constitution intended to make impossible in the United States.

It is true that the public cannot suffer from the Executive's collecting revenues and making treaties with foreign powers unless he abuses that power. Let us assume that Mr. Roosevelt will not abuse that power. The people of this country may be willing to reelect him time after time, yet the fact remains that he will not live forever and cannot always be the President of the United States. Much of this legislation transferring congressional

responsibilities to the Executive is in the form of permanent legislation which confers that authority upon the President for all time. When we talk about repealing it at some future date, we must remember that it cannot be repealed without the consent of the President except that such repeal should pass over his veto. That would require a two-thirds vote in each House. So, under the present arrangement, this Congress is day after day delegating its constitutional powers, which means delegating the people's constitutional liberties, by a majority vote, while these powers and liberties can only be regained at some future date by a two-thirds vote.

This should not be done unless we are ready to concede that the time has come when constitutional government is wholly impractical in the United States.

Let us discuss what has been done by the Roosevelt administration since it has come into power. In the first place, it would be far more partisan than wise or truthful to charge Mr. Roosevelt with all the economic and social ills from which the people of the United States are now suffering in common with the rest of the people of the world. We are in the midst of a world-wide depression. We do not serve ourselves and our country if we do not recognize this fact, but on the contrary merely heap abuse upon the man who may be President at this time. I choose to be more charitable with Mr. Roosevelt, a Democratic President, than the Democrats were with Mr. Hoover, a Republican President, Mr. Hoover was President when this depression came on to the world. The Democrats grasped the depression as a golden opportunity to destroy confidence in Mr. Hoover and bring about a Democratic political victory. In that they made a mistake. I doubt very much if the Democrats today or of the future will be particularly proud of the record which the Democratic Party made during the Hoover Administration when the entire world was in the grip of the greatest depression of modern history.

Surely now everyone will concede that Mr. Hoover did not have the power to meet the depression and that the Democratic Congress under Mr. Garner would not give him the power. When Mr. Hoover went out of office on the 4th of March and Mr. Roosevelt came into office, Mr. Roosevelt then and there received every power which Mr. Hoover had with which to meet the emergency. Mr. Roosevelt did not turn his hand to meet the depression or the emergency until he first asked and received from Congress unheard-of powers. It is now clear that Mr. Roosevelt is not meeting the depression with the same tools that were in the hands of Mr. Hoover, a Republican President.

The principal accomplishments of the Roosevelt administration to date have grown out of an unparalleled expenditure of public money. We must not lose sight of the fact that there is far more humanitarianism involved in these accomplishments than social and economic recovery. The cost of the first year is about ten and one half billion dollars. Our total Government income is about $3,500,000,000. The deficit is about $7,000,000,000. These accomplishments will not be paid for unless and until our children pay for them. Until they are paid, it is yet a debatable question whether or not in the long run the people have been saved from distress and that there is not greater distress ahead. There can be no permanent recovery until the Government is able to balance its expenses and revenue. No government can long survive which is not a solvent government. It cannot safely be said that any government is a solvent government which for 5 years has spent more than twice the amount it has taken in and offers no reasonable promise of balancing its expenses and revenue in the future.

The two outstanding efforts of the administration for recovery are to be found in the N.R.A. and the A.A.A, neither one of which has yet proved its established and permanent merit. They have accomplished some good purposes but they have brought forth so many new evils and complications that it is yet a most debatable question whether in the end they are going to bring about economic recovery or greater economic despair. The way that they are now being administered, if there is any hope for their permanent success, it would seem that we would have to pay the price of giving up many of our liberties under the Constitution.

Up to date the N.R.A. is playing into the hands of monopoly and giving advantage to the large institutions, all to the detriment of the smaller institutions.

The A.A.A. is monopolizing agriculture. It is giving benefits to the large producers while it is collecting processors' taxes from the products of the smaller producers largely to furnish bonuses for the producers of agricultural products which producers are largely responsible for bringing about our present condition of an oversupply of farm products.

For instance, the wheat allotments, based upon the last 3 years' production, give a monopoly on wheat to those who have been constantly increasing their acreage. This is largely at the expense of the smaller producers, who during the last 3 years have been decreasing their acreage. The corn, hog, and dairy programs have shown the same situation to exist. Allotments based upon the last few years of production give advantage to those who have been increasing their production during that time and discriminates against those who have been reducing their production during the same time. The allotment plan fails to give fair consideration to the young man who wants to enter into the business of agriculture and who has no past production upon which to base an allotment. It likewise raises an economic and discriminating bar before the man who is returning from the ranks of industrial unemployment to the farm where he hopes to make a living at that most ancient and most honorable of occupations.

This program is leading to complete governmental control and domination of the land. Were I alone in making this statement I should be subject to the criticism that my statement was based upon partisanship; however, Rexford G. Tugwell, the Assistant Secretary of Agriculture, and the dominating personality in the agricultural program, has openly declared what is the purpose of the Government's program. In a recent speech in Philadelphia, Pa., he said:

"We are now engaged in a drastic program of controlling agriculture products for the emergency. This in itself means that we are trying to control the entire utilization of all agricultural land. * * *

"Private control has failed to use wisely its control of land. * * * For the first time the Government is thinking of the land as a whole. For the first time we are preparing to build a land program which will control the use of that greatest of all natural resources, not merely for the benefit of those who happen to hold title to it, but for the greater welfare of all the citizens of the country."

This program is not in keeping with the free, independent American program we have known. It is more in keeping with the philosophy of Stalin and Marx. Communistic Russia has prepared a land program not for the benefit of those who happen to hold title to the land but for what the Soviet thinks is for the greater welfare of all the citizens of Russia. The Star of Bethlehem pointed to the birthplace of a Savior and to a better day for mankind. There is no star of Russia which points to a better day for the American farmer. The people of the United States must make the choice of whether or not they want to make this change.

Whatever may be said of the Roosevelt administration to date, it has not given us something for nothing. For the relief measures which it has given to us we are paying the price of having gone in debt an additional $58 for each man, woman, and child. For the recovery measures which it has put into effect we must pay the price of giving up liberties and rights which were obtained in the first instance at an awful price and which for generation after generation we have cherished dearly.

My judgment is that we are moving too rapidly into this new world. It seems to me that it would be wise in the coming election to elect at least enough Republican Congressmen to check this headlong plunge into a new experiment. I do not suggest the election of a Republican Congress for the purpose of tying the hands of President Roosevelt. If the people should elect a Republican House of Representatives in the next election and if the Republicans would use that majority to deny to Mr. Roosevelt any opportunity of a reasonable constitutional leadership, then they would not be serving their party or their country, but a Republican majority in Congress which would cooperate with the President on constitutional ground will, in my judgment, be a blessing to the American people. At least, a sufficient increase in the Republican Membership of Congress for the minority to be able to make itself felt would be a most stabilizing influence at a time when we are moving too rapidly into new and uncharted seas.

MANAGEMENT OF THE GOVERNMENT PRINTING OFFICE

Mr. GLOVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, more than 1 year has passed since the Democrats have assumed control of the governmental affairs, and many responsible positions that should have been filled by the winning party are still held by those of the opposite party that are not in sympathy with the present administration.

As far as I can learn, it has not been the custom to furnish employees of any office with copies of the CONGRESSIONAL RECORD. But, it is said, that on the morning after an attack on the new deal was made in another body a large pile of RECORDS lay on a foreman's desk under a sign inviting everybody to take one.

I am informed that one is still reigning supreme in the Government Printing Office, notwithstanding the fact that he secured the place about 1 month after the late President Harding was inaugurated, and has held that place since that time.

There are Democrats now working in that Department that are being demoted instead of promoted that are thoroughly capable of holding this position with credit to the administration.

We hope those having the power to make these changes will immediately give their attention to these matters and make the necessary changes, which is nothing but fair and right.

This is only one instance in many that could be cited where changes should be made.

NAVAL APPROPRIATION BILL, 1935

Mr. AYRES of Kansas. Mr. Speaker, I call up the conference report upon the bill (H.R. 7199) making appropriations for the Navy Department and the Naval Service for the fiscal year ending June 30, 1935, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from Kansas calls up a conference report and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 14, 19, and 20.

That the House recede from its disagreement to the amendments of the Senate numbered 8, 9, 11, 12, 16, 21, 24, and 25, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$65,000"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$62,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,176,482"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$15,542,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$13,662,200"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$10,545,600"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: At the end of the matter inserted by said amendment insert the following: ", who, if above the rank of lieutenant, shall not be entitled to receive increased pay for making aerial flights at a rate in excess of $1,440 per annum, all of such nonflying officers or observers"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$7,559,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 13, 15, 18, 22, and 23.

W. A. AYRES,
GLOVER H. CARY,
M. J. HART,
J. HOWARD SWICK,
JOHN T. BUCKBEE,
Managers on the part of the House.

JAMES F. BYRNES,
ROYAL S. COPELAND,
PARK TRAMMELL,
FREDERICK HALE,
HENRY W. KEYES,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendments nos. 1, 2, 3, 5, 6, 7, 17, 19, 20, and 21: Appropriates $65,000 for continuance of naval training station, Newport, R.I., in a bare maintenance status and $62,000 for continuance of naval training station, Great Lakes, Ill., in a bare maintenance status, instead of opening the latter, at an added expense of $376,697, and continuing the former in its present status upon an appropriation of $46,813, as proposed by the House, and instead of opening Newport, at an added expense of $247,200, and continuing Great Lakes in its present inoperative status upon an appropriation of $38,778, as proposed by the Senate. The Senate included $70,464, in addition to the amount added for opening Newport, for hospitalization at Great Lakes in the event the bill as finally agreed to made provision for reopening the Great Lakes station.

On amendment no. 4: Strikes out the proposal of the Senate to establish as one fund the several subappropriations of the appropriation "Training, education, and welfare, Navy."

On amendments nos. 8, 9, 10, 11, 12, and 16: Increases the amount of $1,170,297 proposed by the House for increased pay of officers for making aerial flights by $119,473, or to $1,289,770, as proposed by the Senate, and makes provision for 56 gunnery observers to be in a flying pay status, as proposed by the Senate, modified, however, so as to prevent any such observer from receiving an increase of pay for flying at a rate in excess of $1,440 per annum.

On amendment no. 14: Strikes out the Senate amendment to the House provision with respect to the employment of enlisted men or civilians in the capacity of servants in the residences or quarters of officers on shore, as such amendment might be construed as countenancing exceptions other than those permissible under amendments nos. 13 and 15.

On amendments nos. 24 and 25: Appropriates $250,000 under the transportation subhead of the appropriation "General expenses, Marine Corps", as proposed by the Senate, instead of $195,000, as proposed by the House.

DISAGREEMENTS

The committee of conference have not agreed on the following amendments of the Senate:

On nos. 13 and 15: Making exceptions to the provision prohibiting the employment of enlisted men or civilians in the capacity of servants in the residences or quarters of officers on shore.

On no. 18: Relating to printing historical and naval documents.



On nos. 22 and 23: Relating to the reemployment of civilian instructors at the Naval Academy.

W. A. AYRES,
GLOVER H. CARY,
M. J. HART,
J. HOWARD SWICK,
JOHN T. BUCKBEE,
Managers on the part of the House.

Mr. AYRES of Kansas. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment no. 13: Page 23, line 23, insert "except for messes temporarily set up on shore for officers attached to sea-going vessels, to aviation units based on sea-going vessels, and to landing forces and expeditions."

Mr. FISH. Mr. Speaker, will the gentleman yield for a question for information?

Mr. AYRES of Kansas. Yes; I yield.

Mr. FISH. Do any of these amendments in disagreement cover the dispute in the other body about taking over control of the munition plants in the country?

Mr. AYRES of Kansas. No. Mr. Speaker, I move that the House recede and concur with an amendment which I send to the desk.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

In lieu of the matter inserted by said amendment, insert the following: "except for the public quarters occupied by the Chief of Office of Naval Operations and messes temporarily set up on shore for officers attached to sea-going vessels, to aviation units based on sea-going vessels, and to landing forces and expeditions."

The SPEAKER. The question is on the motion of the gentleman from Kansas to recede and concur with an amendment.

Mr. AYRES of Kansas. Perhaps I should make a statement as to this amendment, which will apply also to amendment no. 15.

At the last session we wrote into the bill a provision prohibiting the employment of enlisted men or civilians in the quarters of officers on shore in the capacity of household servants. At that time there were some 60 naval officers assigned to various posts who were using enlisted men as servants in their quarters. The number of servants ranged from 1 to 5. Some 200 men were so employed.

In an interpretation of that provision the Comptroller General, and properly so, I have no doubt, ruled that officers attached to submarines based on shore, like at New London and Coco Solo, could not use the enlisted cooks and mess attendants of their vessels to cook and serve their meals while the ships were tied up at the docks and the officers, as a matter of convenience, had set up a general mess on shore.

Of course, we had no intention of disturbing that practice. The same is true of aviation units attached to sea-going vessels. When away from their ships the practice is to take their cooks and mess attendants along to take care of the temporary messes set up wherever the units might be.

Another interpretation, which amendment no. 15 is designed to set aside, runs against the practice of officers at various shore establishments buying their noon meals at messes prepared and served by enlisted men primarily for the benefit of such enlisted men as may be on duty at a particular shore establishment. I am sure none of us intended to interfere with practices such as these amendments are intended to permit to be continued.

In connection with amendment no. 13, we are proposing also to except the Chief of Naval Operations. This officer, as you all know, has been assigned as quarters a great big pretentious establishment out here within the Naval Observatory circle grounds. It means the employment of not less than five servants properly to take care of the place. The Admiral is assigned the quarters and has no choice but to occupy them and it is not right that under such circumstances he should be required to go into his own pocket to pay for servants that he would not require and would not employ if he were free to occupy quarters or rent quarters of his own choosing.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 15: Page 24, line 11, after the word "Government", insert "nor the sale of meals to officers by general messes on shore as regulated by detailed instructions from the Navy Department."

Mr. AYRES of Kansas. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. AYRES of Kansas. Yes; I yield.

Mr. BRITTEN. Will the gentleman be good enough to state whether there was a complete agreement among the conferees concerning the Great Lakes training station?

Mr. AYRES of Kansas. There was.

Mr. BRITTEN. And there was no attempt made to hold it in the bill by the House conferees?

Mr. AYRES of Kansas. Oh, yes; there was an attempt to hold it in. Also the same as to Newport; but, of course, the final agreement was unanimous, or practically so, that they both go out.

Mr. BRITTEN. Newport was put in by the Senate, and the Great Lakes was taken out by the Senate action?

Mr. AYRES of Kansas. Yes.

Mr. BRITTEN. So that when the bill came before the conference it had nothing for the Great Lakes but did have Newport?

Mr. AYRES of Kansas. Oh, no. It had both.

Mr. BRITTEN. My impression is that Great Lakes had been left out by the Senate.

Mr. AYRES of Kansas. That is right. It was left out by the Senate. The gentleman is right about that; but both matters were open for consideration by the conferees, and we discussed the matter for some days, and this was the final agreement we came to, to leave them both out. I wish to state that the Navy Department did not hesitate to say that they did not want either one of the training stations opened, but simply wanted to put them in a closed-down condition, and increase the maintenance amount.

Mr. BRITTEN. Will the gentleman yield for a further moment?

Mr. AYRES of Kansas. I yield.

Mr. BRITTEN. I appreciate the embarrassing position of the conferees when the Navy Department itself says that it has no use for Great Lakes, but my impression is that the best station of the three in the United States today, the one at Norfolk, the one at San Diego, and the one at the Great Lakes, is the Great Lakes station, and it has always turned out the best men for the Navy.

Mr. AYRES of Kansas. The gentleman will get no argument out of me on that question.

Mr. BRITTEN. I am sure of that, because the gentleman knows the Great Lakes as well as I do. During the war we had 55,000 boys in training at one time at Great Lakes station, and they were the finest manhood in the world, and they did their part during the war. They manned our merchant ships and our convoys at a time when the Navy Department was clamoring for men and could not get them any place. When the Shipping Board fell down in its training facilities and could not get men for the merchant marine during and after the war, they always resorted to the Great Lakes, and that station never failed them. Not only did we have 55,000 boys, but we had music for every ship that wanted it. We had a thousand musicians under John Philip Sousa. The Navy Department is making a great mistake in not reopening the Great Lakes station.

The buildings are permanent. They are thoroughly heated. They are the best type of training-station buildings

in the Nation, and they should be used. Standing in disuse is not economy. If the gentleman will pardon me for just a moment—and I am doing this for a purpose—I am trying to call to the attention of the Navy Department itself the fact that it is making a great mistake in refusing to acknowledge what the Great Lakes has done, and what the Great Lakes still stands for. Recruiting and training in the Midwest can be done more economically and more efficiently than in any other American locality. This is short-sighted economy.

Mr. AYRES of Kansas. I wish to state to the gentleman that we will have to try this out next year, and I am hoping we can succeed in convincing the Navy Department that we should have the Great Lakes Training Station, and I assure the gentleman that everything was done on the part of the committee to reach that kind of agreement, but it was impossible at this time in view of the fact that the Navy Department said that at this particular time they did not want either of these training stations opened. That is, Newport and the Great Lakes, and they said they could not use them; that the two stations at San Diego and Norfolk were all that could possibly be used at this time.

Mr. BRITTEN. I will take a little consolation from the words which the gentleman has used, "particularly at this time", and I hope next year the Navy Department will use better judgment.

Mr. AYRES of Kansas. I hope so myself.

Mr. SWICK. Will the gentleman yield?

Mr. AYRES of Kansas. I yield.

Mr. SWICK. Is it not a fact that the administration has seen fit to close both of these stations as an economy measure during the past year?

Mr. AYRES of Kansas. Oh, yes. There was an appropriation carried this fiscal year for that purpose, and the administration closed both Newport and the Great Lakes and asked that we not appropriate for them for 1935.

Mr. SWICK. Also we have their assurance that in the event there is necessity, those stations will be opened, especially the Great Lakes station?

Mr. AYRES of Kansas. Yes.

Mr. CONDON. Will the gentleman yield?

Mr. AYRES of Kansas. I yield.

Mr. CONDON. Did the committee receive assurance from the Department that the money appropriated for Newport would enable them to keep the station in such condition that training could be readily resumed if necessary?

Mr. AYRES of Kansas. No; but there was appropriated $65,000 for Newport and $62,000 for the Great Lakes; and they did say that if occasion should arise where they felt it was necessary to open the station, they could do so. That is the best we could do. We could not very well insist on the Navy Department taking on this expense of over $1,000,000 when they said they did not need those two stations. I assure the gentleman from Rhode Island that we did our very best for both Newport and the Great Lakes.

Mr. CONDON. May I say to the gentleman that I hope he will try to convince the Department that Newport should be opened up next year when he is convincing the Department that the Great Lakes should be opened?

Newport, as the gentleman well knows, is the oldest training station in the country, and is recognized as one of the best, if not the best, places to train boys for the Navy.

Thousands of them have been trained there not only during the World War emergency, but for many years before when it was the only training station anywhere in the country. These boys trained at Newport have borne an excellent reputation in the Navy as any officer of the fleet will testify.

This is a station that from any point of view, even that of economy, ought to be kept open and in operation. The fine modern plant in existence there is a source of great expense without a corresponding return to the Government when not actually in use for training, and it is difficult to understand the attitude of the Navy Department as reported by the gentleman here today. However, it is reassuring to hear the gentleman say he is going to attempt to convince the Department to change its policy with regard to these stations next year, and I hope that means he will do as much for Newport as for the Great Lakes.

Mr. AYRES of Kansas. I certainly will do so.

Mr. BLANCHARD. Will the gentleman yield?

Mr. AYRES of Kansas. I yield.

Mr. BLANCHARD. Am I right in my understanding that the Navy Department made the recommendation that neither Newport nor the Great Lakes be made use of during the coming year, and that the recommendations of the Navy Department were followed in that respect?

Mr. AYRES of Kansas. Yes; that is correct.

The SPEAKER. The question is on the motion of the gentleman from Kansas [Mr. AYRES].

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Page 30, line 1, amendment no. 18: "*Provided*, That the cost of printing historical and naval documents, including composition, clerical copying in the Navy Department, and other preparatory work shall be charged to the 'naval supply account fund' not to exceed $10,000 at any one time, and this fund shall be reimbursed from the receipts therefrom when copies are sold to the public by the Superintendent of Documents and from applicable appropriations when copies are issued to the several departments and establishments: *Provided further*, That the Superintendent of Documents is hereby authorized to sell copies to the public at the prorated cost, including composition, clerical work of copying in the Navy Department, and other work preparatory to printing without reference to the provisions of section 307 of the act approved June 30, 1932 (U.S.C., supp. VI, title 44, sec. 72a); and that the 'usual number' for congressional distribution, depository libraries, and international exchanges shall not be printed."

Mr. AYRES of Kansas. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 18 and agree to the same with an amendment.

The Clerk read as follows:

In lieu of the matter inserted by said amendment insert the following: "*Provided*, That in addition to the appropriation herein made for the Office of Naval Records and Library, there is hereby appropriated $10,000 to begin printing historical and naval documents, including composition, clerical copying in the Navy Department, and other preparatory work, except that the 'usual number' for congressional distribution, depository libraries, and international exchanges shall not be printed, and no copies shall be available for free issue: *Provided further*, That the Superintendent of Documents is hereby authorized to sell copies at the prorated cost, including composition, clerical work of copying in the Navy Department, and other work preparatory to printing without reference to the provisions of section 307 of the act approved June 30, 1932 (U.S.C., supp. VI, title 44, sec. 72a)."

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. AYRES of Kansas. I yield.

Mr. BRITTEN. As I understand the amendment just read it materially changes the language of the Senate amendment, which in itself provides no appropriation out of the Treasury, but allows other Navy Department funds to be used; whereas the gentleman's amendment makes a direct appropriation for this object.

Mr. AYRES of Kansas. Yes; and the reason for it is that we want the specific appropriation made instead of having a revolving fund.

Mr. BRITTEN. So the item will not be in the nature of a revolving fund; and money received from the sale of documents hereunder will be covered directly into the Treasury.

Mr. AYRES of Kansas. Yes; that is right.

Mr. BRITTEN. And each year an appropriation will be made. The idea back of the amendment is to control the amount of money used for this purpose by appropriating for it each year instead of allowing a large revolving fund to be built up.

Mr. AYRES of Kansas. The gentleman's statement is correct.

The SPEAKER. The question is on the motion of the gentleman from Kansas.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 22: Page 38, line 25, strike out "$176,040" and insert "$238,410."

Mr. AYRES of Kansas. Mr. Speaker, I move that the House recede and concur.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield for a question?

Mr. AYRES of Kansas. Certainly.

Mr. BRITTEN. Will the gentleman from Kansas be good enough to indicate what brought about this increase of some $50,000 or $60,000? I am interested in the pay of the professors at the Naval Academy—not only the pay but some of them were discharged.

Mr. AYRES of Kansas. I may say to the gentleman from Illinois that I will explain that in connection with the next amendment, no. 23.

The SPEAKER. The question is on the motion of the gentleman from Kansas.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 23: On page 39, line 5, strike out "June 30, 1933" and insert "June 27, 1933, and the Secretary of the Navy is authorized to reinstate the civilian instructors released subsequent to such date, and so much of the above amount as may be necessary for the payment of the instructors so reinstated shall be immediately available."

Mr. AYRES of Kansas. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 23 and agree to the same with an amendment.

The Clerk read as follows:

Amendment no. 23: In lieu of the matter inserted by said amendment insert the following: "June 27, 1933, except that the Secretary of the Navy is authorized to employ eight additional civilian instructors."

Mr. BRITTEN. The language just read provides for eight additional civilian instructors.

Mr. AYRES of Kansas. That is correct.

Mr. BRITTEN. Are they the instructors who have been discharged? Will the instructors who were discharged be reinstated, or will new instructors be appointed?

Mr. AYRES of Kansas. I may say to the gentleman from Illinois that 12 were discharged. Four have been reinstated and are being paid out of the athletic fund. Provision is made in this amendment for eight additional.

Mr. BRITTEN. Then the entire 12 who were discharged will be reinstated?

Mr. AYRES of Kansas. Of the eight others who were discharged not necessarily the same ones will be reemployed; but eight additional professors have been provided for.

Mr. BRITTEN. And if the Naval Academy authorities desire, they may reappoint the original instructors who were discharged?

Mr. AYRES of Kansas. The gentleman is correct.

Mr. BRITTEN. And is the House amendment in line with the recommendation of the Navy Department?

Mr. AYRES of Kansas. That is my understanding. To be more specific, as already stated.

This amendment and amendment no. 23 are related. It will be recalled that when we went to the four-appointment basis the number of civilian employees and civilian professors and instructors at the Naval Academy were increased. Since we reverted to three appointments we have been endeavoring gradually to get back to the former number of such classes of civilian assistants. We had arrived at the point of stabilizing the civilian professors at the former level last year, which meant dispensing with 12 of them, when it was urged that owing to employment conditions generally more time should be allowed these men to make connections with other institutions of learning. On the strength of that argument we appropriated to carry these 12 professors during the present fiscal year. After the bill became law the economy program of the administration made necessary their release and 12 others besides—24 all told. Four of the 24 have since been reemployed. The Senate proposed to provide for the reemployment of the remaining 20. Only eight of them are needed to bring the number up to the number we had before we went on the four-appointment basis, and the amendment I have offered makes provision, and it is not mandatory, for the reemployment of the eight.

The SPEAKER. The question is on the motion of the gentleman from Kansas.

The motion was agreed to.

LILLIAN D. WALD

Mr. CELLER. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, on Saturday next, the 10th of March, Lillian D. Wald, of my city, will be 67 years of age. I desire in this historic Chamber to give recognition to the anniversary of her birth because of her eminent attainments.

Lillian D. Wald is a social worker of international fame. In 1893 she founded the Henry Street Settlement in New York, one of the most powerful centers of its kind in the country. She has been a leader in numberless movements to improve our city civilization. She organized the public health nurses; she originated the idea of the United States Children's Bureau; she sent nurses into the public schools; she has helped educate thousands of problem children; she has taken boys and girls off the streets of my city and elsewhere and helped them to become proficient in the arts and crafts.

Her vision and courage have been largely responsible for the legislation resulting in the minimum wage, workmen's compensation, the protection of women and children in factories, and the abolition of child labor.

I draw attention to the fact that she has just completed a book called "Windows on Henry Street." It is indeed the story of an epoch in American civilization and the summation of a noble career. It will be published on her birthday, this Saturday. It will be the autobiography of a great lady.

The Governor of the State of New York, Herbert Lehman, says of her the following:

Miss Wald is, by character and achievement, one of the outstanding women of our time. Her career has been one of rare nobility; her life has been marked by broad philanthropic and civic interests.

She ranks with such personages as Jane Addams, Susan B. Anthony, Florence Nightingale, Frances Willard, Harriet Beecher Stowe, Elizabeth Cady Stanton, Lucretia Mott, Emily Dickinson, and other great benefactresses of modern times.

If I may use the words of the great Biblical prophet Micah, she does justice, loves mercy, and walks humbly before her God; and, indeed, her nobility of character, and her initiative, courage, and vision are ample and sufficient answer to the mendacious and insidious Nazi propaganda now being spread on this side of as well as on the other side of the Atlantic. She is of the race of Abraham, Isaac, and Jacob. [Applause.]

THE LIFE OF MISS LILLIAN WALD

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of Miss Lillian D. Wald.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, in the midst of our legislative duties and while considering appropriations for our Government, let us pause for a moment to contemplate the life and work of an esteemed, honorable woman, who has given her life so that the poor and down-trodden may find their lot happier and less burdensome.

Forty years ago Lillian Wald founded the Henry Street Settlement in New York, which was the beginning of other similar social centers throughout the country. From the organization of this settlement there arose other public movements inspired by this indomitable woman, who con-

tinued for all these years as the head and brains of this movement. She organized the system of public-health nursing; she originated the idea of children's bureaus in our Government. In the garden behind Henry Street, where the settlement was founded, she built the first playground in the New York tenements; she sent trained nurses into the public schools; she sent the poor and undernourished children of the East Side of New York to summer camps; she took the boys and girls off the streets and helped them to become proficient in the arts and the crafts.

The Henry Street Settlement is of particular interest to me, because of the fact that it is situated in my congressional district, and so many of the residents of my district owe to it the substance that they have become useful and law-abiding citizens. The settlement has forever played a more than ordinary part in the life of my community. Thither have come many men and women who in years to come were to make their mark in our public and social life. The Henry Street Settlement helped them to become independent and proficient.

The personality of Lillian Wald is such as to call for a comparison with another great American woman, Jane Addams, who in another sphere of social activity has likewise done so much to make the world a better place to live in. It is women like Miss Wald and Miss Addams who stand in the forefront of social work in this country, and whose influence is felt in nearly every home, be it in the city or on the farm, and whose devotion to duty are forever a shining example as to what can be done for the uplifting of humanity if one but devotes his life, energies, and all the best in him to the task.

A recent book by Miss Lillian Wald entitled "Windows on Henry Street" depicts vividly the philosophy which animated Miss Wald who has been looking out through the windows of her house on Henry Street and observing the world as it was passing by her window.

Henry Street may be a narrow thoroughfare on the lower East Side of Manhattan, but with all that it presents more than a growing section of American life in all of its ramifications and stages. Miss Wald's observations have been reflected in this book of hers through years of service on Henry Street and has emerged a marvelously understanding woman.

Twenty years ago Miss Wald compiled another book dealing with the life of the people of her own life on Henry Street. The House on Henry Street told the story of what she and her associates were trying to accomplish 2 decades ago, but the book which was now published shows the changes which have been wrought by the work of Miss Wald in the last 2 decades which followed. The book is not only a monument to the untiring zeal and energies of Miss Wald but is a decisive and unstinting record of the efforts of a noble character to build up a humane civilization on Henry Street. Each page of the book vibrates with the thrill of a unique personality. Miss Wald says that she is not writing an autobiography, particularly since she believes that no autobiography is wholly true, but she has captured the spirit of an era and anyone who will in later years be called upon to write the history of New York's East Side will have occasion to use Miss Wald's book as a documented historical essay which will throw a new light on the facts and conditions with which the world has become familiar.

As has been said before, the object of Miss Wald's book was to demonstrate in tangible form what changes have taken place on Henry Street since the World War. She describes at some length how the settlement has influenced the mothers of the neighborhood and through them the homes and the children. She tells very vividly of the many notables from other countries who have come to Henry Street to observe its methods and study its influence on the environment which the settlement is called upon to serve. There are scores of anecdotes and tales of incidents scattered throughout the book about Henry Street, its neighbors, its fixtures, its gifts, and its well-wishers. Also the history of those who did not appreciate the effort of the founders of the settlement because of a lack of vision or because the lack of an appropriate background and who have since come to see the error of their ways and how interesting the community has been made through the efforts of the Henry Street Settlement.

In addition to the settlement on Henry Street, which organization is now pretty much established in social service, Miss Wald's achievements consist of having established a visiting nurses' service, which is an important feature of the settlement, not duplicated elsewhere. This service is open to rich and poor alike, but, of course, it is the poor who get its lasting benefits. It is the visiting nurses' service which has been developed with a large degree of efficiency and which has become a model for similar service, not only in the city of New York but elsewhere in the United States, and, in fact, in other countries of the world, which like England and France stress a great deal the relationship of the individual to the community.

Miss Wald was not opposed to prohibition at the time the prohibition mania was taking hold of the American public and the eighteenth amendment was being written into the Constitution of the United States. In fact, Miss Wald found that prohibition was helpful to the masses, but now that prohibition has been repealed Miss Wald feels that in the duty of keeping the American people free from the excesses of inordinate drinking a campaign should be courageously conducted by agencies interested in the cause of temperance.

Miss Wald's whole life and her career, both individually and in collaboration with the many able organizers she has assembled around her on Henry Street, have been noble, unflinching, and capable of emulation. Since her work on Henry Street began, 40 years have rolled across the American scene, a new generation, in fact two new generations have grown up around Miss Wald, each generation different from the preceding one with new problems and new methods of attacking them. Through it all Miss Wald stood serene and confident that the organization to which she had given her life, while it may change its form and while it may call for different efforts with the changing passage of time, still remains essentially unimpaired by all that the world has had to offer since. The organization of Miss Wald will go on in spite of the many changes in the American scene and the difference in outlook by successive generations of Americans.

In the years of Miss Wald's activities many changes have come over the East Side of New York. From being a home for immigrants from many European countries the district has become more American in the last 40 years. The stock which remained on the East Side has all the virtue and vices of an American community found anywhere from Portland, Maine, to Portland, Oreg. The men and women are no better than they are anywhere else, nor are they worse. Mostly hard-working individuals who spend their time in daily toil accustomed to a genuine and unqualified home life, these inhabitants of the East Side have become the real backbone of the country. As a type they are sturdier, more devoted to the interests of their fellow men, and more helpful to their neighbors. Miss Wald has been through it all; through years of immigration from Europe and years when immigration from Europe has virtually come to a standstill. Miss Wald has toiled with men and women of many races, and she was called upon to solve the problems of many men and women. Her work now is given to a population which is more homogeneous than at any time in the history of the East Side; her unflinching courage and great devotion to duty will remain unimpaired in the service of humanity, irrespective of race, creed, or nationality.

WAR DEPARTMENT APPROPRIATION BILL, FISCAL YEAR 1935

Mr. COLLINS of Mississippi. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8471, the War Department appropriation bill for the fiscal year 1935, and for other purposes, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

AIR CORPS

AIR CORPS, ARMY

For creating, maintaining, and operating at established flying schools and balloon schools courses of instruction for officers, students, and enlisted men, including cost of equipment and supplies necessary for instruction, purchase of tools, equipment, materials, machines, textbooks, books of reference, scientific and professional papers, instruments, and materials for theoretical and practical instruction; for maintenance, repair, storage, and operation of airships, war balloons, and other aerial machines, including instruments, materials, gas plants, hangars, and repair shops, and appliances of every sort and description necessary for the operation, construction, or equipment of all types of aircraft, and all necessary spare parts and equipment connected therewith and the establishment of landing and take-off runways; for purchase of supplies for securing, developing, printing, and reproducing photographs in connection with aerial photography; improvement, equipment, maintenance, and operation of plants for testing and experimental work, and procuring and introducing water, electric light and power, gas, and sewerage, including maintenance, operation, and repair of such utilities at such plants; for the procurement of helium gas; for travel of officers of the Air Corps by air in connection with the administration of this appropriation, including the transportation of new aircraft from factory to first destination; salaries and wages of civilian employees as may be necessary; transportation of materials in connection with consolidation of Air Corps activities; experimental investigations and purchase and development of new types of airplanes, helicopters and balloons, accessories thereto, and aviation engines, including plans, drawings, and specifications thereof, and the purchase of letters patent, application for letters patent, licenses under letters patent, and applications for letters patent; for the purchase, manufacture, and construction of airplanes and balloons, including instruments and appliances of every sort and description necessary for the operation, construction (airplanes and balloons), or equipment of all types of aircraft, and all necessary spare parts and equipment connected therewith, and during the fiscal year 1935, subject to the approval of the Chief of the Air Corps, transfers may be made from this appropriation to the appropriations contained in this act, entitled "Signal Service of the Army" and "Ordnance Service and Supplies, Army", for the procurement of aircraft radio equipment and aircraft armament, respectively; for the marking of military airways where the purchase of land is not involved; for the purchase, manufacture, and issue of special clothing, wearing apparel, and similar equipment for aviation purposes; for all necessary expenses connected with the sale or disposal of surplus or obsolete aeronautical equipment, and the rental of buildings, and other facilities for the handling or storage of such equipment; for the services of not more than four consulting engineers at experimental stations of the Air Corps as the Secretary of War may deem necessary, at rates of pay to be fixed by him not to exceed $50 a day for not exceeding 50 days each and necessary traveling expenses; purchase of special apparatus and appliances, repairs and replacements of same used in connection with special scientific medical research in the Air Corps; for maintenance and operation of such Air Corps printing plants outside of the District of Columbia as may be authorized in accordance with law; for publications, station libraries, special furniture, supplies and equipment for offices, shops, and laboratories; for special services, including the salvaging of wrecked aircraft, $22,396,453: *Provided*, That from the amount herein appropriated and the amount herein authorized for obligation not to exceed $3,150,206 may be expended for pay of civilian employees other than those employed in experimental and research work; not exceeding $10,000 may be expended for the procurement of helium from the Bureau of Mines, of which sum such amounts as may be required may be transferred in advance to that Bureau; not exceeding $3,848,824 may be expended for experimental and research work with airplanes or balloons and their equipment, including the pay of necessary civilian employees; not less than $8,486,600, which shall be available immediately, shall be expended for the production or purchase of new airplanes and their equipment, and accessories, of which $6,365,100 shall be available exclusively for combat airplanes, their equipment, and accessories; not less than $8,091,089 shall be expended, other than for pay of civilian employees, for aviation fuel and oil and for the repair and maintenance of airplanes and their equipment, spare parts, and accessories, and of such sum not exceeding $155,582, for expenditure for like objects, shall be transferred to the National Guard subappropriation contained in this act, entitled "Arms, Uniforms, Equipment, etc., for Field Service, National Guard", on account of 76 airplanes of the observation type, which shall be transferred from the Regular Army to the National Guard during the fiscal year 1935; and not more than $6,000 may be expended for settlement of claims (not exceeding $250 each) for damages to persons and private property resulting from the operation of aircraft at home and abroad when each claim is substantiated by a survey report of a board of officers appointed by the commanding officer of the nearest aviation post and approved by the Chief of Air Corps and the Secretary of War: *Provided further*, That in addition to the amounts herein provided for the procurement of new airplanes and for the procurement of equipment, spare parts, and accessories for airplanes, the Chief of the Air Corps, when authorized by the Secretary of War, may enter into contracts prior to July 1, 1935, for the procurement of new airplanes and for the procurement of equipment, spare parts, and accessories for airplanes to an amount not in excess of $3,000,000, and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof: *Provided further*, That the sum of $101,560 of the appropriation for Air Corps, Army, fiscal year 1932, shall remain available until June 30, 1935, for the payment of obligations incurred under contracts executed prior to July 1, 1932.

Mr. BULWINKLE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it seems to me that this House and this Congress should take some steps to stop the recurrence of events which has transpired in the last few years in regard to the purchase of airplanes. I think it is a rather pitiful proposition for the newspapers of this country to carry news dispatches that the contractors or the men from whom the War Department purchased airplanes felt so sorry for the way they treated the War Department they gave them 50 extra planes at $1 apiece.

Mr. VINSON of Georgia. That was the Navy Department.

Mr. BULWINKLE. Well, it applies to both. However, in both of these services there is no competitive bidding.

The Chief of the Air Corps of the Army can purchase when he pleases and where he pleases regardless of the price or the character of the machines. These investigations that are now before the Military Affairs Committee will show some of the disgusting contracts that have been let by these departments.

Mr. Chairman, I have an amendment in my pocket, but I know that under the rules of the House a point of order will lie against it and it will go out, but may I ask the chairman of the subcommittee why, in order to protect the United States Government and the Service, he does not propose some legislation which would open this bidding to the public? There are airplane concerns that would enter competitive bidding and furnish the War Department the machines that should be furnished. Nothing is done by them except to allow some officer upon his whim to buy airplanes.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Oregon.

Mr. MARTIN of Oregon. I know the gentleman from North Carolina wants to be absolutely fair. The gentleman knows, I am sure, that the Chief of the Air Service has nothing to do with the purchase of airplanes.

Mr. BULWINKLE. Who has?

Mr. MARTIN of Oregon. The Assistant Secretary of War.

Mr. BULWINKLE. Who makes the recommendation to the Secretary of War?

Mr. MARTIN of Oregon. Congress provided that the purchase should be in the hands of civilians and placed this matter absolutely in the hands of the Assistant Secretary of War. On yesterday I made a speech covering the point completely and I hope the gentleman will read it. The Chief of the Air Service has nothing to do with the matter. The Assistant Secretary of War has jurisdiction over the entire situation.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Georgia.

Mr. VINSON of Georgia. For the information of the House and the gentleman from North Carolina, I may state that all airplane engines, accessories, and everything connected with them are procured under the 1926 procurement law.

Mr. BULWINKLE. The gentleman is Chairman of the Naval Affairs Committee?

Mr. VINSON of Georgia. Yes. I had a voice in writing the bill, together with the Chairman of the Military Affairs Committee, and, as far as the Navy is concerned, the contracts have been let in accordance with that law. I grant that a condition has arisen whereby the manufacturers are taking advantage of the situation. To correct this a bill

passed the Senate yesterday requiring one fourth of all the Navy planes to be built in navy yards or manufacturing plants established for this purpose in an effort to bring about sharp competition.

Mr. BULWINKLE. But the other three fourths may be bought from anyone?

Mr. VINSON of Georgia. The gentleman is mistaken. They must be bought in accordance with the act of 1926.

Mr. BULWINKLE. Then how was it they had such sympathy for the Navy Department that they sold them 50 airplanes at $1 apiece?

Mr. McFARLANE. That was the Consolidated Aircraft.

Mr. FITZPATRICK. The law of 1926 made it competitive, but specifications were drawn so that only a couple of companies could bid.

Mr. VINSON of Georgia. The gentleman is clearly mistaken.

Mr. COLLINS of Mississippi. Mr. Chairman, I rise in opposition to the amendment.

A bill was passed by Congress in 1926 that provided for two methods of purchasing airplanes. The two methods were by negotiation and by competitive bidding, and were entirely different and dissimilar. Most of the planes have actually been purchased through negotiation instead of by competitive bidding, and this fact has been well known to the Congress every year since 1926 because the hearings of every appropriation subcommittee since that time have disclosed that fact.

The right to legislate is not within the province of the Appropriations Committee and should not be within the province of this committee. If corrective measures are to be presented to this House there is not a man here who will support such proposals any more enthusiastically than I will. However, may I say that this subject should not be taken up until it has been very carefully considered, because I have a fear that if we begin to buy planes through competitive bidding we will find that every single plane that we purchase will be of a type that has been obsolete 2 years before purchased. That is something that we are going to collide with when we begin to purchase planes through competitive bidding.

Here is the military and the naval problem. We want to buy planes in the military and naval service that are capable of making at least 250 miles an hour at 20,000 feet and that will excel that measure of performance, if practicable. I have used the seeming present maximum. Through negotiation a manufacturer or an individual can make an extensive improvement in an airplane——

Mr. BULWINKLE. Will the gentleman yield now?

Mr. COLLINS of Mississippi. Let me finish my statement—I have no disposition to argue with the gentleman.

An individual can invent a plane that is capable of attaining a higher speed at a higher altitude than any previously developed, and then the Army or the Navy can experiment with it and if they find it is the type that is needed to put us in the forefront of the nations of the world or that it is better than anything we have today, then they can buy them in quantity through negotiations. What would be the sense of putting out an advertisement for a plane of that particular type since there is but one source of supply, one manufacturer? None whatever.

Mr. BULWINKLE. Who says there is just one concern?

Mr. VINSON of Georgia. Will the gentleman yield there?

Mr. COLLINS of Mississippi. I have only 5 minutes.

Mr. VINSON of Georgia. Before the negotiated contract is made, there has been design competition?

Mr. COLLINS of Mississippi. Absolutely.

I will yield now to the gentleman from North Carolina.

Mr. BULWINKLE. The Comptroller General does not pass upon that contract.

Mr. COLLINS of Mississippi. That is the fault of the law. I think as does the gentleman——

Mr. BULWINKLE. Since it is the fault of the law, will the gentleman agree for me to introduce an amendment now and not raise a point of order against it?

[Here the gavel fell.]

Mr. BRITTEN. Mr. Chairman, I ask unanimous consent that the gentleman may have 5 additional minutes.

Mr. KELLER. Make it 10 minutes. I want to know about this matter.

Mr. COLLINS of Mississippi. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. BULWINKLE. Will the gentleman agree not to raise a point of order against such an amendment?

Mr. COLLINS of Mississippi. I have no objection to the gentleman offering an amendment.

Mr. BULWINKLE. I am not asking the gentleman to violate the rules of the House where it would do the House or anybody else any harm.

Mr. COLLINS of Mississippi. The Appropriations Committee gets in bad favor every time it proposes legislation on an appropriation bill. We have a most efficient Naval Affairs Committee and a most efficient Military Affairs Committee. They are both going into this subject now and I am certain that there will be legislation forthcoming in line with the gentleman's views as well as my own.

Mr. BULWINKLE. The gentleman admits this amendment should be in the bill?

Mr. COLLINS of Mississippi. I think the Comptroller General ought to have some say in such matters, I will say to the gentleman.

Mr. BULWINKLE. Then why not give him that say-so?

Mr. COLLINS of Mississippi. I have no objection to that.

Mr. VINSON of Georgia. But the gentleman does not admit that the Government should be required, in view of the constant improvement in aviation, to accept the lowest contract?

Mr. COLLINS of Mississippi. I do not want the Government to become committed to a policy under which we would buy airplanes under a system that would mean that we could get airplanes 2 years out of date when we get them. That is the situation I fear. This country ought to have as swift and as effective airplanes as any country in the world.

Mr. BULWINKLE. Has it got them?

Mr. COLLINS of Mississippi. And we will never get them under a competitive system of procurement, I will say to the gentleman.

The committee, in the consideration and presentation of this bill, has not been unmindful of the recently alleged irregularities respecting airplane procurements actually made and projected, as well as other classes of procurement. These matters are under investigation by the appropriate agencies of the Government—legislative, executive, and judicial. The committee, of course, could exercise its right under the rules and offer some restrictions of a remedial character to the appropriation now proposed, but it has not done so because it is confident that the appropriate legislative committee will present to the House such remedial legislation as it may determine to be appropriate and wise and in time to become law before the appropriations proposed in the accompanying measure may be obligated. Moreover, that is the appropriate and more effective way to legislate. The committee's first impulse was to withhold the presentation of the accompanying bill until the investigation of Army procurement matters by the local grand jury had been concluded. However, in view of the active and aggressive inquiry that has been launched by the Military Affairs Committee, such a course would not now appear to be justified.

What is the most appropriate course for the procurement of airplanes is a highly controversial question. The Government must be protected against the payment of unreasonable prices, but, at the same time, in our zeal to attain that end we should guard against taking steps that might prevent equipping the defense arms with the best airplanes it may be practicable to obtain. Airplanes are weapons, just as much so or potentially so as any yet evolved, and we would do national defense irreparable harm should we

make it impracticable to procure the best that science and industry may be able to produce.

As to aeronautical accessories not integral parts of planes or engines, and not actually and necessarily of a proprietary nature, as well as all other classes of procurement, the committee feels that purchases should be made in accordance with the procedure established generally by law for the making of procurement contracts. Moreover, it is of the opinion that to the greatest possible extent regular commercial products should be bought without requiring the embodiment therein of special features beyond such as the using branches may determine to be essential in a strict military sense and not merely to satisfy the whim or fancy of some individual. It is hoped and expected that such legislation as may be proposed will include appropriate provision touching such classes of procurement.

Mr. BLANTON. Mr. Chairman, I do not blame our friend from North Carolina for getting off of his system that which rested upon it heavily. Every one of us has on his system right now just what was bothering the gentleman. We all want to stop dishonest contracts from being imposed upon this Government—every one of us—but my distinguished friend from North Carolina has been here a long time and knows that the Committee on Appropriations is not a legislating committee. It cannot legislate.

Mr. BULWINKLE. Will the gentleman yield?

Mr. BLANTON. I will yield in just a moment, after I have completed what I was saying.

We cannot put one single word on this bill or any other appropriation bill that in any way changes existing law unless it comes within the Holman rule or is put on as a limitation. We cannot change the law in any particular, because this is an appropriating committee strictly, and any legislation would be subject to a point of order. Every bit of legislation that affects the War Department must come through the committee presided over by our distinguished friend the gentleman from South Carolina [Mr. McSWAIN].

I now yield to the gentleman from North Carolina.

Mr. BULWINKLE. If someone offers such an amendment, will the gentleman from Texas and the gentleman from Mississippi not raise a point of order against it?

Mr. BLANTON. My friend knows that it is the duty of the Appropriations Committee, as a servant of this House, to obey the rules and keep legislation out of this bill, and if the Committee on Appropriations allow legislation to be offered from the floor, or should come in here and attempt to disobey the rules and attempt to put legislation on an appropriation bill that my friend did not agree with, he would be the first one to raise the point of order. The gentleman would be the first to censure the committee and would say that the servant is disobeying the orders of the master.

Mr. BULWINKLE. The House is the master.

Mr. BLANTON. Certainly. And it has given its orders to this committee. The Committee on Appropriations is nothing in the world but the servant of the House, limited in power under House rules, and the House has seen fit to provide its legislating committees, and prevents them from appropriating. The Committee on Naval Affairs is ably presided over by our friend from Georgia [Mr. VINSON] and his committee is the only committee that has the right or the power to bring in legislation affecting the Navy Department.

Mr. TABER. Will the gentleman yield?

Mr. BLANTON. Directly, I will gladly yield to my friend from New York. If you will look in the hearings on this bill, on page 738, you will see where the distinguished chairman of the subcommittee called attention to the fact that the very thing which is inveighed against by the gentleman from North Carolina, and which every Member of this House is likewise against, was then, and is now being investigated by the grand jury here under the direction of high officials of this Government; and that our chairman called attention to the fact that until that grand jury made a thorough investigation we should not report this bill, and we did not report it until such investigation was made.

You will further find on page 739 where the present Speaker on the floor called attention to the fact that it was his belief that the committee ought to go into that matter from top to bottom with its own investigation.

Only the other day we passed a resolution here giving carte blanche authority to Mr. McSWAIN'S committee to investigate this entire subject. We appropriated the next day $10,000 and turned it over to his committee to make a thorough investigation of all irregularities in the War Department; and when Mr. McSWAIN gets through with the investigation not even my friend from North Carolina will object. Now I will yield to the gentleman from North Carolina.

Mr. BULWINKLE. If the entire Membership of the House, which you say is but the servant of the people, agrees to place an amendment on the bill——

Mr. BLANTON. I will make no point of order against it.

Mr. MARTIN of Oregon. I will make a point of order against it.

Mr. BLANTON. I am willing to safeguard the bill by any kind of legislation that will stop such transactions in the War Department.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask for 5 minutes more.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. OLIVER of Alabama. I think the gentleman from Texas will agree to the correctness of this statement: The attitude of the Appropriations Committee has been not to violate the rules of the House in putting legislative riders on an appropriation bill, but they have sometimes made this exception, that if the appropriate legislative committee, acting through its chairman, should ask that a rider be put on, and such rider is deemed proper and wise, we have not raised an objection and would probably not now as to the rider suggested, if offered by the Chairman of the Committee on Military Affairs.

Mr. BLANTON. That is a fact. If Mr. McSWAIN, by direction of his committee, should get up and ask that such a rider should be placed on the bill, I am sure there would be no objection, but it ought to come straight from the committee and not from my friend from North Carolina.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. VINSON of Georgia. Let me say that the Committee on Naval Affairs has been making an investigation of the exorbitant cost of contracts with the Government. It is our intention and that of the Military Affairs Committee to formulate legislation bearing on this identical question.

Mr. BLANTON. I am glad to hear that. I am glad to hear that there is legislation to be brought in to stop these dishonest contracts. Everybody ought to be in favor of it; and I want to say that the matter is having careful investigation by the Military Affairs Committee. The gentleman from North Carolina, if he examines the RECORD for the last 17 years, will find that I have knocked out hundreds of legislative riders on appropriation bills by points of order.

Mr. BULWINKLE. And I dare say the gentleman has offered hundreds of riders to appropriation bills.

Mr. BLANTON. I may have offered some when they were particularly urgent. We have no right to put them on any appropriation bill, however, unless authorized by the House. The gentleman would censure us tomorrow for what he is asking us to do today.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. HILL of Alabama. As the gentleman has so well said, a subcommittee of the Committee on Military Affairs, by authority of a special resolution passed by this House a few days ago, is investigating this matter, going into it fully, spending hours every day at it.

Mr. BLANTON. Yes; and it is one of the ablest committees of this House.

Mr. HILL of Alabama. I thoroughly agree with the gentleman on that. The gentleman and this House may rest assured that that investigation will be expedited and that legislation will be brought to this floor just as soon as possible to correct the situation.

Mr. BLANTON. I know that the action of that McSwain committee when it comes on the floor will meet with the approval of the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. The gentleman is not willing for the press of the country to tell the public of the shameful condition existing?

Mr. BLANTON. All of us agree that the conditions are shameful. Is the gentleman letting the press get on his nerves?

Mr. BULWINKLE. Not at all; but the press gives information to the public. The press gave information to the public about an airplane concern that sold planes to the Navy Department and that then felt so sorry for the way they had cheated that they made a present of 50 planes to that Department at $1 apiece.

Mr. BLANTON. The press is not getting on my nerves. I want the press to let the public know all about such shady transactions when they exist, for that is the only way to stop it. I want the sunlight of truth thrown on all transactions of that kind, and I want to stop all such transactions.

Mr. VINSON of Georgia. Mr. Chairman, just to keep the RECORD straight, I want it understood that the sale was made to the War Department and not to the Navy Department, and then that concern gave the Navy Department so many planes at $1 each.

Mr. BLANTON. Be that as it may, the Government was cheated. If what has been going on in the Office of the Assistant Secretary of War for the last few months continues——

Mr. MARTIN of Oregon. Now, I say to the gentleman that he must not say the Chief of Staff or the General Staff.

Mr. BLANTON. If what has been going on in the Office of the Assistant Secretary of War for the last few months continues, then I shall want to abolish that Office. It has no business existing at all. Specifications have been redrawn in that Office that have permitted no competition whatever in the purchase of big supplies.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. TRUAX. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TRUAX. Mr. Chairman, will the gentleman yield——

Mr. BLANTON. Yes.

Mr. TRUAX. To ask the gentleman whether this House would not be justified in following the example set by the President of the United States and by Postmaster General Farley; when they found that there was collusion and fraud, they did not wait to apply regular procedure, but they acted, and they canceled those contracts.

Mr. BLANTON. And they did right under the light before them.

Mr. TRUAX. Then, would not this House be justified in doing likewise?

Mr. BLANTON. Certainly, but this House must move according to rules and precedents which are very ancient, that go back for 150 years.

Mr. TRUAX. But they did not move by precedent and tradition.

Mr. BLANTON. Oh, yes, they did. The President of the United States never does anything unless he is authorized by law to do it.

Mr. TRUAX. That is true, but he has done a great many unprecedented things under the new deal.

Mr. BLANTON. That is because he thinks for himself and not through commissions, but he has always tracked the law of the land.

Mr. TRUAX. And the Congress does not think for itself?

Mr. BLANTON. Oh, yes; we do. I have been here a good many years, and I have found out that it is best to have rules and regulations and precedents. I guarantee to my friend that every time this House does something, he will find some precedent authorizing it. When the Speaker the other day, on his own motion, sent the independent offices appropriation bill back to the committee, our friend from Oregon [Mr. MOTT] criticized him and said there was no precedent for it. I went to the library and got the RECORD and showed him where his own Republican Speaker, Mr. Longworth, had done that same thing. You will always find a precedent for what is done.

Mr. TRUAX. Mr. Chairman, will the gentleman yield again?

Mr. BLANTON. And I am very glad to remember a very important speech that our able colleague from Maine [Mr. BEEDY], a former distinguished prosecuting attorney of his State, made when he called attention to the necessity for moving according to law and according to rules and precedents. The safest plan in the world with any organization is to have rules and to have the right to do something. These legislative committees are going to do things. You do not have to depend upon an appropriating committee to bring out this legislation. Mr. MCSWAIN's committee will bring out some legislation, and the Naval Affairs Committee will, under the direction of Mr. VINSON of Georgia, bring here some proper legislation; and if the situation is emergent, they will go to the Rules Committee and bring it out there under a rule immediately, and have debate upon it and pass it and let it become law. We can move swiftly in this House when we want to, but we can move swiftly according to law and to rules and precedents. We do not have to violate the rules. I yield to the gentleman from Ohio.

Mr. TRUAX. I want to make clear to the gentleman from Texas that I am heartily in accord with everything that the President of the United States has done. His acts have been upheld by the United States court, and I think that this House of Representatives should also establish some precedents by making right situations out of wrong ones.

Mr. BLANTON. Is that the gentleman's announcement for the United States Senate in Ohio? [Laughter.] I would rather have him make his announcement speech in his own time and not in my time. [Laughter and applause.] Announcing support of the President ought to be popular in Ohio.

Mr. TRUAX. Does the gentleman think that would be a good announcement to make?

Mr. BLANTON. I think it would be a pretty good announcement.

Mr. BROWN of Kentucky. The gentleman will have occasion on Monday to display his loyalty to the President.

Mr. BLANTON. Yes; and so will the gentleman from Kentucky and all the rest of us.

Mr. Chairman, I withdraw the pro forma amendment.

Mr. FISH. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. FISH: On page 34, in line 3, strike out "$22,396,453", and insert in lieu thereof "$23,396,453."

Mr. FISH. Mr. Chairman, this is the amendment which I stated just before we adjourned last night that I proposed to introduce. It is an absolutely nonpartisan amendment. It calls for an additional million dollars in order to extend the flying time of the pilots of the Army Air Corps from 33 minutes per day to 41 minutes per day. In other words, from 200 hours per year to 250 hours per year. The approximate average of the commercial flyers and private-company flyers is 1,200 hours per year. My appeal is to Members on both sides of the House because the efficiency of the Army Air Corps and Army air-mail flying may be a political issue when you get back home in your own districts, either in the primaries or on election day. This is to give an opportunity to any Member who so desires, on either side of the House, to be able, when they ask you, "What did you do about it?" to say, "I voted the only time I

had an opportunity to promote the efficiency of the Army Air Corps and to get them up in the air and not keep them down on the ground with 30 minutes' flying per day."

This is purely a nonpartisan issue. There is no reason in the world why any Member of the House on either side should not support this amendment. There is no reason why they should follow the committee, after all the discussion we have heard in regard to the Army Air Corps and the efficiency or inefficiency of the Army pilots, even from the Speaker of the House, who deplored their lack of training in a public statement to the press.

Mr. O'CONNOR. Will the gentleman yield to me?

Mr. FISH. I yield, because last evening the gentleman made the statement that the Army Air Corps flyers did not want any additional time, or words to that effect.

Mr. O'CONNOR. I did not even indirectly say that. What I said was that for years the Rules Committee has been holding hearings about flying pay, and we have found in those hearings that some officers—I will not say all officers—went up in the air only during the minimum of the time required to secure the pay. There was also testimony that they could fly planes at other times if they so desired. There was also testimony that many of those officers made their minimum of flying time as passengers, not as pilots, and often on pleasure jaunts. That indifferent conduct was criticized openly at those meetings. In other words, it appeared to be apparent that some officers did the very minimum of flying and no more, just to get the flying pay, when there was in fact an opportunity to fly during some other time. Let me now ask the gentleman, How does the gentleman figure these minutes of available flying about which he is talking? I imagine the computation takes into consideration the cost of the operation of the planes during a year.

Mr. FISH. I got my information from the Army Air Corps. The present appropriation provides for 200 hours per year. My amendment provides for 250 hours. I understand the lady from Massachusetts [Mrs. ROGERS] intends to offer an amendment to my amendment, requiring 300 hours.

Now, I would like to answer the gentleman's other statements, if I may. The gentleman wants the House to believe that the Army Air Corps pilots only want to go up in the air the minimum amount of time. The gentleman asked that question last night, and I called up one of the high officials of the Army Air Corps today, and he stated to me that every pilot wanted more time to fly.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. He stated that if you asked the pilots in the Air Corps, individually, they would all come before any committee of the House as a united front and say that they wanted and needed more time in order to be more efficient flyers. The Army Air Corps itself has no right to come before the Congress, under the rules and regulations of the Budget, but a high official of the Air Corps told me today, and I took his words down over the telephone and I have them before me, that the minimum required for efficient flying is 300 hours, and that every single pilot wanted more time to fly.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. FISH. I yield.

Mr. HILL of Alabama. Would the gentleman mind stating who this high official was?

Mr. FISH. He gave me that information in confidence, and he explained to me that he was not able, under the Budget rules and regulations, to ask for more flying time; but I said to him, "Have you any objection to my taking your statement down and giving it to my stenographer as you gave it to me, so that I can use it in the House?" He said, "I have no objection to your taking it down, but you must not use my name." Therefore I do not want to embarrass any Army officer under those circumstances, and I hope the gentleman will not press for his name.

Mr. HILL of Alabama. I will not insist; but the gentleman speaks about Army pilots wanting to fly more. Of course, Army pilots love to fly as some gentlemen love to talk.

Mr. FISH. The truth is very often disagreeable to some gentlemen, but I am talking the truth on a nonpartisan basis.

Mr. HILL of Alabama. I want to ask the gentleman when he speaks about them wanting to fly——

Mr. FISH. Does the gentleman know any pilots in the Army who do not want to fly?

Mr. HILL of Alabama. Of course, they want to fly.

Mr. FISH. Then, that is the answer.

Mr. HILL of Alabama. But is it based on need or is it just because the pilots want to fly?

Mr. FISH. One of the best informed and one of the highest ranking officers in the Army Air Corps told me this morning that they need 300 hours' minimum time for flying, and that every pilot needs more time to fly; and I am giving an opportunity to the House to vote for 250 hours. The gentlewoman from Massachusetts [Mrs. ROGERS] will propose an amendment raising the time to 300 hours.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. O'CONNOR. I rise merely to correct an impression the gentleman might have given the committee. I am not taking any partisan part in this controversy. I want to give the pilots all the time they will use and make them efficient; but I want them to use all the time available and not merely the minimum to obtain the 50-percent additional pay.

Mr. FISH. Mr. Chairman, I cannot yield further. The gentleman has made that statement twice in the last few minutes. The Air Corps authorities have said they need more time. They need a minimum of 300 hours; and this is contrasted with the 1,200 hours for the private pilots.

My amendment does not increase the pay of any of the Army air pilots. If they fly a minimum of 4 hours a month, or 3 hours a month, and make 10 landings, they are qualified to receive the 50-percent increase. My amendment does not affect that situation. That is done by Executive order; and the order already exists. My amendment seeks to prevent the Army Air Corps from being crippled and paralyzed by not having sufficient oil and gas to fly the planes more than half an hour a day. My amendment seeks to build it up to what it should be, one of the best air corps in the world; but unless adequate fuel and gasoline is provided, the Army air pilots will not have adequate time to fly and maintain their efficiency.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. O'CONNOR. If the gentleman's amendment were adopted, would the 250 hours' flying time be mandatory; would it be a minimum, the noncompliance with which would not entitle the flyers to the increased pay? If it is mandatory, I shall vote for it.

Mr. FISH. I asked that question. I told the officer I referred to in the Army Air Corps that I intended to introduce an amendment to raise the flying time to 250 hours. He said, "Give us more than 250 hours; we need a minimum of 300 hours." I said, "Will you use every bit of 250 hours?" He said, "We will." "Could you use 300 hours?" He said, "We certainly could."

The Army air pilots need this additional time. That is the only question involved. If you are in favor of developing the Army Air Corps and making it efficient, vote for this amendment. Then when you go back home, and this whole question breaks out, you will at least be able to say, "I did my duty. I believe in an efficient Army Air Corps, and I voted to increase the appropriation by $1,000,000 to make the Army Air Corps at least 25 percent more efficient by providing that much more actual flying time."

[Here the gavel fell.]

Mr. MARTIN of Oregon. Mr. Chairman, I move to strike out the last word.

The gentleman from New York wants to take politics out of this subject. I shall join him in it; I shall vote for his amendment.

It is a notorious fact that the Air Corps, both the Regular Army Corps and the Reserve Corps, cannot perform their functions because we have pinched off on their gasoline and oil. I think probably every Member of this Congress, especially if he has any flyers in his district, has been told how ridiculous it is that they cannot fly because they cannot get the little gasoline and oil required. All that is involved in this is giving these flyers some more gasoline and some more oil.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Oregon. Yes; I yield to the gentleman from California. We are going to use more California oil and gasoline.

Mr. FORD. Why was such objection stirred up last week when they were given this opportunity to get more flying experience through flying the air mail?

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Oregon. I yield.

Mr. O'CONNOR. I understand that by flying 4 hours a month the Army pilots get a 50-percent increase in pay under the flying pay law.

Mr. MARTIN of Oregon. This will not affect that at all.

Mr. O'CONNOR. That is what I am getting at. I am for giving them more time to fly if they will use it for that purpose; but there is nothing mandatory about this. We heard testimony to the effect that they flew as passengers just to put in flying time and get the increase in pay, but that is not flying. Now, if it is made mandatory that the Army air pilots must fly this additional number of hours, something will be accomplished.

Mr. MARTIN of Oregon. I read a letter the other day from that young boy in Ohio who wanted to fly. Half an hour a week is not flying time; he was forgetting how to fly. This situation applies to all of them. My God, what an unwise policy it is to pinch them off with such little gasoline and oil that they cannot get into the air! You criticize the efficiency of these men. Do not retard their becoming efficient by giving them too little material with which to work.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Oregon. I am very glad to yield to the gentleman from Alabama.

Mr. OLIVER of Alabama. I am very much in sympathy with the suggestion made by the gentleman from New York because of the fact the distinguished gentleman from Oregon who is so very familiar with the need of the Service states that additional funds are necessary to enable pilots to fly a greater number of hours which he thinks important to provide for. Without violating the rules of the House a proviso can be inserted in this bill providing that no pay shall be given to any man in the flying service who does not meet these minimum requirements.

Mr. MARTIN of Oregon. Certainly; and that should be done.

Mr. KELLER. What is the law at the present time?

Mr. O'CONNOR. Four hours a month.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Oregon. I yield.

Mr. McFARLANE. I think we should put a proviso in the amendment or in the bill limiting the flying time to not less than 10 or 12 hours per month.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, this committee has been exceedingly liberal with the Air Corps. Every year for the last 2 or 3 years we have put a provision in this bill expressly providing that not less than the amount appropriated should be used for the purpose of purchasing gasoline and fuel for flying these planes.

Now, let us see what the situation is, because in our enthusiasm we do not want to do things that are utterly foolish. The situation with reference to planes is that we will have 958 planes at the end of the next fiscal year as against 1,375, estimated as the number that will be on hand at the end of the present fiscal year. In other words, we will have a considerably lesser number of planes in operation than will be operating during this fiscal year of 1934.

The result will be that, instead of having an average of 134 flying hours, the number this year by budgetry restriction, the amount in this bill will provide not for 200 flying hours but, in my judgment, for an average number well above 200. However, disregarding my personal views, using the Department's own figures, this bill provides for 200 hours for 1,247 commissioned officers; 200 hours for 6 commissioned Regular Army pilots other than Air Corps; 200 hours for 200 commissioned officers of the Organized Reserves on extended active duty; 40 commissioned Regular Army students, 265 hours; 188 Regular Army cadets, 265 hours; 2 warrant officers, 200 hours; and 25 enlisted pilots, Regular Army, 200 hours. There are in these categories many officers who fly two or more in a plane; and whenever that is done, it is tantamount to doubling up on flying. In addition quite a number of the 1,247 officers are not pilots but engage in flying under orders for one reason or another. I have known of Army officers who have flown as much as 25,000 miles in the course of a year. The difficulty with the gentleman from New York is that he seems to assume that a plane carries but one man. Frequently a plane carries as many as a dozen. All you have to do in order to draw flying pay is to fly a minimum of 3 hours per month; and so far as the nonflyers in the Army are concerned, there are many drawing flying pay who, through choice and because they are not pilots, actually fly but the minimum 3 hours. Of course, whenever flyers or nonflyers do not fly any more than enough to draw flying pay, it makes more money available for the other flyers.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. KELLER. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman from Illinois.

Mr. KELLER. What does the gentleman mean by a flyer? Does he mean a man who sits in the plane and lets someone else do the work?

Mr. COLLINS of Mississippi. A doctor, for instance, in the Medical Corps draws flight pay whenever he is assigned to Air Corps duty and given flight orders.

Mr. KELLER. Is there not some way of having a man know how to fly before he is called a flyer?

Mr. COLLINS of Mississippi. Frequently a doctor has to go in the air; and if the real necessities of his work do not require him to be in the air as much as 3 hours, all he has to do to get his flying pay is to fly with somebody else for the length of time necessary to make up 3 hours.

Mr. KELLER. Why should a doctor go up in the air?

Mr. COLLINS of Mississippi. I cannot yield further.

Let me call attention to the further fact that the number of flying hours for which we provide corresponds with the number provided for the Navy. We are in exact agreement. This is approximately the same amount or perhaps a little more than the flyers of other countries receive. Last of all, the Chief of the Air Corps and his associates who appeared before the committee are satisfied with it, and frankly I am justified in saying that they do not want this amendment added to the bill.

Mr. MARTIN of Oregon. I take issue with that statement.

Mr. COLLINS of Mississippi. I have a letter that will come up here shortly saying that.

Mr. MARTIN of Oregon. I should like to see the letter.

Mr. FISH. I should like to see the letter, too.

Mr. COLLINS of Mississippi. They do not want it. They have not asked for it, and neither of these services have asked this committee for the amendment, but upon the military advice of one Member of this House, and only one Member, we are asked to insert in this bill something that the Air Corps of the Army has not asked for or the Chief of the Air Corps of the Navy has not asked for.

[Here the gavel fell.]

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. OLIVER of Alabama. Mr. Chairman, the gentleman has made a very interesting statement, and I regret that all Members could not have heard it. I recognize how difficult it would be to hurriedly draw an amendment to absolutely require that everyone drawing flight pay fly 250 hours a year, since, as the gentleman has pointed out, there are many in the Army who are not pilots but who draw flight pay. They are only required to fly the minimum time, whereas the pilots, by reason of the minimum time allowed to new flyers, are permitted to fly 2,000 hours in some cases. I understand there are some pilots in the Army who fly probably 2,500 hours. It seems that the head of the Service feels that the amount in this bill will permit these pilots to be adequately trained in flying if he is given the sum recommended, because he will distribute such sum on a fair basis between the flyers who are pilots and the flyers who are drawing flight pay but who cannot fly.

Mr. COLLINS of Mississippi. That is right.

Mr. Chairman, this committee has treated the Air Corps just as well as we feel we should and we think is necessary. We have added a million dollars to the Air Corps of the Army and we have added it at the place they say they can best use it. There are many other places in this bill that a million dollars could be expended and with greater profit than at the place indicated by the gentleman from New York. So when we consider these matters for the benefit of the Air Corps, let us consult the Air Corps about them before we go ahead and make changes.

[Here the gavel fell.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I offer a substitute amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mrs. ROGERS of Massachusetts as a substitute for the amendment offered by Mr. FISH: On page 34, line 3, strike out "$22,396,453" and insert in lieu thereof "$24,396,453."

Mrs. ROGERS of Massachusetts. Mr. Chairman, this amendment would provide for 300 flying-hours for our pilots. When you contrast this with the number of hours that the commercial flyers are allowed per month, 75 to 100 hours, the 300 hours a year per pilot is really a very small number of hours. We know that flying is very hazardous. We know that only recently our Army pilots have been called upon to perform a very hazardous duty in winter weather. As a result, six aviators went to their death and several hundred thousand dollars' worth of equipment was destroyed.

My mind goes back some years ago to the floods in New England and Vermont, when my constituent, Lt. Richard Cobb, was asked, and he was delighted to do so, to fly Gen. Preston Brown over the Vermont mountains in the ice and snow in order to help the people in the flooded area. He should have been decorated for great bravery and skillful flying. There were no landing fields, and General Brown said that this man seemed to land almost on the side of a hill. We who have flown over the Vermont mountains and their narrow valleys can therefore realize the value of practice. Lieutenant Hagenberger has taught and is teaching air navigation. He has twice been decorated for extremely distinguished service. He has taught hundreds of men air navigation, but they must have practice in utilizing that knowledge.

How can our fliers really learn air navigation and the use of air instruments if they do not have the necessary practice? They need a great deal of practice to become perfect in night flying. This they cannot now have. Our Army fliers must be considered pilots after only 200 hours in the air, when no commercial pilot is accepted for commercial flying until he has had 2,000 hours in the air.

Let us go back to 1915, when I saw in San Diego the only airplane which the Army owned that would leave the ground, piloted by Captain Taliferro with great difficulty. The following week that airplane crashed with Captain Taliferro, not because he was a poor pilot but because we had only an obsolete airplane for him. It was scandalous at that time, because our pilots were given such bad planes and so little training.

You all know that during the war practically not a single American airplane went to France, and our pilots had to fly French airplanes, a humiliation for the richest country in the world and unfair to the French, who needed their own planes.

You all know that after 1921 the appropriations were somewhat increased, as Congress felt it was not fair to require men to fly without proper equipment, proper airplanes, and sufficient training. It may interest the House to have the list of appropriations for Army aviation since 1921. It is as follows:

Appropriations for the Air Corps

1921	$35,124,300
1922	25,298,333
1923	12,865,000
1924	12,426,000
1925	13,258,044
1926	17,850,000
1927	15,900,000
1928	22,191,300
1929	26,435,157
1930	32,440,758
1931	38,043,877
1932	31,479,635
1933	25,439,131
1934	[1] 26,324,185

To answer the gentleman's statement that the Army airmen do not want to fly, I know that time after time I have asked the men who are on duty at their desks here in Washington if they could perform some duty, such as coming to Massachusetts to speak, or to do something in connection with air activities there, and their reply has been, "We cannot leave our desks; we do not have enough flying hours." This was not said to me for the sake of securing added appropriations, but was simply said as a statement of fact. Reserve pilots have told me the same thing.

The whole country, as we know, is aroused over the death of the pilots in connection with the Army's carrying the air mail. It is up to the Members of Congress to give the Air Service the money in order that it may have the necessary amount of oil and gas in order to practice flying. Practice counts more than anything else in this very hazardous service we expect our men to give.

Mr. Chairman, I know there is not a man here who would willingly send any other man's son to his death because he was not properly equipped, and I earnestly hope you will support this amendment.

Mr. HILL of Alabama. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think all of the members of the committee want to provide sufficient funds for the Air Corps of the Army to have the necessary flying to reach the maximum efficiency and to provide also the maximum amount of safety for our pilots. It seems to me that the question is how much flying is needed to meet these conditions.

The gentleman from New York [Mr. FISH] has offered an amendment increasing the appropriation by $1,000,000 to provide 250 hours of flying per annum for each pilot in the Air Corps. The gentlewoman from Massachusetts has introduced an amendment to provide sufficient money so that each pilot would have 300 hours of flying each year.

[1] Of this amount only $11,599,672 could be used, as the difference was impounded under the economy measure

The gentleman from New York [Mr. FISH] has referred to a conversation he had with a high-ranking officer of the Air Corps, but does not give us the name of the officer. I find in the hearings before your subcommittee on the War Department appropriation bill the testimony of General Foulois, Chief of the Air Corps, which, I think, throws light on the subject and will certainly warrant the committee in adopting the amendment offered by the gentleman from New York [Mr. FISH].

On page 443 of the hearings we find this testimony of General Foulois:

General FOULOIS. It is desired to again point out to the committee certain pertinent facts in connection with annual flying hours and fatal aircraft accidents. In the past years that aircraft-accident studies have been conducted, it has been obvious that there is a pronounced relation between the hours flown and the number and rate of aircraft accidents and fatalities. Since 1928 all aircraft-accident studies have been conducted in accordance with a standard method developed by the National Advisory Committee for Aeronautics. This method is also followed by the Navy and Commerce Departments, and a frequent comparison of the results obtained by these three Departments, as well as the results obtained by the Air Corps over this period of years, indicates that the method used is very reliable.

It is a noticeable fact in studies made since January 1929 that, as the flying hours increased, the fatal-accident rate and fatalities decreased, and, conversely, when the flying hours decreased, as of the fiscal year 1932, the fatal-accident rate and fatalities increased, and in the fiscal year 1933, when the flying hours increased, the fatal-accident rate and fatalities decreased.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. HILL of Alabama. Yes.

Mrs. ROGERS of Massachusetts. Is it not also true that this really is a matter of economy, because it is extremely expensive to lose a plane?

Mr. HILL of Alabama. It is the best economy in the world, not only because it involves human life, but it involves property that costs this Government thousands of dollars.

General Foulois goes on to state:

The studies made indicate that increased flying hours are a vital factor in the reduction of the aircraft-accident rate and the number of fatal accidents. Personnel errors are originally responsible for more than half of all accidents, and therefore it is obvious that in the efforts being made to reduce further aircraft-accident rates and the fatality rate they should be directed along the lines of improving the flying judgment and tactics of the personnel.

Of course, the only way to improve the flying judgment and tactics of the personnel is by providing more flying hours for the personnel.

In view of this statement by General Foulois, emphasizing the fact that accidents and fatalities are in direct proportion to the number of flying hours, I think the committee ought to adopt the amendment offered by the gentleman from New York, provide the additional $1,000,000 for fuel and oil, so that the pilots in the Air Corps of the Army can get at least 250 hours of flying time every year, and I hope the amendment will be adopted. [Applause.]

The CHAIRMAN. The question is on the substitute amendment offered by the gentlewoman from Massachusetts.

The question was taken; and on a division (demanded by Mrs. ROGERS of Massachusetts) there were 17 ayes and 47 noes.

So the substitute was rejected.

The CHAIRMAN. The question is on the amendment of the gentleman from New York [Mr. FISH].

The question was taken; and (on a demand for a division by Mr. FISH) there were 48 ayes and 49 noes.

Mr. FISH. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. FISH and Mr. COLLINS of Mississippi as tellers.

The Committee again divided; and the tellers reported that there were 64 ayes and 80 noes.

So the amendment was rejected.

The Clerk read to page 38, line 14.

Mr. COLLINS of Mississippi. Mr. Chairman, I ask unanimous consent to return to page 28, to the paragraph for the construction and repair of hospitals which was passed over by unanimous consent on yesterday.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read as follows:

For construction and repair of hospitals at military posts already established and occupied, including all expenditures for construction and repairs required at the Army and Navy Hospital at Hot Springs, Ark., and for the construction and repair of general hospitals and expenses incident thereto, and for additions needed to meet the requirements of increased garrisons, and for temporary hospitals in standing camps and cantonments; for the alteration of permanent buildings at posts for use as hospitals, construction and repair of temporary hospital buildings at permanent posts, construction and repair of temporary general hospitals, rental or purchase of grounds, and rental and alteration of buildings for use for hospital purposes in the District of Columbia and elsewhere, including necessary temporary quarters for hospital personnel, outbuildings, heating and laundry apparatus, plumbing, water and sewers, and electric work, cooking apparatus, and roads and walks for the same, $379,136: *Provided*, That no part of this or any other appropriation contained in this act shall be available for any expense on account of the Fitzsimons General Hospital beyond such an amount as may be necessary for the care of such hospital on a bare maintenance basis.

Mr. LEWIS of Colorado. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 29, line 5, after the word "same" strike out the balance of the paragraph and in line 5 strike out the figures "$379,136" and insert in lieu thereof "$429,521."

Mr. LEWIS of Colorado. Mr. Chairman, ladies and gentlemen, I rise on a matter not of partisanship but of humanity.

For some 60 years Denver has been a health resort, particularly for those who are afflicted with tuberculosis. There are maintained in Denver a number of sanitariums by various national organizations. I could give you many examples of persons who have gone to Denver and have recovered their health. I shall not say that they were cured, because I believe that of the great white plague, tuberculosis, there is no such thing as a cure but only an arrest of the disease.

Mark you this: Having once recovered their health or had the disease arrested, if they go back to another climate, say, to the sea level, or to a moist climate, they break down and that is the end. It is essential that they remain at the place where their disease was arrested.

At the beginning of the World War there was a commission appointed by the War Department who went out and investigated all over the country seeking a proper place for the erection of an Army hospital, particularly for the treatment of tuberculosis, and Denver was chosen for many reasons.

Now, it is proposed to abolish this hospital, and I am offering this amendment which restores fifty thousand-odd dollars which was in the Budget, and a motion to strike out this proviso at the end of the paragraph on page 29, so that the excellent work carried on by Fitzsimons General Hospital may be continued.

I think that all will agree that Mr. Douglas, of the Bureau of the Budget, is not very lavish with money; but I will say that the Budget did not recommend the abolition of this hospital. I say further that the War Department did not recommend this, and I say further that the President of the United States did not recommend it. If I had the time I could go through these figures and show in detail that the proposal in the bill as presented by the committee to close Fitzsimons Hospital would not be a measure of real economy. In the 6-month period from July 1 to December 31, 1933, the cost of maintaining the hospital and the patients at Fitzsimons Hospital in Denver was the lowest per patient per day of any Army hospital. With the permission of the House, I shall insert in the RECORD the elaborate table furnished to me by the War Department.

WAR DEPARTMENT,
OFFICE OF THE SURGEON GENERAL,
Washington.

Cost per patient-day, fiscal year 1934, 6-month period, July 1–Dec. 31, 1933, based on reports furnished this Office by hospitals indicated

	Walter Reed	Fitzsimons	Letterman	Army and Navy	Wm. Beaumont	Fort Sam Houston	Total
Patient-days	139,065	130,151	79,780	27,418	23,918	68,437	468,769
Officers:							
Pay	$0.7185	$0.6255	$0.8168	$0.9164	$1.5061	$0.9149	$0.7898
Rental	.1691	.0562	.1587	.2000	.2219	.2433	.1513
Subsistence	.1067	.1022	.1219	.1447	.2454	.1513	.1239
Nurses, regular:							
Pay	.4714	.1655	.5443	.3413	.7335	.3308	.3841
Rental	.0065	.0018	.0085	.0056		.0026	.0046
Subsistence	.0748	.0278	.0792	.0529	.1021	.0567	.0600
Clothing	.0054		.0003			.0004	.0017
Nurses, reserve:							
Pay		.0571					.0158
Rental		.0001					
Subsistence		.0141					.0039
Enlisted men:							
Pay	.6614	.5099	.7830	.7401	1.3031	.7155	.6853
Rental	.0130	.0011	.0006	.0233			.0056
Subsistence	.2292	.1473	.2187	.3443	.4403	.2431	.2243
Clothing	.0345	.0325	.0592	.0675	.0916	.0494	.0452
Civilians:							
Veterans' Administration		.3616				.0050	.1011
M. and H.D.	.0160		.0455	.0730	.0981	.0339	.0262
Q.M.C.	.2403	.2127	.1320	.2737	.2390	.0837	.1932
S.S.A.	.0158	.0077	.0044				.0076
C.C.C.	.2740	.0483	.2077	.4344	.0920	.1281	.1788
Laundry, including operatives	[1] .0747	[1] .0810	[1] .0984	[1] .1022	[1] .1030	.1250	.0909
Subsistence, all	.5669	.7608	.4662	.6209	.5863	.5305	.6024
Blood transfusions and specialists	.0032	.0010	.0003	.0009		.0095	.0027
Medical supplies and equipment	.4534	.2895	.3195	2.6423	.7083	.5754	.5439
Transportation of supplies	.0046	.0288		.0675	.0201	.0004	.0144
Utilities	.2372	.3093	.2079	.3943	.3563	.0527	.2406
Construction and repair of hospital	.2655	.2119	.2626	.4348	.6771	.1015	.2572
Total	4.6422	4.0537	4.5357	7.8801	7.5169	4.3537	4.7536

[1] Laundry—No new equipment reported as issued and amount of supplies greatly reduced.

From this table it will be seen that the cost per patient per day at Walter Reed Hospital was $4.6422; at Letterman Hospital, San Francisco, $4.5357; at the Army and Navy Hospital at Hot Springs, Ark., $7.8801; at William Beaumont Hospital, at El Paso, Tex., $7.5169; at Fort Sam Houston, $4.3537; and at Fitzsimons Hospital, Denver, $4.0537. In short, this is not a measure of economy. The mere moving of these patients from Fitzsimons General Hospital would cost more than the $50,385 which I have asked to be restored here in accordance with the recommendations of the Budget.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. HEALEY. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended for 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Chairman, will the gentleman yield to me to present a request for unanimous consent?

Mr. LEWIS of Colorado. Yes.

Mr. COLLINS of Mississippi. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 30 minutes, the time to be equally divided between those favoring and those opposing the amendment.

The CHAIRMAN. The 30 minutes to include those now being consumed by the gentleman from Colorado? The debate to continue on this paragraph and all amendments thereto for 30 minutes after the gentleman has concluded?

Mr. COLLINS of Mississippi. That is correct.

The CHAIRMAN. The time to be equally divided among those favorable to and those opposed to the amendment?

Mr. COLLINS of Mississippi. Yes; including the time used by the gentleman from Colorado.

The CHAIRMAN. That would mean 20 minutes for those who are opposed to the amendment, and 10 minutes for those opposed after the gentleman from Colorado has concluded. Is there objection?

There was no objection.

Mr. LEWIS of Colorado. Mr. Chairman, on the 7th of March the Surgeon General of the Army sent me a statement showing the following number of patients during the week ending March 3 at Fitzsimons General Hospital: Army personnel, 267; Navy personnel, 4; Veterans' Administration patients, 468; C.C.C., 49; other civilians, male, 62; female, 41; beneficiaries of soldiers' home, 23; total, 914. I am further informed by the Surgeon General's Office this morning that the other civilians referred to are all dependents of the Army, so that the Army personnel and their dependents amount to 370 out of the numbers stated.

I have already shown that this is not a measure of economy, as far as the cost of operation is concerned, and have shown also that this is not a measure of economy as far as the closing of the hospital is concerned, because the cost of moving the patients would be as great as the $50,385 for which I am asking.

However, Mr. Chairman, this is something that transcends a matter of mere dollars and cents. We are here dealing with human lives. There are now 914 patients there. The greater portion of them are tuberculosis patients, probably 70 percent.

I wish I had the time to give you the statistics showing the remarkable record of cures which have been effected at Fitzsimons. I wish I could describe for you the excellent personnel, the excellent technique in treatment which has been developed there. I wish I could take you to Denver and go with you through the wards and have you see and talk to these men. I wish you could go with me, as I went on the Saturday before Christmas, through that hospital. I wish we could visit the various wards, and see those fellows who reached out to me with fevered hands and said in hoarse whispers, "LEWIS, for God's sake, are they going to take us away from here, are they going to break this hospital up and send us hither and yon to climates where we will not be able to live? Are you going to let them do that to us?" I said, "My friends, I will do the best I can, and I believe that the Members of the House of Representatives will stand by you."

Mr. Chairman, in Denver this afternoon 900 people, approximately 700 of them tuberculosis patients, are lying in hospital beds there wondering what the House of Representatives is going to do. Are you going to send them to hospitals in places and in climates not suitable for the treatment of tuberculosis? Are you going to send them to hospitals not specially equipped for this purpose? What are you going to do? I believe that you are going to adopt this amendment.

Mr. COCHRAN of Missouri. These are our men.

Mr. LEWIS of Colorado. Yes; these are our men. From practically every district represented in this House somebody has gone to Fitzsimons General Hospital, and is there right now, because these patients are drawn from all parts of the country. Men and women, you who are interested in the veterans of the World War, there are over 400 World War veterans there this afternoon. They are wondering what you are going to do to or for them. I plead, Mr. Chairman, I beg, I implore the subcommittee to accept this amendment. I beg of them to do this in the name of humanity. I believe they will. But if not, then I am convinced the Members of this House of Representatives of the United States will adopt this amendment because, remember, we represent, not some bureaucrat who comes up secretly before a committee and says he wants such and such done, but we represent the people at home and these poor boys that I have been describing. [Applause.] Further, I think it about time that we asserted ourselves and let some of these bureaucrats down here know that we represent, not they but the people at home.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. LEWIS of Colorado. Yes.

Mr. COCHRAN of Missouri. The gentleman is entirely correct. There are 12 men from my district in Fitzsimons General Hospital today and St. Louis is probably 800 miles away from this hospital. You are fighting for our veterans as well as your own.

The CHAIRMAN. The time of the gentleman from Colorado has again expired.

Mr. STUDLEY. Will the gentleman yield for a question?

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. STUDLEY. I ask unanimous consent that the gentleman have 1 additional minute to answer my question.

The CHAIRMAN. The time has been fixed for debate on this amendment and cannot be extended.

Mr. PARKS. Mr. Chairman, who is controlling the time on this side?

The CHAIRMAN. No request was made by the gentleman from Mississippi [Mr. COLLINS], further than that there should be 10 minutes more debate favoring the amendment and 20 minutes' debate opposing the amendment.

Mr. LEWIS of Colorado. May I have control of the time on this side?

Mr. PARKS. That is entirely agreeable to us, if it is satisfactory to the Chair.

The CHAIRMAN. That permission has not been extended by the committee, and the Chair would not be authorized, without some direction, to designate some Member to control the time. Under the request of the gentleman from Mississippi, it would be in the discretion of the Chair how the time shall be disposed of.

Mr. PARKS. May I ask the Chair how he intends to control this time?

The CHAIRMAN. The Chair intends to recognize, with no specification of person, those favoring the amendment for 10 minutes and those opposed to the amendment for 20 minutes. If some Member will now rise who is opposed to the amendment, unless the Chair receives other direction from the committee, the Chair will recognize that gentleman in opposition to the amendment.

Mr. THOMASON rose.

The CHAIRMAN. Is the gentleman from Texas [Mr. THOMASON] opposed to the amendment?

Mr. THOMASON. I am.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. THOMASON. Mr. Chairman, I entertain the highest regard for our distinguished friend the gentleman from Colorado, Mr. LEWIS. He is one of the finest and most able men in this body. Likewise, I have a very great admiration for the splendid work that has been done at the Fitzsimons Hospital in Denver for so many years. Let it be understood that I am not asking for the abandonment of that hospital. We need more tubercular hospitals all over the country. I know something about tuberculosis hospitals myself. I know something about them from personal experience, because I went West many years ago and have been a patient in a tubercular hospital. I know the game and sympathize with the situation of my friend. However, let us not go off at a tangent about this amendment. This is no attack, as I understand it, on Fitzsimons Hospital. Certainly I would be the last one to engage in it if it were. As far as I know after reading the report and the hearings, this does not necessarily mean that Fitzsimons Hospital will be closed.

The reason I oppose the amendment is this affects Army patients and not veterans. The gentleman offers an amendment to increase the appropriation by $50,000 only. Does anyone think that would operate a hospital like that? No. That hospital is today almost full of veterans, and the Veterans' Bureau pays for the upkeep and maintenance of that hospital, with the exception of perhaps a comparatively small number. I thoroughly sympathize with the gentleman from Colorado, because last year I had the cry raised on me, "Follow the committee. Follow the committee." The claim is made that the committee has studied these questions and also that it acts on the recommendation of the War Department.

Last year I had Fort D. A. Russell in my district abandoned almost overnight. Then when the economy bill was passed there was the William Beaumont Hospital in my city that was then almost filled with patients, and many of them were veterans. That is an up-to-date, modern hospital. That is an Army hospital and is only about one third filled at this time. The veterans were moved out and sent to Albuquerque and other hospitals. The only thing this bill does is to say that the Army patients in the Fitzsimons Hospital at Denver shall be taken back to the place where it was provided they should be taken, which is William Beaumont Hospital in El Paso, Tex. We are not asking for a single veteran to be taken back there. I want no injustice done Fitzsimons. Let it be taken over by the Veterans' Administration or handled in the way the committee and the War Department think best. I only ask that the Army patients be sent back to William Beaumont Hospital, which is now exclusively an Army hospital. The committee says the buildings at Fitzsimons are not modern or permanent and that $5,000,000 will have to be spent there if it is to be made a modern hospital.

Mr. LEWIS of Colorado. Will the gentleman yield?

Mr. THOMASON. I yield.

Mr. LEWIS of Colorado. Does not the gentleman know that the Army has been maintaining this place, and this provides that the hospital shall be placed on a maintenance basis, which simply means a caretaker is provided?

Mr. THOMASON. But you are not foreclosed from dealing with the Veterans' Bureau just as you have been doing in the past. Ninety percent of your money today comes from the Veterans' Bureau, and I see no reason why you cannot continue to deal with them.

Mr. LEWIS of Colorado. Will the gentleman yield further?

Mr. THOMASON. Certainly.

Mr. LEWIS of Colorado. Does not the gentleman know that although the Veterans' Bureau has been maintaining this hospital in part by contributions, that there are patients from other bureaus of the Government?

Mr. THOMASON. Oh, yes.

Mr. LEWIS of Colorado. And does he not know further that the appropriation for the Veterans' Administration is contained in the independent offices appropriation bill?

The CHAIRMAN. The time of the gentleman from Texas [Mr. THOMASON] has expired.

Mr. THOMASON. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. The time has already been allotted.

Mr. PARKS. If there is no objection, I will be glad to have the gentleman use 5 minutes more.

The CHAIRMAN. If, by unanimous consent, the gentleman is allowed to consume more of the time allotted in opposition, that is perfectly agreeable to the Chair.

Mr. PARKS. Cannot the Chair extend the gentleman's time?

The CHAIRMAN. The gentleman's time can be extended only by the Committee.

Mr. PARKS. Then, Mr. Chairman, I ask unanimous consent that the gentleman be allowed to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. THOMASON. I am afraid the gentleman from Colorado was not here at the opening of my remarks. This is nothing personal against the gentleman from Colorado, whom I admire very much, or against the Fitzsimons General Hospital. I would like to see them keep the veterans, but the Army patients taken from a strictly Army hospital should be placed there. It is a modern hospital and should be filled. Fifty thousand dollars will not support this hospital. It must still get help from the Veterans' Bureau.

It is practically no appropriation for an Army hospital but it can continue as a veterans' hospital. When the economy bill was passed last year all but about 146 of the patients

were taken out of the William Beaumont Hospital, and all veterans were removed except emergency cases.

Now, if you are going to say that the William Beaumont Hospital at El Paso shall not be a veterans' hospital, you ought to make it what the law intended—an Army hospital—and bring back the Army patients to William Beaumont Hospital. Keep the veterans in your hospital but bring the Army patients back to William Beaumont.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. MAY. Do not the authorities agree that the climate at El Paso is very suitable for tubercular patients?

Mr. THOMASON. It is not nearly so severe in winter as Denver; perhaps it is a little hotter in summer, but the doctors all over the country now say that El Paso, Tucson, Phoenix, Albuquerque, Denver, anywhere in that high, dry region is conducive to health and to the cure of tuberculosis.

Let Denver, Albuquerque, and the other places serve the veterans as they have in the past. This committee has studied the subject and the House was told only yesterday by the chairman that the bill came in with the unanimous support of the committee. Not only that, but if you read the hearings, you will see that General Patterson, Surgeon General, put his unqualified endorsement on it, speaking for the War Department. [Applause.]

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. LEWIS of Colorado. Did the gentleman ever hear of the report and the resolution adopted by the Federal Board of Hospitalization?

Mr. THOMASON. I very frankly say to the gentleman that I have not. I contend that Beaumont Hospital should have the Army patients and the veterans can be taken care of at the various veterans' hospitals. They are entitled to the best. Let us follow the law and the recommendation of the committee. The law made it an Army hospital. What I am asking is only what the committee unanimously agrees, and what the War Department says, ought to be done. Frankly, I think veterans should be admitted to William Beaumont Hospital. There are many sick World War and Spanish War veterans in and about El Paso who need hospitalization. They have no money and their families live in El Paso. I only want this fine modern hospital in El Paso filled when good men are begging to get in it.

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I wish to proceed in favor of the amendment.

Mr. Chairman, I cannot conceive why these hospitals should be called either Veterans' Bureau hospitals or Army hospitals; they are all Government hospitals.

The Fitzsimons Hospital houses not only the constituents of the gentleman from Colorado who has presented the amendment, but it houses your constituents and mine, sent there on account of the climate.

I want the chairman of the committee to tell me if it is not a fact that the Army has always claimed it can take care of a patient cheaper than the Veterans' Bureau. Further, the Army has shown that it has and can do so. Has not the Army always made this claim?

Mr. COLLINS of Mississippi. I think that is true, both in the Army and the Navy hospitals.

Mr. COCHRAN of Missouri. Yes; and it is a fact also they are now taking care of these men at this hospital for $3.25 a day. That is what General Patterson said in the hearings. See if the Veterans' Bureau can do it for a like amount.

The chairman of the subcommittee put the answer in his mouth when he asked the Surgeon General the question about closing the Fitzsimons Hospital.

The Surgeon General answered as it seemed to me the chairman desired him to answer judging from the way the question was put.

My district in St. Louis is about 1,000 miles away from the Fitzsimons Hospital, but boys from my district are being cared for at that place and they are satisfied with the treatment and with the present personnel. They are as happy as men in their condition could possibly be.

Now, I am not interested as to what patients the gentleman from Texas wants housed in his district; I want my veterans taken care of, and it does not seem to be in the interest of a real sick man to move him 500 miles or more. If these men can be cared for in Colorado as cheap as or cheaper than they can in Texas, let us keep them in Colorado where they are contented.

Mr. THOMASON. They are all veterans are they not?

Mr. COCHRAN of Missouri. This hospital should be kept open. It does not make any difference whether they are Army hospitals or Veterans' Bureau hospitals. It is admitted the Army hospitals are run at less expense to the Government than the Veterans' Bureau can run hospitals, Nobody will deny this statement. There is not a Veterans' Bureau hospital in the United States that is run as cheaply as an Army hospital; and the Army gives them just as fine treatment and food as the Veterans' Bureau ever did.

Now, do not overlook this fact: The law says "hospitalization will be granted if beds are available." That clause places the Veterans' Bureau in the position where it can only hospitalize a certain number of men, and that number is based upon the number of beds available. Close Fitzsimons General Hospital and you will cut the hospital facilities about 1,000 beds. Do you want to do that? Of course you do not.

All the letters we receive from taxpayers who are opposed to certain benefits being paid veterans always read that they want us to take care of the sick veteran who cannot take care of himself. All Members have received hundreds of such letters. It indicates even the hard-boiled who are opposed to paying veterans pensions favor taking care of the disabled.

If you adopt this amendment you will serve notice on the Army that you want this hospital continued.

I am not in favor of letting the Army say it no longer wants to take care of the World War veteran at Fitzsimons Hospital. I am in favor of telling them to take care of those veterans. This amendment means, if adopted, that it is notice to the Army to continue as you have in the past at this hospital. I hope the amendment will be adopted. [Applause.]

Mr. MARTIN of Colorado. Mr. Chairman, I wish to speak 3 minutes in support of this amendment.

Mr. Chairman, there is an old saying that no question is ever settled until it is settled right, but it has been my experience and observation down here during the past year that the saying has about twice too much language in it. The saying should be shortened to, "No question is ever settled." It seems to be a question here very largely of whose ox is gored, and in this respect I have considerable sympathy for the gentleman from Texas, because I happen to have a situation with respect to a veterans' hospital where I have been kept in hot water ever since the passage of the Economy Act. It looks as if just as soon as a status is set up and fixed and you turn your back somebody comes along and kicks it over. So much has gone on to disturb, upset, and demoralize the veterans' hospital in my district that sometimes I wish it was in somebody else's district.

If this was a case in which on the score of efficiency and economy a large number of these hospitals were being closed, a man might reconcile himself as being subjected only to the common lot, but when I look through this large bill, carrying two or three hundred million dollars and the long section devoted to hospitals, I find only one hospital, Fitzsimons Hospital, singled out, and from that hospital there is to be chiseled the lousy sum of $50,000.

The gentleman from Texas says it is only for taking the Army patients out of this hospital. What I fear is that it is the intrusion of the camel's nose into the tent, to be followed by the abandonment or the closing down of the hospital, because the Surgeon General of the Army, whom the gentleman from Texas quotes on the floor, made that recommendation many months ago, to close the hospital down.

I can add nothing to the able showing made by my colleague [Mr. LEWIS], but I want to say that it looks to me as if there were some people down here in Washingon in high places who are obsessed with the notion that the United States is bounded on the west by the Missouri River. We out there are made to feel as if we were only step-children of this great Republic. I do not mean to classify the able chairman of the subcommittee in that category, but I would like to remind the gentlemen on this side of the House that that territory west of the Missouri River saved the last Democratic President of this country in 1916 and it is not too much of a conjecture that it might be called upon to save the present President. It is decidedly unfortunate that this hospital, singled out for such treatment, should be located adjacent to the capital city of the Rocky Mountain region, where there are exceptional publicity facilities for the purpose of making the most, and by that I mean the worst, of this proposition to close Fitzsimons Hospital, and if this amendment goes through, which may prove to be only the start of a plan to close this hospital, the most unfavorable publicity will be given to the proposition throughout this entire western area.

Mr. FISH. Is Denver the very best place to have such a hospital?

Mr. MARTIN of Colorado. I have in mind one better place in my district that now has a Government hospital, so that I could not make such an admission in the RECORD. [Applause.]

[Here the gavel fell.]

Mrs. McCARTHY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, the statement has been emphatically made that this hospital is not to close. However, I call attention to the statement of General Patterson himself, when he appeared before the committee. The question was asked him why this hospital had not been transferred to the Veterans' Administration, if he was objecting to the Army maintaining it. He said that he would be delighted to transfer it to the Veterans' Administration but had been unable so far to do so. Later in his testimony, when he was asked if there were any other hospitals he wanted closed, he stated no. He said:

> We have no hospitals we want to close except the Fitzsimons Hospital.

So, Mr. Chairman, there is not any question in the world but what this hospital is going to be entirely closed if this appropriation is not granted.

I am also interested in a large veterans' hospital at Wichita, Kans. We have a large, brandnew veterans' hospital there, but I would not be so selfish as to stand up here today and in order to get more veterans into that hospital at Wichita try to have another hospital in an adjoining State closed. This would not be fair to the veterans. [Applause.]

There are many veterans in the Fitzsimons Hospital who are not in condition to be moved. It would be an injustice to them. This Fitzsimons Hospital is needed as it never has been needed before. Prior to the time the benefits to the veterans were cut they were able to pay for their own hospitalization, but now this hospital is an extreme necessity. It ill-behooves us at this time for a pitiful sum of $50,000 to close this hospital. The fly in the ointment is that the Army does not want to have the $50,000 chalked up to them. They want it chalked up to the Veterans' Administration. Perhaps this can be done eventually, but until this is done we should take care of the veterans until the transfer can be made. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. LEWIS of Colorado. Mr. Chairman, I rise again in further support of the amendment.

Mr. Chairman, something has been said here about the supposedly careful investigation being made by the Surgeon General of the Army. May I call attention to the fact that there is a Federal Board of Hospitalization in this country composed of the Administrator of Veterans' Affairs and the Surgeons General of the Army, of the Navy, of the Public Health Service, and others, whose names I shall put in the RECORD. May I say further that last summer I appeared before this Hospitalization Board and in a resolution, joined in by all members including the Surgeon General of the Army, it was resolved on July 25, 1933, that Fitzsimons General Hospital should be used for all tuberculous beneficiaries of the Federal Government until the entire hospitalization situation could be studied by this Hospitalization Board. Mr. Chairman, may I further say that this resolution was approved on August 1, 1933, by the President of the United States.

The resolution was as follows:

RESOLUTION ADOPTED BY THE FEDERAL BOARD OF HOSPITALIZATION, WASHINGTON, D.C., JULY 25, 1933

Whereas the War Department since 1918 has operated the Fitzsimons General Hospital at Denver, Colo.; and

Whereas the Veterans' Administration prior to the act of March 20, 1933, made extensive use of this facility by reason of the relatively large ex-service population in the area served by it and the lack of Veterans' Administration facilities in the same general area; and

Whereas regulations issued pursuant to the act of March 20, 1933, authorize the Veterans' Administration to use War, Navy, Public Health, and Interior Department hospitals in emergency cases only for beneficiaries suffering from service-connected disabilities; and

Whereas the War Department has advised the Federal Board of Hospitalization that neither its present nor prospective load at that location is adequate to insure economical operation of that facility; and

Whereas it has been determined that the estimated hospital load of the War Department and that of the Veterans' Administration for all classes of patients is sufficient at that location to enable that facility to be operated on an economical basis; and

Whereas the Federal Board of Hospitalization is now making a survey of all Government hospital facilities, which survey has not, however, reached the point where a definite determination is warranted; and

Whereas this survey is expected to result in the submission to the President of definite recommendations to insure the maximum possible use of Government hospital facilities: Therefore, be it

Resolved, That the Federal Board of Hospitalization recommends to the President that the Fitzsimons General Hospital at Denver be used for all tuberculous beneficiaries of the Federal Government until such time as the findings of said Board in connection with the above survey have been communicated to the President.

FRANK T. HINES, *Chairman*.

Approved:

FRANKLIN D. ROOSEVELT.

AUGUST 1, 1933.

The following is the Federal Board of Hospitalization:

Brig. Gen. Frank T. Hines, Chairman, Administrator of Veterans' Affairs.

Maj. Gen. R. U. Patterson, Surgeon General United States Army.

Rear Admiral P. S. Rossiter, Surgeon General United States Navy.

Surg. Gen. H. S. Cumming, United States Public Health Service.

Dr. William A. White, Superintendent St. Elizabeths Hospital.

Hon. J. Crawford Biggs, Solicitor General of the United States.

Col. George E. Ijams, Assistant Administrator of Veterans' Affairs.

Gen. George H. Wood, special representative of Administrator on matters pertaining to national homes.

It is too bad that debate on a matter of this importance must be closed in 30 minutes. Before I conclude, may I not take you back again to Denver? Take you back to the four or five hundred men with pallid lips and hectic cheeks, lying in their beds, whispering hoarsely one to the other: "What is the Congress of the United States going to do to us?" What is Congress going to do? Are we going to turn out those boys who lost their health in the service of our country—turn them out like worn-out horses—to die? Are we going to cast them aside like old gloves, like old shoes, which have served our purpose? It is an old adage that republics are ungrateful. Is the American Republic going to be ungrateful? I believe by our votes we shall disprove that adage by adopting this amendment, as I pray God that we do.

Mr. COLLINS of Mississippi. Mr. Chairman, the insertion of this language in the bill is solely because of the War Department's recommendation that this hospital should be

closed because it is not needed and that it would be in the interest of economy to close it. They do not recommend economies very often, but here is an instance when they have. They recommend that this institution be closed and placed in a stand-by condition and the committee has acted in accordance with their recommendation.

General Patterson, the surgeon general, is not the only individual in the War Department who has recommended the closing down of this institution. On three different occasions the Inspector General of the Army has recommended the closing of Fitzsimons Hospital.

Here is the situation there. They have 156 buildings of war-time construction, not one of which is closer to the other than 200 feet, and only 2 of the 156 buildings are of permanent construction. The administration building and the officers' club are of permanent, fireproof construction.

We are face to face with one of two alternatives. We must either close this institution or we must appropriate approximately $5,000,000 for the purpose of building a new hospital, which neither the Veterans' Bureau nor the Army needs. If you want to accept the responsibility, in spite of the recommendations of the War Department, of continuing to hospitalize Army and Veterans' Administration patients in buildings such as are available at Fitzsimons, the responsibility is yours.

I have here a letter from General Patterson on this subject. He says many things in this letter. He states that there are 914 patients at the Fitzsimons Hospital, 466 of whom are veteran patients, 267 Army patients, and 4 Navy patients. There are C.C.C. boys there and civilians to the extent of 62 males and 41 females, and beneficiaries of the soldiers' homes to the extent of 23.

The third paragraph of the letter states that the average maintenance cost of Fitzsimons General Hospital for the past 10 years has been $307,333. At the Beaumont General Hospital, $96,000 is the cost. Maintenance cost means upkeep and repair of buildings, utilities, and so forth.

The Quartermaster General's Office estimate that at the present time the maintenance cost of Fitzsimons General Hospital is $230,000, and adding the upkeep of the Beaumont Hospital of $96,000, shows a total maintenance cost of both institutions of $326,000. If the patients are removed to the Beaumont General Hospital, the maintenance cost will be increased there somewhat, bringing the cost up to $105,000. Therefore there would be an average maintenance-cost saving, if the Beaumont General Hospital were used for tubercular patients and the Fitzsimons General Hospital closed, of $221,896.

Do not be deceived by the $50,000 proposal which the amendment proposes to restore to the bill. Fifty thousand dollars is just a drop in the bucket, and, furthermore, every one of the doctors and nurses and enlisted men now on duty at Fitzsimons General Hospital will be transferred to other hospitals where their services are needed; and if they are not transferred, we will have to employ additional medical officers, nurses, and other civilians to take their places.

There are other points in General Patterson's letter which, if I have the time, I shall refer to shortly; but here is the situation with reference to this hospital. I have a statement furnished me this morning by General Hines on this hospital:

As to the home States of patients hospitalized there, Alabama has 2; Arizona, 1; Arkansas, 7; California, 2; Connecticut, 1; District of Columbia, 1; Florida, 1; Georgia, 4; Illinois, 4; Iowa, 4; Kansas, 2; Kentucky, 3; Maine, 1; Maryland, 1; Massachusetts, 1; Michigan, 3; Minnesota, 9; Missouri—that my friend JACK COCHRAN is so solicitous about—has 5; Nebraska has 3; New Jersey, 3; New York, 9; North Carolina, 1; Ohio, 4; Oklahoma, 4; Oregon, 1; Pennsylvania, 9; Rhode Island, 1; South Dakota, 2; Texas, 6; Utah, 1; Virginia, 2; West Virginia, 4; Wisconsin, 2; Wyoming, 3; and outside of the United States, 3.

General Hines also furnished a statement of Veterans' Administration facilities showing the unoccupied beds as of February 24, 1934. This statement sets out the tuberculosis hospitals and the ones to which would be sent the Veterans' Administration patients who are now in the Fitzsimons Hospital.

The first one of these TB hospitals to which these patients would be sent is Albuquerque, N.Mex., where there are vacant beds to the extent of 36; Boise, Idaho, has vacant beds to the extent of 9: Fort Bayard, N.Mex., has vacant beds to the extent of 125; Fort Harrison, Mont., has vacant beds to the extent of 21; Hot Springs, S.Dak., has vacant beds to the extent of 45; Legion, Tex., has vacant beds to the extent of 34; Livermore, Calif., has 13 vacant beds; Los Angeles, Calif., has 45 vacant beds; Oteen, N.C., has 143 vacant beds; Outwood, Ky., has 144 vacant beds; Rutland Heights, Mass., has 16 vacant beds; San Fernando, Calif., has 3 vacant beds; Walla Walla, Wash., has 71 vacant beds; Whipple, Ariz., has 199 vacant beds; making a total of 1,371 beds, and the Veterans' Bureau has at Fitzsimons Hospital now but 468 patients.

Mr. MARTIN of Colorado. I think the gentleman wants to be fair, and I should like to have him yield right here.

Mr. COLLINS of Mississippi. I resent the imputation that I am not fair. If the gentleman——

Mr. MARTIN of Colorado. I want to comment on the kind of argument the gentleman is putting across here to the House to induce the Members to vote with the committee.

Mr. COLLINS of Mississippi. I resent the imputation; and, for that reason, I will not yield.

Mr. MARTIN of Colorado. I want to say to the gentleman that we can fill those beds before we get through with the Economy Act.

Mr. COLLINS of Mississippi. I want to say in connection with that remark that Colonel Ijams told me that the Economy Act had nothing whatever to do with tubercular patients. He said that they were stable and would remain stable and had been stable for the last few years, and that the provisions of the Economy Act had nothing whatever to do with a lesser number of beds or a lesser or greater number of tubercular patients.

Mr. MOTT. Will the gentleman yield?

Mr. COLLINS of Mississippi. Yes; I yield.

Mr. MOTT. I just want to contradict that statement.

Mr. COLLINS of Mississippi. I do not yield for that purpose.

Mr. MOTT. Then I will ask the gentleman from his own personal knowledge——

Mr. COLLINS of Mississippi. If the gentleman wants to ask a question, I will yield.

Mr. MOTT. I will ask the gentleman if he does not know of his own knowledge and from what he has read of the hearings on the economy bill that the passage of the Economy Act threw thousands of tubercular patients out of veterans' hospitals?

Mr. COLLINS of Mississippi. Colonel Ijams told me and the gentleman from Ohio [Mr. BOLTON] that it had not thrown a single tuberculosis patient out of a hospital.

Mr. MOTT. The colonel is mistaken, and the record will show it.

The CHAIRMAN. All time has expired, and the question is on the amendment offered by the gentleman from Colorado [Mr. LEWIS].

The question was taken; and on a division (demanded by Mr. COLLINS of Mississippi) there were 70 ayes and 22 noes.

Mr. COLLINS of Mississippi. I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. LEWIS of Colorado and Mr. COLLINS of Mississippi.

The Committee again divided; and the tellers reported that there were 74 ayes and 51 noes.

So the amendment was agreed to.

The Clerk read as follows:

No part of the appropriations made in this act shall be available for pay, allowances, or traveling or other expenses of any officer or enlisted man of the National Guard who may be drawing a pension, disability allowance, disability compensation, or retired pay (where retirement has been made on account of physical disability or age) from the Government of the United States: *Provided*, That nothing in this provision shall be so construed

as to prevent the application of funds herein contained to the pay, allowances, or traveling expenses of any officer or enlisted man of the National Guard who may surrender said pension, disability allowance, disability compensation, or retired pay for the period of his service in the National Guard: *Provided further*, That present adjutants general who may be drawing such emoluments may be continued in a federally recognized status without pay under this act.

Mr. DONDERO. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the War Department appropriation bill, H.R. 8471, now before the House, carries with it a total appropriation of $279,541,505 for the fiscal year 1934–35, or approximately $2.25 per capita, for every man, woman, and child in the United States.

I am not a pacifist. I believe that if you have anything worth defending that it should be defended; that our country should be defended and an adequate national defense maintained is a duty which the Congress owes to the country under existing world policies.

As long as the civilized nations of the world continue under the present policy, the expenditure of these huge sums of money which we appropriate for national defense will continue and must be exacted from the people.

The world today is groaning under the merciless heel of taxation for purposes of war, to pay for the destruction caused by war and as the direct or indirect result of war. It is a rebuke to civilization itself that this is so, and well might we ask the question: When will the people of the world, imbued with a sense of justice and right, turn from the present policy of expenditure of enormous sums of money, to protect themselves from nothing but fear of each other?

It is interesting to note that the total tax revenue of the United States Government for the fiscal year 1933 was $1,855,174,208 and that we expended for national defense and military pensions the great sum of $1,501,738,000, or 80.9 percent of all the tax money received. The national defense alone cost $636,765,000, or 34.3 percent of the total amount received, and less than 20 percent of all tax money received by the Government of the United States is left to be used for the constructive purposes of peace and progress.

Great Britain for the same year received $704,654,000 in tax revenue and spent for her Army, Navy, and air forces $102,990,000, or 14.6 percent, and her combined expenditure for Army, Navy, and air forces and war pensions was $150,-190,000, or 21.3 percent of her total tax revenue, compared with 80.9 in the United States.

France for the same year received in tax revenue 35,610,-896,000 francs and provided for military expenditure 11,910,-400,000 francs, or 33.4 percent of her total tax income. In addition to that amount she expended for military pensions 2,077,600,000 francs, or a total of 13,988,000,000 francs, or 39.3 percent of her total tax income, as compared with 80.9 percent in the United States.

I present these figures and comparative expenditures for war and the result of war to the attention of the House and the country that the people might know the price we pay for the most barbaric art in existence after 2,000 years of the Christian era. We all look forward to the time when the other nations of the world will follow the leadership of this Government in its endeavor to outlaw war by treaty and to make war impossible by world disarmament. [Applause.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

No appropriation contained in this act shall be available for any expense for or on account of a larger number of mounted and medical units, and military police, wagon, and service companies of the National Guard than were in existence on June 30, 1932.

Mr. COLLINS of Mississippi. Mr. Chairman, I ask unanimous consent that the gentleman from Kansas [Mr. AYRES] be permitted, when he returns to the Chamber, to offer an amendment at this point. Mr. AYRES has been called to the White House, and could not be present at this time, otherwise he would have been here to offer his amendment.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent that the gentleman from Kansas [Mr. AYRES] be permitted to offer an amendment at this point upon his return, and that no other amendment be permitted to be offered. Is there objection?

Mr. BULWINKLE. Reserving the right to object, I wished to offer an amendment to a paragraph that has been passed over. I was looking over a manuscript when it was passed and did not notice where the Clerk was reading. I would, of course, not object to a request like this by the gentleman from Mississippi, but I ask unanimous consent to return to that paragraph.

Mr. COLLINS of Mississippi. I shall have to object to that.

Mr. WADSWORTH. I reserve the right to object.

Mr. COLLINS of Mississippi. Let me say that the nature of the amendment to be offered by the gentleman from Kansas is to put the Naval Reserve and the Marine Corps on the same status as to drills as the National Guard.

Of course, his amendment will be subject to a point of order, but as far as I am concerned I shall not make it.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

Mr. KVALE. Mr. Chairman, I reserve the right to object. The chairman, of course, does not intend to preclude any member of the committee from offering an amendment to the amendment of the gentleman from Kansas in case he so desires—just as a matter of principle.

Mr. COLLINS of Mississippi. Only such amendments as may be germane to the Ayres amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi as stated?

There was no objection.

Mr. OLIVER of New York. Mr. Chairman, I move to strike out the last word. I rise to pay my personal tribute to the chairman of the subcommittee, the gentleman from Mississippi [Mr. COLLINS], which brings in this bill. For over a year now I have read in the newspapers, in the mail, and heard from many people, statements denouncing Ross COLLINS, of Mississippi, as a pacifist. Bravely and boldly, brilliantly, he stood up against that fire. I do not know any man who has shown a greater genius for marking out a course and policy and charter for the Army than Ross COLLINS, of Mississippi. Motorization and machinization have become words in the Congress of the United States well understood because of his brilliant elucidation of their meaning in warfare. The old order of the Army is passing away under the sledge-hammer blows of Ross COLLINS, and the future will find us able to stand up against any foe with the most modern equipment, owing to the fact that he has persisted in that course which we are now adopting as a national policy.

I compliment him upon his heroism, on his individuality in thinking. I compliment him for standing up against all tradition. I compliment him for standing against the press of the country, against every bit of propaganda that has attempted to swerve him from the magnificent work that is now so successful. I compliment Ross COLLINS for his industry, for his marvelous ability to portray his objective, so that all are persuaded that the course he advocates is the course that will bring greatest security to America. He is not a pacifist, except that he wants America to have the peace of victory in the event of war. He is not a pacifist, except that he wants to put America in such a state of preparedness that no nation will dare to wage war against her.

I rise to make these few remarks as a humble Member of Congress and in compliment of a man who has shown as a Congressman all of the qualities of a soldier, all of the brave, heroic, intellectual qualities that we should have in the Army of the United States. [Applause.]

The Clerk read as follows:

ORGANIZED RESERVES

For pay and allowances of members of the Officers' Reserve Corps on active duty in accordance with law; mileage, reimbursement of actual traveling expenses, or per diem allowances in lieu thereof, as authorized by law: *Provided*, That the mileage allow-

ance to members of the Officers' Reserve Corps when called into active service for training for 15 days or less shall not exceed 4 cents per mile; pay, transportation, subsistence, clothing, and medical and hospital treatment of members of the Enlisted Reserve Corps; conducting correspondence or extension courses for instruction of members of the Reserve Corps, including necessary supplies, procurement of maps and textbooks, and transportation and traveling expenses of employees; purchase of training manuals, including Government publications and blank forms, subscriptions to magazines and periodicals of a professional or technical nature; establishment, maintenance, and operation of divisional and regimental headquarters and of camps for training of the Organized Reserves; for miscellaneous expenses incident to the administration of the Organized Reserves, including the maintenance and operation of motor-propelled passenger-carrying vehicles; for the actual and necessary expenses, or per diem in lieu thereof, at rates authorized by law, incurred by officers and enlisted men of the Regular Army traveling on duty in connection with the Organized Reserves; for expenses incident to the use, including upkeep and depreciation costs, of supplies, equipment, and matériel furnished in accordance with law from stocks under the control of the War Department, except that not to exceed $308,400 of this appropriation shall be available for expenditure by the Chief of the Air Corps for the production and purchase of new airplanes and their equipment, spare parts, and accessories; for transportation of baggage, including packing and crating, of Reserve officers ordered to active duty for not less than 6 months; for the medical and hospital treatment of members of the Officers' Reserve Corps and of the Enlisted Reserve Corps, who suffer personal injury or contract disease in line of duty, as provided by the act of April 26, 1928 (U.S.C., supp. VI, title 10, secs. 451, 455), and for such other purposes in connection therewith as are authorized by the said act, including pay and allowances, subsistence, transportation, and burial expenses; in all, $3,986,859; and no part of such total sum shall be available for any expense incident to giving flight training to any officer of the Officers' Reserve Corps unless he shall be found physically and professionally qualified to perform aviation service as an aviation pilot, by such agency as the Secretary of War may designate: *Provided*, That not to exceed $100,000 of this appropriation may be used for establishment and maintenance of divisional and regimental headquarters.

Mr. LAMNECK. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LAMNECK: Page 52, line 7, after the word "all", strike out "3,986,859" and insert in lieu thereof "6,000,000."

Mr. LAMNECK. Mr. Chairman, this is the same old fight we have every year about providing enough money to properly train Reserve officers. We have 86,000 Reserve officers now, and in case of emergency the Reserve will be required to furnish 70,000 Reserve officers, the Regular Army 12,000 Reserve, and the National Guard 12,000. This appropriation is $2,460,352 less than the last 4-year average. In 1933 we trained 21,000 Reserve officers. In the year that will close June 30, 1934, we will have trained only about 10,000, and in this appropriation bill we provide for the training of about 14,000 officers. In other words, it would take 6 years to train the entire personnel in the Reserve Corps for only one 2-week period. I claim that if the Reserve officers are worth five cents, they are worth at least a sufficient amount of training each year to make them worth something to the National Army. Therefore, I offer this amendment and hope it will be adopted. The Army say they ought to train at least 30,000 officers each year, and this appropriation provides for the training of only 14,000.

Mr. COLLINS of Mississippi. Does the gentleman know how many assignable Reserve officers there are?

Mr. LAMNECK. Eighty-six thousand.

Mr. KINNEY. And these Reserve officers are of great value to the Army; and is it not because of them that in large measure the United States is better prepared for war than it ever was?

Mr. LAMNECK. I think the gentleman is correct. That is all I have to say. I hope the amendment will be adopted.

Mr. COLLINS of Mississippi. Mr. Chairman, the situation this year with reference to the Reserves is entirely different from what it has been in the past. This bill carries 15 days' training for 14,405 Reserve officers. Counting rotation or turnovers, so to speak, we will have, I should say, approximately 10,000 Reserve officers on active duty in connection with C.C.C. activities. I don't want anyone to get the impression that we have, or will have, that many Reserves at any one time with the C.C.C., but there is a turnover among the men on duty with C.C.C. outfits, and it has been estimated by reliable parties that the aggregate number will reach 10,000. In addition to that, we have 7,200 R.O.T.C. graduates that take active-duty training every year. So, counting the 14,405 in this bill, the 7,200 that receive training through the R.O.T.C. summer camps—a 42 days' training course—and those in the C.C.C., we will have 31,605 Reserve officers next year getting training.

It has been the policy of the War Department to give some measure of training to Reserve officers at least once in every 3 years. There are only 58,373 assignable combat Reserve officers. Assignable Reserve officers are those who have taken not less than the minimum requisite of training during their current enrollment to indicate a degree of interest worthy of continued recognition. A Reserve officer need take little or no active training to qualify as an assignable Reserve officer. His training may consist of a correspondence course. So, with the amount carried in this bill for training through the medium of the 15-day camps and the Reserve Officers' Training Corps in conjunction with those to be trained with the Citizens' Conservation Corps, more than 50 percent of the assignable combat officers of the Officers Reserve Corps will receive training next year.

I just want to say this to you: The concern of this Congress should be with regard to those Reserve officers who have come into the Service since the war. Those who came in after the war are rather too old, in my opinion, to have very much worth, except in administrative jobs, in the next war.

Mr. Chairman, the committee has brought you this provision just exactly as it came to us from the Budget, and I assume it came to the Budget in exactly this form from the War Department. At any rate, not a single individual who has testified from the War Department has complained of this provision; and if it had not been satisfactory to them, I am confident that they would have managed to convey that information to at least one member of the committee.

I just want to make this plea to you. We have tried to give you the very best War Department bill possible, and I plead with you to stand by the committee on this. We have tried to allocate the funds to the very best military advantage, and I do hope that the amendment will be defeated.

Mr. Chairman, I move that all debate on this paragraph and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. LAMNECK].

The amendment was rejected.

The Clerk read as follows:

CITIZENS' MILITARY TRAINING

RESERVE OFFICERS' TRAINING CORPS

For the procurement, maintenance, and issue, under such regulations as may be prescribed by the Secretary of War, to institutions at which one or more units of the Reserve Officers' Training Corps are maintained, of such public animals, means of transportation, supplies, tentage, equipment, and uniforms as he may deem necessary, including cleaning and laundering of uniforms and clothing at camps; and to forage, at the expense of the United States, public animals so issued, and to pay commutation in lieu of uniforms at a rate to be fixed annually by the Secretary of War; for transporting said animals and other authorized supplies and equipment from place of issue to the several institutions and training camps and return of same to place of issue when necessary; for purchase of training manuals, including Government publications and blank forms; for the establishment and maintenance of camps for the further practical instruction of the members of the Reserve Officers' Training Corps, and for transporting members of such corps to and from such camps, and to subsist them while traveling to and from such camps and while remaining therein so far as appropriations will permit, or, in lieu of transporting them to and from such camps and subsisting them while en route, to pay them travel allowance at the rate of 5 cents per mile for the distance by the shortest usually traveled route from the places from which they are authorized to proceed to the camp and for the return travel thereto, and to pay the return travel pay in advance of the actual performance of the travel; for expenses incident to the use, including upkeep and depreciation costs, of supplies, equipment, and matériel furnished in accordance with law from stocks under the control of the War Department; for pay for students attending advanced camps at the rate prescribed for soldiers of the seventh grade of the Regular Army; for the payment of commutation of subsistence to members

of the senior division of the Reserve Officers' Training Corps, at a rate not exceeding the cost of the garrison ration prescribed for the Army, as authorized in the act approved June 3, 1916, as amended by the act approved June 4, 1920 (U.S.C., title 10, sec. 387); for medical and hospital treatment until return to their homes and further medical treatment after arrival at their homes, subsistence during hospitalization and until furnished transportation to their homes, and transportation when fit for travel to their homes of members of the Reserve Officers' Training Corps who suffer personal injury in line of duty while en route to or from and while at camps of instruction under the provisions of section 47a of the National Defense Act approved June 3, 1916 (U.S.C., title 10, sec. 441), as amended; and for the cost of preparation and transportation to their homes and burial expenses of the remains of members of the Reserve Officers' Training Corps who die while attending camps of instruction as provided in the act approved April 26, 1928 (U.S.C., supp. VI, title 10, sec. 455); for mileage, traveling expenses, or transportation, for transportation of dependents, and for packing and transportation of baggage, as authorized by law, for officers, warrant officers, and enlisted men of the Regular Army traveling on duty pertaining to or on detail to or relief from duty with the Reserve Officers' Training Corps; for the maintenance, repair, and operation of motor vehicles, $3,108,701, of which $400,000 shall be available immediately: *Provided*, That the Secretary of War is authorized to issue, without charge, in lieu of purchase, for the use of the Reserve Officers' Training Corps, so many horses now belonging to the Regular Army as he may consider desirable: *Provided*, That uniforms and other equipment or material issued to the Reserve Officers' Training Corps in accordance with law shall be furnished from surplus or reserve stocks of the War Department without payment from this appropriation, except for actual expense incurred in the manufacture or issue: *Provided further*, That in no case shall the amount paid from this appropriation for uniforms, equipment, or material furnished to the Reserve Officers' Training Corps from stocks under the control of the War Department be in excess of the price current at the time the issue is made: *Provided further*, That none of the funds appropriated in this act shall be used for the organization or maintenance of an additional number of mounted, motor transport, or tank units in the Reserve Officers' Training Corps in excess of the number in existence on January 1, 1928: *Provided further*, That none of the funds appropriated in this act shall be available for any expense on account of any student in Air Corps, Medical Corps, Dental Corps, or Veterinary units not a member of such units on May 5, 1932, but such stoppage of further enrollments shall not interfere with the maintenance of existing units: *Provided further*, That none of the funds appropriated elsewhere in this act, except for printing and binding and pay and allowances of officers and enlisted men of the Regular Army, shall be used for expenses in connection with the Reserve Officers' Training Corps.

Mr. BIERMANN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BIERMANN: Page 57, line 13, after the colon, insert "*Provided further*, That none of the funds appropriated in this act shall be expended for or on account of any educational institution not essentially a military school which does not leave the election of military training to all students enrolled therein, and this appropriation shall be available, in accordance with law, to such institutions as maintain elective military training courses."

Mr. BIERMANN. Mr. Chairman, the purpose of this amendment is to make military training in colleges that receive money benefit from the United States Government elective instead of compulsory. When this system of Government aid to colleges for military training was established in the sixties, I believe, for some reason or other there developed a mistaken idea that those courses had to be compulsory, but the Supreme Court of the United States, in a case that went up from the University of Wisconsin, decided that the colleges can make military courses elective.

There is no one in this House who would seriously propose that we should vote to make military training in the United States compulsory on all young men between the ages of 18 and 20 years. But under this bill it is possible—in fact, the idea goes with the bill—that if those men happen to go to an educational institution of higher learning, then they must take military training. My amendment makes it mandatory that those colleges shall make military training elective. I do not think there is anyone here who would seriously contend that military training is an essential of a higher education. It is not one of those fundamentals that a student in a college should have before he gets a degree. The tendency of higher education has been for a number of years to make more and more election. A student has his choice among several languages and several sciences. My amendment is to give him a choice as to whether or not he will take military training, and not make it possible for the faculty to say to a man when he comes to an institution which is supported by the taxpayers' money, "You must take military training whether you want to or not."

Mr. EDMISTON. Will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. EDMISTON. In all of the universities, is that not only compulsory for the first 2 years, for the freshman and sophomore years?

Mr. BIERMANN. I think that is correct.

Mr. PARKS. Will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. PARKS. In the case of the University of Maryland last year, in which some students refused to take military training, did not the court hold at that time that they could not be compelled to take that training?

Mr. BIERMANN. I am not familiar with that decision.

Mr. PARKS. I do not know that it went to the higher court, but that was the decision of the lower court.

Mr. BIERMANN. I have in my hand an excerpt from a newspaper showing the picture of five young men in the Ohio State University who are facing expulsion because they would not take military training that is a compulsory course in the Ohio State University.

There is no one who contends seriously that the amount of military training that is given at a university is of any value physically. I think there is no one here who would contend that you could not get as much out of 30 minutes' swimming or boxing or rowing as you could out of 2 weeks' military training. I do not think there is anyone here who would contend that there is much military value to it. I think the gentleman from Oregon, General MARTIN, would agree that any of his sergeants could teach these young men more military training in 30 minutes than they could get in 3 weeks of this college training.

Mr. WADSWORTH. Will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. WADSWORTH. It is the very sergeants of the former major general of the United States Army, the gentleman from Oregon [Mr. MARTIN], who are giving this training in the R.O.T.C.

Mr. BIERMANN. Yes, that is true; but I want to remind the gentleman that these men who take this training are in entirely different surroundings and conditions than those of a military camp.

Mr. WADSWORTH. I thought the gentleman said 30 minutes.

Mr. BIERMANN. I did; and that is not very much of an exaggeration. Pardon a personal illustration, but I may say I took a year and a half of military training in the university and got absolutely no physical benefit out of it. I believe I am accurate, too, when I say that when I entered an officers' training camp in March 1917, I did not carry with me one single, solitary thing of benefit from that year and a half military training in the university.

Mr. POWERS. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. POWERS. How would the gentleman's amendment affect such institutions as the Virginia Military Institute, the Norwich University in Vermont, the Pennsylvania Military College at Chester, the New Mexico Military Institute, and similar institutions which are solely and entirely military colleges?

Mr. BIERMANN. The amendment exempts purely military institutions; they are not affected. My amendment merely makes elective with the student body military training at those colleges that are not essentially military institutions.

Mr. WADSWORTH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not question for one moment the purity of motive of the gentleman from Iowa in offering and espousing this amendment, but I detect in it that initial step which has been attempted so many times during the last 10 years toward breaking down the whole Reserve Officers' Training Corps system, to be followed later on by the break-down of the Reserve system. The attempt has been

made from many directions to discipline, by indirection, through an act of Congress or by public clamor, any university or college whose faculty and trustees decide that it is for the best interests of their students to have a compulsory course in military training.

This amendment is an attempt to interfere with the discretion of the faculty and trustees of colleges and universities and to say to them, in effect, "If you do decide that military training must be given for a stated period of time in your institution, you may not have a cent from the United States Government in support of the Reserve Officers' Training Corps." I think this is a fair estimate of the final effect of this amendment. It is a direct interference with the freedom of action and discretion of the faculty and trustees of colleges and universities which today are maintaining Reserve Officers' Training Corps units; and when this is done it is the beginning of the break-down of the whole system.

Mr. BIERMANN. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. Certainly.

Mr. BIERMANN. Is it not a fact that every system of Federal aid—for example, roads—has strings and conditions attached to it?

Mr. WADSWORTH. Yes; strings of various kinds.

Mr. BIERMANN. I think every one of them has. Then why should we not say that if the United States Government allots some money to a college that that college shall be run as an American institution and not as a Prussian institution?

Mr. WADSWORTH. Now, the gentleman is embarking upon an argument I had not trod upon.

Mr. BIERMANN. It might be well for the gentleman to tread upon it.

Mr. WADSWORTH. I am not willing to admit for 1 minute that the National Defense Act of 1920, which coordinated all the military activities of the Federal Government in conjunction with the States, and with the universities and colleges sought to make of it a Prussianized instrument. This is one of the phases of the national defense system of the United States; and the analogy which the gentleman from Iowa seeks to draw with respect to Federal aid to roads I think is scarcely an accurate one. In the matter of road building we say we will expend $100 in a State if the State will put up $100 for the same purpose; but in doing this we are not compelling the State to abandon any of its practices. The analogy is not complete, as I am sure the gentleman will see. The gentleman's amendment states to the college or the university: "If you do things that you heretofore thought were right in the management of your students, then by indirection the Federal Government will order you to stop doing it."

Mr. BIERMANN. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. Certainly.

Mr. BIERMANN. Military training is compulsory in some of the colleges and universities; and they are the only places in the United States of America where a young man is compelled to take military training whether he wants to or not.

Mr. WADSWORTH. That is the business of the college or the university, and not ours.

Mr. BIERMANN. Does the gentleman think it is better to preserve the so-called "right" of a few men, the faculty, rather than to preserve the right of the students to make an election?

Mr. WADSWORTH. That is for them to decide, not for us.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. KVALE. Does the gentleman feel it more important to preserve the freedom of action of a few trustees than to preserve the freedom of action of the entire student body?

Mr. WADSWORTH. In the last analysis, a college or university must be governed by its trustees and faculty, not by its students; and it is up to the trustees and faculty to determine these matters, not for the Congress.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I move that all debate on the paragraph and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. KVALE) there were—ayes 15, noes 31.

So the amendment was rejected.

The Clerk read as follows:

For the preservation and maintenance of existing river and harbor works and for the prosecution of such projects heretofore authorized as may be most desirable in the interests of commerce and navigation; for survey of northern and northwestern lakes, and other boundary and connecting waters as heretofore authorized, including the preparation, correction, printing, and issuing of charts and bulletins and the investigation of lake levels; for prevention of obstructive and injurious deposits within the harbor and adjacent waters of New York City; for expenses of the California Debris Commission in carrying on the work authorized by the act approved March 1, 1893 (U.S.C., title 33, sec. 661); for examinations, surveys, and contingencies of rivers and harbors; and for printing, as may be authorized by the Committee on Printing of the House of Representatives, either during a recess or session of Congress, of surveys under House Document No. 308, Sixty-ninth Congress, first session, and section 10 of the Flood Control Act, approved May 15, 1928 (U.S.C., supp. VI, title 33, sec. 702j), and such surveys as may be printed during a recess of Congress shall be printed as documents of the next succeeding session of Congress, and for the purchase of motor-propelled passenger-carrying vehicles and motor boats, for official use, not to exceed $122,417: *Provided*, That no funds shall be expended for any preliminary examination, survey, project, or estimate not authorized by law, $23,702,645: *Provided further*, That no appropriation under the Corps of Engineers for the fiscal year 1935 shall be available for any expense incident to operating any power-driven boat or vessel on other than Government business: *Provided further*, That authority is granted for the purchase of motor-propelled passenger-carrying vehicles and motor boats, not to exceed $52,900, to be paid from available funds for "Flood control, Mississippi River and tributaries", and not to exceed $2,250 to be paid from available funds for "Flood control, Sacramento River, Calif.", for official use in connection with such works.

Mr. COLLINS of Mississippi. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLLINS of Mississippi: On page 65, line 19, after the word "printing", insert a comma and the words "including illustrations."

Mr. COLLINS of Mississippi. Mr. Chairman, the purpose of this amendment is to comply with the wishes of the Joint Committee on Printing. The chairman of that committee has recommended this amendment in order that illustrations may be included in these printed reports.

Mr. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mr. BOLTON. This would allow them to print maps.

Mr. COLLINS of Mississippi. Yes; otherwise it would be unlawful to print them.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The amendment was agreed to.

Mr. OLIVER of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OLIVER of New York: Page 66, line 7, before the colon, insert a comma and the following: "of which sum $25,000 shall be available for conducting a survey of Governors Island, N.Y., to determine its usefulness and adaptability as an airport and the cost of accomplishing all work incidental to effecting the change."

Mr. COLLINS of Mississippi. I have no objection to the amendment, I may say to the gentleman from New York.

Mr. OLIVER of New York. Then I shall save the gentleman's time by not making an argument.

The CHAIRMAN. Does the gentleman desire to be heard on his amendment?

Mr. OLIVER of New York. No.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

The Clerk concluded the reading of the bill.

Mr. COLLINS of Mississippi. Mr. Chairman, I ask unanimous consent to return to page 48, line 22, and in behalf of the gentleman from Kansas [Mr. AYRES] and for the gentleman from Kansas I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. COLLINS of Mississippi for Mr. AYRES of Kansas: On page 48, line 22, before the period, insert a colon and the words: "*Provided*, That the appropriations contained in the Naval Appropriation Act for the fiscal year 1935 for drills for members of the Naval and Marine Corps Reserve forces shall be available for the conduct of 42 drills for each of such forces."

Mr. WADSWORTH. Mr. Chairman, I rise in opposition to the amendment. The money will come from the deficiency bill?

Mr. COLLINS of Mississippi. Yes.

Mr. WADSWORTH. This is not in the naval appropriation bill?

Mr. COLLINS of Mississippi. No.

Mr. WADSWORTH. So this would be ineffective unless it is taken care of in the deficiency bill?

Mr. COLLINS of Mississippi. The naval appropriations involved are lump sums and will take care of the situation until a deficiency or supplemental appropriation is made available.

The amendment was agreed to.

Mr. COLLINS of Mississippi. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and Mr. BYRNS having taken the chair as Speaker pro tempore, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

Mr. COLLINS of Mississippi. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER pro tempore. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. PARKS and Mr. FISH rose.

Mr. PARKS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. PARKS. In its present form, I am.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. PARKS moves to recommit the bill to the Committee on Appropriations with instructions to report the same back forthwith amended as follows: On page 48, line 1, before the word "armory", insert "42."

The motion to recommit was rejected.

The question was taken, and the bill was passed.

A motion to reconsider was laid on the table.

The SPEAKER resumed the chair.

CAMP MERRITT, "THE ARISTOCRAT OF AMERICA'S MILITARY CANTONMENTS"—MEMORIES IT REVIVES

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD by including therein an address delivered by me last Memorial Day at the site of Camp Merritt, N.J.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address delivered by me last Memorial Day at the site of Camp Merritt, N.J.:

It is an honor and a high privilege, given by you to me, to attend these memorial exercises. To you, veterans and friends of veterans, I have come home saddened by the thought that the veteran and his dependents have been called upon to make further sacrifices for our country. To maintain the credit of the Nation the veterans of America, ever patriotic, ever loyal, have been asked to forego their allowances, and they have contributed the greatest share. Not a murmur, not a protest, has come from any veteran in my district. Oh, I know the need, the dire necessity in some cases; and it is my purpose, as it is the aim of Congress, to intervene in all deserving cases to the end that no disabled veteran shall unduly suffer, and that every veteran and his dependents shall get simple justice. When the adjustments are finally made, there will be found in them, we can expect, the humanity that characterizes our trusted President, Franklin D. Roosevelt.

Nine years ago many whom I recognize were here, as I was in a vast throng like this, about the monumental shaft that marks this historic site. General Pershing was here. The great embarkation camp had gone. In its place had arisen the granite spire that was that day unveiled. Reaching up to the heavens, it stands to remind us of the gallant and vibrant youth that passed through here to fight our battle overseas, or those who died that we might live, of our disabled and afflicted veterans—our living dead—of the boys who returned to us, who, nevertheless, were ready and willing to lay down their lives for our country and for us.

This monument is the last vestige of the camp which bore the name of that distinguished soldier, Gen. Wesley Merritt, whose widow did so much to make camp life comfortable here. Here it was that fully one half of the American Expeditionary Forces made ready to sail for the battlefields of France. To this place many of them returned after the armistice. The veteran cherishes this familiar ground. It is enshrined in the hearts of veterans. All of us look upon it as sacred ground, grateful as we are to the legions of brave young men who remained with us a little while and then embarked overseas to defend and preserve the liberties of the world. I, and you with me I know, hope that some day this place will be dedicated to their fond memory and will become, as it deserves, a national shrine.

In the light of the suffering, sacrifices, and losses that now confront us, well may we ponder the greater hardships of the boys who passed over and along these roads.

It would be well, too, if we would meditate upon the rigors and trials of the boys and men of older days, who traversed these fields, fighting as they went, in the great Revolutionary War, which gave us our country. The patriotic men and women of the Colonies made the first great sacrifices for this great and glorious Nation. Undaunted they fought and carried on with courage and with faith, looking forward to a better day. No suffering, no defeat, no hardship could crush their indomitable spirit. Finally it prevailed, and this Government was established under Washington. We like to think of him as the Father of our Country; but the men and women of his time, imbued with the principles he exemplified, were indispensable in carving out this Nation.

Other sacrifices had to be made. Our great Nation became endangered. The spirit that made this Nation saved it. The Grand Army of the Republic responded, and out of the conflict of the Civil War emerged a greater Nation—an indissoluble Union. Our hearts are grieved by the memories it revives of hardships, sacrifices, and toll of lives. Veterans of that war, few in number but rich in years, are still alive and here to pay their respects to their departed comrades to whom this day is especially dedicated. They know the sacrifices that were made to preserve the Union. And we know they made them. Their courage, faith, and devotion to their country and to mankind made victory certain. Lincoln realized this, and he immortalized them at Gettysburg. The great figure, the savior of our Nation, symbolizes the humble, sturdy, and unquenchable spirit of the service men of that time.

The American soldier was again summoned to make untold sacrifices in the Spanish-American War, and it is the history of our country that our men have never faltered when they could contribute to her progress and her welfare.

The boys of the World War brought to that conflict the selfsame unconquerable spirit. At the cost of their lives and limbs they valiantly invaded foreign lands making war against war. These boys of yesterday, who underwent the tortures that are fresh in our minds, are the World War veterans of today, who, victorious in their turn, exercise such a potent influence in the life of our Nation and who stand ready to carry on unselfishly that this great land for which they fought and offered their lives shall continue to be the best place in all the world.

Life is filled with hardships, sacrifices. We are today beset with them on every side. A different people, our spirit might be crushed. But we realize that sacrifices are the normal rather than the abnormal thing. And when our burdens are the heaviest, we recall that sacrifices are but the stepping stones to success, that victory is usually the result of many long sacrifices.

So it is that we have faith in ourselves and in each other and in our country. We are determined to keep our faith and to go on fighting courageously no matter how dark the days or trying, for by so doing we know that we shall emerge victorious. Our President is fighting with vigor and with vim, and he wants us to fight with him, and to fight, as he does, with a smile; and we are going to fight and keep on fighting, and soon a new day will dawn for our Nation and for us.

GORMLEY *v.* GOSS

Mr. GAVAGAN, from the Committee on Elections No. 2, submitted a report (Rept. No. 893) in the contested-election case of *Martin E. Gormley* v. *Edward W. Goss,* which was referred to the House Calendar and ordered printed.

THE PRESIDENT'S CONSERVATION PROGRAM

Mr. CHASE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in augmentation of the President's conservation program and with particular reference to the three wild-life bills which this House passed this week.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. CHASE. Mr. Speaker, from all over Minnesota, and from many other States, there have been coming to me for the past month telegrams and letters urging immediate and favorable consideration of the three conservation bills, and active support for all of them.

As a Member of the House, of your Committee on Agriculture, and of the subcommittee of said Committee on Agriculture, to which these bills were referred, it has been my privilege to comply with those numerous requests and to support actively the three measures which the sportsmen and nature lovers of Minnesota so heartily and unanimously approve.

The North Star State was blessed to the fullest extent with the bounties of nature; it has passed through the distressing period of prodigal waste, wanton destruction, and criminal depredation. Its sportsmen, its sportsmen's organization, and the public generally, are aware of the crimes committed and the waste condoned, and are in accord on the necessity for united reconstruction effort.

The sportsmen, the women's clubs, and all lovers of scenic beauty and wild life, acting singly, in groups, and as organizations, directly and through State and local official bodies, have established definitely a local Minnesota precedent for this national conservation plan.

There is nothing in the plan harmful to Minnesota or its interests. On the contrary, the work already done there will coordinate easily and naturally with the great national program.

The three companion bills just approved by the House include the duck stamp bill, introduced by the gentleman from Texas [Mr. KLEBERG]. This bill provides that every migratory-waterfowl hunter must purchase a $1 stamp at a convenient post office. This stamp shall be affixed to his State hunting license. Minors under 16 years of age are not required to purchase a stamp.

The second measure of the trio in this national program is known as the "coordination bill" and calls for cooperation between Federal agencies engaged in conservation work. In the future, public works will be planned with proper and adequate consideration for the interests of our wild-life resources.

A third measure is the Robinson bill, creating in the national forests and the public domain fish and game sanctuaries by Executive order, with the consent of the States within which they are proposed.

Taken together, these three bills constitute a well-ordered, well-thought-out plan for national conservation.

They provide the sanctuaries and the money with which to maintain them.

They provide cooperation and coordination between departments engaged in their administration.

They give to the lover of outdoor America the hope and a growing conviction that our wild life will not further decline or its numbers diminish.

Conservation has made great forward steps in the past few months. Never before in the history of our country has there been such a pronounced interest on the part of the people in the preservation of our wild life. Even the depression has brought to us the realization of the value, material and esthetic, which we as a nation should place upon the creatures of our wilderness areas.

Many forget that game birds, animals, and fish are important factors in the daily lives of millions of people, as well as constituting a valuable national and natural resource. When we remember that 6,000,000 adults in the United States annually take out a hunting license, and 7,000,000 take out a fishing license, the importance of conservation becomes apparent. The most conservative estimate is that these 13,000,000 hunters and fishermen spend more than $650,000,000 every year in the pursuit of game. This sum includes the money spent for ammunition, guns, fishing tackle, outdoor clothing, boats, transportation, and the other items that enter into week-end or longer vacations in the forests, along streams, and in the field. What a mighty force for conservation these 13,000,000 people will make when they give united effort and a single voice for their cause!

Today we are on the verge of a new social era. Whatever may be the outcome of this depression, it is certain that those who live in the tomorrow will have more freedom and more leisure in which to enjoy the out-of-doors. Every tendency of modern thought is to decrease the weekly periods of work and to provide longer periods for mental and physical recreation.

Good roads and the automobile have changed the trend of our lives. Never again shall we go back to covered-wagon days. The lure of the out-of-doors is inherent in all, a heritage from our pioneer ancestors.

Development of National and State park systems has been a boon to the American people. Records are incomplete, but those which have been made are fairly accurate. They show that last year more than half of the population of this country visited one or more times one or more of our parks.

With this love of the out-of-doors in our hearts, and increased time afforded us to indulge this love, it is highly important that we not only conserve the resources we already have but restore those which have been destroyed. It is one of the shames of the century that we have wasted, or ruthlessly destroyed, the wild life with which a benign providence blessed this continent.

In the mad hurry of this industrial age, invention after invention has made life easier and travel speedier. But with all our progress we have been destroying instead of building. We have boasted that nowhere in the world is there so high a standard of living for those who labor; nowhere are there such advantages for the wage earner and his family as this great country of ours affords. But while we plunged headlong into the industrial age, we trampled under foot the priceless heritage of our forests, streams, and fields.

Today we are trying to rebuild our shattered economic and social structure, to correct our mistakes, to restore our national resources.

We have come to the realization that the out-of-doors is something more than a place in which to indulge our leisure hours. It is an asset which means much to the future welfare of our Nation. No nation can survive which does not have a strong and sturdy people. Men must brush the cobwebs from their brain, and this cannot be done in the stuffy workshop or office or on a city street. The pure, fresh air of field and forest, the sparkling water of lakes and streams, clear the intellect and strengthen bodies. The recreational advantages of the out-of-doors are incidental to their more permanent value in rebuilding the physical, mental, and spiritual fiber of the American people, strengthening the race and insuring the future.

To attain this objective all agencies, industrial and agricultural, social and political, Federal, State, and local, are uniting now in a strong and determined effort to restore wild-life resources of America.

A vast program has been launched; millions of acres of submarginal lands are to be removed from commercial agriculture. The policy will fit admirably in the plan of restoring our waterfowl, our upland game birds, our fish, and our four-footed game animals and fur bearers. The dollars that will be spent to place agriculture on a sound economic footing will benefit the nature lover through this restoration program, and thus serve a twofold purpose.

This program cannot be completed within 1 year or 2 or 10, but each year will see increasing improvement, and most of you who have aided the cause of conservation will live to see realized your hopes of a restored wild-life population. The Federal and State agencies of conservation, the unofficial organizations and individuals, are unitedly bending their efforts and their resources to this fulfillment.

It has been the good fortune of sportsmen of Minnesota to pioneer in this work. The men and women of the Northland who love nature and its beauties, and who have talked and worked for the protection of wild life and scenic beauty, will soon see builded a conservation structure destined to restore to America its forests and waters and its wealth in the wild life which once graced it.

However partisan views may differ on fiscal programs and tariff policies, there should be no divergence in this conservation plan.

Led by President Roosevelt, sponsored by the administration, this program of conservating and restoring natural resources should appeal to women and men of all parties; and all organizations should unite in supporting this national conservation movement, to survey the soils and put lands to their best use, to retire marginal lands from cultivation, to protect America's heritage of lakes and streams, rapids and waterfalls, to eliminate erosion and control floods, to restore and maintain breeding and feeding grounds and waters for all animal life.

That the wild-life portion of the conservation program will be financed by the sportsmen, rather than by the taxpayers, should commend it to the latter.

That it is coordinated with the Departments of Agriculture and the Interior, and provides for cooperation between governmental agencies, Federal, State, and local units of government, public officials and departments and private organizations, shows a definite and rather complete understanding of the problem and its solution.

Speaking politically, it is a Democratic program which every Republican can esteem it a pleasure and a privilege to support.

It is fair to assume that this conservation program, protecting the remainder of the country's wild life, is only one link in a general plan which President Roosevelt has, and which, judging by the interest which he showed when Governor of New York State and since becoming President, is very near to his heart.

I am happy in the thought that, as a Representative of Minnesota and its sportsmen, I have been privileged to have a small part in the initiation of a movement which I regard as important, and which the sportsmen of my State so enthusiastically approve.

THE PAY CUT

Mr. SWICK. Mr. Speaker, I ask unanimous consent to extend my remarks and to include an address by my colleague, Mr. ISAAC H. DOUTRICH.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SWICK. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by my colleague, Hon. ISAAC H. DOUTRICH, of Pennsylvania, at a dinner of the Railway Mail Association, Harrisburg, Pa., March 5, 1934:

This is probably not the time to make what might be considered a political speech. Many of the railway-mail clerks are Democrats, many Republicans; some are Roosevelt Republicans. I should just like to talk about that which I think might interest you.

First of all I want to refer to what interests you particularly, and that is the matter of the restoration of the pay cut. As matters have developed, I think most men in Congress today feel it was a mistake ever to cut the pay of Federal employees. At the time, of course, President Roosevelt put up a great argument that there must be some reductions made in order, as they then said, to balance the Budget.

At that time, of course, everybody was feeling and thinking that the President should be supported in whatever legislation he proposed. It was only in this way that he was ever given the authority to do as he sees fit in this matter.

Since then it has developed that the administration really has made little or no effort to actually balance the Budget.

The administration is trying to force all business people to shorten hours, to employ more people, and to increase wages, and it is just as hard to understand why private industries should be forced to increase wages while the Government reduces wages—and it seems almost impossible to force them to restore this wage cut.

I presume, of course, that you all know that the independent offices appropriation bill, when it came to the House, was brought in to that body with a rule of such a character that no amendments could be offered to the bill and just a very limited debate was allowed.

In the face of the support of the Democratic leaders of the House, when this rule was brought in it was almost defeated. Practically all the Republicans voted to defeat the rule as well as many of the Democrats. Had the rule been defeated and the bill brought in to the House in the regular way, then surely the House would have voted and would have restored the pay cut. Of course, under the rule that could not be done.

You all probably know what happened in the Senate last week. That body added an amendment to that same bill restoring 5 percent of the pay cut effective as of February 1, and the full 15 percent effective July 1 next. Ordinarily the bill would have been brought back to the House and the House Membership would have been allowed to vote on this amendment.

Instead of that, the administration leaders in the House sent the bill back to the committee, where they will make every possible effort to kill it. There is a possibility that it may be forced out of committee sometime during this session, maybe soon, and maybe not until late in the session.

The Democratic leaders are trying to maneuver in every possible way to prevent the House from voting on this particular question. If the House gets an opportunity, and the Republican leadership will try to force an opportunity, to vote on it, then surely the House will vote in favor of restoring this pay cut.

I think what I have just mentioned will be of more interest to you at this time than any other subject I might discuss, as this is a question which vitally affects each and every one of the railway-mail clerks as well as all other Federal employees.

So far as I am concerned I am 100 percent in favor of restoring the pay cut in full.

I really do not see how times can ever really get good again until in some way—through wages—money is again put into the pockets of the buying public.

I want to conclude my remarks by offering my best wishes to your general superintendent, your superintendents, and your chief clerks, in whose honor this dinner is being given, and to thank you for giving me the opportunity of being with you.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. DEEN, for 3 days, on account of illness.

Mr. BYRNS. Mr. Speaker, I move the House do now adjourn.

ORDER OF BUSINESS

Mr. RANSLEY. Will the gentleman withhold that motion for a moment?

Mr. BYRNS. I withhold it.

Mr. RANSLEY. Will the gentleman tell the House what the program is for the balance of the week?

Mr. BYRNS. It is expected that the rule making in order the cotton production bill of the gentleman from Alabama [Mr. BANKHEAD] will be taken up the first thing tomorrow unless something intervenes. This will consume the balance of the week.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 2 minutes p.m.) the House adjourned until tomorrow, Friday, March 9, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

371. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the District of Columbia for the fiscal year 1935 in the amount of $3,750, which is to supplement the amount of the estimate in the Budget for the fiscal year 1935 of $11,250, to provide for the vocational rehabilitation of disabled residents of the District of Columbia (H.Doc. No. 274); to the Committee on Appropriations, and ordered to be printed.

372. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated March 3, 1934, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Beaver, Shenango, and Mahoning Rivers, Pa., and Ohio, authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 277); to the Committee on Rivers and Harbors and ordered to be printed with 17 illustrations.

373. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated February 27, 1934, submitting a report, together with accompanying papers and illustration, on a preliminary examination and survey of Maurice River, N.J., with a view to improvement of the entrance channel, authorized by the River and Harbor Act approved March 3, 1925 (H.Doc. No. 275); to the Committee on Rivers and Harbors and ordered to be printed with illustration.

374. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated March 3, 1934, submitting a report, together with accompanying papers and illustration, on a preliminary examination and survey of Savannah Harbor, Ga., with a view to securing such increase in depth and width and such other improvements as may be found necessary, including an adequate turning basin, authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 276); to the Committee on Rivers and Harbors and ordered to be printed with illustration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SMITH of West Virginia: Committee on Mines and Mining. S. 2313. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; without amendment (Rept. No. 890). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H.R. 6898. A bill authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans.; without amendment (Rept. No. 891). Referred to the House Calendar.

Mr. KELLY of Illinois: Committee on Interstate and Foreign Commerce. S. 2592. An act granting the consent of Congress to the State of Minnesota, and Scott County and Carver County, in the state of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn.; without amendment (Rept. No. 892). Referred to the House calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 8322) granting a pension to Maggie G. Herrod, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McREYNOLDS: A bill (H.R. 8539) to authorize the attendance of the Marine Band at the United Confederate Veterans' 1934 Reunion at Chattanooga, Tenn.; to the Committee on Naval Affairs.

By Mr. BACHARACH: A bill (H.R. 8540) to reduce the rate of interest to 2½ percent on loans to veterans on their adjusted-service certificates; to the Committee on Ways and Means.

By Mr. BOILEAU: A bill (H.R. 8541) to provide for the enrollment of members of the Menominee Indian Tribe of the State of Wisconsin; to the Committee on Indian Affairs.

By Mr. GRIFFIN: A bill (H.R. 8542) to amend the World War Adjusted Compensation Act as amended, and to provide for immediate payment to all veterans desiring same of the adjusted compensation in the said act of May 17–19, 1924 (Public, No. 120, 63th Cong.), with interest from November 11, 1918; to the Committee on Ways and Means.

By Mr. YOUNG: A bill (H.R. 8543) to restore deposits and confidence by payment to depositors of closed banks and fulfillment of the implied guaranty by the United States Government of deposit safety in banks; to the Committee on Banking and Currency.

By Mr. McKEOWN: A bill (H.R. 8544) making receivers appointed by any United States courts and authorized to conduct any business, or conducting any business, subject to taxes levied by the State the same as if such business were conducted by private individuals or corporations; to the Committee on the Judiciary.

By Mr. BROWNING: A bill (H.R. 8545) to authorize the Secretary of War to appoint any enlisted man of the Army, Navy, Marine Corps, or Coast Guard who served as an enlisted officer in the same during the World War as a warrant officer of the Army, Navy, Marine Corps, or Coast Guard of the United States, and for other purposes; to the Committee on Military Affairs.

By Mr. OLIVER of New York: Joint resolution (H.J.Res. 292) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. LEMKE: Joint resolution (H.J.Res. 293) for the adjustment and settlement of losses sustained by the cooperative marketing associations; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H.R. 8546) granting a pension to Sophie Pincus; to the Committee on Invalid Pensions.

By Mr. BIERMANN: A bill (H.R. 8547) for the relief of Florence Byvank; to the Committee on World War Veterans' Legislation.

By Mr. BROWNING: A bill (H.R. 8548) for the relief of Elmer Eugene Derryberry; to the Committee on Claims.

By Mr. BURNHAM: A bill (H.R. 8549) granting a pension to Freda Boy; to the Committee on Pensions.

By Mr. DIES: A bill (H.R. 8550) for the relief of Peter Sprinkle; to the Committee on Claims.

Also, a bill (H.R.8551) for the relief of the Texas Realty Co., Inc.; to the Committee on Claims.

By Mr. FREY: A bill (H.R. 8552) for the relief of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, Laura B. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania; to the Committee on Claims.

By Mr. GRAY: A bill (H.R. 8553) granting a pension to Elmer S. Laymon; to the Committee on Pensions.

By Mr. KENNEY: A bill (H.R. 8554) granting compensation to George S. Conway, Jr.; to the Committee on Claims.

By Mr. KRAMER: A bill (H.R. 8555) to confer the honor of "The Purple Heart" on William Rubsamen; to the Committee on Military Affairs.

By Mr. LANZETTA: A bill (H.R. 8556) to authorize the presentation of a Distinguished Service Cross to Quintin Serrano; to the Committee on Military Affairs.

By Mrs. McCARTHY: A bill (H.R. 8557) to correct the military record of Rock White; to the Committee on Military Affairs.

By Mr. McREYNOLDS: A bill (H.R. 8558) for the relief of Thalbert Davis; to the Committee on Claims.

By Mr. SOMERS of New York: A bill (H.R. 8559) authorizing the President to order Clive A. Wray before a retiring board for a hearing of his case, and upon the findings of such board to determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his discharge; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2842. By Mr. BOYLAN: Petition signed by employees of the Long Island City plant of the National Sugar Refining Co., urging that a limit be set on the importation of refined sugar from Cuba and other tropical islands; to the Committee on Ways and Means.

2843. By Mr. COLLINS of California: Petition of J. E. Truesdale, Blanche Thomas, and 98 other residents of Riverside County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2844. By Mr. DOBBINS: Memorial of the Chamber of Commerce of Champaign, Ill., advocating liberalization of the Home Owners' Loan Act to provide funds for the repair and modernization of homes and the erection of new homes; to the Committee on Banking and Currency.

2845. By Mr. EDMONDS: Petition of the Philadelphia Board of Trade, protesting against the passage of House bill 7202; to the Committee on Labor.

2846. By Mr. HILDEBRANDT: Resolution of the Cooperative Wool Growers of South Dakota, urging more adequate appropriation for predatory-animal control; to the Committee on Agriculture.

2847. Also, resolution of the Cooperative Wool Growers of South Dakota, endorsing Senate bill 2280, truth in fabric bill; to the Committee on Interstate and Foreign Commerce.

2848. By Mr. JOHNSON of Texas: Petition of Mr. and Mrs. G. W. Sheeler, of Madisonville, Tex., favoring House bill 7986, McFadden radio bill; to the Committee on Merchant Marine, Radio, and Fisheries.

2849. By Mr. KELLY of Pennsylvania: Petition of citizens of Swissvale and other boroughs in Allegheny County, Pa., urging passage of the Wagner labor bill; to the Committee on Ways and Means.

2850. By Mr. KENNEY: Petition of the Senate of the State of New Jersey, memorializing Congress to enact with all convenient speed such legislation as may be necessary to abolish the Federal gasoline sales tax, and to surrender to the States exclusively the power to tax such sales in the future; to the Committee on Ways and Means.

2851. By Mr. KINZER: Resolution from the Junior League of Lancaster, Pa., opposing trade practices and blind buying at present prevailing in the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

2852. By Mr. LINDSAY: Petition of the Ripans Chemical Co., New York City, opposing the National Securities Exchange Act of 1934, S. 2693; to the Committee on Banking and Currency.

2853. Also, petition of the Larned Corporation, New York City, opposing the National Securities Exchange Act of 1934, S. 2693; to the Committee on Interstate and Foreign Commerce.

2854. Also, petition of Wyeth Chemical Co., Inc., New York City, opposing the National Securities Exchange Act of 1934, S. 2693; to the Committee on Interstate and Foreign Commerce.

2855. Also, petition of John F. Murray Advertising Agency, New York City, opposing the National Securities Act of 1934, S. 2693; to the Committee on Interstate and Foreign Commerce.

2856. Also, petition of Howard E. Klohr and others, representing different departments of the Long Island City plant of the National Sugar Refining Co. of New Jersey, requesting a limit set on importation of refined sugar from Cuba and other tropical islands; to the Committee on Interstate and Foreign Commerce.

2857. By Mr. PARKS: Petition of members of the Seventeen Hundred and Eightieth Company, Veterans' Civilian Conservation Corps, Mount Nebo, Ark.; to the Committee on World War Veterans' Legislation.

2858. By Mr. RICH: Petitions from the Thimble Club of Rixford, Pa.; Church of the United Brethren in Christ of Duke Center, Pa.; and the Church of the United Brethren in Christ of Rixford, Pa.; favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

2859. Also, petition of the Woman's Christian Temperance Union of Harrison Valley, Pa., favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

2860. By Mr. RUDD: Petition of the Larned Corporation, New York City, opposing the passage of Senate bill 2693, the National Securities Act; to the Committee on Interstate and Foreign Commerce.

2861. Also, petition of the Ripans Chemical Co., New York City, opposing the passage of Senate bill 2693, the National Securities Exchange Act; to the Committee on Interstate and Foreign Commerce.

2862. Also, petition of the Wyeth Chemical Co., Inc., New York City, opposing the passage of Senate bill 2693, the National Securities Exchange Act, 1934; to the Committee on Interstate and Foreign Commerce.

2863. Also, petition of employees of the Long Island City plant of the National Sugar Refining Co. of New Jersey, favoring a limit set on importation of refined sugar from Cuba and other tropical islands; to the Committee on Ways and Means.

2864. By Mr. SADOWSKI: Petition of the House of Representatives and State Senate of the State of Michigan; to the Committee on Ways and Means.

2865. Also, petition of the Detroit Bank Depositors Cooperative League; to the Committee on Banking and Currency.

2866. By Mr. SMITH of West Virginia: Resolution of the West Virginia Legislature, requesting the President of the United States to approve the report of the wild life restoration committee; to the Committee on Agriculture.

2867. By the SPEAKER: Petition of the American League of Medical Freedom, assembled at Seattle, Wash., regarding the Tugwell-Copeland bill; to the Committee on Interstate and Foreign Commerce.

SENATE

FRIDAY, MARCH 9, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

The Senate met at 12 o'clock m., on the expiration of the recess.

CALL OF THE ROLL

Mr. McKELLAR. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Carey	Dickinson
Ashurst	Borah	Clark	Dieterich
Austin	Bulkley	Connally	Dill
Bachman	Bulow	Coolidge	Duffy
Bailey	Byrd	Copeland	Erickson
Bankhead	Byrnes	Costigan	Fess
Barkley	Capper	Couzens	Fletcher
Black	Caraway	Cutting	Frazier

George	King	Nye	Thomas, Okla.
Gibson	La Follette	O'Mahoney	Thomas, Utah
Glass	Lewis	Overton	Thompson
Goldsborough	Logan	Patterson	Townsend
Gore	Lonergan	Pittman	Trammell
Hale	McAdoo	Pope	Tydings
Harrison	McCarran	Reed	Vandenberg
Hastings	McGill	Reynolds	Van Nuys
Hatch	McKellar	Russell	Wagner
Hayden	McNary	Schall	Walcott
Hebert	Metcalf	Sheppard	Walsh
Johnson	Murphy	Shipstead	Wheeler
Kean	Neely	Steiwer	White
Keyes	Norris	Stephens	

Mr. LEWIS. I desire to announce that the Senator from Arkansas [Mr. ROBINSON], the Senator from New Hampshire [Mr. BROWN], the Senator from Louisiana [Mr. LONG], and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate.

Mr. HEBERT. I desire to announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from Pennsylvania [Mr. DAVIS], the Senator from West Virginia [Mr. HATFIELD], the Senator from South Dakota [Mr. NORBECK], and the Senator from Indiana [Mr. ROBINSON] are necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

INVITATION TO INTERNATIONAL PARLIAMENTARY CONFERENCE ON COMMERCE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, transmitting copy of a despatch from the American Embassy at Brussels and its enclosures, a letter from the Secretary General of the International Parliamentary Conference on Commerce, extending to the Congress of the United States an invitation to be present at the nineteenth plenary assembly of the abovementioned organization, to take place at Belgrade on September 16, 1934, and the 5 days following, and requesting an indication of the views of the Senate with regard to the invitation, so that appropriate reply may be made to the Secretary General of the Conference, which, with the accompanying papers, was referred to the Committee on Foreign Relations.

ANALYSES OF IMPORT AND EXPORT TRADE

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, transmitting, in partial response to Senate Resolution 334 of the Seventy-second Congress, second session, analyses of the import and export trade of the United States with Canada, France, Sweden, China, Chile, Union of South Africa, Switzerland, Colombia, Spain, Australia, Brazil, and Italy, which, with the accompanying papers, was referred to the Committee on Finance.

JOHN P. SULLIVAN

The VICE PRESIDENT laid before the Senate a telegram from John P. Sullivan, of New Orleans, La., in regard to certain remarks in the Senate on the 7th instant by the Senator from Louisiana [Mr. LONG] with reference to Mr. Sullivan, giving a short history of his career and defending his reputation for honesty and integrity of conduct, which was ordered to lie on the table.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from Otto Wydeck, of Wolverine, Mich., praying for immediate payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a petition from Tony Jos. Razicka, of Veseleyville, N.Dak., praying for the passage of the so-called "Lemke-Frazier farm-mortgage relief bill", which was referred to the Committee on Agriculture and Forestry.

Mr. ASHURST presented resolutions adopted by the Williams-Grand Canyon Chamber of Commerce, of Williams, Ariz., favoring readoption of the old forest administration policy of giving preference to small or class A stock outfits, with necessary amendments thereto; the discontinuance of the policy of granting 10-year grazing permits in the national forests; and the steady reduction of the holdings of large stock interests in favor of the homesteader and small stock outfits, which were referred to the Committee on Agriculture and Forestry.

Mr. VANDENBERG presented the following concurrent resolution of the Legislature of the State of Michigan, which was referred to the Committee on Finance:

Senate Concurrent Resolution 3

A concurrent resolution respectfully petitioning the Honorable Franklin D. Roosevelt, President of the United States of America, not to place any limit whatsoever on the acreage for sugar-beet production and beet-sugar production in the State of Michigan.

Whereas the sugar industry is of very great importance to the citizens of the State of Michigan; and

Whereas the farmers of this State are in need of all the advantages that can be given them in diversifying their operations as much as possible in the production of a variety of crops in order to be successful; and

Whereas sugar plants that have been closed for a number of years in some cases are not being opened for business and others are planning to open; and

Whereas the United States as a whole is not producing enough sugar within its borders to supply the needs of its people: Now, therefore, be it

Resolved by the senate (the house of representatives concurring), That the Legislature of the State of Michigan, convened in extraordinary session, hereby respectfully petitions the Honorable Franklin D. Roosevelt, President of the United States of America, not to put any limit whatsoever on the acreage for sugar-beet production, and that there be no limit placed on the amount of beet-sugar production in the State of Michigan, so that the Michigan sugar-beet factories may reopen; and be it further

Resolved, That if there is to be a reduction in the amount of sugar available in the United States, that this reduction be accomplished by reduction of imports from foreign countries; and be it further

Resolved, That a copy of this resolution be transmitted to the Honorable Franklin D. Roosevelt, President of the United States of America, and to the Michigan Members of the House and Senate of the Congress.

Adopted by senate February 27, 1934.

ALLEN E. STEBBINS,
President of Senate.
DON W. CANFIELD,
Secretary of Senate.

Adopted by house of representatives March 1, 1934.

MARTIN R. BRADLEY,
Speaker of House of Representatives.
MYLES F. GRAY,
Clerk of House of Representatives.

PAYLESS FURLOUGHS OF POSTAL CLERKS

Mr. VANDENBERG presented a telegram from Edward J. Lynch, president Branch 16, United National Association of Post Office Clerks, of Detroit, Mich., which was referred to the Committee on Post Offices and Post Roads and ordered to be printed in the RECORD, as follows:

DETROIT, MICH., *March 8, 1934.*

Hon. ARTHUR H. VANDENBERG,
Washington, D.C.:

The membership of postal employees of the National Legislative Council of Greater Detroit urge you to make a strenuous protest against Postmaster General Farley's 4-day payless furlough together with our 15-percent salary cut. This policy unwarranted with increasing postal business and inconsistent with President Roosevelt's appeal to business for higher wages to rank and file in industry.

EDWARD J. LYNCH,
President Branch 16, United National Association of Post Office Clerks.

RAISING OF SUGAR BEETS ON RECLAMATION PROJECTS

Mr. O'MAHONEY presented a telegram from J. W. Harzell, commander Riverton Post, American Legion, of Riverton, Wyo., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

RIVERTON, WYO., *March 8, 1934.*

Senator JOSEPH C. O'MAHONEY,
Washington, D.C.:

Whereas a great number of ex-service men have been induced by their Government to settle upon reclamation projects of the West; and

Whereas the raising of sugar beets is the only means whereby they can hope to make a living and pay for land and water under these reclamation projects; and

Whereas to restrict or prohibit the raising of sugar beets on such projects would be a betrayal of the promises made to them when they settled thereon:

We most earnestly demand that the Government of the United States keep faith with these ex-service men by permitting the unrestricted production of the crop essential to their welfare.

J. W. HARZELL,
Commander Riverton Post, American Legion.

REPORTS OF COMMITTEES

Mr. COPELAND, from the Committee on the District of Columbia, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1100. An act to require the furnishing of heat in living quarters in the District of Columbia (Rept. No. 441); and

S. 2580. An act to exempt from taxation certain property of the National Society United States Daughters of 1812 in the District of Columbia (Rept. No. 442).

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (S. 2925) to amend the act entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, and the acts amendatory thereof and supplemental thereto, reported it with amendments and submitted a report (No. 455) thereon.

He also, from the same committee, to which was referred the bill (S. 2950) to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes, reported it with an amendment and submitted a report (No. 456) thereon.

Mr. McADOO, from the Committee on Finance, to which was referred the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934, reported it with amendments and submitted a report (No. 443) thereon.

Mr. COOLIDGE, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2467. An act for the relief of Ammon McClellan (Rept. No. 444);

H.R. 5163. An act for the relief of Calvin M. Head (Rept. No. 445); and

H.R. 5228. An act to authorize the payment of hospital and other expenses arising from an injury to Florence Glass (Rept. No. 446).

Mr. BAILEY, from the Committee on Claims, to which was referred the bill (S. 2664) for the relief of John F. Korbel, reported it without amendment and submitted a report (No. 447) thereon.

He also, from the same committee, to which was referred the bill (S. 2677) for the relief of S. L. Wells, reported it with amendments and submitted a report (No. 448) thereon.

Mr. LOGAN, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 232. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Elmer E. Miller (Rept. No. 449); and

S. 2905. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Velie Motors Corporation (Rept. No. 450).

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 1758) for the relief of B. E. Dyson, former United States marshal, southern district of Florida, reported it without amendment and submitted a report (No. 451) thereon.

Mr. WHITE, from the Committee on Claims, to which was referred the bill (S. 255) for the relief of John Hampshire, reported it without amendment and submitted a report (No. 452) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1810. An act to amend the act authorizing the issuance of the Spanish War Service Medal (Rept. No. 453); and

S. 2266. An act to authorize the sale of a portion of the Fort Smith National Cemetery Reservation, Ark., and for other purposes (Rept. No. 454).

Mr. WALCOTT, from the Special Committee on Conservation of Wild Life Resources, to which was referred the bill (S. 2629) establishing a fund for the propagation of salmon in the Columbia River district, reported it without amendment and submitted a report (No. 457) thereon.

Mr. THOMAS of Utah, from the Committee on Military Affairs, to which was referred the bill (S. 2320) for the relief of the officers of the Russian Railway Service Corps organized by the War Department under authority of the President of the United States for service during the War with Germany, reported it with amendments and submitted a report (No. 458) thereon.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which was referred the bill (H.R. 6185) fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the Territorial Canvassing Board, defining its duties, and for other purposes, reported it with amendments and submitted a report (No. 459) thereon.

EDWARD K. BACHSCHMID

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably, without amendment, Senate Resolution 200, and ask unanimous consent for its immediate consideration.

There being no objection, the resolution (S.Res. 200), submitted by Mr. REED on the 5th instant, was considered by unanimous consent, and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Edward K. Bachschmid, son of Paul Bachschmid, late a carpenter employed by the Senate under supervision of the Sergeant at Arms, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 8th instant that committee presented to the President of the United States the enrolled bill (S. 1083) authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FLETCHER:

A bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes; to the Committee on Banking and Currency.

By Mr. POPE:

A bill (S. 3000) to purchase and distribute wheat among the needy in drought-stricken areas, and for other purposes; to the Committee on Agriculture and Forestry.

A bill (S. 3001) granting a pension to Dudley C. Tribble; to the Committee on Pensions.

By Mr. McGILL:

A bill (S. 3002) to correct the military record of Rock White; to the Committee on Military Affairs.

A bill (S. 3003) granting an increase of pension to Laura J. E. Reeves;

A bill (S. 3004) granting a pension to Spencer Graham;

A bill (S. 3005) granting a pension to Mary Pratt; and

A bill (S. 3006) granting a pension to Vernon B. Lodge (with accompanying papers); to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 3007) to authorize an extension of exchange authority and addition of public lands to the Willamette National Forest, in the State of Oregon; to the Committee on Agriculture and Forestry.

By Mr. McKELLAR:

A bill (S. 3008) relative to appointment as warrant officers of certain enlisted men of the Army, Navy, Marine Corps, or Coast Guard; to the Committee on Military Affairs.

By Mr. SHIPSTEAD:

A bill (S. 3009) to amend section 5219 of the Revised Statutes, as amended; to the Committee on Banking and Currency.

A bill (S. 3010) for the relief of Wesley R. Peterson; to the Committee on Claims.

A bill (S. 3011) to name a vessel in the Navy "Veterans of Foreign Wars"; to the Committee on Naval Affairs.

(Mr. McKELLAR and Mr. BLACK introduced Senate bill 3012, which appears under a separate heading.)

By Mr. KING:

A bill (S. 3013) to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia; to the Committee on the District of Columbia.

PERMANENT AIR-MAIL SERVICE

Mr. McKELLAR. Mr. President, I ask leave to introduce a bill on behalf of the senior Senator from Alabama [Mr. BLACK] and myself providing for a permanent air-mail service.

This bill is in line with the President's letter to us of March 7 on the subject of air mail. It provides for a permanent air-mail service, the contracts for which are to be let on carefully arranged and prepared plans for open competitive bidding on routes to be selected by the Postmaster General.

The new contracts are to be let on a basis of honest payment for honest service. They are to be let for a period of 3 years, with a limitation of a maximum compensation of 30 cents per airplane-mile.

In order that the bidders may be treated fairly, 6 months will be allowed the successful bidder to qualify.

After 2½ years the Interstate Commerce Commission will fix the routes and maximum rates of pay, these routes and rates to take effect at the end of the 3-year contracts.

Combinations, companies with interlocking directorates or officers, subsidiaries, affiliates, associates, or holding companies, or companies manufacturing airplanes or airplane parts, are barred.

Consolidations and mergers are prohibited.

Officers and agents who actually participated in illegal contracts will not be dealt with.

There must be a reorganization of these companies whose contracts have been canceled and the offending officers let out in order for these concerns to bid. They must also, like others, conform to the law.

Excessive salaries, unearned bonuses, illegitimate expense accounts are tabooed.

The bill provides for pilots of high character and great skill. The pilots shall have fixed maximum flying hours, minimum pay, and retirement benefits.

These are the salient features of the bill.

Mr. President, I ask that both the letter of the President to us and the bill just introduced be printed in the RECORD, so that Senators may have an opportunity to read them.

Mr. FESS. Mr. President, from what has the Senator been reading?

Mr. McKELLAR. I have been reading from my own memorandum.

Mr. FESS. The Senator's own statement?

Mr. McKELLAR. My own statement.

Mr. FESS. What is the Senator's request?

Mr. McKELLAR. I ask unanimous consent to be allowed to introduce a bill.

The VICE PRESIDENT. Is there objection?

There being no objection, the bill (S. 3012) to revise air-mail laws was read twice by its title and, together with the letter submitted, referred to the Committee on Post Offices and Post Roads, and the letter and the bill were ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, March 7, 1934.

MY DEAR MR. CHAIRMAN: Our domestic air-mail contracts have been canceled. The Army Air Corps is temporarily carrying the air mail. I believe we should make new contracts with commercial air carriers as soon as possible to carry the greater part of our air mail.

To protect the public interest and to provide for new contracts on a basis of honest payment for honest service, I suggest new legislation on this subject.

We must avoid the evils of the past, and at the same time encourage the sound development of the aviation industry.

I suggest that new air-mail contracts be let for a period not exceeding 3 years on full, open, and fair competitive bidding, with a limitation of the rate of compensation above which no contract will be awarded.

Any combinations, agreements, or understandings intended to prevent free competitive bidding should be prevented, and such action should be a basis for cancelation of contracts.

In order that the bidding shall be really competitive I suggest that in determining the specifications for proper equipment only speed, useful load capacity, and safety factors and safety devices should be considered.

So that all companies desiring to qualify and bid may have an opportunity fully to prepare themselves for actual service, I suggest that after the contract is awarded a period of not longer than 6 months shall be allowed the successful bidder to qualify under the terms of the law and the bid.

It is my judgment that 6 months before expiration of the contracts made under competitive bidding the Interstate Commerce Commission should pass upon the question of public convenience and necessity of air-mail routes, and thereafter fix a maximum rate of air-mail pay on the routes designated, subject, of course, to equipment specifications to be laid down.

I suggest that the proposed law prohibit the award of an air-mail contract to any company having connections with subsidiaries, affiliates, associates, or holding companies, directly or indirectly, by stock ownership, interlocking directorates, interlocking officers, or otherwise, if said subsidiaries, affiliates, associates, or holding companies are engaged, directly or indirectly, in the operation of competitive routes or in the manufacture of aircraft, or other materials or accessories used generally in the aviation industry.

No air-mail contract should be sublet or sold to any other contracting company, nor should a mail contractor be allowed to merge or consolidate with another company holding an air-mail contract. Obviously, also, no contract should be made with any companies, old or new, any of whose officers were party to the obtaining of former contracts under circumstances which were clearly contrary to good faith and public policy.

Such safeguards should be provided as will prevent the evil practices of excessive salaries, unearned bonuses, and illegitimate personal-expense accounts detrimental to the interests of legitimate stockholders and the public.

Public safety calls for pilots of high character and great skill. The occupation is a hazardous one. Therefore, the law should provide for a method to fix maximum flying hours, minimum pay, and a system for retirement or annuity benefits.

Enactment of legislation along the lines suggested will establish a sound, stable, and permanent air-mail policy. The knowledge that the Interstate Commerce Commission, a judicial body, will hereafter regulate air transportation routes and air-mail pay will remove uncertainty as to routes and mail pay.

Such legislation will relieve air transport companies from paralyzing monopolistic control which has heretofore often influenced them to buy planes and other equipment from associates and affiliates.

Real competition between the manufacturing companies will stimulate inventive genius, and should give to our people safer and better equipment, both for commercial and military purposes.

I am sending letters similar to this to Representative MEAD, Chairman House Committee on Post Offices and Post Roads, and to Senator BLACK.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Hon. KENNETH McKELLAR,
Chairman Senate Committee on
Post Offices and Post Roads,
Senate Office Building, Washington, D.C.

S. 3012

Be it enacted, etc., That the act of April 29, 1930 (46 Stat. 259, 260; U.S.C., supp. VII, title 39, secs. 464, 465c, 465d, 465e, 465f), is hereby repealed.

SEC. 2. The term "person", as used herein, is defined so as to include within its meaning all persons, firms, partnerships, corporations, or associations.

SEC. 3. The Postmaster General is authorized to award contracts for the transportation of air mail by aircraft between such points as he may designate, and for periods of not exceeding 3 years, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the terms of the advertisement at fixed rates per airplane-mile, with a definite weight basis of 1 cubic foot of space being considered as the equivalent of 10 pounds of air mail: *Provided*, That such rates in no case shall exceed 30 cents per airplane mile for the first 300 pounds of mail, and not exceeding 6 cents per airplane-mile for each additional 200 pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average load for the route for such month: *Provided further*, That in no case shall the rate exceed 40 cents per airplane-mile: *Provided further*, That no contract or interest therein shall be sold, assigned, or transferred

by the person to whom such contract is given to any other person; and upon any such transfer the original contract, as well as such transfer, shall become null and void: *Provided further*, That if, in the opinion of the Postmaster General, the public interest requires it, he may grant an extension of any route, for a distance not in excess of 100 miles, and only one such extension shall be granted to any one person, and the rate of pay for such extension shall not be in excess of the contract rate on that route: *Provided further*, That the Postmaster General may designate certain routes as primary and secondary routes and shall include at least three transcontinental routes, extending to termini, as nearly as practicable, on the Atlantic and Pacific coasts, as primary routes. The character of the designation of such routes shall be published in the advertisements for bids, which bids may be asked for in whole or in part of such routes. Whenever sufficient air mail is not available, the first-class mail matter may be added to the maximum load specified in such contract.

SEC. 4. The Postmaster General shall cause advertisements of air-mail routes to be conspicuously posted at each post office that is a terminus of the route named in said advertisement for at least 30 days and by publication at least once a week for 4 consecutive weeks in some daily newspaper of general circulation published in the cities that are the termini for the route before the time of the opening of bids.

SEC. 5. After the bids are opened the Postmaster General may grant to a successful bidder a period of not more than 6 months from the date of award of the contract to take the steps necessary to qualify for mail services under the terms of this act: *Provided*, That at the time of the award the successful bidder executes an adequate bond with sufficient surety guaranteeing and assuring that within such period said bidder will fully qualify under the act to faithfully execute the contract: *And provided*, That if there is a failure so to qualify the amount designated in the bond will be forfeited and paid to the United States of America.

SEC. 6. The Interstate Commerce Commission is hereby empowered and directed to fix and determine, within 6 months prior to the expiration date of any and every contract made under this law, and at all events at a period not later than 3 years from the date of the passage of this act, the public convenience and necessity for all air-mail routes and the fair and reasonable future rates of compensation for the transportation of such mail matter by airplane common carriers and the service connected therewith, prescribing the method or methods by weight or space, or both, or otherwise, for ascertaining such rates or compensation, and to publish the same, and orders so made and published shall continue in force until changed by the Commission after due notice and hearing.

All provisions of section 5 of the act of July 28, 1916 (39 Stat. 412), relating to the adjustment of rates for carriage of mail by railroads shall be applicable to transportation of mail by airplane under this act so far as consistent with the provisions of this act.

SEC. 7. No person shall be eligible to bid on, or hold, any air-mail contract who owns, or, in turn, is owned, in whole or in part, by any other company engaged, directly or indirectly, in any phase of the aviation industry, whether the other company be a holding company, or a company transporting mail or holding a mail contract, or a company engaged in the manufacture or sale of airplanes, airplane parts or other materials or accessories generally used in air transportation. No person shall be eligible to bid for or hold an air-mail contract which has any officer or director in any holding company holding stock, directly or indirectly, in any company engaged in any phase of the aviation industry, or in any other company engaged in the manufacture or sale of airplanes, parts, or other materials or accessories generally used in air transportation; and no person shall be eligible to bid for or hold an air-mail contract if it or its predecessor is asserting or has any claim against the United States because of a prior annulment of any contract by the Postmaster General. No person shall be eligible to bid on or hold an air-mail contract if such person, through its officers, has entered into any combination to prevent competitive bidding for carrying the mails, or has made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any person not to bid for any such contract, or who has employed any Senator or Member of Congress or Government official or officer of any political party to seek to influence the awarding of contracts, or has, as an officer or director, any person who has heretofore entered into any combination to prevent the making of any bids for carrying the mails, or which pays any officer, director, and/or employee as a salary and/or bonus and/or commission, or other compensation whatsoever, a sum in excess of the rate of $17,500 for a calendar year for full-time service.

SEC. 8. All persons desiring to bid on air-mail contracts shall be required to furnish in said bid a list of the stockholders and directors and a statement covering the financial set-up, including a list of assets and liabilities; and in the case of the corporation, the original amount paid to such corporation for its stock, and whether paid in cash, and if not paid in cash, a statement showing for what such stock was issued, and the financial responsibility of such bidder, as well as the bond offered, may be taken into consideration by the Postmaster General in determining the qualifications of the bidder.

SEC. 9. All persons holding air-mail contracts shall be required to keep their books, records, and accounts under such regulations as may be promulgated by the Postmaster General, and he is hereby authorized to audit the books of such contractors and to require a full financial report under such regulations as he may prescribe; and the Postmaster General is further authorized to reduce the mail pay rates to any air-mail contractors at the end of each fiscal year if, in auditing the books of such contractor, he is of the opinion that the public interest requires such action.

SEC. 10. Upon the establishment and maintenance of an air-mail route, the Postmaster General shall notify the Secretary of Commerce, who thereupon shall certify to the Postmaster General the character of equipment to be employed and maintained on each air-mail route. In making this determination, the Secretary of Commerce shall consult the Secretary of War and the Secretary of the Navy, and in his specifications furnished to the Postmaster General shall only determine the speed, load capacity, and safety features and devices on airplanes to be used on the route, which said specifications shall be included in the advertisement for bids.

SEC. 11. The Secretary of Commerce shall, and he is hereby, authorized and directed to prescribe the maximum flying hours of pilots and/or copilots on air-mail lines, the minimum pay of pilots and/or copilots on such lines, safe operation methods, and authorized to approve any plans made by air-mail operating companies for retirement or annuity benefits to pilots and/or copilots.

SEC. 12. The Secretary of Commerce shall have authority to promulgate all necessary regulations to carry out the provisions of sections 10 and 11 hereof.

SEC. 13. On such air-mail routes as are established, the contractor shall be required, without additional compensation, to carry air pilots of the United States Army, Navy, or Marine Corps, or of Reserve Corps, as copilots. The advertisements for the routes shall state fully the conditions and requirements, as prescribed by the Postmaster General, under which copilots shall be employed. All commissioned officers who are detailed to the above duty shall receive from the United States the pay, including flying pay and other allowances, now authorized in accordance with their military rank, and while detailed to such duty, shall also be paid the same rate per diem as is now payable to civilian employees of the United States under the Subsistence Expense Act of 1926, as amended.

SEC. 14. The performance by military personnel of duty hereunder shall in no way disturb or change their military status under their respective commissions, warrants, or enlistments in their respective branches of the service, or any right, privilege, benefit, or responsibility growing out of said military status.

SEC. 15. All persons awarded air-mail contracts, and who may employ civilian pilots and/or copilots, who now hold, or who may hereafter hold commissions in the Army, Navy, or Marine Corps service, shall, upon request of such pilots and/or copilots, grant them leave of absence of not to exceed 1 month each year, when such pilots and/or copilots may be called to Government duty training with their respective branches of the service, under their respective commissions, for such period: *Provided*, That all Reserve officers performing Government duty with their respective branches of the service shall be deemed to be in the Government military service, and, if injured or killed while on such active duty, such officer and/or his dependents and beneficiaries shall be entitled to the same benefits as in the case of officers of the Army, Navy, or Marine Corps and/or their dependents and beneficiaries.

SEC. 16. The Federal Radio Commission shall give preference in the allocation of radio frequencies to airplanes carrying mail and passengers during the time the contract is in effect.

SEC. 17. It shall be unlawful for the contractor of any primary air-mail route to hold any other contract, or for air-mail contractors competing in parallel routes to merge or enter into any agreement, express or implied, with the object in view of common control or ownership.

SEC. 18. The Postmaster General may provide service to Canada within 150 miles of the international boundary line, over domestic routes which are now or may hereafter be established and may authorize the carrying of either foreign or domestic mail, or both, to and from any points on such routes and make payment for services over such routes out of the appropriation for the domestic Air Mail Service: *Provided*, That this section shall not be construed as repealing the authority given by the act of March 2, 1929 (U.S.C., supp. VII, title 39, sec. 465a).

SEC. 19. The Postmaster General may cause any contract to be canceled for disregard or failure by the contractor to comply with the provisions of law herein contained and for any conspiracy or acts designed to defraud the United States with respect to such contracts. This provision is cumulative to other remedies now provided by law.

SEC. 20. Whoever shall enter into any combination to prevent the making of any bid for carrying the mail under this act, or shall make any agreement, or give or perform or promise to give or perform, any consideration whatever to induce any other person or concern not to bid for any contract pursuant to this act, shall be fined not more than $10,000 or imprisoned for not more than 5 years, or both.

SEC. 21. Section 3 of the act of February 2, 1925 (43 Stat. 805), as amended (39 U.S.C., sec. 463, supp. VII), is amended so as to read as follows:

Air-mail postage rates shall be 5 cents for each ounce or fraction thereof.

Mr. MCKELLAR. I ask to have printed in the RECORD a telegram I have just received relating to this matter.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

CHICAGO, ILL., *March 8, 1934.*

Hon. KENNETH MCKELLAR,
United States Senate:

I have noted in the morning papers with great interest the text of the President's message to you and Congressman MEAD. I believe this message includes everything necessary to place air mail on a sound basis of honesty and sincerity. Unquestionably you will have much to do with the framing of this new legislation, and therefore the air-mail pilots are again looking to you for counsel and aid at this time, which is the most critical for them in the history of their profession. We now have a chance, after many bitter fights, to secure a sound backing of proper legislation that will certainly raise pilots' standards and morale, which is bound to result in greater safety to the traveling public and will expedite speedy movements of the mail. The pilots in and around Washington will extend you every possible aid, and a committee made up of pilots flying on the lines will undoubtedly seek an appointment with you shortly to discuss the matter further.

DAVID L. BEHNCKE,
President Air Line Pilots' Association.

INCLUSION OF CATTLE AS A BASIC COMMODITY—AMENDMENT

Mr. SHIPSTEAD and Mr. O'MAHONEY each submitted an amendment intended to be proposed by them, respectively, to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, which were ordered to lie on the table and to be printed.

DATA RELATIVE TO AIR-MAIL CONTRACTS—WILLIAM P. M'CRACKEN, JR., ET AL.

Mr. HAYDEN. Mr. President, I submit and ask to have referred to the Committee on Printing certain extracts from the CONGRESSIONAL RECORD containing the proceedings and order in the case of the United States Senate *v.* William P. MacCracken, Jr., et al., alleging the respondents in contempt of the Senate of the United States in connection with a subpena to produce certain papers before a special committee appointed to investigate the awarding of air- and ocean-mail contracts, with a view to having them printed as a document.

The VICE PRESIDENT. Without objection, it will be so referred.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 15 and 22 to the said bill and concurred therein, and had receded from its disagreement to the amendments of the Senate numbered 13, 18, and 23 to the said bill and concurred therein severally with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 5632. An act to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes; and

H.R. 7295. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. PITTMAN obtained the floor.

Mr. CLARK. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Missouri?

Mr. PITTMAN. I yield.

Mr. CLARK. Mr. President, I should like to propound a parliamentary inquiry for the purpose of clarifying the procedure under the special order heretofore adopted providing for a vote on the St. Lawrence Waterway Treaty.

Under that special order it is provided that reservations or amendments not formally offered before a certain time shall not be voted on. At the present moment the St. Lawrence Waterway Treaty is not before the Senate. The Connally cattle bill, so-called, is before the Senate. My parliamentary inquiry is this: Whether it would be in order for any Senator who may obtain the floor to offer reservations and have them pending to be disposed of under the operations of the special rule?

The VICE PRESIDENT. The Chair thinks it would be in order; at least, it would be in the interest of fair-play to all.

THE COPPER CODE

Mr. ASHURST. Mr. President——

The VICE PRESIDENT. The Senator from Nevada [Mr. PITTMAN] is entitled to the floor. Does he yield to the Senator from Arizona?

Mr. PITTMAN. I yield.

Mr. ASHURST. Mr. President, I ask unanimous consent to have printed in the RECORD as a part of the remarks I shall make on the so-called "copper code" an analysis prepared by the labor organizations of Gila County, Ariz., respecting that code, and also a telegram on the same subject from the Lions Club of Phoenix, Ariz.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

(The analysis and telegram appear at the conclusion of Mr. ASHURST's remarks.)

Mr. ASHURST. A copy of the analysis has been forwarded to Gen. Hugh S. Johnson, Administrator of the N.R.A. It discloses that this copper code is worse than useless.

I have also had this copper code examined by three of the most experienced and trustworthy copper producers in the United States, and they severally denounce it as a discrimination against American labor and against the American-copper-mining industry. It is a profound pity that such an injustice is about to be perpetrated. Any competent, courageous man familiar with copper could write a code that would save the copper-mining industry in the United States and would set to work within the next 90 days at least 150,000 copper miners and smelter men.

I am beginning to believe that many, if not most, of our woes and troubles in this life are nothing more than human folly directed against human beings. This copper code is human folly directed against American citizens.

Some well-informed persons have denounced this code as ill-prepared, doubtful in meaning, and poorly constructed; in other words, experts assert that this code, in the language of the street, is "half-baked." Be that as it may, I prefer an official who is hard-boiled to one who is half-baked.

For some time I, myself, have been examining this so-called "code for the copper industry." I have discovered that this proposed code swarms with cryptic phrases that may be construed to suit the fancy of anyone and to meet the preconceived notions of all.

It is, however, more nearly a code for the benefit of foreign producers of copper than for American copper, and so far from affording any protection to, or consideration for, American labor, or for the American copper-mining industry, it inflicts upon them a cureless wound.

As a code of fair competition for copper, it is only an ironic jest. Inasmuch as the hearings on this code will take place on March 12, I invite all persons who may be interested to give the proposed code careful scrutiny.

This proposed "copper code" is a reckless assault upon American labor; it is likewise a reckless assault upon the American copper-mining industry. It is probable that those who have written the code do not understand it. I say this not in criticism of their ability but to do justice to their morality, for no man could advocate this code, if he understood it, unless indeed he possessed the heart of a

batrachian. I denounce this copper code as unfair and unjust and as an assault upon American labor and upon American industry. I denounce it in the name of that fair play which most bullies and all pugilists respect.

(The analysis and telegram ordered printed in the RECORD at the conclusion of Mr. ASHURST's remarks are as follows:)

ANALYSIS PREPARED BY THE LABOR ORGANIZATIONS OF GILA COUNTY, ARIZ., RESPECTING THE COPPER CODE

Under article II, Definitions, section 1, we have the following paragraph:

"1. The terms 'copper industry' or 'industry' include the mining, production, and/or treatment of copper in the United States, and also include the sale thereof in the United States by or on behalf of those engaged in any of such operations, whether in the United States or elsewhere."

It is our contention that this code as proposed is as much to benefit foreign copper as domestic copper. The above paragraph includes handlers of foreign copper in the proposed code. It is a well-known fact that some of our largest producers in this country also own or control some of the largest foreign copper mines. That seems to be the reason for the above-mentioned paragraph. We read a short while back of tuna fish being imported from Japan with the N.R.A. insignia on it and of sardines being imported from Norway with the same insignia on it.

There was quite a howl raised from the domestic industry and the shipments were reported impounded. To our way of seeing things, a shipment of foreign copper coming into this country under protection of a copper code approved by the Government might as well have a Blue Eagle stamped on every ingot.

For that reason every mention of the "industry" or the "copper industry" should apply specifically to the domestic industry and should not include any mention of foreign industry. The above, of course, mentions only the product of the foreign industry, but it directly affects every other phase of it:

Under article II, Definitions, section 2, we have the following paragraph:

"2. The term 'member of the industry' embraces all those engaged in the copper industry or in one or more of the processes involved therein, including the sale of copper."

Under section 1 of article II the proposed code includes in the "copper industry" the sale of copper by or on behalf of anyone producing copper, whether in the United States or elsewhere. Then along comes section 2 of article II and includes in "members of the industry" presumably signatories of the proposed code, all sellers of copper. In other words, after section 1 of article II allows foreigners to sell their copper in the United States, section 2 of article II allows these same foreign sellers to become signatories of the proposed code.

Is it the intention of the proponents of this proposed code to protect the foreign producer or the domestic industry? We again reiterate that the proposed code is for the exclusive benefit of the foreign producer.

Under article II, Definitions, section 7, we have the following paragraph:

"7. The term 'custom copper' means primary copper produced by custom smelters and/or refiners from purchased ores, concentrates, matte, or blister copper derived from primary sources."

This section leaves a wide loophole for evading the spirit and intent of the National Industrial Recovery Act. Custom smelters, as is well known, buy copper from primary producers far and wide. The above paragraph makes no mention of buying ores, and so on, from primary sources within the United States. This paragraph is but another instance of the intention of the proponents of this code to protect their foreign interests first.

You will notice that all through the definitions, terms used cover foreign as well as domestic producers and industries.

Under article III, Hours of Labor, section 1, maximum hours, we have the following paragraph:

"1. Maximum hours: On and after the effective date of this code no employee shall be permitted to work in excess of 40 hours per week, averaged over a 3-month period, nor in excess of 8 hours in any 24-hour period except as herein otherwise provided."

Under the provisions of the above paragraph a company can work their employees 56 hours a week until their average time is up and then lay them off until the 3-month period has passed.

The above argument covers article III, Hours of Labor, section 2, hours for clerical and office employees.

"2. Hours for clerical and office employees: No person employed in clerical or office work shall be permitted to work in excess of 40 hours per week, averaged over a 3-month period, and except as herein otherwise provided."

We respectfully suggest that the above paragraphs should read as follows:

"1. Maximum hours: On and after the effective date of this code no employee shall be permitted to work in excess of 30 hours per week, nor in excess of 6 hours in any 24-hour period.

"2. Hours for clerical and office employees: No person employed in clerical or office work shall be permitted to work in excess of 30 hours per week."

Under article III, Hours of Labor, section 3, exceptions as to hours, we have the following paragraphs:

"3. Exceptions as to hours: The limitations as to hours as specified in sections 1 and 2 of this article III shall not apply to the following:

"(a) To employees engaged in emergency maintenance or emergency repair work, involving break-down or protection of life or property: *Provided*, That in such special cases one and one half times the normal wage rate for any employee so employed shall be paid for all hours worked as overtime: *And provided*, That this overtime provision shall not apply in case of catastrophe involving threatened and/or actual loss of life.

"(b) Nor shall it apply to those men engaged in transporting employees to and from working places or completing the handling of material in transit, hoist men, power-house men, or pump men, providing the total working hours of such employees shall not exceed 56 hours in any one week.

"(c) In the case of shut-down properties or other special situations which may require modification of sections 1 and 2 of article III, the administrator on request of the member of the industry and after investigation may make special rulings and modifications."

In the case of subsection (a) of the above, it seems that the whole section is a contradiction of itself. It sets forth that employees shall be paid at the rate of one and one half regular rates for certain overtime work and then turns right around and says that this rate of overtime pay shall not apply under the very same circumstances.

It seems to us that the proponents of this proposed code are endeavoring to hoodwink not only their prospective employees but the administration itself.

In the case of subsection (b) of the above, it is not as yet apparent to us why anyone must work more than the specified time in any one day. There is no reason, that we can see, why shifts of hoist men, dump men, power-house men, etc., cannot be arranged in such a manner that they will only be worked the specified time.

Too, there is no reason why any of them should be worked 56 hours in any one week. After consideration it seems to us that this clause is but a subterfuge to draw attention from sections 1 and 2 of article III.

MINIMUM WAGES

In the case of subsection (c) of the above, it is a well-known fact that most of the copper properties of the United States are closed at present. The only men employed at these shut-down properties are key men and bosses. Since the only intent and purpose of the proposed code is to keep these properties closed, the owners thereof do not want to hire any more men, hence this paragraph.

Under article IV, Wages, sections 1 and 2, minimum and clerical and office employees, we have the following paragraph:

"1. Minimum: The minimum wages for this industry for the various districts are as follows:

"(a) Eastern wage district: Surface labor, 30 cents per hour, underground labor, 35 cents per hour.

"(b) Southwestern wage district: Surface labor, 30 cents per hour; underground labor, 38 cents per hour.

"(c) Northwestern wage district: Surface labor, 35 cents per hour; underground labor, 41 cents per hour.

"2. Clerical and office employees: No accounting, clerical, office, sales, or service employees working on a weekly basis in any office shall be paid less than at the rate of $15 per week, provided, however, that office boys and girls and messengers shall be paid at a rate not less than 80 percent of the minimum hereinabove specified, and provided further that the number of such boys and girls and messengers so paid shall constitute not more than 5 percent of the total number of such employees of any office of any one employer, but in any case such employer shall be entitled to one such employee."

We have no information at hand as to wage rates in any district except the State of Arizona.

However, in the State of Arizona the minimum rates for years past have been for surface labor, 31¼ cents per hour and for underground labor 50 cents per hour. The minimum rate for surface labor for American laborers has been, in the past, 40⅝ cents per hour. There has never been a set scale for clerical labor in the past, but in any case the minimum paid for such labor has never been below $25 weekly.

The proposed copper code makes no mention of any increases in wages in case of advances in selling prices of copper. To protect the interest of the laboring man there should be a sliding scale adopted assuring him of increased earnings when the copper companies enjoy such increased earnings.

According to such information as we possess the copper companies can afford to increase wages at the rate of 5 percent for every cent increase in the selling price of copper.

MAINTAIN SCALE

We have been led to believe that the spirit of the N.I.R.A. is to maintain wage standards while reducing hours of work. Under conditions as set forth in the proposed code, wage standards have been reduced, along with hours of work, to such an extent that a living wage will not be paid. We believe that our weekly wage scale should be maintained as in the past.

Under article IV, Wages, section 4, wages above minimum, we find the following paragraph:

"4. Wages above minimum: If an equitable adjustment of the differentials in the wage rates above the minimum fixed in this code has not been made since July 1, 1933, there shall then be such adjustment, if necessary, made within 60 days from date of the approval of this code. Such equitable adjustment shall mean that the differentials in amount existing prior to the formulation of this code shall be maintained for employees other than persons enumerated in article III, section 3, paragraph (c), pro-

vided, however, that in no event shall hourly rates of pay be reduced."

This paragraph is just a trifle ambiguous, as it was probably intended, but it seems to us that the only ones benefited by it are those working at present. As we have stated before, most of the copper properties are closed at present and only key men and bosses are employed.

It seems from the above paragraph that they will be the only ones benefited by minimum rates which have been in effect for years. Men who will be hired later certainly cannot be called employees now, yet this paragraph states that only employees shall have their scale maintained.

Under article V, General Labor Provisions, section 1, child labor, we find the following paragraph:

"1. Child labor: On and after the effective date, no person under 18 years of age shall be employed in the copper industry except in clerical, office, sales, service, technical, and engineering departments, and no person under 16 years of age shall be employed in any capacity."

We are hoping to see a child labor law passed by the State of Arizona in the near future. In the meantime, however, may we respectfully suggest that the above paragraph should read as follows:

"1. Child labor: On and after the effective date, no person under 21 years of age shall be employed in the copper industry except in clerical, office, sales, service, technical, and engineering departments where such employees are not employed underground, and no person under 16 years of age shall be employed in any capacity."

Under article V, General Labor Provisions, section 6, company town and stores, we find the following paragraph:

"6. Company town and stores: Employees other than maintenance or supervisory men, or those necessary to protect property, shall not be required, as a condition of employment, to live in houses rented from the employer. No employee shall be required, as a condition of employment, to trade at the store owned or specified by an employer."

The above paragraph if interpreted literally would include one half of the employees of any copper company. It is a well-known fact that maintenance men comprise nearly half of the employees of such a company. This is just an example of the ambiguity of the code as a whole.

Under article VI, Administration Code Authority, section 1, membership, we find the following paragraphs:

"1. Membership: A code authority to supervise the administration and enforcement of the code is hereby created which shall consist of seven members to be elected in the following manner:

"(a) Three members, one to be appointed by each primary producer having a productive capacity of 150,000 tons per annum.

"(b) Two members to be elected by all other primary producers.

"(c) Two members to be elected by customs smelters, refiners, and other producers of secondary copper subject to the provisions of this code.

"All action taken by the code authority shall be effective only upon the affirmative vote of not less than five members thereof."

It would have been much clearer if the above subsection (a) should have read:

"(a) Three members appointed by Anaconda Copper Co., Phelps-Dodge Copper Co., and Kennecott Copper Co."

That is the meaning of subsection (a) of the above. It is a well-known fact that these same three companies own or control the majority of the smelters, refineries, etc., so that, in reality, instead of appointing and controlling only the three members, they actually control the five votes necessary to dictate the policies of the code authority.

We should like to suggest the following to comprise the code authority:

Three members appointed by the Anaconda Copper Co., Phelps-Dodge Copper Co., and Kennecott Copper Co	3
Three members to be elected by all other primary producers	3
Two members to be elected by custom smelters, refiners, etc	2
Two members elected by and to represent organized labor	2
One member to be appointed by the President of the United States	1
Total	11

A majority vote to decide all questions.

Under article VII, Production and Sales, we find that the proponents of this proposed code want to give to the code authority, which the three largest copper companies control, all powers for limiting and regulating copper production, all powers for taking care of surplus stocks, all powers for setting a minimum sale price and for regulating and allocating sales, and to take any such other steps as they might wish.

If the above article VII is passed and adopted in the final copper code, it will practically do away with the whole copper code. Because of the power vested in the code authority under this article VII, things may be changed to suit them.

It is our contention that allocation of quotas for current production must be made upon a State basis to insure fair play for every copper-producing State.

EMBARGO URGED

It is also our contention that surplus stocks of copper or copper ores must be impounded and handled in much the same manner as the surplus stocks of oil. We believe that not more than 5 percent of the surplus stocks should be released each year. In this way 95 percent of your current market would be reserved for current production.

It is also our contention that a prohibitive tariff, or, better yet, an absolute embargo against foreign copper is absolutely essential at the present time and for the future. With an embargo and a control of the surplus as outlined above, it would be unnecessary to set a minimum price on copper.

Under article IX, Modifications, section 2, we find that the proponents of the proposed copper code desire to terminate the code on June 16, 1935. With the changes mentioned in the foregoing papers and with a copper code that is fair to the little man as well as the huge corporation, as fair to the laboring man as to the employer, a copper code that would serve the purposes intended by the conception of the National Industrial Recovery Act, we should like to see a code in effect until June 16, 1937.

GLOBE-MIAMI CENTRAL LABOR COUNCIL.
GLOBE FEDERAL LABOR UNION, No. 18256.
MIAMI FEDERAL LABOR UNION, No. 18599.
SUPERIOR MINE, MILL, AND SMELTER WORKERS, No. 93.
INTERNATIONAL BROTHERHOOD OF BOILERMAKERS LOCAL No. 187.
MIAMI BARBER LOCAL No. 676.
MIAMI CARPENTER LOCAL No. 1538.
GLOBE TYPOGRAPHICAL LOCAL No. 367.
PLUMBERS AND STEAMFITTERS LOCAL No. 591.
CULINARY WORKERS LOCAL No. 680.

PHOENIX, ARIZ., *March 8, 1934.*

Senator HENRY F. ASHURST,
Washington, D.C.:

Proposed copper code wholly inadequate for Arizona conditions. Necessary to have constructive code which allocates production and sale of copper from each producing State. Copper must not be sold below cost of production, which insures miners a living wage. Suggested code would paralyze over half of Arizona's basic industry and would compel Arizona to liquidate half of her communities and population. Copper needs an embargo.

PHOENIX LIONS CLUB,
JOHN G. EAGER, *President.*
FRED A. LINE, *Secretary.*

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

ORDER OF BUSINESS

Mr. WALSH, Mr. COPELAND, Mr. McADOO, Mr. McGILL, and other Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nevada yield; and if so, to whom?

Mr. PITTMAN. Mr. President, I gave notice that, with the consent of the Senate, I would address myself today to one phase of the Great Lakes-St. Lawrence Waterway Treaty, namely, the question of how it affects the Mississippi River Valley project. I realize that Senators may desire to transact some morning business. I am very much interested in copper, and therefore I have enjoyed the speech of the Senator from Arizona [Mr. ASHURST], and am very happy that he made it in my time. While I do not desire to yield for any speeches, if there is any routine business Senators desire to transact, such as the introduction of bills, and so forth, I am glad to yield for that purpose.

PROCEDURE IN THE APPOINTMENT OF POSTMASTERS

Mr. WALSH. Mr. President, I have been receiving, as no doubt many Senators on this side of the Chamber have been receiving, many letters inquiring about the procedure in the selection of postmasters. Replying to many such letters, I have sent them the printed regulations but later received more and more letters with reference to details. I have prepared a statement which I hope is clear, concise, and direct, which I submitted to the Civil Service Commission, and which very briefly sets forth what is the procedure, the nature of the examination, the method of selection after the examination, and so forth. I ask that it may be printed in the RECORD at this point so that it may be sent, instead of lengthy letters, to inquiring citizens.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

PROCEDURE IN THE APPOINTMENT OF POSTMASTERS

By United States Senator DAVID I. WALSH

Facts which applicants and others who are interested in the appointment of postmasters should know.

CLASSES OF POST OFFICES

Post offices are divided into four classes: First, second, third, and fourth.

The fourth class are those offices where the business does not warrant a salary of $1,100 a year and where the postmasters are paid compensation dependent upon the stamp cancelation in the office.

The third class are those offices where the salary paid is $1,100 to $2,300 per year, inclusive.

The second class are those offices where the salary is $2,400 to $3,100 per year, inclusive.

The first class are those offices where the salary is $3,200 per year and above.

All appointments of postmasters of the first, second, and third classes are made by the President and are subject to confirmation of the Senate.

EXAMINATION OF APPLICANTS

The method of selecting these postmasters has been set forth in an Executive order issued by the President, dated July 12, 1933.

Briefly stated, this Executive order provides that post-office appointments shall be made in the following manner: When a vacancy occurs, notice of an examination is published, and all applicants must file, on or before a given date, an application with the United States Civil Service Commission. An examination and investigation is then conducted by the United States Civil Service Commission. Thereafter the United States Civil Service Commission certifies to the Post Office Department not more than three eligibles, which means the three applicants who receive the highest ratings in the examination conducted by the Civil Service Commission.

No applicant, however, can be considered eligible unless he has received a passing mark of 70 percent. If only one or two applicants have received a passing mark of 70 percent, then it may be possible for only one or two eligibles to be found in a given examination. The rule for certifying three eligibles applies where three or more have passed the examination, and in such a case the three highest are the eligibles submitted by the United States Civil Service Commission.

These examinations and investigations are conducted impartially without personal or political influence of any character.

In the case of postmasters for the first- and second-class offices, the Civil Service Commission, in addition to the requirement that each applicant file a comprehensive questionnaire, conducts a careful inquiry through the leading patrons of the post office as to the standing, as a representative citizen, of each applicant. This examination consists of obtaining information as to the extent of his acquaintanceship with the community, its problems, and its citizens, his influence and activities in the community and the opinions of business men as to his character and ability—in a word, to learn the representative character of his citizenship.

In addition the questionnaire inquires carefully into the extent the applicant has had experience of an administrative character. It is the view of the United States Civil Service Commission that postmasters for first- and second-class offices should be not only representative citizens of the community but should have established a reputation for personal integrity, financial stability, and have had actual experience in an administrative capacity. Therefore, inquiries are made as to whether or not and how many persons have been employed by the applicant, what kind of business he has conducted, his experience in managing employees in order to protect the public against infractions of the discipline provided for postal employees, his knowledge of keeping bank accounts and records, and of the preparation of statements—financial, statistical, etc. After a survey of all these factors is made, each applicant is given a rating, and the three highest eligibles are certified to the Post Office Department.

As to postmasters of the third class, a somewhat different examination is conducted. In the third class it is assumed that the postmaster must be his own clerk, distributor of the mail, and perform the general duties within the post office. Therefore a written examination is conducted to test the training and clerical ability of each applicant for the purpose of finding out his mental capacity to perform the clerical and supervisory duties of the office. A third-class office may have no employees except the postmaster and a clerk, and therefore the postmaster must keep the records and perform practically all the other duties. It is not necessary to have more than a good general education in order to qualify. If one receives less than a passing mark in this class, it is a determination that he has not the capacity to perform efficiently the duties of the office, although he may or may not have received a majority of favorable reports as to his reputation and standing from those in the community where the post-office is located.

FOURTH-CLASS OFFICES

Fourth-class postmasters come within the competitive classified Civil Service. On October 15, 1912, the President issued an order classifying under the Civil Service Act and rules fourth-class postmasters not theretofore so classified. That order was amended by the President on May 7, 1913, and again on June 3, 1921. The order, as amended, requires that all appointments (except those in Alaska, Canal Zone, Guam, Hawaii, Philippines, Puerto Rico, and Samoa) at fourth-class offices where the compensation is $500 a year or more shall be made from certification after examination by the Civil Service Commission: *Provided*, That in the event that for the examination for any office there are fewer than three applicants the Commission may, in its discretion, authorize selection in the same manner as provided for offices with annual compensation of less than $500. Where the compensation is less than $500, all appointments shall be made on the recommendation of post-office inspectors after personal investigation, subject to prescribed regulations.

PROCEDURE FOLLOWING EXAMINATION

After the eligibles are certified by the Civil Service Commission to the Post Office Department, that Department is then ready to receive recommendations before making its nomination to the President. Usually recommendations from the Congressmen and Senators of the same political faith as the administration are invited. In turn Senators and Congressmen usually ask for recommendations from local committees, organizations, and citizens.

It should be borne in mind that no amount of personal or political influence is of any avail to a candidate until after the Civil Service examination is reported, and even then no amount of personal or political influence will aid any candidate unless he is one of the three highest eligibles. The President has stated through his Executive order that he will appoint one of these three eligibles, someone from the classified Civil Service or the present postmaster. If the present postmaster is reappointed no further examination is necessary. If a person in the classified service is selected, such person must first be found eligible in a noncompetitive examination given by the Civil Service Commission.

The Civil Service examinations give applicants an opportunity to meet the standards and requirements which the President has fixed for the guidance of the Civil Service Commission and as preliminary to receiving an appointment. These Civil Service rules and regulations are a part of the Presidential order. While there have been some slight changes in them, in substance they are the same rules and regulations that have guided the appointments of postmasters since the latter part of the Wilson administration. Previous to that time the appointments of postmasters were made without any civil-service examination being required, the appointments being chiefly upon political recommendations.

AGE AND RESIDENCE QUALIFICATIONS

No one over 66 years of age and no one who has not been an actual resident patron of the post office (not necessarily a citizen of the township where several post offices are located) for 1 year before filing application, is eligible to compete in examinations.

OUR CHANGING CIVILIZATION—ADDRESS BY SECRETARY ICKES

Mr. COSTIGAN. Mr. President, on February 24, 1934, Hon. Harold L. Ickes, Secretary of the Interior, delivered an address in Chicago before the Cook County League of Women Voters on Our Changing Civilization. His remarks are entitled to more permanent preservation. I ask leave to have them printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I shall spend no time saying complimentary things about the League of Women Voters or telling you what a pleasure it is for me to be your guest tonight. I will take it for granted that other speakers on other occasions have paid such deserved tribute to your worth as an organization as to satisfy all the amenities on that score. I have noticed that women take their politics much more seriously than do men. You undoubtedly asked me to speak to you because you are interested in the significant social and political movements that are taking place in our country today. Perhaps you hoped that I might be able to throw some light on those social and political movements.

At the outset, with your permission, I shall briefly sketch with a broad brush a political background without which we cannot hope to understand what is going on in this country. I will then endeavor to show the relationship of present trends to that historical background, following which, foolhardy adventure that I know it to be, I shall give voice to what I hope the future has in store for the people of the United States, although I will want it distinctly understood that I lay no claim to being a prophet. I will not attempt to tell you what will happen in the future, only what I hope may happen.

Turning back the pages of the past, we see an interesting and colorful panorama of significant and crowding events. As the result of economic pressure in the old lands or because they craved the right to think their own thoughts and live their own lives according to the dictates of their own consciences, our forefathers, braving the terrors of a sea that was still little known, came to this land determined to establish here homes for themselves and their children. With few exceptions they refused to be turned back. They were ready to endure every privation, to face boldly every peril. With such motives and with such a purpose they could not fail to conquer. And they did conquer. The first real test they faced was one with nature, that nature that can be so implacable and cruel in one mood and so alluring and disarming in another. Landing on the Atlantic coast, they began to cut out of the dense forests land upon which to build their crude cabins and to grow food and clothing for their needs. They subdued nature, they fought back the Indians, and generation after generation their roots sank more deeply into the soil of the new land.

It was only the adventurous or the desperate who left Europe to found a new empire on these shores. It was only the hardy and the enduring who could survive after these shores had been

reached. It required outstanding qualities of both physique and spirit not only to wrest a bare existence from the soil but to build a new and an enduring civilization. These ancestors of ours developed in themselves and transmitted to their children qualities of heart and mind that have left an indelible impress upon every succeeding generation.

It was not an easy life in pioneer days in this country. The graces of living were either an almost forgotten memory or a dim and distant hope. It was a fight for very existence. These early Americans fought nature, they fought the Indians, they fought the French in combination with the Indians, they fought Great Britain on two occasions, they fought the Spaniards, the Mexicans, and they fought each other. As we turn back the pages of our history we realize the heroic qualities of our ancestors. We glory in those qualities. We would not have had them different. But as we look deeper, we discover that ruthlessness was mixed with heroism, cruelty with kindness, hardness with mercy. Nor was this unnatural. A pioneer race is always a ruthless race. It has to be to survive. And ours has survived.

A race of pioneers to begin with, we continued to breed pioneers for generation after generation. We needed to breed pioneers because there was always a frontier just beyond that had to be explored, adventured upon, and finally subdued. Ax in hand and rifle on shoulder, our forefathers continued to push that frontier back, conquering, destroying, exploiting, until at last there was no longer any physical frontier to be bent to their will. With no frontier left to be subdued, with no new lands to exploit, the pioneer spirit which had been bred into us for generations had to discover new worlds to conquer. It could not be bred out all at once.

So from exploiting nature we turned to the exploitation of human beings, to the building-up of an industrial and commercial empire. After unsuccessful attempts to bend the proud spirit of the native Indians to our will, we began to kidnap and import a more friendly race from equatorial Africa. Slavery was instituted, waxed strong, and flourished. Not in the North, although this was not because of any superior humanitarianism or civic virtue on the part of those of us who lived in the North. It happened that slavery was not adapted to our northern climate and soil. But it did flourish in the South, and the South grew rich and powerful on the exploitation of fellow human beings. However, the North refused to forego its opportunity to be developed merely because it could not economically use slave labor. We discovered that there was a type of labor which was cheaper for us and more adapted to our purposes than were Negroes imported from Africa and sold at so much a head on the auction block. So the North sent over to Europe and by painting glowing pictures of America as a land of opportunity enticed cheap immigrant labor here by the hundreds of thousands. Eagerly and hopefully came these hordes year in and year out, seeking a hospitable land where they could realize their dim dreams of freedom, equality, and fraternity. Speaking strange languages, possessing strange customs, they in their turn were easy to exploit. Herded into mines, congregated into factories, housed in squalid hovels, they worked for long hours at heavy tasks for inadequate pay.

And all the while the descendants of the conquering pioneers more and more lived lives of ease and comfort while profits continued to pour in as the result of physical slavery in the South and economic exploitation in the North endured by millions of fellow human beings.

Then we discovered a new means of adding to our already impressive industrial and commercial empire. Our inventors built for us intricate, almost human machines at which women and little children could be profitably employed. We did not hesitate to exploit in their turn these two groups. Although no less an authority than the Supreme Court of the United States has held that women are not physically adapted to heavy and toilsome tasks for long hours, that to do so makes for race deterioration, our rugged individualists continued to work women at heavy and toilsome tasks for long hours. And because they were women, they were paid substantially less than would have been paid to men for an equal or lesser output. The brutal social dictum was enunciated that it was better for children to work in factories than to be on the streets, and our captains of industry cheerfully and not altogether unselfishly assumed that if they were not in factories children would be on the streets serving no good purpose. Pillars of society, prominent citizens, captains of industry, elders and deacons in the churches tried to justify incomes ill gotten from the drooping bodies of little children whom the Founder of Christianity had especially charged us with responsibility for.

And all the time the rich became richer and the poor became poorer. And all the time there were relatively fewer of the rich and relatively more of the poor. And all the time we never ceased to boast of America as the land of the free and the home of the brave. And all the time, at least on every Fourth of July, our chests swelled with pride as the chosen orator sonorously read in ringing tones the immortal words of Thomas Jefferson, "all men are created free and equal."

The exploiters of our natural resources and the Simon Legrees holding to their tasks men, women, and children too weak to defend themselves, early sensed the possibility that the economic system they were erecting might some day tumble about their ears unless they safeguarded it by securing control of government. So they moved on government with the same acquisitive determination with which they had in the beginning moved against the Indians and upon the forests and just as, at a later stage, they had moved against the Negroes from Africa, the peasants from Europe, and the women and the children of their own land. They were determined that a sufficient number of men friendly to their interests should occupy seats of power. And, generally speaking, they succeeded. Here by cajolery, there by threats, yonder by the use of money or of favor, they placed men in city councils, on county boards, in State legislatures, and in the Halls of Congress who knew which side their bread was buttered on. Then they turned their attention to the executive branches of government. Here, while their methods were more subtle they were just as effective, until it came to pass that what the late Senator Dolliver, of Iowa, said about that President under whom he was serving at the time, namely, "He is entirely surrounded by men who know exactly what they want", became true of all too many of our mayors, our Governors, and, sometimes, even of our Presidents.

Nor did these rugged individualists overlook the courts. As the courts became more and more powerful in our political life as the result of John Marshall's enunciation of the doctrine that they had the right to pass upon the constitutionality of a legislative act, it became increasingly important for those who would control government to see to it that friendly judges were placed upon the bench. So it came to pass that often the easiest road to the bench, whether by election or by appointment, lay beneath the feet of those lawyers who had highly conservative corporate connections or had represented great aggregations of capital. It is still customary on the part of some naive citizens of this country to raise their hands in shocked horror if any statement is made implying that all the judges of all the courts are not free from sinister influences and are not upright and impartial judges. But such naiveté is an occasion for ill-concealed mirth on the part of those who know, and this includes the great masters of finance and industry in these United States.

So the American political and industrial system that reached its perfect flower during the preceding administration continued to be controlled and fostered by those who profited most from that system. Our Presidents were selected for us in back-room caucuses by machine politicians representing big business. We erected a great Moloch before which all of us worshiped. We threw into the gaping jaws of this Moloch our common heritage, our defenseless men, women, and children, and finally our Government. Success in America did not necessarily depend upon probity of character, sincerity of life, or intellectual qualities. If only we could make money, by whatever means, we were in the ranks of the envied and the revered. Money washed away a multitude of sins. One could not be a social pariah, no matter what he had done, provided he were a multimillionaire. Men deferred to other men if only they possessed wealth. Men even bowed down to their own images if those images were encrusted with gold. Nor were women any slower than men to bend the knee to the golden calf. That woman was the most satisfactorily married whose husband's bank account enabled her in personal adornment, in personal indulgence, and in domestic establishment to outshine the wives of less successful and, therefore, less desirable husbands.

Shouting the slogan "less business in government" the rugged individualists finally took complete possession of the Government of these United States while a complacent President played with his cronies in a certain little green house in K Street. At this stage of our national degradation the man most revered and looked up to, "the greatest Secretary of the Treasury since Hamilton", bent all of his ability to the task of reducing the taxes upon the very rich while spreading the burden correspondingly upon the shoulders of those less able to pay. He clung tenaciously to his vast personal interests in monopolistic enterprises. This "greatest Secretary of the Treasury since Hamilton", while laboring hard to reduce the taxes of his own class, found time to devise means of refunding millions of dollars of taxes already assessed against great corporations and wealthy individuals.

The frenzied dance of the dervishes of Wall Street became madder and madder. We were in a new economic era. The supply of gold was as inexhaustible as our pioneer forbears had thought our forests to be. Everyone was to become richer and richer. And without effort on his part. All one had to do to become a millionaire was to buy on a shoe string real estate at treble its value or to squeeze together enough money to open a brokerage account in order to buy stocks that he never expected to see or sell stocks that he never owned. Even banks organized affiliates to speculate in securities. In order to induce people without money to buy things they did not need, we ingeniously devised the system of installment buying.

Institutions that cannot now lend a few thousand dollars to save a workman's home advanced millions to be wasted in Wall Street. A market tipster outranked a college president. Officers and directors of trust companies spent their time bending over the stock ticker. That was indeed a voice in the wilderness that was raised against official corruption. Since everyone else was getting his, why not the public official? And who cared anyhow? Honesty was a quaint characteristic belonging to an antiquated stage of society. Money could not be tainted. Dishonesty was a mere peccadillo. It was a voluntary matter to obey the law. Shakespeare's "put money in thy purse, honestly if thou canst, but put money in thy purse" bade fair to become the national motto.

Then came the falling of the skies in September of 1929. It was as if a giant comet, bursting with terrific impact upon the earth, had blown up every building in the land, leaving our maimed and pain-racked bodies scattered in all directions.

So much for yesterday. Today, and by today I mean that period of time since March 4 last, there is a different tale to be told, although one that grows directly out of the past.

It was a thoroughly frightened and disillusioned people that marched to the polls in November 1932 and in overwhelming numbers registered their will that the curtain should be finally rung down on a farce that ended as a tragedy. The American people may not have been any too sure just what kind of a President Franklin D. Roosevelt would make, but they had faith that he would give them a new type of leadership. This was what they wanted, and they took the chance.

For once the people won. It may be that they won because the rugged individualists, the captains of industry, the masterful financiers, were so disorganized and frightened that they neglected to give their customary attention to the political affairs of the Nation. At any rate, the old order changed, and there came into power in Washington an administration headed by a man of real imagination, of magnificent courage, and of social idealism. He was a general taking command of a field where a mighty battle had been lost. Everywhere were evidences of destruction, of carnage. The dead had not been buried, the wounded were lying unattended, the horizon was dotted with those in full flight. It was an occasion to test the courage of any man, but the courage of the new Commander in Chief never faltered. He set about to restore order out of chaos. He addressed himself to the task of rebuilding the morale of the people. He rallied the scattered forces, took stock of the resources that were left, filled in the ranks, and resolutely faced the enemy.

For months the chosen leaders of the United States had been in a blue funk. During its last days the preceding administration had tremblingly hoped against hope that March 4 would dawn before the last of our banks had crashed. It was a case of holding one's breath until someone else could take over the responsibility. And what a responsibility it was! No President of the United States had ever been inaugurated in such circumstances. Advised that the banking situation of the entire country was on the verge of a complete collapse, the first act of the new President was to close every bank in the country. An examination showed that the patient was so desperately ill that the only chance to save its life was by a major operation, performed without an anaesthetic. The operation was performed, and successfully, with the result that its banking system has been saved to the Nation. The farmers needed help. President Roosevelt during the campaign had promised them help. He promptly gave it. The small-home owners, unable to meet their interest charges or to pay their mortgages, needed help. They were unhesitatingly accorded it. As a candidate the President had promised that no one should lack food and shelter. He has kept that faith.

Busy as Government was burying the dead and healing the wounded and restoring morale, it early realized that its major task was to rebuild for the future. This it proceeded to do energetically and intelligently. The Congress willingly passed acts giving the Executive extraordinary powers and responsibilities. The Congress said, in effect, to the President, "The emergency that exists can be met only by the quick exercise, when necessary, of the broadest possible powers, and these powers we cheerfully endow you with, with full confidence in your willingness and ability to meet each situation as it arises."

Exercising these powers the President has inaugurated and carried on a tremendous Public Works program such as has never before been attempted in the history of the world. Three billion three hundred million dollars have been allocated for useful and socially desirable public works in order to get men back to work, thus increasing buying power, thus stimulating business and industry, thus priming the pump of economic recovery. He conceived the brilliant policy of setting up Civilian Conservation Corps camps. Into these camps, which now have been operated almost a full year, unemployed young men from all parts of the country have been gathered. They have been given work in the national forests; in National, State, and local parks; on reclamation projects; on erosion-control and on flood-control projects. While performing a useful public service, which in course of time will repay the capital invested with generous dividends besides, the immediate result has been to give these young men restored morale through employment. Engaged as they are in healthful outdoor work, living in sanitary camps, and provided with adequate and nourishing food, these men are strong, sturdy, upstanding citizens as compared with the undernourished recruits of ebbing morale who entered these camps.

The strangest procession to come to Washington after March 4 was composed of those who had been among the great and the powerful under the old regime. Rugged individualists who had been loudly asserting their own self-sufficiency, their ability to stand on their own feet, to conduct their own affairs without any suggestion from Government, came—a broken and a humble crowd. Hat in hand, they humbly begged the strong man in the White House to save them from themselves. Nothing proud or haughty or overbearing about these men now. They knew that they had failed to meet the test, that the Government which they in large measure controlled had been unable to serve either them or itself. They were as frightened as little children seeing ghosts at night. They had been naughty, but they never would be naughty again if only their past transgressions might be forgiven, if only dear, kind, nice Government would drive away the big bad wolf that was threatening them.

I had my own interesting experiences. It is known to everyone that one of the most ruthless, arrogant, and haughty industries in the United States had been the oil industry. It had been a law unto itself. God had put oil into the ground for its special benefit. It was accountable to Him alone, and then only if He never closed His eyes.

Here was a very giant among the industries, completely manned by rugged individualists. As it happened, this industry furnished a perfect example of the results of unchecked and ruthless exploitation. Within the industry all was confusion worse confounded. State conservation laws were being openly flouted. Illegally produced oil was being bootlegged by the hundreds of thousands of barrels, with a resulting depressing effect on prices everywhere. One rugged individualist was stealing the oil of a brother rugged individualist. Price wars raged all over the country, this rugged individualist taking away the market from that rugged individualist by selling below cost. New wells were being brought into production, although too much crude oil was already being produced. Oil, wastefully taken from the ground, was being stored at great expense in tanks above ground through fear that some fellow rugged individualist would get away with oil some dark night. Banks were not only refusing to lend more money to the oil producers, they were actually calling loans. Credit was being contracted everywhere.

The result of it all was that this industrial behemoth, brought to its knees, came to Washington begging for help. The proposition the oil industry made to the Government was the startling one that the Government, in effect, take over the industry and run it. It was frankly confessed that the situation was beyond control and that only the strong hand of Government could save it. I listened in amazement to the urgent representations of men whose very names had always filled me with awe that they would sponsor a bill before Congress to give the Secretary of the Interior dictatorial powers in the oil industry. Only the Secretary of the Interior knew how little the Secretary of the Interior knew about oil. The mental state of these great industrialists can be judged from the fact of their willingness to intrust the destinies of a great business enterprise to a Government official who was without scientific knowledge with respect to oil as a product or special acquaintance with oil as a business. A far cry this from "less Government in business."

Following oil, came men speaking for coal, another of the great business enterprises of America, to tell the Secretary of the Interior how sick their business was and how much they hoped that, with the President's permission, he would exercise sovereign powers over the coal business and join his efforts with theirs to keep it from final dissolution.

I recite these two instances because they came within my own personal observation, but they were not isolated cases. It is fair to say that in the early days of the present administration there was a general disposition throughout the business world to beg the Government to come to the rescue of business, even to the extent of exercising dictatorial powers. What it meant was that the confident self-assurance of a large number of American business men had broken down. This panicky turning to Washington demonstrated that frequently the bigger the man when things are going well, the greater the coward when adversity comes. In their extremity these boastful, aggressive supermen, these rugged individualists, came fearfully to Washington to beg the President to help them save some little from the disaster that by their arrogance and pride and lack of understanding of economic laws and social forces they had themselves precipitated. At least they were able to recognize strength when they saw it, and they saw it in President Roosevelt.

The event has proved that, although they had lacked the understanding necessary to gage economic and social forces, they were unquestionably wise in laying their troubles at the feet of the President. The man that they had traduced during the campaign; whom they had jeered at as being irresolute, indecisive, incapable of making up his own mind or of holding it, was, they discovered, to their great relief, a different kind of man altogether. Here was a man of keen understanding, of great ability, of splendid courage, not only willing but able to help them solve their difficulties. Under the extraordinary powers granted him by the Congress in the National Industrial Recovery Act, President Roosevelt proceeded to restore the morale of business, as he had already restored the morale of the rank and file of the people.

With a return of confidence among business men, due to the ministrations of President Roosevelt, it is regrettable to note that there is already to be seen in some quarters a renewed tendency to disregard the rights of others; a recurrence of that disposition to ride ruthlessly over all opposition that characterized many of our business men prior to the great cataclysm. Men who came frightened to Washington only a few months ago beseeching the Government for help are beginning to adopt the "whose-afraid" attitude of the small boy trying to make himself and others believe that he has never feared anything. It is to be hoped that the lesson of the immediate past will not so soon be forgotten and that the American business man in the future, appreciating that his business has a social aspect, will so conduct it as to contribute his share to the greatest good of the greatest number of the people.

The man who will make predictions in the social or political field is foolishly bold. I will make no predictions, but I will venture to give voice to certain hopes. I have expressed on other occasions my conviction that it was more than a political election which occurred in these United States on November 8, 1932. It was a social revolution. I believe that as a people we have definitely entered upon a new path, and that if we follow it confidently and resolutely, it will mean a happier and richer life for the average man, woman, and child in our country. I believe

these things because I believe in President Roosevelt and his social purposes. Moreover, it is my opinion that the people themselves desire and intend to have a better social order. This community in aspiration between the people and their President is what gives this social movement force and direction.

No one expects the millennium. It is too much to hope that even reasonable expectations will be realized overnight. But we may look forward to the day when child labor, abolished at least for the moment by the stroke of President Roosevelt's pen when he signed the textile code on July 9, last, will be permanently outlawed by the adoption of the constitutional amendment that is now being considered by the States; when a carefully worked-out system of unemployment insurance and old-age pensions will give security to those temporarily out of work or during the time when their ability to earn a living will be gone; when the sweat shop will be outlawed; when we will flush with shame to think that we ever endured a system by which women were permitted to work long hours for inadequate pay at tasks beyond their strength; when shorter hours and minimum wages for labor will be recognized as elementary justice; when noisome slums, both in our cities and on our countrysides, will be wiped out; when every child born in this land will have an equal opportunity under the law to grow in normal circumstances to a happy maturity; an opportunity to be educated to the extent of his capacity to absorb and use an education; an opportunity to work at a task for which he is adapted; an opportunity to have food, clothing, and shelter for his needs; an opportunity to play as well as to work, and to have a reasonable amount of leisure which he may employ in normal recreations, in travel or in self-improvement.

Proponents of the old system of ruthless individualism, which went on the rocks on November 8, 1932, have begun to comb the beach. Noting the improved economic situation that has been brought about under the wise leadership of President Roosevelt, they are becoming carpingly critical. They are decrying any suggestion of a social revolution, of the prospect of better times for people generally. Ignoring the lessons of the past, they would restore the old order. These critics belong to the exploiting class. They believe that a country is great and happy if a bare handful have the wealth while the great majority who contribute to the production of that wealth are compelled to live on the borderline of want. They glorify a system under which 2 percent of the people of the country possessed 80 percent of the national income. These men belong to that class of Bourbons who are incapable of learning anything.

So-called "leaders" went hither and yon on Lincoln's birthday finding fault with the Roosevelt administration or damning it with faint praise. Imitating the devil who on occasion can glibly quote Scripture, they had the effrontery to quote from Lincoln's sayings and writings in an attempt to prove a dubious point. It is truly ironic that men of the class that Lincoln stood against all his life should at this time oppose in the name of Lincoln the man of the greatest social vision since Lincoln. Ironic, but not strange. It has always been thus. I can envisage the time a generation or more hence when descendants of present-day reactionaries will in their turn attempt to block another necessary and overdue social advance by misapplying the words of that man with the social vision who sits in the White House today.

Regardless of the reactionaries, the die-hard Tories, who in their secret soul of souls would willingly see this administration fail, even if it meant renewed suffering for the people, provided that as a result of that failure they could return to political power, it is my firm belief that we have turned our backs finally upon an era that history will regard as at once ruthless, sordid, and inglorious.

While, in order to make my case within the reasonable limits of a speech, I have brought out in bold relief certain tendencies and results of our past political and social life, I am not ignorant of the fact that our economic system, despite its injustices, its inequalities, and its cruelties, has given us in many respects a wonderful and glorious background. I have not attempted to give a complete or even a carefully balanced review of our American social order. I am not ignorant of the fact that men and women of as noble purposes as have been found in any country in any period of history have bravely led in an unremitting fight for social and economic justice in this land. They have been undiscouraged by defeat, undisturbed by criticism and ridicule. With clear eyes they have seen that what on the surface seemed to be the real America was not in fact the real America. They have always realized that a small group, as a result of the wealth, the social prestige, and the political influence it has aggrandized to itself, has occupied a place in our national life out of all proportion to its numbers. They have not needed to be told that the overwhelming majority of our citizens have been sound of heart and have clung tenaciously to our best American traditions despite every discouragement.

I know as well as the next that men and women of wealth have given generously for public purposes. They have endowed hospitals, provided magnificent parks, and built great universities. They have made it possible for our scientists to fight disease more effectively. They have given us great museums of art, magnificent libraries. They have financed expeditions to delve into the earth to discover the history of vanished generations. They have done many other noteworthy things. But while I recognize gratefully their generous impulses and their fine purposes, I am nevertheless of the opinion that the greatness of our country in the final analysis will be measured by the opportunities offered to the average citizen for a richer and fuller life. This Nation will be great and noble just in the degree that all of its citizens are permitted to share fairly in all that the country can produce for the physical, mental, and spiritual well-being of its people.

I do not expect everyone to agree with me. I know that there are people who either possess great wealth themselves, or who flutter about wealth in the possession of others as moths about a candle, who would return to the old system. But I warn them that they are laying a lighted match to a keg of powder when they raise difficulties in the way of President Roosevelt's program. They run the risk of blowing themselves up along with all the rest of us.

I have noted that those who criticize the President and his methods offer not one single substitute policy. They are negative critics. Hypocritically, they grieve over bureaucracy. They tremble for the stability of our institutions. Through crocodile tears they complain that sufficient respect is not being accorded the Constitution. They are certain that what President Roosevelt is doing is either wrong of itself or is being done in the wrong way. But they offer nothing affirmative. They are constrictive critics. They are as lacking in effective remedies as was their administration prior to March 4. They are the modern exponents of "do-nothingism." They do not want the patient restored to health if it has to be done by new methods of surgery. Their view is that if their incantations should fail, it would be better for the patient to die. In that event he would at least die respectably and constitutionally. I suspect that the great mass of the people prefer to be restored to health even if by new and hitherto untried methods. At the same time, I believe that our Constitution will continue to live, adapting itself to changing conditions, as it has from the beginning, so as to serve the higher purposes of an evolutionary society.

People generally throughout the United States appreciate that President Roosevelt, realizing the difficulties under which they have been living, has the will to join with them in forging out of the fluid metal of the present a stronger and more enduring social order. They are falling into line under his leadership, confident of his wisdom, his strength, and his purpose to achieve. Who would dash their high hopes unless he has some sure remedy to propose? Rather should all of us in the common cause press forward together in the spirit of that wise French leader who exclaimed: "There go my people; I must follow."

THE LOBBY EVIL—ADDRESS BY SENATOR BYRNES

Mr. ADAMS. Mr. President, on the 29th day of January 1934 the junior Senator from South Carolina [Mr. BYRNES] delivered over the National Broadcasting System an address on the subject of Lobbying and Its Evils. I ask unanimous consent to have the address printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

On January 20 the President of the United States was quoted as stating that he would use his influence to secure legislation prohibiting one holding office either as an official of the United States Government or member or employee of the national committee of a political party, from practicing before departments of the Government in any matter involving the expenditure of public funds.

Evidently the President had learned that some gentlemen who had been active in the political campaign resulting in his election had moved to Washington and, because of their supposed influence with the President, had been employed to represent clients before the departments of the Government.

The statement of the President served to accomplish three things. It served notice upon these political lawyers that he disapproved of their activities in Washington. It waved a notice upon weak-minded and weak-kneed employers of the Government who might be influenced by these lobbyists that their conduct would meet with the disapproval of the President.

It served notice upon the citizen who has business with his Government that there is no back door to the White House, and if he has a legitimate cause it is unnecessary for him to employ a lobbyist to present that cause. The evil to which the President called attention is not a new one. It is as old as the Government itself. Attention is directed to it at this time because a change in administrations will always bring to Washington a new crop of lobbyists associated with the party coming into power, and, further, because the expenditure of large sums in connection with the recovery program and the establishment of codes for the various industries, offer great opportunities for the activities of the lobbyist.

Lobbyists in Washington prosper only because there is no one quite so gullible as the successful business man. It is always amazing to those acquainted with Washington life that the man who is known to his neighbors as a "hard-headed business man" so frequently becomes soft headed when he has business with his Government. He seems to base his judgment of the character of those directing the affairs of government upon what he has heard or has read of the corrupt activities of some isolated ward politician. He fails to observe that the Government employees who are presumed to be corrupt invariably die poor.

Any general characterization of political lawyers in Washington is apt to do injury to some attorneys who in public life have rendered distinguished service, who now reside in Washington, and who practice their profession in the courts of the District instead

of in the hotels of the city. I doubt, however, that these gentlemen will be injured. The legitimate lawyer is recognized and so is the professional lobbyist.

However, the lobbyist prospers and because he does, it becomes our duty to curb the evils resulting from his activities. Because it inevitably will cause men to lose confidence in the honesty of Government, it is essential that those in control of the Government should do all in their power, not only to abolish the evil, but abolish even the appearance of evil.

In the discussion of the matter, it is generally agreed that a member of a national committee or an employee of such committee should not be permitted to practice before the departments of the Government. I would go further and provide that no man who within 2 years served as a member of a national committee or an employee of a national committee should be permitted to so practice.

The evil to be abolished is the use of political power to influence the determination of matters by employees of the Government. That political power and prestige comes as a result of the power to recommend persons for appointment in the department. If, for instance, a man has served as a member of the Republican National Committee, it is fair to assume that he has recommended to office men who are not in the Department determining the expenditure of public funds. No man who has served upon that committee within 2 years should be permitted to practice before the employee for whose appointment he is responsible.

It is equally fair to assume that since March 4 members of the Democratic National Committee have been responsible for the appointment of department officials and they should be prohibited from practicing before the departments for 2 years after the date they sever their connection with the national political organization.

It is further necessary to provide that no official or employee of any department should be permitted to practice before a department within 2 years after he has severed his connection with the Government. He has not only appointed men in the departments but has promoted those already in the service. To practice before such employees should be embarrassing to him and to the employees. However, the law should be enacted, not to save him embarrassment but to save money to the taxpayers.

While these things are necessary, I can think of nothing more hypocritical than the Congress legislating to prohibit such activities on the part of national committeemen and departmental officials and not legislating as to Members of Congress. Many years ago the justice of this position was recognized, and Congress prohibited a Member of Congress from accepting compensation for services rendered in connection with any claim involving the payment of money out of the Treasury.

However, this does not go to the heart of the evil. The object of this legislation was not to limit the income of a Member of Congress but to prevent him from exercising political power to influence an employee of a department in rendering a decision favorable to some individual in whom the Member of Congress was interested. The object is to assure the people of this Nation that when their money is dispensed by an official it will be done because the merits of the case demand it, and not because some man in political life demands it.

While most of the recent discussion has revolved around the members of the national committee, the truth is they are few in number and their influence is limited. This is true of the department officials who resign and practice in Washington. It is certainly true of ex-Senators and ex-Congressmen. The politically wise know that a Congressman-elect has more influence than an ex-Congressman. There is more danger in the political influence exerted by a live Congressman than in the influence attempted to be exerted by a politically dead Congressman.

It is fair to assume that the Members of the United States Senate and the Members of the House of Representatives have had more to do with the appointment of officials in the departments of the Government than have the members of the national committee. Many of the higher officials of Government must be confirmed by the Senate, and many of them are appointed upon the recommendation of Members of the House. All of them have a vote and voice in determining whether a particular bureau shall continue to exist and whether its appropriation shall be increased or decreased.

Let us assume that upon the recommendation of a Member of the Senate a lawyer is appointed to the legal staff of the Bureau of Internal Revenue. Thereafter a corporation in the Senator's State asks him to appear in a case where the corporation claims a refund of taxes. When the Senator appears he finds sitting on the conference committee considering the claim the lawyer appointed upon his recommendation. The lawyer has sought the assistance of the Senator to obtain employment in order to support his family. He may not believe the corporation or individual is entitled to receive the payment of the claim under consideration. The Senator tells him he believes it should be paid. Would it be surprising if the young lawyer takes the position that inasmuch as the Senator who must tax his people in order to get the money to pay this claim declares that it should be paid, he is not going to assume the burden of saying that the Senator is wrong, and antagonize the man who gave him an opportunity to support his family.

Under such circumstances there is absolutely nothing between the Treasury and the man who wants to put his hands into the Treasury.

Let us further assume that a contract is to be awarded. One contractor asks that a Senator appear for him before a department. Another contractor is the lowest bidder, and, relying upon the justice and fair dealing of the Government, he seeks no political influence. If the contractor for whom the Senator appears is awarded the contract by reason of a determination that the lowest bidder is not a responsible person, could anyone convince the lowest bidder that he has not been defrauded of the contract? If as a result of the decision the Government assumes a greater obligation, the taxpayer pays the bill.

As a part of the recovery program, officials of the Reconstruction Finance Corporation are authorized to make loans to railroads, insurance companies, and more recently to mortgage corporations. Under this new program it is apparent that whenever an application for a loan is rejected because of the inadequacy of the security offered, the Senators and Representatives are to be called upon to persuade the officials that the security is adequate and the loans should be made. The Congressman knows that he will be asked to appear, not because he is an expert in valuing securities, but solely because the borrower believes that he possesses political power to influence the decision of the Department official.

There is another angle to the question. Whenever a departmental employee determines upon the awarding of a contract, the payment of a claim, or the granting of a loan, as the Senator wishes it to be done, he can then tell the chief of his bureau that the Senator is under obligation to him. If a few weeks thereafter the chief of the bureau, in order to expand his activities and thereby justify a larger salary, appeals for an increased appropriation of 2 or 3 million dollars for his particular bureau, and the employee who favors the Senator asks him to support the appropriation, the Senator suffers the same embarrassment to which the departmental employee was previously subjected. If he reciprocates the favor shown him, it means that in order to obtain a few thousand dollars for one of his constituents he will take a few million dollars from all of his constituents.

So far as the Government and the taxpayer are concerned, there is no difference between the Congressman's receiving a fee of $500 for his services in influencing the departmental officials and his receiving in the following election a campaign contribution of $500 from the person who was benefited by his services. The evil is the exercise of political influence, resulting in a decision based upon such influence instead of upon the merits of the case. That evil can be cured only by legislation such as that proposed in the bill I have introduced prohibiting a Member of the Senate or of the House from appearing before any department of the Government, representing any individual or corporation, advocating the payment of a claim, the awarding of a contract or the granting of a loan.

Legislation at this time prohibiting the use of political influence would be most timely. Between this date and July 1 approximately $8,000,000,000 will be disbursed by the Government. It is to be spent or loaned in order to revive industry and furnish relief to the people of the Nation. The professional lobbyist must not be permitted to enrich himself by reason of the misfortunes of the people. It matters not that lobbying has always existed. This is a new deal. And, while we are demanding that every industry adopt a code giving greater consideration to the rights of the public, we should demand that the political lawyers conform to a new code of political ethics that will recognize public office as an opportunity to serve the people instead of an opportunity to serve themselves.

It would not interfere with them in the performance of any duties as legislators. It would only seek to prevent them from interfering with officials of the executive departments in the performance of their duties.

In the expenditure of vast sums of money for relief by immense Nation-wide organizations hastily recruited it was inevitable that there should be some few persons who would be guilty of petty grafting. The officials in charge of the administration of these relief funds have fearlessly exposed the offenses and dismissed the offenders. Director Hopkins and Secretary Ickes have promptly dismissed the few employees found disloyal to the trust reposed in them. Congress must do its part to protect the people against the misuse of political power.

The proposed legislation as to Members of the Senate and House will work no hardship upon them. Within recent years the people have demanded that a Senator and a Representative do everything except that which they were elected to do, namely, legislate. If they comply with one half the requests they receive to travel around the city visiting the departments, the only way in which they can know what is going on in Congress is by reading the newspapers the following day. And while they desert the Capitol in an effort to please their friends, the few who are not called upon to run errands can remain at the Capitol to determine what taxes to levy upon the people, and how that money shall be spent.

The truth is, the citizen has been misled into believing that he cannot present the simplest request to an official of the United States Government, except through a Senator or Representative. He has no hesitation in approaching the officials of his State Government and seldom thinks of having to approach one through his State senator or the members of the house of representatives in his State. He has, however, the unfortunate belief that he cannot directly appeal to the officials of the United States Government. I say "unfortunate" because the citizen should feel and be justified in feeling that he can approach the officials of his Government without the intervention of any legislator.

Such legislation as I have proposed would have a wholesale effect. It would not only save millions of dollars to the taxpayers, but it would enable Senators and Representatives to do

that which they would infinitely prefer to do—study the legislation pending in Congress. Instead of being forced to travel all over the city of Washington acting as lawyer, broker, and salesman, pleading for the special interests of a few individuals who seek funds from the Treasury, they could remain at their posts at the Capitol and devote their time to legislating for the welfare of all the people of America.

THE NEW POLITICAL ORDER

Mr. BORAH. Mr. President, I have here two editorials, one appearing in the New York Times of Thursday, March 8, 1934, and the other appearing in the Chicago Daily Tribune of Wednesday, March 7, 1934, dealing with the same subject matter. I ask that the editorials be inserted in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the New York Times, Thursday, Mar. 8, 1934]

STANDING UP FOR DEMOCRACY

Great Britain could not hope to escape the continental winds which lately have been blowing so hard against democratic institutions. When Germany and Austria and Italy are filled with sneers at what they call dying democracy, now existing, as they say, in only "a few corners of the earth", Britons cannot fail to take notice. They, too, have been hearing much at home of fascism, or the corporative state, or outright dictatorship as something far superior to parliamentary government. In a sharp challenge to all this loose kind of talk a large number of men eminent in all walks of British life have just signed a public protest against this lax and unthinking scorn of democratic methods, with the accompanying proposals to apply "the inquisition to political opinion." They urge all sincere democrats to stand up for the faith that is in them and to resist with every use of reason and persuasion those who appeal to passion and violence in order to bring about a new political order.

The signers of this protest embrace leaders in science and education and the liberal arts, as well as many men in public life. The whole list, which must number about a hundred, is like a roll of honor. Clergymen, authors, professors, economists, newspapermen have their names thick upon it. What they urge is not a passive defense of democracy but an active campaign in its advocacy. They admit that democracy and, especially, some of its instruments of government are now on trial, but they demand that the trial be a fair one, that all the evidence be heard, and that no hasty and half-baked judgment be tolerated. In order to make their program concrete they specify the four following political conceptions to be aggressively maintained:

1. A profound conviction of the supreme importance of liberty.
2. An appreciation of the urgency of securing peace and justice by reorganization without delay in both international and national affairs.
3. A determination to work through democracy as the primary safeguard of liberty.
4. A conception of leadership that involves treating democracy with a new respect, offering scientific schemes of a far-sighted and far-reaching order, commending them by the methods of reason, and asking that they should be judged on their merits alone.

[From the Chicago Daily Tribune, Wednesday, Mar. 7, 1934]

NO DICTATORSHIP FOR JOHN BULL

The managers of the British Labor Party do not like recent remarks of the former solicitor general in the late Labor government, Sir Stafford Cripps, which suggest a dictatorship when Labor comes into power. The executive committee of the party has taken them seriously enough to publish a disavowal, which also contains the following interesting assertion of principle:

"The Labor Party, as has repeatedly been made plain in its official declarations, stands for parliamentary democracy. It is firmly opposed to individual or group dictatorship whether from the right or from the left. It holds that the best and, indeed, the only tolerable form of government for this country is democratic government with a free electoral system and an active and efficient parliamentary machine for reaching effective decisions after reasonable opportunities for discussion and criticism.

"Insofar as any statements which are at variance with the declared policy of the party on this question have been or may be made by individuals, these are hereby definitely repudiated by the national executive."

The tide of reaction which has swept over democratic institutions on the continent, and is felt in plausible disguise even in America, has not shaken the political philosophy of the British.

ACHIEVEMENTS OF THE ADMINISTRATION—SPEECH BY POSTMASTER GENERAL FARLEY

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD a speech delivered by Postmaster General Farley at the ninth annual dinner of the New York drug trade on Thursday evening, March 8, 1934, on the subject of Government.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Annual dinners of this organization are reputed to be happy and informative events. I consider myself fortunate to be with you, to enjoy your hospitality, and to learn the views of those who are engaged in the various phases of an important industry.

I feel at home among you because you are business men. I can talk to you as a business man to business men. I can also talk to you as a public servant intrusted for a time to administer some of the affairs of our National Government.

Not so many years ago a President of the United States declared that "Government after all is a simple matter." He lived to be disillusioned. Government is not a simple matter.

Unless government is in the hands of the vigilant, the resourceful, the courageous, the honest, and the patriotic, the rights and the welfare of the people are disregarded and the Government falls under the domination of lobbyists, organized minorities, and special interests.

These interests always know exactly what they want, and they proceed to get it if the administration in power is either indifferent or is not alert to prevent them.

Government, whether it be municipal, county, State, or national, should be responsive to the interests and the needs of the people generally. It should guarantee "equal rights to all and special privileges to none."

Throughout all time there have been sinister interests seeking to capture and control all governments. These interests, whether they be actuated by political or financial motives are always self-seeking.

Too often the governments of our cities, our counties, our States, and even that of our Nation have fallen under the influence or the domination of such interests; and whenever and wherever they have done so, human rights have suffered.

There is multiplying evidence that the people generally have been aroused from their indifferent attitude toward governments. They are not only realizing their own power, but they are demanding responsive governments.

I feel that I am justified in asserting that Franklin D. Roosevelt, in the campaign of 1932 and during the year since he became President of the United States, is largely responsible for the real and active interest which the people are now manifesting in government.

Certain it is that under his leadership the Federal Government has become more responsive to the aspirations and the needs of the people of this country than ever before in its history.

President Roosevelt has refused to cater to the selfish demands of any class or any section. He has earnestly endeavored to induce every citizen to take an active interest in the affairs of the Government. He knows that the people will support a government which has strong, decisive, and patriotic leadership.

President Roosevelt's administration has been responsible for the conduct of the Government for just a year, yet it has been more truly representative of all the people than any administration in our history, and its accomplishments during this brief period have been nothing short of marvelous.

At the very moment President Roosevelt was taking the oath of office, the banking structure of the country was collapsing; upward of 14,000,000 men and women were unemployed; industry was paralyzed and agriculture was prostrated. Worst of all, despair had taken hold of the people and they were without confidence in the future.

The Government itself had been undermined, and its position, to say the least, was insecure. There was unrest everywhere and rebellion against the existing order was growing by leaps and bounds.

The picture is entirely different today. Where despair reigned a year ago, there now are confidence and hope. Several millions of the then unemployed have found work; industry has been revived, and the condition of agriculture has greatly improved.

I will not dwell upon the almost insurmountable obstacles and the tremendous tasks which have faced President Roosevelt and his administration, nor will I emphasize the long and arduous hours of study and labor which he has given toward finding a solution of these problems.

I do wish, however, to call attention to the very substantial gain in basic commodity prices during the past year. These commodity prices have, according to a well-known market and financial authority, shown the following approximate gains from March 4, 1933, to March 4, 1934: Wheat, 79 percent; corn, 108 percent; oats, 119 percent; rye, 71 percent; cotton, 95 percent; wool, 115 percent; steel, 73 percent; copper, 40 percent; sugar, 75 percent; and silver, 69 percent.

Many of the more substantial securities have shown corresponding gains. Wages have been increased, hours of labor have been reduced, and working conditions improved.

The banking system of the country has been placed upon a strong and solid foundation, and the Government is guaranteeing bank deposits up to a certain amount. The president of the American Bankers' Association is authority for the statement that the banks are now in position to finance legitimate credit needs.

The railroads, which, a year ago, like many other important industries, were facing bankruptcy, now report a constantly increasing freight and passenger business. From all sections of the country reports of better conditions and of renewed confidence are received.

Perhaps of more importance than all these is the new order of social justice which has been inaugurated under the administration of President Roosevelt.

Not only is the country well on the road toward business recovery, but along with this recovery are being instituted many social reforms which will bring a greater degree of happiness and contentment to the people.

From time to time partisan critics of the administration complain that the Roosevelt recovery program is costing vast sums of money and that Congress is giving too much power to the President. They forget, or rather they prefer not to remember, that the terrible depression through which the people of this country have struggled has been as disastrous and far-reaching as a war would have been. All of us know that money is not spared when it comes to prosecuting a war. Why should money be spared in fighting such a depression?

As to those who are appalled by the billions the Government has paid out, I will ask, When has the Government made a better investment? Besides, all the money the Government has spent is not lost. The advances for farm mortgages and home mortgages which the Government has taken care of will come back—approximately all of it.

We hear a lot about loans by the R.F.C. to banks and corporations. We hear very little when these sums are repaid, yet they are being repaid right along. This spending is on the best security the country offers, notwithstanding that the Jeremiahs among us would have you believe that the various agencies that have been supplying the necessary capital to keep things going might as well have cast this capital into the sea.

To cope with the unusual conditions, it was necessary for the President to have unusual powers and be it said to their credit that the Members of Congress, with few exceptions and without regard to party affiliations, have voted him the necessary powers. True, these powers have been delegated by the Congress to the President for stipulated periods and in order that he might have a free rein in combating the depression and bringing about recovery.

Results so far achieved justify these powers. There are, in Congress and out of Congress, a few loud and persistent critics of the administration. They find fault with everything, but up to date none of them have offered any constructive alternatives. They profess to be disturbed over what they assert is the passing of constitutional government, and they work themselves into a state of excitement over what they declare is the trend toward socialism.

The truth of the matter is that the Government still functions under the Constitution and that the extraordinary powers conferred upon the President have been delegated to him by Congress with a time limit on them.

No one, unless he belongs to a selfish and formally entrenched financial or industrial group, need worry over the cry of socialism. On the contrary, the great mass of the people, in whose behalf social reforms have been instituted, have long been entitled to the benefits which these reforms give and they will, I am positive, hold on to them.

When you hear one of these critics predicting ruin because of the mounting national debt, just remind him that even with all the contemplated emergency expenditures for national recovery, it is estimated that the national debt of the United States on June 30, 1934, will be $29,800,000,000 as compared with Great Britain's national debt of $39,500,000,000.

If Great Britain, with its comparatively small per capita wealth, can maintain its credit with such a national debt, it seems reasonable to conclude that the United States, with its greater per capita wealth and with returning prosperity, will be able to do as well.

No one who is familiar with the history of the Government during the past year can minimize the great part Congress has played in the recovery program. A large majority of the Members of both Houses have patriotically put the interests of the country above their own personal and political interests. It was natural to expect that most of the Democratic Members would support the administration, but many Republican Members have put partisanship aside and have joined with the Democrats in the enactment of necessary legislation.

As to the few who have been actuated by political partisanship and who have allowed themselves to become hostile snipers for personal or party reasons, they will be judged by their own constituents.

Ever since his inauguration, President Roosevelt has, from time to time, given the people frank information on the condition of the country, as well as on all the measures being taken to improve that condition. He does not mislead with false hopes, nor does he overpaint the pictures of returning prosperity.

For 12 months President Roosevelt, with stout heart, intelligent foresight, patience, resourcefulness, and an abiding faith in Divine Providence, has kept up the fight that has slowly but surely enabled him to bring order out of chaos; given us time to take stock of our moral and material resources and banished the fears of pessimism. It has been a hard road; but a confident, cheerful, and valiant leadership has brought us a long way on it, and now the way ahead seems easier and smoother.

One year ago the Government leaders were discouraged and without resourcefulness, and business was at a standstill. Every measure or policy of action or inaction which accorded with the former leaders' philosophy of government had been tried and found wanting.

President Roosevelt and his administration, from the beginning, have given vigorous, forceful, and intelligent attention to the problems facing the country.

It is the purpose of the administration to see to it that the fruits of labor from now on are more equally divided, that the rights of property are adequately protected, and that the rights of all the people are jealously guarded.

Let us for a moment look back over the past year and further view the change that has taken place. Our foreign policy has changed the distrust, suspicion, and, in some instances, disrespect of our neighboring peoples to confidence and understanding. We are in friendly accord with every nation.

While our Naval and Military Establishments are being properly provided for, this is not being done with a view to offensive action but solely for national defense. In our own country the President and his administration are striving to bring to a realization the age-old hope that every man will be engaged in profitable labor and that he can perform it in peace and contentment.

The President has adjusted and stabilized our currency and has placed it once again on a firm foundation.

A year ago many thousands of young men, homeless wanderers without work and without much hope, were living as chance permitted them, under conditions that tended to break their spirits and seriously affect their characters. No more do we see the sad plight of a homeless army of youths wandering over the land, but we do see hundreds of thousands of young men, disciplined in mind and body, engaged in productive labor with the Civilian Conservation camps, which will benefit not only them but their children and their children's children.

Every plan of the administration has a distinct purpose which is well thought out and carefully devised for the benefit of the people as a whole. The farmer, whether he be the owner of a large farm or a few acres; the banker in the city or in the village; the man who is trying to own a home; the laborer, the professional man, the mechanic, the aged poor, and the helpless child, now feel the sheltering arm of the Government reaching out in protection over them, and this protection will continue to be afforded until conditions become such that it is no longer needed.

The manhood and womanhood of this country will not be permitted to suffer or to deteriorate while a temporary business and agricultural depression impedes the march of the new social order that is designed to make this the best and the happiest country in the world.

This administration has demonstrated to the citizens that a political platform is a thing to stand on and not to run on, as has been the case of political platforms for many years. When the Democratic platform was written, the thought was that the party will promise only that which it could and would faithfully endeavor to perform. How well the Roosevelt administration has performed is known to all.

The National Recovery Act has proved the wisdom of its purpose, and there seems no doubt that it has added a new and lasting element in the harmonious cooperation between capital and labor. It has eliminated child labor, provided shorter hours, and, in many instances, better pay for the workers. And it has spread employment, thereby creating additional jobs. In addition it is rapidly eliminating unfair competition and providing a well-ordered industrial system.

The Farm Loan Mortgage Act and the Home Loan Mortgage Act have reassured the farmer and the city worker that their farms and their homes—the fruit of their labors—are being protected.

The repeal of the eighteenth amendment was a return to a rule of reason in lawmaking, and it is expected to greatly increase the revenues of the Government as well as to bring about a reduction in organized crime and to engender a greater respect for law.

The passage of the Economy Act has eliminated duplication of effort in the various departments and bureaus of the Government; put an end to much extravagance and waste and brought a considerable reduction in the regular expenses of the Federal establishment and consequent benefit to the taxpayers of the country.

The Revenue Act of 1932 has been amended so as to eliminate many vicious abuses of the income tax law, such as have been disclosed by the Senate investigations.

Congress gave the President power to alter the gold content of the dollar and to stabilize the currency. Early criticisms of his action under this authority have now been turned to praise.

The Glass-Steagall banking bill, with its provisions for the insurance of bank deposits is a great step toward the reestablishment of public confidence in the country's banking system.

The Securities Regulation Act and the plan to regulate the stock market exchanges are designed to protect the people against the sale of worthless securities and against the disastrous consequences of wild and uncontrolled speculation.

The Muscle Shoals project, which the preceding administration appeared unable to cope with, is now, under the Tennessee Valley Authority, being expanded into a great public enterprise which will bring immeasurable benefits to the people of the entire Tennessee Valley.

The entire economic structure of the country—industrial, agricultural, and financial—is being overhauled, disciplined, and placed in the service of all the people.

We cannot have complete agricultural and industrial recovery without a restoration of our foreign trade. Measured in terms of dollars our foreign trade has been reduced to approximately 35 percent of what it was in 1929. Our imports and exports are about what they were 30 years ago.

The President has asked Congress for power to enter into executive commercial agreements with foreign nations in the hope of increasing our exports and at the same time controlling imports.

At the beginning of its second year the administration is seeking to consolidate the gains made during the first year and to more vigorously press the attack on all fronts against the depression, which is slowly but surely receding.

The recovery job is by no means done, but it has gone far enough to perceive the sanity, the conservatism, the humanity, and the practicality of the system. It was a daring experiment, but its success is illustrated by the smoking stacks of thousands of factories that were cold and still a year ago; by the long lines of men marching to work with dinner pails who, before the advent of Roosevelt to the White House, were waiting for the bitter meals of charity; by the people buying in the stores, by the merchants trooping to the big centers of trade to replenish their stocks, and, most of all, by the cheerful, hopeful attitude of our whole population who now face the future confidently, with heads erect, instead of shuddering daily in expectation of further disaster.

I do not pretend to say that recovery is complete or that the recovery program is perfect. Much remains to be done, and the days to come will bring with them some of the old anxieties. Yet we have come through a bitter winter. None have starved, millions have been saved from misery. Now we are coming into the first spring in 4 years that comes with promise.

The stimulation in business by Government expenditure so far will take up a lot of the slack. As we swing toward the full tide of business under the new deal, I am sure that our business people have learned much, and learned most of all that only by keeping all our people busy can we assure our own prosperity.

It is not hard to pick flaws in any vast enterprise; it is particularly easy to pick flaws in a program that is so simple in its objectives and so intricate in its processes as the President's recovery plan.

Undoubtedly there have developed weaknesses and mistakes, but the finest thing about the guiding mind that is responsible for all of it is his willingness to acknowledge where the errors have occurred and his willingness to correct them.

Here is a flexible program. Should injustices develop, they will be straightened out. The President has not, and cannot, promise that every individual will prosper, any more than he could promise that there would be no losses when he insisted that no bank should continue to operate unless it was solvent, but he has assured that every business shall have its opportunity to flourish and develop, and undoubtedly the foundations of future fortunes are being laid now by those fortunate enough to have the opportunity, and wise enough to take advantage of it.

Altogether, we are getting along pretty well—better than we dared hope a year ago. The Roosevelt administration has had, and still has, two main objectives—business and agricultural recovery and social reforms. Can anyone deny, in sincerely and diligently driving toward such objectives, that the Government is responsive to the aspirations and the welfare of the people and the country?

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

Mr. PITTMAN. Mr. President, by agreement, the resolution for the ratification of the treaty will come to a vote on the 14th day of March. There will be very little time for debate of the treaty between now and then, as debate will be limited, beginning on Tuesday next, to 20 minutes on the treaty and 10 minutes on each reservation.

I intend this morning to deal with the major objection, as I understand it, to the treaty. I realize there have been a number of objections raised. The chief objection, however, or the material objection, as I look at it, comes from those who are directly interested in carrying out the program for the navigation of the Mississippi River and its tributaries. I realize that is a very important matter. I can well understand why any Senator from the Mississippi Valley should decline to vote for the treaty if he believes that it might affect the carrying-out of the project which has already been adopted for the improvement of navigation on the Mississippi River and on its tributaries.

I have felt from the beginning that such a fear in the minds of those Senators is unfounded. I have believed, and I am now certain, that the real instigation of this fear did not come from those who are interested in the navigation of the Mississippi River and its tributaries. I am satisfied that the argument was originated in and circulated from the city of Chicago, and that the propaganda was urged from three sources, namely, the Sanitary District of Chicago, the Power Trust, and the railroads centering in Chicago.

The largest railroads of the United States center in Chicago. I think the railroads of the country are wrong in opposing water navigation, as I have said many times. But, be that as it may, every Senator knows that the railroad association has adopted resolutions expressly stating that the railroads are opposed to the improvement of any inland waterway.

The Sanitary District of Chicago has been dumping its sewage into a canal that leads into the Illinois River and thence into the Mississippi River. There were suits brought, not by Canada, but first by the State of Wisconsin and then by practically all the other States bordering on the Great Lakes, to enjoin the taking of undue quantities of water from Lake Michigan through this canal for the purpose of flushing the sewage. The only remedy for Chicago was either to have a great quantity of water to flush the sewage or to build sewage-disposal plants that would dispose of the sewage and purify it before it went into the streams. That would cost the city of Chicago from $80,000,000 to $100,000,000. It is very easy to see, therefore, why the city government of Chicago would oppose the pending treaty. The officials of the city of Chicago are still opposing it. The business men of Chicago are not opposing the treaty. The citizens of Illinois are not opposing the treaty, as we shall see later.

The situation came down to this point: When the suit came up between the State of Illinois and the sanitary district on the one hand, and the other States which I have mentioned on the other hand, the Supreme Court of the United States was considering whether or not the diversion of the water was damaging the rights of the States involved and whether or not there was an injury to the riparian rights of those States and an interference with navigation on the Great Lakes.

The Supreme Court found as a fact that it was; and they found as a second fact that Chicago, by a certain diversion, could take care of its sewage. Therefore I say it is perfectly evident where this fear originated.

Now I am coming directly to the question of how the program for the navigation of the Mississippi River and its tributaries is affected by this treaty.

I take the resolution adopted by the Mississippi Valley Association on November 27 and 28, 1933. I am going to read just what they had to say on this matter. Of course, several mimeographed resolutions have been adopted since then, but they have come from the sources I have already mentioned. Here is what they state, and this is in the resolutions adopted:

> We reaffirm in principle our faith in the merits of a St. Lawrence waterway from the Lakes to the Atlantic.

Here is what they oppose:

> We oppose the ratification of the St. Lawrence Treaty now pending before the United States Senate until its inequities shall have been corrected; until American rights shall have been protected; until the markets for American agriculture and industry shall have been safeguarded; until a commercially useful Lakes-to-the-Gulf waterway shall have been made secure; until provision is made whereby American money goes to American labor and American sovereignty over Lake Michigan is preserved.

I submit that the chances are 99 to 1 that there is only one thing in these resolutions that a majority of the resolutions committee knew anything about, and that is this:

> Until a commercially useful Lakes-to-the-Gulf waterway shall have been made secure.

That is the only matter in which Senators from the Mississippi Valley are interested in which every other Senator in the United States is not equally interested.

I am willing to discuss every other question involved in this matter; but today I am going to take up the sole, single question that this treaty does not in any way whatever injure the Mississippi River project or the projects dealing with any of its tributaries—that it could not in any way injure them.

I have just received a letter from Maj. Gen. E. M. Markham, Chief of Engineers, in answer to questions that I propounded to him. It will be seen from the answers to direct questions, not hypothetical questions, that his answers are equally direct.

What is his first answer? Here is what he says in this letter, and I am going to read the entire letter later:

> It has never been the view of this Department that the diversion of water from the Great Lakes into the Chicago Drainage

Canal is an essential factor in the present and future development of the interior-waterways system formed by the Mississippi River and its tributaries.

Could anything be any more emphatic? This is not his opinion, but he says:

It has never been the view of this Department—

That is, the Department of the Engineers, the War Department, which for 50 years has had charge of the program for flood control and the improvement of navigation on the Mississippi River.

Let us see what else he has to say on that subject. Here is his exact language:

Our inland waterway system is not dependent on the Great Lakes for its water supply. The flow of our great interior rivers, with such conservation as may be necessary, is ample to provide for their maximum development for navigation.

Along the same lines here are some direct answers. He says:

Looking into the future, the demand must be foreseen for deeper and more commodious channels in our interior waterways, but these channels can be provided without the diversion of water from the Great Lakes.

If anything can be more positive than that statement, I do not know what it is.

Here is the chief of this bureau of Army engineers, the chief of this commission, who has been in it for years and worked up to the top, whose chief work has been the study of our inland waterways—not the deep waterway through the St. Lawrence. That is his positive assertion. Perhaps, however, there are other assertions that will go to show how clear he was on this question and how certain.

In the same letter he makes this absolute emphatic statement:

Under the Public Works program, however, construction has been begun on a great storage reservoir at Fort Peck at the headwaters of the Missouri, which through the conservation of flood waters will add at least 20,000 cubic feet per second to the low-water flow at the mouth of the Missouri. It is at once apparent that this measure of water conservation will add three times as much water to the low flow of the Mississippi as is involved in the decreed reduction of the Chicago diversion.

That is not all, however. It might be thought that he was depending solely on the Fort Peck Dam. No; he says:

The Fort Peck Dam is, however, but a beginning in the possibilities in the conservation of the water resources of the Mississippi. The available water supply with proper conservation is ample for any future needs of navigation without drawing upon the Great Lakes.

There is no way to get around this fact unless we have better evidence. Where is the better evidence? The lobbyists for the railroad companies, the power companies, and the sanitary district who write these things? The attorneys of the sanitary district of Chicago? Possibly; but I desire to say that there never has been a successful attack on the Board of Engineers of the United States Army, which has had charge of the development of our inland waterways since the beginning of my memory. They are not interested in the Great Lakes-St. Lawrence deep waterway. That is a matter of slight importance by comparison with the great work they have been conducting here for years, and which they are conducting so rapidly at the present time.

Let me read just a few more lines from this letter before the whole letter is put in the RECORD:

This Department has committed itself fully and whole-heartedly to the improvement of our great interior-waterways system, and it would be its duty to present fully to Congress the need for augmenting the water supply of the Mississippi River by diversion from the Great Lakes if this supply were necessary to the present and future development of the Mississippi River system. It does not regard a diversion greater than that provided in the Supreme Court decree as necessary for that purpose, and is cognizant of the injury to navigation and related interests on the Great Lakes that would result from any excessive diversion of water through the Chicago Drainage Canal.

I think that shows the spirit of Major General Markham. I think that shows his sincerity. I think that proves that his whole heart is in the development of the navigation of the Mississippi River and its tributaries.

Now let me read the letter. It is not very long, but I have already read emphatic statements from it. The letter is addressed to me. As I stated before, I made certain inquiries of General Markham as to questions that I desired to answer emphatically. He says:

JANUARY 31, 1934.

Hon. KEY PITTMAN,
United States Senate, Washington, D.C.

DEAR SENATOR PITTMAN: In accordance with your request, I take pleasure in advising you on the asserted need for a diversion of water from Lake Michigan to provide for the present and future improvement of the Mississippi River for navigation.

A decree of our Supreme Court and the provisions of the St. Lawrence Deep Waterway Treaty limit the diversion from the Great Lakes through the Chicago Drainage Canal into the Illinois River after the year 1938 to an annual average of 1,500 cubic feet per second, in addition to the amount drawn for the municipal water supply for the city of Chicago and discharged into the canal as sewage. The decree contemplates that this sewage shall be purified before its discharge into the drainage canal. The reliable flow through the Illinois waterway and into the head of the Illinois River, as augmented by the water drawn for municipal purposes, will therefore be, not 1,500 cubic feet per second but will be 2,400 cubic feet per second. The annual average flow will be at least 3,200 cubic feet per second. The maximum annual average diversion through the Chicago Drainage Canal, including the sewage discharge from the city, has been 9,965 cubic feet per second. The decree will, therefore, decrease the diversion by a maximum of 6,765 cubic feet per second.

Then follows the paragraph I have just read:

It has never been the view of this Department that the diversion of water from the Great Lakes into the Chicago Drainage Canal is an essential factor in the present and future development of the interior waterways system formed by the Mississippi River and its tributaries. The initial action to restrict the diversion was taken by this Department in 1907 because of the injury to navigation on the Great Lakes resulting from the lowering of their levels by reason of the diversion. Subsequently certain States of the Union brought action in the Supreme Court to restrain the diversion to prevent injury to their citizens, and the present decree is a result of the latter action. I need not point out to you that even were the present treaty not ratified a due regard for the interests and rights of these States will impel a proper restriction of the diversion. The interests of our own citizens, aside from any consideration of the treaty, will presumably always limit the diversion of water from the Great Lakes into the Mississippi River system to that essential to the public need.

Our inland-waterway system is not dependent on the Great Lakes for its water supply. The flow of our great interior rivers, with such conservation as may be necessary, is ample to provide for their maximum development for navigation. The major tributaries of the river, the Ohio and the Missouri, as well as the Mississippi itself above the mouth of the Illinois, have been or are being developed for modern barge navigation with their own water resources. The portion of the main stem of the Mississippi below the mouth of the Illinois and the link with the Great Lakes formed by the Illinois River itself are alone affected by the diversion.

Under the direction of Congress this Department has made a thorough study of the amount of water that will be required to meet the needs of a commercially useful waterway on the Illinois River and its connection with the Great Lakes, and on December 6, 1933, submitted a report setting forth its conclusions. This report was reviewed by the Board of Engineers for Rivers and Harbors as provided by law. The report finds that by constructing two modern locks and dams on the Illinois River, which will supersede two old and inadequate structures now impeding navigation on the river, and with the completion of a lock and dam at Alton on the Mississippi River below the mouth of the Illinois, the flow provided under the decree of the Supreme Court and the provisions of the treaty will be ample for the fullest development of navigation on the Illinois.

Note this:

The conclusions in this report apply not only to the present 9-foot barge navigation but also to any future increase in depth that may be found advisable. No public need of navigation therefore exists for a larger diversion so far as navigation on the Illinois is concerned.

Even with the present diversion the extreme low-water flow of the Mississippi in the short reach of 23 miles between the mouth of the Illinois and the confluence of the Missouri has proved insufficient to afford a reliable 9-foot channel suitable for modern barge navigation. With funds provided under the Public Works program, work will soon be begun on a lock and dam at Alton, a short distance above the mouth of the Missouri, which will make navigation independent of shortages of water supply. This dam is part of the comprehensive development of the upper Mississippi River, now in active prosecution, to afford modern 9-foot barge navigation to Minneapolis and St. Paul.

There remains therefore only the consideration of the need for a diversion from the Great Lakes to afford the fullest development of navigation on the Mississippi below the mouth of the Missouri. The present low-water flow of the Mississippi at

St. Louis, immediately below the confluence of the Missouri, is 42,000 cubic feet per second, of which 35,000 cubic feet per second is contributed by the natural flow of the Missouri and the upper Mississippi, and the balance of about 7,000 or less cubic feet per second by the diversion from the Great Lakes into the Illinois River. This minimum flow is not adequate to provide a reliable channel of the full 9-foot depth. Under the Public Works program, however, construction has been begun on a great storage reservoir at Fort Peck, at the headwaters of the Missouri, which through the conservation of flood waters will add at least 20,000 cubic feet per second to the low-water flow of the mouth of the Missouri. It is at once apparent that this measure of water conservation will add three times as much water to the low flow of the Mississippi as is involved in the decreed reduction of the Chicago diversion.

Looking into the future, the demand must be foreseen for deeper and more commodious channels in our interior waterways, but these channels can be provided without the diversion of water from the Great Lakes. A comprehensive report made by a special board of engineers in 1909 found that it would be possible to provide a 14-foot channel in the Mississippi River from St. Louis to the mouth by dredging and constructing works to confine and regularize the low-water channel, but that the great cost of these works was not justified by the benefits. Subsequent experience in the improvement of the river does not controvert this conclusion. Should it be found advisable at some future time to provide in channels of the Mississippi River and its tributaries a greater depth than 9 feet, to provide which effort is now being directed, a deeper channel in the Mississippi River below St. Louis can be provided by the further development of the works to confine and regularize the low-water channel. After these works have been developed to the maximum limit practicable and advisable, it may well be found appropriate to further augment the low-water flow of the river. The Fort Peck Dam is, however, but a beginning in the possibilities in the conservation of the water resources of the Mississippi. The available water supply, with proper conservation, is ample for any future needs of navigation without drawing upon the Great Lakes.

This Department has committed itself fully and whole-heartedly to the improvement of our great interior waterways system, and it would be its duty to present fully to Congress the need for augmenting the water supply of the Mississippi River by diversion from the Great Lakes if this supply were necessary to the present and future development of the Mississippi River system. It does not regard a diversion greater than that provided in the Supreme Court decree as necessary for that purpose and is cognizant of the injury to navigation and related interests on the Great Lakes that would result from any excessive diversion of water through the Chicago Drainage Canal.

Sincerely yours,

E. M. MARKHAM,
Major General, Chief of Engineers.

Mr. DIETERICH. Madam President——

The PRESIDING OFFICER (Mrs. CARAWAY in the chair). Does the Senator from Nevada yield to the Senator from Illinois?

Mr. PITTMAN. I prefer not to be interrupted until I finish this brief statement. Then I will be glad to answer any questions I may be able to answer. I am dealing with one subject only, hastening as much as I can on account of the pending bill; but, of course, I will be glad, when I shall have finished, to answer any question. I hope to finish in about 10 minutes.

I think that General Markham has very clearly stated that away back in 1909 they limited the diversion through this canal because the diversion was injuring States on the Great Lakes and was interfering with the riparian rights of those States and the citizens there.

He calls attention to the fact that the rights of these people on the Great Lakes must be considered and should be considered. It must be remembered—and Senators will see that it is so if they will look at this map on the wall—that the Great Lakes drain one watershed and the Mississippi River, with its tributaries, drains an entirely separate watershed. The drainage canal from Chicago, shown on the map here on the wall, goes from Chicago through a divide and connects with small rivers which run into the Illinois River at the point I indicate on the map. Originally the Chicago River ran into Lake Michigan instead of running in the other direction.

In other words, even the present diversion through the drainage canal from Chicago into the Des Plaines River, into the Illinois River, and then into the Mississippi, is a diversion of water from one watershed into another watershed.

I wish to call attention to a principle of law which the Supreme Court of the United States has not yet passed on, and that is whether or not under the constitutional power to regulate nagivation the Congress has the power to injure the natural navigation and natural waters of a State by taking waters out of one watershed and diverting them into another watershed for the purpose of benefiting the navigation of another State outside the first watershed. I doubt very seriously whether that can be done. I do not think the Congress of the United States would have the right to destroy the Great Lakes, even if it could physically do so, by diverting the waters from the Great Lakes watershed into the Mississippi Valley for the purpose of benefiting the Mississippi Valley section of the country. I do not think there was any such intention in the constitutional provision with regard to the regulation of interstate commerce.

The Congress of the United States has already adopted a policy with regard to this matter. Congress, by an act approved July 3, 1930, directed a survey to determine the amount of water that might be diverted through the Chicago Canal. I quote from this act:

Illinois River, Ill., in accordance with the report of the Chief of Engineers, submitted in Senate Document No. 126, Seventy-first Congress, second session, and subject to the conditions set forth in his report in said document, but the said project shall be so constructed—

Here is what I want the Senators to pay attention to, in order to show that Congress has already adopted a policy with regard to this matter—

But the said project shall be so constructed as to require the smallest flow of water with which said project can be practically accomplished.

It goes on further and says:

Provided further, That as soon as practicable after the Illinois waterway shall have been completed in accordance with this act, the Secretary of War shall cause a study of the amount of water that will be required as an annual average flow to meet the needs of a commercially useful waterway as defined in said Senate document—

That is as small an amount of water as possible. I continue reading from the report—

and shall, on or before January 31, 1938, report to the Congress the results of such study with his recommendations as to the minimum amount of such flow that will be required annually to meet the needs of such waterway and that will not substantially injure the existing navigation of the Great Lakes to the end that Congress may take such action as it may deem advisable.

Mr. DIETERICH. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Nevada yield to the Senator from Illinois?

Mr. PITTMAN. I yield.

Mr. DIETERICH. If that is true, and General Markham says there is none, why should the study be made of it?

Mr. PITTMAN. The study was made before he wrote the letter.

Mr. DIETERICH. Before he wrote the letter?

Mr. PITTMAN. Yes.

Mr. DIETERICH. Mr. President, will the Senator yield for another question?

Mr. PITTMAN. I yield.

Mr. DIETERICH. How does the Senator reconcile the letter of Major General Markham with the statement of his predecessor, General Brown, who was Chief of Engineers in the United States Army in 1930, in response to a question propounded to him by the junior Senator from Michigan [Mr. VANDENBERG] as follows:

What is your present judgment as to the smallest flow of water that is necessary to develop a commercially useful waterway of this kind?

Having reference to the Lakes-to-Gulf waterway, to which he replied:

The indications are, with everything in view, that something like 5,000 feet per second should be held available for that purpose.

Mr. PITTMAN. Mr. President, I will answer the question. It has already answered itself. He said that it indicated that 5,000 cubic feet would be necessary instead of the 10,000 cubic feet flowing through there before the injunction

by the court. It indicated that 5,000 cubic feet would be necessary. There is considerable difference between a guess by General Brown—and he is a very eminent engineer—than an opinion based upon thorough study and report.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Wisconsin?

Mr. PITTMAN. I yield.

Mr. LA FOLLETTE. May I also suggest that at the time the estimate was made by General Brown, which was referred to by the Senator from Illinois, the projects to which General Markham refers in his very significant and important letter, for flood control and conservation of water supply under the Public Works Act, had not been worked out and were not under construction.

Mr. PITTMAN. I thoroughly agree with the Senator. I was about to say that the Illinois waterway has been completed only a very short time. It was a very good guess, we might say, on the part of General Brown that from indication about 5,000 cubic feet per second would be necessary instead of the 10,000 cubic feet that the city of Chicago was diverting. That guess was made before the survey was completed. As a matter of fact, the Board of Engineers under this very instruction from the Congress of the United States which I have just read, an instruction to determine the smallest amount of flow that would carry out the Illinois project without substantial injury to the water rights of the Lakes, made a study and determination, on which they filed a report, and in that report of the Board of Engineers they determined, as well as does General Markham, who confirms it, that they did not need any of it at all, as far as that is concerned, and that the 1,500 feet would be ample.

Mr. DIETERICH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada further yield to the Senator from Illinois?

Mr. PITTMAN. I yield.

Mr. DIETERICH. Has the report of the engineers in reference to the question of the amount necessary to divert for a commercially useful waterway, as directed by the Rivers and Harbors Act of 1930, found its way into print as a Senate document as yet?

Mr. PITTMAN. Not the final print, but I will have an excerpt from it put into print right now. I have read from it and am very happy to put it into print.

Mr. DIETERICH. I thought it was a voluminous report.

Mr. PITTMAN. No. The excerpt consists of only a few sheets.

Mr. DIETERICH. I will ask the Senator then, not having had the opportunity to examine the report, if the Board reports the following:

After consideration of these reports—

Having reference to the reports of the district and the Board of Engineers—

I concur in general with the view and recommendation of the Board. It does not appear possible to arrive at a conclusion determining whether this flow will afford suitable sanitary conditions on the waterway until after the sewage-purification plants in Chicago have been completed and placed in operation.

Mr. PITTMAN. My recollection is that there is a statement which is very similar to that, and I will say that probably it is correctly read. I will say that they were dealing there entirely with sewage and not with navigation. I am not discussing a question of sewage right now. That is a matter that concerns Chicago more than it does me. As far as navigation is concerned, the report of the engineers is absolutely as General Markham has reported it here. There is a statement in the report, I believe, that, in the opinion of the engineers, at certain periods of time it might be required to temporarily, for emergency purposes, turn more water through. On the other hand, Mr. Chief Justice Hughes has found that it will not take any more than provided in the treaty.

I do not have any desire to go into the question of the sanitary district's sewage; I think that the sewage system of Chicago has interfered sufficiently already with the great problems of the development of international waterways without going into a debate as to whether it takes 1,500 cubic feet or 5,000 cubic feet to purify Chicago.

As a matter of fact, when we get down to the proposition, Chicago has now been able to sell its bonds. The sale of the bonds was its greatest trouble, and I was sorry for Chicago. Chicago has been able to sell them, is going to purify its sewage, as other great cities do, and will not require over 15 percent as much water as it did require, for the simple reason that it is making its sewerage 85 percent pure. But I am still dealing with the Mississippi River navigation and not with the sewage system.

I have just called the Senate's attention to the fact that the Congress, by the act of July 3, 1930, recognizes the rights of the States on the Great Lakes. That their rights were certainly equal to the rights of the States on the Mississippi River, and in my opinion were superior to those rights, because their water was within their natural watershed, while the water to be diverted to the Mississippi River was in a different watershed.

I cannot conceive that Congress could have stated the principle any stronger than they stated it in this act when they directed the Board of Engineers first to find the lowest flow of water that would accommodate the project of navigation on the Illinois, and second, to report the minimum amount of diversion that would carry out the project of the development of the navigation on that river. That is the policy.

One would think from hearing this debate that the question of the diversion of water from Lake Michigan into the Illinois River was purely a question between the United States and Canada. Canada has brought no suit against us whatever.

I ask to have printed in the RECORD at this point an excerpt from the report dealing with that particular subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

The report referred to is as follows:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, December 6, 1933.

Subject: Report on survey of Illinois River, Ill.
To: The Secretary of War.

1. I submit for transmission to Congress my report, with accompanying papers and illustrations, on survey of Illinois River, Ill., called for by the following item in the River and Harbor Act approved July 3, 1930:

"Illinois River, Ill., in accordance with the report of the Chief of Engineers, submitted in Senate Document No. 126, Seventy-first Congress, second session, and subject to the conditions set forth in his report in said document, but the said project shall be so constructed as to require the smallest flow of water with which said project can be practically accomplished, in the development of a commercially useful waterway: *Provided*, That there is hereby authorized to be appropriated for this project a sum not to exceed $7,500,000: *Provided further*, That the water authorized at Lockport, Ill., by the decree of the Supreme Court of the United States, rendered April 21, 1930, and reported in volume 281, United States Reports, in Cases Nos. 7, 11, and 12, Original—October term, 1929, of Wisconsin and others against Illinois and others, and Michigan against Illinois and others, and New York against Illinois and others, according to the opinion of the Court in the cases reported as Wisconsin against Illinois, in volume 281, United States, page 179, is hereby authorized to be used for the navigation of said waterway: *Provided further*, That as soon as practicable after the Illinois waterway shall have been completed in accordance with this act, the Secretary of War shall cause a study of the amount of water that will be required as an annual average flow to meet the needs of a commercially useful waterway as defined in said Senate document, and shall, on or before January 31, 1938, report to the Congress the results of such study with his recommendations as to the minimum amount of such flow that will be required annually to meet the needs of such waterway and that will not substantially injure the existing navigation on the Great Lakes to the end that Congress may take such action as it may deem advisable."

2. The Illinois River is formed by the confluence of the Kankakee and Des Plaines Rivers in the northeastern part of Illinois, flows southwest 273 miles, and enters the Mississippi River at Grafton, 23 miles above the mouth of the Missouri River, and 38 miles above Eads Bridge at St. Louis. The project authorized by Congress for the improvement of the river includes a navigable connection with Lake Michigan at Chicago via the Des Plaines River, the Chicago Drainage Canal, and the Chicago River. The Chicago Drainage Canal was constructed by the sanitary district of Chicago between 1892 and 1900, and provides a channel with a minimum width of 160 feet and minimum depth of 16.5 feet, extending from the deep-draft channel provided by the Federal

project for the improvement of the Chicago River across a low divide to Lockport on the Des Plaines River. The total length of the channel from Lake Michigan to Lockport, afforded by the Chicago River and Drainage Canal, is 36.2 miles. From Lockport a 9-foot channel is provided through the Des Plaines and Illinois Rivers to Starved Rock, near Utica, a distance of 60 miles, by the construction of a lock connecting the drainage canal with the Des Plaines River and 4 locks and dams in the Des Plaines and Illinois Rivers. The locks have chambers 110 feet wide and 600 feet long. This improvement was undertaken by the State of Illinois, under the name of the Illinois waterway, and completed by the Federal Government. From Starved Rock to the mouth, a distance of 231 miles, the Illinois has been improved under the existing project to provide a channel 9 feet deep and 200 feet wide. In this section of the river two locks and dams were constructed more than 40 years ago, at Kampsville and La Grange, 31.5 and 77.5 miles, respectively, above the mouth. The locks are 73 feet in width and 300 feet in length and are inadequate in size and in approaches for the convenient and expeditious passage of modern barge tows. The pools of these dams do not afford a complete slack-water improvement, but because of the exceptionally moderate slope of the river, and the present augmentation of the flow by diversion from Lake Michigan, a through channel of the prescribed dimensions has been secured by dredging. The acts of authorization limited expenditures to $3,500,000 on that part of the waterway below Utica and to $7,500,000 on the portion above Utica. These sums have been adequate to provide a waterway of the dimensions contemplated in the authorization. In summary, the waterway from Lake Michigan to the mouth of the Illinois River is made up of a deep but narrow open channel from Lake Michigan 36.2 miles to Lockport; a completely slack-watered improvement, with locks of ample dimensions, thence 60 miles to Starved Rock, and an open channel interrupted by two dams with inadequate locks, thence 231 miles to the mouth of the river. The channel has a width of 160 feet from Lake Michigan to Joliet, a few miles below Lockport, and a width of 200 feet thence to the mouth. It was opened to navigation March 1, 1933. Its use has been hampered by inadequate clearances at bridges, particularly in the section from Utica to Lockport. Action to require the owners of these bridges to alter them so as to provide reasonably free, easy, and unobstructed navigation has been taken as prescribed by law, and the alterations are being proceeded with.

3. The project adopted by Congress for the improvement of the Mississippi River below the mouth of the Illinois River provides for a channel 9 feet deep with a width of 200 feet from the Illinois to the northern boundary of St. Louis, and a width of 300 feet below that point, to be obtained by open-channel improvement. Above the mouth of the Illinois the project for improvement of the Mississippi provides for a 9-foot channel of width adequate for modern barge service, through the construction of locks and dams. Experience during the exceptional low water of the past few years having shown the impracticability of maintaining a 9-foot channel above the mouth of the Missouri with open-channel works, the Chief of Engineers, in a report printed in House Document No. 137 (72d Cong., 1st sess.), recommended the improvement of the Mississippi from the mouth of the Missouri to Minneapolis to provide a channel 9 feet deep and of adequate width. The construction of the locks and dams contemplated in this recommended project has been included in the Public Works program under the National Recovery Act. With funds provided under this program it is proposed to construct the lock for a dam in the Mississippi River at Alton, 17 miles below the mouth of the Illinois, which, when the dam is completed, will provide a reliable 9-foot depth in the Mississippi to and beyond the Illinois. The pool of this dam will extend about 80 miles up the Illinois River. With the completion of this dam the remaining major navigation problem in the connection between the Illinois and Mississippi River system is at the rock shoal known as the "Chain of Rocks", in the upper part of St. Louis. At extreme low water the currents through this reach are excessive and navigation difficult. The Department has, however, under construction a storage dam at Fort Peck, at the headwaters of the Missouri, which is designed to afford an adequate low-water flow through and out of that river.

5. The Chicago Drainage Canal was constructed for the purpose of diverting the sewage of Chicago from the lake frontage of the city to safeguard the city water supply. On a complaint of various States bordering on the Great Lakes that the diversion of water lowered the levels of the Great Lakes to the serious injury of the companion States and their citizens, a decree was entered by the Supreme Court of the United States, on April 21, 1930, enjoining the State of Illinois and the sanitary district of Chicago from diverting water in excess of an annual average of 6,500 cubic feet per second on and after July 1, 1930, 5,000 cubic feet per second after December 31, 1935, and 1,500 cubic feet per second after December 31, 1938; these amounts to be in addition to domestic pumping. The limitation on diversion was based on the construction by the Chicago Sanitary District of sewage-treatment plants to purify the sewage of the city. The River and Harbor Act of July 3, 1930, specifically authorizes the water within the limitation of the decree for the use of navigation on the Illinois waterway. Article VIII of the Great Lakes-St. Lawrence Deep Waterway Treaty, now pending before the Senate of the United States, provides that the diversion of the water from the Great Lakes system through the Chicago Drainage Canal shall be reduced by December 31, 1938, to the quantity permitted as of that date by this decree of the Supreme Court of the United States.

6. The district engineer reports that the domestic pumpage during the summer season, when low water may be expected in the rivers, will be about 1,700 cubic feet per second, bringing the total annual supply from the drainage canal into the Illinois River to an annual average of 3,200 cubic feet per second. This supply will not, however, be uniform, as the normal flow must be held down to permit an excess diversion during local storms so that sewage-contaminated water will not be carried into the lake. He finds that the reliable flow with an annual average diversion of 1,500 cubic feet per second from the lake will be about 2,400 cubic feet per second. This supply is ample to meet all requirements of lockage in the completely slack-watered section of the waterway extending from Lake Michigan to Starved Rock. It is not sufficient to maintain the present channel in the section of the river below Starved Rock. By completing the slack watering of the portion of the river below that point through the construction of a new lock and dam near La Grange and another near Peoria, and dredging the heads of the pools, at a total estimated cost of $9,121,000, the present channel dimensions can be maintained after the diversion has been reduced to 1,500 cubic feet per second. The dams would be modern structures of the movable type so that flood heights would not be increased and with locks 110 feet wide and 600 feet long.

7. The district engineer is of the opinion, however, that the channel of 200-foot width provided in the existing project does not form a commercially useful waterway for modern barge traffic of the character that may be expected to develop on the Illinois River, and that to afford a commercially useful waterway it should have a width of 300 feet, increased at the bends. The cost of the widening of the channel to 300 feet increases the cost from $9,121,000 to $15,530,000. This is $5,200,000 in excess of the cost of providing a channel 300 feet in width, widened at the bends, if the present diversion is continued. The district engineer recommends that the existing project for the Illinois River be modified to provide a channel at least 9 feet deep and 300 feet wide from Lockport to Grafton by canalization and dredging, at an estimated cost of $15,530,000 with $350,000 for operation and care of locks and dams, and $150,000 annually for channel maintenance.

8. The completion of the dam at Alton is also essential to provide a 9-foot depth in the Illinois River between the proposed new dam at La Grange and the mouth of the river with a diversion of 1,500 cubic feet per second. The estimated cost of this lock and dam is $8,011,000, of which $3,540,000 has already been allotted for the construction of the locks, leaving $4,471,000 to be subsequently provided for the construction of the dam. The district engineer recommends that the existing project for the improvement of the Mississippi River be modified to provide for the construction of this lock and dam.

9. The estimated commerce on the Illinois River, after improvement to afford a minimum channel width of 300 feet with adequate locks throughout, is estimated at 8,330,000 tons, and the annual transportation economies from its use will amount to over $5,000,000. The expenditures necessary to afford a fully useful waterway are therefore wholly justified.

10. While the district engineer finds that an annual diversion of 1,500 cubic feet per second, increased by domestic pumpage, is ample to provide an adequate flow to meet all requirements of lockage, seepage, leakage, and evaporation on the waterway, he concludes that the determination whether this flow will provide a flow suitable from a sanitary standpoint for a commercially useful waterway can be made only by experience after the sewage-treatment plants at Chicago are completed. He points out that the weight of export testimony is to the effect that the effluent from the sewage-treatment plants will be inoffensive, but that the program is on such an unprecedented scale that such predictions must contain an element of uncertainty; and that no reliable process of calculation can predict the effect of raw sewage in storm-water run-off and of accumulated sludge deposits.

11. The division engineer concurs in general with the conclusions of the district engineer. He believes that in order to afford an assured channel in the Chain of Rocks section of the Mississippi River at St. Louis, its positive improvement should be provided by the construction of locks and dams at an estimated cost of $12,000,000. He recommends that the Chief of Engineers be granted authority to direct such additional temporary diversions of lake water, not to be considered in the determination of the annual average, as may be necessary to flush pools and/or to maintain pool levels and as may not be inimical to lake navigation.

12. These reports have been referred, in accordance with law, to the Board of Engineers for Rivers and Harbors. Attention is invited to its report herewith concurring in general with the views and recommendations of the reporting officers.

13. The Board reports that the minimum average annual diversion of water from Lake Michigan that will be required to meet the direct needs of navigation for a commercially useful waterway in the Illinois River and that will not substantially injure the existing navigation on the Great Lakes, is 1,500 cubic feet per second, as prescribed by the Supreme Court decree, but that the indirect needs of such a waterway in the matter of securing satisfactory sanitary conditions for those aboard vessels or employed at terminals cannot be determined until the waterway has been fully completed and the diversion limited to 1,500 cubic feet per second for a sufficient period of time to observe the conditions that may then exist. The Board further reports that it is desirable to modify the existing project for the Illinois River so as to provide for a channel at least 9 feet deep and 300 feet wide below Lockport, to be secured by dredging and the construction

of locks and dams at Peoria, La Grange, and Alton on the Mississippi River and the removal of the existing structures at La Grange and Kampsville, all as generally shown on the maps and plans herewith and at an estimated cost for the work in the Illinois River proper of $15,530,000, with $350,000 annually for operation and care of locks and dams, and $150,000 annually for channel maintenance; and $8,011,000 for a lock and dam in the Mississippi River near Alton, with $60,000 annually for maintenance and operation, one half of the original cost and annual maintenance to be charged to the improvement of the Illinois River, and one half to the improvement of the Mississippi River from the mouth of the Illinois to Minneapolis. Should the project be thus modified, the Board recommends that the exact location and details of design of all structures be left to the decision of the Chief of Engineers at the time of construction and that allotments be made in such manner as to permit completion by December 31, 1938; and that the Chief of Engineers be granted authority to direct such additional temporary diversions of lake water, not to be considered in the determination of the annual average, as may be necessary to flush pools and/or to maintain pool levels and as may not be inimical to lake navigation.

14. After due consideration of these reports, I concur in general in the views and recommendations of the Board. The report conclusively shows that aside from sanitary requirements, the minimum annual average flow from Lake Michigan required to meet the needs of a commercially useful waterway in the Illinois River is a direct diversion of 1,500 cubic feet per second in addition to domestic pumpage by the city of Chicago. It does not appear possible to arrive at a conclusive determination whether this flow will afford suitable sanitary conditions on the waterway after the sewage purification plants at Chicago have been completed and placed in operation. This flow will not substantially injure the existing navigation on the Great Lakes. In order, however, to maintain the channel dimensions provided in the present project in the Illinois River with the flow above specified, it will be necessary to construct two locks and dams in the Illinois River at La Grange and Peoria, respectively, and dredge the heads of the pools created by these dams at an estimated cost of $9,121,000, and to complete the lock and dam in the Mississippi River at Alton at an estimated cost, in addition to the funds already provided, of $4,471,000. To afford an adequate commercially useful waterway it is necessary, whatever the diversion, to widen the existing channels to 300 feet, increased at the bends, at an additional cost of $6,409,000, bringing the total for the Illinois River to $15,530,000. This expenditure is amply justified by the benefits to commerce and navigation resulting from the provision of an adequate waterway from the Great Lakes and the enormous industrial center at Chicago to the wide-spread system of inland waterways being provided on the Mississippi River and its tributaries.

15. The construction of a lock and dam at Alton is essential to afford a 9-foot channel of adequate widths for modern barge service in the Mississippi River to St. Paul and Minneapolis, as well as to the improvement of the Illinois. No good purpose is seen in charging any portion of the cost of this improvement to the Illinois River. Since the construction of the Fort Peck Dam at the headwaters of the Mississippi River is expected to greatly ameliorate low-water conditions on the Missouri River and in the Mississippi below the mouth of the Missouri, no modification of the project for the improvement of the Mississippi below the mouth of the Missouri to improve present low-water conditions should be undertaken at this time. Having in view the international as well as the national interest in the diversion of water from Lake Michigan, I do not consider it appropriate that the Chief of Engineers should be afforded discretionary power to increase the diversion. The present discharge of untreated sewage produces as bad sanitary conditions in the Chicago Drainage Canal and in the portion of the Illinois waterway immediately below Lockport as those which may be expected with the reduced diversion after the sewage treatment has been completed in accordance with the intent of the decree of the Supreme Court. The situation is one which unquestionably demands a remedy, but the remedy should, in my opinion, be afforded first by the purification of the sewage; and, second, if that prove inadequate, by a moderate and reasonable draft of water from Lake Michigan. Until the need is established for a greater diversion than that now provided by law, I see no reason for a modification of the present legislation.

16. I therefore recommend that no change be made for the time being in the water authorized to be used for the navigation of the Illinois River under the provisions of the river and harbor act approved July 3, 1930, that the slack watering of the river be completed by the construction of modern locks and dams at La Grange and Peoria, and that to provide a fully useful commercial waterway the project for the improvement be modified to provide for a channel at least 9 feet deep and 300 feet wide below Lockport; all as generally shown on the maps and plans herewith and at an estimated cost of $15,530,000, with $350,000 annually for the operation and care of locks and dams and $150,000 annually for channel maintenance; the exact location and details of design of all structures to be left to the discretion of the Chief of Engineers. I point out the importance of the prompt provision of funds, so as to complete the construction of the locks and dams at La Grange and Peoria by December 31, 1938.

E. M. MARKHAM,
Major General, Chief of Engineers.

Mr. PITTMAN. Let me refer to some objections that have been made. I want, in the first place, to read some endorsements of this project from the middle western section of the country. Here is a statement from Omaha, Nebr., February 15, 1933, being a letter addressed to Hon. ARTHUR CAPPER, United States Senate, Washington, D.C.:

OMAHA, NEBR., *February 15, 1934.*

HON. ARTHUR CAPPER,
United States Senate, Washington, D.C.:

Missouri River Navigation Association, representing business and public interests of nine Missouri Valley States, and Omaha Chamber of Commerce, representing civic and business interests of Omaha, are both on record favoring construction St. Lawrence seaway. To this end we urge immediate ratification pending treaty to bring ensuing benefits, lower transportation costs as promptly as possible to distressed agriculture and industry in the land-locked Middle West.

RUFUS E. LEE,
Chairman Waterways Committee,
Omaha Chamber of Commerce.
A. J. WEAVER,
President Missouri River Navigation Association.

Here is another one:

MINNEAPOLIS, MINN., *February 19, 1934.*

Senator HENRIK SHIPSTEAD,
Senate Office Building, Washington, D.C.:

Upper Mississippi Waterway Association joins other organizations interested in the economic rehabilitation of the Midwest in urging the immediate ratification of the St. Lawrence Seaway Treaty now pending before the United States Senate.

C. C. WEBBER,
President Upper Mississippi Waterway Association.

These statements become interesting because these two associations are in the Mississippi Valley and are not only interested in the development of the 9-foot channel of the upper Mississippi River and the 9-foot channel of the Missouri River but are also interested in the development of the 9-foot channel from the mouth of the Missouri River to the Gulf of Mexico. They may be mistaken, it is true; others may know that the Mississippi system of waterways need water from the Lakes, but I do not know where they found it out. I still contend that all this propaganda came from three sources. I may be mistaken about that also, but that is my individual opinion.

Now let us see who are those who have endorsed this project. The Legislature of Arkansas endorsed it on March 3, 1933. I remind Senators that that was after the treaty had been negotiated and published in 1932. The State of Indiana, by legislative action, endorsed it; the State of Michigan, the State of Minnesota, the State of Montana, the State of Nebraska, the State of North Dakota, the State of Ohio, the State of South Dakota, the State of Wisconsin, and the State of Kentucky also endorsed it.

Mind you, Mr. President, there were 21 States that endorsed the Great Lakes-St. Lawrence Deep Waterway project; but the States I have just named have endorsed the treaty, because the question was raised that the States that had endorsed the project before the treaty became public would not have endorsed the treaty. Here, however, they are. I ask leave to have the resolutions of the various legislatures published at this point in my remarks.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

STATE OF ARKANSAS

Senate Concurrent Resolution 25

Be it resolved by the senate (the house concurring), That the treaty between the United States and the Dominion of Canada providing for the opening of the Great Lakes to ocean-ship navigation, already signed by the high contracting parties and now before the Senate of the United States for ratification, expresses the will and the desire of the State of Arkansas for an outlet to the ocean in terms that are equitable alike to both Nations, and that this State, acting officially by concurrent resolution of its legislature, urgently implores and demands of the Senate of the United States that such treaty be ratified immediately in its present form.

MARCH 3, 1933.

STATE OF INDIANA

Enrolled House Concurrent Resolution 8

Concurrent resolution demanding a speedy completion of the St. Lawrence deep waterway

Whereas there is now before the Senate of the United States a treaty between the United States and the Dominion of Canada

which provides the plans, allocation of tasks, estimates of costs, and commits the two Nations to increasing the usefulness of our inland seas by replacing obsolete equipment, standardizing of depths, and increasing capacity of channels, locks, and canals in the St. Lawrence River to meet present-day needs, so that the Great Lakes ports may be opened to the uninterrupted movement of ocean-borne commerce; and

Whereas an ocean way to the midcontinent, besides contributing importantly to national efficiency, is absolutely essential to place the interior of the United States on a world competitive basis: Therefore be it

Resolved by the House of Representatives of the General Assembly of the State of Indiana (the senate concurring), That the General Assembly of the State of Indiana hereby reaffirms its previous demands for the speedy completion of the seaway project, and urgently requests the Members of the United States Senate, and the Senators from Indiana in particular, that they not only support immediate and unconditional ratification of the said treaty but that they use every legitimate effort to impress upon their colleagues the need to this State of being placed on a sea base for lifting the competitive position of its industries and agriculture in world trade.

SEC. 2. The clerk of the house is hereby instructed to send copies of this resolution to each Member of the Senate and House of Representatives of the Congress of the United States from the State of Indiana.

January 1933 session.

STATE OF MICHIGAN

Senate Concurrent Resolution 7

Concurrent resolution urging the United States Senate to expedite a vote upon ratification of the Great Lakes-St. Lawrence Seaway Treaty

Whereas the Great Lakes-St. Lawrence Seaway Treaty is now in the hands of the Foreign Relations Committee, having passed through the hands of a subcommittee where full and comprehensive hearings were granted to all interested parties; and

Whereas sufficient publicity has been given to this project so as to enlighten the whole of our people; and

Whereas it now appears that there exists a real and imperative need for a waterway outlet for the products of the great Middle West; and

Whereas it appears that the immediate effect of ratification would result in the expenditure of large sums of money for labor and materials; and

Whereas such outlay by the Government would permit of great increase in employment, thereby lessening the burden of the present depression for which there seems to be no immediate remedy: Now, therefore, be it

Resolved by the senate (the house of representatives concurring), That the Fifty-seventh Legislature of the State of Michigan requests the Senate of the United States to delay no longer in bringing the matter of ratification before that body for final consideration.

Passed senate January 18, 1933.

Passed house February 2, 1933.

STATE OF MINNESOTA

Joint Resolution, H.F. 168

Memorializing the United States Senate to ratify at the instant session of Congress the treaty between the United States of America and the Dominion of Canada for the building of the Great Lakes-St. Lawrence seaway

Whereas the project of connecting the Great Lakes with tidewater by a deep-waterway channel is of vital interest to all of the people of the State of Minnesota and others residing in the central and western part of the country; and

Whereas there has recently been concluded a treaty between the United States of America and the Dominion of Canada for the building of such channel; and

Whereas hearings have been held by a subcommittee of the Foreign Relations Committee of the United States Senate on such treaty; and

Whereas there are sound reasons for believing and expecting the Foreign Relations Committee of the United States Senate to report out said treaty for such seaway early in January of the present session of the United States Congress with the recommendation that said treaty be ratified: Now, therefore, be it

Resolved, by the House of Representatives of the State of Minnesota (the Senate of the State of Minnesota concurring), That the State of Minnesota memorialize the Senate of the United States now in session and by the adoption of this joint resolution the State of Minnesota does memorialize the Senate of the United States to ratify at the present session of the Congress of the United States the treaty between the United States of America and the Dominion of Canada providing for the building in accordance with the terms of said treaty a deep-waterway channel connecting the Great Lakes with tidewater; and be it further

Resolved, That the Governor of this State is hereby requested to forthwith transmit to the Senate of the United States a properly authenticated copy of this joint resolution of the House of Representatives and the Senate of the State of Minnesota.

January 1933 session.

STATE OF MONTANA

Senate Joint Resolution 5 (introduced by committee on Federal relations)

Resolution requesting the enactment by Congress of legislation necessary to bring about the completion of a through seaway via the St. Lawrence River, and requesting the President of the United States to proceed to a treaty with Canada relative thereto

To the honorable Senate and House of Representatives of the United States of America and the honorable President of the United States of America:

Whereas economic authorities in the United States and Canada, acting officially both as joint commissions and severally, have repeatedly and unanimously declared that enlarging the connecting channels of the Great Lakes and the St. Lawrence River to admit uninterrupted movement of ocean-borne commerce from and into the Great Lakes is economically sound and necessary to raise the competitive position, establish economic equality, permit future development, and effect the return of prosperity to the vast continental areas of both countries; and

Whereas over the past 5 years diplomatic correspondence has brought the two nations into agreement on the assignment of tasks and division of costs, said correspondence having allocated to the United States the construction and cost of all improvements in international waters, which includes the deepening to 27 feet of the connecting channels of the upper Great Lakes, a new lock at the Soo corresponding in dimensions to the locks in the new Welland Ship Canal, and the improvement of the international stretch of the St. Lawrence River from Lake Ontario to the forty-fifth parallel (opposite Cornwall), where the river ceases to form the boundary line between the two countries, and allocating to Canada the completion of the new Welland Ship Canal and the improvement of the river from the forty-fifth parallel aforesaid to the sea; and

Whereas approximately one half of the tasks assigned to each Government has either been completed, is in process of completion, or already authorized by one or other of the two Governments, and approximately one half of the total cost of the through seaway has either been expended, in process of being expended or involved in authorizations already made, all of which have been carried out and are capable of being completed without any treaty; and

Whereas engineering authorities in Canada and the United States, acting officially both as joint boards and severally, have agreed upon engineering plans and costs and unanimously declared that the International Rapids section (48 miles), of the St. Lawrence River, extending from Ogdensburg to the international boundary must, for economic reasons, be developed for navigation and power jointly; and

Whereas the State of New York, with the clear intent of delaying or obviating the completion of a thorough seaway, via the St. Lawrence, and advancing a deep-water route across the State of New York, has caused to be prepared engineering plans, which, if permitted to be carried out, will, under the most favorable conditions postpone through navigation 17 years, but predictably a generation, and in the meantime afford New York opportunity to transfer its barge canals to the Federal Government and, under the pseudonym "all-American", embark the Government upon the staggering and almost useless expense of deepening or widening them for the passage of lake ships down to the port of New York for transfer to the ocean carrier, but not admitting the ocean ship to the Great Lakes, thus denying to midcontinental areas direct access to the sea; and

Whereas no development of this International Rapids section of the river can be undertaken by either country or any agency in either country without an agreement or treaty appropriate thereto, having first been entered into between Canada and the United States; and

Whereas the land-locked interior of the United States is deeply concerned and in emergent need of the relief which would accrue to that area by the opening of such seaway and the citizens of New York State also are directly interested in the improvement and early utilization of the large reservoir of cheap power which would be made available by such joint development; and

Whereas the need exists for a formula or plan that will effect the development of this section of the river for navigation and power at the earliest possible date, by employing the most practical, the most expeditious, and best agency or agencies for that purpose: Therefore be it

Resolved by the Legislative Assembly of the State of Montana, That the President of the United States be, and is hereby, requested to proceed to a treaty with Canada for the development of the aforesaid International Rapids section of the St. Lawrence River at the earliest possible date and in accordance with the plans agreed upon by the joint board of engineers, or such amendment to or changes in said plans as may be subsequently adopted by such joint board; and be it

Resolved, That in such improvement all permanent works, such as dams and navigation works, be constructed by the Governments of the United States and Canada, along the general lines of assignment of tasks and division of costs outlined in the correspondence between the two countries, but not the power house, superstructure of installation of power machinery; and be it further

Resolved, That the Congress of the United States be, and is hereby, requested to enact the necessary preliminary legislation

declaring all lands and the entire flow of the St. Lawrence River, extending from the shore to the international boundary line in the river, from Lake Ontario to the forty-fifth parallel, where the river ceases to form the boundary between the two Nations, necessary for the purposes of navigation of said waters and the waters connected therewith; and be it further

Resolved, That a copy of these resolutions be spread upon the journal of the senate, and that a copy thereof properly attested by the president of the senate and the speaker of the house of representatives, be transmitted to the Senators and Representatives in Congress from Montana, and a copy to the President of the United States.

MARCH 1933.

STATE OF NEBRASKA

Senate File No. 272

Be it resolved by the senate (the house concurring), That the treaty between the United States and the Dominion of Canada providing for the opening of the Great Lakes to ocean-ship navigation, already signed by the high contracting parties, and now before the Senate of the United States for ratification, expresses the will and the desire of the State of Nebraska for an outlet to the ocean in terms that are equitable alike to both Nations, and that this State, acting officially by concurrent resolution of its legislature, urgently implores and demands of the Senate of the United States that such treaty be ratified immediately in its present form.

January 1933 session.

STATE OF NORTH DAKOTA

Senate Concurrent Resolution B

Be it resolved by the Senate of the State of North Dakota (the House concurring), That—

Whereas there is now before the Senate of the United States a treaty between this Nation and Canada providing the terms under which may be constructed the long-sought and much-needed seaway uniting the Great Lakes with the Atlantic Ocean; and

Whereas such maritime benefits extended to the nearby ports on the Great Lakes would be of inestimable value both to the agricultural and industrial life of North Dakota;

Now, therefore, we urgently request of our Senators in the Congress of the United States that they not merely support immediate and unconditional ratification of said treaty but that they use every legitimate effort to impress upon the Senate the dire need of this State for relief from an overwhelming burden of transportation costs, a relief obtainable in very large measure through the ratification of this treaty and through the immediate construction thereafter of the navigation works required to extend the Atlantic Ocean westward to within less than 300 miles of the boundaries of this State.

Ordered, That copies of this resolution be sent to each Member of the Senate and House of Representatives of the Congress of the United States.

STATE OF OHIO

House Joint Resolution 22, memorializing the Senate of the United States to ratify the Great Lakes-St. Lawrence Seaway Treaty now signed by the United States and Canada

Whereas the Great Lakes-St. Lawrence Seaway Treaty has been signed by the United States and Canada and has been reported favorably by the Foreign Relations Committee of the United States Senate; and

Whereas this treaty will be of great and lasting benefit not only to the citizens of Ohio, but of the United States: Now, therefore, be it

Resolved by the General Assembly of the State of Ohio, That the Senate of the United States be, and it is hereby, requested to ratify immediately the Seaway Treaty; and be it further

Resolved, That copies of this joint resolution be transmitted by the clerk to the President of the United States and to each Member of the United States Senate.

STATE OF SOUTH DAKOTA

Senate Concurrent Resolution 2

Concurrent resolution memorializing the Senate of the United States to ratify the Great Lakes-St. Lawrence Seaway Treaty with Canada

Be it resolved by the Senate of the State of South Dakota (the house of representatives concurring)—

Whereas a treaty has been negotiated between the Government of the United States and the Canadian Government, known as the "Great Lakes-St. Lawrence Seaway Treaty", which said treaty is now being considered by the Foreign Relations Committee of the United States Senate, under the terms of which there is to be built a seaway connecting the Great Inland Lakes of North America with the ocean by the widening and deepening of the St. Lawrence River, thereby transforming all our Lakes ports into ocean ports with direct connections with the great tidewater markets of the world; and

Whereas transportation is one of the largest cost factors in doing all classes of business, which cost is paid by either the producer or the consumer, and transportation by water is admittedly the most economical and advantageous to all interests as a whole, and particularly to the interior of the Nation now far removed from the world's ocean ports now enjoying low transportation costs; and

Whereas the construction and building of a seaway is deemed to be a permanent benefit and advantage to the United States, and particularly the several interior States located upon and in close proximity to the Great Lakes ports, and also particularly advantageous to agriculture in that it would reduce the freight transportation costs on all farm commodities: Now, therefore, be it

Resolved by the Senate of the State of South Dakota (the house of representatives concurring), That we respectfully memorialize the Senate of the United States to ratify the pending Great Lakes-St. Lawrence Seaway Treaty, and respectfully urge and request the Honorable PETER NORBECK and Hon. WILLIAM J. BULOW, United States Senators from the State of South Dakota, to support said ratification; and be it further

Resolved, That the secretary of state is hereby directed to transmit copies of this memorial to His Excellency the President of the United States Senate and to each of the 96 United States Senators.

H. A. USTRUD,
President of the Senate.
JOE ATKINS,
Secretary of the Senate.
GEORGE ABILD,
Speaker of the House.
O. L. BODLEY,
Chief Clerk of the House.

January 1933 session.

STATE OF WISCONSIN

Joint Resolution 6, S, memorializing the United States Senate to promptly ratify the treaty with Canada for the construction of the Great Lakes-St. Lawrence waterway

Whereas during the past year a draft treaty has been concluded between commissioners representing the United States and Canada for the building of the Great Lakes-St. Lawrence waterway, and extensive hearings have been conducted upon this proposed treaty by a committee of the United States Senate; and

Whereas the construction of the Great Lakes-St. Lawrence waterway would be of very great benefit to every economic interest in this State and would materially aid in the economic recovery of the entire country: Therefore be it

Resolved by the senate (the assembly concurring), That the Legislature of Wisconsin respectfully memorializes the United States Senate to promptly ratify the draft treaty between the United States and Canada for the construction of the Great Lakes-St. Lawrence waterway, and that after ratification of this treaty the Congress of the United States pass legislation necessary to begin the actual work of construction in the near future; be it further

Resolved, That properly attested copies of this resolution be transmitted to the presiding officers of both Houses of the Congress of the United States and to each Wisconsin Member thereof.

January 1933 session.

STATE OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES,
COMMONWEALTH OF KENTUCKY,
January 16, 1934.

Dr. Hill, of the county of Floyd, offered the following resolution, viz:

"Concurrent resolution requesting prompt ratification of the Great Lakes-St. Lawrence Seaway Treaty

"Whereas there is now before the Senate of the United States a treaty between the United States and the Dominion of Canada which provides the plans, allocation of tasks, estimates of costs, and commits the two Nations to increasing the usefulness of our inland seas by replacing obsolete equipment, standardizing of depths, and increasing capacity of channels, locks, and canals in the St. Lawrence River to meet present-day needs, so that the Great Lakes ports may be opened to the uninterrupted movement of ocean-borne commerce; and

"Whereas an oceanway to the midcontinent, besides contributing importantly to national efficiency, is absolutely essential to place the interior of the United States on a world competitive basis: Therefore be it

"*Resolved by the House of Representatives of the State of Kentucky (the senate concurring therein)*, That the 1934 session of the general assembly hereby memorializes the Senate of the United States for the speedy commencement of construction of the Great Lakes-St. Lawrence seaway project, and urgently requests the Members of the United States Senate, and the Senators from Kentucky in particular, that they not only support immediate ratification of the said seaway treaty but that they use every legitimate effort to impress upon midwestern agriculture and industries in world trade and as a major part in the President's Public Works program for the relief of unemployment.

"SEC. 2. The clerk of the house of representatives is hereby instructed to send copies of this resolution to each Member of the Senate of the Congress of the United States."

Attest:

J. ERWIN SANDERS,
Chief Clerk of House of Representatives.

Mr. PITTMAN. Mr. President, the objection has been made that the Illinois River navigation would be very much





bettered by a tremendous flow of water through it from the Lakes rather than to have a system of locks. The Government will have to erect 2 new locks there in place of 2 old locks, but a reading of the long report which I just presented will show that the Board of Engineers find that navigation on the Illinois River would be far superior through the lock system, rather than through the flooding of it with large quantities of water. They refer to the canalization of the Monongahela River, the Ohio River, and other rivers, stating that instead of impeding navigation the control of fast-flowing waters aids navigation. Let me read from the same hearing from which the Senator from Illinois just read a portion of General Brown's testimony. General Brown had this to say about the matter:

It has been contended that the flow at Lockport as limited by the treaty will destroy the usefulness of the Illinois waterway.

I am reading now from the same document from which the Senator from Illinois read, from the hearings in 1932 before the Foreign Relations Committee. Here is what General Brown had to say:

It has been contended that the flow at Lockport as limited by the treaty—

That is, to 1,500 second-feet—

will destroy the usefulness of the Illinois waterway. This contention is without basis of fact as will be seen by a study of the table set forth below.

What does the table show? It shows as follows:

Monongahela River; total canalized length, 131 miles; total fall, 153.6 feet; number of dams and locks, 14; average yearly tonnage, 25,000,000.

Ohio River; total canalized length, 981 miles; total fall, 429.14 feet; average low-water flow (cubic feet per second), 1,000 feet; average yearly tonnage, 20,000,000.

Panama Canal; total canalized length, 51 miles; total fall, 85 feet; average low-water flow (cubic feet per second), 1,300 feet; average yearly tonnage, 28,000,000.

Illinois River; total canalized length, 291 miles; total fall, 165 feet; average low-water flow (cubic feet per second), 3,400 feet; average yearly tonnage, 10,000,000.

I forgot to give the number of dams and locks in the Ohio River. There are 52 dams and locks in the Ohio River; there are 14, as I have indicated, on the Monongahela River, and there will be 7 on the Illinois River. So that such basis for objection to the pending treaty falls flat.

Mr. DIETERICH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Illinois?

Mr. PITTMAN. I yield.

Mr. DIETERICH. Is the report the Senator asked to have filed and printed as a part of his remarks the report of the engineers submitted December 1, 1933?

Mr. PITTMAN. What I asked to have printed is made up of excerpts from that report. It is not the full report.

Mr. DIETERICH. I was going to say, if that is the report, why did the Senator on February 1, 1934, when we complained that the report had not been filed and was not available to the Senate for inspection, say this, quoting the words of the Senator from Nevada:

The Senator from Louisiana is always involved in mystery; but there is no mystery at all about this document. The proof of the report is out. The printers are working on it as hard as they can. They are working on it day and night; but it contains a number of graphs and curves and maps that they say are quite difficult to prepare. What I am trying to get them to do is to give us a temporary print of the report, if they can, without these highly finished maps and graphs, for the use of the Senate. I think possibly we will have the temporary print here in 2 or 3 days.

May I ask the Senator if we ever obtained that print?

Mr. PITTMAN. I think so. I think it is here. It was, I am sure, placed on the desks of Senators.

Mr. DIETERICH. And the few pages the Senator sent to the desk did not constitute the report referred to?

Mr. PITTMAN. As I have said, what I sent to the desk is made up of excerpts from that report; that is all. I made that statement before the Senator made his inquiry. I said that the matter I desired to have printed was from the report in the form of excerpts and dealt purely with the questions which I have been discussing.

Mr. DIETERICH. May I ask the Chairman of the Foreign Relations Committee why this report has not been printed in document form and made available to Senators?

Mr. PITTMAN. It is in the form of a large document, which was placed on the desks of Senators while in crude form. In the completed form it was delivered a week or two ago. I have one in my hand now [exhibiting], and I believe the Senator probably has a copy on his desk. I am not a member of the Committee on Printing, but I have been trying through that committee to get the two volumes put together and printed in better shape, and I am informed that they will be here today. That is the best I can do. This volume [exhibiting] contains it all.

Mr. DIETERICH. And how long has it been in the Printer's hands, may I ask the Chairman of the Committee on Foreign Relations?

Mr. PITTMAN. It has been in his hands some time, I will say to the Senator; it has been a slow work.

Mr. DIETERICH. And it is not as yet available to the Senate for inspection?

Mr. PITTMAN. Yes, it is; it is right here now.

Mr. DIETERICH. That is, this one volume?

Mr. PITTMAN. It is now in one volume and not in two; but everything is contained in that one volume which is on the Senator's desk, or should be there, and I advise the Senator to read it tonight.

Mr. NORRIS. Why wait until tonight?

Mr. PITTMAN. Well, it is rather long.

Mr. NORRIS. It is only a couple of thousand pages.

Mr. DIETERICH. Evidently the Senator from Nevada has not read it himself.

Mr. PITTMAN. I will assure the Senator that he is entirely right in assuming that I have not read it all, and it will be a long time before I will have to read it all; but I have had men like Major General Markham and General Pillsbury and others who know what the substance of it is answer the direct questions I asked them. I have their answers, and they satisfied me when they told me that the Mississippi waterway system did not need any water whatever out of Lake Michigan, and that the report of the engineers confirms that statement.

I am interested in the Mississippi River project, not in the sewage-disposal project at Chicago. I really am interested in the Mississippi River development. I was born and raised on the Mississippi River. I have at least a sentimental feeling for it. In the State of Nevada we have no waterways, unfortunately. We are not prejudiced in this matter in any way whatsoever. I would not consciously take part in doing anything whatever to retard or injure great navigation projects on the Mississippi River and its tributaries. All my life I have been an advocate of inland waterways, and at least for 20 years on the floor of the Senate, and those who have been here know that I have been fighting to improve and preserve the water transportation in the country, fighting against the railroad companies of the country who were doing everything in their power, through legislation and through their actions before the Interstate Commerce Commission, to destroy water navigation. They are opposed to it now.

That is the only question I desire to discuss today. It was rather through the courtesy and kindness of my friend the Senator from Texas [Mr. CONNALLY] that I took the liberty of doing even this much this morning. I know that I am interfering with the passage of the bill which he has in charge, but I wanted to discuss the chief objection that is set forth by the Mississippi River Valley Commission. When his bill is disposed of, then, on tomorrow or Monday, if I have the time to do so and some other Senator does not take the floor, I desire to discuss the question of sovereignty. I also want to discuss the question of how the money is divided between the two countries and where it will be spent.

I want to show then that there is no injury to speak of to the railroads of the country. I want to show that the effect on the railroads will not take place for 8 years, anyway, and that by 8 years from this time the two big railroads which are interested, the Pennsylvania and the New York Central, according to the curves of growth, will have 60 percent more mile-tonnage than they have now. I want to show in that speech that it will not retard that growth by the end of 8 years by more than 4 percent. I want to show that the railroads are deluding their workmen to get behind the propaganda when the project will not affect them whatsoever. However, I shall not take the time to go into that matter now.

Mr. NYE obtained the floor.

Mr. LA FOLLETTE. Mr. President, will the Senator from North Dakota yield to me?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Wisconsin?

Mr. NYE. I am glad to yield.

Mr. LA FOLLETTE. On the 13th day of February 1934 I addressed to Hon. F. H. LaGuardia, mayor of the city of New York, a letter reading as follows:

UNITED STATES SENATE,
February 13, 1934.

Hon. F. H. LAGUARDIA,
Mayor of the City of New York, New York City.

DEAR MR. MAYOR: The charge is being circulated throughout the country that the project provided by the St. Lawrence Treaty will be injurious to the city of New York.

President Roosevelt has strongly recommended ratification on broad national grounds, and in his recent message to the legislature Governor Lehman emphasized the importance of immediate public development of St. Lawrence power in order to insure fair rates for electricity in all parts of the State.

Opponents of the treaty, however, have argued that there is no demand for cheap current from the St. Lawrence, and that New York City and other North Atlantic ports will sacrifice existing advantages if Detroit, Milwaukee, Chicago, Cleveland, and other Great Lakes cities are given the same access to deep-water navigation for bulky products and imports which these cities on the Atlantic today enjoy.

Your view of the effect of the power and seaway project upon the people of the great city over which you preside would, I am confident, be welcomed by the whole Nation. I should also like to be advised whether or not any official study has been sponsored by the city of New York which has shown that completion of the seaway from the Lakes to the Atlantic would injure the port of New York.

Sincerely yours,

ROBERT M. LA FOLLETTE, Jr.

This is the mayor's reply which I received under date of February 26:

CITY OF NEW YORK,
OFFICE OF THE MAYOR,
February 26, 1934.

Hon. ROBERT M. LA FOLLETTE,
United States Senate, Washington, D.C.

MY DEAR SENATOR: I beg to acknowledge receipt of your letter of February 13, 1934. No special interest or agency claiming to speak for the city of New York is justified in opposing the Great Lakes-St. Lawrence Treaty on the ground that it is inimical to the welfare of the people of our city.

President Roosevelt and Governor Lehman are entirely correct in their public statements to the effect that the municipalities of this State will readily absorb cheap electricity from the public power project on the St. Lawrence.

The joint report of the Federal Power Commission and the Power Authority of the State of New York shows that electricity can be generated on the St. Lawrence, transmitted, and delivered at the substation in New York City at a price of less than one half cent per kilowatt-hour at 80-percent load factor. It would unquestionably benefit every consumer of electricity in the city of New York to have this potential abundant supply of exceptionally cheap current available through public development. The mere availability of St. Lawrence power would in my opinion provide the salutary force of public competition which has always resulted in lower electric rates for consumers.

It is conceded, as the President stated in his message, that St. Lawrence power cannot be developed by the State of New York without a treaty with Canada, since the river is a boundary stream.

To build dams in the St. Lawrence for the dual purposes of developing power now running to waste and removing obstacles to navigation which today block off the access of the Great Lakes to the sea will admittedly save millions of dollars and reduce the cost of both power and navigation.

No official study has ever been sponsored by the city of New York that supports the claim that completion of the seaway will injure the commerce and shipping of our port. We have one of the great natural harbors of the world and it has been improved by the use of public funds. New York City is unique as a port and not afraid of inland competition. Since 80 percent of the water-borne commerce of the United States is domestic rather than foreign trade, the extension of our seacoast into the Middle West will inevitably increase the profitable exchange of goods between New York and the other great American cities in the littoral of the Great Lakes.

A temporary or slight diversion of export and import tonnage does not justify, in my opinion, the obstructing of a national project so obviously in the interest of the United States as a whole. In the long run, it is certain that New York City as the metropolis of the Nation will benefit from economic recovery and development in the Middle West. I am, therefore, heartily in favor of the ratification of the treaty which President Roosevelt has submitted to the Senate.

With kind personal regards, I am, sincerely,

F. H. LAGUARDIA, *Mayor.*

Mr. President, I thank the Senator from North Dakota for extending to me the courtesy in his time to read these letters.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Illinois?

Mr. NYE. I yield.

Mr. LEWIS. May I point out to the Senator from Wisconsin, in relation to the letters he has just read, that the statements in the letter of the mayor are but a reaffirmance and repeating of the position taken by ex-President Theodore Roosevelt in a public address which he delivered in New York when visiting the community there, in which he pointed out the advantage to New York of taking this power out of the hands of private interests, turning it into public control, and there discussing how the governments of Ontario and the State of New York, by the action of the State of New York, would cooperatively produce the better result which Mayor LaGuardia points out and of which there has never been any doubt.

I beg to say in conclusion of my observation that we are now and at no time have ever opposed any arrangement between Ontario and the State of New York in respect to power. I inform my eminent friend from Wisconsin that the statement in the letter of Mr. LaGuardia is but a repetition of the wise utterances and statesmanlike conclusions of former President of the United States Theodore Roosevelt, now to be found in the letter of Mr. LaGuardia which the Senator has read.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. NYE. I am glad to yield.

Mr. LA FOLLETTE. It is obvious that the Senator from Illinois did not hear the complete text of this letter. The Senator from Illinois has continuously and very often asserted on the floor of the Senate that the power development can take place in the State of New York without a treaty. In that respect the Senator from Illinois differs from the present President of the United States, and Presidents of the United States who served before him. He differs from the State Department, and he differs from every other Senator I know of who is familiar with the situation. They are all in agreement that a power project upon the St. Lawrence River, it being a boundary stream, can be developed only under a treaty between the United States and Canada.

Furthermore, the Senator has failed to grasp the broad, statesmanlike position taken by the mayor of the city of New York concerning the development of this inland empire. I commend to the Senator a careful reading of the letter when it is printed in the RECORD.

Mr. LEWIS. Mr. President, I am delighted to accept the suggestion, that I may verify what I have said. If the able Senator is correct that all the authorities he has quoted have really asserted that it is necessary to have an international treaty in order to have dealings between Ontario and the State of New York, one wonders what has been happening all this time when the little town of Windsor, Canada, and the city of Detroit have been carrying on for 50 years a municipal regulation of the dealings between themselves and the relationship between the two localities. If the authorities with whom my eminent friend says I am at variance have been asserting themselves on such a line as he has remarked, then I deeply deplore their ignorance

and their error, and am gratified that I have been correct all the time.

Mr. NYE. Mr. President, I think every advocate of the pending Great Lakes-St. Lawrence Waterway Treaty has good cause to rejoice over the interest which the mayor of New York has manifested in this program. I hope to live to see the day when the city of New York and the entire Atlantic seaboard shall come to possess a larger understanding of our greater national problems than now seems to exist—an enlargement that will compare with the understanding which the mayor of New York has so often made manifest.

Mr. VANDENBERG. Mr. President, before the Senator leaves that topic, may I interrupt him for a moment?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. NYE. I am glad to yield to the Senator.

Mr. VANDENBERG. I think it ought also to be emphasized, in this connection, that two of the great newspapers of New York—the New York American and the New York Post—have had the national viewpoint in mind to the extent of speaking out courageously and emphatically in favor of the ratification of this treaty.

Mr. NYE. All of which, Mr. President, is cause for greater rejoicing out in our central and northwest region.

Mr. LEWIS. Mr. President, will the eminent Senator from Michigan allow us to participate in the confidential communication just had between himself and my very able friend from North Dakota.

Mr. VANDENBERG. Mr. President, if the Senator will read the RECORD, he will find out what I said while he was busily engaged in discussing other matters with the Senator from Oklahoma [Mr. THOMAS].

Mr. LEWIS. That will be ex post facto. It will be after the crime, and I shall have no chance then to remedy it or to punish it. [Laughter.]

Mr. NYE. Mr. President, the navigation and power benefits of the Great Lakes-St. Lawrence Treaty have been so well established in this debate that I do not propose at this time to discuss such phases of the subject in detail.

It has been conclusively demonstrated by many able addresses on both sides of the aisle that overwhelming national advantages will result from this great Public Works project, and that no section or locality in the United States will suffer any real or substantial injury. This is in accord with the principle which brought the Thirteen Original Colonies together, and which we have never violated without injurious results from the beginning of our history as a nation.

That principle may be stated in the proposition that what is economically sound and genuinely beneficial to one section of the United States is good for the Nation as a whole. On that principle we have expended nearly $2,000,000,000 for the development of the Mississippi system, for our other inland waterways, and for the development of our great harbors on the Atlantic, the Gulf, and the Pacific coasts.

We can also assume at this stage of the debate that the cost of the project, which must be measured against the benefits, has been established beyond the point of serious controversy.

It is true that engineers retained by public-utility and railroad corporations and other unofficial or interested parties have made estimates ranging from $750,000,000 to $1,500,000,000. The President submitted with his message the official estimate of the only agency of our Government which the Congress has ever accepted as a proper authority in dealing with river, harbor, and canal improvements, namely, the United States Corps of Engineers. The report of the Corps of Engineers is based, not upon guesswork or calculation, but upon a survey in the field covering every item of cost and requiring several years of labor. It shows that the net cost to the United States Government of this project will not exceed $182,000,000 in new funds. By that expenditure we shall create a new seacoast for the United States more than 3,500 miles in length and provide from Duluth to the Atlantic a 27-foot channel of ample depth for 80 percent of the ocean-freight vessels of the world.

In addition, the State of New York, by an investment of $89,000,000 will get the benefit of a completely self-liquidating public-power project which will generate the cheapest electric current available on this continent.

When it is considered that 18 States directly tributary to the Great Lakes will get cheap navigation at an annual saving of about $79,000,000, and that all the New England States and New York and Pennsylvania will benefit from a public yardstick on electric rates, the national advantages insured by this treaty cannot be successfully challenged. The entire project can be built, maintained, and all costs of construction and maintenance amortized over a period of 50 years at a cost of $9,300,000 per annum. Those figures cannot be challenged without impeaching the highest engineering authority we have, namely, the Corps of Engineers, and the good faith of the President, who submitted to this body their official report.

I believe in the good faith of the President of the United States. I am unwilling to reject the findings of the Corps of Engineers in favor of the propaganda directed against this treaty by railroad bankers and the Power Trust.

At this time I propose to discuss several phases of this subject which have not heretofore received adequate consideration in this body.

No State in the Union finds itself so far away from the channels of transoceanic commerce as does my State of North Dakota. Being centrally located, as we are, in the interior of this continent, we have for years contemplated the many blessings which would flow out of any program that brought ocean transportation nearer to our prairies and to those points where we desperately need a larger competition in the world of transportation.

In my State and in neighboring States we pay heavier tolls than are paid anywhere else on this continent for the transportation of those commodities we produce and sell to the rest of the world and those commodities which we must buy from other States and other parts of the world. So now, when the project for a canal seems to approach that success for which we have been waiting so long, I imagine that there is no project under consideration at the present time in which the people of my State are as intensely interested as in this. They will be watching closely that cooperation which may come from the other States of the Union in a project which means so very much to our future. I undertake to say that no project in our American history has ever received such united support from the farmers of the United States as has the project which is provided by the pending treaty.

No Senator can investigate the facts and remain in doubt after his survey that that statement is true. I am not referring to the seaway project in general terms, but to the definite, specific plan which is before us in this treaty. Nor am I referring to the farmers of any one section, but to those who actually live upon the farms throughout the United States.

Every intelligent farmer in this country knows that he pays the freight to get his products to market. He knows that excessive transportation costs are a blight upon agriculture which no industry can survive, and pay a profitable return. He fully appreciates the fact that cheap transportation is a blessing to every nation that can develop it. He understands that in the long run it is a gain to every class and section and interest, including other forms of carriers which develop new tonnage whenever freight is moved from one port to another by ocean vessels or river barges.

Senators who live in great cities in which not a bushel of grain is produced may argue the question and undertake to prove that agriculture will not use and will not benefit from the completion of this seaway from the heart of the American Continent to tidewater. But the farmer knows better. He will not accept such sophistry, and reject everything that hard experience and the unjust charges levied upon American agriculture for generations have taught him.

Since the debate on the treaty began in the Senate the great farm organizations of the United States have appealed for its ratification in terms which cannot be ignored.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER (Mr. OVERTON in the chair). Does the Senator from North Dakota yield to the Senator from North Carolina?

Mr. NYE. I yield.

Mr. BAILEY. I rise merely to make an inquiry. The Senator stated that the American farmer knows better than those who are saying that he is not likely to derive anything of very great value to himself on account of the construction of the St. Lawrence Seaway. That may be true, but I wish to get some information.

There is a differential in favor of Canada in its trade with the British Commonwealth of Nations. That differential is stated, in terms of our money, at 6 cents on wheat. I should like to have the Senator tell me how, if we construct this canal, the American farmer can hope to compete with the Canadian farmer in the export of grain to the members of the British Commonwealth of Nations so long as there is a differential of 6 cents a bushel in favor of the Canadian shipper. That is a difficulty in my mind. If the Senator can clear that up, I will be much obliged to him.

Mr. NYE. Mr. President, assuming that this differential will continue indefinitely——

Mr. BAILEY. Let us see about that. Have we not to assume the facts as they are? We cannot assume that something will be different. Just on that point I should like to make the remark that the paper read just now by the Senator from Wisconsin [Mr. LA FOLLETTE] assumed that we would be out of the present economic depression within a few years. That is a very violent, and, I think, unjustifiable assumption in the light of what we know. However, I am not going to assume anything; I am going on the facts. This differential exists, and the Senator cannot say it will not exist forever. I wish he would discuss the matter in the light of the facts as they are rather than on theories which might tend to clinch his argument.

Mr. NYE. Going back again, Mr. President, to my assumption which the Senator interrupted before I could state fully what it was——

Mr. BAILEY. I beg the Senator's pardon.

Mr. NYE. Assuming that this differential which gives the Canadian farmer an advantage in the world market today should be continued, or assuming that the differential should grow even more oppressive upon the American farmer than it now is, still the American farmer has every right and every urge to hope for the expeditious completion of this waterway, because so large a number of our grain interests in the Northwest find their outlet, not in Europe, not abroad, not off this continent at all, but find it in Buffalo, in New York, and if from Buffalo outward, oceanward, there can be an improved condition afforded as relates to grain rates, as relates to a foreign market, that all redounds more to the advantage of the Northwest grain producer.

Mr. BAILEY. Mr. President, is the Senator contending that the advantage will be as between Duluth, for example, and Buffalo, and not by way of the world traffic?

Mr. NYE. Only as the advantage is to be gained by affording Buffalo a better outlet to the continent.

Mr. BAILEY. That would look altogether to the consumption of the American wheat crop here in the United States.

Mr. NYE. Not altogether.

Mr. BAILEY. Then, let me ask the Senator one more question. If the Senator is right in that theory, what is there to prevent ships from carrying wheat now from Duluth to Buffalo?

Mr. NYE. There is nothing to prevent them at all.

Mr. BAILEY. Then, there would be no necessity for building a seaway on that account.

Mr. NYE. If Buffalo can be afforded better access to Europe through the St. Lawrence, then our advantage in the Northwest will be all the greater.

Mr. BAILEY. Does the Senator think that Buffalo would be enabled to ship wheat to the British Commonwealth of Nations more advantageously than Canada would be?

Mr. NYE. Not under the differentials which now exist.

Mr. BAILEY. They do exist. Let me ask the Senator another question. Does the Senator know that the exports of wheat from the United States to the United Kingdom since this differential was put into effect have fallen to the insignificant amount of 900,000 bushels of wheat in a year—practically nothing?

Mr. NYE. Of course, Mr. President, we are all familiar with those facts.

Mr. BAILEY. So this seaway would be of very great assistance to the wheat farmers of Canada, and of very little, if any, to the wheat farmers of the Northwest of our own country, so far as the British Commonwealth of Nations is concerned.

Mr. NYE. I cannot agree with the Senator in that contention at all.

Mr. BAILEY. I should like to have the Senator attack that statement in the light of the facts I have stated.

Mr. NYE. The farmers of the Dominion of Canada are going to benefit by reason of this project, if it is realized. I think in equal degree the farmers of the United States, of the Northwest section particularly, are going to profit through this project.

Mr. BAILEY. The Senator says he "thinks" that will be so. That is opinion. I wish the Senator would tell me how that could happen, when Canada could ship her wheat through this canal to the members of the British Commonwealth of Nations at an advantage over us of 6 cents.

Mr. NYE. Mr. President, we have been proceeding on the basis of an assumption. Now that the Senator makes his point, I will say that I cannot agree with him that this differential is always going to exist, nor that it can long exist.

Mr. BAILEY. Mr. President, I did not say that. I expect them to make it 10 cents. It will tend to increase rather than to decrease, and especially in view of the fact that we have notified the world that we are proceeding now to interpret the tariff by way of barter and trade agreements, rather than in the old way. If we trade in that way, if we are to conduct the affairs of our Nation in that way, who will say that the British Commonwealth of Nations, which depends for its existence as a commonwealth of nations wholly upon commercial advantage, will not take steps further to strengthen its trade advantage? There is nothing except trade advantage that binds Canada to England beyond the oath of allegiance to the King, which may be revoked at will.

Mr. NYE. Mr. President, be that as it may—and the question of who would enjoy the greatest profit under this project has been repeatedly debated in the Senate—the fact, nevertheless, remains that there never has been a national project which has won so united a backing of great national farm organizations as the Great Lakes-St. Lawrence project has invited. The urge of these organizations for the ratification of this treaty must not and cannot be ignored.

The oldest farm organization in the United States is the National Grange. Several of the Members of this body are Grange members, including the minority leader, the Senator from Oregon [Mr. MCNARY], whose father was the founder of the Grange in his State. This organization, which is wholly nonpartisan, has State branches in 33 States with more than 5,000 local granges. It is organized from Maine to the State of Washington and generally throughout the Middle West and the East. Certainly it must be conceded that such an organization could take no other than a national position on any great public question with which it undertook to deal. The Grance cannot be accused of taking a sectional viewpoint on any problem.

At a meeting held on January 14, 1934, the National Grange adopted the following resolution:

The National Grange has for years advocated a ship canal from the Great Lakes to the sea to open up the heart of the continent

to the benefits of ocean navigation. The Grange believes that this provision of cheap transportation, linking a great economic area with the markets of the world, will either directly or indirectly benefit not only those engaged in agriculture but also the Nation as a whole.

The area directly tributary to the seaway produces more of the cereal crops of the Nation than all other sections of the country combined, and many other important agricultural interests are centered there. Both leading dairy areas are located on the seaway.

The opportunity to further rural electrification through public development of St. Lawrence power as a part of the project is also of vital interest to many of our local and State organizations.

The fact that at least 90 percent of the seaway mileage is already available for navigation by ocean-going cargo vessels is a cogent argument for removing the few remaining barriers which still bottle up this important agricultural area.

Every Chief Executive since President Wilson, regardless of party, has advocated this improvement and contributed to the negotiation of an agreement essential to any joint undertaking affecting two neighboring nations. President Roosevelt is to be congratulated upon his decisive action to make the project a reality as a part of his recovery program.

FRED J. FREESTONE, *Chairman, New York,*
E. A. ECKERT, *Secretary, Illinois,*
RAY W. GILL, *Oregon,*
L. J. TABER, *ex officio, Ohio,*
Executive Committee of the National Grange.

The Farmers' Union, as we know it in the Northwest, has 22 State branches and local organizations in 33 States. In many of these States the Farmers' Union has the largest membership of any farm organization.

On February 17 Mr. John A. Simpson, the national president of the Farmers' Union, addressed to me the following statement:

THE FARMERS' EDUCATIONAL AND
COOPERATIVE UNION OF AMERICA,
Washington, D.C., February 20, 1934.

Hon. GERALD P. NYE,
United States Senator, Washington, D.C.

DEAR SENATOR: This is in reply to your query of February 15 as to the views of the Farmers' Educational and Cooperative Union of America and of myself on the St. Lawrence Seaway project.

I am glad to reaffirm the long-established position of the Farmers' Union in support of this project.

I may add that since the seaway project has culminated in a treaty pending before the Senate, the Farmers' Union expects that Senators of both political parties recognize and redeem the plighted faith of their political organization in their 1932 platforms.

Sincerely yours,

JOHN A. SIMPSON.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from North Carolina?

Mr. NYE. I yield.

Mr. BAILEY. There is no plighted faith with respect to this proposition in the Democratic platform of 1932. Mr. Simpson has professed to advise us on a treaty of the utmost importance; I can conceive of none ever presented to the Senate of more importance than the treaty now under consideration, yet Mr. Simpson has not taken the trouble to be accurate even with respect to the Democratic platform, which was framed within a year and a half.

Mr. NYE. I have never yet known of a plank in a party platform from which partisans were departing, with respect to which those departing from it did not find some seemingly good excuse for doing so.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Missouri?

Mr. NYE. I yield.

Mr. CLARK. I should like to ask the Senator from North Dakota, since he is reasserting the proposition of the lack of faith of the Democratic party in carrying out pledges alleged to be contained in its party platform in behalf of the Great Lakes-St. Lawrence Deep Waterway Treaty now pending, to point out any mention of that treaty in the Democratic platform of 1932.

Mr. BAILEY. Mr. President, I will give the Senator from North Dakota a copy of the Democratic platform of 1932, since he raises the question as to my statement that there was no such plank in the platform. The Senator from North Dakota states that that statement was motivated because I was desiring to get off the platform. That is a plain challenge. Here is the platform in my hand. I ask the Senator to say whether or not there is a promise to ratify this treaty or to build this seaway in the Democratic platform of 1932.

Mr. NYE. Mr. President, I have been certain all along that both parties had very strongly supported the waterway treaty. If I am mistaken I am perfectly willing to be corrected here today.

Mr. BAILEY. But remember, this controversy arose out of Mr. Simpsons' statement in the letter just read by the Senator.

Mr. NYE. I understand.

Mr. BAILEY. Permit me to finish. To the effect that the Farmers' Union expected us to maintain our plighted faith. Then the Senator in response to my question suggested that I was seeking some excuse for departing from the platform. I have the platform here. I will tender it to the Senator, and if he will show me wherein in that platform it promises anything whatever with respect to this treaty or the St. Lawrence Seaway, then I will confess my error, but if not I want the Senator to confess.

Mr. NYE. Mr. President, I am quite ready to accept the Senator's word that his party's platform does not contain anything which binds his party in approval of or in endorsement of this project.

Mr. BAILEY. Will the Senator permit me now to say something that will clear up that matter?

Mr. NYE. I am quite willing to yield.

Mr. BAILEY. I was on the platform committee at Chicago, and I did not miss a moment of the meeting. I had the preliminary draft of that platform in my hands all through the meeting. I read it word after word. I brought it home with me. I filed it. I have it in this desk. I bear witness that neither in the preliminary platform nor in any word that was said or suggested to be said, was there a line of plighted faith or promise as to this seaway or this treaty. I know whereof I speak, and I am a witness to the fact.

Mr. NYE. Mr. President, so much for the National Grange and the Farmers' Union endorsement of this project.

The American Farm Bureau Federation held its annual convention at Chicago on December 13, 1933. It has 44 State farm bureaus and 1,800 county farm bureaus. At the national convention at Chicago last December a resolution endorsing the Great Lakes-St. Lawrence seaway was adopted by an overwhelming vote. That resolution was favorably reported from the committee that studied the subject on the motion of Earl Smith, for many years a farm leader and president of the Farm Bureau Federation of the State of Illinois. The resolution as adopted by the federation, was as follows:

The St. Lawrence waterway should be completed with the least possible delay; to make it possible for work to start on the international section in the near future, the treaty with Canada as it is now pending before the Senate of the United States should be ratified early in the 1934 session of Congress.

In addition to that, Mr. President, I have received a letter from the American Farm Bureau Federation, dated January 23, 1934, which I ask unanimous consent to have printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., January 23, 1934.

Senator GERALD P. NYE,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR NYE: In answer to your inquiry of January 20, as to the position of the American Farm Bureau Federation on the St. Lawrence waterway project, may I quote the concluding paragraph from resolution XIV, "Transportation", adopted at the fifteenth annual meeting of the American Farm Bureau Federation, December 13, 1933.

"The St. Lawrence waterway should be completed with the least possible delay; to make it possible for work to start on the international section in the near future, the treaty with Canada as it is now pending before the Senate of the United States should be ratified early in the 1934 session of Congress."

The American Farm Bureau Federation has supported by resolutions adopted in annual sessions at various times during the last

15 years the early completion of the St. Lawrence waterway. The resolution just above quoted is the last authoritative statement on the matter, and indicates, as will be easily seen, an earnest desire that this great waterway be constructed at the earliest possible moment, and that the pending treaty with Canada be ratified by representatives of the two interested Governments.

This matter was further discussed in a meeting of the executive committee of the American Farm Bureau Federation in a session held in Washington, D.C., on January 10, 1934. It was agreed by the members of this committee, without formal motion, that the St. Lawrence Waterway should be supported, inasmuch as such diversion of water for the Illinois waterway is provided as will safeguard transportation and sanitation across the State of Illinois. This position was taken relying on the latest facts divulged by the Corps of Army Engineers, which guarantees adequacy of flow.

The latest facts of the Corps of Army Engineers on the question of diversion are contained in the report on the survey of the Illinois River to the Secretary of War, dated December 6, 1933. In this report the district engineer for the Chicago area states that the eventual 1,500 cubic feet per second of diversion, as provided for in the River and Harbor Act of July 30, 1930, is adequate for the main portion of the Illinois Canal, but is not sufficient for a section below Starved Rock in Illinois. Since, however, the district engineer, the division engineer, and the Chief of Engineers recommend plans of enlargement for this and other sections of the Illinois Canal, all of which is provided for in the plans of the Corps of Army Engineers; it seems evident that the question of diversion and the amount of diversion of water are not of that supreme importance which otherwise would be the case.

The district engineer, the division engineer, and the Chief of Engineers in the report to the Secretary of War, dated December 6, 1933, agree in general that 1,500 cubic feet per second diversion, increased by domestic pumpage, "is ample to provide an adequate flow to meet all requirements of lockage, seepage, leakage, and evaporation on the waterway"; but not all these officials have data at hand definitely to permit decision as to a flow suitable from a sanitary standpoint for a commercially useful waterway after the sewage treatment plants are completed at Chicago, these having been ordered by a decision of the United States Supreme Court.

However, the treaty itself, in article 8, paragraph (a), provides for such modification of the diversion to meet any emergency as will adequately protect the Illinois waterway both from the transportation and sanitary points of view. The treaty states, "In the event of the Government of the United States' proposing, in order to meet an emergency, an increase in the permitted diversion of water, and in the event that the Government of Canada takes exception to the proposed increase, the matter shall be submitted for final decision to an arbitral tribunal, which shall be empowered to authorize for such time and to such extent as is necessary to meet such emergency, * * *."

It is significant in the report of the Chief of Engineers that he states, "Until the need is established for a greater diversion than that now provided by law, I see no reason for a modification of the present legislation." It will be remembered in this connection that "the present legislation" to which reference is made is the River and Harbor Act of July 3, 1930, in which Congress then expressed its approval on the diversion proposition, stating amounts and dates of diversion and specifying that after December 31, 1938, the amount thereof should be 1,500 cubic feet per second.

The American Farm Bureau Federation, having been interested in this project for more than a decade, earnestly desires to see its operative benefits for that great inland section of our country which, by the completion of the St. Lawrence seaway, will have transportation of the cheapest kind brought to its door. The Federation expects Senators of both parties to redeem the St. Lawrence Seaway pledges of their respective platforms.

This project was initiated by President Wilson, was approved and sponsored by the succeeding three Republican Presidents, and is now proposed for final completion by President Roosevelt. This would seem to raise the project above party politics. The issue revolves itself, seemingly, into a clear-cut collision between selfish localized interests, which interests naturally want to protect their own investments, but in this desire they forget the broad fundamental national policies which should govern in the solution of the controversy.

The membership of the American Farm Bureau Federation gives little attention to those selfish transportation and utility interests which are now massed almost in solid phalanx against the completion of this great transportation project. Temporarily there are lesser agricultural exports going abroad than in former years, but this condition does not dissuade farmers from seeking to develop in every practicable and economic way the facilities for exporting farm products. The time will come again, perhaps as quickly as the completion of the St. Lawrence seaway, when products will move, as in former amounts, abroad. Accordingly, farmers looking into the future, and knowing that transportation costs subtract largely from the net profits in agriculture, are actually interested in the St. Lawrence Seaway and its early completion.

No farmer and no official in the American Farm Bureau Federation seeks in any way to limit or handicap transportation on any other stream in the Nation. The federation's point of view is that all of our inland water transportation systems should be so linked together that they will make a network over the great producing area in our Nation. The navigability of the Illinois waterway, of the Mississippi, Ohio, Missouri systems must be developed. Nothing in the development of the St. Lawrence seaway must be permitted to be done which will handicap in the least these other waterways. With the projects ahead on the Illinois, Missouri, and Mississippi systems all outlined by the Corps of Army Engineers, it appears that there will be a fine relationship among these various water routes when the pending treaty shall have been approved by the Senate.

Indications are in evidence that this opportunity might be the last chance of the Government of the United States to participate in the building of the St. Lawrence seaway. Should we miss this chance the inland areas of our country would have denied them a free route to the sea and to the commerce of the world, and in addition a large northeastern section of our country would be denied its proportionate part of the power which is a valuable asset to the project.

Trusting this information will be such as you desire, I am,

Very respectfully,

AMERICAN FARM BUREAU FEDERATION,
CHESTER H. GRAY,
Washington Representative.

Mr. NYE. Mr. President, any Senator who will take the time to read these statements, and they merit careful reading and consideration, will observe that the ratification of the treaty is urged with singular unanimity by the farmers of this country on the broadest national grounds.

There is no sectional appeal in these petitions. The treaty is not recommended on grounds of narrow, selfish advantage to agriculture without regard to the welfare of other industries. The farmers have taken the position that the President took in his message to the Senate, namely, that a project which insures cheap transportation and cheap electricity will benefit every section and every industry, including agriculture, and injure none.

Let it not be thought that these national farm organizations have blindly followed the President's leadership without regard to the interests of States which it has been claimed here, without any supporting proof, will suffer from the completion of this project.

I believe it is fair to say that this debate has brought forth as much argument against the treaty from the States of Missouri and New York as from any other States.

In the hearings on the treaty, page 903, I note that the Missouri Farm Bureau Federation is on record in favor of ratification in terms as strong as those expressed by the national federation.

On February 9, 1934, the New York State Grange held its annual meeting at Lake Placid. It represents 133,000 farm homes in upstate New York with active organizations in nearly every county. By an almost unanimous vote, the Grange of the State of New York adopted the following resolution:

Whereas, as the St. Lawrence seaway would open up the heart of our continent to the benefits of ocean navigation; and

Whereas we believe that it would bring great benefits to all farmers of New York State: Therefore be it

Resolved, That the Grange of the State of New York representing 133,000 farm homes, warmly commends President Roosevelt and Governor Lehman for their decisive action in advancing this project and strongly urges the United States Senators from the State of New York to support the ratification of the treaty in the Senate.

I do not believe it is possible to account for such widespread support of the treaty among the farmers of this country except upon the theory that agriculture is virtually a unit in seeking the national benefits this project will insure. We can quibble here over the question of sovereignty over Lake Michigan; we can seek to arouse nationalistic fears and prejudices; we can hold up the absurd bugaboo of an invasion of the Great Lakes by battleships that would have to go through locks to reach the Lakes. But in my judgment we cannot successfully indict the patriotism, the devotion to national interests, and the intelligence of the farmers of this country. Nor do I believe that we can frighten or deceive those farmers into giving up the advantages to agriculture in cheap transportation and cheap power which such debate is intended to obscure.

It is not alone upon the farms that the people are asking for the ratification of this treaty. The industrial workers and the consumers in the cities appreciate that their interest and welfare are bound up with the interest and welfare of

agriculture. The urban dweller knows that excessive transportation costs levied against the farmer are pyramided in the ultimate costs which are charged in the cities.

There has never been a more striking demonstration of the common interest of the mass of the people in the cities and on the farms than the fact that 65 American cities, through their elected officials, recently joined with the Grange, the Farmers' Union, and the American Farm Bureau Federation in urging the Senate to ratify the Great Lakes-St. Lawrence Treaty. The cities on the Great Lakes and the St. Lawrence that know this problem first hand have made that appeal. Duluth, Superior, Milwaukee, Toledo, Detroit, Cleveland, and more than 50 other cities from the head of the Great Lakes to the Vermont boundary of New York have made the same petition to the Senate which has come from millions of farmers of the United States.

These petitions have been presented here after all the official studies pertaining to the project covered by the treaty have been made available to the public. I submit that they are entitled to the consideration of every Senator.

This is a nonpartisan, nonpolitical question. The project was initiated under the administration of President Wilson, and the negotiations were carried to completion after a dozen years of study and conference through the administrations of Presidents Harding, Coolidge, and Hoover.

This project was endorsed in 1920 in the Wisconsin Progressive platform of the late Senator Robert M. La Follette, one of the keenest students of transportation in American history. In 1924 it was embodied in the platform upon which he was an independent candidate for President, with the support of the railroad-labor organizations of the United States.

I do not propose to discuss the treaty from a political standpoint, but I cannot refrain from the observation that it should be a source of pride to every Republican in this Chamber that the great, historic project embodied in this treaty has been endorsed and pledged to the American people by the party at every convention held in recent years.

When the party last assembled in convention, in June 1932, the negotiation of the treaty had been brought to a successful conclusion by Secretary of State Stimson, of New York. The costs had been allocated between the United States and Canada. Every item in the engineering plans for all the works had been drawn up and agreed upon, and these plans had been incorporated as a part of the treaty itself.

Only one factor of major importance remained to be decided. That was the question of whether the 1,100,000 horsepower of cheap electricity available on the American side of the St. Lawrence was to be turned over to private interests—that is, to the Morgan-controlled Niagara-Hudson Power Corporation—or was to be developed under an agreement separate from the treaty by the Power Authority of the State of New York, a public agency.

The Dominion of Canada had already determined this question between public and private interests by entering into an agreement with the Province of Ontario for development of Canada's share of the water power under the treaty by the Ontario Hydro-Electric Commission, a public agency.

Under these circumstances, the Republican National Convention met at Chicago. With the treaty in the President's hands, only awaiting the formality of signature by diplomatic representatives of the United States and Canada, who had already reached complete agreement, the Republican National Convention adopted the following pledge:

> The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. Under the direction of President Hoover, negotiation of a treaty with Canada for this development is now at a favorable point. Recognizing the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base, the party reaffirms allegiance to this great project and pledges its best efforts to secure its early completion.

Certainly no more specific pledge than that could be written in the English language. I have never heard of a single Senator or Representative who supported the Republican ticket or platform in 1932 who repudiated that plank or publicly dissented from it prior to the election.

During the campaign the Democratic candidate also pledged the immediate completion of the Great Lakes-St. Lawrence project, and went a step beyond President Hoover by promising that the water-power resources on the St. Lawrence should be publicly developed by a collateral agreement between the State of New York and the Federal Government in connection with the pending treaty.

So, Mr. President, in that campaign we found both parties championing the cause which was involved in connection with this proposed treaty. It has just been argued here whether or not the Democratic Party had expressed itself in its platform upon the question of this treaty. I have had called to my attention this paragraph in the 1932 platform of the Democratic Party:

> We advocate the extension of Federal credit to the States to provide unemployment relief wherever the diminishing resources of the States make it impossible for them to provide for the needy; expansion of the Federal program of necessary and useful construction affected with a public interest such as adequate flood control and waterways.

The thought has been left here this afternoon in some degree, though I presume not intentionally so, that the Democratic Party has not been on record in its platform in support of this project; but in 1928 the Democratic Party did have a very specific plank in its platform supporting the St. Lawrence and Great Lakes project. They said in that particular platform:

> We favor and will promote deep waterways from the Great Lakes to the Gulf and to the Atlantic Ocean.

Such were the pledges made repeatedly by both candidates for President before and after this treaty was signed, without public dissent from their supporters in either party.

I am unwilling to believe that 33 Members can be found in this body who will vote to betray those pledges solemnly made to the American people to solicit their votes at the polls.

Upon the pledges made by him in the campaign, Mr. Roosevelt was elected by an overwhelming majority, carrying every section of the country save five of the smallest States in the Union. The President has faithfully redeemed his pledge on this question by submitting the treaty with a message urging its ratification in the strongest terms. Since January 10 he has sent four additional messages to the Senate, transmitting reports from the Federal Power Commission, the Power Authority of the State of New York, the Department of Commerce, and the War Department, comprising the findings and facts upon which his recommendations rest.

It has become evident there are not sufficient votes on the majority side to defeat this treaty. It can only be rejected by a combination with Republican Senators based upon the betrayal of party pledges and repudiation of the repeated promises of the standard bearers of both political parties.

I cannot bring myself to believe that the Republican Party or any faction of it is ready to enter into such a combination to defeat a treaty negotiated under three Republican Secretaries of State and pledged to the people of this country in the last convention as a project that would insure inestimable benefits to the Nation.

If the Republican Party has a future, it cannot in my judgment betray a solemn pledge of that character and supply the margin of votes needed to defeat the pending treaty.

If the time has come when the Republican Party is ready to decide great public questions on sectional grounds, in open defiance of the pledges made at national conventions, it will have to play the minority role that always has fallen and always will fall to a sectional party.

If Republicans from New England and the Atlantic seaboard are determined to stand on the proposition that the Middle West and West should not be given access to the sea because it might interfere with eastern railroad and power interests, then the Republican Party must reconcile itself to the permanent alienation of every State west of the Allegheny Mountains.

The election of President Roosevelt insured the public development of the St. Lawrence power project in connection with this treaty. The people of the West know that to be true. If this treaty shall be defeated, how will the Republican Party be able to explain away the pledge of 1932? How can the brand of the Power Trust be erased from the party that countenanced such a betrayal of a platform pledge? The defeat of the treaty, in my judgment, would not only blast the hopes of 45,000,000 people on the farms and in the cities of the Great Lakes Basin but would insure the defeat of Republican candidates throughout that region in the elections of 1934.

No matter what may be the view or the purpose of special interests and assumed political leaders outside this Chamber, I am confident that this treaty will be ratified by an overwhelming majority of the representatives of both parties in the Senate. When that shall have been accomplished we shall have had a part in launching the greatest public improvement on this continent since the Panama Canal. We shall have demonstrated to the American people that regardless of differences on other questions the United States Senate has placed national above sectional and special interests and vindicated the principle that the Federal Government should afford equality to all sections of our country alike.

Mr. President, in conclusion, I ask unanimous consent to have printed in the RECORD a statement prepared as a digest of a book written by Thomas Saxton Ireland and entitled "The Great Lakes-St. Lawrence Deep Waterway to the Sea", published recently by Putnam, which it seems to me presents so logical and so pertinently the situation that I should like to have it permanently preserved in the RECORD.

The PRESIDING OFFICER. Without objection, the statement will be printed in the RECORD.

The statement referred to is as follows:

THE GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TO THE SEA

(A digest of the book bearing that title as written by Tom Ireland (Thomas Saxton Ireland), published by Putnam, prepared especially for Senator NYE, Jan. 30, 1934)

The wonderful development of manufacturing throughout the world during and after the war rests upon transportation. Improvements in the physical means of transportation during the last half century have so extended the limits of commercial intercourse among nations that the interchange of products around the world is as freely accomplished today as was the local trade of a group of villages when this country was founded. The disposal of the surplus of American factories and farms abroad has been the foundation stone of industrial progress by mass production in the United States. The future of America will be determined by the success of efforts to extend commercial relations with other countries for the disposal of this surplus production, and for the cheap reciprocal inflow of raw materials. Economical transportation between producing areas in the United States and foreign markets is one of the first requisites of a successful foreign trade. Improvements increasing the economy of oversea business are national in their character and contribute to the welfare of every citizen in the land. If industry or agriculture is distant from tidewater, as in the Midwest United States, the heavy costs of transportation to tidewater for handling, breaking bulk, and reshipment must be either added to the selling price or subtracted from the producer's earnings. The result is waste, spread needlessly over agencies which separate artificially the producer from the consumer.

This depression is primarily due, it seems, to the undistributed surpluses of the farms, mines, forests, and industrial plants of the Midwest United States, as well as of the rest of the world. The need of normal times is paramount today for a project or formula that will put value into those surpluses by lifting them above the horizon of profitable shipment to market. The St. Lawrence seaway is just such a project, bringing ocean shipping to the heart of the Midwest United States and Canada, creating one third more seacoast, and adding it on to the Atlantic and Pacific coasts, enlarging the outlet, and releasing the productive energy of all the West. The cost of transportation by rail has now reached the point where a haul of 800 or 1,000 to 1,500 miles across the country completely wipes out the margin of profit on many commodities entering largely into our foreign trade and limits the markets for many others with the attendant expense of transfer and terminal delays, including storage and insurance. It cannot be too strongly impressed on those responsible for our national policies that either this condition must be soon eliminated or the foreign trade of the United States will be permanently impaired.

For practical purposes the Great Lakes-St. Lawrence deep waterway to the sea, even more important than Panama, and with the new Welland Canal already detouring Niagara Falls, is to take the Atlantic Ocean from the Strait of Belle Isle at the mouth of the river St. Lawrence and to place it at the water front of Duluth, 2,340 miles in the heart of the continent, granting to the ports on this new seacoast the full benefit of low ocean rates to the markets of the world. Conservatively speaking, the cost of transportation over long distances by ship as compared to rail is in the ratio of 10 miles by ship to 1 by rail. Over the seaway's 27-foot channel, steamers will glide past the reloading stations that now consume profits by expense and delay and 4 out of every 5 vessels now plying the seven seas need be loaded just once for direct transit abroad. The Great Lakes tributary area to be particularly benefited in the United States is a region of factories and of farms, of mines and of forests, where 45,000,000 of our people get their livelihood, providing half of the agricultural wealth of the Nation, half of its manufactures, and half of its foreign trade.

The radius of ship operation will be extended, opening up to ocean vessels a score of points already great on these inland seas, increasing cargo tonnage, and thus employing more ships. The seaway will go far in the direction of placing the merchant marine of the United States on a self-sustaining basis. The domestic share of the carrying trade will be reserved to vessels of American registry because under title 46 of the United States Code only such vessels can transport merchandise or passengers from one United States port to another. Between the ports of this new seacoast and the ports of the world, ocean transportation, namely, the world's lowest-cost transportation, will apply. Since distance from raw materials to factories and distance of finished goods to market are measured by rates for freight, the seaway remakes the world transportation map. Besides adding value to the present products of industry and agriculture of the United States by reductions of freight, it will reveal, develop, and create new markets, new industries, and new businesses with all which that implies by way of increased purchasing power of the 50,000,000 of people on both sides of the international boundary line of the Great Lakes tributary area.

The building of a seaway of the projected 27-foot depth to send ocean vessels from former Lakes ports out into the Atlantic will abolish the handicap of excessive shipping costs to a vast landlocked interior of the continent. On the waterway the obstacle to deep-draft vessels has been overcome by the new Welland Canal. The barriers in the St. Lawrence River remain for engineering skill to surmount, and since mostly on the Canadian boundary, require joint and international work. The whole project, then, was jointly conceived between the United States and Canada.

Several States, now numbering 23, formed the Great Lakes-St. Lawrence Tidewater Association in 1919 to give life to the century-old ambition of connecting the Great Lakes for shipping purposes with the sea. The activities of this association are supported entirely by public appropriations voted by the legislatures of these States. The association, therefore, possesses an official character differing materially from ordinary organizations of this general type. The efforts of 23 States to bring ocean rates to the marooned interior of the United States have finally resulted successfully in the present treaty of July 18, 1932. The treaty of 1871, granting the United States perpetual use of the St. Lawrence below the boundary, is basic to the present treaty which gives American vessels the same right to use the Welland Canal and other channels wholly within the Dominion. Canada receives in return a perpetual right to navigate American locks at Sault Ste. Marie and Lake Michigan. The seaway treaty of July 18, 1932, makes the waterway for navigation usage an international seaway throughout its entire extent.

The Panama Canal was opened up in 1915 with the favorable outcome of drawing the Atlantic and Pacific seaboards economically closer together, but with the unexpected result that the entire middle region of the continent finds itself seriously handicapped in shipping rates. Whereas the opening of the Panama Canal reduced the transportation costs between New York and San Francisco by as much as 11 percent, the rate between Chicago and San Francisco was actually increased 13 percent due to the disproportionately higher railroad rate involved in the case of shipments between the Pacific coast and this Midwest point.

Then came the war with its rifts in great economic currents adversely affecting the Middle West that today make it doubly urgent to take advantage of the Great Lakes-St. Lawrence seaway. Ocean rates maintained at the low pre-war level further distort the economic setting of this section of the country. While rail rates in good times in the United States on wheat, for instance, have increased about 6½ cents to 12 cents a bushel, foreign producers reach European markets at less cost in proportion to pre-war costs than our Midwest American farmers can. Although the Great Lakes depths are sufficient to bear ships of ocean size, still ocean-going vessels cannot move through the 12-foot Erie and 14-foot St. Lawrence Canals that connect the Lakes with the sea. These incomplete links to the sea require that exports and imports shall be reloaded at least twice, and also that a part of the journey shall be made in more expensively operated craft, causing a definite handicap on goods in transit between the Midwest United States and Atlantic seaboard points along with those abroad.

It seems that the solution of the shipping problem of the Midwest United States lies in no longer regarding the transportation system to the Strait of Belle Isle as a series of disconnected lakes, canal, and river projects, but rather in visualizing it as one great connected highway of transportation to and from the sea.

The estimate was made in 1926 by the United States Department of Commerce that completion of the seaway would mean an average saving to the farmer of the United States of approximately 6 cents to the bushel on the cost of shipping grain to

the markets of Europe. As a result of this saving, the price enhancement of grain would hit almost the entire American crop, since the price of grain is what Liverpool gives for the export surplus less shipping costs. The increased purchasing power to a great proportion of the continent's producers from savings on their shipments of grain and other things, would substantially benefit the populations over the entire areas of both Canada and the United States. Furthermore, while in normal times high shipping rates mean only industrial and agricultural stagnation, with people able to find work elsewhere and drift away, in times of industrial depression and abnormally low prices, the lowest possible cost of getting freight to the consuming centers becomes a matter of real life and death. Only one of two things can restore the people of the Midwest United States to parity in competition and that is to move themselves to tidewater or to move the tidewater to themselves.

The plans for the St. Lawrence seaway are not confined to navigation alone but include the development, incidental to the construction of the necessary navigation works, of 5,000,000 installed horsepower of hydroelectric energy, to 1,100,000 of which the United States will be entitled. As to this American portion of 1,100,000 horsepower in the International Rapids section of the St. Lawrence River, the United States has arrived at a tentative understanding with the power authorities of the State of New York by which New York will assume the cost of the power works provided by the seaway treaty and will own the power accruing to the United States. It is with reason that the power authorities of the State of New York have agreed to pay the Government of the United States $89,726,000 for this power. With a vast reservoir of low-cost hydroelectric energy at the immediate disposal of a 200-mile new seacoast from Rochester's harbor down the St. Lawrence to Messena, the competitive position of this section westward to the interior of the continent, and eastward to the markets of the world will be immeasurably enhanced

The total net cost for navigation to the United States of the Great Lakes-St. Lawrence waterway would not be over $126,000,000, and the period of construction would be 7 years. This amount is reached by deducting from the total the share that Canada has paid by way of completed improvements, or is still to pay, by deducting the amounts already spent or raised or authorized on the part of the United States, irrespective of the seaway, and by deducting the sum to be paid to the United States by New York State for hydroelectric power. To arrive at the result of $126,000,000 the figures are used of the Joint Board of Canadian and United States Government Engineers, which seems to be the very highest and most official authority on the subject.

With ratification of the seaway treaty by the Senate an accomplished fact, the administration of Franklin D. Roosevelt, who has expressly and publicly approved the seaway, has the opportunity of greatly advancing this project's cause by allotting from the $3,300,000,000 provided by Congress for public works creating permanent national wealth the comparatively small sum of $126,000,000 to finish the seaway, while only $200,000 appropriated to finish the work of preliminary engineering already authorized by Congress would hasten the completion of the waterway by 6 months.

There now follows a brief summary of the six sections of operations from Duluth-Superior to the Atlantic Ocean at the Strait of Belle Isle.

1. For purposes of this study the distance between the head of the Lakes and the foot of Lake Erie comprises the first six sections of the project, and in this section the task of improvement is allotted to the United States. Only in their connecting channels, the St. Marys, St. Claire, and Detroit Rivers, of a total length of 135 miles, have dredging and blasting been necessary to clear the way for navigation. To provide a uniform 27-foot channel in these connecting channels, requires simply the dredging of 2 additional feet beyond the 25-foot depth authorized in the rivers and harbors bill of 1930. A new 30-foot lock at Sault Ste. Marie and compensation works in the St. Claire and Niagara Rivers remain for the United States to build for compliance with specifications in the seaway treaty of July 18, 1932.

2. Canada's fourth new Welland Ship Canal, 25 miles long and comprising section 2, has been completed for use since August 6, 1932. It is of 27-foot seaway depth, and to overcome the 325-foot drop between Lake Erie and Lake Ontario it has seven lift locks. These locks set the dimensions for all new locks to be installed in the seaway, and are each 80 feet wide, 30 feet deep, and the usable length of 820 feet.

3. Of the 183-mile stretch from the foot of Lake Ontario to Montreal, the first 115 miles are international waters. For convenience the first part of these 115 miles, where the St. Lawrence flows through the 67 miles of the Thousand Isles, has been designated as section 3, while the remaining 48 of the 115 miles of boundary waters constitute section 4 of the project. Through the Thousand Isles the river is wide and deep excepting a few rocky shoals that require being blasted away for a 27-foot channel, a minor task that is now completed.

4. The International Rapids part of the project along the remaining 48-mile stretch of the 115 miles of boundary waters calls for the preponderant work and expense of the whole seaway undertaking, and it is for the construction in this section that ratification of the treaty is necessary. In this 48-mile stretch, as provided in the treaty, it will be the task of the United States to provide the major portion of 27-foot channels and other works involving navigation. Two great dams are to be built across the river drowning out a series of rapids and creating two broad and deep lakes or pools. The upper dam, with one lock and 2 miles of canal, is to be built at Cryslar Island, on the Canadian side of the river. The lower dam, with two locks and 6 miles of canal, is to be at Barnhart Island on the United States side. The locks will be of 30-foot depth. The flow of water over the two dams will produce some 2,200,000 horsepower of electric energy, one half of which belongs to the United States and one half to Canada.

5. In the remainder of the 183-mile stretch from the foot of Lake Ontario to Montreal, after subtracting the Thousand Isles section of 67 miles and the International Rapids section of 48 miles, there remains a channel 68 miles long entirely within Canadian waters. Navigation will traverse a widening of the river known as "Lake St. Francis", and will then proceed through the Beauharnois Channel around the Soulanges Rapids and into Lake St. Louis. That work is already more than three quarters completed. The Lachine Rapids, between Lake St. Louis and Montreal, will be passed around by a 3-mile canal with three locks and carrying navigation to the harbor of Montreal.

6. From Montreal, 159 miles down to the city of Quebec, Canada has already provided a first-class ocean ship channel of 35-foot depth. Also from Quebec to the end of inland navigation at Father Point, the channel has a minimum depth of 35 feet, and eastward of Father Point there is no restriction as to depth.

That injury would result to the railroads from seaway competition contradicts, it seems, another contention that the seaway would not have justifiable use. If it were to be only slightly used, there would not, of course, be any competition to fear by the railroads. The seaway, when completed in fact, has an opportunity to render real service. On the shores of the Great Lakes there are the conditions most likely to develop successful water transportation, namely, large quantities of bulk commodities that may be by machinery cheaply loaded and where there is also a large volume of package freight. United States traffic on the Great Lakes reached the maximum of 160,000,000 tons in 1929, a great part of which would not only not move at all but would not even be produced except for access to cheap maritime transportation by the Lakes. Yet, according to the report of the St. Lawrence Commission presented to President Coolidge, the total estimated tonnage available for the waterway amounted to under 4 percent of the tonnage carried by the American railway systems connecting the Lakes with the seaboard and 12 percent of the sea shipments moving through the affected American ports. In the long run the seaway will help all the railroads, including eastern lines. It will call for great new terminals and ports on the Lakes. It will make dormant but potential productivity along their lines enter the field of profitable production, setting up a brisk new railroad commerce between the seaway area and at least the South and West. In fact, sea and land, boat and train, have mutually dependent and noncompetitive functions, each confined to its own performance in commerce.

In accord with the Canadian policy of promoting transportation connections on east and west lines, the St. Lawrence waterway will promote one of Canada's greatest ambitions of closer trade relations with the United Kingdom and with the rest of the Empire. Yet the benefit from the seaway to the United States is bound to be far greater than the benefit to the Dominion of Canada. The population of Canada by the census of 1932 is 10,506,000, while that of the United States for 1930 is 122,775,000, so that the population of the United States is 12 times that of Canada. The population of the area of the United States tributary to the seaway and to be directly benefited by it is 45,000,000, or still more than four times the total population of Canada. So, granting that everyone in Canada is to be benefited by the seaway, but only those Americans living in the area tributary to the Great Lakes region are to be benefited in the United States, this country, on the basis of persons to be benefited by the seaway, gets a 4-to-1 advantage as compared to the Dominion. Population is not the only basis for judging comparative advantage, for taking the figures of ship tonnage of Canada and those of the United States, respectively, using the Great Lakes-St. Lawrence waterway, in the normal year of 1928, the United States tonnage was 2,525,437 and the Canadian was 608,166. We find, therefore, that the United States gets a 4- if not a 5-to-1 benefit from the seaway as compared to Canada.

If refusal of the United States to go through with the seaway is based on the refusal to engage in an enterprise that will also benefit Canada as a foreign power, it should be remembered, it seems, that no two peoples on the face of the earth are more closely united in family ties, racial and religious characteristics, and customs and viewpoints than those of Canada and of the United States. Though strictly respectful of each other's sovereignty and independence, they have traveled along in peace and harmony so long together that to all intents and purposes they have identical, though separate, national interests. For more than 100 years, by the Disarmament Treaty of 1818, the 3,000 miles of international boundary between the United States and Canada have been maintained without a fort or a gun or any other evidence of military precaution. The Governments of the two nations, in conformance with the wishes of their people, have freely interchanged the privileges of navigation on all the common and connecting waters between them. While Canadians have invested millions of dollars in extending their railroad lines into the territory of the United States, American railroads, crossing and recrossing the international boundary throughout its entire extent, have developed important additions to their own systems on Canadian soil.

To complete the St. Lawrence waterway to the sea with the generous cooperation of our great and friendly neighbor is consistent with the proudest boast of two nations whose 3,000-mile

frontier is the longest international boundary in the history of the world, and is consistent with the determination to make this boundary line between the United States and Canada, without fortifications, without warships, and without cannon, a perpetual monument to confidence and good will.

BIOGRAPHY OF THOMAS SAXTON IRELAND

Thomas Saxton Ireland, author, lawyer, and member of the Officers' Reserve Corps of the United States Army, was born in Cleveland, Ohio, on December 16, 1895, the nephew of Caesar Grasselli.

Early education completed at the Cleveland University School, young Ireland was immediately enrolled as a freshman at Princeton University in 1914 and graduated with an A.B. degree in 1918. Following this, he entered the Harvard University Law School, where, opportunity affording, he was able to weave considerable travel in Italy, France, and England into the university study years, and thus he rounded out the foundation for his career which began when he left Harvard with his LL.B. degree, and later carried off an LL.B from the Boston University Law School.

Private legal practice engaged his time in New York City as a logical sequence to his scholastic achievements, but as a cultural attribute he devoted considerable time to the study of German, Spanish, Italian, and French.

As a member of the Ohio bar, Ireland returned to Cleveland from the East in 1926 to take up private practice as an attorney, but found his interest in the Great Lakes-St. Lawrence seaway sufficiently absorbing to require a large part of his time and energy. Ireland today is, among other qualifications, associate editor of the midwestern Italian newspaper Corriere de Ohio, and has contributed numerous articles to other publications.

Back in the days of the Boston police strike Ireland responded to the Coolidge call for volunteers and enrolled as an emergency policeman, patrolling a night beat. For his service he was given a certificate of acknowledgment.

When Italy appeared somewhat upset over the possibility of territorial expansion in the direction of France in 1930, Ireland wrote a stirring article in Italian and for the Italian press. In this he suggested that Il Duce abandon his tactics and turn toward Turkey for expansion and improvement. Curiously enough, only a brief interval elapsed until Mussolini did that very thing, which caused Ireland's friends to feel that the article may have had a modicum of effect, and that at least it had been brought to Mussolini's attention.

During the summer of 1933 Ireland began work on his latest book, The Great Lakes-St. Lawrence Deep Waterway to the Sea. Originally the inspiration to undertake such a literary effort was due, the author tells, "to the generous and kindly encouragement of Walter D. Briggs in the Widener Memorial Library at Harvard." Briggs had long urged Ireland to take advantage of unbridled enthusiasm and do a book on Canada—favorite topic of the Ireland discussions and writings.

The Great Lakes-St. Lawrence volume is both timely and effective in its argument. It stresses the practical purposes of the proposed waterway to the sea as being of even greater importance than the Panama Canal, and shows how 4 out of 5 ships now sailing the seven seas can easily navigate the proposed 27-foot channel, which may some day reach from the Strait of Belle Isle inland to the Duluth water front.

"Nor are the plans for this seaway confined to navigation alone", Ireland explains, "for they include the development, incidental to the construction of the necessary navigation works, of 5,000,000 installed horsepower hydroelectric energy, to 1,100,000 of which the United States will be entitled.

"Additionally, the seaway proper will take the Atlantic Ocean along a 2,340-mile course inland to the heart of the continent, thus granting seacoast benefits of low ocean rates to the markets of the world from inland America."

Commenting on the volume, Walker Stone has written in the Washington (D.C.) Daily News recently declaring that "his book is an adequate and interesting summary of all of the pro arguments." Others who have read and criticized Ireland's book have been equally favorable in their observations.

Mr. NYE. Further, I ask to have printed in the RECORD resolutions adopted by the board of directors of the Minot Association of Commerce in support of the project; a letter from the secretary of the Garrison Civic Club, of Garrison, N.Dak., in support of it; resolutions adopted by the Kiwanis Club of the city of Fargo, N.Dak., in support of the project; and resolutions adopted by the Bismarck (N.Dak.) Association of Commerce upon the same question.

There being no objection, the letter and resolutions were ordered to be printed in the RECORD, as follows:

Resolution adopted by board of directors Minot Association of Commerce, December 15, 1933

Whereas it has come to the attention of the board of directors of the Minot Association of Commerce that the next session of Congress will very likely have placed upon its calendar the Great Lakes-St. Lawrence deep-waterway project as one of the important items to receive first consideration; and

Whereas more than one third of the States of these United States are vitally concerned with this most important water transportation development because of its effect on transportation costs on goods and products moving to and from the places of origin; and

Whereas transportation costs have increased very materially during the past 20 years, while in many instances the prices received for products have decreased: Therefore be it

Resolved, That the board of directors of the Minot Association of Commerce, assembled in regular session, urge that the Great Lakes-St. Lawrence deep-waterway project receive the early and favorable consideration of the next session of Congress.

I hereby certify that the above is a true and accurate copy of the resolution adopted by the directors of the Minot Association of Commerce December 15, 1933.

MINOT ASSOCIATION OF COMMERCE,
By JAMES BARRETT, *Secretary*.

GARRISON CIVIC CLUB,
Garrison, N.Dak., December 4, 1933.

Senator GERALD P. NYE,
Cooperstown, N.Dak.

DEAR SENATOR NYE: The members of this organization, at the regular meeting today, instructed me to write to you and Senator FRAZIER urging that you do what you can to secure approval of the Great Lakes-St. Lawrence seaway at the next session of Congress.

This project will go a long way toward reducing the disadvantage to this part of the country by reason of the construction of the Panama Canal. The Panama Canal has brought lower freight rates to the extreme eastern and western parts of our country, but it has caused higher freight rates for most of the Mississippi Valley.

The cost of transportation is an important element affecting the prices paid here for farm products, especially products such as wheat, which are exported to foreign countries. The seaway, by lowering the cost of transporting farm products, will raise the price received by the producer, and thus increase the income of every farmer in North Dakota and other States.

We are sure that you will do all in your power to bring about the approval of such treaty and other legislation as may be necessary to bring about this benefit to our State.

Yours respectfully,

W. C. CULL, *Secretary*.

Whereas we are advised that the next session of Congress will take up and consider legislation pointing toward the consummation of the Great Lakes-St. Lawrence seaway project; and

Whereas this project would be of untold benefit to the State of North Dakota, as well as to the whole Northwest, affording this section of the country cheap transportation from the head of the Lakes to the sea; and

Whereas the Kiwanis Club of Fargo, being vitally interested not only in the welfare of the immediate community but of the entire State of North Dakota and the Northwest, feels that legislation should be at once enacted and the necessary appropriations made to carry out this great project: Now, therefore, be it

Resolved, That we, the members of the Kiwanis Club of Fargo, individually and as an organization, urge upon our Members in Congress and upon the several executive departments in Washington having supervision over such projects to use every means at their command to the end that legislation may be enacted and the proper agencies authorized to make possible the Great Lakes-St. Lawrence seaway; and be it further

Resolved, That a copy of this resolution be spread upon the minutes of this club and that copies of the same be forwarded to Hon. LYNN J. FRAZIER, Hon. GERALD P. NYE, Hon. JAMES H. SINCLAIR, and Hon. WILLIAM LEMKE, our Senators and Representatives in Congress.

Resolution endorsing St. Lawrence Seaway Treaty

Whereas there is now pending in the Senate of the United States for ratification a treaty negotiated between the United States and Canada, providing for the joint construction by those two nations of the St. Lawrence seaway, the final realization of which will open the Great Lakes to the ocean commerce of the world and bring the benefits of ocean transportation into the very heart of the continent;

Whereas the establishment of the St. Lawrence seaway will, in our opinion, bring immeasurable economic benefit to the entire North and Midwest, including North Dakota, and give to this great inland empire a degree of economic equality and opportunity not otherwise possible, and generally contribute to the welfare of the Nation as a whole: Now, therefore, be it

Resolved, by the board of directors of the Association of Commerce of the city of Bismarck, N.Dak., That the President of the United States be earnestly requested to send a special message to Congress recommending the ratification of the St. Lawrence Seaway Treaty and that the Senate of the United States is hereby petitioned to promptly act favorably upon such recommendation and that the immediate ratification of such treaty and the subsequent construction of such seaway project be made a major project of this administration; be it further

Resolved, That the Senators and Congressmen from North Dakota be requested to exert all the power at their command to bring about favorable action upon such seaway treaty during the present session of the United States Senate; be it further

Resolved, That copies of this resolution be forwarded to the President of the United States and to the Senators and Congressmen from North Dakota.

Adopted by the board of directors of the Bismarck (N.Dak.) Association of Commerce, January 5, 1934.

H. P. GODDARD, *Secretary.*

Mr. CLARK. Mr. President, under the ruling of the Vice President this morning I offer the following reservation to the St. Lawrence Treaty and ask that it may be read and considered as pending.

The PRESIDING OFFICER. The clerk will read, as requested.

The LEGISLATIVE CLERK. The Senator from Missouri proposes the following reservation to the St. Lawrence Deep Waterway Treaty:

The United States ratifies this treaty with the distinct understanding that both high contracting parties recognize the complete and unquestioned sovereignty of the United States over Lake Michigan as a lake lying wholly within the boundary of the United States; that the high contracting parties recognize that Lake Michigan is not a part of the boundary waters of the international boundary between the United States and Canada; and that any of the provisions of article VIII of this treaty to the contrary notwithstanding, the question of diversion of water from said lake and the amount of such diversion, as well as all other questions affecting said lake, shall be and remain under the complete and exclusive control of the United States.

Mr. CLARK. I offer another reservation, which I ask may be read and considered as pending.

Mr. LEWIS. Mr. President, at this point may I inform my able friend from Missouri that I have a similar reservation to that which he has just tendered, and I am willing to yield to him in offering it.

Mr. CLARK. May I say that the reservation which I have just sent to the desk will be offered only in the event the reservation read a moment ago shall be rejected.

The PRESIDING OFFICER. The reservation offered by the Senator from Missouri will be read.

The LEGISLATIVE CLERK. The Senator from Missouri offers the following reservation:

The United States ratifies this treaty with the distinct reservation that diversion of water from Georgian Bay by the Canadian Government shall never exceed 1,500 cubic feet per second without the consent of the United States.

Mr. CLARK. I offer a further reservation, which I ask may be read and considered as pending.

The PRESIDING OFFICER. The reservation will be read.

The legislative clerk read as follows:

The United States ratifies this treaty with the distinct understanding that any of the provisions of subdivision (b) of article III of the treaty to the contrary notwithstanding, any funds provided by the United States for use in the St. Lawrence waterway may be used at the option of the United States Government for the employment of United States labor and United States engineers and the purchase of United States material whether the moneys are expended on construction in the United States or in Canada.

Mr. CLARK. I offer a further reservation, which I ask may be read and considered as pending.

The PRESIDING OFFICER (Mr. HARRISON in the chair). The clerk will read as requested.

The legislative clerk read as follows:

The United States ratifies this treaty with the distinct understanding that, in the event an all-Canadian waterway should be constructed from Georgian Bay down the Ottawa River to the St. Lawrence, Great Britain and its Province, the Dominion of Canada, shall not construct or maintain fortifications or military defenses along such waterway between Georgian Bay and the sea, and such waterway shall at all times, in peace or war, be open for the free use of the commercial and naval craft of Great Britain and its Provinces on the one hand and the United States on the other.

Mr. NORRIS. Mr. President, I have received a telegram from Hon. Frank P. Walsh, chairman of the New York Power Authority, which I ask may be read at the desk.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

NEW YORK, N.Y., *February 20, 1934.*

Hon. GEORGE W. NORRIS,

United States Senate, Washington, D.C.:

My attention has been called to a charge made on the floor of the Senate February 15 intimating that ratification of the St. Lawrence Treaty as recommended by President Roosevelt will promote private power interests concerned with the development of the St. Lawrence River. There is no foundation whatsoever for this statement. On the contrary, the public development of St. Lawrence power advocated by President Roosevelt in connection with the treaty and throughout his 4 years as Governor of New York has been consistently opposed by private power interests. The reason for this is evident. All the water power which will be available under the treaty will be divided between two public agencies; 1,100,000 horsepower to be developed by the Power Authority of the State of New York and 1,100,000 horsepower by the Hydroelectric Power Commission of the Province of Ontario. This will insure an abundant supply of electricity at the lowest possible rates. The private power companies in New York are today charging domestic consumers rates about four times the rates in Ontario. While the development of water power is in the hands of a public agency in the Province of Ontario, private interests control the power resources of the Province of Quebec on the lower St. Lawrence. These interests are today exploiting the private resources of Quebec for private profit just as the Niagara-Hudson Power Corporation of New York exploits Niagara Falls on the American side of the boundary. These two private combinations, one in Canada and one in the United States, will be shielded from the application of a public yardstick on fair rates if ratification of the St. Lawrence Treaty is blocked and the public development by the Province of Ontario and the State of New York is thus prevented. This explains why the private power interests on both sides of the boundary are opposing ratification of the treaty. The truth is that the development of the St. Lawrence under the treaty will greatly promote the public interest not only by providing cheap electricity but also by attracting and developing new industries. The Premier of Quebec, Mr. Taschereau, has consistently opposed the St. Lawrence Treaty and the public development of water power it will make possible. In this he has had strong support from the cities of Montreal and Quebec, where private power interests are strongly entrenched.

In a speech before the Quebec Legislature January 13, 1932, Premier Taschereau said: "The pressing need of the United States is for power. Do you think we are ever going to get industrial development in the Province of Quebec and in Canada by permitting the United States what she needs now for developments of her own industries. I have seen many captains of industry, so-called, and they all tell me the same thing; keep your hydropower at home and you will have American capital going into your Province for the development of industries and your Province will profit and progress. * * *" There can be no question that the development of hydroelectric resources is proceeding rapidly in Canada and that cheap hydroelectric power is essential to the development and maintenance of American industry. The brief filed by the Power Authority of the State of New York with the Foreign Relations Committee of the Senate contains this significant statement from a public address delivered by Randall J. Leboef, Jr., general counsel for the Niagara-Hudson Power Corporation: "I cannot get out of my mind the Aluminum Co. going up on the Saguenay River, in the Province of Quebec, and creating in the wilderness not only a vast power development but building an actual city, with an industry giving profitable employment to thousands of workmen." The private power interests in the United States are today marshaling every influence and resource to block the public development of St. Lawrence power and its distribution at low rates by the municipalities of New York. President Roosevelt and Governor Lehman have for years supported the Power Authority in its policy of making this great natural resource available under conditions that will insure the lowest possible rates to consumers of electricity. Since the St. Lawrence River is an international stream forming the boundary between the Province of Ontario and the State of New York, this great block of water power obviously cannot be developed for the immediate benefit and relief of consumers of electricity without ratification of the pending treaty with Canada.

If, as President Roosevelt warned in his message, the treaty should be defeated, Canada might deepen her canals on the Canadian side of the river and thus get the benefit of cheaper navigation and simultaneously develop the water power lying wholly within Canadian territory and under the control of private interests in the Province of Quebec. This would rob American consumers of the present opportunity to obtain cheap electricity from the public power project in the International Rapids section; it would delay the power development in this section of the river for a generation to come; it would greatly increase the cost of the power in this section when and if it should develop for power alone without a division of the cost between both power and navigation; it would give the private power interests in Quebec the same advantage over the Hydroelectric Commission of Ontario as it would confer upon private power interests in the State of New York; it would represent the greatest victory for these interests in history, since the pending treaty makes possible the public development of the largest single block of power on the North American Continent. In the face of the conditions that actually exist on the St. Lawrence, it is difficult to understand how any Senator could seriously charge that the pending treaty promotes the interest of private power companies either in Canada or in the United States. Such a statement indicates a wholly distorted view of the actual facts, and I am therefore requesting, on behalf of the trustees of the Power Authority of the State of New York, that this communication be read into the RECORD of the Senate.

FRANK P. WALSH,

Chairman the Power Authority of the State of New York.

Mr. NORRIS. Mr. President, I should like the attention of the Senator from Texas [Mr. CONNALLY].

I desire to make some remarks on the treaty. I do not wish to interfere with the bill of the Senator from Texas which is now pending. I prefer not to make any remarks today if I can make them tomorrow or Monday. I realize, however, that a limitation of debate will go into effect soon; and if the bill which is now pending continues before the Senate, there may not be time for all Senators who wish to address the Senate on the treaty to do so.

I do not like to take up the time to speak on the treaty when the bill of the Senator from Texas is pending. If there is any reasonable assurance that the bill can be disposed of soon, I will not attempt it. At the same time, I have not made any remarks on the treaty so far, and I should dislike to have the time arrive when I would be entirely excluded from speaking by the desire of other Senators to address the Senate on the treaty.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. CONNALLY. Of course, I am very anxious to have a vote on the cattle bill today. I was not able yesterday to obtain an agreement to vote upon the bill at a certain time today. If I had any intimation that such an agreement could be secured, I should make the point of no quorum and try to work out the matter.

I am not disposed to cut off the Senator from Nebraska from making a speech on the waterway treaty, because I realize that other Senators have embraced the opportunity to address the Senate on the treaty, and I certainly should not want to be in the attitude of denying the same privilege to the Senator from Nebraska.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Nebraska yield to the Senator from Illinois?

Mr. NORRIS. I do.

Mr. LEWIS. May I be permitted to make an inquiry of both the Senator from Texas and the Senator from Nebraska? Speaking as one who has been accorded a little voice in the machinery of the debate, I ask my able friends the Senator from Texas and the Senator from Nebraska whether there is any objection to holding a session tomorrow in order that Senators may have opportunity to make the addresses referred to by them.

Mr. NORRIS. I have no objection. I should be glad if we could have a session tomorrow, if I thought I might be recognized tomorrow to speak on the treaty and devote the afternoon to it.

Mr. LEWIS. May I ask the able leader of the minority if he has any program that runs counter to that—if the minority have other legislation that it is proposed to consider tomorrow?

Mr. McNARY. Mr. President, I think we all entertained a hope that we might recess from today until Monday, in order to have Saturday at our offices. Everyone is anxious to hear the able Senator from Nebraska discuss this subject. I believe the limitation of debate begins on Tuesday.

Mr. NORRIS. If there is not a desire on the part of a number of Senators to speak on Monday, that will suit me; but I understand there is. There are several Senators who have said they wish to speak on Monday.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Texas?

Mr. NORRIS. Yes.

Mr. CONNALLY. I suggest to the Senator that he give notice in the open Senate that he will speak on Monday.

Mr. NORRIS. That would not give me any parliamentary advantage. It would be only a matter of courtesy.

Mr. CONNALLY. It would through courtesy; and I am sure no Senator would undertake to interfere with the Senator from Nebraska. However, if the Senator desires to speak today, of course, I shall not make any objection.

Mr. NORRIS. I am informed that the Senator from Illinois [Mr. LEWIS] had already given notice that he will speak either tomorrow or Monday.

Mr. LEWIS. If we are not to have a session tomorrow, it will be Monday. I will yield to the able Senator from Nebraska, however, as I know this is a subject he wishes to discuss, and follow him on Monday.

The PRESIDING OFFICER. The Chair will state that the Senator from Nevada [Mr. PITTMAN], the Chairman of the Foreign Relations Committee, has also given notice of an intention to speak on Monday.

Mr. McNARY. Mr. President, in view of that situation and the importance of the subject, it is obvious that we shall be in session tomorrow.

Mr. McKELLAR. Yes; we have an appropriation bill which several officers of the administration state must be acted upon, and we shall have to go on tomorrow, anyway.

Mr. WALSH. I think we should have a session tomorrow.

Mr. McKELLAR. I hope, however, that the pending bill can be passed today.

Mr. NORRIS. I will take this opportunity, then, to notify the Senate that if I can secure recognition tomorrow, I shall address myself to the treaty.

Mr. CONNALLY. I am sure the Senate will be in session tomorrow.

Mr. NORRIS. I think we ought to be in session tomorrow.

Mr. McNARY. I ask for unanimous consent that when the Senate concludes its session today, it recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The Senator from Oregon asks unanimous consent that when the Senate concludes its session today it recess until 12 o'clock noon tomorrow. Is there objection?

Mr. CONNALLY. Reserving the right to object——

Mr. NORRIS. Let me change the language of the notice I gave.

Mr. CONNALLY. Just a moment. Has the Senator from Oregon consulted the Senator from Arkansas [Mr. ROBINSON]?

Mr. McNARY. We discussed the matter yesterday, and I think the Senator from Tennessee [Mr. McKELLAR] is in touch with his wishes.

Mr. McKELLAR. Yes. I have no objection to the request of the Senator from Oregon.

Mr. CONNALLY. Then I am not going to make any objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

Mr. NORRIS. Mr. President, the suggestion is made that we shall not have anybody here tomorrow, even if we do have a session.

Mr. LEWIS. I suppose the Senator means that Senators will voluntarily take a holiday.

Mr. NORRIS. If that is true, let me change my notice and say to the Senator from Illinois that it will be agreeable to me to follow him, or to have him follow me, and speak on Monday instead of tomorrow.

Mr. LEWIS. I shall try to arrange that on Monday to suit the convenience of the Senator. I certainly do not desire to bring upon him any inconvenience.

Mr. NORRIS. Then we will let it stand that way.

Mr. LEWIS. And waive the notice of an intention to speak on Saturday?

Mr. NORRIS. Yes.

Mr. BORAH. Mr. President, could we not have a session beginning at 11 o'clock on Monday?

Mr. McNARY. I think that would be very proper, in view of the debate.

Mr. COUZENS. I should have to object to that, because we have the revenue bill before us every morning at 10 o'clock, and we work on it until after 12.

Mr. LEWIS. The Senator means, I take it, before the Committee on Finance?

Mr. COUZENS. Yes.

Mr. McKELLAR. I see no objection to meeting at 11 o'clock, if it is desired; but, of course, the Senator from Michican could control the matter by objecting.

Mr. WALSH. Is it understood that we are to have a session tomorrow?

Mr. LEWIS. It is rather assumed, I believe.

The PRESIDING OFFICER. The Chair will state that the Senate has already, by unanimous consent, agreed that at the time of concluding its session this afternoon it will recess until 12 o'clock tomorrow.

Mr. WALSH. That settles it so far.

HOUSE BILL REFERRED

The bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

INCLUSION OF CATTLE AS A BASIC INDUSTRY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. CAPPER. Mr. President, I intend to support the pending measure, H.R. 7478, to include cattle as a basic commodity under the terms of the Agricultural Adjustment Act; but I shall vote for the measure on the assumption that the Secretary of Agriculture will not impose the processing tax on cattle at a time and in such a manner that the producers will have to bear the tax burden. When that is done, when the producer pays the tax, the object of the bill, of course, is defeated. When the processing tax was applied on hogs the result was that the farmer got a lower price for his hogs. This must not happen as to cattle.

The measure carries an appropriation which, as I interpret it, will enable the A.A.A. to initiate a production-control program without assessing the costs, through a processing tax, immediately upon the cattle producers.

I see no language in the bill which would compel the Secretary of Agriculture to levy a processing tax on the producers. If it had contained such a provision, I should feel compelled to vote against it.

If a processing tax is levied under conditions as they are now and that tax is passed back to the producer, it will simply insure the ruin of many cattlemen. I am trusting to the judgment of the Secretary of Agriculture not to take any such action. I desire to have this statement in the RECORD before I cast my vote for the measure.

I send to the desk resolutions adopted on March 3 by the Riley County (Kans.) Farmers' Union, No. 45, which I believe expresses the sentiment of livestock men generally, and ask that they be included as part of my remarks.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

FARMERS EDUCATIONAL AND COOPERATIVE
UNION OF AMERICA,
RILEY COUNTY FARMERS UNION, No. 45,
Leonardville, Kans., March 5, 1934.

Senator ARTHUR CAPPER,
Washington, D.C.

DEAR MR. CAPPER: The following resolutions were adopted by the Riley County Farmers Union, No. 45, assembled in quarterly session at Walsburg schoolhouse March 3:

"*Resolved*, That we ask Secretary of Agriculture Wallace and the Congress of United States of America to take such action as may be necessary to prevent further importation of agricultural commodities.

"*Resolved*, That—

"Whereas the processing tax on wheat and hogs appears to be borne by the producer of these commodities; and

"Whereas there is proposed by the Secretary of Agriculture a processing tax on cattle; we therefore go on record as opposing any processing tax on cattle, and demand of Secretary Wallace to leave cattle untaxed until such time as the cattlemen can realize cost of production plus a reasonable profit; be it further

"*Resolved*, That a copy of these resolutions be sent to Secretary Wallace."

Yours very truly,

GUST LARSON, *Secretary.*

The PRESIDING OFFICER. The question is on the amendment of the Senator from North Dakota [Mr. FRAZIER].

Mr. CONNALLY. I am willing to have the amendment agreed to.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, after line 8, it is proposed to insert the following:

SEC. 3. (a) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $150,000,000, which shall be available for the following purposes:

(1) Under rules and regulations to be promulgated by the Secretary of Agriculture, for the elimination of diseased dairy and beef cattle, including cattle suffering from tuberculosis or Bangs disease, and for payments to owners with respect thereto;

(2) Under rules and regulations to be promulgated by the Secretary of Agriculture, in conjunction with the Federal Emergency Relief Administration, for the purchase and transfer of dairy cows to farms which do not have dairy stock for supplying milk and milk products for noncommercial family use;

(3) Not to exceed $50,000,000 for advances by the Secretary of Agriculture to the Federal Surplus Relief Corporation for the purchase of dairy and beef products for distribution for relief purposes.

(b) No processing tax shall be levied under the Agricultural Adjustment Act, as amended, for the purpose of obtaining revenue for reimbursement of expenditures authorized by this section.

Mr. LA FOLLETTE. Mr. President, I should like to state at the outset that I offer this amendment after consultation with a number of Senators who come from States in which the dairy industry is of great importance. Among them are the Senator from Iowa [Mr. MURPHY], the senior Senator from North Dakota [Mr. FRAZIER], the junior Senator from North Dakota [Mr. NYE], the Senator from Minnesota [Mr. SHIPSTEAD], and others.

Since I have been a Member of the United States Senate I have taken the position that there could be no sound prosperity in the United States until the great agricultural industry was placed upon a sound, profitable basis. I maintained during the period of the so-called "boom" that it was ephemeral in character, that it could not endure, because the great agricultural regions of the United States and the millions of people dependent either directly or indirectly upon agriculture, were fighting a losing economic battle.

It should be remembered that this depression, insofar as it relates to the agricultural industry as a whole, did not begin in October 1929. Taking the industry as a whole, the depression so far as agriculture is concerned began in 1920.

Mr. WALSH. Mr. President, confirmatory of the Senator's statement, he will recall that we had before us in 1922 an emergency tariff bill, the avowed purpose of which was the relief of agriculture.

Mr. LA FOLLETTE. Yes, Mr. President, but agriculture was relieved under that emergency tariff act as it was usually relieved under tariff laws. It was relieved of a great percentage of its purchasing power.

Mr. WALSH. But it was a recognition of the distress of agriculture.

Mr. LA FOLLETTE. Precisely. The point is well taken by the Senator.

Mr. President, I think it is generally conceded that the distress of the agricultural industry was due to policies pursued by the Government during the war and in the period which followed it. After this country entered the war, in 1917, a well-conducted campaign was carried on from Washington by officials of the Government appealing to farmers all over the United States to increase their production. They used the newspapers which circulate in the agricultural communities, they used the farm journals, they even used the billboards along the rural highways.

Suited to the localities in which these appeals were circulated, an appeal was made to the farmers of this country to grow more wheat, more corn, more cotton, more hogs, produce more beef, more mutton, and more dairy products. Each one of these appeals, circulated under the official

aegis of our Government, wound up with the appeal, "And help your Government win the war."

The Federal Reserve Board, which controls the credit policy of our great national-banking system, adopted a policy of liberal extension of credits to farmers, manufacturers, and business men, upon the theory that the extension of those liberal credits would enable them to increase their production and thus help the Government win the war.

The fact remains, however, that agricultural prices in this country did not rise in proportion to the increase in the prices of the products which the farmers had to buy. This disparity during the war period between the prices which farm products brought and the prices which the farmers had to pay for the things they bought was an economic discrimination against one of our great basic industries.

Mr. President, in response to these appeals upon the part of the Government to increase their production, the farmers took advantage of the liberal credit policies on the part of the great Federal Reserve National Banking System and borrowed money to buy more land, to build bigger barns, to increase their livestock, and, above all, to buy power machinery to take the place of the labor of their sons, who were patriotically serving the Government in uniform. The inevitable result was that the farmers of this country got their lines of credit at the banks extended almost to the breaking point.

One day in August 1920 the Federal Reserve Board had a secret meeting at Washington, in which those sleek, well-fed gentlemen, sitting around a mahogany-top table, came to the conclusion that the country was too much inflated as a result of the credit policy which they themselves had inaugurated during the war. On that afternoon they issued instructions to the Federal Reserve banks all over the United States to curtail agricultural indebtedness. As a result, farmers all over the country were confronted with a demand for reduction of their notes and mortgages. There was only one method they could adopt in order to realize the cash to meet those demands upon the part of the banks, and that was through a dumping of their crops upon the markets. The deflation policy inaugurated by the Federal Reserve Board, and for which the Government must assume responsibility, produced the worst panic in agricultural commodity prices which this country had ever seen up to that time.

Mr. President, this is not a figment of my imagination. Secretary of Agriculture Wallace, the father of the present Secretary, in 1923 stated, after careful investigation, he had come to the conclusion that the deflation policy upon the part of the Federal Reserve Board had cost the farmers of this country $15,000,000,000.

This, however, was not the only staggering blow dealt to agriculture as a result of governmental policy at the beginning of 1920 and 1921. In 1920 the Congress of the United States passed the so-called "Esch-Cummins bill", now known as the "Transportation Act of 1920." It was passed because of the pressure of railroad executives and railroad security holders in this country. It provided for the return of the railroads to private management following Government operation during the war, but it likewise provided that the Interstate Commerce Commission must fix rates high enough to produce a return of 5¼ to 6 percent upon the aggregate value of the railroads' property.

The Interstate Commerce Commission had not concluded its physical valuations of the roads, and under the terms of this law, which was virtually a mandate, it was necessary for the Commission to take what Commissioner Eastman described in his minority report as "a leap in the dark."

In any case railroad freight rates in the United States, as a result of the enactment of that law, went up approximately 35 percent on the 26th day of August 1920, and they have remained there or they have gone constantly higher ever since. Even during this period of depression, when all other prices and values have been sliding toward the vanishing point, railroad freight rates have been maintained or increased.

This increase in freight rates as a direct result of the inauguration of a national policy upon the part of this Government hit every consumer in the United States; for, whether we realize it or not, we pay the freight costs on everything which we buy to eat, to wear, and to use. It hit all consumers, but it hit the farmers of this country hardest of all. It hit the farmers of this country hardest of all because under the crazy marketing system which exists in this country the farmer is the one producer in the United States who cannot add the cost of transportation to the selling price of his product. On the contrary, the farmer has the cost of transporting his goods to market subtracted from the price which he gets for them.

If there are any Senators here who doubt that statement, let them go out into the cattle-producing country, let them buy a carload of prime beeves and ship them to a commission merchant to be sold at the market. If that carload of prime beeves brings more than the transportation charges from the shipping point to the primary market, the commission merchant will send you a check for the difference. If they do not bring enough to pay the transportation charges, you will get a bill from the commission merchant telling you how much you owe him.

Mr. BAILEY. Mr. President, I wish to ask the Senator a question.

Mr. LA FOLLETTE. I yield.

Mr. BAILEY. Why is that so?

Mr. LA FOLLETTE. I stated, Mr. President, it was so because of the crazy marketing system which exists in this country.

Mr. BAILEY. That is very indefinite—"a crazy marketing system." I should like the Senator to tell me if it is not so because the farmer, having a great amount of cattle to sell, is selling in the buyers' market?

Mr. LA FOLLETTE. Mr. President, I do not think that is the complete answer. I know it is a fact that in the countries where cooperatives have been well developed no such situation exists, and I am not at all convinced that the Senator is correct in assuming that it is simply because the farmers are shipping too many beeves or too many hogs or too many sheep to market. I am more inclined, Mr. President, to be convinced that it is due to the control of those markets by the packers and by other individuals and organizations which stand between the producer of our primary foodstuffs and the ultimate consumer.

Mr. BAILEY. Mr. President, assuming that to be the reason—not taking it to be absolute, because the Senator himself is in some doubt—but assuming that to be the reason by a parity of reason, since the farmer cannot pass on the freight to the consumer and must bear the burden himself, will the Senator tell me how the farmer could pass on the processing tax?

Mr. LA FOLLETTE. Mr. President, I cannot answer that question, because I am not at all convinced that the farmer can pass on the processing tax. I will say to the Senator that it may be possible to pass on the processing tax in the case of nonperishable commodities, but I think that there is very grave question as to whether the processing tax, insofar as perishable products are concerned, can be passed on. Therefore, I would not attempt to answer the Senator's question.

Mr. BAILEY. Let us take an example. The Senator refers to nonperishable products. Let us assume that wheat and cotton are such. The Senator's idea is that since they are nonperishable the farmer may be able to pass on the processing tax, and by a parity of reason, the freight charges, because they are nonperishable?

Mr. LA FOLLETTE. The reason I raised the question as between perishable and nonperishable commodities is that, of course, it is possible to create a storage for the nonperishable commodity, and perhaps to bring about a more orderly marketing of it than there is in the case of the perishable commodity, which must have cold storage, and the facilities for which are necessarily limited.

Mr. BAILEY. Let me ask the Senator if he has not reached precisely the same conclusion which I thought he would reach at the beginning? It is because, in the case of

nonperishable articles, such as cotton and wheat, there can be what the Speaker speaks of as orderly marketing?

Mr. LA FOLLETTE. More orderly, I should like to say.

Mr. BAILEY. And the Senator is using the word "orderly" marketing in the sense that he gets to that point where the farmer can sell in the seller's market and not in the buyer's?

Mr. LA FOLLETTE. Well, he does and he does not. Of course, the Senator knows that there have been numerous occasions when even the prices of the so-called "nonperishable agricultural commodities" have gone far below the cost of production, and I am sure that no State has suffered any more from that situation than has the Senator's own State.

Mr. BAILEY. That is so, but it still remains the fact that the difference between the two is that the nonperishables may be held by the farmer until such time as there is a seller's market, and the perishable he cannot hold, and therefore he does not ever get into the seller's market. I was driving at just that point, that the difference is in selling in a seller's market, and that if we cannot pass on the freight, we cannot pass on the tax.

Mr. LA FOLLETTE. It is only a relatively better position, may I say to the Senator, and one is not satisfactory simply because it is better than the other, in my view.

Mr. President, on the other hand the farmer has had to pay this added freight cost upon everything which he has bought for himself and his family and for use upon the farm. In my opinion this has been one of the large contributing factors in the prolongation and the intensification of the agricultural depression which has prevailed in this country since 1920. Upon the theory that a government responsible in the first place for precipitating the agricultural depression, and responsible in the second place, in part, for its prolongation, I have supported ever since I came to this body every piece of legislation which I felt was designed to bring relief to the great farm industry. I have not supported it, Mr. President, only because I was in sympathy with the tragic situation confronting the farmer and his family during these long bitter years; I have supported it because I was convinced that we never could have sound prosperity during the so-called "boom period." I have been convinced that we could never even attain a partial recovery during this depression, unless the great buying power represented by the 6,000,000 farmers of this country and their dependents was restored to our markets. I supported the McNary-Haugen bill, not because I felt that it held out any particular hope to the dairy farmers of Wisconsin; I supported it because I believed that one part of the industry could not be prosperous while another part of the industry was languishing and in economic distress.

When the present Agricultural Adjustment Act was under consideration in this Chamber I supported the amendment offered by the Senator from Nebraska [Mr. NORRIS] to provide for a price at least equivalent to the cost of production. I also supported the amendment offered by the Senator from North Dakota [Mr. FRAZIER] as a substitute for the farm-refinancing program provided in the bill. I supported those amendments, and I supported the bill upon its final passage, because I felt that it was the only measure which held out any hope to this great bloc of our population.

The dairy industry and the cattle industry are in a tragic situation. Every Senator who has made any study of the subject fully realizes that statement to be true. I want to show what has happened to the purchasing power of the dairy farmer in this country. In 1913, 100 pounds of milk, on the average, were bringing a return to the farmer in Wisconsin of $1.33, and 100 pounds of flour in the same year cost $3.30; in other words, in 1913, 100 pounds of milk sold by a farmer in the State of Wisconsin would buy 40 pounds of flour.

In 1932, 100 pounds of milk in Wisconsin brought, on the average, 88 cents, while flour per 100 pounds was selling for $3.20; that is, 100 pounds of milk sold by a farmer in Wisconsin in 1932 would buy only 27 pounds of flour.

In August, 1933, 100 pounds of milk sold in Wisconsin would buy only 22 pounds of flour, and in December, 100 pounds of milk sold in my State would afford purchasing power capable of buying only 20 pounds of flour.

From 1910 to 1914, 100 pounds of milk sold by a farmer in Wisconsin would purchase 99 pounds of typical dairy rations. From 1921 to 1931, on the average, 100 pounds of milk would buy 123 pounds of dairy rations.

The relatively favorable position of the dairy industry in relation to other agricultural activities during that period caused many farmers throughout the United States who had not been theretofore engaged in the dairy industry to purchase dairy cows and to begin the production and sale of milk and other dairy products.

From March to July 1933 grain prices more than doubled. The result, Mr. President, was an increased cost of production to the dairy farmer. In July of last year 100 pounds of milk sold in Wisconsin would buy only 86 pounds of feed, as compared with 123 pounds for the 1921 to 1931 average. In December last 100 pounds of milk sold in Wisconsin would buy only 94 pounds of feed. In other words, Mr. President, so far as the activities of the Agricultural Adjustment Administration have been successful in helping to increase the price of other farm products, they have penalized and placed at a further economic disadvantage the producers of dairy products in Wisconsin and other dairy States.

Wisconsin produces over 11,000,000,000 pounds of milk a year, or 11 percent of the total quantity produced in the United States and more than is produced in any other dairy State. Wisconsin produces 65 percent of the cheese, 40 percent of the evaporated milk, and it is the third largest butter-producing State in the Union. I cite these figures to show what an important economic effect has inevitably been produced in the State which I have, in part, the honor to represent, by the activities of the Agricultural Adjustment Act in—justifiably, as I contend—endeavoring to increase the price of other farm products. Nevertheless, we cannot escape the fact that these activities have resulted in a terrific economic disadvantage to the dairy farmers of Wisconsin and other dairy States and have added to their woeful plight in this situation.

Mr. President, it was generally assumed when the Agricultural Adjustment Act was passed that its benefits could successfully be obtained only for branches of the agricultural industry which were upon an export basis. Many Members of this Chamber no doubt are under the impression that there is an overproduction in the dairy industry today, but I do not think the statistics indicate any such condition.

In 1929 there was produced in the United States the equivalent of 76.7 billion pounds of milk which was sold off the farms in the United States. The average price was $2.41 per hundred pounds. In 1932 there was produced an equivalent of 78.4 billion pounds, or an increase of 2.3 percent during the 3-year period. During the same 3-year period, however, the population of the United States increased 2.7 percent. In other words, between 1929 and 1932 population in the United States increased faster than dairy production. The average price in 1932 was $1.26 per hundred pounds, a decrease of 48 percent from the average price of 1929. In other words, from 1929 to 1932 the amount of dairy products sold increased less than the increase in population, but at the same time the dairy farmers sustained a decrease in price of 48 percent.

Is it not obvious, Mr. President, from these figures, that the dairy industry is not confronted with the same situation that faces the producers of cotton, wheat, tobacco, corn, hogs, and rice? The dairy industry is not producing more than is usually consumed at home. The other branches of the agricultural industry which I have mentioned were producing more than could be consumed in the domestic market even during the time when the population had more adequate purchasing power than it has today.

To sum up, the dairy industry has not increased its production more than the population has increased. The low prices in the dairy industry are not due, therefore, to an unusual increase in dairy production. It seems perfectly

obvious to me that the sharp decline in dairy prices is due to one cause and one cause alone, namely, the rapid decline in purchasing power. Therefore, Mr. President, we are dealing with a problem beyond the control of the dairy industry. We are confronted by a situation where the fate of this industry is inextricably interwoven with the fate of purchasing power of the urban population of the United States. We had a pretty concrete example of that last year. From January 1933 to June 1933 the average price of butter wholesale in Chicago was around 15½ to 16½ cents. In June and July it climbed to 26½ cents per pound. But what happened? The consumption of butter fell off 15 percent, and the consumption in that marketing region of substitutes for butter increased 5,000,000 pounds.

It is clear to me that it was not because the people in that area suddenly came to the conclusion that they preferred dairy substitutes to the genuine article. The reason for this decrease in the consumption of butter in that marketing area was clearly due to the fact that because of depleted purchasing power the individuals normally purchasing these dairy products were unable to meet the increase in price from 16 cents to 26½ cents per pound.

Mr. President, we are dealing with a situation, insofar as the dairy industry is concerned, which convinces me that no substantial benefit can flow to the dairy industry through devices which seek to increase artificially the price beyond the ability of the consumer to buy.

There is a situation confronting the industry which it cannot meet and cannot control. It is a situation due to the general economic depression in the United States. If the dairy industry was producing an exportable surplus, it would present a very different problem. On the contrary, however, we are confronted with facts which demonstrate that the industry has not increased its production even as much as the population has increased.

In 1932 the dairy industry in the United States produced about 25 percent of the farm income; hogs, about 10 percent; cotton, about 8 percent; all grains, including wheat, about 6 percent; and tobacco, about 2 percent. There are about 3,000,000 farms, according to the census, which are engaged in the production of dairy products. This total number of farms engaged in the production of dairy products compares very favorably with the totals of the farms engaged in the production of the other products which I have just mentioned.

Two hundred and thirty-six million dollars has been distributed by the A.A.A. to the other branches of the agricultural industry which do not produce nearly so much farm income as the dairy industry produced. The dairy industry is not suffering from the problem of overproduction. Relief for this industry, if we are to save it from disaster, must be upon some other basis than that upon which the other industries are being dealt with under the Agricultural Adjustment Act.

Therefore, in consultation with the other Senators whom I have mentioned, I have offered the amendment now pending. I appeal for its adoption upon the broad general ground of public health and relief. It has been the policy of the Government for a long period of time in conjunction with the States to carry on a well-directed and sustained program for the eradication of bovine tuberculosis. In this period, when the dairy industry is in great distress, we are justified in asking for an enlargement and an augmentation of the program, not only to carry on the work which has been so well done in many areas in cleaning up tuberculosis, but also to inaugurate a campaign for the eradication of contagious abortion which is becoming a menacing factor so far as both the dairy and cattle industries are concerned. It is estimated that there are about 600,000 cows in the United States suffering with tuberculosis today. It is further estimated that there are approximately 3,000,000 cows in the United States suffering from contagious abortion. If the amendment is adopted this campaign, under rules and regulations to be promulgated by the Secretary of Agriculture, can be carried forward. It will be a great step in advance so far as public health is concerned, and it will at the same time bring relief and benefit to the dairy industry.

Also, the amendment provides for the purchase and distribution of cows to a substantial number of the more than a million farms in the United States which do not now produce dairy products, and which are therefore not consuming dairy products at this time.

In consultation with some of those who are directing the relief activities in the United States, I find they are very much interested in carrying on an experiment of distributing cows to those farms which do not now have family cows. They are interested in it not only from the point of view of relief, but they are interested in it because they believe it will improve the dietary situation in very large areas in the United States.

The amendment also provides for money to be transferred by the Secretary of Agriculture from this fund to the Federal Surplus Relief Corporation for the purchase of both dairy and beef products for distribution to those who are upon relief, in order to balance their diet and, likewise, at the same time in order to afford relief to this dairy industry.

Mr. President, in this connection I would like to read briefly from a letter which I received from the wife of a farmer in Wisconsin. It came unsolicited, may I say, as its context will demonstrate:

DEAR SENATOR LA FOLLETTE: You are probably somewhere attending a birthday ball tonight, while I am sitting beside the old kitchen range in a drafty old house shivering because the wind just will come in. Maybe that is just as it should be, but I do not think so, for surely farmers and their wives perform as great a service as do even United States Senators, and are entitled to a wage that will at least give them a decent comfort.

I hope that you will give a thought to the dairy farmers of your State. You cannot help us alone, of course; but surely there must be some way that we, too, can make a living wage, and by that I mean a wage that will include a little medical and dental care. There are five children in my family, none of whom have ever been to a dentist, and some of them so badly in need of that kind of care. Can you imagine a 10-year-old boy with his double teeth all too far gone to save and some decay on his permanent front teeth?

You can look over our financial statement, and if you see any way on earth I can take proper care of these children on that income, I should be glad of your advice. Teeth, tonsils, adenoids, sinus—all these things must wait until we get a fair return for our labor.

I am getting desperate. If we were numbered amongst the poor, our children would have these defects taken care of; but we are merely farmers, and must help pay the bill for the poor to the tune of nearly $20,000 in our county last year, while our own go without because we cannot pay.

Health is of the first importance, and after that, to my mind, comes the home; and that should be something more than just a place to get in out of the rain. In our house there are not beds enough for the family, nor bedding enough for the beds we do have; and still they plow up the cotton because of a surplus.

I should like an opportunity to use up my family's share of that surplus. Why, I would even have more than two house dresses at one time and blankets and sheets and mattresses for the beds. It makes me dizzy to think how much of that surplus we could use just for necessities, or, if those things are not necessities for farmers, then for the sake of decency. * * *

Mr. President, I ask unanimous consent to have this lady's financial statement incorporated at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Financial statement, 1933

29,712 pounds milk, average test 4.9; fat, 1,386.37, average price, 23 cents	$238.89
1,930 pounds cream, average test, 37.59; fat, 736.73; average price, 24 cents	168.07
61 turkeys sold	118.72
1 calf (not veal)	12.60
Silo filling	13.00
Eggs	5.55
Total income from farm (cost of hauling milk and cream not included)	556.83
Loan Regional Agricultural Credit Corporation	275.00
Paid to Regional Agricultural Credit Corporation—June 1933–Jan. 1, 1934	34.69
Rent paid in cash	65.00
Paid on stock and machinery	224.31
Personal-property tax	6.16

Financial statement, 1933—continued

Silo	$47.50
Share in wood saw	5.00
One half ensilage cutter	20.00
Horse and cow feed	22.83
Turkey and chicken feed	47.19
Seed	23.00
Help	12.75
Insurance—stock, $1.72; buildings, $7.75	9.47
Dues, union and legion	4.75
Clothing, family of 7	79.48
Groceries, gas for engine, kerosene, postage, etc	229.70
	831.83

Mr. NYE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Does the Senator from Wisconsin yield to the Senator from North Dakota?

Mr. LA FOLLETTE. I yield.

Mr. NYE. I am sure the Senator has no intention of leaving the impression that this letter is unusual or that it does anything other than express a situation that is very general throughout the agricultural regions of the country, does he?

Mr. LA FOLLETTE. No, Mr. President. I brought it over with me to the Senate Chamber this morning because it seemed to me that it bore evidence of being such a sincere and direct statement upon the part of an intelligent woman who is struggling to meet her obligations as a wife and a mother.

Mr. President, it is not possible to describe adequately the situation confronting the dairy farmers of this country. It is not possible to describe adequately the situation confronting the cattle producers of this country. Their plight is desperate. The situation which existed in the State of Wisconsin and in many of the other States in the Central West and Northwest last fall was a clear indication of the desperate condition of our farmers.

I am convinced that the only way in which relief may come to these people is through the adoption of this amendment, and I plead with the Senate to give it favorable consideration.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reed
Ashurst	Cutting	Keyes	Reynolds
Austin	Dickinson	King	Russell
Bachman	Dieterich	La Follette	Schall
Bailey	Dill	Lewis	Sheppard
Bankhead	Duffy	Logan	Shipstead
Barkley	Erickson	Lonergan	Steiwer
Black	Fess	McAdoo	Stephens
Bone	Fletcher	McCarran	Thomas, Okla.
Borah	Frazier	McGill	Thomas, Utah
Bulkley	George	McKellar	Thompson
Bulow	Gibson	McNary	Townsend
Byrd	Glass	Metcalf	Trammell
Byrnes	Goldsborough	Murphy	Tydings
Capper	Gore	Neely	Vandenberg
Caraway	Hale	Norris	Van Nuys
Carey	Harrison	Nye	Wagner
Clark	Hastings	O'Mahoney	Walcott
Connally	Hatch	Overton	Walsh
Coolidge	Hayden	Patterson	Wheeler
Copeland	Hebert	Pittman	White
Costigan	Johnson	Pope	

Mr. LEWIS. I desire to announce that the Senator from New Hampshire [Mr. BROWN], the Senator from Louisiana [Mr. LONG], the Senator from Arkansas [Mr. ROBINSON], and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate.

The PRESIDING OFFICER (Mr. POPE in the chair). Eighty-seven Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. CONNALLY. Mr. President, I hope Senators will not vote in favor of this amendment. I will say to the Senator from Wisconsin that the original bill takes care of the situation. In the hearings, and by letters to various Senators, the Secretary of Agriculture has made it clear that a part of the program will be to take care of the tubercular-cattle situation. The amendment proposes to add $150,000,000 to the bill; and, of course, I cannot accept or agree to any amendment adding so large a burden to the appropriation.

I hope the amendment will be rejected.

Mr. NYE. Mr. President, in all the years there has been discussion here of the needs of agriculture, I think there never has been so forceful a presentation of a desperate existing need out on the farm as that made today by the senior Senator from Wisconsin [Mr. LA FOLLETTE]. Little can be added—in fact, I think nothing can be added—to enforce the argument he has presented; but if there is sincerity of purpose—and I believe there is—on the part of lawmakers in this body, for Heaven's sake let there be response to the needs of that great element who are so largely dependent upon their industry with beef and dairy cattle.

The Senator from Wisconsin read here an eloquent appeal that was never intended to be such, more than to the individual Senator to whom it was addressed—an appeal that shows a mother, a housewife, a home-maker, revealing how hopeless is the situation in her case—and yet her letter expresses in a very eloquent way only what is true in thousands upon thousands of farm homes today.

With all my heart I hope there will be concurrence in the amendment offered by the Senator from Wisconsin.

Mr. PITTMAN. Mr. President, I am very strongly in favor of the purpose of the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE]. I think he has made entirely clear the situation in his State. I am also, however, very heartily in favor of the passage of the bill presented by the Senator from Texas [Mr. CONNALLY]. It already carries an authorization of $200,000,000—a very large sum in the mind of the Director of the Budget.

The Senator from Texas assures us that a part of this $200,000,000 may be used for the very purpose intended to be covered by the amendment of the Senator from Wisconsin. While I should vote for the amendment if the matter were not otherwise provided for, I fear that if we shall increase to $350,000,000 the amount authorized by the bill the result will be the defeat of the entire measure.

Mr. CONNALLY. Mr. President, I desire to read to the Senator from Nevada a quotation from a letter from the Secretary of Agriculture:

> Money can be used to good advantage in eradication of tuberculosis from dairy cattle. The appropriation can be utilized to provide for more substantial financial assistance to producers than otherwise would be possible at this time.

And other things along that line.

Mr. LA FOLLETTE. Mr. President, I desire to say merely a few words in reply. So far as the tuberculosis-eradication campaign is concerned, my understanding is that the Department does not intend to use more than $15,000,000 for that purpose at the most, and more likely it will be $12,000,000. This will not accomplish the substantial relief provided in the pending amendment.

It is a grave injustice to the States of the Union which have carried on in the past their programs for the eradication of tubercular cattle in conjunction with the Federal Government, and have provided their share of the money to clean up those areas, to now launch a campaign for the eradication of tubercular cattle in States which have not taken advantage of their opportunity. It is worse than injustice to proceed to tax the farmers in States where the eradication program has been carried forward in order to help clean up the diseased cattle in other States of the Union. It is a grave injustice; it is nothing short of an outrage to ask those States where the farmers have taxed themselves to carry on programs for the eradication of tuberculosis in cattle to be now asked to pay a processing tax upon their products in order to clean up tubercular cattle in other States of the Union which have not carried on such programs. Either this program is justifiable on the basis of public health or it is not. It is justifiable on the

ground of public health, and it follows that the expense should be borne by the Treasury.

Mr. SHIPSTEAD. Mr. President, I wish to say a word in support of the amendment presented by the Senator from Wisconsin [Mr. LA FOLLETTE].

There is no branch of the farm industry which has been so much neglected under the so-called "recovery program" as has the dairy industry. The dairy industry feels that the pending bill, as originally introduced, and without the amendment of the Senator from Wisconsin, would not be a drop in the bucket so far as it is concerned. The dairy industry is desirous of being placed in the picture of recovery, if there is to be any recovery.

We have helped the producer of cotton very materially by the payments we have provided, and we have helped the producers of tobacco. It is claimed that we have helped the producers of wheat. In the wheat area there was the greatest drought in half a century, and the price of wheat has gone up to some extent, but is not nearly up to the so-called "parity price" aimed at in the Agricultural Adjustment Act.

For these reasons I hope the amendment of the Senator from Wisconsin will be agreed to.

Mr. WALSH. Mr. President, may I inquire of the Senator whether the amendment has been approved by the Secretary of Agriculture?

Mr. SHIPSTEAD. I do not know.

Mr. WALSH. May I ask the Senator from Wisconsin whether it has been submitted to the Secretary of Agriculture?

Mr. LA FOLLETTE. Mr. President, I cannot answer that question.

Mr. WALSH. Has it been submitted to the Committee on Agriculture and Forestry?

Mr. LA FOLLETTE. No; it was not submitted to the committee.

Mr. WALSH. In other words, the Senator wants an expression by the Senate regardless of the views of the Secretary of Agriculture?

Mr. SHIPSTEAD. The information we now have was not available at the time the bill was before the Committee on Agriculture, so it could not be presented to the committee.

Mr. WALSH. For the Senator's information I may say my inquiry has been answered in confidence.

Mr. VANDENBERG. Mr. President, I am tremendously impressed by the observations submitted by the senior Senator from Wisconsin [Mr. LA FOLLETTE] regarding dairy distress, which deserves and must have relief. But may I confess to a complete daze in respect to the fundamental relief program which is to be pursued regarding basic agricultural commodities and their treatment under the pending bill and the contemporary administration of agricultural recovery measures?

It seems to me that we are attempting to go in a dozen different directions at once. The result may too easily be confusion worse confounded. It invites vertigo rather than victory over a depression. At least to the extent that the eminent Secretary of Agriculture chose an apt phrase as the title of his now famous booklet entitled "America Must Choose", I want to express myself in agreement with him. I speak as one whose record proves an anxiety to cooperate with the President so far as possible. My complaint is that America is not choosing and that the administration does not choose consistent courses.

Here is the situation respecting basic agricultural commodities and processing taxes which now confronts the Senate, and I remind the Senate, as I briefly call the roll of inconsistencies with respect to it, how completely these different proposals pull in opposite directions. I respectfully submit that progress under such auspices is impossible.

In the first place, we have added to the bill as basic commodities certain nonperishable commodities, such as peanuts, flax, and so forth. We have had during the past year a perfectly clear demonstration in respect to cotton that the processing tax does not achieve the purpose which it is supposed to accomplish. It has not succeeded in reducing the surplus. We have almost as much cotton as ever, and it is now recommended that we embrace compulsory acreage reduction. Yet, in the face of this perfectly clear demonstration that the processing tax does not operate successfully in respect to cotton, it is proposed again to extend the field of nonperishable commodities to which the processing tax shall be applied, and again to try the experiment which has already failed its major purpose.

Secondly, we have had experience with the processing tax in respect to hogs. The universal and poignant testimony seems to be that when the processing tax is applied to perishable commodities, or to livestock, the tax is passed on to the producer and becomes an utterly fatal factor with respect to his marketing equation. He, the farmer, pays the cost. Yet, in the face of that experience, that the processing tax in respect to hogs is unsatisfactory and suicidal, it is proposed in this bill to extend the system by applying the processing tax to another perishable commodity, to another element of livestock, to cattle, and inevitably, if there is any analogy, we are threatening the cattle industry as a result. If the present bill gets its $200,000,000 from processing taxes, then the cattle industry may be ruined. If it is a bounty from the Treasury, and the system is logically extended to all other deserving agricultural commodities, then the Treasury may be ruined. America must choose—and the field of choice is not a happy one. But the immediate point I am making is that our administration leadership must choose first, and choose consistently.

Mr. President, my discussion of the first two propositions is not the only phase of the situation which is utterly contradictory. In this bill, upon the one hand, we are adding peanuts, flax, and so forth, as basic commodities, without any appropriation to finance their particular relief. In other words, we are intending to leave it exclusively to the collection of a processing tax to reimburse the Treasury for the investment which is involved. This was the original intent of the bill 1 year ago. Secondly, we are adding cattle, with an appropriation of $200,000,000, but with the apparent expectation that only a portion of the cattle disbursement is to be repaid by a processing tax. In other words, the first group of commodities to which I referred are to stand wholly upon their own financing through a processing tax. The second commodity is to be partially self-financing through a processing tax, and partially not.

Now comes a third commodity which is to be made basic, but it is to be completely relieved from any processing tax and from any self-contribution and is to rely exclusively upon the Treasury for its funds. I am not complaining of the merits of this latter proposition. I am discussing the lack of consistent plan—the fatal lack. I am inquiring what the basic philosophy of our agricultural relief is to be. If we are to proceed in sympathy with this third proposition, namely, to depend upon funds from the Treasury for this relief, then not only the dairy industry but scores of other prostrate agricultural commodities are entitled to precisely the same type of consideration. The prostrate bean industry, for just one instance, in the State of Michigan, is entitled to similar consideration, and Senators will readily testify that numerous other agricultural commodities are entitled to similar treatment. In other words, in the absence of a clean-cut plan of procedure, it seems to me that we are putting together a patchwork policy which is inevitably doomed to failure. Instead it seems to me that America and the administration must choose—and without much more delay.

Nor is this the only inconsistency in the situation. When the processing tax and the basic commodity idea were first discovered by the "brain trust" the theory was that they were to apply solely to commodities with a surplus. Yet now there is pending a proposal for a processing tax and a basic commodity identification for sugar beets, which are, by no remote stretch of the imagination, a surplus crop, either now or hereafter. So that it is proposed to apply the processing tax theory not only to a surplus crop but also to a nonsurplus crop, and we who have a particular interest in sugar beets will find it necessary to be hospitable to the idea solely

because there is linked with it a possible quota protection which might serve in some degree to offset the contemplated damage. Yet the glaring inconsistency remains. Our policy is all things to all men.

Mr. President, the Secretary of Agriculture writes this amazingly candid booklet entitled "America Must Choose", and I want to commend his candor. He gives us three routes which we may follow. One is nationalistic, another is internationalistic, and the third is a middle ground between the two. He approaches the problem from the middle ground with leanings that are frankly internationalistic. I think I would approach the problem from the middle ground with leanings that are nationalistic. But certainly he is right, that America must choose. Not only must America choose, but the administration must choose—and choose first—and the Senate must choose, in respect to the course which is to be pursued regarding relief measures. We cannot continue indefinitely to travel in opposite directions. We cannot survive a perpetual paradox.

I divert long enough to indicate how this same devestating perplexity confronts us upon every front. I comment upon but one of many inconsistencies. The N.R.A. is utterly nationalistic in its genius, its inspiration, its scope, and its net result. There cannot be anything more nationalistic than the N.R.A. It is the climax in nationalism. Yet the proposed tariff bargaining policy, which presently will be at the bar of the Senate, is just as internationalistic in phase and genius and inspiration and objective. The result of the N.R.A.'s operations is to put production costs in the United States up. The result of the tariff bargaining policy will be to drive certain production costs in the United States down. The same old anomaly—simultaneously marching up and marching down the hill.

Furthermore, even if the tariff-bargaining proposition were occasionally to succeed, and a bargain were to be made with some foreign country, I very much doubt whether, under N.R.A. code prices and production costs in the United States, it would be possible for any alien, even though he had agreed to the bargain, to buy anything of us as a result of the bargain, because of our high production cost involved as a result of the N.R.A. operations.

The point I am making is that America must choose, precisely as the Secretary of Agriculture has indicated. It cannot go nationalistic in one moment and in one direction, and internationalistic at another moment and in another direction. Yet that is precisely the incompatible program laid out for us as between the N.R.A. upon the one hand and a lower-tariff program upon the other. America must choose. The administration, speaking for America, must choose. I conclude these general observations on our situation by reading a brief excerpt from the eminent journalist, Mark Sullivan, in this morning's newspapers discussing yet another phase of this failure to choose. I quote:

> To adapt the President's own picture of himself as a football captain, the two goals are in many respects at opposite ends of the field. By yet another figure of speech, the President is like an automobile driver. To revive business he steps on the gas, but the next instant, in order to achieve "social and economic readjustment", he grabs the hand brake. The result is a series of violent jerks, very bad for the machine, and just now creating a delicate situation.

I say this with the greatest respect for the President and a full realization of his terrific difficulties and a free acknowledgment that there is no experience to guide our decisions. I speak as one who wants to help, as my record proves. But I am bound to speak in a plea that we seek one goal at a time.

Now, let me get back to the pending bill. There is a direct analogy between this contemplation of the N.R.A. and the tariff upon the one hand, and the pending consideration in agricultural relief. The processing tax, under the theory of the Agricultural Adjustment Act, is supposed to be passed on to the consumer. Therefore the processing tax is supposed to increase the price of agricultural commodities. Mr. President, if it does increase the price of agricultural commodities, then adequate tariff protection inevitably must remain, and whether it remains or not, there can be no sale abroad of that surplus at the enhanced prices at home resulting from the processing tax. We are constantly pulling in opposite directions with our policies.

As far as my own viewpoint is concerned in respect to essential agricultural reliefs—and a means of effective relief must be found—I am happy to say that the first vote I ever cast in this body, in 1928, was for the McNary-Haugen bill and the equalization fee as a means for caring for agricultural surpluses and for enforced agricultural cooperation and for stabilizing the situation without burden on the Public Treasury. If I dared to make a prophecy, it would be that sooner or later we shall return to the McNary-Haugen theory and the equalization-fee theory of handling the agricultural surplus. We shall return to the agrarian leadership of the distinguished senior Senator from Oregon [Mr. McNARY]. But in the meantime, Mr. President, I submit that America must choose precisely as the Secretary of Agriculture has challenged. But long before America has an opportunity to choose Congress and the administration must choose as to which of these divergent routes shall be pursued.

I submit that it is utterly impracticable and impossible for us finally to approve a measure which proposes a series of contradictory amendments to the Agricultural Adjustment Act, which in three different directions undertake, first, to identify one product as necessary on which to pay a processing tax; secondly, a product which shall partially pay a processing tax and for the balance of its benefit depend upon the Treasury; and, third, that there shall be commodities which pay no processing tax and depend upon the Treasury entirely for their bounty. Thus we renew allegiance to the original principle of a theory that has failed; yet we complicate it with a desertion of its sound fiscal program. Still worse, we are asked thus to proceed without any clear knowledge or information as to what precisely is proposed, as to how the funds shall be used, and as to the net results that may be reasonably anticipated.

Speaking of the measure as a whole, and not the particular dairy amendment now pending, I am utterly unable to approve a measure which instead of simplifying our situation, instead of consolidating our ground, leads us still further into a maze in which our failure to choose the route which we propose to travel invites a greater measure of disaster, instead of an increased measure of relief. I want America to choose.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin.

Mr. CAREY. Mr. President——

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. CAREY. I heartily agree with the Senator from Michigan when he intimates that the administration is not consistent. In reading the book America Must Choose, I notice the Secretary states that we might have to eliminate the beet-sugar industry, the wool industry, and perhaps the flax industry. I should like to ask the Senator from Michigan a question. Would it not accelerate the elimination of those industries to put them under the A.A.A. and give them a processing tax?

Mr. VANDENBERG. Mr. President, I suspect it would. In other words, being specific, I should think that if the Secretary of Agriculture wanted to eliminate flax, as he has intimated to be his ultimate purpose, that the simple inclusion of flax in the bill under the amendment which the Senate has just adopted would put flax almost entirely at his mercy. The difference in the case of the sugar-beet situation is that we are proposing, if possible, to protect the use of that power by specific and adequate protections written into the bill itself.

Mr. CAREY. I notice that this book, America Must Choose, is published by the Foreign Policy Association of New York and the World Peace Foundation of Boston. I should like to ask if any Member of the Senate knows whether they are farm organizations or not. I understood the Secretary was representing agriculture.

Mr. FRAZIER. Mr. President, I have looked up to some extent the question as to whom those two organizations represent, and I have come to the conclusion that both of them are adjuncts of the World Court and the League of Nations.

Mr. CAREY. I am surprised. I thought both of them were farm organizations.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. The Senator from New York.

Mr. COPELAND. I find myself in a strange position, speaking for an amendment to a bill when I am really in opposition to the bill itself. But sometimes a bad bill may be improved by changing it somewhat.

I listened with interest to the statement made a few moments ago by the Senator from Michigan [Mr. VANDENBERG]. He spoke about his attitude toward the McNary-Haugen bill. Personally I share the views that he then expressed. I voted for that bill every time I had a chance to, and voted to pass it over the veto of the President. I have always believed and believe now that that measure has in it a degree of relief for agriculture such as has not been offered by any other proposal.

I rose particularly to say a word about the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE]. He proposes to appropriate $150,000,000 to be used for two or three purposes. The first of these is to aid in the elimination of diseased dairy and beef cattle, including cattle suffering from tuberculosis.

I always hesitate to impose any professional opinion upon the Senate. But I am sure Senators will forgive me for saying that the eradication of tuberculosis from cattle herds is of vital importance to the human family.

Every time we go into a hospital devoted to bone and joint diseases, we see little chaps with hip-joint disease and other joint disease and involvement of the bones. Every one of the children in that hospital is there because he consumed milk contaminated with the germs of tuberculosis.

Bovine tuberculosis is conveyed to the human family, particularly to the children, through milk. Therefore, if we have any real interest in the welfare of the children, we can, through the adoption of this amendment, if the bill becomes enacted into law, do an act of mercy.

My State has spent millions of dollars in the eradication of tubercular cattle. We have several counties in New York where there are now no reactors, no cattle infected with tuberculosis, so far as scientific test will determine. That was done at enormous expense, not alone the expense of making the examinations, the professional service rendered, but also the expense of reimbursing the farmers for the destroyed cattle.

If we could destroy every tuberculous milk animal in the United States, we would do away with bone and joint disease among the children of this country. So I am heartily in favor of the proposal of the Senator from Wisconsin that the appropriation be made for this humane purpose.

I assume that subsection (2) on page 2 was intended to be helpful in reestablishing dairy herds where they have been destroyed, or to take back to the subsistence farms healthy cows. The Senator from Wisconsin proposes that:

> Under rules and regulations to be promulgated by the Secretary of Agriculture, in conjunction with the Federal Emergency Relief Administration, for the purchase and transfer of dairy cows to farms which do not have dairy stock, for supplying milk and milk products for noncommercial family use.

Once more I congratulate the Senator from Wisconsin because of his humane thought in connection with this particular situation.

Then, of course, no one who has any love of humanity could fail to appreciate subsection (3):

> Not to exceed $50,000,000 for advances by the Secretary of Agriculture to the Federal Surplus Relief Corporation for the purchase of dairy and beef products for distribution for relief purposes.

I assure the Senate that bread lines are very long today in spite of all we have done to relieve unemployment. When I walk down Sixth Avenue in my city and see in front of employment agencies the queues of men and women who are seeking work, I know that poverty abounds. So all the purposes set forth in this amendment appeal to my heart; and, regardless of what may happen to the other provisions of the bill, certainly we may well turn aside from those conditions which are purely economic to give consideration for a moment to a measure which has to do with the physical welfare of our people.

Mr. PITTMAN. Mr. President, I should like to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Nevada?

Mr. COPELAND. I yield.

Mr. PITTMAN. I should like to ask the Senator from New York whether or not the tubercular cows are sold for beef; and if they are sold for beef, whether or not the disease is communicable in that way?

Mr. COPELAND. I doubt if the disease would be communicable from the consumption of beef which had been thoroughly cooked, but it violates the aesthetic sense, and every sense of decency that one possesses, to think that these tuberculous cattle should be consumed by the people.

Mr. PITTMAN. Are they being consumed?

Mr. COPELAND. They are not in my State. There diseased cattle are killed by employees of the State and are destroyed, and not alone buried, but lime is added in order that there may be a complete destruction of the carcass.

Mr. PITTMAN. Mr. President, I have no doubt that the Senator from New York is thoroughly familiar with the subject; I accept his opinion on it; and I have changed my mind with regard to how I shall vote on this question.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. REYNOLDS. Mr. President——

Mr. McKELLAR. Mr. President, if we are to vote on the amendment, I think we ought to have a full Senate present; and I suggest the absence of a quorum, unless the Senator from North Carolina wishes to speak.

Mr. REYNOLDS. I wish to make a few observations.

Mr. McKELLAR. Very well; I will withhold the motion to enable the Senator from North Carolina to do so.

Mr. REYNOLDS. I thank my friend, the Senator from Tennessee.

Mr. President, I have listened with unusual interest to the statements which have been made on this floor today by the senior Senator from the State of Wisconsin [Mr. LA FOLLETTE]. I have been interested because I have been impressed with the fact that, as evidenced by his address to this body, he has not only spoken in behalf of the American people as a whole, but he has spoken on behalf of the children of this land, as suggested by the able Senator from the great State of New York [Mr. COPELAND]. I have been interested further because every State in the entire Union unquestionably must, if not now, then sooner or later, interest itself in the great problem of wiping out and eradicating disease from the cattle and other domestic animals of all kinds in this country of ours.

There is hardly a State in the Union today that has not appropriated immense sums for the eradication of tuberculosis. In my State of North Carolina I am fortunate, indeed, in being able to proclaim to this august body that the cattle are not as generally affected there as they are in other States; but, at the same time, the western portion of that great State, from which the junior Senator from North Carolina comes, is a mountainous section where a great dairying industry is conducted. As a matter of fact, it is one of the chief industries of that section of North Carolina, as is well known to my friend the senior Senator from the State of Illinois [Mr. LEWIS]. The people in that dairying section of my State, as in every other dairying section throughout the United States, are vitally interested in eradicating this terrible disease. I can see no reason against an appropriation by our Government, not only of a hundred

million dollars, but I believe that every man who sits within the sound of my voice would be glad to vote for an appropriation of 10 times $100,000,000 if he felt that by so doing the expenditure of that immense sum would forever after wipe that dreaded disease from the face of North America.

I am only sorry that every single Member of this body was not here a few moments ago when the able Senator from the State of Wisconsin brought to the attention of those who were present a letter from the wife of a farmer in his State, a letter that appealed to me as coming from the heart of an honest hard-working woman. How greatly I was impressed. I shall never forget when she said, to paraphrase her words, "I only wish it were possible for my Government to give to me just my portion of all the cotton and of all the foodstuffs in the form of corn or wheat and rye, which the Government has destroyed by plowing up thousands upon thousands of acres of land which had been planted and cultivated. If that were possible, in all probability, I could be the proud possessor of two cotton dresses."

Some may probably feel that an appropriation of $150,000,000 will increase the production of this industry, will bring about a greater production of milk, of cream, of butter, and of cheese. That is a silly idea, for the very reason that in this country of ours we have never yet experienced overproduction. Since the creation of this, the greatest nation of all the earth, much as we have had, we have never had too much. It has never been a question of overproduction; it has been a question of underconsumption. That is the trouble.

I am sometimes almost nauseated when I hear people say that the trouble in this country today is overproduction. It is not overproduction; it is underconsumption; and our products are not consumed because the people have not the money with which to buy them. In this land of plenty, in this land of 120,000,000 people, there are today millions who are actually undernourished; there are today many thousands who really are slowly starving because they are not properly nourished. It is a question of underconsumption.

If Senators for a moment can pause and envision in their respective minds a hand sufficiently large to grasp within its palm all the wheat and all the corn which could be utilized in the making of flour and the making of corn meal, and then go further and envision the arm that holds that hand and picture it swinging around that immense head and scattering that wheat and that corn from the blue waters of the Atlantic to the Golden Gate of the Pacific, and from the heavily timbered forests of Michigan to the old pine-clad slopes of Florida or the plains of Texas, spreading a great sheet of grain stuffs all over this country from one end of it to the other, and letting that grain spiral downward to find its way into every house in this country where, hovering around the firesides, are men and women, mothers and fathers and children, who are hungry and in some cases actually starving—every bit of that overproduction about which we hear so much would be consumed within a week's time.

Overproduction! There is no such thing as overproduction; it is underconsumption. As I stand here and look at my noble friend from Texas [Mr. CONNALLY], the great cotton-growing State of the country, I am reminded again of that poor woman in the State of Wisconsin who wrote the pathetic, heart-rending letter in which she said that she only wished that she was the possessor of two cotton dresses. Yet we hear it said that we have overproduction!

If, again, Senators can envision in their respective minds that immense hand sufficiently large to grasp within its palm every single hat and coat and pair of pants and red underwear and all the farm machinery and all the automobiles and the tires in the country, and picture that hand swinging around that gigantic head, scattering that "overproduced" stuff throughout the length and breadth of this land, letting it fall into the farmyards and into the back yards of the people living in the cities and towns, where there is dire need and actual want—there would not be a thing left on the shelf of a store; there would not be a thing left in a factory in this country. The trouble is that we have underconsumption, which is attributable to the fact that the people have not the money with which to buy.

When I heard the Senator from Wisconsin speak a while ago of a certain paragraph of the amendment which he has submitted calling for the expenditure of several million dollars to supply to homes and to the farmers milk cattle where none may be found at this time, it reminded me that the fortunate people residing in this country today are the ones who are the possessors of small tracts of land on which the taxes are low—if such a place may be found anywhere within the confines of the 3,200 counties of this country—the man who has a roof over his head, the man who has a well or spring from which to draw water, the man who has a small patch of woods from which to cut his fuel, the man who has a good old-fashioned kindly faced milch cow to provide milk and butter and cream and cheese for his children. I would that it were possible for the Government to provide every family in the United States, in a position to care for it, with a milch cow for the children, a milch cow for the home. Nothing could be better; nothing would tend more toward bringing millions upon millions in the cities to the farming lands.

Eventually there will have to be a back-to-the-land movement. Our cities, like the cities in continental Europe and in Asia, are overcrowded. The greater portion of the suffering being experienced in this land of plenty, and all over the earth, is being experienced by the millions in the great melting pots, such as New York, Chicago, St. Louis, London, Paris, Moscow, Leningrad; and the world itself will eventually arrive at the time when there will be a back-to-the-land movement.

Insofar as the junior Senator from North Carolina is concerned, he is going to support the amendment offered by the senior Senator from Wisconsin [Mr. LA FOLLETTE] for the reasons stated by himself and for the reasons stated by that great representative of the people, the senior Senator from New York [Mr. COPELAND].

Mr. MCKELLAR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reed
Ashurst	Cutting	Keyes	Reynolds
Austin	Dickinson	King	Russell
Bachman	Dieterich	La Follette	Schall
Bailey	Dill	Lewis	Sheppard
Bankhead	Duffy	Logan	Shipstead
Barkley	Erickson	Lonergan	Stelwer
Black	Fess	McAdoo	Stephens
Bone	Fletcher	McCarran	Thomas, Okla.
Borah	Frazier	McGill	Thomas, Utah
Bulkley	George	McKellar	Thompson
Bulow	Gibson	McNary	Townsend
Byrd	Glass	Metcalf	Trammell
Byrnes	Goldsborough	Murphy	Tydings
Capper	Gore	Neely	Vandenberg
Caraway	Hale	Norris	Van Nuys
Carey	Harrison	Nye	Wagner
Clark	Hastings	O'Mahoney	Walcott
Connally	Hatch	Overton	Walsh
Coolidge	Hayden	Patterson	Wheeler
Copeland	Hebert	Pittman	White
Costigan	Johnson	Pope	

Mr. LEWIS. I beg to announce the absence of the Senator from Arkansas [Mr. ROBINSON], the Senator from New Hampshire [Mr. BROWN], the Senator from Louisiana [Mr. LONG], the Senator from South Carolina [Mr. SMITH], and the Senator from Utah [Mr. KING], all called from the Chamber on official business.

The PRESIDING OFFICER. Eighty-seven Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Wisconsin.

Mr. LA FOLLETTE. Let us have the yeas and nays.

The yeas and nays were ordered.

AIR-MAIL CASUALTIES

Mr. FESS. Mr. President, I send to the desk a copy of the Washington Times of this afternoon and ask the clerk to read the item which I have marked.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

[From the Washington Times of Mar. 9, 1934]

TWO MORE DIE AS MAIL PLANES CRASH—TOLL UP TO EIGHT AS STORM AND BAD ENGINE TAKE LIVES; TWO IN SHIP SAVED

Two more Army flyers crashed to their deaths today, bringing the total dead since the Army took over the job of flying the mail to eight, as the Senate Post Office Committee and the Black air-mail committee met here to draft a new bill returning the mail to private carriers.

First Lt. Otto Wienecke crashed in a heavy snowstorm near Chardon, Ohio. He was 4 hours late and was believed to have lost his way in the terrific storm.

The second casualty was at Daytona Beach, Fla., where Sgt. Ernest C. Bell was crushed to death when a heavily laden plane went into a spin at 500 feet shortly after taking off.

Two other flyers in the plane, Lt. W. M. Reed and Radio Operator Floyd Marshall, escaped with minor injuries.

The committees here met behind closed doors to draft a measure in conformity with the President's recommendations that the mail be returned to private carriers under rigid safeguards. Open hearings will be held later.

Mr. FESS. Mr. President, I have had the news item read in order that I might express the hope which is in the hearts of most of the millions of Americans that the air-mail business be discontinued at least until some arrangement can be made that will indicate more safety than now is assured. I hope that the Postmaster General, who said in the hearings when the matter was before the committee that he did not feel he had any right to take into consideration the question of the loss of life, will change his attitude and that, by order of the President, he will return the carrying of the air mail at once to safe channels or else discontinue the service entirely until other arrangements can be made. That is the only reason why I had the item read.

Mr. LEWIS. Mr. President, will the Senator from Ohio state to the Senate in what way he would suggest that the mail be taken away from the present carriers at this particular time? What is the suggestion of the Senator?

Mr. FESS. My suggestion, if the cancelation of the contracts cannot be withdrawn, is that we stop having the mail carried in the air for the time being, until some other arrangement can be made. I think the Senator will agree with me that mail service in the air is not sufficiently important to justify the sacrifice of human lives in this way. That is the only suggestion I have to make.

Mr. LEWIS. Did the Senator bring forth that newspaper item and have it read, and make the suggestion he has made, with a view of reflecting on the administration as having done something wrong in this particular connection, or for the purpose of intimating that the unhappy death of these victims may be imputed to the administration?

Mr. FESS. I do not need to bring forth anything to reflect upon the administration for its inhuman and un-American and indefensible conduct in changing the method of carrying the mails without first giving a hearing to both sides of the issue. I know that the Senator is a lawyer of great standing, and I have no doubt he will agree with me that every person charged with an offense has the right to be heard before punishment is visited upon him. If so, then what was done was un-American, from my standpoint.

Mr. LEWIS. Then, what the Senator from Ohio is really doing is seeking to return to the administration of Mr. Brown, or, in the language of the bard, he is "still harping upon my daughter"?

Mr. FESS. Mr. President, I should be very glad to return to Mr. Brown the administration of the mail service, which certainly would be far more creditable than what is being done now.

Mr. LEWIS. And the presumption is, I take it, that by having this article read the Senator indicts the present administration with responsibility for these unfortunate calamities?

Mr. FESS. Why, of course.

Mr. LEWIS. Intimating that had Mr. Brown been in control, these lives would have been saved?

Mr. FESS. I am not making that assumption. That is obvious. That is axiomatic.

Mr. LEWIS. In other words, it is obvious that had Mr. Brown remained in power these accidents would not have happened?

Mr. FESS. Certainly not.

Mr. LEWIS. I assume it is very natural that the Senator from Ohio should make that observation; and I call attention to the fact——

Mr. FESS. If the Senator desires to go into that, we will spend the remainder of the day on it.

Mr. LEWIS. We are in it now by the action of the Senator from Ohio.

Mr. FESS. All right; then, I will take the floor for the remainder of the day.

Mr. LEWIS. It is to be deplored that 13 unhappy individuals have met the misfortune of death in flights conducted by private concerns that had nothing to do with the mail and which we must ascribe in a great degree to unfortunate atmospheric conditions; but I count it as quite unbecoming the eminent Senator from Ohio that he should have this article read today for the purpose of leaving before the country the reflection that the present administration is responsible for these deaths, and should seek, in the adroit manner which he has adopted—which, I assure him, is less skillful than he assumes—to create a political issue, or bring a charge against the administration by leaving the impression that it was responsible for the unhappy calamities which have been recited.

I ask the Senator, does he not now remember that but a few days ago——

Mr. FESS. Mr. President, I do not yield further.

Mr. LEWIS. The Senator is not yielding. I am holding the floor.

Mr. FESS. The Senator is not holding the floor. I have the floor.

Mr. LEWIS. Then I should, in view of the conduct of the Senator from Ohio——

Mr. FESS. I have the floor.

The PRESIDING OFFICER. The Senator from Ohio is entitled to the floor.

Mr. LEWIS. Then I ask the Senator if he will yield to me.

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Illinois?

Mr. FESS. I will yield to the Senator, but not for a speech.

Mr. LEWIS. How can I inform the Senator, and enlighten him, except by that method?

Mr. FESS. The Senator from Illinois has no ability to inform the Senator from Ohio. The Senator from Illinois is simply dealing in words; that is all.

Mr. LEWIS. I did not quite hear the Senator. Will he make himself definite? What did the Senator say?

Mr. FESS. I said that a multiplicity of words without thought is not information.

Mr. LEWIS. The Senator has experience in that line, and can speak advisedly. [Laughter.] I was simply endeavoring to express my view of the general disgust I know all will feel when we contemplate the purpose of introducing this article.

Mr. FESS. The Senator from Ohio could not debate with the Senator from Illinois very long without experiencing that sensation.

Mr. President, the Senator from Illinois has taken occasion to insinuate that I was introducing this item of information for some other purpose than to call on the administration to stop the legalized murder that is now going on. That is not my purpose alone, but from every section of the country there come telegrams and letters asking that the mails be taken out of the air until at least there is some degree of safety assured to the pilots. When the Senator insinuates that the same thing would have occurred if the mail had been carried by pilots skilled in this service and prepared for safe flying, that we would have had the same results we have had when we send Army aviators into the air to do work for which they were not trained and for which they are paying the penalty of the supreme sacri-

fice, he is assuming what everybody here knows is not the fact.

These deaths are occurring not because it is necessary but because Army aviators are sent into the air without properly equipped planes and without sufficient training, when they would not have been required to go had they not been sent on this particular mission.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FESS. That would not have occurred had the mail been carried by men trained in planes equipped for this particular service and equipped to fly through snowstorms. The pilot who fell in a snowstorm at Chardon, Ohio, could not see his way, and he was not flying under the two-way radio beams that would have kept his course correct. He went to his death in a plane that was not sufficiently equipped.

The Senator will get nowhere by saying that the same thing would have happened if the pilot had been in a well-equipped plane, designed for the purpose.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FESS. Mr. President, it is unfair from any standpoint to charge the Army boys with going to their death through lack of skill when they are flying courses and in a service for which they were not trained. They are the most skillful operators of planes in the world for the particular service for which they are trained. No finer example of their skill has ever been given than the flight under General Foulois, involving a magnificent demonstration of flying throughout a full week.

There were 500 planes in the air at once. A great fleet of them went from Detroit south over my own home. It was one of the most magnificent demonstrations that anybody ever saw. Those boys were flying in formation. They were flying as they had been trained to fly. It was announced that almost certainly, with the air filled with planes, some of those Army boys would meet death; but what was the fact? Not a single life was lost, and yet they flew in fleets like flocks of birds. As we watched them, it looked as if they were right close together. It was the most magnificent thing I ever saw.

Those men were trained for that particular kind of flying. They would not have been doing that in a snowstorm, however, or at nighttime. If those same boys had been sent out to do blind flying in planes so equipped as to enable the pilots to keep their course by an announcement to one ear if they should go too far to the right, and an announcement to the other ear if they should go too far to the left, thus enabling them to keep on the course even blindfolded—which our Army planes are not equipped for, but which modern commercial planes are equipped for—there would not have been this loss of life.

When my friend from Illinois asserts that my purpose in making this statement is simply to reflect on someone, I desire to say that I am making the statement of fact that this tragic loss of life is due to the change in the method of carrying the air mail; and the Senator can put the responsibility wherever he pleases to put it. It has to go, I think, to the President.

Now, why do I say that?

Mr. LEWIS. One never knows. [Laughter.]

Mr. FESS. The one who never knows is the Senator who interrupts me. [Laughter.]

Mr. President, I hold in my hand the testimony of Mr. Farley. When he was asked on the witness stand whether he had taken into consideration the possibility of the death of these pilots, did he take the position the Senator from Illinois has taken? He did not. He said that was not his business; that the lives of pilots could not enter into his consideration when he was dealing with this particular problem. He repeated that statement; and I am saying that not only is he responsible, but the responsibility is higher up, for the reason that he said, "I laid the matter before the President, and the President advised me to consult the Department of Justice. We did that, and we made our decision to take the step, and we did not consider either the industry that had been built up, or the effects upon the industry, or the lives of the pilots"; and when he was asked why he did not consider those things, he said he did not think he had any right to consider them.

If the Senator had listened, as I listened, to the testimony of the Postmaster General, and then had refreshed his mind, as I have done, by reading the transcript of his testimony stating that he did not consider that he could take these things into consideration, the Senator would understand why, having read about the accident resulting in the death of 2 other pilots of the Army, bringing the total number to 8, I have raised the question.

Will not the President, by the issuance of an Executive order, take the mail out of the air until at least we can make some arrangement under which there will not be the necessity of a useless sacrifice of life? That is the purpose for which I had the article read, in the hope that the Senator himself would be willing to join me and say that at least the mail should be taken from the air altogether, and if it cannot be turned back to the same companies, let the carriage of the mail through the air be suspended until companies can be equipped to do what seems to be necessary.

Mr. LEWIS. Mr. President, will the Senator allow an interruption, or does he prefer to have me wait until he shall have concluded, when I can take the floor?

Mr. FESS. I will do just what the Senator wants.

Mr. LEWIS. I would not want the Senator to yield with that understanding, for there would be nothing left of him.

Mr. FESS. I would be very glad to be the victim of the Senator. I think I would enjoy it.

Mr. LEWIS. Possibly the Senator would. I cannot say that the Senator would not enjoy it, because I think too much of him to visit anything on him that would cause him pain.

Mr. FESS. That is mutual.

Mr. LEWIS. The Senator tells the country that the Postmaster General, in his presence, according to the testimony he read, said he was powerless to make a change such as the Senator says, in his judgment, should be made. I ask the Senator, in view of what he has said was his understanding, what steps has the Senator from Ohio taken to obtain information or to ask of the President any aid, or what steps has he taken with a view to remedying these conditions? Why has he waited this length of time, during which these accidents could happen from atmospheric disturbances, and here in this public body attempt to ascribe those things to the administration, when from his position his complaint could have been addressed to the President of the United States or to the Postmaster General for action? What excuse has the Senator for this parade of theatricals we have heard this afternoon?

Mr. FESS. Any request I might have made to the President of the United States would not have had any effect on the smearing campaign that has been followed by the administration in attempting to blacken the reputation of a former administration. I am not such a fool as to expect that the President would pay any attention to any request I might make that this thing should stop.

Mr. LEWIS. Of course, the President is a wise man and would not pay attention to some people. [Laughter.] But I ask the Senator again whether he took any step whatever; and if he did not, how can he admit to himself such conduct as comporting with his solicitude where, seeing the situation and the possible danger, he makes no effort, either by word or by action, to avoid it, and not until now, when he may get some political advantage to himself or to his party, does he make this public assault and slander upon the President of the United States?

Mr. FESS. Mr. President, that is an innocent statement. I admire the innocency of the Senator from Illinois. All that took place was in the committee. Mr. Farley, the Postmaster General, was before the committee. He was asked what he was going to do. He had no suggestion to make as to what he was going to do. We have no suggestion up to date, except in the letter from the President and the bill introduced today looking to a return to private enterprise equipped to perform this work in safety. There is not an

iota of reason for having that legislation. All they propose to do could be done under existing law without any new legislation.

If it is a change of rates that is desired, the authority is found in the Watres-McNary law. If it is elimination or cancelation of any part of a contract that is wanted, they can accomplish it under the law. The only thing that can be required under the existing law is that when a contract is changed or canceled the other party must be given 45 days in which to have a hearing. But the administration did not grant 5 minutes to the companies before canceling all the contracts, with the provision in the law that a contract can be canceled at any time, but that the parties shall have 45 days for opportunity to be heard. This action was taken without rime or reason, the most un-American thing I have ever known, and the Senator from Illinois rises and says, "What were you doing in order to rectify it?"

The committee has been at work every day until today, and it seems to me it would have been an imposition upon the committee for anyone else to take the matter up with the President, when the President himself had ordered this action, as was testified by the Postmaster General.

Mr. President, I think I will take the time to read the testimony of the Postmaster General. I had not intended to do so, but it is so very important that I think I will read it.

Mr. LEWIS. Mr. President, will the Senator yield to me at this point?

Mr. FESS. I yield.

Mr. LEWIS. If I understand the Senator in his last declaration, his solicitude is not so tender for the unhappy misfortunes and the loss of the lives of those to whom he has alluded; it has now gotten back to its original purpose, the rescue of those who had the private contracts, who had obtained them by fraud, and were enjoying them in crime, and the Senator wanted them to have 45 days more of enjoyment in looting the Treasury.

Mr. FESS. The Senator is a distinguished lawyer——

Mr. LEWIS. Sometimes. [Laughter.]

Mr. FESS. Always, except when he is playing politics in the Senate Chamber.

Mr. LEWIS. How could the Senator know that?

Mr. FESS. When he is in a courtroom he stands very high, not only in the opinion of his associates but of those who read about the utterances of the great lawyer.

Mr. LEWIS. I thank the Senator. Some day I will say something equally nice of him, and we will leave it there. [Laughter.]

Mr. FESS. Yet, Mr. President, in the face of that, he assumes that the conduct of the Postmaster General is warranted when he cancels a contract without one word of evidence on the part of those who have been injured, though he knows that the meanest criminal on the face of the earth, if he is a citizen of the United States, is entitled to his day in court. But here an industry in which $300,000,000 of invested capital is involved, in which hundreds of American citizens have their all invested, employing 22,000 of the best-skilled pilots and personnel that ever sat at a wheel in an airplane, by one fell stroke is struck down, a verdict without trial, a conviction without those interested being permitted to make a defense.

Without a word of explanation they are stricken down on an allegation of fraud, with no willingness to have the statement of fraud refuted, and it is all to be done at the cost of a great industry and at the cost of human lives, and then, when the man in charge is called upon, he says, "That was not to be considered. I did not think I had any right to take that into consideration." I do not want to be unkind to Postmaster General Farley.

Mr. LEWIS. It is not a question of being unkind. Will the Senator be just?

Mr. FESS. I will be. I will be more just than the Senator is when he is defending an unjust performance, as he is now defending one.

Mr. LEWIS. Will the Senator insist that if a man is caught looting the Treasury, he must be given 45 days' notice before the policeman arrests him or before he is brought before a court of law?

Mr. FESS. It must be understood whether he is a robber or not.

Mr. LEWIS. It seems to be understood. Many of them confessed.

Mr. FESS. It is understood by the promoters of the smearing campaign, but it is understood by nobody else. The Senator is not getting anywhere standing here and defending an act which he knows is indefensible.

Mr. LEWIS. The Senator from Ohio charges that an act is indefensible because when anything is taken from his friends, those who have been his political allies, it is wholly indefensible however corrupt they may be in their conduct.

Mr. FESS. The Senator would not say that except when he is in a tight place, as he is now.

Mr. LEWIS. Does the Senator refer to the enactment of the prohibition laws when he says a "tight place"?

Mr. FESS. The Senator is now arguing prohibition?

Mr. LEWIS. I should like to prohibit some things, if I could do so.

Mr. FESS. I think the Senator ought to apply his argument to himself and prohibit himself, especially putting a padlock upon the free utterance of statements which he himself, as a lawyer, would not commend in his own practice.

Mr. LEWIS. I say to the Senator I would also commend the doctrine that when one is caught in a crime he should be apprehended as quickly as possible, and that no party affiliation, or arrangement by one who was the beneficiary of a party, should afford him the joy and pleasure of continuing to loot the Treasury for 45 more days, while he destroyed the evidence of his guilt so that he could not be convicted.

Mr. FESS. What is the use of yielding——

Mr. LEWIS. None whatever. [Laughter.]

Mr. FESS. Not a bit, for utterances such as the Senator from Illinois is making. It is absolutely a waste of time.

Mr. BLACK. Will the Senator yield for a question as to two of the figures he gave?

Mr. FESS. I yield.

Mr. BLACK. The Senator made the statement that there were 22,000 pilots engaged in operating the air mail, as I understood him, and $300,000,000 invested in it. May I ask the Senator from where those figures came?

Mr. FESS. Three hundred million dollars is a little below the estimates.

Mr. BLACK. What estimates?

Mr. FESS. It is estimated that $70,000,000 is invested in the manufacture of the airplanes themselves. There is more than $100,000,000 invested in industries producing material for the airplanes. There is at least $160,000,000 invested in private and municipal airports, according to the reports as to air development, published about a year ago.

Mr. BLACK. The Senator, then, did not intend to leave the impression that there was $300,000,000 invested in the transport companies that were carrying the mail?

Mr. FESS. No, no. I am speaking of the industry as a whole.

Mr. BLACK. I do not assume that the Senator meant there were 22,000 pilots carrying the air mail?

Mr. FESS. I will have to refresh my memory on the figures. My statement from memory was that there are 22,000 pilots engaged in the air business. I should want to verify that figure.

Mr. BLACK. In carrying the air mail?

Mr. FESS. No; in all aviation business.

Mr. BLACK. Does the Senator have the figures as to the number carrying the air mail?

Mr. FESS. I think I have; although I do not have them in my mind.

Mr. BLACK. Less than 1,000, is it not?

Mr. FESS. I think all of that.

Mr. President, let me refresh the Senators' minds. I did not intend to make this reference, but the matter has come to the point where I must do it. I want to say again that I

do not desire to reflect upon Postmaster General Farley. I know, as every Senator must know, that the head of a Department cannot be expected to know all the details of the Department. We have all been simply amazed at the detailed information possessed by Postmaster General Walter Brown. The way he carried the details in his mind was to me most amazing as I sat and listened to his testimony. Anyone who will read the transcript of the testimony will recognize that he is possessed of a wonderful store of detailed information concerning the Post Office Department.

Mr. Farley comes to the Post Office Department without any particular knowledge of the business of the Department. I am not criticizing that. He takes over the work of the greatest business connected with our Government, that of the Post Office Department, and whatever is done he has to do; he has to bear the responsibility. Of course, he cannot know all the details. He has to rely upon his lieutenants for them and he has to rely especially upon his counsel. But I admit that when he went on the witness stand and answered the questions asked I felt considerably embarrassed for Mr. Farley, because his lack of acquaintance with the Department of which he was the head was simply pitiable, and people all around the hearing room said, "Is not that too bad?" and so on. When the subject of air mails was reached this is what Mr. Farley said, when Senator AUSTIN asked the question:

Are you familiar, Mr. Farley, with the institution of passenger carriage and express carriage and mail carriage that have been built up in the years before you came into office?

Postmaster General FARLEY. I realize it was quite an extensive service.

Senator AUSTIN. I wonder if you can tell us how many men—that is, unskilled workmen and skilled workmen and office help and others—obtained their livelihood in that institution?

Postmaster General FARLEY. I haven't any idea.

I do not think that is a subject of criticism. People might say he ought to have known, especially if he was going to strike down this industry, how many people would be affected.

Senator AUSTIN. It was a great number, wasn't it?

Postmaster General FARLEY. I would assume so.

Senator AUSTIN. The institution has cost lives of men, sacrificed small investors and investments by large investors, has it not?

Postmaster General FARLEY. I would assume so.

Senator AUSTIN. It was really the most outstanding institution that had come through the depression, was it not?

Postmaster General FARLEY. It was an outstanding institution.

Senator AUSTIN. And by the sudden cancelation of those contracts, without hearing the contractors themselves, you put an end immediately, suddenly, without warning, to a very splendid institution, didn't you?

Postmaster General FARLEY. Well, in view of the facts, I looked upon it as my duty to take the action that I did.

Senator AUSTIN. And didn't you contemplate, when you did that, that in the effort to substitute something for it, suddenly thrown together, that the lives of other men would be put to hazard?

I want the Senator from Illinois to listen to this:

That in the effort to substitute something for it, suddenly thrown together, that the lives of other men would be put to hazard?

Postmaster General FARLEY. We did not give any consideration to that feature of it at that time. We had certain facts before us, Senator, and I felt it was my plain duty, according to the law, to act as I did.

He had before him certain facts alleged, but there never was a chance given to anyone against whom they were alleged to make any statement in refutation, and the Senator, as a lawyer, would never tolerate that sort of practice.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Tennessee?

Mr. FESS. I yield.

Mr. McKELLAR. As I understand, there have now been eight flyers, all told, killed in Army planes. Is that correct?

Mr. FESS. That is what I understand.

Mr. McKELLAR. During the same period there have been two planes which formerly carried mail destroyed and 13 people killed in the destruction of those planes. Is that not correct?

Mr. FESS. Mr. President——

Mr. McKELLAR. Is that correct?

Mr. FESS. The Senator from Ohio is not on the witness stand.

Mr. McKELLAR. I am asking the Senator a question.

Mr. FESS. Mr. President, I will answer it in my own way.

Mr. McKELLAR. Very well.

Mr. FESS. Mr. President, the Senator from Tennessee refers to 2 passenger planes, 1 carrying 8 people, going down in the mountains. He is referring to 2 planes lost on two separate dates, and assumes that the loss of those planes answers the charge that is made against the Government that 8 Army planes have gone down, in which 8 pilots have been killed, and 13 planes have been wrecked, and these planes were wrecked in sections which were not mountainous, most of them being lost between the Atlantic seaboard and Chicago, and none being lost in the mountains.

Mr. McKELLAR. Mr. President, that is not the purpose of my question. The purpose of my question is simply this: In 2 of the planes 13 people lost their lives.

Mr. FESS. Yes.

Mr. McKELLAR. In 8 of the planes 8 people lost their lives. Has the Senator on a single occasion, in connection with the subject of the air mail, called the attention of the Senate publicly to the loss of those 13 lives?

Mr. FESS. No.

Mr. McKELLAR. And has he not continuously harped upon the loss of the 8 lives in the Army planes?

Mr. FESS. No. The Senator is on thin ice there. The lives that are lost through the destruction of the Army planes are lost by the action of the Government. The lives that are lost in the transport planes by private individuals are not lost due to the action of the Government. When the action of the Government is the cause of the death of 8 different pilots on 8 different days, then it becomes a question whether we should not stop it, because it is due to the action of our Government.

The Senator from Tennessee cannot get anywhere by saying that we have not raised our voices in criticism when the two commercial planes fell in mountainous country.

Mr. McKELLAR. Although the two planes formerly carried the mail, and although 13 people lost their lives in the fall of those planes, the Senator does not say a word about the loss of the 13 lives, but confines himself solely to the 8. I may be on thin ice, but I do want to say that I am not in thin air.

Mr. FESS. I am not playing the game that the Senator from Tennessee is undertaking to play. I am calling attention to the useless sacrifice of Army pilots flying in planes not properly equipped, and the Senator must know that we shall be obliged to make a change. I understand—and if I am wrong the press is the source of my error—that the plane flying from Salt Lake City to Cheyenne, in which the eight passengers were lost, was not a mail plane. Even if it had been a mail plane, that service is not on a parity with that which involves our sending the Army flyers out, because we have the control of the Army flyers and we can take them out of the air, as I think we ought to, and it seems to me that the Senator should join with me in the request that they be taken out, especially in bad weather.

Mr. McKELLAR. The Senator said a while ago that in my reasoning I was treading on thin ice. I may be; I do not know; but the Senator is certainly in mighty thin air in the argument he is now making.

Mr. FESS. I am trying to keep the Government out of the air until it is prepared to go into the air.

Mr. McKELLAR. I think the Senator ought to have a little compassion for the 13 people who were killed.

Mr. FESS. I have.

Mr. McKELLAR. I have compassion for all of them.

Mr. FESS. I do not know how far the Senator thinks he has gotten in that statement. He is evidently trying to excuse the responsible government in charge of the Army for the sacrifice of eight of our boys who could not say

"No", because it is not their business to say what they shall do. They are told to do something, and they must do it. The Senator said that sacrifice under that condition is not different from sacrifice under the condition of the two planes to which he calls my attention. Of course, anyone arguing that way is not in a position to accept anything that anyone else may say.

Let me continue with Mr. Farley's testimony:

Senator AUSTIN. Didn't you contemplate when you canceled these contracts that, in the effort to substitute something for it, suddenly thrown together, that the lives of other men would be put to hazard?

Postmaster General FARLEY. We did not give any consideration to that feature of it at that time. We had certain facts before us, and I felt it was my plain duty, according to the law, to act as I did.

Senator AUSTIN. Let me ask you this, Mr. Farley: Did you consider that the people of our country were beginning to appreciate the passenger service and make use of it, and that their use of that passenger service had proved to be beneficial to the Government?

Postmaster General FARLEY. I don't think I had any right to take that feature of it into consideration.

Mr. President, if I interpret aright the statement of the Postmaster General just read, it does not make any difference whether we destroy property or not, it does not make any difference whether we break a contract and cancel it without giving the contractor a chance to be heard, it does not make any difference how many lives we are going to lose by installing an ill-equipped service. That is not our business. I think the Postmaster General ought not to have made that statement.

Senator AUSTIN. Did you in fact consider that during these 4 years of the administration preceding you, the amount of the service, the extent of it, the rapidity of it, and the excellence of it, had increased whereas the cost had been decreased?

Postmaster General FARLEY. I did not take that into consideration at all.

* * * * * * *

Senator AUSTIN. As a matter of fact, whether it was considered or not, you did inaugurate a substitute method of carrying the mails, did you not?

Postmaster General FARLEY. Yes; we did.

Senator AUSTIN. And when did they go into effect?

Then there was considerable lack of certainty as to just what date it took effect, but that is scarcely of any particular value to us at the moment.

Senator AUSTIN. Do you know whether James V. Eastman was killed in the service, trying to substitute something else for this institution which you had put an end to?

Postmaster General FARLEY. If you say that the records show that he was killed in carrying the mail, that is true, but I am not sure as to the name or place.

Senator AUSTIN. Then you don't know whether he was killed on the first day you started or not?

Postmaster General FARLEY. No, I don't.

Then he referred to the falling of the plane that carried eight passengers.

Senator AUSTIN. What do you say as to whether you know three young men were killed in preparation for carrying the air mail?

Postmaster General FARLEY. I regret that those boys lost their lives.

Senator AUSTIN. I know, but were they killed in preparation for carrying the mails?

Postmaster General FARLEY. I don't know whether they were killed in preparation for it, or in carrying it. I haven't the facts before me.

Senator AUSTIN. Did Lt. J. H. Gibson, en route from Middletown, Pa., to Columbus, Ohio, to begin air-mail duties, take to his parachute in a heavy snow storm at Mansfield, Ohio, and his plane crash on February 18?

Postmaster General FARLEY. I do not know whether it is a fact or not.

Senator AUSTIN. Do you know whether Lt. Edward T. Gorman, carrying the air mail from Miami to New York, nosed over and damaged his plane at Greenville, S.C.?

Postmaster General FARLEY. No; I don't know whether that is correct or not.

Senator AUSTIN. Don't you know that Lt. W. E. Thomas cracked a tail skid in landing at Fort Worth and his mail was sent on in another plane February 19?

Postmaster General FARLEY. I am not familiar with the particular incident.

It is difficult, Mr. President, in the light of these questions and answers to believe that the Postmaster General is to be interpreted just as he answered the questions. In other words, the lives of these pilots are not a matter of concern to him. That is not a matter he should take into consideration. He carried out his plan on the ground suggested by the Senator from Illinois [Mr. LEWIS], that the contracts were fraudulent and therefore they had to be summarily dealt with, and that summary dealing would necessitate denying those charged any opportunity to be heard. That is the way in which Postmaster General Farley took his position upon the suggestion and instruction of counsel.

Mr. President, on another occasion, and it will not be long deferred, I propose to take up the question of the legality of these contracts. Every one must admit that there has been no fraud proved as yet. We should not reach a conclusion by an ex parte proceeding. The committee had at its side representatives from the legal department of the Government without cessation at any sitting of the committee, and if there is any fraud involved the Senator from Illinois [Mr. LEWIS] knows that the only way to proceed is to indict the men guilty of fraud. Such a proceeding would afford them a trial where they could be heard. Yet here are 25 companies that by ex parte action, without ever giving them 1 hour to be heard, without an indictment, without a hearing, are charged with fraud, pronounced guilty, and a decision rendered without any trial whatever. That cannot ever be justified.

If the Senator says that the Postmaster General acted because he had no other basis on which to act, then he assumes that there was no possibility of the Postmaster General's being mistaken or in error. I can show, as any Senator here can show, if he will examine the record, that there was no fraud of any sort, and that every act that was performed was within not only the letter but the spirit of the law.

We will take it up at the proper time and see whether the Senator can get away with what he is now alleging, that there was not any right to wait to have these people heard in their defense.

Mr. LEWIS. Mr. President, then may I say, before the Senator takes it up——

The PRESIDING OFFICER (Mr. MCCARRAN in the chair). Does the Senator from Ohio yield to the Senator from Illinois?

Mr. FESS. I yield.

Mr. LEWIS. Before the Senator takes up the subject, which he threatens to take up, I hope he will prepare himself to answer the query I submit to him now: What interest has the distinguished Senator from Ohio in these companies or their welfare or their standing, and what interest has he in the subject matter by which he finds it agreeable to advocate in behalf of these brigands and their brigandage against his own Government and against his own country?

Mr. FESS. I will answer that question now.

Mr. LEWIS. I should like to have the Senator do so; it would relieve his conscience and that of some of his friends.

Mr. FESS. No; it will not relieve my conscience, because my conscience, not like that of the Senator, is wholly guiltless.

Mr. President, I have no interest in any company, and I must confess I know no officer of any company as an officer. I have seen Paul Henderson; I have seen his name; I do not know with which company he is associated. I know Mr. MacCracken, but the only thing I know about him is the foolish mistake he made, which I regretted. However, I know him only as the representative of air-mail companies, but I do not know what companies they are. I do not know the personnel of these companies. I am reading the transcript in order to familiarize myself with the details as to these companies.

Mr. LEWIS. Then I ask the Senator, will he say to the Senate now that he approves of the conduct of these companies as shown by the evidence and the disclosures that have been brought out in the examination?

Mr. FESS. There has not been anything shown by evidence that cannot be refuted, but the refutation has not been permitted.

Mr. LEWIS. Does the Senator approve of what has transpired in connection with these companies as has been shown by the evidence?

Mr. FESS. I do not approve or disapprove until I have both sides furnished me.

Mr. LEWIS. If the Senator has no opinion either way, why does he advocate one side?

Mr. FESS. I am not advocating one side. I am against the advocacy by the Senator of one side; and I am trying to get a hearing for the other side.

Mr. CLARK and Mr. LEWIS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Ohio yield further; and if so, to whom?

Mr. FESS. I will not yield for a moment. I hope that the way will open so that the distinguished Senator from North Carolina [Mr. BAILEY]—and I mention him because he is Chairman of the Committee on Claims—I hope the way will open for that committee, under the direction of that lawyer, to make an investigation of these contracts and hear the side of the contractors as well as the side which has been promoted by the committee. If that can be done, I will be thoroughly satisfied.

Mr. CLARK. Mr. President——

Mr. FESS. I yield to my friend.

Mr. CLARK. The Senator just a moment ago made a remark which certainly constitutes a very serious reflection on the special committee investigating air-mail contracts, if it be true.

Mr. FESS. What was that remark?

Mr. CLARK. The Senator from Ohio said that an opportunity for the refutation of these charges had been refused.

Mr. FESS. No.

Mr. CLARK. If the Senator knows anything——

Mr. FESS. I have not said it was refused.

Mr. CLARK. I think I am quoting the Senator verbatim. If the Senator knows anybody who has tried to testify before that committee in connection with any of the air-mail companies who has been refused an opportunity to testify, I should like to have him name him.

Mr. FESS. Mr. President——

Mr. CLARK. If the Senator will permit me just a moment longer, it is exactly the same proposition that the Senator from Ohio attempted to get away with here about 3 or 4 weeks ago, when he came in and said that Postmaster General Brown had been refused an opportunity to testify. The Senator——

Mr. FESS. Mr. President, I do not yield further.

Mr. CLARK. The Senator came in and made the remark——

Mr. FESS. I do not yield any further.

Mr. CLARK. Very well. I will speak in my own time when the Senator concludes.

Mr. FESS. The Senator from Ohio did not say that Mr. Brown——

Mr. CLARK. The Senator did say it.

The PRESIDING OFFICER. The Senator from Ohio has the floor.

Mr. FESS. The Senator from Ohio did not say that Mr. Brown had been refused a hearing.

Mr. CLARK. The Senator from Ohio stated—and he was going into it in more detail thereafter—that the committee had been unfair——

Mr. FESS. Yes.

Mr. CLARK. Because Mr. Brown had not been given an opportunity to testify.

Mr. FESS. Precisely; I said that.

Mr. CLARK. And the Senator offered Mr. Brown as a witness; but it was only after 2 weeks, by repeated jabbing on this floor, that the Senator finally got desperate and actually produced Mr. Brown.

Mr. FESS. The Senator from Missouri is entirely in error when he says that I said that Mr. Brown had been refused a hearing; I said nothing of the kind; I said that the committee had not proceeded fairly toward Mr. Brown by not calling him here when they were making charges; that he was the one man who had all the facts and could give them the facts if they would only give him a chance. It was on that occasion that the chairman of the committee said, "We will be very glad to hear Mr. Brown any time he signifies a desire to come, provided he waives immunity." He did not use that expression, but that is what he meant. Then I said, "We will see whether or not we cannot get him here at once." That was on Friday, and Mr. Brown was here on Monday.

Mr. CLARK. But, Mr. President, if the Senator will yield, the first complaint of the Senator from Ohio as to the appearance of Mr. Brown was made about 2 weeks before the incident of which he now speaks, and after there had been repeated references in this Chamber to the fact that Mr. Brown had not appeared. The CONGRESSIONAL RECORD will bear me out in that statement.

Mr. FESS. That is all right. Mr. Brown had not appeared, but the Senator said that I said the committee had refused to hear Mr. Brown.

Mr. CLARK. That was the plain inference of the Senator's remark.

Mr. FESS. Oh, no; it was not. For me to say that the committee had refused to hear Mr. Brown, when I do not think that the committee had ever said anything about it, would be totally unfair and untrue.

Mr. CLARK. The Senator may, if he wants to do that, stand on the statement which, as I recall exactly, was that Mr. Brown had not been given an opportunity to testify——

Mr. FESS. That is it; I said that.

Mr. CLARK. To which I rejoined that naturally the committee did not want to grant Mr. Brown immunity; and when the Senator from Alabama was asked the direct question as to whether Mr. Brown ever had had an opportunity to testify and been refused, he made the explicit statement that Mr. Brown had never offered to testify and, therefore, had never been refused an opportunity to testify. Then the Senator from Ohio came back and said he had not intended to draw that inference, which is obviously the only inference which could be drawn from his remarks.

Mr. FESS. I think the Senator from Missouri is now stating the situation as it is; but he made the statement that I said that the committee had refused to hear Mr. Brown, and now he says that what I said was an inference that the committee had refused to hear him. I want to say to my friend that I never meant that as an inference. I knew that the committee had never invited Mr. Brown. That is one thing that I disliked. I wanted them to invite him, because I knew Mr. Brown would give the information they needed; and I complained when it was whispered that he was not going to be subpenaed on the ground that he would not waive immunity. There never was a more insulting reference—it was not meant to be—that Mr. Brown would not come down here unless he was subpenaed. Mr. Brown has nothing to conceal. Everything that Mr. Brown did——

Mr. CLARK. If Mr. Brown has nothing to conceal, why did he burn the records?

Mr. FESS. Mr. President, he burnt no records; that is another innuendo; that is another rumor.

Mr. CLARK. I will say to the Senator that that is not intended as an innuendo, either.

Mr. FESS. What is not so intended?

Mr. CLARK. My remark that if Mr. Brown had nothing to conceal, he would not have burned the records.

Mr. FESS. Mr. Brown burned no records, and the Senator cannot prove that he burned any records. Mr. Brown stated that he did not burn any records. Why does the Senator stand here and say that he burned records?

Mr. CLARK. Mr. Brown's own employee stated that he burned records under Mr. Brown's direction.

Mr. FESS. After he said that he stated that they made him say that, that he did not mean to say that.

Mr. BLACK. Who said that?

Mr. FESS. The same man, Mr. Maher.

Mr. BLACK. To whom did he say that?

Mr. FESS. He said that to Mr. Brown.

Mr. BLACK. The Senator says that because Mr. Brown makes a statement——

Mr. FESS. And Mr. Brown testified to it on the witness stand.

Mr. BLACK. If Mr. Brown stated that under oath, that might have convinced the Senator. Mr. Maher says under oath that that is false.

Mr. FESS. Maher says that is false?

Mr. BLACK. Yes. I have his affidavit, if the Senator wants to see it.

Mr. FESS. A man who is in the employ of the Democratic National Committee probably would say that.

Mr. BLACK. That is the way the Senator feels because of his intense partisanship, but the Senator has made a statement on the floor that as a fact Mr. Maher has stated that he swore that he was directed to burn those papers because he was made to do it. That is not true; and, in addition to that, Mr. Brown does not deny, and did not deny on the stand, that he gave the instructions to destroy certain papers. The issue was whether he gave instructions to destroy personal papers or official papers. Mr. Brown did not deny—and the Senator knows that he did not deny, because the Senator was there—that he gave instructions to destroy those particular papers, which he said were personal. The issue was between Mr. Brown and Mr. Maher as to whether or not they were personal or official.

Mr. FESS. Mr. President, I am not going into any of these details which are not covered by the testimony.

Mr. BLACK. The Senator has been doing it.

Mr. FESS. The testimony is here, and the Senate is going to have an opportunity to hear all the testimony that was given by Mr. Brown. He gave it before the committee, and the Senate is going to hear it read from my place here before we get through with it. Mr. Brown said nothing of the sort that the Senator from Alabama states he said.

He said that he asked Mr. Macpherson, his personal secretary, to go over his personal file and to take out the papers that were purely personal, and he asked to have them placed in a box. Mr. Brown never saw that box and Mr. Macpherson had charge of it. As to what was to be done with the papers, Mr. Brown does not state that he ordered them destroyed, and especially there was not any statement that they were to be burned. Mr. Brown's testimony is of record and it will be read here when the time comes to read it.

I did not intend to get into anything of that sort. There will be plenty of time for us to do that later on. What I wanted to do at this time was to call attention to the useless sacrifice of American Army pilots in flying the mail, and when I did that the Senator from Illinois took offense and stated that I had not any purpose except to reflect upon the administration. My purpose is to call the attention of the American people to a condition which ought to be discontinued. That is as far as I had intended to go in this matter, and I should think that the Senator from Illinois would be willing to join me in the request that until we have equipped planes and pilots trained to fly the radio beam, and under the two-way radio system, we ought to take the Army out of the air-mail business.

Mr. McCARRAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Ohio yield to the Senator from Nevada?

Mr. FESS. I yield.

Mr. McCARRAN. Will the Senator subscribe to the principle that a fraudulent contract should never be tolerated by the American Government?

Mr. FESS. What is the question?

Mr. McCARRAN. Will the Senator from Ohio subscribe to this principle, that a fraudulent contract should never be subscribed to by the American people after the fraud is discovered?

Mr. FESS. After the fraud is proved, no.

Mr. McCARRAN. After it is discovered?

Mr. FESS. After the fraud is proved. When the Senator says "after the fraud is discovered", he means to infer that after the discovery of the fraud, there is to be no chance to have it disproved as alleged. If the Senator would say, "Does the Senator from Ohio subscribe to the principle that a fraudlent contract should not be tolerated by the Government", I would say, "Yes; absolutely", but before the contract is canceled I would want to have the fraud established, and it cannot be established when only one side is heard.

Mr. McCARRAN. Mr. President, when the fraud is admitted by those who entered into it, would the Senator then consider that it was established by prima facie evidence?

Mr. FESS. No; I would want to know what the purpose was on the part of those who made the admission. That is very obvious here. Some people would be very glad to be favorably considered in the new administration, in the awarding of new contracts, and very likely it would be easy for them to assume that some interpretation in a matter admitting of difference of opinion might give them a chance if they joined the administration's forces. When a man admits there is fraud, I want to know just what the admission is, and what is back of the admission.

Mr. President, I have said about all I wanted to say at this time about the air mail.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. CLARK. The Senator accused me a moment ago of misquoting him when I said that the Senator had stated that the committee had declined to permit Mr. Brown to testify. I would like to call the Senator's attention to page 2107 of the RECORD, near the top of the first column. The Senator is quoted in the RECORD in this way, following a remark by the Senator from Tennessee [Mr. MCKELLAR]:

> Mr. President, it is that sort of thing that I resent. Everything is innuendo; everything is rumor.

Mr. FESS. I said that.

Mr. CLARK. The Senator continued:

> It is unfortunate that this body will permit a committee to operate like a grand jury in investigating a matter of great interest and decline to call the one person who has information.

Mr. FESS. Yes. I can see that when I say the Senate committee "decline to call", that might be interpreted as indicating that I meant they declined to give an opportunity to testify on a request to call. I did not say any request was denied.

Mr. CLARK. Mr. President, I thought, after this colloquy on the preceding occasion, the matter had been cleared up. I understood then that the Senator was drawing a distinction between the committee failing to call Mr. Brown and the committee giving him an opportunity to appear. The committee offered Mr. Brown an opportunity to appear, and he did appear. The Senator comes back this afternoon, however, and repeats the statement, or gives the same impression from his remarks, that the committee has refused to allow the air-mail operators to come in and make a defense against fraud charges, when the fact is that the committee has never refused anybody who tendered his testimony an opportunity to appear and testify.

Mr. FESS. No, Mr. President; that is a misconstruction again. What I say is that the mail contracts were canceled without calling these people in.

Mr. CLARK. The Senator did not say without calling them. He said a while ago that the contracts had been canceled——

Mr. FESS. Yes.

Mr. CLARK. Without these people being given an opportunity to come in and prove their case.

Mr. FESS. Precisely.

Mr. CLARK. If they are willing to waive immunity, they can come in and testify any time they want to. I am speaking on behalf of the committee without any authority to do so, but I am sure the Senator from Alabama will back me up in that statement.

Mr. FESS. Mr. President, that is a fine situation. The mail contracts are canceled, the deed is done, the death blow is struck. Now, if they want to waive immunity, let them come in. That is a nice statement. That is a fine justi-

fication of the conduct of the administration. Cancel the contracts, and after it is done then say, "If they want to come in, let them come in."

Mr. CLARK. If the Senator will yield there, it is perfectly obvious that the theory on which the Postmaster General acted was that when fraud was shown, when these men had stood by, with all the damaging testimony brought forward, and had not come forward and volunteered their testimony to the committee, the contracts should be canceled. Certainly the theory of the Senator from Ohio would go to the effect that the contracts should not have been canceled——

Mr. FESS. Certainly not.

Mr. CLARK. Until any party shown to be guilty of criminal fraud had been indicted——

Mr. FESS. Certainly, they should not.

Mr. CLARK. And all the processes of the criminal courts gone through, including an appeal to the highest court to which they had a right to appeal. Then 4 or 5 years from now, after the guilty parties might have been sent to the penitentiary, the Senator from Ohio will be glad to acknowledge the right of the Postmaster General to cancel the contracts.

Mr. FESS. Mr. President, I did not suppose the Senator from Missouri would upon his own responsibility defend the act of the administration in canceling these contracts, but I see he has done so. He is assuming that that is the only thing it could do. I desire to say to my good friend from Missouri that that is an act of this administration from which it will never recover, because it is un-American; it is indefensible; it is a treatment of men in regard to a contract that has never before been accorded to anyone.

The Senator says that frauds were committed, and therefore the authorities had to act instantly. It was not demonstrated that there were frauds. Certain acts were alleged as frauds, but not proved as frauds, and the case was prejudged even before anybody was called.

Mr. CLARK. Mr. President, I do not desire to anticipate the often-promised and long-deferred defense of the validity of these contracts on the part of the Senator from Ohio. I merely desire to say that when he, in his representative capacity, makes on the floor of the Senate a defense of the air-mail companies, which they themselves have been unwilling to make before the committee, we will discuss the matter.

Mr. FESS. I do not wish to anticipate, Mr. President, but I shall be very happy if the way shall be opened for an investigation under the leadership of such a man as the Senator from North Carolina [Mr. BAILEY], the Chairman of the Committee on Claims, of the claims of these people who have been injured by the Government. I am very anxious to have this entire matter gone into in an inquiry in which both sides will be heard when the question of the legality of contracts is under consideration.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Ohio yield to the Senator from Alabama?

Mr. FESS. I yield.

Mr. BLACK. The Senator has contended here today—and not only today, but at other times—that the companies have not been heard from.

Mr. FESS. They should have been heard from before the contracts were canceled.

Mr. BLACK. Very well. The Senator has been contending that the companies should have been heard from before their contracts were canceled. I have before me the evidence of the man who was president of the Aviation Corporation of America, and I have before me the evidence of his assistant, both of whom admitted under oath that they had been told by the Postmaster General that they must not bid on a certain contract; both of whom admitted under oath that they were in a meeting where they were not to bid on the contracts. Whom does the Senator wish us to call in addition to the president and his assistants?

Mr. FESS. I desire to have the Senator give a hearing to every man whose contract has been canceled.

Mr. BLACK. Their contract was canceled. Which other member of the Aviation Corporation of America does the Senator wish to have called?

Mr. FESS. I do not even know any of them. I do not know who they are.

Mr. BLACK. From the way the Senator talked, I thought he surely had a familiarity with them.

Mr. FESS. I stated that I did not know any of them.

Mr. BLACK. The Senator has been leaving the inference, here and in other places, that the committee has not heard from the officers of these companies. If the Senator has read the record, he knows that inference is incorrect.

Mr. FESS. The committee heard Mr. Hanshue.

Mr. BLACK. Yes; we did.

Mr. FESS. And the committee heard Colonel Henderson.

Mr. BLACK. Yes; we did. We heard both of them; and we heard Mr. Hanshue admit that he had to sign a contract with another company before he could get a Government contract. He had to take a subcontract with an understanding on his part that if he ever cut his rates below those of another company he would surrender his contract.

Mr. FESS. Mr. President——

Mr. BLACK. Let us get back to the Aviation Corporation.

Mr. FESS. Let me answer the question of the Senator.

Mr. BLACK. The question I asked was with reference to the Aviation Corporation.

Mr. FESS. One at a time. I have the floor.

Mr. BLACK. All right.

Mr. FESS. I will answer the question as to Mr. Hanshue.

The PRESIDING OFFICER. The Senator from Ohio has the floor.

Mr. FESS. Mr. Hanshue's company was flying a route from the Pacific coast to the central part of the United States. The Postmaster General told Mr. Hanshue that he could have a contract if he would extend that route from Kansas City on to New York. He did not want to do it. He was told that if he wanted a transcontinental contract, he could not have it in two parts; that he could not have the east end under one company and the west end under another company; that that would not be a transcontinental route, because when the mail started from New York to San Francisco it would go over the route of one company to Kansas City, and go over the route of another company from Kansas City to San Francisco. It was stated to him that if two companies should control the route, if a plane were late coming from New York, and a plane leaving on another company's line from Kansas City wanted to start with its passengers, it would go before the plane from New York had arrived, and the mail would be a day late.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Missouri?

Mr. FESS. I have not finished, Mr. President.

The Postmaster General said, "I cannot break a transcontinental route in the middle. It will have to be under one command; otherwise I cannot let the contract." Mr. Hanshue could have extended the route if he had wanted to and then could have bid; but he could not bid when he only owned half of the route. That ruling was made in the interest of the air mail of the country. It was made in the public interest.

Mr. President, that was justifiable; and while Mr. Hanshue did not like it and was told that he would have to merge in order to get the contract, yet it was in the interest of the people of the country in order that they might have an unbroken transcontinental route.

I will say to my friend, the chairman of the committee, that the position Mr. Hanshue took did not appeal to me at all. I thought Mr. Brown was right in regard to the matter, and I would have done the same thing he did.

Mr. BLACK. I do not doubt that.

Permit me to read what Mr. Shaeffer stated. I regret to hear the Senator say that he would have done what Mr.

Brown did; but if he desires to take that burden, all right. Let me read what Mr. Shaeffer said.

Mr. FESS. When I say that I would have done what Mr. Brown did, I desire to tell the Senate the problem that confronted Mr. Brown in building an air map. I state to the Senator that I would have done what Mr. Brown did, and I would not have done what was desired by the fellows who are complaining to the Senator from Alabama. I would take Mr. Brown's views of it rather than the view of somebody who was disqualified to perform the service and therefore was not given a contract. Of course, those fellows do not feel satisfied, and they come in and prejudice the committee against Mr. Brown when what he did was to build a map and an aviation industry that is the pride of the whole world, yet the Senator now is complaining of what Mr. Brown did.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Alabama?

Mr. FESS. I yield.

Mr. BLACK. The Senator, as I understand, is taking the position that the operators who secured certain contracts, and who have them now, have come before the committee and poisoned the committee against their own contracts. Let me now read what Mr. Shaeffer said.

Mr. FESS. I spoke only of two men.

Mr. BLACK. I wish to read this testimony. Here is the report that he made to his directors.

Mr. FESS. I have read it.

Mr. BLACK. Let us see if the Senator from Ohio approves that.

Before the competitive bid was received for the transcontinental route, Mr. Shaeffer reports to his directors that—

The Postmaster General having indicated that he could and would arrange so that an air-mail contract award would be properly made to the Central Transcontinental, providing the two companies organized for the operation of the service, T.A.T. got together with Western Air Express on a plan to form an operating company on the following basis.

The Senator will remember that Mr. Shaeffer is an officer of one of these companies, and he said the Postmaster General told him before he ever let out the contract to bids that it could and would be awarded to them. The Senator will also recall that the evidence shows that the Aviation Co. made the low bid, and that numerous people were employed to represent them here in Washington.

The Senator will also recall that people were employed to represent the United States Air Line between Denver and Kansas City, which withdrew from this contract and which got a subcontract. They arranged so that they could and did get the contract although they were the high bidder. That evidence came from the officers of the company. The Senator, of course, approves that. Mr. Brown approved it, so the Senator must approve it.

Mr. FESS. Mr. President, the Senator has been quoting from Mr. Sheaffer. Mr. Sheaffer testified one way and Mr. Coburn testified the opposite.

Mr. BLACK. They were two different companies.

Mr. FESS. At least they were not agreed.

Mr. BLACK. Mr. Sheaffer was with the Transcontinental. The Senator will recall the little line that ran from Denver to Kansas City. Mr. Sheaffer was connected with the company that got the award over the low bid of that company. Mr. Coburn, president of the Aviation Corporation, testified that they were present at the meeting and agreed not to bid. Am I to understand the Senator now to say that when we have the admission of the president of the company, that in violation of law they met and agreed with each other not to bid, we should not cancel that contract?

Mr. FESS. The Senator puts a question based upon certain allegations.

Mr. BLACK. Certain facts.

Mr. FESS. If those allegations were true I could definitely answer his question, but I do not want to have a hypothetical case stated and then be asked what I would do about it. What I want done and what I insist will be done is to let not only the Senate, but the people of the country know what was done, and if possible find out why all this fuss in trying to undo one of the most romantic structures that any country has ever seen.

Mr. BLACK. I quite agree with the Senator that there was a great deal of romance in it. [Laughter.] There was romance without any doubt that years hence will be looked upon as one of the sad parts of the romantic history of the country. Is the Senator willing to say now——

Mr. FESS. The Senator believes there is sadness in romance?

Mr. BLACK. I think there is pathos in the fact that in this country there still exists anyone who will ignore fraud and corruption. I think there is sadness and pathos in the fact that people will drag into the debate here the death of individuals when they happen to believe that it is to the interest of their party to try to cover up the record and conceal fraud and corruption and crime. Yes; I think there is sadness and pathos in that. Does the Senator think and is he willing——

Mr. FESS. Mr. President, I decline to yield further.

The VICE PRESIDENT. The Senator declines to yield further.

Mr. FESS. Mr. President, there is no more sadness and pathos in calling attention to unnecessary sacrifice caused by the effort on the part of the Government to do a thing in one way that ought to have been done otherwise than there is sadness and pathos in an effort to smear a prior administration by charges of the most flimsy character that have ever been made in public. All those charges will be shown to be flimsy and without a scintilla of fact behind them or upon which to base them, and that will be done before this debate shall have been concluded. No kind of ridicule or abuse on the part of anyone, because we call attention to these things, is going to be an answer. Such conduct is no argument and does not lead to any conclusion.

Mr. BLACK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Alabama?

Mr. FESS. I yield.

Mr. BLACK. I agree with the Senator that he is going to debate this question at length.

Mr. FESS. He certainly is.

Mr. BLACK. He has done so in the past and will do so in the future.

Mr. FESS. It will take some time to read the testimony.

Mr. BLACK. I recall the Senator has debated some other questions at length. I recall that the Senator was ready even to ignore the plain facts of the record and to refer to certain men as being "as clean as a hound's tooth."

Mr. FESS. The Senator is putting that statement in my mouth.

Mr. BLACK. I understand the Senator did not use that expression, but the Senator's words in debate approved it from time to time.

Mr. FESS. The Senator from Alabama is referring to an address which I made on the floor of the Senate in which I said that the United States Senate was being used as a sluiceway through which the slime of dirty minds was being poured into the country. I said that. That statement caused four speeches to be made on the Democratic side of the Chamber. A famous Democratic Senator, the most beloved of all my acquaintances on the other side of the aisle, who had been the leader in the House of Representatives throughout the period when I was in that body, who was promoted to the United States Senate, and was made the leader of his party in the Senate, walked across the aisle of this Chamber one day, took my hand and said, "If I had said anything that would cause other Senators to occupy nearly all day in replying to me, I would assume I had said something worth while." That was my beloved friend Oscar W. Underwood, the predecessor of the Senator who is now on his feet.

Mr. BLACK. I notice the Senator said his statement was answered by four men. I think that was entirely too many.

Mr. FESS. I do, too.

Mr. BLACK. I think that was more than needed. However, that is beside the question.

The sad thing about this to me, as was true during exposures made on a previous occasion, is the fact that there can be found just a few men—thank goodness, only a few—who pass over every bit of evidence of crime that is revealed, men who, by means of raising other issues, attempt to conceal fraud that is developed. The saddest thing, in my judgment, is that the Senator will ignore the facts, because he has read the evidence and is bound to know that things were not right. He does not put the stamp of his disapproval upon a single thing that has been established. All he does is to come in here and talk with tears in his voice about anything in the world except the evidence of fraud and corruption.

I regret very much that when evidence of fraud and corruption comes up, there is not a united front on both sides, regardless of the party in which the fraud may be discovered. In my judgment it is a sad indication of the moral level of this country that Senators will stand on the other side of the aisle and defend the actions that have been exposed and never utter a single word of criticism of the horrible practices that have been revealed.

So far as I am concerned, I am not going to discuss this subject with the Senator any further. When he is ready to debate the issue on the facts, we can present the facts. I think they will convince everybody in the United States except the Senator from Ohio, and I can fully understand why they will not convince him.

Mr. FESS. Mr. President, no doubt the Senator feels pretty good over that statement. He seems to be entirely self-satisfied when he alludes to anybody with the statement that he is ready to condone all corruption, and then, because we will not allow him to convict individuals without their being heard, he charges those who will not stand for that sort of thing with condoning crime.

I want the Senator from Alabama to use the full power of the Government to bring out corruption and to punish crime; but he cannot justly charge men with being guilty without hearing the other side. We will not stand for that, and the country will not stand for it.

Mr. BLACK. I have said that we will not stand for it either.

I desire to ask the Senator a question.

I have stated to the Senator—and he knows it if he has seen the record—that we have had before the special committee the officers of these companies. Whom does the Senator want besides those officers? Will he give me a list of other individuals connected with those companies who know the facts?

Mr. FESS. I will. I want the committee to call Mr. Boeing.

Mr. BLACK. We have had him before us.

Mr. FESS. I want the committee to call him again. It was stated yesterday that I want Mr. Boeing here. I do not know him.

Mr. BLACK. Very well. Is there anyone else the Senator desires to have called here?

Mr. FESS. I will let the Senator know who they are. I want all of them—all that you have ruined. I want them to come here.

Mr. BLACK. All that we have ruined? Which ones are they? Give us their names.

Mr. FESS. All the contractors whose contracts were canceled without having had any hearing.

Mr. BLACK. Mr. President——

Mr. FESS. I do not yield any further.

Mr. BLACK. We have had before us officers of every one of the chief companies. The Senator knows that——

Mr. FESS. No.

Mr. BLACK. And he is leaving the impression that they have not testified, when that impression is not correct.

Mr. FESS. Mr. President, the Senator from Alabama would like to have the Senate believe that the contracts were not canceled without giving a full hearing to all the officers of the companies. Of course, he can not get away with anything of that sort.

Mr. BLACK. Mr. President——

Mr. FESS. Wait a minute. I do not yield.

Mr. President, my intensity of feeling grows first out of the fact that I do not want anything unfair done, especially with the approval of the United States Senate, of which I am a Member; and, as far as I can prevent any injustice, I am going to do it. That is one reason for my intensity of feeling.

Another reason is the inference that Mr. Brown had something to conceal and that he would not be subpenaed unless he would waive immunity. I resent that, and I feel pretty intensely with regard to that treatment of him.

The other matter is the tampering with mail and the attempt to tap wires and the efforts to install dictographs. Perhaps none of that is known to the committee, and I do not believe they do know it; but we have evidence of that sort of thing. I feel intensely on that subject and have called attention to it. This is the first time I have mentioned it in this body, but I have taken it up with officers of the Government.

Mr. BLACK. Mr. President——

Mr. FESS. Wait a minute.

Mr. BLACK. I desire to ask the Senator a question.

Mr. FESS. Wait a minute.

The VICE PRESIDENT. The Senator declines to yield.

Mr. BLACK. Then I will wait until the Senator concludes.

Mr. FESS. There is another reason for my intensity of feeling. My own name has been dragged into this investigation; and any man who has one iota of self-respect will resent a thing of that kind.

I have a son who is well known to the present Presiding Officer, the distinguished Vice President of the United States. He was made Parliamentarian of the House in 1918 without any recommendation from me, but I was asked whether or not I would let him perform the duties. He remained Parliamentarian until 1927. As a father, I was interested that he should make a success, and asked him to pursue the study of law while he was doing that work, which he did. After he had remained here for some years I concluded that he had gotten as far in Washington as he could, and was in a blind alley so, as a father, I advised him to leave the service of the Speaker of the House of Representatives and go out on his own; and in 1927 he resigned.

That was not due to a change of administration. There was no need of his resignation; but he resigned to enter upon the practice of the law, and he chose the city of Toledo in which to practice. While he was here his friends were legion, including such men as the present Vice President of the Nation; Judge Finis Garrett, the Democratic leader of the House; and others high in position and in business.

The firm of which my son became a member was asked by Col. Paul Henderson to represent him in the matters arising in Ohio, because the air route of Colonel Henderson's company crossed Ohio. My son made two or three trips here during the pendency of the legislation on air matters and on some other matters. He has been greatly distressed over the fact that his name has been brought into this investigation. I have this letter from him:

[Doyle & Lewis Law Offices, Nicholas Building. Howard Lewis, Frank S. Lewis, Robert Newbegin, Milo J. Warner, Charles T. Lewis, Jr., D. L. Sears, Lehr Fess, George J. Gould, William C. Moore, Ernest C. Schatz, and Harold A. James]

TOLEDO, OHIO, *March 5, 1934.*

Hon. S. D. FESS,
United States Senate, Washington, D.C.

DEAR FATHER: Were it not for the endeavor to poison the public and indirectly injure you, the Hanshue testimony would be amusing. The Watres Act was passed April 29, 1930, as I recall. I resigned as United States attorney August 1, 1930, and a few weeks later I was asked by some Pittsburgh people to represent them before the Post Office Department in connection with their proposed bid on a coast-to-coast mail contract. I spent a day in Pittsburgh, went with them to Washington, and attended the opening of the bids. Walter Brown was not in town that day, as I recall. When I discovered that the Pittsburgh group was not qualified to bid, and strongly suspicioned they did not have the finances to suc-

cessfully operate even though they should be awarded the contract, I immediately withdrew and returned home. This was about the middle of August 1930. Neither United Aircraft nor N.A.T., as I recall, bid or were interested in these particular contracts. Sometime after the bid of the Pittsburgh Co. had been rejected and the contract awarded to T.A.T. and Western Air, was approved by the Comptroller General, our firm was employed during the latter part of October 1930 by N.A.T. at a modest retainer and the usual per diem for court work and out-of-town business.

The retainer was terminated by mutual consent in November 1931 because of the decrease of the work and the necessity of the company to reduce expense.

I want the Senator from Alabama to note this:

The work in Washington consisted in attending the conference of operators referred to in my statement which was in February 1931 which was called for the purpose of reducing rates.

I want it especially to be recalled that the meeting of which the chairman of the committee has been complaining was May 19, 1930. That meeting was not attended by the writer of this letter. He was here at a meeting of the operators with the Postmaster General in February 1931 which was called for the purpose of reducing rates.

The letter continues:

The Postmaster General at that time had expanded the service to such an extent that it was necessary for all operators to take a cut in order to avoid a deficit in the appropriation. I have gone over my diaries most carefully and cannot find that I attended any conference at the Post Office Department in May 1930, nor do I have any recollection of having attended such a conference. MacCracken's letter must have referred to the February 1931 meeting.

Of course, there was nothing reprehensible about representing N.A.T. even at the conference in May 1930. By reason of my position in the House and familiarity with departmental procedure, at least, I was supposed to have had more than average qualifications to represent clients in Washington even if I did not actually have such qualifications.

You will recall that after I got my law degree I seriously considered remaining in Washington to practice, decided against it, resigned my position as Parliamentarian, moved to Toledo, and started all over again in a new field. At one time I was offered a retainer of $20,000 a year to represent a railroad organization in Washington, which I declined, not because I did not need the money but because I had made up my mind to make my way here.

I know that to be true, because he talked with me about it at the time—

I have enjoyed handling the few cases which took me to Washington, because it afforded the opportunity to renew acquaintances. As you know, on no occasion have I represented any interest before the Senate except the one occasion when you introduced a bill for the allowance of a claim of the Willys-Overland Co., which you would have done on the request of any constituent. This bill was not even considered by the committee to which it was referred, and the claim was later allowed by the Comptroller General.

I may be so steeped in the alleged immoralities of the "premisdeal" era that my conscience is hardened, but I sincerely fail to see anything wrong in my accepting proper employment in Washington. The matter is not of sufficient importance to warrant my asking for a hearing, but, of course, if the committee should request me to appear I will respond notwithstanding my personal conviction that nothing is sought or intended by the investigators except the opportunity to muckrake in the interest of destroying the confidence of the people in the sound principles of government upon which our past progress has been made. The whole outfit are playing a farce that will end in the real American tragedy.

The letter is signed by my son, whose name was brought into the hearings, and whose name was printed in the headlines of the leading newspapers, "Fess' Son Named in the Air Investigation." Any reasonable interpretation of that would be that my son was involved in these investigations because he was named in the testimony.

I feel hurt over that sort of thing. I have talked with the chairman of the committee about the matter, and he is very fine in his attitude. Evidently my son's name was not brought out by him. The name was used by Mr. MacCracken in the testimony and then later by Colonel Henderson. Naturally, as every father here who has any pride in the success of his children knows, that thing hurts.

When Mr. Brown was on the stand, and Senator McCARRAN asked him whom he met in my office, Mr. Brown named my son, and quite naturally the committee jumped to the conclusion that it was this son, when it was not at all. It was my second son, who is the assistant sales manager of the Firestone Co., who was on his way from here to Atlanta and stopped over in Washington to spend the week end with his father. He was in my office at the time, and naturally the committee thought that was the same boy. It was not. I do not like to have my name dragged into this controversy and then have it charged that it is a family affair and that I am condoning corruption. I will go as far as any man here to punish anyone guilty of corruption, but I want it done in the American way, with both sides heard.

Mr. BLACK. Mr. President, I desire to ask the Senator a question.

Mr. FESS. I yield.

Mr. BLACK. The Senator made a statement with reference to dictographs, or wire tapping, or something of that kind, and said, "We have knowledge of it." The statement was, "We have knowledge", not that the committee but that the Senator had knowledge. The statement was, "We have knowledge" that there has been some wire tapping, or use of dictographs, or something of that kind.

I desire to state to the Senator that I know nothing about that, and I think that if he has any evidence of any such thing it should be stated here in the Senate so that it may be investigated. It should be investigated.

Mr. FESS. Mr. President, I made that statement to indicate why I felt so deeply about the matter. I exculpated the committee at the time.

Mr. BLACK. I understand.

Mr. FESS. Because I do not think the Committee would permit such things. But even today, only today, I called Mr. Brown to read to him a portion of the testimony given yesterday by Colonel Henderson in regard to the Boeing contract, which, if it is as was stated, I do not approve. While I was talking, there was interference upon the wire. I complained of it and had a report from the party in charge of telephones here to the effect that the interference was not at this end.

Three letters were tampered with, one of them a letter I wrote, and the postmaster was notified of it.

Of course the Senator from Alabama would not permit that sort of thing if he knew it. It seems, however, to be going on. I shall be very glad to give the Senator such information as I have and trace it down, if possible.

Mr. BLACK. I desire to state to the Senator that, so far as I am concerned, I have frequently had experience with interference over the telephone. I have, however, never attributed it to the fact that anyone was interfering, but rather have attributed it to inefficient service. So far as I am concerned, I desire to have the Senator understand that the special committee has not engaged in anything of the kind either directly or indirectly, nor has it learned of any such thing being done; and I personally should thoroughly disapprove of it.

Mr. FESS. I believe the Senator's statement.

Let me make a further statement, Mr. President. I think the committee headed by the Senator from Alabama, has made one of the most exhaustive investigations that ever took place in the country. I have observed the assistants from the various departments. Each one of them comes to the committee room with a bundle of documents under his arm, and the chairman seems to be thoroughly familiar with all that is going on. In other words, so far as putting out feelers and gathering in evidence is concerned, I do not know anyone who could do a more thorough job than the Senator from Alabama has done. I say this in order to assure the country that if there is anything wrong, nothing has been left undone to find it out. In all of the Senator's investigations, however, I do not think he will find that Mr. Brown has been involved in any corrupt practice. If so, I shall withdraw my defense of him.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)





INCLUSION OF CATTLE AS A BASIC INDUSTRY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE]. On that question the yeas and nays have been ordered.

Mr. McNARY obtained the floor.

Mr. CONNALLY. Mr. President, will the Senator from Oregon yield?

Mr. McNARY. I yield to the Senator from Texas.

Mr. CONNALLY. I ask unanimous consent that, beginning tomorrow at 12 o'clock, debate on the bill be limited, and that no Senator shall speak more than once nor more than 10 minutes on the bill or on any amendment thereto.

Mr. McNARY. I shall consent to that, Mr. President, provided the Senator extends the time to 15 minutes on the bill or on any amendment.

Mr. CONNALLY. The proposal I submitted would permit 10 minutes of debate on the bill and 10 minutes on each amendment.

Mr. McNARY. I appeal to the Senator from Texas to extend the time.

Mr. CONNALLY. I modify the request accordingly, Mr. President.

The VICE PRESIDENT. The Senator from Texas asks unanimous consent that, beginning at 12 o'clock tomorrow, no Senator shall be permitted to speak more than once or longer than 15 minutes on any amendment, or on the bill itself. Is there objection? The Chair hears none, and it is so ordered.

RECESS

Mr. CONNALLY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 15 minutes p.m.) the Senate, under the order previously entered, took a recess until tomorrow, Saturday, March 10, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 9 (legislative day of Feb. 28), 1934

UNITED STATES ATTORNEY

Frank J. McDonnell, of Pennsylvania, to be United States attorney, middle district of Pennsylvania, to succeed Andrew B. Dunsmore, whose term expired February 6, 1934.

PROMOTIONS IN THE REGULAR ARMY

TO BE COLONELS

Lt. Col. Gilbert Henry Stewart, Ordnance Department, from March 1, 1934.

Lt. Col. John Epps Munroe, Ordnance Department, from March 1, 1934.

Lt. Col. John Cargill Pegram, Cavalry, from March 1, 1934.

Lt. Col. Edward Jay Moran, Infantry, from March 1, 1934.

Lt. Col. William Francis Morrison, Field Artillery, from March 1, 1934.

TO BE LIEUTENANT COLONELS

Maj. Philip Hayes, Field Artillery, from March 1, 1934.

Maj. Francis August Doniat, Field Artillery, from March 1, 1934.

Maj. Carl Adolph Baehr, Field Artillery, from March 1, 1934.

Maj. George Smith Patton, Jr., Cavalry, from March 1, 1934.

Maj. Henry Horace Malven, Jr., Adjutant General's Department, from March 1, 1934.

Maj. Edward Luke Kelly, Coast Artillery Corps, from March 1, 1934.

Maj. James Garesché Ord, Infantry, from March 1, 1934.

TO BE MAJORS

Capt. John Paul Horan, Infantry, from March 1, 1934.

Capt. Sidney Hooper Young, Infantry, from March 1, 1934.

Capt. William Benjamin Wright, Jr., Air Corps, from March 1, 1934.

Capt. Richard Whitney Carter, Cavalry, from March 1, 1934.

Capt. Wendell Lowell Bevan, Field Artillery, from March 1, 1934.

Capt. Kenneth Rowntree, Coast Artillery Corps, from March 1, 1934.

Capt. David Leonard Neuman, Corps of Engineers, from March 1, 1934.

Capt. Augustus Brown O'Connell, Infantry, from March 1, 1934.

Capt. Hiram Gilbert Fry, Infantry, from March 1, 1934.

Capt. George Archibald King, Cavalry, from March 1, 1934.

TO BE CAPTAINS

First Lt. Frank Griffin Marchman, Quartermaster Corps, from March 1, 1934.

First Lt. Francis Hugh Antony McKeon, Infantry, from March 1, 1934.

First Lt. Braxton DeGreves Butler, Infantry, from March 1, 1934.

First Lt. Clifford Augustus Smith, Infantry, from March 1, 1934.

First Lt. Warren Rice Carter, Air Corps, from March 1, 1934.

First Lt. Thomas Francis Sheehan, Cavalry, from March 1, 1934.

First Lt. William Francis Marshall, Jr., Infantry, from March 1, 1934.

First Lt. Thad Victor Foster, Air Corps, from March 1, 1934.

First Lt. Thomas Joseph Cross, Infantry, from March 1, 1934.

First Lt. James Bayard Haley, Finance Department, from March 1, 1934.

First Lt. Emerick Kutschko, Infantry, from March 1, 1934.

First Lt. Marshall Eugene Darby, Ordnance Department, from March 1, 1934.

First Lt. Peter Thomas Wolfe, Infantry, from March 1, 1934.

First Lt. John Cyrus Gates, Quartermaster Corps, from March 1, 1934.

First Lt. Harold Alling McGinnis, Air Corps, from March 1, 1934.

First Lt. Harry Arthur Halverson, Air Corps, from March 1, 1934.

TO BE FIRST LIEUTENANTS

Second Lt. Church Myall Matthews, Field Artillery, from March 1, 1934.

Second Lt. Richard Jerome Handy, Field Artillery, from March 1, 1934.

Second Lt. Karl Gustaf Eric Gimmler, Air Corps, from March 1, 1934.

Second Lt. Samuel Robert Brentnall, Air Corps, from March 1, 1934.

Second Lt. John Blanchard Grinstead, Infantry, from March 1, 1934.

Second Lt. John Paul Breden, Cavalry, from March 1, 1934.

Second Lt. Harvey Weston Wilkinson, Field Artillery, from March 1, 1934.

Second Lt. Clayton John Mansfield, Cavalry, from March 1, 1934.

Second Lt. Paul Denver Peery, Coast Artillery Corps, from March 1, 1934.

Second Lt. Walter Edgerton Johns, Field Artillery, from March 1, 1934.

Second Lt. Charles Franklin Born, Cavalry, from March 1, 1934.

Second Lt. Daniel McCoy Wilson, Coast Artillery Corps, from March 1, 1934.

Second Lt. Frank Fort Everest, Jr., Air Corps, from March 1, 1934.

Second Lt. Frank Quincy Goodell, Field Artillery, from March 1, 1934.

Second Lt. Garrison Barkley Coverdale, Field Artillery, from March 1, 1934.

Second Lt. Leslie Haynes Wyman, Field Artillery, from March 1, 1934.

POSTMASTERS

ALABAMA

Charles H. Ramey to be postmaster at Akron, Ala., in place of V. V. Cornelison. Incumbent's commission expired December 13, 1932.

Charles S. Leyden to be postmaster at Anniston, Ala., in place of L. T. Smith. Incumbent's commission expired April 23, 1932.

John P. McGee to be postmaster at Carrollton, Ala., in place of T. F. Pratt. Incumbent's commission expired June 8, 1933.

James T. Monnier to be postmaster at Demopolis, Ala., in place of E. B. Beason, deceased.

Willard D. Leake to be postmaster at Jasper, Ala., in place of J. V. Sartain, resigned.

Samuel D. Wren to be postmaster at Red Bay, Ala., in place of R. L. Frederick. Incumbent's commission expired September 18, 1933.

James H. Dunlap to be postmaster at Siluria, Ala., in place of J. C. Crim. Incumbent's commission expired January 29, 1933.

John F. Harmon to be postmaster at Troy, Ala., in place of J. F. Harmon. Incumbent's commission expired March 2, 1933.

ARKANSAS

William Edgar Bradley to be postmaster at Alma, Ark., in place of W. B. Owen, removed.

Ralph A. Dickey to be postmaster at Altheimer, Ark., in place of Viola Leake. Incumbent's commission expired January 5, 1933.

Mary H. Morgan to be postmaster at Ashdown, Ark., in place of R. W. Stevens, resigned.

John R. Harkness to be postmaster at Belleville, Ark., in place of W. W. Watkins, resigned.

Robert D. Reagan to be postmaster at Danville, Ark., in place of Joe Mitchell, resigned.

Walter R. Dunn to be postmaster at Foreman, Ark., in place of C. E. Key, resigned.

Lillie Q. Lowe to be postmaster at Gillett, Ark., in place of J. G. Place. Incumbent's commission expired December 16, 1933.

Robert Roy Millwee to be postmaster at Nashville, Ark., in place of J. T. Garner. Incumbent's commission expired December 11, 1932.

Myrt Walrond to be postmaster at Pocahontas, Ark., in place of H. C. Hallowell, removed.

Guy M. Veazey to be postmaster at Sheridan, Ark., in place of C. E. Spyres, removed.

Fred W. Knickerbocker to be postmaster at Sparkman, Ark., in place of W. R. Blakely. Incumbent's commission expired December 16, 1933.

CALIFORNIA

Michael J. O'Rourke to be postmaster at Beverly Hills, Calif, in place of J. L. Ross, removed.

Charles L. Pierce to be postmaster at Clarksburg, Calif., in place of A. C. Schneider. Incumbent's commission expired September 30, 1933.

Thomas V. Holmes to be postmaster at Duarte, Calif., in place of T. S. Mackin. Incumbent's commission expired December 11, 1932.

Susan M. Maus to be postmaster at Fairfield, Calif., in place of H. D. Weir. Incumbent's commission expired December 18, 1933.

James H. Smithey to be postmaster at Fellows, Calif., in place of P. S. Templeton. Incumbent's commission expired February 5, 1933.

Mary B. Bradford to be postmaster at Galt, Calif., in place of W. B. Sawyer. Incumbent's commission expired December 19, 1932.

J. Edward Huston to be postmaster at Huntington Beach, Calif., in place of W. I. Clapp. Incumbent's commission expired May 23, 1933.

L. Ramona Bristow to be postmaster at Knights Landing, Calif., in place of G. B. Evans. Incumbent's commission expired January 9, 1933.

Bertha Hilbert to be postmaster at La Habra, Calif., in place of G. M. Eaby, removed.

Xerxes Kemp Stout to be postmaster at La Mesa, Calif., in place of C. F. W. Rapp. Incumbent's commission expired May 29, 1932.

William R. McKinnon to be postmaster at Livermore, Calif., in place of M. G. Callaghan. Incumbent's commission expired February 5, 1933.

Alfred B. Spinks to be postmaster at Los Altos, Calif., in place of J. M. Francisco. Incumbent's commission expired June 7, 1933.

Lee Darneal to be postmaster at Los Gates, Calif., in place of E. W. Vodden. Incumbent's commission expired January 29, 1933.

Earl T. Whitaker to be postmaster at Moorpark, Calif., in place of E. L. Snyder. Incumbent's commission expired January 29, 1933.

Rollie A. Petty to be postmaster at Mountain View, Calif., in place of F. L. Huff, resigned.

Charles A. Turner to be postmaster at Oceanside, Calif., in place of W. R. Cregar. Incumbent's commission expired February 12, 1933.

Spencer Briggs to be postmaster at Oleum, Calif., in place of Spencer Briggs. Incumbent's commission expired February 10, 1934.

Ryland M. Gorham to be postmaster at Palm Springs, Calif., in place of C. L. Templeton. Incumbent's commission expired June 7, 1933.

Mabel B. Mosgrove to be postmaster at Perris, Calif., in place of E. B. Hudson. Incumbent's commission expired December 18, 1933.

Reuel A. Bar to be postmaster at Quincy, Calif., in place of V. M. Hall, removed.

Walter A. Hornbeck to be postmaster at Red Bluff, Calif., in place of M. O. Ballard. Incumbent's commission expired September 19, 1933.

Maude Dawson Shea to be postmaster at Redondo Beach, Calif., in place of C. J. Funk. Incumbent's commission expired December 19, 1932.

John H. Fairweather to be postmaster at Reedley, Calif., in place of W. P. Boyer, removed.

Leslie J. Thomas to be postmaster at Richmond, Calif., in place of J. A. Miller, removed.

Agnes McCausland to be postmaster at Ripon, Calif., in place of F. C. Huntemann. Incumbent's commission expired December 18, 1933.

Joseph H. Allen to be postmaster at Riverside, Calif., in place of C. C. Troxel. Incumbent's commission expired February 28, 1933.

John F. Iverson to be postmaster at Salinas, Calif., in place of W. J. Martin. Incumbent's commission expired December 19, 1932.

William H. McCarthy to be postmaster at San Francisco, Calif., in place of H. L. Todd. Incumbent's commission expired December 20, 1932.

John H. Kelley to be postmaster at San Mateo, Calif., in place of C. J. Nash. Incumbent's commission expired January 9, 1933.

Leon L. Dwight to be postmaster at San Pedro, Calif., in place of C. P. Wright, removed.

John H. Fahey to be postmaster at Sunnyvale, Calif., in place of L. H. Vishoot. Incumbent's commission expired February 5, 1933.

Elmer R. Winchell to be postmaster at Susanville, Calif., in place of C. D. Mathews, removed.

Harry M. Talbot to be postmaster at Vacaville, Calif., in place of H. C. Bolter, removed.

Lloyd L. Long to be postmaster at Veterans' Home, Calif., in place of R. J. Schulze. Incumbent's commission expired February 5, 1933.

Arden D. Lawhead to be postmaster at Vista, Calif., in place of I. S. Bowman. Incumbent's commission expired December 11, 1932.

Herbert P. Pritschke to be postmaster at Wasco, Calif., in place of A. R. Beckes, removed.

Frank A. Lauer to be postmaster at Westwood, Calif., in place of A. T. Taylor, removed.

CONNECTICUT

Daniel J. Kelley to be postmaster at Deep River, Conn., in place of D. J. Kelley. Incumbent's commission expired June 5, 1924.

DELAWARE

Edna E. Conner to be postmaster at Townsend, Del., in place of Ethel Reynolds, removed.

FLORIDA

Sam E. Harris to be postmaster at Key West, Fla., in place of C. S. Williams, deceased.

William D. Larrimore to be postmaster at Pahokee, Fla., in place of G. C. McLarty. Incumbent's commission expired February 14, 1932.

GEORGIA

Irene McLeod to be postmaster at Abbeville, Ga., in place of Pearl Warren. Incumbent's commission expired September 30, 1933.

Acquilla M. Warnock to be postmaster at Brooklet, Ga., in place of A. M. Warnock. Incumbent's commission expired March 8, 1934.

Robert W. Knight to be postmaster at Cartersville, Ga., in place of H. P. Womelsdorf. Incumbent's commission expired January 12, 1933.

Epp L. Russell to be postmaster at Cleveland, Ga., in place of Alexander Davidson, deceased.

Lawrence J. McPhaul to be postmaster at Doerun, Ga., in place of L. S. Marlin. Incumbent's commission expired January 26, 1933.

Alvin W. Etheridge to be postmaster at East Point, Ga., in place of A. R. Humphreys. Incumbent's commission expired December 11, 1933.

Verne J. Pickren to be postmaster at Folkston, Ga., in place of F. L. Mills. Incumbent's commission expired September 30, 1933.

John F. Carter to be postmaster at Gainesville, Ga., in place of A. S. Hardy. Incumbent's commission expired January 15, 1931.

Kate P. Rivers to be postmaster at Glenwood, Ga., in place of A. F. Beacham. Incumbent's commission expired September 30, 1933.

Ruth C. Rountree to be postmaster at Lyons, Ga., in place of S. E. Moseley. Incumbent's commission expired October 10, 1933.

Mary H. Campbell to be postmaster at Plains, Ga., in place of Jessimae Glenn. Incumbent's commission expired September 30, 1933.

IDAHO

Frederick J. Rodgers to be postmaster at Midvale, Idaho, in place of F. J. Rodgers. Incumbent's commission expired January 22, 1934.

ILLINOIS

Joseph I. Kvidera to be postmaster at Cary, Ill., in place of M. H. Hrdlicka. Incumbent's commission expired December 20, 1932.

Eugene P. Kline to be postmaster at East St. Louis, Ill., in place of A. W. Kurrus, removed.

Owen Kelly to be postmaster at Farmington, Ill., in place of F. S. Vandersloot, removed.

Clifford W. Brewer to be postmaster at Knoxville, Ill., in place of F. S. Wallich, removed.

John H. Priepot to be postmaster at Mendon, Ill., in place of H. T. Smith, removed.

Mervin N. Beecher to be postmaster at Yorkville, Ill., in place of J. R. Marshall, removed.

INDIANA

John A. Petscher to be postmaster at Aurora, Ind., in place of H. C. Watts, resigned.

James W. Odell to be postmaster at Chalmers, Ind., in place of M. J. Sterner. Incumbent's commission expired December 11, 1933.

Clarence T. Custer to be postmaster at Dupont, Ind., in place of L. L. Wildman, deceased.

William G. Thomas to be postmaster at Frankfort, Ind., in place of C. W. Sims, removed.

Lueldo R. Davis to be postmaster at Marengo, Ind., in place of J. G. Sloan. Incumbent's commission expired December 18, 1933.

Carl A. Waiz to be postmaster at Sellersburg, Ind., in place of L. D. Smith. Incumbent's commission expired December 18, 1933.

Jessie A. Fendig to be postmaster at Wheatfield, Ind., in place of Thomas Jensen. Incumbent's commission expired December 18, 1933.

IOWA

Hilda Blau to be postmaster at Alexander, Iowa, in place of M. M. Peters. Incumbent's commission expired November 20, 1933.

Nels A. Christensen to be postmaster at Alta, Iowa, in place of L. E. Kislingbury, deceased.

Thomas B. O'Donnell to be postmaster at Anthon, Iowa, in place of S. W. Campbell. Incumbent's commission expired December 20, 1932.

Celia Boom to be postmaster at Aplington, Iowa, in place of O. A. Voogd, removed.

John S. Vifquain to be postmaster at Belle Plaine, Iowa, in place of H. R. Grim, transferred.

Wilbur H. Fishman to be postmaster at Cherokee, Iowa, in place of R. G. Knox. Incumbent's commission expired October 10, 1933.

Herbert A. Lowenberg to be postmaster at Donnellson, Iowa, in place of Clara Bentzinger. Incumbent's commission expired February 28, 1933.

Clifford J. Hayes to be postmaster at Dunkerton, Iowa, in place of Ellsworth Fry. Incumbent's commission expired November 12, 1933.

Harry R. Merchant to be postmaster at Garrison, Iowa, in place of G. T. Stauffer. Incumbent's commission expired December 13, 1932.

Martin C. Ennor to be postmaster at George, Iowa, in place of D. E. Parden. Incumbent's commission expired December 20, 1932.

Howard C. Shafer to be postmaster at Hampton, Iowa, in place of W. D. Luke, transferred.

William J. Lindaman to be postmaster at Little Rock, Iowa, in place of Abe Abben. Incumbent's commission expired March 2, 1932.

Asa Earl Boyer to be postmaster at Maquoketa, Iowa, in place of A. C. McKinsey. Incumbent's commission expired December 18, 1933.

Walter R. Meier to be postmaster at Readlyn, Iowa, in place of O. J. Warneke, resigned.

George Ritz to be postmaster at Rockwell City, Iowa, in place of A. W. McIsaac. Incumbent's commission expired December 13, 1932.

Justin Foley to be postmaster at Sanborn, Iowa, in place of Ira Soop. Incumbent's commission expired May 19, 1932.

Henry M. Michaelson to be postmaster at Sergeant Bluff, Iowa, in place of F. M. Hood, removed.

William J. Hollander to be postmaster at Sheldon, Iowa, in place of G. J. Bloxham. Incumbent's commission expired December 18, 1933.

Lewis E. Mease to be postmaster at Truro, Iowa, in place of E. J. Delong, deceased.

John S. Cullen to be postmaster at Whittemore, Iowa, in place of S. B. Cairy, deceased.

Paul Max Clark to be postmaster at Woodbine, Iowa, in place of B. R. Mills. Incumbent's commission expired December 20, 1932.

H. Clyde Calonkey to be postmaster at Woodward, Iowa, in place of B. B. Wade, removed.

KANSAS

Walter J. Barnum to be postmaster at Barnard, Kans., in place of Fay Biggs. Incumbent's commission expired May 28, 1933.

Charles E. Mansfield to be postmaster at McCune, Kans., in place of H. M. Highland. Incumbent's commission expired May 12, 1932.

Pearl W. Smith to be postmaster at Meade, Kans., in place of J. C. Braden, resigned.

John W. Sheridan to be postmaster at Paola, Kans., in place of C. W. Ricketts. Incumbent's commission expired January 9, 1932.

KENTUCKY

Arthur E. Smith to be postmaster at Fordsville, Ky., in place of V. A. Matthews. Incumbent's commission expired January 31, 1933.

Frank W. Mimms to be postmaster at Trenton, Ky., in place of C. E. Balee. Incumbent's commission expired November 12, 1933.

LOUISIANA

Maurice Primeaux to be postmaster at Kaplan, La., in place of D. B. Wiggins. Incumbent's commission expired May 25, 1933.

MARYLAND

Taylor R. Biles to be postmaster at Rising Sun, Md., in place of H. G. Pugh. Incumbent's commission expired January 19, 1933.

MASSACHUSETTS

Lillian M. Allen to be postmaster at Deerfield, Mass., in place of L. M. Allen. Incumbent's commission expired December 16, 1933.

Hormisdas Boucher to be postmaster at Ludlow, Mass., in place of R. B. Eisold. Incumbent's commission expired February 25, 1933.

Perez H. Phinney to be postmaster at Monument Beach, Mass., in place of P. H. Phinney. Incumbent's commission expires March 18, 1934.

Neil R. Mahoney to be postmaster at North Billerica, Mass., in place of N. R. Mahoney. Incumbent's commission expires March 18, 1934.

Michael J. Walsh to be postmaster at North Reading, Mass., in place of W. J. Sullivan. Incumbent's commission expired December 18, 1933.

Charles J. Delaney to be postmaster at Shelburne Falls, Mass., in place of M. Z. Woodward, resigned.

William F. Lawless to be postmaster at Stockbridge, Mass., in place of C. E. Searing. Incumbent's commission expired December 16, 1933.

MICHIGAN

George W. Hackney to be postmaster at Mount Morris, Mich., in place of O. M. Thrasher, resigned.

James O. McCarthy to be postmaster at Thompsonville, Mich., in place of M. M. Smith. Incumbent's commission expired December 11, 1932.

MINNESOTA

John Claude Gowan to be postmaster at Ortonville, Minn., in place of M. A. Mogren. Incumbent's commission expired January 11, 1933.

MISSISSIPPI

Brooksie J. Holt to be postmaster at Duncan, Miss., in place of M. R. Catledge, resigned.

James W. Lucas to be postmaster at Moorhead, Miss., in place of R. O. Norris. Incumbent's commission expired May 29, 1932.

Buren Broadus to be postmaster at Wiggins, Miss., in place of E. D. Covington. Incumbent's commission expired October 2, 1933.

MISSOURI

Leslie B. Kincaid to be postmaster at Braymer, Mo., in place of F. B. Veatch, Jr. Incumbent's commission expired January 19, 1933.

Max Clodfelter to be postmaster at Dexter, Mo., in place of H. E. West. Incumbent's commission expired March 2, 1933.

Rolla S. Cozean to be postmaster at Farmington, Mo., in place of U. S. G. Evans. Incumbent's commission expired June 8, 1933.

Louis N. Bowman to be postmaster at King City, Mo., in place of M. A. Campbell. Incumbent's commission expired December 17, 1932.

Jess H. Easley to be postmaster at Lebanon, Mo., in place of L. A. Hoke. Incumbent's commission expired September 19, 1933.

Charles E. Sears to be postmaster at Macon, Mo., in place of C. L. Farrar. Incumbent's commission expired December 18, 1933.

Leonard D. Dyer to be postmaster at Rushville, Mo., in place of N. W. Moore, removed.

William B. Maus to be postmaster at Schell City, Mo., in place of L. L. Higbee. Incumbent's commission expired January 5, 1933.

Clarence F. Bruton to be postmaster at Sikeston, Mo., in place of W. E. Hollingsworth. Incumbent's commission expired September 19, 1933.

Emmett S. Stewart to be postmaster at Sturgeon, Mo., in place of Ray Streeter. Incumbent's commission expired January 19, 1933.

MONTANA

Harry H. Howard to be postmaster at Bozeman, Mont., in place of W. J. Fransham. Incumbent's commission expired January 16, 1934.

Joseph Buckhouse to be postmaster at St. Ignatius, Mont., in place of H. H. Goble, resigned.

NEBRASKA

George L. Jordan to be postmaster at Clarks, Nebr., in place of George Beardsley. Incumbent's commission expired February 14, 1931.

George M. Ponton to be postmaster at Elgin, Nebr., in place of W. C. Coupland. Incumbent's commission expired January 9, 1933.

Arnold A. Irmer to be postmaster at Gresham, Nebr., in place of C. C. Brittell. Incumbent's commission expired January 16, 1933.

Michael R. Sullivan to be postmaster at O'Neill, Nebr., in place of H. D. Grady. Incumbent's commission expired December 20, 1932.

Oscar A. Pilger to be postmaster at Pilger, Nebr., in place of George Axen. Incumbent's commission expired December 17, 1932.

James M. Strahan to be postmaster at Wayne, Nebr., in place of G. S. Mears, deceased.

John Q. Kirkman to be postmaster at Wood Lake, Nebr., in place of J. Q. Kirkman. Incumbent's commission expired December 16, 1933.

NEW JERSEY

William H. Cottrell to be postmaster at Princeton, N.J., in place of W. H. Cottrell. Incumbent's commission expired March 8, 1934.

Jane L. Garland to be postmaster at Sea Bright, N.J., in place of John Lindsay, removed.

NEW YORK

Thomas M. Townsend to be postmaster at Carmel, N.Y., in place of S. D. Cornish, removed.

Horace G. Shepard to be postmaster at Chaumont, N.Y., in place of L. E. Daniels. Incumbent's commission expired December 20, 1932.

Henry M. Bintz to be postmaster at Constableville, N.Y., in place of N. D. Higby, resigned.

Louis Grenier to be postmaster at Faust, N.Y., in place of Victor Demars. Incumbent's commission expired February 28, 1933.

Harold F. Garrison to be postmaster at Fort Montgomery, N.Y., in place of C. J. Weyant. Incumbent's commission expired February 20, 1933.

George D. Nolan to be postmaster at Glens Falls, N.Y., in place of H. L. Sherman, deceased.

Fred Wheeler to be postmaster at Hudson, N.Y., in place of C. E. Hardy. Incumbent's commission expired December 20, 1932.

Floyd A. Puffer to be postmaster at Inlet, N.Y., in place of F. N. Parquet, resigned.

William P. Degenaar to be postmaster at Slingerlands, N.Y., in place of W. J. Herbage, deceased.

NORTH CAROLINA

Roberts H. Jernigan to be postmaster at Ahoskie, N.C., in place of I. F. Snipes, deceased.

James W. Ogburn, Jr., to be postmaster at Rural Hall, N.C., in place of J. G. Morefield. Incumbent's commission expired December 20, 1932.

NORTH DAKOTA

Olaf O. Bjorke to be postmaster at Abercrombie, N.Dak., in place of O. O. Bjorke. Incumbent's commission expired March 8, 1934.

OHIO

Carroll S. Irvin to be postmaster at Adena, Ohio, in place of E. H. Somerville, deceased.

Ira A. Foglesong to be postmaster at Barnsville, Ohio, in place of V. C. Collins, transferred.

Abner C. Barnhouse to be postmaster at Caldwell, Ohio, in place of M. C. Johns, resigned.

Owen W. Gray to be postmaster at Convoy, Ohio, in place of C. M. Crabtree, Jr. Incumbent's commission expired January 9, 1933.

James J. Zerla to be postmaster at Dillonvale, Ohio, in place of J. J. Azallion. Incumbent's commission expired October 10, 1933.

Ralph L. Jacobs to be postmaster at Gates Mills, Ohio, in place of C. A. Emery. Incumbent's commission expired December 7, 1932.

Clifford Carlile to be postmaster at McClure, Ohio, in place of U. D. Conn. Incumbent's commission expired September 18, 1933.

Frank J. McCauley to be postmaster at Marietta, Ohio, in place of A. D. McCoy, retired.

Roland E. Jackson to be postmaster at Neffs, Ohio, in place of H. E. Craig. Incumbent's commission expired February 11, 1933.

Philip B. Mason to be postmaster at Pickerington, Ohio, in place of C. F. Shoemaker. Incumbent's commission expired January 9, 1933.

Florence J. Hunter to be postmaster at Rayland, Ohio, in place of Olive Toland, resigned.

Lesta C. Murphy to be postmaster at Rogers, Ohio, in place of P. A. Dickey. Incumbent's commission expired December 18, 1932.

Ida L. Flenniken to be postmaster at Smithfield, Ohio, in place of R. G. Cameron. Incumbent's commission expired May 23, 1933.

George Wiest to be postmaster at Uhrichsville, Ohio, in place of P. H. Stoutt, deceased.

William E. Passmore to be postmaster at Washington Courthouse, Ohio, in place of G. B. Rodgers. Incumbent's commission expired December 8, 1932.

Robert Wilson to be postmaster at Westerville, Ohio, in place of L. E. Whitehead, transferred.

OKLAHOMA

Benjamin D. Barnett to be postmaster at Cement, Okla., in place of F. O. Parker. Incumbent's commission expired December 12, 1932.

Omri Bud Autry to be postmaster at Marietta, Okla., in place of M. G. Norvell, deceased.

Bryan Nicks to be postmaster at Wetumka, Okla., in place of H. C. Griswold. Incumbent's commission expired February 28, 1933.

OREGON

Gardner T. Hockensmith to be postmaster at Albany, Oreg., in place of R. N. Torbet, removed.

John W. Sadler to be postmaster at Aurora, Oreg., in place of Diana Snyder. Incumbent's commission expired January 31, 1932.

Tracy Savery to be postmaster at Dallas, Oreg., in place of C. G. Coad, deceased.

Carl H. Massie to be postmaster at Grants Pass, Oreg., in place of J. C. Martin. Incumbent's commission expired December 13, 1932.

Glen C. Smith to be postmaster at Independence, Oreg., in place of G. G. Godfrey. Incumbent's commission expired December 13, 1932.

Clarence C. Miller to be postmaster at Jefferson, Oreg., in place of H. E. Jones, removed.

Winifred G. Wisecarver to be postmaster at McMinnville, Oreg., in place of T. J. Warren, resigned.

Bernhard L. Hagemann to be postmaster at Portland, Oreg., in place of J. M. Jones, transferred.

Anthony E. Gerimonte to be postmaster at Westfir, Oreg., in place of E. M. Stewart. Incumbent's commission expired December 8, 1932.

PENNSYLVANIA

George E. Diehl to be postmaster at Chambersburg, Pa., in place of C. M. Fleming. Incumbent's commission expired January 31, 1934.

Flora E. Falter to be postmaster at Glassmere, Pa., in place of L. S. Matiska, deceased.

James F. Gibbons to be postmaster at Pittston, Pa., in place of G. J. Miller. Incumbent's commission expired March 12, 1932.

Howard O. Boyer to be postmaster at Rural Valley, Pa., in place of H. O. Boyer. Incumbent's commission expired March 8, 1934.

Swiler M. Zeigler to be postmaster at Wellsville, Pa., in place of M. M. Wells. Incumbent's commission expired January 8, 1934.

Chester L. Boal to be postmaster at West Middlesex, Pa., in place of E. J. Dunlap. Incumbent's commission expired October 31, 1933.

PUERTO RICO

Teodoro M. Lopez to be postmaster at Vega Baja, P.R., in place of T. M. Lopez. Incumbent's commission expired December 8, 1932.

RHODE ISLAND

Edward F. Carroll to be postmaster at Providence, R.I., in place of W. A. Kilton. Incumbent's commission expired December 18, 1929.

Fred Beauchaine to be postmaster at Warren, R.I., in place of Elmer Lother. Incumbent's commission expired January 16, 1933.

Winfred C. Kingsley to be postmaster at Wickford, R.I., in place of L. J. Ward, removed.

SOUTH CAROLINA

Robert Redus Martin to be postmaster at Belton, S.C., in place of R. B. Poore. Incumbent's commission expired January 29, 1933.

Ray E. Young to be postmaster at Due West, S.C., in place of L. D. Hagan. Incumbent's commission expired January 8, 1933.

Mary Ellen Seibert to be postmaster at Edgewold, S.C. Office became Presidential July 1, 1932.

Pretto H. White to be postmaster at Ehrhardt, S.C., in place of G. G. Hiers. Incumbent's commission expired January 19, 1933.

John Albert Howell to be postmaster at St. George, S.C., in place of W. B. Tarkington, removed.

Errett Zimmerman to be postmaster at Trenton, S.C., in place of E. M. Watson. Incumbent's commission expired February 28, 1933.

Loring Terry to be postmaster at Yemassee, S.C., in place of Loring Terry. Incumbent's commission expired March 8, 1934.

SOUTH DAKOTA

George L. Kemper to be postmaster at Aberdeen, S.Dak., in place of B. A. Williams, removed.

Harold L. Fetherhuff to be postmaster at Herreid, S.Dak., in place of Louis Damberger. Incumbent's commission expired February 5, 1933.

Joseph A. Crowley to be postmaster at Sioux Falls, S.Dak., in place of J. C. Seals. Incumbent's commission expired December 16, 1933.

Kathryn H. Speirs to be postmaster at Ree Heights, S.Dak., in place of H. H. Gardner. Incumbent's commission expired May 10, 1932.

Helen L. Kieffer to be postmaster at White Lake, S.Dak., in place of R. B. Flahart. Incumbent's commission expired May 26, 1932.

TENNESSEE

Kleber B. Dunklin to be postmaster at Gallatin, Tenn., in place of B. P. Allison. Incumbent's commission expired February 14, 1927.

Bernard R. Duncan to be postmaster at Linden, Tenn., in place of Eva Shelton. Incumbent's commission expired January 4, 1932.

TEXAS

Martin N. Guest to be postmaster at Aspermont, Tex., in place of W. T. Robbins. Incumbent's commission expired September 18, 1933.

Albert A. Allison to be postmaster at Corsicana, Tex., in place of Pierce Mayer, deceased.

Carl W. Amberg to be postmaster at Lagrange, Tex., in place of E. A. Giese. Incumbent's commission expired December 8, 1932.

William H. Lyle to be postmaster at Sudan, Tex., in place of L. E. Slate. Incumbent's commission expired January 16, 1933.

Margaret E. Lasseter to be postmaster at Westbrook, Tex., in place of M. E. Lasseter. Incumbent's commission expired December 16, 1933.

VERMONT

Ward L. Lyons to be postmaster at Bennington, Vt., in place of F. E. Howe, removed.

Irving E. Bronson to be postmaster at Swanton, Vt., in place of C. E. Hall, deceased.

VIRGINIA

Otho W. Miller to be postmaster at Bridgewater, Va., in place of C. T. Riddel. Incumbent's commission expired September 30, 1933.

Clarence M. Sale to be postmaster at Falls Church, Va., in place of Byron Austin. Incumbent's commission expired December 20, 1932.

VIRGIN ISLANDS

Bartholin R. Larsen to be postmaster at Christiansted, V.I., in place of B. R. Larsen. Incumbent's commission expired March 8, 1934.

WASHINGTON

Curtis M. Wormell to be postmaster at Asotin, Wash., in place of O. A. Kramer, resigned.

Roy E. Carey to be postmaster at Hartline, Wash., in place of R. E. Carey. Incumbent's commission expired January 28, 1934.

Bertha W. Welsh to be postmaster at Prescott, Wash., in place of B. H. Welsh. Incumbent's commission expired February 6, 1934.

Wilson Howe to be postmaster at Tenino, Wash., in place of Wilson Howe. Incumbent's commission expires March 18, 1934.

Louis O. Cochrane to be postmaster at Yelm, Wash., in place of D. R. Hughes. Incumbent's commission expired December 18, 1933.

WEST VIRGINIA

Torrence Cook to be postmaster at Amherstdale, W.Va., in place of C. L. Baker, removed.

Mark V. Brown to be postmaster at Bridgeport, W.Va., in place of R. S. Hornor. Incumbent's commission expired May 4, 1932.

William O. Umstead, Jr., to be postmaster at Grantsville, W.Va., in place of W. J. Ayers, removed.

Stella G. James to be postmaster at Institute, W.Va., in place of R. H. Brown, resigned.

John W. Fisher to be postmaster at Moorefield, W.Va., in place of J. R. Wratchford. Incumbent's commission expired March 2, 1933.

Frederick W. Horchler to be postmaster at Newberg, W.Va., in place of Joe Van Zandt. Incumbent's commission expired January 9, 1932.

Charles Sanders to be postmaster at Sharples, W.Va., in place of R. C. Morton, resigned.

William H. Johnson to be postmaster at War, W.Va., in place of H. E. Ewing. Incumbent's commission expired December 13, 1932.

WISCONSIN

Clinton B. Immell to be postmaster at Blair, Wis., in place of E. T. Mattison. Incumbent's commission expired February 28, 1933.

James R. Alexander to be postmaster at Hayward, Wis., in place of H. B. Dehler, transferred.

Frank N. Scherer to be postmaster at Kohler, Wis., in place of A. L. Treick. Incumbent's commission expired January 22, 1934.

Thomas F. McDonald to be postmaster at Marshfield, Wis., in place of F. B. Rhyner, transferred.

Cora J. Sorenson to be postmaster at Mount Horeb, Wis., in place of J. A. Dysland. Incumbent's commission expired February 25, 1933.

Thomas M. Crawford to be postmaster at Readstown, Wis., in place of M. V. Frazier. Incumbent's commission expired June 19, 1933.

Ida Melchert to be postmaster at Saxon, Wis., in place of Mayme Auger. Incumbent's commission expired January 29, 1933.

William J. Corry to be postmaster at South Milwaukee, Wis., in place of Leo Joerg. Incumbent's commission expired January 21, 1933.

Miles Colligan to be postmaster at Wautoma, Wis., in place of C. W. Eagan. Incumbent's commission expired December 18, 1933.

WYOMING

Elizabeth W. Kieffer to be postmaster at Fort Warren, Wyo., in place of E. W. Kieffer. Incumbent's commission expired February 14, 1934.

WITHDRAWAL

Executive nomination withdrawn from the Senate March 9 (legislative day of Feb. 28), 1934

POSTMASTER

Edward E. Cossette to be postmaster at Gonic, in the State of New Hampshire.

HOUSE OF REPRESENTATIVES

FRIDAY, MARCH 9, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, DD., offered the following prayer:

"God with us." Grant, O Lord, that everyone in Thy presence may have some token of Thy thought of him and feel the divine blessing. O may it be the inspiration of nobility, carrying us upward and onward to an immortal destiny. Heavenly Father, thrill the imagination and inspire the enthusiasm of men who are disinterested in those institutions which make safe their property and secure the peace of their firesides. Almighty God, fire them with the fervor of patriotism, with the sense of loyalty, and with the power of great moral qualities. Put Thy hand upon them, their ability and their time, and say to them: "The earth is the Lord's, the fullness thereof, the world and they that dwell therein." Give liberty to all who are in bondage and to all who are chattels; and may all lives be made sweeter, happier, and more fruitful. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

SOUTHERN CALIFORNIA LACKS ADEQUATE NATIONAL DEFENSE

Mr. COLDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of Southern California Lacks Adequate National Defense.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. COLDEN. Mr. Speaker, one of the deepest impressions of my early life was that great oration by Charles Sumner entitled "The True Grandeur of Nations." It is truly one of the masterpieces of American oratory in behalf of peace and it should be read in the schoolhouses of every nation on the globe. Unfortunately its sound logic, its valuable admonitions, have been lost in the havoc and horror of modern wars and warfare. I, too, have admired the humanitarian efforts of other statesmen including the eloquent William J. Bryan and the illustrious Woodrow Wilson, who sought in vain to inaugurate a millenium of peace.

Notwithstanding the efforts of eminent statesmen who have repeatedly in various lands raised their voices against war and have sung in eloquent phrases of the blessings of world peace, unfortunately that happy hour has not yet arrived. With the shadows and horrors of the most disastrous of all wars—the World War—still hovering near us, and its lists of valiant dead and its destruction of homes and families and the dearest things of life still ringing in our ears, the world seems to have learned nothing from its direst catastrophe, and we continue to hear the tramping of armies, the building of navies; we hear the boasting of militarism, the pomp of armed power and the call and preparation of national greed, the clatter of fear, and the greed of conquest.

With Europe preparing for a future contest, with Asia bewildered and fearful and trembling at the ruthless invasion and pagan disregard of the rights of her neighbors by a militaristic empire, it would be suicide for this Nation of ours to disregard the evidences of danger on both our shores. America desires to remain at peace. American people are reluctant to engage in war. Our citizens would be happy to disarm and to live with other nations as a good neighbor if that were possible. We, as well as other nations, could profitably devote a few centuries in solving domestic problems in order that every citizen might enjoy a full and abundant life, the idealistic goal of the new deal.

Only as recently as February 14, 1934, Brig. Gen. Seth E. Howard, of San Francisco, made the following significant statement:

> Perhaps it might be well to mention that war, during the short existence of this country, has been a subject of great importance. It seems somewhat startling to find in the records of the War Department that during the period from 1775, when the Revolution had its inception, until the close of the World War in 1921, a period of 146 years, we were officially in a state of war 111 years and 10 months. Therefore from the beginning of the American Revolution to the close of the World War there were less than 35 years of peace.

Let us cherish the principles of peace, let us prevail with all our might and influence to lead the world to the paths of peace, but in these hazardous days, when any moment some unimportant but unfortunate incident may loosen the dogs of war, let us be prepared. An efficient army and navy is an insurance policy against our country becoming involved in war. Why did Germany flaunt our rights, sink our ships, and destroy our citizens in the late war? Because Germany thought she could win the war before America could prepare to protect her rights. Our unpreparedness for war invited the attack upon our ships, our citizens, and our rights that later involved us in that war. If at that period the United States had had an efficient navy and an army that had commanded the respect of Germany, we would not have been dragged into a sanguinary struggle that cost the lives of the flower of our youth, drained our country of its wealth, and placed a heavy burden on our people that will irk our citizenship for generations.

To strengthen our ideals and hopes for universal peace, I cheerfully support the appropriations for both the Army and the Navy that have been considered by this House of Representatives. I rejoice that we are to build a navy second to none in the world. A navy that will command the respect of the nations on both the Atlantic and the Pacific shores. It is a warning to the jingo generals and to drunken militaristic leaders of two hemispheres who are continually pointing out our weakness and unpreparedness in order to stir their people to further military conquests. My personal observations of these nations, dominated by ruthless imperialism at home and abroad, is that they are at heart an industrious and peaceful people and that the present spirit of conquest and militarism is not an inherent one, but has been aroused in them temporarily by jingos and ambitious militarists. To permit our Army to deteriorate and our Navy to decline in the face of the present dominant influences in these militaristic nations is but to invite the same arrogant attitude from which we suffered from Germany and that eventually embroiled us in a disastrous foreign war. Efficient armies and navies are inexpensive insurance as against unpreparedness and the tremendous costs of war.

I wish to remind my colleagues that the Army and Navy are far more than instruments of war, but have performed great service in our domestic disasters. In the recent earthquake disaster in southern California both the Army and the Navy and also the veterans of the late war lent first aid and restored and maintained order and provided food and shelter. In the great floods of the Mississippi, the Army has stood guard and aided the homeless and the hungry. And in other emergencies the Navy has performed a noble part. The Army is credited with that great achievement, the Panama Canal, and has contributed a major part in the development of our rivers and harbors. It is the Army that has directed the C.C.C., one of the vital agencies of the new deal, to rehabilitate the young manhood of America. Yes, the Army and the Navy are renowned for victories in peace as well as in war.

Speaking of unpreparedness, it is with pain and reluctance that I call your respectful attention to the military situation on the Pacific coast. Particularly do I wish to emphasize the perilous condition that exists in southern California, the greatest center of population, industry, and commerce on the Pacific coast. When the Pacific Fleet is anchored at our door, we can safely rest in peace and security. We know that every man that treads the decks of our Navy is a man of courage and ready to do his duty. But, unfortunately for us, there are long periods when the Navy blue is absent, gone to other shores and perchance through the Canal to other seas beyond the beck in an hour of danger.

But the Army? Southern California has but two posts, Fort MacArthur, at Los Angeles Harbor, and another post at San Diego, with but a few more than 400 men at each. The man power, the equipment, are inadequate. The antiaircraft is scarcely worth mentioning. We have dozens of posts scattered over this land of ours that are retained at points having no value whatever in the plan of national defense and serve no nobler purpose than as monuments of Indian wars fought a century ago. They no longer play a part in our national defense. Why should not these men of the Army be transferred to the Pacific coast, where they are needed at the time we are endangered by the warlike gestures of a country that should be our eternal friend?

The city of Los Angeles is supplied by water with an aqueduct approximately 250 miles in length. Along this artificial stream of mountain water are numerous reservoirs stored with the supplies of water needed to quench the thirst of a million and a quarter of human beings. Also, in southern California there are numerous other reservoirs supplying other important cities and districts with water. An invading enemy with a single bomber airplane could lay waste our reservoirs, destroy our aqueduct, sweep our homes and our farms to destruction, deprive our people of domestic

supply of water and bring them to immediate suffering, deprive them of sanitation, and thereby invite disease and contagion.

Even a greater danger lurks at our door in the event of foreign invasion. Southern California has immense stores of petroleum and gasoline, and much of it in reservoirs for which no protection has been provided. Imagine great streams of burning oil flowing in torrents down our streets and into our harbors. Such is the terrible possibility during a foreign invasion. The destruction of our oil reservoirs coupled with that of our water storage presents a picture of destruction such as the world has never witnessed in its most dreadful wars.

There is another factor that cannot be overlooked in considering the need of defense of the Pacific coast, and that is an alien population of oriental ancestry. No doubt that the loyalty of many is beyond question. But it would require a very wide charity to assert that all of them have surrendered their allegiance to their homeland. A very few in alliance with our country's enemies in time of war could bring inexpressible disaster upon southern California in a very brief period that would not and could not be restored in a decade. This factor is but another urge for the necessity of more adequate defense of the Pacific coast and particularly southern California.

Let me remind the Members of this House and those directing the administration's policy of national defense that our posts in southern California, their man power, their equipment in every respect, should be multiplied many times. Give us the security of an efficient army placed at the strategic points on our shores. Our National Guard in California is far beneath the proper proportion that is due the State. Everywhere on the Pacific coast is the need of a more militant line of defense.

Because of its intimate relationship to the Panama Canal and Latin America, and because it is the practice and maneuvering grounds of the Pacific Fleet due to the natural conditions that make it the most desirable for such purposes on the Pacific coast, adequate shore facilities for the Navy, including repair equipment, should be located at Los Angeles Harbor. Because of the increasing growth of population, of industry, and commerce on our Pacific shores, there should be established balanced naval facilities such as enjoyed by the Navy on the Atlantic coast. But a brief span ago there was no apparent need for the Navy on the Pacific coast. But the situation has changed. Not only the population and the industry and the commerce but the policies of the Orient, the growth of military ambition, the frenzy of conquest that has possessed a formerly peaceful people demand that the Pacific coast be prepared and protected against those emergencies that may arise destructive of our liberties, our possessions, and even our lives.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent for the immediate consideration of a resolution that I send to the desk.

The SPEAKER. The Chair cannot recognize the lady for that purpose at present.

Mr. HOWARD. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes. Another air-mail pilot has been killed while flying the mail.

Mr. BYRNS. Mr. Speaker, I do not think we ought to bring that subject up at the present time.

Mr. GRAY. Mr. Speaker, I ask unanimous consent that immediately after the reading of the Journal tomorrow I be permitted to address the House for 15 minutes on the proper place of the N.R.A. in the recovery program.

Mrs. ROGERS of Massachusetts. I object.

Mr. GRAY. Will the lady from Massachusetts withhold her objection?

Mrs. ROGERS of Massachusetts. I will withhold it; certainly.

Mr. GRAY. This does not interfere with what the lady is attempting to do; I am with you on any other proposition.

Mr. SNELL. Mr. Speaker, let the request be put.

The SPEAKER. The gentleman from Indiana asks unanimous consent to address the House tomorrow immediately after the reading of the Journal for 15 minutes. Is there objection?

Mrs. ROGERS of Massachusetts. I object.

Mr. HOWARD. Mr. Speaker, I renew my request that I may be permitted to now address the House for 15 minutes.

The SPEAKER. The gentleman from Nebraska asks unanimous consent to address the House for 15 minutes. Is there objection?

Mrs. ROGERS of Massachusetts. I object.

The SPEAKER. The lady from Massachusetts asks unanimous consent to address the House for 5 minutes. Is there objection?

Mr. O'CONNELL. I object.

NOTICE OF ADDRESS ON THE N.R.A.

Mr. GRAY. Mr. Speaker, then I will renew my request tomorrow, Saturday morning, and will speak immediately after the reading of the Journal on the proper place of the N.R.A. as a relief measure in the recovery program.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5632. An act to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes; and

H.R. 7295. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, the gentleman from Texas [Mr. JONES], Chairman of the Committee on Agriculture, is ill and unable to be here. It had been expected that we would take up today the cotton production bill of the gentleman from Alabama [Mr. BANKHEAD], but on account of the absence of the chairman of the committee who reported the bill that will be impossible. I move, therefore, that the House do now adjourn.

Mr. SNELL. Mr. Speaker, before that motion is put, is it the intention to meet tomorrow?

Mr. BYRNS. Yes. The gentleman from Alabama [Mr. BANKHEAD] assures me that the bill will be taken up tomorrow.

The SPEAKER. The question is on the motion of the gentleman from Tennessee that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 13 minutes p.m.) the House adjourned until tomorrow, Saturday, March 10, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

375. A communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment, United States Senate, for the fiscal year 1934, in the sum of $120,000 (H.Doc. No. 278); to the Committee on Appropriations and ordered to be printed.

376. A letter from the Chairman of the Joint Committee on Internal Revenue Taxation, transmitting a report covering refunds and credits of internal-revenue taxes for the calendar year 1932 (H.Doc. No. 279); to the Committee on Ways and Means and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Missouri: A bill (H.R. 8560) to amend the Packers and Stockyards Act; to the Committee on Agriculture.

By Mr. LLOYD: A bill (H.R. 8561) vesting jurisdiction in the United States courts in certain causes against the United States and providing procedure therefor, and for other purposes; to the Committee on the Judiciary.

By Mr. GRANFIELD: A bill (H.R. 8562) to provide for a preliminary examination of the Connecticut River, with a view to the control of its floods and prevention of erosion of its banks in the State of Massachusetts; to the Committee on Flood Control.

Also, a bill (H.R. 8563) providing for control of the floods and for prevention of the erosion of the banks of the Connecticut River in Massachusetts; to the Committee on Flood Control.

By Mrs. ROGERS of Massachusetts: Concurrent resolution (H.Con.Res. 34) to discontinue the carrying of mail by the Army Air Corps; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Senate of the State of New Jersey, memorializing the Congress to abolish the Federal gasoline sales tax; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Illinois, memorializing Congress to enact legislation to make possible loans to schools now in distress; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the Commonwealth of Virginia, memorializing Congress to establish a national park, including Old Appomattox Court House in its boundaries; to the Committee on the Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GRAY: A bill (H.R. 8564) granting a pension to Zack Pool; to the Committee on Invalid Pensions.

By Mr. LARRABEE: A bill (H.R. 8565) for the relief of Harrison Simpson; to the Committee on Claims.

By Mr. STRONG of Pennsylvania: A bill (H.R. 8566) for the relief of Mary Brown; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2868. By Mr. AYRES of Kansas: Petition of citizens of Wichita, Kans., opposing the passage of Senate bill 2000 and corresponding House measures; to the Committee on Interstate and Foreign Commerce.

2869. By Mr. DONDERO: Senate Concurrent Resolution 3, of the Michigan State Legislature in special session of 1934, petitioning the Honorable Franklin D. Roosevelt, President of the United States of America, not to limit whatsoever the acreage for sugar-beet production, and that there be no limit placed on the amount of beet sugar produced in the State of Michigan, so that the Michigan sugar-beet factories may reopen; and further that if there is to be a reduction in the amount of sugar available in the United States that this reduction be accomplished through reduction of imports; to the Committee on Agriculture.

2870. By Mr. KENNEY: Resolution of the mayor and Council of the Borough of Fairview, Bergen County, State of New Jersey, endorsing House bill 3082 providing for loans by the Reconstruction Finance Corporation to municipalities; to the Committee on Banking and Currency.

2871. Also, petition of the Phil Sheridan Council, No. 2229, Knights of Columbus, Ridgefield Park, N.J., protesting against birth-control legislation; to the Committee on the Judiciary.

2872. By Mr. LAMBERTSON: Petition of the teachers of the Horton (Kans.) public schools, urging support for any legislation favorable to public schools, particularly Senate bill 2402 and House bill 7479; to the Committee on Education.

2873. By Mr. RUDD: Petition of the National Woman's Party, New York City, favoring the passage of House bill 3673; to the Committee on Immigration and Naturalization.

2874. By Mr. TREADWAY: Resolutions adopted by the House of Representatives of the General Court of Massachusetts, urging the Navy Department to enshrine the U.S.S. *Constitution* as a national museum in Boston; to the Committee on Naval Affairs.

2875. By the SPEAKER: Petition of Felix F. Von Wilmowsky; to the Committee on Patents.

SENATE

SATURDAY, MARCH 10, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. MCKELLAR, and by unanimous consent, the reading of the Journal for the calendar days Thursday, March 8, and Friday, March 9, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ASHURST. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	King	Reynolds
Ashurst	Dickinson	La Follette	Russell
Austin	Dieterich	Lewis	Schall
Bachman	Dill	Logan	Sheppard
Bailey	Duffy	Lonergan	Shipstead
Bankhead	Erickson	Long	Steiwer
Barkley	Fess	McAdoo	Stephens
Black	Fletcher	McCarran	Thomas, Okla.
Borah	Frazier	McGill	Thomas, Utah
Bulkley	George	McKellar	Thompson
Bulow	Gibson	McNary	Townsend
Byrd	Glass	Metcalf	Trammell
Byrnes	Goldsborough	Murphy	Tydings
Capper	Gore	Neely	Vandenberg
Caraway	Hale	Norris	Van Nuys
Carey	Harrison	Nye	Wagner
Clark	Hatch	O'Mahoney	Walcott
Connally	Hayden	Overton	Walsh
Coolidge	Hebert	Patterson	Wheeler
Copeland	Johnson	Pittman	White
Costigan	Kean	Pope	
Couzens	Keyes	Reed	

Mr. HEBERT. I desire to announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from Pennsylvania [Mr. DAVIS], the Senator from West Virginia [Mr. HATFIELD], the Senator from South Dakota [Mr. NORBECK], the Senator from Indiana [Mr. ROBINSON], and the Senator from Delaware [Mr. HASTINGS] are necessarily absent.

Mr. LEWIS. I desire to announce that the Senator from Arkansas [Mr. ROBINSON], the Senator from New Hampshire [Mr. BROWN], and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate.

I regret to announce that the Senator from Washington [Mr. BONE] is detained from the Senate on account of a severe cold. I wish this announcement to stand for the day.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

DECEMBER 1933 REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation submitting, pursuant to law, the report of the activities and expenditures of the Corporation for December 1933, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

REGULATION OF TRANSPORTATION AGENCIES (S.DOC. NO. 152)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Interstate Commerce Commission,

transmitting, pursuant to law, further recommendations and a report thereon from the Federal Coordinator of Transportation, and stating, in part, "The Coordinator's present recommendations fall into three general classes: (1) A bill for the regulation of motor carriers; (2) a bill for the regulation of water carriers; and (3) bills proposing miscellaneous additional amendments to the Interstate Commerce Act", which, with the accompanying report and appendixes, was referred to the Committee on Interstate Commerce.

Mr. DILL subsequently said: Mr. President, before I came into the Chamber the Vice President laid before the Senate a communication from William E. Lee, Chairman of the Interstate Commerce Commission, transmitting a report of the Coordinator of Railroads, Mr. Eastman. A previous report, which goes with this, has been made a Senate document. I think it desirable that this later report be made available in the same form, and I ask unanimous consent that the report be printed as a Senate document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Illinois, which was referred to the Committee on Banking and Currency:

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, Edward J. Hughes, Secretary of State of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of Senate Joint Resolution No. 4, the original of which is now on file and a matter of record in this office.

In testimony whereof, I hereto set my hand and cause to be affixed the great seal of the State of Illinois. Done at the city of Springfield this 7th day of March, A.D. 1934.

[SEAL] EDWARD J. HUGHES,
Secretary of State.

Senate Joint Resolution 4 (by Mr. Benson)

Whereas the fifty-eighth general assembly is now convened in extraordinary session, having before it for consideration the matter of enacting legislation to meet the present emergency now existing in many school districts of this State; and

Whereas it is questionable whether any legislation can be enacted to bring immediate relief to school districts now on the verge of closing their schools due to lack of funds; and

Whereas the present emergency in many of these school districts has resulted from property owners being unable to pay taxes due on their property, tax collections in some districts having fallen during the past several years to as low as 60 percent of a normal tax collection; and

Whereas the Federal Government has made available to other governmental agencies, and individuals, moneys to meet their emergencies, and many school districts are now in need of funds which might be borrowed from the Federal Government, security for such loans to be given by such districts by assigning delinquent taxes to be paid to the Federal Government when collected; and

Whereas, unless such action is taken by the Federal Government, many schools will be forced to close, thereby depriving children in many communities of Illinois from educational advantages: Now, therefore, be it

Resolved by the Senate of the Fifty-eighth General Assembly of the State of Illinois (the house of representatives concurring herein), That the President and the Congress of the United States be urged to enact the necessary legislation to make possible loans to school districts now in distress; and be it further

Resolved, That a copy of this preamble and resolution be immediately forwarded to the President of the United States, the President of the Senate and the Speaker of the House of Representatives of the United States, and to each Congressman and Senator from Illinois.

Adopted by the senate, February 28, 1934.
Concurred in by the house, March 1, 1934.

THOMAS F. DONOVAN,
President of the Senate.
A. E. EDEN,
Secretary of the Senate.
ARTHUR ROE,
Speaker of the House of Representatives.
CHAS. P. CASEY,
Clerk of the House of Representatives.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Illinois, which was referred to the Committee on Naval Affairs:

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, Edward J. Hughes, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of House Joint Resolution No. 4, the original of which is now on file and a matter of record in this office.

In testimony whereof, I hereto set my hand and cause to be affixed the great seal of the State of Illinois.

Done at the city of Springfield this 7th day of March, A.D. 1934.

[SEAL] EDWARD J. HUGHES,
Secretary of State.

House Joint Resolution 4

Whereas the House of Representatives of the United States has passed an appropriation bill providing $365,697 for the reopening of the Great Lakes Naval Training Station, located near Waukegan, Ill.; and

Whereas the Senate Appropriations Committee of the Senate of the United States, which committee includes but two members from the ninth naval district, has stricken this appropriation from the bill and has included therein an appropriation providing a substantial sum for a naval training station at Newport, R.I.; and

Whereas said Great Lakes Naval Training Station, located in the heart of the great Midwest, one of the older naval bases, which for 22 years furnished 40 percent of the personnel of the United States Navy and which is the headquarters for the ninth naval district in which is located 42 percent of the Naval Reserves, should be reopened rather than establish another naval training station on the eastern coast, which has many other naval activities in addition to naval training stations; and

Whereas the Midwest has but one naval operation, and due to the unrest throughout the world, rumors of war, and the announcement of plans for a larger and more adequate Navy, there is need for a naval training station in the Midwest to be used for the training of the men of the Midwest in naval defense and good citizenship: Now, therefore, be it

Resolved by the House of Representatives of the Fifty-eighth General Assembly of the State of Illinois, at the third special session thereof (the senate concurring herein), That in view of the foregoing, the General Assembly of the State of Illinois petitions the President of the United States and the House of Representatives and Senate of the United States to enact such measures and provide such appropriations as will permit the reopening at an early date, of the Great Lakes Naval Training Station near Waukegan, Ill.; and be it further

Resolved, That a copy of this preamble and resolution be forwarded immediately to the President of the United States, the Secretary of the Navy, the President of the Senate, and the Speaker of the House of Representatives of the United States, and to each Senator and Congressman from the State of Illinois.

Adopted by the house February 21, 1934.

ARTHUR ROE,
Speaker of the House of Representatives.
CHAS. P. CASEY,
Clerk of the House of Representatives.

Concurred in by the senate February 28, 1934.

THOMAS F. DONOVAN,
President of the Senate.
A. E. EDEN,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate a letter from Hon. PEDRO GUEVARA, Resident Commissioner from the Philippines, transmitting copy of a radiogram received by him from coconut planters of Santa Cruz, Laguna, P.I., protesting against adoption of the oil excise tax, which, with the accompanying paper, was referred to the Committee on Finance.

He also laid before the Senate a memorial of the Davenport (Iowa) Missionary Alliance, remonstrating, in the interest of peace, against the adoption of an enlarged military and naval program, which was referred to the Committee on Military Affairs.

Mr. TYDINGS presented resolutions adopted by Gerechtigkeits Lodge, No. 25, Independent Order B'rith Abraham, of Newark, N.J., and Oakland Auxiliary, No. 72, B'nai B'rith, of Oakland, Calif., favoring the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

Mr. CAPPER presented petitions, numerously signed, of sundry citizens of Kansas City, Kans., praying for the passage of legislation providing old-age pensions, which were referred to the Committee on Education and Labor.

He also presented memorials, numerously signed, of sundry citizens of Arkansas City, Abilene, El Dorado, Emporia, Fort Scott, Hill City, Hutchinson, Independence, Lawrence, Lodge, Lyons, Medicine Lodge, Ness City, Newton, Oberlin,

Olathe, Ransom, Sabetha, Salina, Wichita, and Winfield, all in the State of Kansas, remonstrating against the passage of the so-called "Tugwell bill", to prevent the manufacture, shipment, or sale of adulterated or misbranded foods and drugs and to prevent the false advertisement of such commodities, which were referred to the Committee on Commerce.

Mr. WALSH presented a petition of sundry citizens of Attleboro, Mass., praying for the passage of House bill 7019, providing old-age pensions, which was referred to the Committee on Education and Labor.

He also presented the petition of the Missionary Society of the R.P. Church, of Cambridge, Mass., favoring the passage of the so-called "Patman bill", being House bill 6097, for the Federal supervision of motion pictures in the interest of higher moral standards for films entering interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

PUBLIC WORKS PROGRAM

Mr. WALSH. Mr. President, I present and ask to have printed in the RECORD and appropriately referred a letter from the secretary of the Central Labor Union of Boston, Mass., together with a resolution.

There being no objection, the letter and resolution were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

CENTRAL LABOR UNION,
Boston, Mass., March 6, 1934.

Hon. DAVID I. WALSH,
Senator, Senate Office Building, Washington, D.C.

DEAR SIR: Enclosed you will find a copy of a resolution which was adopted at the meeting of the Boston Central Labor Union held on Friday, March 2, 1934.

We sincerely hope that you will carefully consider the request contained in this resolution, and that you will do your utmost to develop the changes so earnestly sought for by our organization.

Yours very truly,

WM. F. DWYER, *Secretary.*

"Whereas the National Recovery Act, title II, Public Works and construction projects, provides for the expenditure of $3,300,000,000 with a view to increasing employment quickly and to expedite the construction of Public Works and other semipublic projects, all of which was for the purpose of relieving unemployment in heavy construction industries; and to effectuate the purposes of title II of the act the President created the Federal Emergency Administration of Public Works, better known as 'P.W.A.'; and

"Whereas the construction program failed to materialize because of divers and various reasons, large sums of moneys were diverted from the purposes for which these moneys were originally intended, and appropriations were made for the setting up of Civilian Conservation Corps camps, transients' camps, and the Civil Works Administration; and

"Whereas the C.W.A. owed its existence to the failure of the P.W.A. to function and was created as an emergency measure for the purpose of providing employment pending the approval of application for funds which the various political subdivisions of the United States and other agencies were to use in a vast construction program; and

"Whereas the C.W.A. program has failed materially in its purpose and has brought about political logrolling, a spoils system of job patronage, and has in many communities resulted in lowering the wage scales and working conditions of union labor, and thrown out of employment self-sustaining workers who prior to the inception of the C.W.A. were making every effort to support themselves and their families without resorting to municipal welfare relief: Therefore be it

"*Resolved*, That the Boston Central Labor Union be recorded as favoring a speedy termination of the C.W.A. and in its place the original P.W.A. program be immediately started, and that we ask the President of the United States, the Senators and Congressmen from the Commonwealth of Massachusetts to bend every effort to the end that the procrastination and delay attendant upon the P.W.A. program be ended and that pressure and activity be instituted to make possible an effective Public Works construction program for the benefit of the thousands of idle building-trades workers, who are suffering and are in need of such a program."

Approved by Central Labor Union of Boston and vicinity.

APPROPRIATIONS FOR ENTOMOLOGICAL WORK

Mr. WALSH. Mr. President, I present and ask to have printed in the RECORD and to lie on the table a letter received by me from members of the entomological staff of the Massachusetts State College at Amherst, Mass., protesting any reduction in appropriations for Federal entomological work.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

THE COMMONWEALTH OF MASSACHUSETTS,
DEPARTMENT OF EDUCATION, MASSACHUSETTS STATE COLLEGE,
AMHERST, *March 7, 1934.*

The Honorable DAVID I. WALSH,
United States Senator from Massachusetts,
United States Senate, Washington, D.C.

DEAR SIR: We, the undersigned, members of the entomological staff at the Massachusetts State College, Amherst, have heard recently of the proposed cut in appropriations for Federal entomological work, and desire to enter our very strong protest in the matter.

While deploring the cut in all the various branches of the Bureau of Entomology to which it is made to apply at this writing, we are especially concerned over the total elimination of the research work on the European corn borer, and it is mainly on this phase of the subject that we will devote our case.

The European corn borer is one of the major pests of the country, first detected in Massachusetts in 1917 by a student at this college, Mr. Stuart C. Vinal, who worked so hard and faithfully on the problem that his health became undermined and he died during the outbreak of influenza, September 26, 1918. A strong and capable central organization has been built up at Arlington, with outlying branches in Ohio and Michigan, established during the past several years as the pest spread westward and neared the great central corn-growing areas of the country. The importance of the work of these laboratories on methods of cultural control and the importation of natural enemies from various foreign countries constituting the original home of the pest, are of vital importance to this State, particularly because all Federal clean-up work has already been abandoned, and any experimental work to improve control methods will be of increasing value. We believe that a very serious mistake would be made if the laboratories covering this project should be abandoned and the efficiently trained staff discharged, particularly at a time when such serious unemployment exists, especially of skilled scientific men. The present is a period of superabundance of agricultural products in our land, and to persons of short vision it might seem that such a condition might long endure. However, remembering the period of the World War and the attendant demand for foods of many descriptions, we cannot but believe that the time will come again when we may have a shortage of foods and that the need will then arise for the services of these men who have devoted the major part of their lives to a study of the European corn borer and methods for its control.

We in Massachusetts have been provided with an unusually severe object lesson concerning the price one must pay for failure to maintain work of this nature in the case of the gypsy moth. First detected near Boston in 1889, a determined fight during the succeeding decade, under the leadership of Prof. Charles H. Fernald, succeeded in reducing the species to a minimum of scattered individuals. It is believed that if the fight had been vigorously continued at this critical moment, the species might have been totally eliminated from within our borders, and so have been removed as one of our primary pests. Failure to support the work during the critical years of 1900–1904 allowed the species to gain such a foothold in the State that it became necessary for the Federal Government to intervene, with the subsequent expenditure of many millions of dollars. There is no argument on our part that the case of the European corn borer is comparable in that extermination of the species is possible, but we do believe that the methods involved in fighting the pest have saved, and will continue to save, the corn-growing farmers of the country sums vastly in excess of the cost to the Government of the project and its continuance.

We also urge that you support an adequate Federal appropriation for the control and extermination work on the gypsy moth in western New England, eastern New York, and Pennsylvania this appropriation to be included in the regular appropriation of the Department of Agriculture and not in temporary emergency projects of uncertain duration.

Such being our sincere belief, we humbly ask you to give this matter your very serious attention, and extend your invaluable aid to these highly important projects.

Respectfully,

RESIDENT STAFF OF ENTOMOLOGY,
Department of Entomology, Zoology, and Geology,
Massachusetts State College.
CHARLES P. ALEXANDER (*Teacher*),
Professor of Entomology.
ARTHUR I. BOURNE (*Research*),
Professor of Entomology.
G. CHESTER CRAMPTON (*Teacher*),
Professor of Insect Morphology.
HARVEY L. SWEETMAN (*Teacher*),
Assistant Professor of Entomology.
CLAUDE R. KELLOGG (*Teacher*),
Assistant Professor of Entomology.

REPORTS OF COMMITTEES

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 2620) for the relief of N. W. Carrington and J. E. Mitchell, reported it with an amendment and submitted a report (No. 460) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the joint resolution (S.J.Res. 31) consenting

that certain States may sue the United States and providing for trial on the merits in any suit brought hereunder by a State to recover direct taxes alleged to have been illegally collected by the United States during the fiscal years ending June 30, 1866, 1867, and 1868, and vesting the right in each State to sue in its own name, reported it without amendment and submitted a report (No. 461) thereon.

Mr. RUSSELL, from the Committee on Appropriations, to which was referred the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, reported it with amendments and submitted a report (No. 462) thereon.

Mr. HATCH, from the Committee on Indian Affairs, to which was referred the bill (S. 2876) to provide for the transfer of national-forest lands to the Zuni Reservation, N.Mex., exchanges, and consolidation of holdings, reported it with an amendment and submitted a report (No. 463) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (H.R. 5631) to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes, and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him, reported it without amendment and submitted a report (No. 464) thereon.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WHITE:

A bill (S. 3014) to authorize the transfer of the Green Lake Fish Cultural Station, in Hancock County, Maine, as an addition to the Acadia National Park; to the Committee on Public Lands and Surveys.

By Mr. CAPPER:

A bill (S. 3015) prohibiting the advertising of intoxicating liquors through the medium of radiobroadcast; to the Committee on Interstate Commerce.

By Mr. TYDINGS:

A bill (S. 3016) for the relief of the Dongji Investment Co., Ltd. (with accompanying papers); to the Committee on Claims.

By Mr. WALSH:

A bill (S. 3017) for the relief of Edwin C. Jenney, receiver of the First National Bank of Newton, Mass.; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 3018) for the relief of the Columbia Boat & Barge System, Inc.; to the Committee on Claims.

By Mr. JOHNSON:

A bill (S. 3019) granting a pension to Josephine Johnson;

A bill (S. 3020) granting a pension to Samuel M. Mahurin; and

A bill (S. 3021) granting a pension to Mort Wallace Mays; to the Committee on Pensions.

By Mr. STEPHENS:

A bill (S. 3022) to amend an act entitled "An act to amend sections 3 and 4 of an act of Congress entitled 'An act for the protection and regulation of the fisheries of Alaska', approved June 26, 1906, as amended by the act of Congress approved June 6, 1924, and for other purposes"; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 3023) to amend section 4878 of the United States Revised Statutes as amended relating to burials in national cemeteries; to the Committee on Military Affairs.

By Mr. WALSH:

A bill (S. 3024) to authorize the Secretary of the Treasury to purchase the building in Boston, Mass., under lease for garage purposes to the Post Office Department; to the Committee on Public Buildings and Grounds.

CHANGE OF REFERENCE

On motion of Mr. WHEELER, the Committee on Agriculture and Forestry was discharged from the further consideration of the bill (S. 2817) to amend the act relating to contracts and agreements under the Agricultural Adjustment Act, approved January 25, 1934, and it was referred to the Committee on Banking and Currency.

INCLUSION OF SUGAR BEETS AND SUGAR CANE AS BASIC COMMODITIES—AMENDMENT

Mr. POPE submitted an amendment intended to be proposed by him to the bill (S. 2732) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

THE COPPER CODE

Mr. ASHURST. Mr. President, on yesterday I addressed the Senate in opposition to the so-called "code of fair competition" for the copper industry. I stated then that the proposed code, as far as American labor is concerned and so far as the copper-mining industry in America is concerned, is only an ironic jest.

Mr. President, I have today addressed a letter to Hon. H. O. King, Deputy Administrator of the N.R.A., at the Commerce Building, Washington, D.C., pointing out the defects in this code. I do not believe that a public man does his full duty merely by objecting; he must do more than object; he must specify the defects and suggest remedies. In this letter I have attempted to do that.

I ask that the clerk may read the letter.

The VICE PRESIDENT. Without objection, the letter will be read.

The Chief Clerk read as follows:

MARCH 9, 1934.

Hon. H. O. KING,
Deputy Administrator, Commerce Building,
Washington, D.C.

DEAR MR. KING: I hereby register a protest against the proposed code of fair competition for the copper industry as revised for public hearing.

This code is lacking fundamental essentials, namely:

1. An adequate wage scale. The definitive code should embrace an American standard of living, minimum wage rate for each wage earner subdivision, both underground and on the surface.

2. A method of "freezing" the huge domestic copper surplus. The present colossal copper surplus will care for domestic market requirements for 18 months to 2 years hence. The dependent human element cannot wait another 2 years—this surplus must be eliminated—must not be permitted further to destroy the livelihood and equities of the copper miner.

3. An embargo against copper importations should be made effective until domestic consumption and production are equivalent. The domestic copper ingot should be able to meet foreign competition within the home market—this will necessitate at least a 10-cent ingot tariff rate.

4. In order to put the copper miner to work immediately the code should provide that current domestic copper consumption must come from current domestic production.

5. The allocation of production should be according to past productive State ratios.

The foregoing are the major factors that should be embraced in the new copper code.

In addition, careful scrutiny should be given to definitions, so that the words used may be free from doubt.

Very respectfully,

HENRY F. ASHURST,
United States Senator from Arizona.

EDUCATION, SCIENCE, AND THE NEW DEAL—ADDRESS BY THE ATTORNEY GENERAL

Mr. ASHURST. Mr. President, I ask unanimous consent to have printed in the RECORD an address by Hon. Homer S. Cummings, Attorney General of the United States, delivered on February 26, 1934, at Rollins College, Winter Park, Fla. A perusal of this address of the Attorney General is well worth the time of any citizen.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. President, members of the faculty, students, and friends, in educational methods and aims Rollins College has departed from trodden paths. In this complex world it has individualized education; it has substituted learning for instruction; it has adopted for its students the criterion of accomplishment rather than the old conventions of marks and credit-hours; and it has set as the goal of education complete living. All of this sounds to me like a new deal in education. I feel at home here. As one "new dealer" to another, I greet you.

Our country, almost from the beginning, has been committed to the idea of education. There was, however, at the outset a note of dissent. Governor Berkeley, of Virginia, responding to the question of English commissioners of foreign plantations as to what course was being taken in the colony for instruction of the people in the Christian faith, said: "The same that is taken in England, every man according to his ability instructing his children." But he added, "I thank God there are no free schools or printing presses, and I hope we shall not have them these 100 years, for learning has brought disobedience and sects into the world, and printing has divulged them, and libels against the best of governments. God keep us from both." This was an Old World idea. Wide-spread learning was feared. Ignorance upon the part of the subject was bliss for the monarch, and it was folly to make the masses wise.

In America the earliest impetus to education came from religion. Enacting, in 1647, what has been called "the mother of school laws", the General Court of Massachusetts said:

"It being one of the chief projects of that old deluder Satan to keep men from the knowledge of the Scriptures, as in former times by keeping them in an unknown tongue, so in these latter times by persuading from the use of tongues * * *.

"It is therefore resolved, That every township in this jurisdiction, after the Lord hath increased them to the number of 50 householders, shall then forthwith appoint one within their town to teach such children as shall resort to him, to write and read."

There was a hint of the secular and of the dissemination of learning in the next sentence:

"It is further ordered, that when any town shall increase to the number of 100 householders, they shall set up a grammar school, the master thereof being able to instruct youth, so far as they may be fitted, for the university."

In any event, from this time on, the American idea of free schools grew rapidly. Colony after Colony, State after State, and even the Federal Government itself, through congressional school land grants to the States, contributed to the spreading of education. The free school, with its democratized education for the masses, with its "educational ladder", upon the steps of which the student might systematically climb from one stage of instruction to another, became a fully and permanently developed system.

The predicate of this idea was that literacy is essential to democracy. Committed to democracy, we are hence committed to education. So long as government rests ultimately upon the consent of the governed, so long as we seek to maintain a government of, for, and by the people, an informed electorate is a first essential. Both the one and the many profit by a trained intelligence in the individual. Our trust is firmly based upon the enlightening influence of education, thereby insuring intelligent cooperation and wise leadership in the conduct and the development of our institutions.

I have mentioned that the first impetus to education in this country was religion; and the second was the ideal of literacy for democracy. There has been a third—science—an impulse drawn from within. For, as the common school developed, as the native intelligence of men and women was trained to the love of learning and the pursuit of truth, there developed, as of course, the scholar of book and tool, of library and laboratory. It is the nature of man to break down frontiers. As the scouts of our early days passed with the conquest of prairie and mountain there arose, to follow and carry on, the scouts of science, clearing the path for their fellows through the frontier of knowledge. Great institutions of higher learning developed, first in the classics, then in pure science, finally in applied science and the various arts. Physics, chemistry, biology, economics, sociology, and, indeed, all the physical and social sciences were developed and applied to the myriad uses of man. As the thirteenth century was essentially an age of religion, so our age is largely one of science—of scientific accomplishment and of scientific method, of collection and classification of data, of formation and testing of hypotheses, of reaching conclusions and building thereon, of checking one discovery against another so that, ultimately, isolated findings become a part of the pattern of all, and great gains of tested knowledge inspire further quest and lead to still greater accomplishments.

How far these schools and this science have carried us! In transportation, from the canoe and the ox cart to the ocean liner, the transcontinental train, the automobile, and the airplane. In communication, from slow-moving letters to the telephone, and the radio. In agriculture, from truck garden and small farm to acres by the million spilling crops toward all the seas. In manufacturing, from village shoemaker and smithy to the specialized factories of today, ravenous for the raw material of the whole earth. In medicine and surgery, from the kit of the country doctor to the great life-saving clinics and hospitals in every part of the land, ministering to health and prolonging the span of life. In sanitation, from successions of plagues, decimating the earth to relative freedom from contagious disease. In architecture, from hut to skyscraper. In business, from clumsy coins to bank credit, from the corner store to the corporate enterprise. Speed of travel, ease of communication, longevity, health, comfort, wealth, and beauty—these are the fruits of science!

And yet, a short 12 months ago our transportation facilities were largely idle; our abundant crops were rotting in the warehouses; our factories were closed or running upon pitifully short time; 13,000,000 people were idle and our elaborate and carefully constructed banking system entirely ceased to function. We were confronted with the puzzling paradox of starvation amidst plenty.

A learned jurist once said:

"The law, so far as it depends on learning, is indeed as it has been called, the government of the living by the dead. To a very considerable extent, no doubt, it is inevitable that the living should be so governed. The past gives us our vocabulary and fixes the limits of our imagination; we cannot get away from it. There is, too, a peculiar, logical pleasure in making manifest the continuity between what we are doing and what has been done before. But the present has a right to govern itself, so far as it can; and it ought always to be remembered that historic continuity with the past is not a duty, it is only a necessity.

"I hope that the time is coming when this thought will bear fruit. An ideal system of law should draw its postulates and its legislative justification from science. As it is now, we rely upon tradition, or vague sentiment, or the fact that we never thought of any other way of doing things, as our only warrant for rules which we enforce with as much confidence as if they embodied revealed wisdom * * *.

"The Italians have begun to work upon the notion that the foundations of the law ought to be scientific, and, if our civilization does not collapse, I feel pretty sure that the regiment or division that follows us will carry that flag. Our own word seems the last always; yet the change of emphasis from an argument in Plowden to one in the time of Lord Ellenborough, or even from that to one in our own day, is as marked as the difference between Cowley's poetry and Shelley's. Other changes as great will happen. And so the eternal procession moves on, we in the front for the moment; and, stretching away against the unattainable sky, the black spearheads of the army that has been passing in unbroken line already for near a thousand years."

These are the impressive words of Mr. Justice Holmes, speaking at a dinner of the Harvard Law School, nearly 40 years ago. And now we are "in the front for the moment."

Mr. Justice Holmes was entirely right. Literacy is essential to democracy, but not mere literacy. Education and science, if they are to be useful to government, must function within government as they have functioned outside of it. It is a sad commentary that we have used science least where we needed it most. To transportation, communciation, agriculture, industry, medicine, sanitation, architecture, finance, and business we have applied science and the fruits thereof, but not to government. There has been learning, but it has gone unused. Economists, sociologists, historians, students of politics there have been; and, like their brothers in the pursuit of truth, they have sought and they have found. In the books of the dead and the activities of the living they have traced the growth and science of government. In the great laboratory of life down the ages they have seen the trial and error of collective life. All this knowledge they have stored for the use of those of the "eternal procession" who are for the moment "in the front", and we have not used it.

The genius of the new deal lies in the application of science to government and contemplates the reapplication of the doctrines of cooperation. The Agricultural Adjustment Act is a planned attack upon unbalanced production, the National Recovery Act upon unbalance employment, and both upon our diminished purchasing power. These acts were carefully devised. Not only were individual enactments thought out in advance but their relationships to each other and to the whole result were recognized factors in the problem. The Agricultural Adjustment Act complements the National Recovery Act. The Public Works feature sustains both. Thus, production, consumption, and capital-goods industries are being aided simultaneously. The Civilian Conservation Corps, the Civil Works Administration, and various other modern measures are component parts of a seriously thought out program. The banking structure is undergoing a necessary rehabilitation. Price adjustments and dollar stabilization are sought by the scientific method of trial and error and not by arbitrary fiat. A cleansing of the public service and a campaign against crime have been undertaken as matters essential to a healthy national life.

In brief, the attack of the new deal is economic rather than political. The very terminology of the present measures is that of finance, accounting, budgeting, crop production, labor distribution, costs of living, costs of production, margins of profit, price levels, and the like. The measures thus operating seek to adjust the economic factors of our life so as to produce efficiency in that sense of the word which means the abolition of idleness and poverty in a land of plenty.

It will be said that the new deal is experimental and that not all of its measures will succeed. But this is no sufficient challenge. The method of the new deal is one of action, not of laissez-faire. It refuses to abandon in despair our economic life to the operations of chance. The new deal is education and science in action.

"And so the procession moves on, we in the front for the moment, and stretching away against the unattainable sky the

black spearheads of the army that has been passing in unbroken line for near a thousand years."

And in a moment, my student friends, it will be you who are "in the front." Let me exhort you to remember, as educated men and women, as scholars, as scientists, as citizens, that literacy must be for, not merely in, democracy. It must function for government, and it must function through you. Only thus shall we have, in the words of Rollins College, "complete living", and only thus, in the words of our great President, "a more abundant life for all."

PRATT AND WHITNEY—EDITORIAL FROM HARTFORD TIMES

Mr. LONERGAN. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Hartford Times of February 26, 1934, under the heading "Who Pratt and Whitney Were."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Hartford Times, Feb. 26, 1934]

WHO PRATT AND WHITNEY WERE

It would not be inappropriate if some Member of the Connecticut congressional delegation were to arise in his place and, using a term dependent upon the House of which he is a Member, should address the presiding officer and say, "Mr. President", or "Mr. Speaker", "some days ago before one of the committees of this body investigating matters having to do with aviation and aircraft, the question was asked: Who are Pratt and Whitney? I arise to make reply to that inquiry.

"Amos Whitney was born in Maine in 1832, of ancestors who came from England in 1635. The family takes its name from Whitne-On-The-Wye, a locality mentioned in the Doomsday book. A Whitney accompanied Richard, the Lionhearted, on one of his crusades to the Holy Land and was a victor in a single-handed combat against three Saracens.

"One of his ancestors helped protect the New England colonists from Indian attacks in King Philip's War in 1676 and a later one was an officer in the Revolution and a man of mechanical ability. This strain of talent ran through the family for several successive generations.

"Amos Whitney began at the age of 14 to learn the machinist's trade. Coming to Hartford he was employed in Col. Samuel Colt's pistol factory. There he formed the acquaintance of a young fellow worker named Francis A. Pratt who also possessed mechanical ability. They gave up employment at which they were receiving $8 a day each and went to work for $2 a day in an iron manufacturing establishment where they would have an opportunity to do contract work.

"In 1860 they went into business together and in a single rented room manufactured machinery and tools which displayed the ingenuity and inventiveness which has made New England industry famous.

"Before long they had moved to larger quarters, and at the close of the Franco-Prussian War they had orders from the Imperial German Government for armory equipment. The firm continued to grow and at one time it was active in producing Hotchkiss guns for the Navy. Later the company equipped and outfitted an arsenal for the Spanish Government.

"The company attained a world-wide reputation for the construction of precision machinery, small tools, etc. Both the original partners had gone before the outbreak of the World War, and the company had become a corporation and a part of a larger enterprise. It contributed its resources to the manufacture which the war made necessary. At a cost of scores of thousands of dollars it undertook to provide American manufacturers with precision gages which would make it possible to coordinate for war purposes the output of industrial establishments scattered all over the country.

"One of its instruments was so delicate that an operator's breath or contact with his fingers for 3 or 4 seconds would make a difference in the reading of the gage. It employed the light wave in order to establish a standard of length not susceptible to temperature changes. By this it was enabled to determine errors as minute as one thirty-thousandths of the thickness of the average human hair, or 0.0000001.

"In view of its history it is not surprising that when some ambitious young men with an idea for a new airplane motor were endeavoring to provide for its manufacture, the Pratt & Whitney Co. should have been willing to accept an interest in their venture as payment for placing its manufacturing resources at their disposal.

"The launching of the Pratt & Whitney Aircraft Co. which, although it is an independent concern, bears names honored in American industry, is a fitting later chapter to the story which began with the careers of two young machinists who possessed not only inventive genius, but courage and above all, character."

Neither House of the Congress of the United States may ever have the opportunity of hearing such a speech, but many matters will be brought before its attention of less merit than such an answer as is suggested by the query of the gentleman who felt a curiosity as to the identity of Pratt and Whitney of Hartford.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following joint resolution and acts:

On March 5, 1934:

S.J.Res. 80. Joint resolution authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 12 to May 19, 1934, inclusive.

On March 6, 1934:

S. 2766. An act to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes.

On March 8, 1934:

S. 1759. An act to revive and reenact the act entitled "An act granting the consent of Congress to the Mill Four Drainage District in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith", approved June 17, 1930; and

S. 2461. An act to amend an act entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict."

On March 9, 1934:

S. 750. An act for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr.; and

S. 751. An act authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. VANDENBERG. Mr. President, on March 8, in the course of the afternoon's debate on the St. Lawrence Seaway Treaty the following colloquy occurred—I quote from page 3983 of the RECORD:

Mr. DIETERICH. Does the Senator know who is supplying the funds for the Tidewater Association to scatter propaganda, or did he ever become acquainted with the Tidewater Association?

Mr. WHEELER. I did not know there was a Tidewater Association.

Mr. DIETERICH. Does not the Senator know it to be a fact that the Canadian Power Trust is supplying those funds in order to put through the provisions of a treaty that gives to Canada, as the Senator from Louisiana [Mr. LONG] said, about 75 percent of the power developed in the St. Lawrence waterway and at Niagara Falls?

Mr. President, I do not care to deal with the latter section of that quotation, because it has already been completely refuted. It is an idle vagary. I do want to deal for just a moment——

Mr. LONG. Mr. President——

Mr. VANDENBERG. I decline to yield until I shall have completed my statement.

The VICE PRESIDENT. The Senator from Michigan declines to yield.

Mr. VANDENBERG. When I have completed my statement I shall be very glad to yield.

As I started to say, I want to deal with the statement of the junior Senator from Illinois that it is a fact that the Canadian Power Trust is supplying the funds of the Great Lakes-St. Lawrence Tidewater Association and thus, by inference, financing the battle which has been waged for this tremendous enterprise. This is a very excellent and typical sample of the type of misunderstanding, if not sinister misrepresentation, which this great seaway cause has suffered throughout these debates.

In the further course of debate last Thursday I undertook to state that the funds of the Tidewater Association, which is and has been the chief sponsor of this treaty, had come exclusively from State appropriations. My statement was challenged. On page 3984 of the RECORD, I promised the Senate that I would subsequently provide a complete balance sheet demonstrating precisely where its funds have originated. That is what I now propose to do. I am dealing in facts, Mr. President, that can be justified from the record. I am not dealing in alleged facts which are asserted without proof and for mere prejudicial purposes. Anathema is

not argument, and groundless conversation is not entitled to be persuasive.

Mr. President, the Great Lakes-St. Lawrence Tidewater Association is described in its own incorporation papers as follows:

An organization of States associated under legislative authority and supported solely—

I repeat the words:

supported solely by appropriations of their legislatures, with the single purpose of opening an ocean route to the ports of the Great Lakes for the uninterrupted movement of commerce.

What is the membership of the Great Lakes-St. Lawrence Tidewater Association? In the first place, it is an association of 23 States, 18 of which belong to the association by specific legislative acts and 5 by executive orders. What are those States? They are California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, Ohio, Oregon, South Carolina, South Dakota, Utah, Washington, West Virginia, Wisconsin, and Wyoming.

All these States have spoken through State legislative action except Kentucky, Oregon, Utah, West Virginia, and Missouri, which spoke through executive orders of their governors.

These official corporate entities and these alone represent the membership of the Great Lakes-St. Lawrence Tidewater Association.

Mr. DIETERICH rose.

Mr. VANDENBERG. I will not yield until I shall have concluded my statement.

Mr. President, the tidewater association has depended exclusively for its finances upon State legislative contributions from those States which are members of the association and in immediate contact with the Great Lakes area.

I hold in my hand an authenticated statement from the books of the Great Lakes-St. Lawrence Tidewater Association. Much has been said here about a $500,000 lobby fund which has been prejudicially used in respect to this great enterprise, which obviously is close to the hearts and purses of the people in at least 23 States. That $500,000 to which reference has been made represents approximately the total income of the Great Lakes-St. Lawrence Tidewater Association for 15 years, from the time of its organization, covering all the tremendous research expenditures which were made in the inception of this great adventure. Every penny of that money in the course of 15 years has come from one source, and that is the State treasuries of a few of the States which are members of the association, with one single exception, and the exception is quite significant. The only exception to the statement which I have made is the contribution of $12,500 in 1919 which was made by the Chicago Association of Commerce at a moment when the Illinois Legislature was temporarily declining to cooperate.

Mr. CLARK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Missouri?

Mr. VANDENBERG. I will yield when I shall have completed my statement.

The VICE PRESIDENT. The Senator from Michigan declines to yield.

Mr. VANDENBERG. Mr. President, where have these funds originated? They have originated as follows in the course of 15 years:

The Legislature of Minnesota has appropriated the total of $117,562.85.

The Legislature of Wisconsin has appropriated a total of $74,950.36.

The Legislature of Illinois has appropriated $91,950.49.

The Legislature of Michigan has appropriated $96,422.89.

The Legislature of Iowa has appropriated $47,476.72.

The Legislature of South Dakota has appropriated $4,878.53.

The Legislature of Indiana has appropriated $28,388.38.

The Legislature of Ohio has appropriated $89,117.93.

The Legislature of Nebraska has appropriated $2,499.98.

The Legislature of North Dakota has appropriated $3,437.16.

It is the money of our mass citizenship, and none other, which has financed the splendid work of this fraternity of States in behalf of this prospectus to permit the mid-continent to reach the sea.

Every penny of these funds has been disbursed upon vouchers originating in each local State council which speaks for the State in respect to its membership in this association. The central office of the Great Lakes-St. Lawrence Tidewater Association has not one penny of revenue except as it comes by action of State councils in the various States appropriating to the central office the relative share which each State bears in the approved central expenditures.

I submit, Mr. President, that a disclosure of these figures demonstrates that there is utterly no warrant whatsoever for the sinister efforts to pretend that the Canadian Power Trust in some sort of subtle way is responsible for the Tidewater Association's activities in behalf of the pending treaty. I submit, on the contrary, that the figures demonstrate beyond peradventure that there never was a movement that came to focus the attention of the United States Senate which had a more definite demonstration of solid interest of the Commonwealths and the citizenship of the sectors which are involved.

Mr. President, if anyone can find any other cause which for 15 years has so challenged the interest of the legislatures of the States in the great area to be affected by this project, if anyone can find any other adventure that was ever undertaken which has had such a continued and demonstrated support as is indicated by these figures, then I miss my guess.

Mr. DIETERICH. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Illinois?

Mr. VANDENBERG. I will yield in just a moment.

I ask to have inserted in the RECORD the complete letter carrying all of the information to which I have referred.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The letter is as follows:

WASHINGTON, D.C., *March 10, 1934.*

This is to certify that the Great Lakes-St. Lawrence Tidewater Association was formed March 1919 for the single purpose stated in article 2 of the articles of association, reading as follows:

"The general purpose of this association shall be to bring the Atlantic to the heart of the continent through connecting the head of the Great Lakes with tidewater via the St. Lawrence River, and for such purpose to cooperate with the Dominion of Canada * * *."

Its membership is composed exclusively of State units, associated by acts of the legislatures, which provide for cooperation with other States having like purpose, and functioning through commissions created by legislative act, or through the Governor and his especially appointed representatives.

This association has no individual, corporate, or organization members, such as chambers of commerce, etc.

The work of the association has been financed wholly and exclusively from legislative appropriations of the various States of the United States, except as to $12,500 contributed by the Chicago Association of Commerce for use during the biennium 1919–21.

Its council of States is composed of the Governor of each State and the members of the State commissions or vice presidents appointed by Governors, in States where no legislative commission has been set up.

Its executive committee (elected by the council of States) directs the activities, fixes the budget of expenditures, and approves the personnel of the executive offices.

All appropriations by the various States are made for the use of the State commissions, where such State commissions exist, or are under the control of the Governors where no commission has been set up by the legislature, and for the sole purpose hereinbefore stated (article 2).

The money appropriated by the legislatures remains in the treasuries of the States until there is submitted from these executive offices proper bills, vouchers, and subvouchers. These are first passed to the chairman of the commission of the State to which the bills are assigned (where such commission is set up by legislative act), or otherwise to the Governor for approval. They then pass through the ordinary channels for payment of bills by States.

All of which is in the statement of A. O. Moreaux, chairman of the St. Lawrence Tidewater Commission of Minnesota, and also chairman of the executive committee of the Great Lakes-St. Lawrence Tidewater Association, printed in the hearings before a subcommittee of the Committee on Foreign Relations of the United States Senate, Seventy-second Congress, second session, on S.Res.

278, beginning bottom of page 651 and ending with fourth paragraph on page 654.

The amounts of properly vouchered accounts accepted and paid by the several State commissions or the Governor of States where commissions do not exist during the 15 years which this association has carried on its work follow:

Minnesota, $117,562.85; Wisconsin, $74,950.36; Illinois, $91,950.49 (Illinois appropriated no money in 1919 when Minnesota, Wisconsin, and Michigan each appropriated; the Chicago Association of Commerce raised $12,500 that year for the work of the association); Michigan, $96,422.89; Iowa, $47,476.72; South Dakota, $4,878.53; Indiana, $28,388.38; Ohio, $89,117.93; Nebraska, $2,499.98; North Dakota, $3,437.16.

CHARLES E. CRAIG,
Executive Director,
Great Lakes-St. Lawrence Tidewater Association.

Subscribed and sworn to before me this 10th day of March 1934.
[SEAL] NELL V. PRICE, *Notary Public.*

Mr. VANDENBERG. I will yield now to any Senator who desires to say anything.

Mr. DIETERICH. Mr. President, will the Senator from Michigan yield to me?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Illinois?

Mr. VANDENBERG. I am glad to yield to the Senator.

Mr. DIETERICH. The answer to the Senator's argument is that while Illinois did appropriate through its legislature various amounts of money for this incorporated Tidewater Association, it did not appropriate that money for the purpose of advancing this particular treaty. It appropriated that money because of the interest of the State in the St. Lawrence waterway project. The Illinois Legislature has refused to make any appropriation since this treaty came into existence and has memorialized Congress not to approve the treaty in its present form. That is also true of the Chicago Chamber of Commerce. That memorial is on record here.

The Illinois Legislature and the State of Illinois are not against the St. Lawrence waterway project as a project. They are against the idea of trying to rewrite the boundary-water treaty of 1907 in this treaty and giving Canada further power rights.

Mr. VANDENBERG. The Senator begs the question. I have no intent or purpose to argue what may be the present attitude of the State of Illinois. I challenged the statement submitted by the Senator from Illinois on the floor of the Senate which he stated to be a fact, to wit, that the Canadian Power Trust was responsible for the funds which have been used by the Great Lakes-St. Lawrence Tidewater Association. I submit to the Senator from Illinois that, with his fine candor and integrity, he ought to admit that he said something that is not so.

Mr. DIETERICH. With that same candor, I am glad to state that I admit that I did not know where the funds came from. I did not know this enormous amount had been collected from the various States. I knew that the Canadian power interests must necessarily be concerned in the pending treaty, and, of course, we have no means of knowing what their interest is because they are across the border.

Mr. VANDENBERG. I am glad to have the Senator's confession of a lack of knowledge regarding the statement which he made and his willingness to concede that he was mistaken.

Mr. LONG. Mr. President——

Mr. VANDENBERG. Just a moment.

The Senator can draw such inferences as he pleases respecting the assertion that the Canadian Power Trust has a fiscal interest in the ratification of this treaty. It would be just as fair to assume that the Power Trust on this side of the river has a similar interest in the defeat of the treaty. I decline, however, to enter that field of imputation; and I have repeatedly said that I am ready to take everybody's motives at face value so long as we can stick to facts in our discussion of this issue and until there are proofs to the contrary.

I do want to say one thing, however, in respect to the comment made by the Senator from Illinois that it is not the present treaty which wins the approval of these various State units up and down the midcontinent.

I shall submit to the Senate upon next Monday a petition signed by 28 Governors or immediate ex-Governors of the United States asking not for a St. Lawrence Treaty but for this treaty and this project as it now impends.

Mr. LONG. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Louisiana.

Mr. LONG. I should like to have the floor in my own right.

Mr. VANDENBERG. The Senator now has it, so far as I am concerned.

Mr. LONG. Mr. President, we have not undertaken to inject the power issue into the discussion of this treaty. My friend, the Senator from Wisconsin [Mr. LA FOLLETTE], and several of our other friends have undertaken to convince the Senate that the power interests were very much concerned in defeating the St. Lawrence Treaty, which necessitated in turn our showing up the fact that the Canadian power interests were more interested in the treaty being ratified than the American power interests could be interested in its being defeated.

I have never made the statement as a fact, nor has the Senator from Illinois [Mr. DIETERICH] made the statement as a fact, that the $500,000 that has been appropriated by the Tidewater Association came through the Power Trust; but we did intimate that this concern was interested in it, and that there was half a million dollars spent; and, putting two and two together, the logical deduction that one might draw would be that certainly this Canadian power company getting these rights would not have been filching the pockets of the people, sandbagging them to put up something for the Canadian power interest.

It is a whole lot worse as it is, that these States have been misled into putting up $500,000 to buy the rights for the Canadian power interest, and to take Lake Michigan away from the United States, and to kill the Mississippi Valley waterway, than if they had let the power company put it up. I have less respect for that association in view of its diverting those funds from the State treasuries than if the matter had been financed by these interests.

I desire to say further that I certainly hope the Senator from Michigan does not mean to say that they have let this power interest go scot-free, and not put up its part of this money. I certainly hope they have at least kicked in to the extent that these advantages are inuring to them. It is not half fair to go to the State of Illinois, that has spent all the money it has in trying to develop the Mississippi waterway, and to the States down the Mississippi Valley that have tried to do the same thing; it is not exactly fair to go over to the coast of California, where they have spent millions and hundreds of millions of dollars to develop a trade there, and have them putting up money to take away their own commerce from them, and to have the money contributed by those States used for no other purpose on earth than to cut their own throats.

That is the proposition. I am willing to make the statement that the Canadian power interests have not been silent. I could not prove to save my life that they have spent a dollar, because they are not subject to any investigation by Congress at all; but, in view of the fact that my friend from Illinois showed that we furnished about two thirds of the water at Niagara Falls and got less than a third of the power back, who is going to believe that the Canadian power interests are not financially concerned and are not moving in every direction they can for such rights as they are going to get out of this treaty? It is only natural. I do not understand the Senator to say that the statement directly charges the Power Trust of Canada with this. If it does, it is done by deduction, as I have stated.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir.

Mr. VANDENBERG. The statement I have challenged made the specific and unqualified declaration that the Tidewater Association was financed by the Canadian Power Trust.

Mr. LONG. Who said that?

Mr. VANDENBERG. The Senator from Illinois [Mr. DIETERICH]; and he has since stated that he was in error. That is all I have to argue on the subject at the present time. The other misstatements of the Senator from Louisiana can be cared for later.

Mr. LONG. It has now been conclusively demonstrated that this is a valuable thing that is given to the Canadian power interests. I take it that nobody is going to controvert figures of that kind, where we are giving them the American water rights, and giving them for the purpose of building up Canadian power with American money.

There is one thing that may be charged against us. It may be charged that we have done something with American money that might have helped the American power interest. I have not tried to do it, unless it has been to help out 120,000,000 American people. We never have proposed, however, to take a billion dollars of American money and spend it for Canadian labor, to give away American waterpower and American rights to help the Canadian power interest. That is one thing we have never done. We have at least kept it in America. That is as far as we can be charged with ever having done anything.

So let us eliminate this power consideration from this discussion. Let us call the matter off. Let us just admit on this side, whether it is a fact or not, that it would help the American interest, including the American power interest—and I take it that it would; I think it will help everybody in America—for this treaty to be beaten. I think it will help every capitalist in America. I think it will help every farmer in America—that is, it will not hurt him—for this treaty to be beaten. Let us just eliminate the power consideration from this treaty altogether. I take it that the Senator from Michigan is not controverting it. I take it that the other gentlemen who are leading the fight for the ratification of this treaty are not undertaking to dispute that it is of tremendous benefit to the Canadian power interest. With that fact admitted, let us eliminate the power consideration, and then decide on the issues:

First, do we want to spend a billion dollars, or $500,000,000, or whatever the cost is, of American money to build up a Canadian port?

Second, do we want to give away Lake Michigan's sovereignty into a dual sovereignty with Great Britain as well as the United States?

Third, do we wish to destroy the Mississippi waterway?

Fourth, in days of unemployment in America, and with a need of funds in America to relieve unemployment, do we want to go to Canada and start spending our money there in order to help Canada with its unemployment program?

So, Mr. President, the matter boils itself down, eliminating the power issue, to the one thing: Will we spend a billion dollars to build up a port in Canada, to give away waterways in America, and will we kill our own Mississippi Valley project with American money for the benefit of the Canadian system?

Mr. PITTMAN. Mr. President, I do not intend to deal for one moment with the uncertainty in the mind of the Senator from Louisiana with regard to power, or the expenditures under this treaty; but there is one thing I do intend to deal with in just a few minutes. I am doing it because the Senator from Louisiana was not here yesterday.

I know the main issue in his mind is whether or not the ratification of this treaty will injure the Mississippi River project. There is no question about that. His whole argument from beginning to end has shown that to be so.

I stated the other day that I was going to prove by the best evidence that could possibly be obtained that the development of the Great Lakes-St. Lawrence seaway in no way whatever affects the Mississippi River project or can in any way affect the Mississippi River project; and I now intend to read the best evidence on the subject. It is not my opinion. It is not the opinion of any Senator here. It is not the opinion of the Mississippi River Valley Association.

Mr. DIETERICH. Mr. President——

Mr. PITTMAN. Just a minute, please. It is not the opinion of the Senator from Illinois. It is not the opinion of the attorneys of the sanitary district of Illinois. It is not the opinion of the attorneys for the railroad association. It is not the opinion of the Power Trust, which has its association. They all have great experts, and Senators may quote their testimony in contradiction of what I am going to read.

Mr. DIETERICH. Mr. President, will the Senator yield?

Mr. PITTMAN. I do not yield now.

The VICE PRESIDENT. The Senator declines to yield.

Mr. PITTMAN. What I am going to quote now is from the highest authority in the United States—not from any authorities that are paid to have opinions; not from those that have motives of selfishness and greed but from the highest authority in the United States. I am going to read direct, positive statements from the Board of Army Engineers of the United States, who for 30 or 40 years, to my personal knowledge have been working for the improvement of the Mississippi River and its tributaries; who have been seeking flood control on the Mississippi River since I was a boy; whose integrity, whose ability, whose disinterestedness as far as they are personally concerned has never been questioned; a Board that was authorized by Congress in 1930 to investigate and report on this very subject, and they have reported. They reported on December 6 of this year.

Mr. LONG rose.

Mr. PITTMAN. Just a second, please. I should like to finish my statement before we branch off on power.

Mr. LONG. I will not branch off on power.

Mr. PITTMAN. Please do not. Let us stick to this one question.

The VICE PRESIDENT. The Senator from Nevada has announced that he does not care to yield.

Mr. PITTMAN. This is a Board that was authorized by an act of Congress to make a special survey and to report to Congress the minimum amount of water that was required to be diverted, if any should be required, from Lake Michigan through the Chicago Drainage Canal to the Illinois River, and to report back; and it has done so.

Here is the statement of the chief of that Board, Major General Markham, which is based on the report which is here. This is in answer to direct questions I asked him. I wanted direct answers.

Mr. LONG. Mr. President, will the Senator allow me to ask him a question right in point?

Mr. PITTMAN. Yes.

Mr. LONG. The Senator knows, I suppose, that Gen. Lytle Brown had one opinion about the Mississippi Valley waterway, which the other President adopted and Congress adopted, and that General Jadwin, before him, had the same Army Engineer Board render an exactly opposite decision on the Mississippi Valley waterway. I am sure the Senator is familiar with that.

Mr. PITTMAN. Is this a question, or a speech?

Mr. LONG. The Senator is saying that it is such a consistent authority. General Jadwin reported one thing on the Mississippi Valley waterway, and had the same corps of engineers there who worked up his data, and General Brown has now reported the opposite, and the Senator cannot consistently say that that is an unquestioned authority.

Mr. PITTMAN. Very well. Then I will not quote from General Jadwin and I will not quote from General Brown.

Mr. DIETERICH. Mr. President, will the Senator yield?

Mr. PITTMAN. Just a moment. I will not yield.

The VICE PRESIDENT. The Senator has declined to yield.

Mr. PITTMAN. I will not quote from either one of those authorities, as the Senator is suspicious of both of them.

Mr. LONG. Or any one of them.

Mr. PITTMAN. The time when General Jadwin made a report was before the survey under the act of Congress of 1930. The same applies to General Brown. But I will read from a letter dated January 31, 1934, addressed to me from Major General Markham. He states:

In accordance with your request, I take pleasure in advising you on the asserted need for a diversion of water from Lake Michigan to provide for the present and future improvement of the Mississippi River for navigation.

The whole letter is in the RECORD; it was read yesterday; but here is his direct answer; here is something I want Senators to listen to:

It has never been the view of this Department that the diversion of water from the Great Lakes into the Chicago Drainage Canal is an essential factor in the present and future development of the interior waterways system formed by the Mississippi River and its tributaries.

There is nothing equivocal about that. Let me read just one more sentence from that letter:

Our inland waterway system is not dependent on the Great Lakes for its water supply. The flow of our great interior rivers, with such conservation as may be necessary, is ample to provide for their maximum development for navigation.

That is pretty plain. Let me read another sentence from the letter:

Looking into the future, the demand must be foreseen for deeper and more commodious channels in our interior waterways, but these channels can be provided without the diversion of water from the Great Lakes.

It seems to me that is an emphatic statement. The present program is for a 9-foot channel, and that is taken care of, as is shown on the map hanging on the wall [indicating] by the dams which are being constructed.

Mr. DIETERICH. Mr. President——

Mr. PITTMAN. I do not yield. But he says that looking to the future, when we may want a deeper channel, still within the system itself they have all the facilities for all the water they want.

Let me read this:

This minimum flow is not adequate to provide a reliable channel of the full 9-foot depth. Under the Public Works program, however, construction has been begun on a great storage reservoir at Fort Peck, at the headwaters of the Missouri, which through the conservation of flood waters will add at least 20,000 cubic feet per second to the low-water flow of the mouth of the Missouri. It is at once apparent that this measure of water conservation will add three times as much water to the low flow of the Mississippi as is involved in the decreed reduction of the Chicago diversion.

Is that plain? But that is not all. So that we may not be mistaken, listen to this:

The Fort Peck dam is, however, but a beginning in the possibilities in the conservation of the water resources of the Mississippi.

"But the beginning."

The available water supply with proper conservation is ample for any future needs of navigation without drawing upon the Great Lakes.

Is that an emphatic statement? He goes on to say:

This Department has committed itself fully and whole-heartedly to the improvement of our great interior waterways system, and it would be its duty to present fully to Congress the need for augmenting the water supply of the Mississippi River by diversion from the Great Lakes if this supply were necessary to the present and future development of the Mississippi River system. It does not regard a diversion greater than that provided in the Supreme Court decree as necessary for that purpose and is cognizant of the injury to navigation and related interests on the Great Lakes that would result from any excessive diversion of water through the Chicago Drainage Canal.

Sincerely yours,

E. M. MARKHAM,
Major General, Chief of Engineers.

Now I yield to the Senator from Illinois.

Mr. DIETERICH. Mr. President, I will now ask the Senator whether or not House Document 184, containing the report of the engineers, is in print, and ready to be distributed to the Members of the Senate?

Mr. PITTMAN. I understand it is.

Mr. DIETERICH. The Senator says he understands it is?

Mr. PITTMAN. Yes.

Mr. DIETERICH. Yesterday the Senator said it was available, and he exhibited a committee hearing report.

Mr. PITTMAN. These reports are not committee hearing reports.

Mr. DIETERICH. But they are not House Document 184. That is the report.

Mr. PITTMAN. This is the report sent by the President of the United States.

Mr. DIETERICH. But I am talking about House Document No. 184, which is the report on the Illinois Waterway submitted pursuant to the River and Harbor Act of 1930. Is that report available?

Mr. PITTMAN. I assume it is.

Mr. DIETERICH. I want to inform the Senator that it is not, and what he is reading is from the Chief of Engineers.

Mr. PITTMAN. Undoubtedly.

Mr. DIETERICH. Who was the author of the report which is in process of being printed but is not available to the Members of the Senate.

Mr. PITTMAN. The Senator is correct; this is a letter from Major General Markham, who has approved the report of the Board of Engineers and certifies that this is the substance of the report.

Mr. DIETERICH. Mr. President, I do not want to interrupt the Senator longer, because he does not seem to wish to be interrupted; but the report, House Document No. 184, would tell the entire story, and they have had over a month to get it to the Members of the Senate, but it is not here. Now the Senator is reading what the author of the report says on the side, without any chance on the part of Senators to check his statement with the report he made.

Mr. LONG. Mr. President, while the Senator is on his feet, fearing he might leave, I want to know whether he will let me ask him a question.

Mr. PITTMAN. Just a moment. I want to call attention to this matter, so that we will not be confused.

Mr. LONG. Very well.

Mr. PITTMAN. On yesterday I placed in the RECORD a letter from General Markham, which will be found on page 4056 of the CONGRESSIONAL RECORD of March 9. It is dated "War Department, Office of the Chief of Engineers, Washington, D.C., December 6, 1933. To the Secretary of War":

1. I submit for transmission to Congress——

The VICE PRESIDENT. According to the agreement under which the Senate is now operating, the time of the Senator from Nevada has expired.

Mr. PITTMAN subsequently said: Mr. President, I desire to offer and to have printed in the CONGRESSIONAL RECORD a document. In order that I may identify it, I call attention to the fact that in the colloquy a few hours ago between the junior Senator from Illinois [Mr. DIETERICH] and myself he made constant inquiry as to House Document No. 184, Seventy-third Congress, second session, to know where that document could be obtained. I wish to say, as I have said before, that I had printed in the RECORD of yesterday a part of that document. The part of the document that I had printed in the RECORD yesterday was the report made by Major General Markham in compliance with the act of Congress of July 3, 1930.

That report refers to certain attached documents. The attached documents were not in my possession or they would have been printed at the same time, as I then said; but I assured the Senator from Illinois that I would have them here this afternoon.

Permit me to state why they were not printed. The full report, with the attached documents, was forwarded by the Secretary of War to the Speaker of the House of Representatives on December 7, 1933. The full document was not forwarded to the Senate, but only that portion of it which was the main report by Major General Markham. I have in my hand now a draft of the document, which has not yet been printed, but is being printed by order of the Speaker of the House of Representatives. General Markham has been going over this printed proof for the purpose of making corrections of typographical errors, and probably most of them, if not all of them, have been made.

I will state also that the Senate document referred to in the act of Congress of 1930 upon which the act was based can be found, of course, in our own document room, Document 126, Seventy-first Congress, second session.

I ask unanimous consent that the entire report made in compliance with the act of July 3, 1930, be published in the CONGRESSIONAL RECORD at this point for the information of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered. The report is as follows:

[H.Doc. 184, 73d Cong., 2d sess.]

ILLINOIS RIVER, ILL.

LETTER FROM THE SECRETARY OF WAR TRANSMITTING A LETTER FROM THE CHIEF OF ENGINEERS, UNITED STATES ARMY, DATED DECEMBER 6, 1933, SUBMITTING A REPORT, TOGETHER WITH ACCOMPANYING PAPERS AND ILLUSTRATIONS, ON A SURVEY OF ILLINOIS RIVER, ILL., AUTHORIZED BY THE RIVER AND HARBOR ACT APPROVED JULY 3, 1930

WAR DEPARTMENT,
Washington, December 7, 1933.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

DEAR MR. SPEAKER: I am transmitting herewith a report dated December 6, 1933, from the Chief of Engineers, United States Army, on survey of Illinois River, Ill., authorized by the River and Harbor Act approved July 3, 1930, together with accompanying papers and illustrations.

Sincerely yours,

GEO. H. DERN, *Secretary of War.*

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, December 6, 1933.

Subject: Report on survey of Illinois River, Ill.
To: The Secretary of War.

1. I submit for transmission to Congress my report, with accompanying papers and illustrations, on survey of Illinois River, Ill., called for by the following item in the River and Harbor Act approved July 3, 1930:

"Illinois River, Ill., in accordance with the report of the Chief of Engineers, submitted in Senate Document No. 126, Seventy-first Congress, second session, and subject to the conditions set forth in his report in said document, but the said project shall be so constructed as to require the smallest flow of water with which said project can be practically accomplished, in the development of a commercially useful waterway: *Provided*, That there is hereby authorized to be appropriated for this project a sum not to exceed $7,500,000: *Provided further*, That the water authorized at Lockport, Ill., by the decree of the Supreme Court of the United States, rendered April 21, 1930, and reported in volume 281, United States Reports, in Cases Nos. 7, 11, and 12, original—October term, 1929—of Wisconsin and others against Illinois and others, and Michigan against Illinois and others, and New York against Illinois and others, according to the opinion of the Court in the cases reported as Wisconsin against Illinois, in volume 281, United States, page 179, is hereby authorized to be used for the navigation of said waterway: *Provided further*, That as soon as practicable after the Illinois waterway shall have been completed in accordance with this act, the Secretary of War shall cause a study of the amount of water that will be required as an annual average flow to meet the needs of a commercially useful waterway as defined in said Senate document, and shall, on or before January 31, 1938, report to the Congress the results of such study with his recommendations as to the minimum amount of such flow that will be required annually to meet the needs of such waterway and that will not substantially injure the existing navigation on the Great Lakes to the end that Congress may take such action as it may deem advisable."

2. The Illinois River is formed by the confluence of the Kankakee and Des Plaines Rivers in the northeastern part of Illinois, flows southwest 273 miles, and enters the Mississippi River at Grafton, 23 miles above the mouth of the Missouri River and 38 miles above Eads Bridge at St. Louis. The project authorized by Congress for the improvement of the river includes a navigable connection with Lake Michigan at Chicago via the Des Plaines River, the Chicago Drainage Canal, and the Chicago River. The Chicago Drainage Canal was constructed by the sanitary district of Chicago between 1892 and 1900, and provides a channel with a minimum width of 160 feet and minimum depth of 24 feet, extending from the deep-draft channel provided by the Federal project for the improvement of the Chicago River across a low divide to Lockport on the Des Plaines River. The total length of the channel from Lake Michigan to Lockport, afforded by the Chicago River and Drainage Canal, is 36.2 miles. From Lockport a 9-foot channel is provided through the Des Plaines and Illinois Rivers to Starved Rock, near Utica, a distance of 60 miles, by the construction of a lock connecting the drainage canal with the Des Plaines River and 4 locks and dams in the Des Plaines and Illinois Rivers. The locks have chambers 110 feet wide and 600 feet long. This improvement was undertaken by the State of Illinois, under the name of the "Illinois waterway", and completed by the Federal Government. From Starved Rock to the mouth, a distance of 231 miles, the Illinois has been improved under the existing project to provide a channel 9 feet deep and 200 feet wide. In this section of the river 2 locks and dams were constructed more than 40 years ago, at Kampsville and La Grange, 31.5 and 77.5 miles, respectively, above the mouth. The locks are 73 feet in width and 300 feet in length and are inadequate in size and in approaches for the convenient and expeditious passage of modern barge tows. The pools of these dams do not afford a complete slack-water improvement, but because of the exceptionally moderate slope of the river, and the present augmentation of the flow by diversion from Lake Michigan, a through channel of the prescribed dimensions has been secured by dredging. The acts of authorization limited expenditures to $3,500,000 on that part of the waterway below Utica and to $7,500,000 on the portion above Utica. These sums have been adequate to provide a waterway of the dimensions contemplated in the authorization. In summary, the waterway from Lake Michigan to the mouth of the Illinois River is made up of a deep but narrow open channel from Lake Michigan 36.2 miles to Lockport; a completely slack-watered improvement, with locks of ample dimensions, thence 60 miles to Starved Rock, and an open channel, interrupted by two dams with inadequate locks, thence 231 miles to the mouth of the river. The channel has a width of 160 feet from Lake Michigan to Joliet, a few miles below Lockport, and a width of 200 feet thence to the mouth. It was opened to navigation March 1, 1933. Its use has been hampered by inadequate clearances at bridges, particularly in the section from Utica to Lockport. Action to require the owners of these bridges to alter them so as to provide reasonably free, easy, and unobstructed navigation has been taken as prescribed by law, and the alterations are being proceeded with.

3. The project adopted by Congress for the improvement of the Mississippi River below the mouth of the Illinois River provides for a channel 9 feet deep with a width of 200 feet from the Illinois to the northern boundary of St. Louis, and a width of 300 feet below that point, to be obtained by open-channel improvement. Above the mouth of the Illinois the project for improvement of the Mississippi provides for a 9-foot channel of width adequate for modern barge service, through the construction of locks and dams. Experience during the exceptional low water of the past few years having shown the impracticability of maintaining a 9-foot channel above the mouth of the Missouri with open-channel works, the Chief of Engineers, in a report printed in House Document No. 137, Seventy-second Congress, first session, recommended the improvement of the Mississippi from the mouth of the Missouri to Minneapolis to provide a channel 9 feet deep and of adequate width. The construction of the locks at the dams contemplated in this recommended project has been included in the Public Works program under the National Recovery Act. With funds provided under this program it is proposed to construct the lock for a dam in the Mississippi River at Alton, 15 miles below the mouth of the Illinois, which, when the dam is completed, will provide a reliable 9-foot depth in the Mississippi to and beyond the Illinois. The pool of this dam will extend about 80 miles up the Illinois River. With the completion of this dam the remaining major navigation problem in the connection between the Illinois and Mississippi River system is at the rock shoal known as the Chain of Rocks in the upper part of St. Louis. At extreme low water the currents through this reach are excessive and navigation difficult. The Department has, however, under construction a storage dam at Fort Peck at the headwaters of the Missouri which is designed to afford an adequate low water flow through and out of that river.

4. The Chicago Drainage Canal was constructed for the purpose of diverting the sewage of Chicago from the lake frontage of the city to safeguard the city water supply. On a complaint of various States bordering on the Great Lakes that the diversion of water lowered the levels of the Great Lakes to the serious injury of the companion States and their citizens, a decree was entered by the Supreme Court of the United States on April 21, 1930, enjoining the State of Illinois and the sanitary district of Chicago from diverting water in excess of an annual average of 6,500 cubic feet per second on and after July 1, 1930; 5,000 cubic feet per second after December 31, 1935; and 1,500 cubic feet per second after December 31, 1938; these amounts to be in addition to domestic pumpage. The limitation on diversion was based on the construction by the Chicago Sanitary District of sewage treatment plants to purify the sewage of the city. The River and Harbor Act of July 3, 1930, specifically authorizes the water within the limitation of the decree for the use of navigation on the Illinois waterway. Article VIII of the Great Lakes-St. Lawrence Deep Waterway Treaty, now pending before the Senate of the United States, provides that the diversion of the water from the Great Lakes system through the Chicago Drainage Canal shall be reduced by December 31, 1938, to the quantity permitted as of that date by this decree of the Supreme Court of the United States.

5. The district engineer reports that the domestic pumpage during the summer season, when low water may be expected in the rivers, will be about 1,700 cubic feet per second, bringing the total annual supply from the drainage canal into the Illinois River to an annual average of 3,200 cubic feet per second. This supply will not, however, be uniform, as the normal flow must be held down to permit an excess diversion during local storms so that sewage-contaminated water will not be carried into the lake. He finds that the reliable flow with an annual average diversion of 1,500 cubic feet per second from the lake will be about 2,400 cubic feet per second. This supply is ample to meet all requirements of lockage in the completely slack-watered section of the waterway extending from Lake Michigan to Starved Rock. It is not sufficient to maintain the present channel in the section of the river below Starved Rock. By completing the slack watering of the portion of the river below that point through the construction of a new lock and dam near La Grange and another near Peoria, and dredging

the heads of the pools, at a total estimated cost of $9,121,000, the present channel dimensions can be maintained after the diversion has been reduced to 1,500 cubic feet per second. The dams would be modern structures of the movable type so that flood heights would not be increased, and with locks 110 feet wide and 600 feet long.

6. The district engineer is of the opinion, however, that the channel of 200-foot width provided in the existing project does not form a commercially useful waterway for modern barge traffic of the character that may be expected to develop on the Illinois River, and that to afford a commercially useful waterway it should have a width of 300 feet, increased at the bends. The cost of the widening of the channel to 300 feet increases the cost from $9,121,000 to $15,530,000. This is $5,200,000 in excess of the cost of providing a channel 300 feet in width, widened at the bends, if the present diversion is continued. The district engineer recommends that the existing project for the Illinois River be modified to provide a channel at least 9 feet deep and 300 feet wide from Lockport to Grafton by canalization and dredging, at an estimated cost of $15,530,000, with $350,000 for operation and care of locks and dams and $150,000 annually for channel maintenance.

7. The completion of the dam at Alton is also essential to provide a 9-foot depth in the Illinois River between the proposed new dam at La Grange and the mouth of the river, with a diversion of 1,500 cubic feet per second. The estimated cost of this lock and dam is $8,011,000, of which $3,540,000 has already been allotted for the construction of the locks, leaving $4,471,000 to be subsequently provided for the construction of the dam. The district engineer recommends that the existing project for the improvement of the Mississippi River be modified to provide for the construction of this lock and dam.

8. The estimated commerce on the Illinois River, after improvement to afford a minimum channel width of 300 feet with adequate locks throughout, is estimated at 8,330,000 tons, and the annual transportation economies from its use will amount to over $5,000,000. The expenditures necessary to afford a fully useful waterway are therefore wholly justified.

9. While the district engineer finds that an annual diversion of 1,500 cubic feet per second, increased by domestic pumpage, is ample to provide an adequate flow to meet all requirements of lockage, seepage, leakage, and evaporation on the waterway, he concludes that the determination whether this flow will provide a flow suitable from a sanitary standpoint for a commercially useful waterway can be made only by experience after the sewage-treatment plants at Chicago are completed. He points out that the weight of expert testimony is to the effect that the effluent from the sewage-treatment plants will be inoffensive, but that the program is on such an unprecedented scale that such predictions must contain an element of uncertainty; and that no reliable process of calculation can predict the effect of raw sewage in storm-water run-off and of accumulated sludge deposits.

10. The division engineer concurs in general with the conclusions of the district engineer. He believes that in order to afford an assured channel in the Chain of Rocks section of the Mississippi River at St. Louis, its positive improvement should be provided by the construction of a lock and dam at an estimated cost of $12,000,000. He recommends that the Chief of Engineers be granted authority to direct such additional temporary diversions of lake water, not to be considered in the determination of the annual average, as may be necessary to flush pools and/or to maintain pool levels and as may not be inimical to lake navigation.

11. These reports have been referred, in accordance with law, to the Board of Engineers for Rivers and Harbors. Attention is invited to its report herewith concurring in general with the views and recommendations of the reporting officers.

12. The Board reports that the minimum average annual diversion of water from Lake Michigan that will be required to meet the direct needs of navigation for a commercially useful waterway in the Illinois River and that will not substantially injure the existing navigation on the Great Lakes is 1,500 cubic feet per second, as prescribed by the Supreme Court decree, but that the indirect needs of such a waterway in the matter of securing satisfactory sanitary conditions for those aboard vessels or employed at terminals cannot be determined until the waterway has been fully completed and the diversion limited to 1,500 cubic feet per second for a sufficient period of time to observe the conditions that may then exist. The Board further reports that it is desirable to modify the existing project for the Illinois River so as to provide for a channel at least 9 feet deep and 300 feet wide below Lockport, to be secured by dredging and the construction of locks and dams at Peoria, La Grange, and Alton on the Mississippi River and the removal of the existing structures at La Grange and Kampsville, all as generally shown on the maps and plans herewith and at an estimated cost for the work in the Illinois River proper of $15,530,000, with $350,000 annually for operation and care of locks and dams and $150,000 annually for channel maintenance; and $8,011,000 for a lock and dam in the Mississippi River near Alton, with $60,000 annually for maintenance and operation, one half of the original cost and annual maintenance to be charged to the improvement of the Illinois River and one half to the improvement of the Mississippi River from the mouth of the Illinois to Minneapolis. Should the project be thus modified, the Board recommends that the exact location and details of design of all structures be left to the decision of the Chief of Engineers at the time of construction and that allotments be made in such manner as to permit completion by December 31, 1938; and that the Chief of Engineers be granted authority to direct such additional temporary diversions of lake water, not to be considered in the determination of the annual average, as may be necessary to flush pools and/or to maintain pool levels and as may not be inimical to lake navigation.

13. After due consideration of these reports, I concur in general in the views and recommendations of the Board. The report conclusively shows that aside from sanitary requirements, the minimum annual average flow from Lake Michigan required to meet the needs of a commercially useful waterway in the Illinois River, is a direct diversion of 1,500 cubic feet per second in addition to domestic pumpage by the city of Chicago. It does not appear possible to arrive at a conclusive determination whether this flow will afford suitable sanitary conditions on the waterway after the sewage purification plants at Chicago have been completed and placed in operation. This flow will not substantially injure the existing navigation on the Great Lakes. In order, however, to maintain the channel dimensions provided in the present project in the Illinois River with the flow above specified, it will be necessary to construct two locks and dams in the Illinois River at La Grange and Peoria, respectively, and dredge the heads of the pools created by these dams at an estimated cost of $9,121,000, and to complete the lock and dam in the Mississippi River at Alton at an estimated cost, in addition to the funds already provided, of $4,471,000. To afford an adequate commercially useful waterway it is necessary, whatever the diversion, to widen the existing channels to 300 feet, increased at the bends, at an additional cost of $6,409,000, bringing the total for the Illinois River to $15,530,000. This expenditure is amply justified by the benefits to commerce and navigation resulting from the provision of an adequate waterway from the Great Lakes and the enormous industrial center at Chicago to the widespread system of inland waterways being provided on the Mississippi River and its tributaries.

14. The construction of a lock and dam at Alton is essential to afford a 9-foot channel of adequate width for modern barge service in the Mississippi River to St. Paul and Minneapolis, as well as to the improvement of the Illinois. No good purpose is seen in charging any portion of the cost of this improvement to the Illinois River. Since the construction of the Fort Peck Dam at the headwaters of the Missouri River is expected to greatly ameliorate low-water conditions on the Missouri River and in the Mississippi River below the mouth of the Missouri, no modification of the project for the improvement of the Mississippi below the mouth of the Missouri to improve present low-water conditions should be undertaken at this time. Having in view the international as well as the national interest in the diversion of water from Lake Michigan, I do not consider it appropriate that the Chief of Engineers should be afforded discretionary power to increase the diversion. The present discharge of untreated sewage produces as bad sanitary conditions in the Chicago Drainage Canal and in the portion of the Illinois waterway immediately below Lockport as those which may be expected with the reduced diversion after the sewage treatment has been completed in accordance with the intent of the decree of the Supreme Court. The situation is one which unquestionably demands a remedy, but the remedy should, in my opinion, be afforded first by the purification of the sewage, and second, if that prove inadequate, by a moderate and reasonable draft of water from Lake Michigan. Until the need is established for a greater diversion than that now provided by law, I see no reason for a modification of the present legislation.

15. I therefore recommend that no change be made for the time being in the water authorized to be used for the navigation of the Illinois River under the provisions of the River and Harbor Act approved July 3, 1930, that the slack-watering of the river be completed by the construction of modern locks and dams at La Grange and Peoria, and that to provide a fully useful commercial waterway the project for the improvement be modified to provide for a channel at least 9 feet deep and 300 feet wide below Lockport; all as generally shown on the maps and plans herewith and at an estimated cost of $15,530,000, with $350,000 annually for the operation and care of locks and dams and $150,000 annually for channel maintenance; the exact location and details of design of all structures to be left to the discretion of the Chief of Engineers. I point out the importance of the prompt provision of funds so as to complete the construction of the locks and dams at La Grange and Peoria by December 31, 1938.

E. M. MARKHAM,
Major General, Chief of Engineers.

REPORT OF THE BOARD OF ENGINEERS FOR RIVERS AND HARBORS

SYLLABUS

"The Board reports that the minimum average annual diversion of water from Lake Michigan that will be required to meet the direct needs of navigation for a commercially useful waterway in the Illinois River, and that will not substantially injure the existing navigation on the Great Lakes, is 1,500 cubic feet per second as prescribed by the Supreme Court decree, but that the indirect needs of such a waterway in the matter of securing satisfactory sanitary conditions for those aboard vessels or employed at terminals cannot be determined until the waterway has been fully completed and the diversion limited to 1,500 cubic feet per second

for a sufficient period of time to observe the conditions that may then exist.

"The Board further reports that, in its opinion, it is desirable, in order to secure a commercially useful waterway with such reduced diversion, to modify the existing project for the Illinois River so as to provide for a channel at least 9 feet deep and 300 feet wide below Lockport, to be secured by dredging and the construction of locks and dams at Peoria, La Grange, and Alton (Mississippi River) and the removal of the existing structures at La Grange and Kampsville, all at an estimated cost for the work in the Illinois River proper of $15,530,000, with $350,000 annually for operation and care of locks and dams and $150,000 annually for channel maintenance, and $8,011,000 for a lock and dam in the Mississippi River near Alton, with $60,000 annually for maintenance and operation, one half of the original cost and annual maintenance to be charged to the improvement of the Illinois River and one half to the improvement of the Mississippi River from the mouth of the Illinois to Minneapolis. Should the project be thus modified, the Board recommends that the exact location and details of design of all structures be left to the decision of the Chief of Engineers at the time of construction and that allotments be made in such manner as to permit completion by December 31, 1938; and that the Chief of Engineers be granted authority to direct such additional temporary diversions of lake water, not to be considered in the determination of the annual average, as may be necessary to flush pools and/or to maintain pool levels and as may not be inimical to lake navigation."

[Second endorsement]

BOARD OF ENGINEERS FOR RIVERS AND HARBORS,
Washington, D.C., November 13, 1933.

To the CHIEF OF ENGINEERS, UNITED STATES ARMY:

1. The following is in review of reports on the Illinois River, Ill., called for by the following item in the River and Harbor Act approved July 3, 1930:

"Illinois River, Ill., in accordance with the report of the Chief of Engineers, submitted in Senate Document Numbered 126, Seventy-first Congress, second session, and subject to the conditions set forth in his report in said document, but the said project shall be so constructed as to require the smallest flow of water with which said project can be practically accomplished, in the development of a commercially useful waterway: *Provided*, That there is hereby authorized to be appropriated for this project a sum not to exceed $7,500,000: *Provided further*, That the water authorized at Lockport, Ill., by the decree of the Supreme Court of the United States, rendered April 21, 1930, and reported in volume 281, United States Reports, in cases nos. 7, 11, and 12, original—October term, 1929, of Wisconsin and others against Illinois and others, and Michigan against Illinois and others, and New York against Illinois and others, according to the opinion of the Court in the cases reported as Wisconsin against Illinois, in volume 281, United States, page 179, is hereby authorized to be used for the navigation of said waterway: *Provided further*, That as soon as practicable after the Illinois waterway shall have been completed in accordance with this act, the Secretary of War shall cause a study of the amount of water that will be required as an annual average flow to meet the needs of a commercially useful waterway as defined in said Senate document, and shall, on or before January 31, 1938, report to the Congress the results of such study with his recommendations as to the minimum amount of such flow that will be required annually to meet the needs of such waterway and that will not substantially injure the existing navigation on the Great Lakes to the end that Congress may take such action as it may deem advisable."

2. The Supreme Court decree referred to enjoined the State of Illinois and the sanitary district of Chicago from diverting lake water through the Chicago Drainage Canal and its auxiliary channels "unless good cause be shown to the contrary" in excess of the following average annual amounts: After July 31, 1930, 6,500 cubic feet per second; after December 31, 1935, 5,000 cubic feet per second; after December 31, 1938, 1,500 cubic feet per second. These amounts are to include the run-off of the Chicago and Calumet area but are to be exclusive of water pumped by the city of Chicago for domestic water-supply purposes.

3. The existing project, as modified by the 1930 act, provides for a channel with least dimensions of 9 feet in depth and 200 feet wide from the mouth of the Illinois River to Utica and thence a navigable channel with a minimum depth of 9 feet to the heads of the Federal projects on the Chicago and Calumet Rivers. It includes locks and dams at Kampsville and La Grange with usable lock dimensions 73 by 300 feet, and at Starved Rock, Marseilles, Dresden, Brandon Road, and Lockports with locks 110 by 600 feet. The portion of the project below Utica is completed except for dredging to increase channel widths at the bends and other restricted points. Between Utica and Lockport additional dredging, modification of two bridges, and minor work on locks and dams are required to complete the project. Total expenditures to June 30, 1933, on the existing projects were approximately $9,200,000, of which $200,000 was for maintenance. The estimated cost of annual maintenance is $373,000.

4. The existing project for the Mississippi River between the Illinois River and Minneapolis includes a lock and dam below the mouth of the Illinois River. The location has been fixed at Alton and allotment made for construction of two parallel locks (110 by 600 feet and 110 by 360 feet).

5. The project for the Mississippi River between the Ohio and Illinois Rivers provides for a channel 9 feet deep and 300 feet wide to the north boundary of St. Louis, and thence to the mouth of the Illinois (27 miles) 200 feet wide, with additional width in the bends, to be secured by contraction works and dredging.

6. The reports of the district and division engineers herewith contain detailed information as to the studies of the amount of water required for navigation, and recommendation thereon as specifically called for by Congress. They also contain detailed discussions, plans, estimates of cost, and recommendation for additional improvements necessary to provide for a commercially useful waterway with the smallest practicable flow. The reports cover only the sections below Lockport, that above having been covered in another report called for by the same act.

REPORT OF THE DISTRICT ENGINEER

7. The section of the waterway from Lockport to Starved Rock was not opened to navigation until March 1, 1933, and due to the obstructive bridges thereon and above Lockport to Chicago, and the restricted dimensions of the Calumet-Sag waterway, only small towboats and barges can be used to and from the Chicago area. Below Starved Rock in the calendar year 1932 the commerce is reported as 188,150 tons, with 85,500 passengers.

8. The district engineer presents an estimate of prospective tonnage on the waterway if further improved amounting to 8,330,000 tons, with annual savings of $5,260,600. The largest items are 2,000,000 tons of southern Illinois coal to Chicago, 1,000,000 tons of central Illinois coal via Pekin or Havana to Chicago, 500,000 tons of northern Illinois coal to Chicago, 1,400,000 tons of sand and gravel Joliet to Chicago, 600,000 tons general cargo to and from Chicago, 500,000 tons iron and steel Chicago to southern points, 350,000 tons of grain from local points north of Peoria to Chicago and from Peoria and local ports to southern ports, and 325,000 tons of cement from La Salle both north and south.

9. The district engineer is of the opinion that the present authorized projects are inadequate for the development of economical barge transportation on account of inadequate bridge clearances, channel widths, and size of locks. He believes that a commercially useful waterway connecting the Great Lakes with the Mississippi River should have channel dimensions commensurate with those on the Ohio, the middle Mississippi, and the lower Mississippi Rivers, and locks of the same size as on those rivers and in the section of the Illinois River from Lockport to Starved Rock. He believes the channel must be at least 300 feet wide, with additional width at the bends, and have a depth of 9 feet available 100 percent of the time, with additional depth where special conditions justify.

10. He studied various plans to provide for such a waterway with different amounts of diversion from Lake Michigan, viz, 1,500, 2,500, 3,500, 5,000, 7,000, and 9,000 cubic feet per second. For the minimum diversion of 1,500 cubic feet per second he finds no changes necessary in the locks and dams in the Lockport-Starved Rock section, but proposes channel widening in all pools and some deepening in the Brandon Road pool. In this pool he proposes to deepen one half of the channel to 14 feet so as to permit lake tugs to use the waterway from Chicago to Joliet, and also to reduce existing objectionable current velocities. From Starved Rock to Grafton the two existing locks and dams would be replaced by two new structures with locks 110 by 600 feet, one at La Grange and one below Peoria, together with dredging and widening of the bends. In the Mississippi River he proposes a dam at Alton, 15 miles below the mouth of the Illinois, with two locks, one 110 by 600 feet and one 110 by 360 feet, the pool from which will extend to the La Grange Dam. Below Alton, for the time being, he proposes that the improvement by contraction works and dredging be continued. All dams will be of the movable type to prevent aggravation of flood conditions. A navigable pass adjacent to the lock is provided at the La Grange and Peoria Dams which will furnish open-river navigation about 30 percent of the season. The estimates include flowage easements and are based on a required depth of 10 feet with 1½-foot allowable overdepth.

11. The estimated cost is as follows:

Illinois waterway, Lockport to Starved Rock	$3,526,000
Illinois River, Starved Rock to Grafton	12,004,000
Mississippi River, Grafton to Alton	8,011,000
Total	23,541,000

12. He states that one half of the cost of the Alton Lock and Dam should be charged to the improvement of the Mississippi River from the Illinois to Minneapolis. No part of the cost between Lockport and Starved Rock is chargeable to reduced diversion. From Starved Rock to Grafton, with the present diversion of 6,500 cubic feet per second, the desired channel dimensions could be secured by dredging alone at an estimated cost of $6,800,000. The difference between this amount and the $12,000,000 required for the proposed project with locks and dams, viz, $5,200,000, is chargeable to reduced diversion.

13. In considering the need for the proposed improvement the district engineer points out that the existing Kampsville and La Grange Locks are restrictive as to size as compared with other locks on the waterway; that the existing Kampsville Dam is in poor condition, insecure, and expensive to maintain; that failure of this dam, which would be eliminated by the proposed improvements, would put the Lakes-to-Gulf waterway out of operation; that the construction of the Alton Lock and Dam will eliminate large annual dredging and maintenance costs and result in adequate channels not obtainable by other methods; that the

Alton pool will extend a sufficient distance up the Mississippi River to eliminate the lower lock and dam authorized in the project for canalization of that stream between the mouth of Missouri River and Minneapolis, Minn.; that stage variations in Alton Harbor will be reduced from 36 to 23 feet, making savings in terminal costs possible; and that winter exposure and freezing of the water supply intakes at Alton will be prevented.

14. Discussing the diversions prescribed by the Supreme Court decree, the district engineer accepts the finding of the special master on which the decree was based to the effect that the diversion of 1,500 cubic feet per second would lower the levels of Lakes Michigan and Huron approximately 1 inch at mean lake levels, and that this cannot be claimed to produce such a substantial injury to lake navigation "as to preclude attention to the serious consequences which may result from a failure to maintain suitable conditions in the interest of navigation."

15. He, therefore, directed his studies to the determination, first, whether this amount of diversion will be sufficient for lockage, seepage, leakage, and evaporation of the existing waterway when used to its maximum capacity; and second, whether living conditions for those aboard ships and at work at terminals on shore will be healthful and decent.

16. The total flow, which is regulated at Lockport, consists of (1) drainage from the Chicago River and branches; (2) drainage from the portion of the Calumet district west of Gary; (3) domestic and industrial pumpage or water supply for the Chicago area (estimated at an average annual amount of 1,700 cubic feet per second for some years to come); and (4) the diversion from Lake Michigan. In order to prevent reversal of flow of the Chicago and Calumet Rivers into Lake Michigan in time of heavy run-off, it will be necessary to divert less than the authorized average amount during a large part of the year. With diversion limited to 1,500 cubic feet per second, the variation in the total flow at Lockport is estimated as ranging from a minimum of 2,400 to 2,450 cubic feet per second for approximately 64 percent of the time to a maximum of 17,000 cubic feet per second for a few hours at a time.

17. For the section from Lockport to Starved Rock, the pools have been dredged to provide full depth without slope between locks. The minimum flow required is therefore that needed for lockage, seepage, leakage, and evaporation. The district engineer estimates that upon the basis of the use of a lock full of water every 30 minutes the required flow is not in excess of 2,000 cubic feet per second as compared to the anticipated minimum flow of 2,400 cubic feet per second.

18. Since the present project plane for the river below Starved Rock is based upon a diversion of 4,500 cubic feet per second, additional work would be necessary to give the authorized dimensions with a diversion of only 1,500 cubic feet per second. The plans for improvement now proposed are based on the 1,500 cubic feet per second diversion, but the cost is greater than for larger diversions.

19. As to the adverse effect upon the development of commerce if the diversion is insufficient to prevent insanitary and offensive living conditions for those aboard vessels or employed at terminals, the district engineer is of the opinion that the question as to whether a diversion of 1,500 cubic feet per second is sufficient to maintain decent and healthful conditions in the waterway can only be determined by observing conditions after completion of the sewage-treatment program by the city of Chicago. He believes that a reasonable period of observation and study after this completion and the full reduction of diversion to 1,500 cubic feet per second would be necessary to permit a positive determination as to whether any increase is necessary; and if so, what amount.

20. He recommends that the existing project for the Illinois River be modified to provide for a channel at least 9 feet deep and 300 feet wide from Lockport to Grafton by canalization and dredging, at an estimated cost of $15,530,000, with $350,000 annually for operation and care of locks and dams and $150,000 annually for channel maintenance; that the existing project for the Mississippi River from Grafton to St. Louis be modified to provide for the same channel dimensions, to be secured by the construction of a lock and dam at Alton, at an estimated cost of $8,011,000, with $60,000 annually for maintenance and operation, and for the time being by continuation of the present methods of open-channel improvement between St. Louis and the Alton Dam; and that funds be allotted in amounts sufficient to permit the completion of the entire project by the time the diversion is reduced to 1,500 cubic feet per second, viz, January 1, 1939.

VIEWS AND RECOMMENDATIONS OF THE DIVISION ENGINEER

21. The division engineer is in general accord with the views of the district engineer. He states that under the limitations as to flow from Lake Michigan complete canalization of the Illinois River is essential to secure a commercially successful waterway. With reference to the sanitary conditions as affected by the diversion ordered, he is of the opinion that it is desirable and necessary that the Chief of Engineers be authorized by law to direct such additional temporary diversions, not to be considered in the determination of the annual average, as may be necessary to flush pools and/or to maintain pool levels, and as may not be inimical to lake navigation. He thinks that the completion of the sewage-disposal works is of such urgency that the Federal Government might well cooperate with local interests to the extent of making grants and/or loans under the provisions of the National Industrial Recovery Act. He does not believe that a 9-foot channel can be maintained in the Mississippi River between Alton and the city of St. Louis by open-channel methods, and believes that the river should be canalized.

22. He recommends:

(a) That the existing project for the Illinois River be modified to provide for a channel at least 9 feet deep and 300 feet wide between the Lockport Lock and Grafton to be secured by canalization and dredging; that the work involved in the plan of improvement as presented by the district engineer at an estimated cost of $15,530,000, with $350,000 annually for operation and care of locks and dams and $150,000 annually for channel maintenance, be authorized; and that the existing Kampsville and La Grange Dams be removed in accordance with the recommendation of the district engineer;

(b) That the existing projects for the Mississippi River from Grafton to Cairo be modified to provide for a channel at least 9 feet deep and 300 feet wide between Grafton and St. Louis to be secured by canalization at an estimated cost of $8,011,000 for the construction of a dam and locks at Alton, Ill., with $60,000 annually for operation and maintenance (which structures will eliminate Lock and Dam No. 26 provided for under the existing project from Minneapolis to the mouth of the Illinois River and also eliminate the Kampsville Lock and Dam on Illinois River); $12,000,000 for the construction of a dam and locks at St. Louis, Mo., with $60,000 annually for operation and maintenance; and $60,000 annually for channel maintenance;

(c) That the exact location of the structures proposed herein for the above-mentioned projects and all matters of design pertinent thereto be left to decision by the Chief of Engineers at the time of construction;

(d) That the work proposed be prosecuted with vigor to the end that it all may be accomplished by December 31, 1938;

(e) That an initial allotment of $10,000,000, including $3,540,000 previously allotted for the proposed Alton Lock and Dam, be made and that the remaining required funds be subsequently allotted as deemed advisable by the Chief of Engineers; and

(f) That the Chief of Engineers be granted authority to direct such additional temporary diversions of lake water, not to be considered in the determination of the annual average, as may be necessary to flush pools and/or to maintain pool levels and as may not be inimical to lake navigation.

VIEWS AND RECOMMENDATIONS OF THE BOARD OF ENGINEERS FOR RIVERS AND HARBORS

23. Except as indicated below, the Board of Engineers for Rivers and Harbors concurs in the views and recommendations of the reporting officers.

24. The item of law under which this report is made adopted the project for improvement as recommended in Senate Document No. 126, Seventy-first Congress, second session; directed that it should be constructed so "as to require the smallest flow of water with which said project can be practically accomplished, in the development of a commercially useful waterway"; authorized the use for navigation of the water diverted as prescribed in the decree of the Supreme Court of the United States of April 21, 1930; and directed that after the completion of the Illinois Waterway (the section from Utica to Lockport), a study be made of the amount of water that will be required as an annual average flow to meet the needs of such a waterway, and that report be made of the result of such study, with recommendation as to the minimum amount of flow required to meet those needs and which will not substantially injure the existing navigation on the Great Lakes.

25. The study has been made as directed and indicates that the minimum average annual diversion of 1,500 cubic feet per second as prescribed by the Supreme Court decree will be adequate to meet the direct needs of navigation for a commercially useful waterway, but that the indirect needs of such a waterway in the matter of securing satisfactory sanitary conditions for those aboard vessels or employed at terminals cannot be determined until after the waterway has been fully completed and the diversion limited to 1,500 cubic feet per second, for a sufficient period of time to observe the conditions as may then exist.

26. The Board does not construe the law to authorize specifically recommendations for further improvement, but is of the opinion that Congress should be advised as to the additional work and estimated cost thereof that appears desirable to provide a commercially useful waterway after the diversion shall have been limited to the minimum of 1,500 cubic feet per second.

27. The existing project plane for the portion of the river below Starved Rock (Utica) is based upon a diversion of 4,500 second-feet and, obviously, additional work would be required to give the project depth of 9 feet with a diversion of only 1,500 feet per second. The dimensions of the existing locks are smaller than those in the section above and those provided for by existing projects in connecting waterways. The reporting officers are of the opinion that to provide a commercially useful waterway not only should new locks of larger dimensions be constructed but that the channel widths throughout the waterway should be increased to 300 feet with suitable widening at bends. Both of these officers propose a new lock and dam at Alton on the Mississippi River, the pool from which would extend up the Illinois to the lower lock thereon at La Grange. The division engineer also recommends a new lock and dam on the Mississippi River at St. Louis.

28. The Board, however, is not fully convinced that the 300-foot width of channel proposed is essential for the development of a substantial amount of commerce on this waterway, nor that,

should such width be provided, a commerce of the volume and with the annual savings as estimated by the district engineer would actually be developed. It notes that the bulk of this commerce is destined to or originates in the Chicago area, and that until improved channel dimensions above Lockport commensurate with those proposed below, together with adequate terminal and transfer facilities, shall have been provided, transportation in this section will be greatly handicapped. Report upon the improvement of this section has recently been submitted by a special board. That board presented a project providing for the improvement of the Calumet-Sag route as the main channel, at an estimated cost of $21,500,000 for navigation improvements, and the use of the Chicago River as a secondary route, together with extensive bridge changes and terminal and transfer developments to be made at the expense of local interests. It stated, however, that at the time of the submission of its report local organizations had failed to indicate agreement on any plan for this undertaking and that there does not exist anybody ready to guarantee cooperation in any joint undertaking. Therefore, "until local interests can agree on a plan which will, in the opinion of the Secretary of War, insure adequate navigation facilities and an equitable distribution of the costs involved, the Board recommends unfavorably as to undertaking the improvement in its entirety. The initiative toward its consummation in entirety should come from Chicago." It did, however, recommend certain improvements of the Calumet-Sag Channel and the Calumet River as an initial step in the proposed development. The Board of Engineers for Rivers and Harbors in a report of even date concurred generally in the views and recommendations of the special board.

29. It is clear, however, that the existing locks at Kampsville and La Grange are not adapted to modern barge navigation, and that a channel with a width of only 200 feet will, to some extent at least, restrict such navigation. The Illinois River improvement is a part of the long-discussed Lakes-to-the-Gulf waterway and an integral part of the Ohio, Mississippi, Missouri River waterway system. As such, it is desirable that its dimensions should be commensurate with those authorized on other portions of the system. The Board therefore concurs with the reporting officers in the improvement proposed for the Illinois River, including the lock and dam at Alton, which will be an integral part of this improvement, as well as of that for the upper Mississippi improvement. An allotment for the construction of a lock at that point has already been made by the Public Works Administration.

30. The improvement of the Mississippi River below Alton is a part of another project, and the Board does not believe that consideration of the construction of a dam and locks at St. Louis is appropriate in the present report.

31. The Board concurs in the views of the reporting officers that allotments for the work, if authorized, should be made so that it may be completed by December 31, 1938, and as to the authority to be given the Chief of Engineers as to details of plans and location of structures and additional temporary diversions.

32. The Board therefore reports that the minimum average annual diversion of water from Lake Michigan that will be required to meet the direct needs of navigation for a commercially useful waterway in the Illinois River, and that will not substantially injure the existing navigation on the Great Lakes, is 1,500 cubic feet per second, as prescribed by the Supreme Court decree, but that the indirect needs of such a waterway in the matter of securing satisfactory sanitary conditions for those aboard vessels or employed at terminals cannot be determined until the waterway has been fully completed and the diversion limited to 1,500 cubic feet per second for a sufficient period of time to observe the conditions that may then exist.

33. The Board further reports that, in its opinion, it is desirable, in order to secure a commercially useful waterway with such reduced diversion, to modify the existing project for the Illinois River so as to provide for a channel at least 9 feet deep and 300 feet wide below Lockport, to be secured by dredging and the construction of locks and dams at Peoria, La Grange, and Alton (Mississippi River) and the removal of the existing structures at La Grange and Kampsville, all as generally shown on the maps and plans herewith, and at an estimated cost for the work in the Illinois River proper of $15,530,000 with $350,000 annually for operation and care of locks and dams and $150,000 annually for channel maintenance, and $8,011,000 for a lock and dam in the Mississippi River near Alton, with $60,000 annually for maintenance and operation, one half of the original cost and annual maintenance to be charged to the improvement of the Illinois River and one half to the improvement of the Mississippi River from the mouth of the Illinois to Minneapolis. Should the project be thus modified, the Board recommends that the exact location and details of design of all structures be left to the decision of the Chief of Engineers at the time of construction and that allotments be made in such manner as to permit completion by December 31, 1938; and that the Chief of Engineers be granted authority to direct such additional temporary diversions of lake water, not to be considered in the determination of the annual average, as may be necessary to flush pools and/or to maintain pool levels and as may not be inimical to lake navigation.

W. J. BARDEN,
Colonel, Corps of Engineers,
Senior Member.

REPORT OF THE DIVISION ENGINEER

SYLLABUS

"The section of the Lakes-to-Gulf waterway lying between Lockport Lock, near the lower end of the Chicago Sanitary and Ship Canal, and St. Louis, Mo., should provide a minimum channel depth of 9 feet for a least width of 300 feet. Necessary lock structures should have usable dimensions 110 by 600 feet. The provision of such facilities, after lake diversion has been reduced to an annual average of 1,500 cubic feet per second on January 1, 1939, in accordance with a Supreme Court decree, can best be accomplished by construction of locks and dams on the Illinois River near La Grange landing and Peoria to supplement the five existing locks on the Illinois waterway and on the Mississippi River near Alton, Ill., and at St. Louis, resulting in complete canalization above the lower proposed lock. The cost of such improvements, including flowage damages and dredging, is estimated at $15,530,000 for construction work on Illinois River and $20,011,000 on the Mississippi River section. The authorized diversion of 1,500 cubic feet per second plus Chicago pumpage and tributary inflow will be adequate for the normal operation of the existing and proposed locks. It appears that such diversion will not appreciably affect lake navigation. There are strong indications that it will be insufficient to maintain decent and healthful living conditions for vessel and terminal employees. However, an accurate determination of conditions in this respect must await observation after sewage-treatment plants are in operation and diversion reduced. It is recommended that the existing projects for the Illinois and Mississippi Rivers be modified to provide for the above facilities at a total estimated cost of $35,541,000, the detailed plans and methods by which they are to be accomplished to be left to the discretion of the Chief of Engineers; and that the Chief of Engineers be authorized by law to direct such temporary diversions of lake water, not to be considered in the determination of the annual average, as may be necessary to flush pools and/or to maintain pool levels."

WAR DEPARTMENT,
OFFICE OF THE DIVISION ENGINEER,
UPPER MISSISSIPPI VALLEY DIVISION,
St. Louis, Mo., October 19, 1933.

Subject: Report on survey of waterway from Lake Michigan, at Chicago, to the Mississippi River at St. Louis.
To: The Chief of Engineers, United States Army.

1. Authority: This report on survey of waterway from Lake Michigan at Chicago, Ill., to Mississippi River at St. Louis, Mo., is submitted in compliance with the River and Harbor Act of July 3, 1930, viz:

"Be it enacted * * * that the following works of improvement are hereby adopted and authorized * * *.

"Illinois River, Ill., in accordance with the report of the Chief of Engineers, submitted in Senate Document No. 126, Seventy-first Congress, second session, * * * but the said project shall be so constructed as to require the smallest flow of water with which said project can be practically accomplished, in the development of a commercially useful waterway: * * * *Provided further*, That as soon as practicable after the Illinois waterway shall have been completed in accordance with this act, the Secretary of War shall cause a study of the amount of water that will be required as an annual average flow to meet the needs of a commercially useful waterway as defined in said Senate document and shall, on or before January 31, 1938, report to the Congress the results of such study with his recommendations as to the minimum amount of such flow that will be required annually to meet the needs of such waterway and that will not substantially injure the existing navigation on the Great Lakes to the end that Congress may take such action as it may deem advisable."

2. This report covers the section of the Lakes-to-Gulf waterway lying between Lockport, Ill., and St. Louis, Mo. A plan for improvement of this section which would provide a commercially useful waterway with the smallest practicable flow of water is presented. The probable water requirements of the proposed improvements are discussed in accordance with the above authority. The connecting channels between Lake Michigan and the existing lock at Lockport, the easterly and lakeward end of the so-called "Illinois waterway", are nearly level surfaces when the flow at Lockport is small with the result that the minimum diversion water supply requirements of an adequate project at and below Lockport will be ample to permit the provision of adequate channel dimensions above that point. Only a general discussion of the latter section is included in the report.

3. Description: Map (not printed) showing the watershed of the Illinois River, its tributaries, and connecting waterways including the Mississippi River between Grafton and St. Louis, accompanies the district engineer's report. The Illinois waterway system extends from Lake Michigan at Chicago to the lock above Lockport either via the Chicago River, its branches and the Chicago Sanitary and Ship Canal, a distance of 36.2 miles, or via Calumet River, Little Calumet River, Calumet Sag Channel, and the Chicago Sanitary and Ship Canal, a distance of 42.8 miles. The principal route, that via the Chicago River and the Chicago Sanitary and Ship Canal, is a practicable commercial route at this time for craft requiring not more than 14 feet vertical clearance at high lake level. At lowest water levels this route has a controlling depth of about 16.5 feet and a minimum width of about 160 feet. The Calumet River route is not now commercially practicable though used to a limited extent.

4. The so-called "Illinois waterway" extends from the head of the Lockport Lock to the foot of Starved Rock Lock on the Illinois River, a distance of 60 miles, of which 18 lie in or adjacent to the Des Plaines River, and 42 miles in or adjacent to the Illinois River. The Illinois waterway has been completely canalized by locks and dams at five locations to provide a minimum depth of 9 feet and a minimum width of 200 feet, except for a short distance between Lockport and Joliet where the present width is 160 feet. The locks have clear dimensions of 110 by 600 feet. Of these locks, that at Lockport has the maximum lift, 43 feet. The aggregate lift is 140.5 feet.

5. The Illinois River is formed by the confluence of the Kankakee and Des Plaines Rivers about midway between Chicago and La Salle, Ill. It flows in a general southwesterly direction a distance of 273 miles, of which 231 miles are below the Starved Rock Lock, to the Mississippi River at Grafton, Ill. The total drainage area is about 29,000 square miles, of which about 770 square miles have been diverted from the Chicago and Calumet Rivers watershed. The width of the Illinois River varies in general from about 400 to 1,400 feet, and the fall below Starved Rock averages about 0.16 feet per mile. The extreme low-water discharge at the mouth of the stream, exclusive of any diversion from Lake Michigan, is about 1,000 cubic feet per second. The diversion and pumpage from Lake Michigan, which augments the natural flow, was increased from 2,990 cubic feet per second in 1900 to 10,000 cubic feet per second in 1928, and decreased to 8,100 cubic feet per second in 1932.

6. The river below Starved Rock is at present partially canalized by La Grange Lock and Dam at mile 77.6 above the mouth, and Kampsville Lock and Dam at mile 31.5. These locks have usable dimensions of 73 by 300 feet. The lifts are 4.7 feet and 6.2 feet, respectively. With a diversion of 6,500 cubic feet per second as authorized until December 31, 1935, the controlling depth in this section of the waterway is normally 9 feet for a least width of 200 feet.

7. From the mouth of the Illinois River the Mississippi River flows in an easterly and southerly direction 23 miles to the mouth of the Missouri River, thence southerly to the Gulf of Mexico. Eads Bridge at St. Louis is located about 15 miles below the mouth of the Missouri. The width of the stream between Grafton, the mouth of the Illinois, and St. Louis varies from 1,500 to 5,000 feet. Above the mouth of the Missouri the wider portions have been contracted by dikes or wing dams to a width of about 1,400 feet, and between there and St. Louis to a width of about 2,200 feet at mean stage. The fall of the stream between Grafton and the mouth of the Missouri averages about 0.4 foot per mile at mean stage, and the low-water depth on shoals about 5 or 6 feet. The average fall of the section from the mouth of the Missouri to about 12 miles below is approximately 1 foot per mile, and the low-water depth generally about 8 feet. The remaining section to Eads Bridge has a slope of about 0.3 foot per mile and a controlling depth at low water of about 8 feet. During the navigation season the extreme low-water flows of record above and below the mouth of the Missouri River, exclusive of any diversion from Lake Michigan, are about 20,000 and about 42,000 cubic feet per second, respectively.

8. Existing project: The existing project for the Illinois River was authorized by the River and Harbor Acts of January 21, 1927, and July 3, 1930. It provides for a channel with least dimensions of 9 feet in depth and 200 feet in width from the mouth of the Illinois River to the lock at Lockport, and a navigable channel with a minimum depth of 9 feet from Lockport Lock to the heads of the Federal projects on the Chicago and Calumet Rivers. With the present amount of diversion the project dimensions have been practically obtained except for a short distance between Joliet and Lockport, where the present width is but 160 feet.

9. The existing projects for the Mississippi River below Grafton as adopted by the River and Harbor Acts of January 21, 1927, and July 3, 1930, provide for obtaining and maintaining a minimum channel depth of not less than 9 feet and a minimum width of not less than 300 feet at low water, with additional width in bends from the mouth of the Ohio River to the northern boundary of the city of St. Louis, thence 200 feet wide, with additional widths in bends, to the mouth of the Illinois River, all to be obtained by regulating works and dredging. Under present conditions of stream regulation and diversion it is impracticable to obtain project depths above St. Louis by the specified methods of improvement.

10. Other improvements: Principal improvements made by local interests, which benefit commerce on the waterway being reported upon, include: The Chicago River and its branches deepened by the city of Chicago; Calumet River above Turning Basin No. 5 and Little Calumet River dredged to a depth of 13 feet for a width of 90 feet for sanitary and flood-prevention purposes; Calumet Sag Channel, constructed by the Sanitary District of Chicago at a cost of about $14,175,000; the Chicago Sanitary and Ship Canal, constructed by the Sanitary District of Chicago between 1892 and 1900 at a cost of $59,566,000; the Illinois waterway, Lockport to Starved Rock, previously described, which was partially improved by the State of Illinois at a cost of approximately $20,000,000 and later taken over by the United States; and the Illinois River below Starved Rock, also partially improved by the State and further improved by the United States. The city of St. Louis has aided in improvement of the Mississippi River and St. Louis Harbor by cash contribution and construction work previous to 1867 and again in connection with bank protection work provided for in the project of 1872.

11. Terminal and transfer facilities: The report of the district engineer indicates that although existing terminal facilities are somewhat inadequate along certain sections of the waterway to meet the probable needs of future traffic, further improvements of this character are in prospect at several locations. It appears that adequate facilities can and will be provided at local expense as need therefor arises.

12. Bridges: The Chicago River system and the Sanitary Canal are crossed by a total of 53 bridges. Horizontal clearances vary between about 72 and 219 feet. Minimum vertical clearances of the bridges between Lake Michigan and the head of the Sanitary Canal are 120 feet in the raised position and about 16 feet above low-water datum, Lake Michigan, when closed. Bridges over the Sanitary Canal were built as movable structures, but with the exception of two at Lockport have not been equipped with operating machinery. Under present conditions their controlling vertical clearance is about 16.5 feet above ordinary low water.

13. The Illinois waterway and River below Lockport Lock is crossed by a total of 43 bridges. All obstructive bridges between Lockport and Starved Rock will probably be removed or remodeled before March 1934 so as to provide a minimum horizontal clearance of 120 feet and minimum vertical clearance of 47 feet above normal pool. The minimum horizontal and vertical clearances of the bridges below Starved Rock are 118 feet and about 60 feet above ordinary low water, respectively. Mississippi River between Grafton and St. Louis is crossed by six bridges, including Eads Bridge. The minimum horizontal clearance of these is 200 feet and minimum vertical clearance above mean low water 86 feet.

14. Tributary area: The character of the area tributary to the Illinois waterway, its agricultural production, the extensive industrial development and commercial importance of its cities, which include Chicago and St. Louis, are too well known to require detailed description. The area is served by an extensive network of improved highways, and connections are available with all the important railroad systems of the Middle West.

15. Commerce: The Illinois waterway (Lockport to Starved Rock) was opened to limited navigation on March 1, 1933, previous to which it was not commercially navigable. The obstructive character of the bridges now being altered seriously hinders the present use of this section of the stream. The development of commerce on the Lakes-to-Gulf waterway as a whole is further handicapped by inadequate channel depths on the section of the Mississippi River between the mouth of Illinois River and St. Louis. Traffic on the lower Illinois River in 1932, exclusive of ferry traffic, consisted of transportation of 188,150 tons of commerce and 85,500 passengers. Freight movements on the Mississippi River between Grafton and Cairo, Ill., for the years 1927 to 1931, exclusive of ferry traffic and local movements of dredged sand, varied from 891,800 to 1,430,000 tons annually, and the number of passengers carried from 1,363,000 to 1,876,000 annually.

16. The district engineer estimates the average annual commerce which might move on the waterway after the improvements discussed in this report have been completed at 8,330,000 tons and the corresponding annual savings in freight rates at $5,260,000.

17. Vessel traffic: Due to the presence of obstructive bridges and the inadequacy of existing channel and lock dimensions, navigation on the Illinois waterway has been limited to vessels and tows of small size. More adequate bridge clearances are in the process of being provided. The normal replacement of obsolete structures by bridges of greater clearance will also aid in this respect. With adequate bridge clearances, lock dimensions on the river sections to correspond with those on the Illinois waterway, and a channel 300 feet in width of 9-foot minimum depth, the movement of 8,000- to 10,000-ton tows would be possible. The economy of large tows on long-trip movements, such as contemplated on the Lakes-to-Gulf waterway, is apparent.

18. Improvement desired: For many years local interests have advocated and undertaken or cooperated in work leading toward the construction of a waterway from the Great Lakes at Chicago to the Gulf of Mexico via the Illinois and Mississippi Rivers. At various times Congress has enacted legislation pertaining to the provision of such a transportation route. The River and Harbor Act of July 3, 1930, directs the improvement of the route so as to provide a commercially useful waterway. The district engineer finds that this waterway to be commercially useful should have a channel at least 300 feet in width with additional widening at bends, a minimum depth of at least 9 feet at all times, and locks, where required, having usable dimensions equal to those on the Illinois waterway and connecting channels, that is, 110 by 600 feet. The arguments advanced for the provision of such facilities have been largely in connection with possible savings in transportation costs and the need of such savings to offset the competitive advantages of other areas as a result of their being served by water transportation.

19. Plan of improvement: It is proposed that a project be adopted which will allow the entire waterway between Lockport Lock and St. Louis to be improved to provide a minimum navigable depth of 9 feet for a least width of 300 feet with suitable widening at bends. The plan recommended by the district engineer contemplates no alterations or additions to the canalization structures in the section from Lockport to Starved Rock. The existing locks and dams at Kampsville and La Grange would be abandoned, the dams removed, and new movable dams and single

locks, with usable dimensions 110 by 600 feet and lifts of 9.4 feet and 10 feet, constructed near La Grange and Peoria, respectively. The district engineer also proposes the construction of a dam, low-water head 20 feet, with one lock of the above size and a second lock 110 by 360 feet on the Mississippi River near Alton, Ill. These structures would completely canalize the waterway between the proposed Alton Lock and Dam and Chicago. He suggests that below Alton the present authorized methods of contraction works and dredging be resorted to until such time as a more satisfactory plan may be developed for the improvement of this section.

20. Under the plan presented, dredging would be undertaken in connection with the proposed structures so as to at once provide the specified channel dimensions except for a short stretch above the Marseilles Lock where the minimum width would be 200 feet and a section of the Brandon Road Pool where the minimum width would be 225 feet. Between miles 288.4 and 289.8 in the Brandon Road Pool it is proposed to deepen half of the proposed 300-foot channel to 14 feet. The controlling depth between Brandon Road Lock and Lake Michigan would then be 14 feet, sufficient to accommodate lake tugs. The additional depth would also be beneficial in reducing the existing objectionable current velocities in the upper end of the Brandon Road Pool. The district engineer estimates the total cost of the above plan at $23,541,000, of which $15,530,000 is for improvement of the Illinois River and Waterway, and $8,011,000 for the Mississippi River. The annual cost of operation and maintenance of the Illinois River and Waterway improvement is estimated at $500,000, and of the Mississippi River improvement at $60,000.

21. Water power: It does not appear that water power may be economically developed in connection with any of the proposed navigation locks and dams, due either to low flows, low heads, loss of head when dams are lowered, or loss of head due to high tail water. The State of Illinois has applied to the Federal Power Commission for license for power plants at Brandon Road, Dresden Island, and Starved Rock. The construction of the improvements considered in this report would not affect the operation of these plants nor of the existing plants at Lockport and Marseilles except as they may lead to increased commerce requiring a larger portion of the available flow for lockage purposes. There are no other existing or proposed water-power developments on the waterway under consideration.

22. Other special subjects: The district engineer reports that apparently no problems of land reclamation or flood control may be coordinated with the proposed navigation improvements so as to reduce their cost to the United States.

23. Views and recommendations of the district engineer: The district engineer finds that, neglecting sanitary considerations, if sufficient water is provided for lockage purposes at Lockport and the waterway is improved in accordance with the plan presented, the flow at Lockport plus that from intervening drainage areas will be ample to meet the needs of navigation on the remainder of the waterway with the possible exception of a section below the proposed Alton lock and dam. Based on the use of a lock full of water every 30 minutes at both the large lock and the adjacent small lock, 22 by 130 feet, with an allowance of 125 cubic feet per second for leakage, the district engineer finds that the maximum requirements at Lockport would be about 2,000 cubic feet per second.

24. The flow at Lockport is made up of industrial and domestic pumpage and diversion, the latter consisting of diverted drainage from the Chicago and Calumet River systems and water from Lake Michigan. The district engineer reports that the average annual pumpage for some years to come will be about 1,700 cubic feet per second. The total diversion is limited by a Supreme Court decree of April 21, 1930, "unless good cause be shown to the contrary", to 6,500 cubic feet per second until December 31, 1935; to 5,000 cubic feet from that date to December 31, 1938; and to 1,500 cubic feet per second after the latter date. The necessity of preventing reversals of flow of the Chicago and Calumet River systems during periods of heavy run-off in the interests of sanitary lake conditions will require considerable variation in flow at Lockport throughout the year. The district engineer finds that with an average annual diversion of 1,500 cubic feet per second the total flow at Lockport will range from 2,400 to 17,000 cubic feet per second, being between 2,400 and 2,450 cubic feet per second for approximately 64 percent of the time as compared with the maximum lockage and leakage requirements of 2,000 cubic feet per second as previously stated.

25. The findings of Special Master Charles E. Hughes, upon which the Supreme Court decree was based:

"(a) That a diversion of 1,500 cubic feet per second would lower mean lake levels about 1 inch, and

"(b) That it could hardly be maintained that an annual average diversion not exceeding 1,500 cubic feet per second would produce such a substantial injury to lake navigation, when the fluctuations of lake levels due to other causes than diversions are considered, as to preclude attention to the serious consequences which may result from a failure to maintain suitable conditions in the interests of navigation—"

are accepted by the district engineer.

26. The district engineer points out that the development of commerce on the waterway under consideration may be retarded if diversion is insufficient to prevent insanitary and offensive living conditions for those aboard vessels or employed at terminals. The needs of navigation on the Illinois waterway with respect to these matters has received considerable study by eminent engineers. Based on the testimony of these engineers, the special master concluded that provision should be made for an examination of conditions after the Chicago sewage-treatment plants have been completed and put in operation and the diversion has been reduced to the average of 1,500 cubic feet per second. The district engineer concurs. In his opinion the question of whether a diversion of 1,500 cubic feet per second is sufficient to maintain decent and healthful conditions in the waterway can only be determined by observing conditions after completion of the sewage-treatment program by the city of Chicago.

27. In considering the need for the proposed improvement, the district engineer points out that the existing Kampsville and La Grange Locks are restrictive as to size as compared with other locks on the waterway; that the existing Kampsville Dam is in poor condition, insecure and expensive to maintain; that failure of this dam, which would be eliminated by the proposed improvements, would put the Lakes-to-Gulf waterway out of operation; that the construction of the Alton Lock and Dam will eliminate large annual dredging and maintenance costs and result in adequate channels not obtainable by other methods; that the Alton pool will extend a sufficient distance up the Mississippi River to eliminate the lower lock and dam authorized in the project for canalization of that stream between the mouth of Missouri River and Minneapolis, Minn.; that stage variations in Alton Harbor will be reduced from 36 to 23 feet, making savings in terminal costs possible; and that winter exposure and freezing of the water-supply intakes at Alton will be prevented.

28. The district engineer concludes:

"(a) A commercially useful waterway connecting the Great Lakes with the Mississippi River system * * *, below Lockport, * * * should have minimum channel dimensions of 300 feet in width and 9 feet in depth 100 percent of the time, with locks 110 feet wide and 600 feet long in the clear.

"(b) Dams should be of movable type so that flood conditions * * * may not be aggravated.

"(c) The lock and dam near Peoria is the only structure of the recommended project that may be dispensed with even if the diversion should be increased to as much as 5,000 cubic feet per second.

"(d) A diversion of 1,500 cubic feet per second will lower the levels of Lakes Michigan and Huron about 1 inch. This will not substantially injure the existing navigation on the Great Lakes.

"(e) The difference between the cost of a commercially useful waterway with the present diversion (6,500 cubic feet per second) as compared with the diversion prescribed by the Supreme Court (1,500 cubic feet per second) is $5,200,000. The annual difference in operation and care is estimated at $100,000.

"(f) The diversion * * * prescribed by the Supreme Court, plus the pumpage, is sufficient for the operation of the locks and dams now in use between Lockport and Starved Rock, as well as for those proposed in this report."

He further concludes that only after plants for sewage treatment are in operation and diversion reduced to 1,500 cubic feet per second can it be determined with reasonable certainty whether any additional diversion is necessary to provide decent and healthful living conditions; that the proposed improvements for navigation must be completed before January 1, 1939; that the construction of a lock and dam at Alton is a vital necessity; and that its construction will afford material benefits by eliminating obsolete structures and reducing by $250,000 the annual cost of maintenance of the present unsatisfactory channels and structures in the Alton pool. The district engineer is of the opinion that no further local cooperation in the improvement should be required.

29. The district engineer recommends:

"That the existing project for the Illinois River be modified to provide for a channel at least 9 feet deep and 300 feet wide between Lockport and Grafton, to be secured by canalization and dredging, at an estimated cost of $15,530,000, with $350,000 annually for operation and care of locks and dams and $150,000 annually for channel maintenance; that the Kampsville Dam be removed after the Alton Dam and the channel dredging below La Grange Landing have been completed; and that the dam at La Grange be removed after the new dam near that site has been completed.

"That the existing project for the Mississippi River from Grafton to St. Louis be modified to provide for a channel at least 9 feet deep and 300 feet wide, to be secured by the construction of a lock and dam near Alton, Ill., at an estimated cost of $8,011,000, with $60,000 annually for maintenance and operation, and by a continuation for the time being of the present methods of open-channel improvement between St. Louis and the Alton Dam.

"That the initial allotment be sufficient to cover the cost of constructing the four new locks (including twin locks at Alton), namely, $6,800,000. The additional funds necessary to complete the project should be provided in two allotments approximately equal, available 1 year and 2 years, respectively, after the initial allotment, in order that the entire project may be completed by the time the diversion is reduced to 1,500 cubic feet per second, on January 1, 1939."

30. Views of the division engineer: In general, I am in complete agreement with the district engineer. Under the limitation as to flow from Lake Michigan, complete canalization of the Illinois River is essential if we are to have a commercially successful waterway and the plans proposed by him are sound.

31. In his report and the appendices he presents valuable data and a discussion on the sanitary conditions of the waterway from which the following is quoted:

"Effect of diversion upon navigation conditions on the Illinois River and waterway: The determination by the Supreme Court of the amount of water to be diverted at Lockport was based upon the requirements of navigation in the port of Chicago and connecting channels. There is no difference between the requirements of navigation on the Illinois River and waterway and those of navigation in the port of Chicago. Conditions of health, safety, and efficiency should be satisfactory for all. A reasonable standard of healthful and decent living conditions for those aboard ships and working at terminals on shore must be maintained. Injury to navigation may occur if putrefaction in the water results in nauseous or disgusting conditions. Such a condition may be caused by putrefaction of the effluent from the sewage-treatment plants, putrefaction of raw sewage contained in storm-water run-off, and putrefaction from accumulated sludge deposits. The weight of expert testimony is to the effect that the effluent from the proposed activated sludge treatment plants will be inoffensive, but the sanitary district program of treatment is upon such an unprecedented scale that such predictions must contain some element of uncertainty. No reliable process of calculation can predict the effect of raw sewage in storm-water run-off and of accumulated sludge deposits. After intensive and prolonged study, based upon the testimony of a number of eminent sanitary engineers, Special Master Hughes reached the conclusion that these matters were indeterminate, and that 'provision should be made for further examination, after the sewage treatment plants have been completed, and the effect of the effluent therefrom with the storm-water flow on the navigable channels has been observed, to the end that the question of any further or other relief may have appropriate consideration in the light of actual conditions.' No one can predict with certainty the effect in 1939 of the reduction of diversion upon navigation below Lockport at any time prior to the reduction of diversion upon navigation below Lockport at any time prior to the completion of the sewage-treatment program. Sound procedure would be to carry out the full program of treatment-plant construction, reduce diversion as required by the Supreme Court decree, and observe its effect. A period of not more than 2 years of observation and study, after the completion of the treatment plants of the Sanitary District of Chicago, and the full reduction of diversion to 1,500 cubic feet per second, should furnish conclusive data which will permit of positive determination whether any increase in diversion is necessary, and if so, by what amount.

"With all the above I agree, but in my opinion it is desirable and necessary that the Chief of Engineers be authorized by law to direct such additional temporary diversions, not to be considered in the determination of the annual average, as may be necessary to flush pools and/or to maintain pool levels and as may not be inimical to lake navigation."

32. The completion of the sewage-disposal works is of such urgency that I believe the Federal Government may well cooperate with local interests in that undertaking to the extent of such grants and/or loans as may properly be made under the provisions of the National Industrial Recovery Act.

33. As to improvement of the section of the Mississippi River between the dam and locks at Alton and the city of St. Louis, I go further than Colonel Sultan. Both he and Major Snow, district engineer at St. Louis, believe that in view of the possibility of obtaining dependable navigation through that section by open-channel methods at a lesser cost than by canalization, the open-river method of regularization should be continued until such time as it may be more definitely proved unsatisfactory or a more satisfactory plan evolved. The district engineer, St. Louis, states that his opinion as expressed above is due to uncertainty as to the future status of the low-water plane downstream of the Chain of Rocks section and in St. Louis Harbor. In case the low-water plane remains as is, he believes there is a good possibility of obtaining a practicable 9-foot channel over the troublesome reach by open-river methods and without rock dredging. He points out, however, that should the low-water plane become lower, rock dredging would be necessary and the cost of this, added to the cost of necessary regulation works, would in all probability equal or exceed the cost of canalization.

34. A satisfactory 9-foot channel has not been provided in this section by open-channel methods to date. I do not believe that it can be provided by such methods. The uncertainties involved are objectionable in view of the Lakes-to-Gulf waterway as a whole being no more dependable than its least reliable section. I favor a positive plan of improvement. In my opinion this section should be canalized. The district engineer, St. Louis, estimates the cost of its canalization, with provision of locks similar to those proposed for the Alton site, at about $12,000,000, including corrective work to avoid large direct and consequential damages.

35. Recommendation. I recommend: (a) That the existing project for the Illinois River be modified to provide for a channel at least 9 feet deep and 300 feet wide between the Lockport Lock and Grafton to be secured by canalization and dredging; that the work involved in the plan of improvement as presented by the district engineer at an estimated cost of $15,530,000 with $350,000 annually for operation and care of locks and dams and $150,000 annually for channel maintenance be authorized; and that the existing Kampsville and La Grange Dams be removed in accordance with the recommendation of the district engineer.

(b) That the existing projects for the Mississippi River from Grafton to Cairo be modified to provide for a channel at least 9 feet deep and 300 feet wide between Grafton and St. Louis to be secured by canalization at an estimated cost of $8,011,000 for the construction of a dam and locks at Alton, Ill., with $60,000 annually for operation and maintenance (which structures will eliminate Lock and Dam No. 26 provided for under the existing project from Minneapolis to the mouth of the Illinois River and also eliminate the Kampsville Lock and Dam on Illinois River); $12,000,000 for the construction of a dam and locks at St. Louis, Mo., with $60,000 annually for operation and maintenance; and $60,000 annually for channel maintenance.

(c) That the exact location of the structures proposed herein for the above-mentioned projects and all matters of design pertinent thereto be left to decision by the Chief of Engineers at the time of construction.

(d) That the work proposed be prosecuted with vigor to the end that it all may be accomplished by December 31, 1938.

(e) That an initial allotment of $10,000,000, including $3,540,000 previously allotted for the proposed Alton Lock and Dam, be made and that the remaining required funds be subsequently allotted as deemed advisable by the Chief of Engineers; and

(f) That the Chief of Engineers be granted authority to direct such additional temporary diversions of lake water, not to be considered in the determination of the annual average, as may be necessary to flush pools and/or to maintain pool levels and as may not be inimical to lake navigation.

GEO. R. SPALDING,
Colonel, Corps of Engineers,
Division Engineer.

REPORT OF THE DISTRICT ENGINEER

SYLLABUS

"A commercially useful waterway connecting the Great Lakes with the Mississippi River system should have minimum channel dimensions of 9 feet in depth and 300 feet in width below Lockport, with locks 110 feet wide and 600 feet long in the clear, and movable dams. With a diversion of 1,500 cubic feet per second, locks and dams are necessary in the Mississippi River near Alton, Ill., and in the Illinois River near La Grange and Peoria. The cost of these improvements, including flowage easements and dredging, is estimated at $15,530,000 for the Illinois and $8,011,000 for the Mississippi River. With a diversion as great as 5,000 cubic feet per second the only dam that can be omitted is the one near Peoria. The diversion authorized by the Supreme Court, plus the pumpage, is sufficient for the operation of the locks now in use above Starved Rock, as well as for those proposed in this report. This diversion will lower the level of Lakes Michigan and Huron about 1 inch, and will not substantially injure the existing navigation on the Great Lakes. Whether a diversion of 1,500 cubic feet per second is sufficient to maintain decent and healthful conditions in the waterway must be determined by observing conditions after the completion of the sewage-treatment program."

WAR DEPARTMENT,
UNITED STATES ENGINEER OFFICE,
FIRST CHICAGO DISTRICT,
Chicago, Ill., September 26, 1933.

Subject: Report on survey of waterway from Lake Michigan, at Chicago, to the Mississippi River at St. Louis.

To: The division engineer, Upper Mississippi Valley division, St. Louis, Mo.

1. Authority: The authority for this report is contained in the River and Harbor Act approved July 3, 1930 (Public, No. 520, 71st Cong., H.R. 11781). The paragraphs relating to this report are as follows:

"An act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes

"*Be it enacted, etc.,* That the following works of improvement are hereby adopted and authorized, to be prosecuted under the direction of the Secretary of War and supervision of the Chief of Engineers, in accordance with the plans recommended in the reports hereinafter designated.

* * * * * * * *

"Illinois River, Ill., in accordance with the report of the Chief of Engineers, submitted in Senate Document No. 126, Seventy-first Congress, second session, and subject to the conditions set forth in his report in said document, but the said project shall be so constructed as to require the smallest flow of water with which said project can be practically accomplished in the development of a commercially useful waterway: *Provided,* That there is hereby authorized to be appropriated for this project a sum not to exceed $7,500,000: *Provided further,* That the water authorized at Lockport, Ill., by the decree of the Supreme Court of the United States, rendered April 21, 1930, and reported in volume 281, United States Reports, in cases nos. 7, 11, and 12, original, October term, 1929, of Wisconsin and others against Illinois, and others, and Michigan against Illinois and others, and New York against Illinois and others, according to the opinion of the court in the cases reported as Wisconsin against Illinois, in volume 281, United States, page 179, is hereby authorized to be used for the navigation of said waterway: *Provided further,* That as soon as practicable after the Illinois waterway shall have been completed in accordance with this act, the Secretary of War shall cause a study of the amount of water that will be required as an annual average flow to meet

the needs of a commercially useful waterway as defined in said Senate document, and shall, on or before January 31, 1938, report to the Congress the results of such study with his recommendations as to the minimum amount of such flow that will be required annually to meet the needs of such waterway and that will not substantially injure the existing navigation on the Great Lakes to the end that Congress may take such action as it may deem advisable."

2. Scope: This report covers in detail the existing waterway from Lockport to the Mississippi River at St. Louis. More specifically, it discusses betterments in navigation facilities necessary in the interests of navigation or justified in the interests of economy by reason of the resulting reduction in maintenance costs. It also discusses additional works made necessary by the decree of the Supreme Court reducing the diversion of lake water.

3. A special board of engineers, appointed in conformity with the River and Harbor Act approved July 3, 1930, has recently submitted a report upon the section of the Lakes-to-Gulf waterway between Lake Michigan and Lockport. The board recommended certain improvements in this section. No description or discussion of the section is included in this report, except such general statements as are necessary to clarify the discussion of the portion of the waterway below Lockport.

DESCRIPTION OF WATERWAY

4. Watershed: A map (sheet 1; not printed) showing the watershed of the Illinois River, its tributaries, and connecting waterways, including the Mississippi River between Grafton and St. Louis, accompanies this report. The watershed of the Illinois River has a natural drainage area of about 28,200 square miles, approximately 1,000 square miles of which lie in Wisconsin and approximately 3,200 square miles in Indiana. About 40 percent of the State of Illinois is drained by the Illinois River. The Sanitary District of Chicago, by reversing the flow of the Chicago and Calumet Rivers, has added to the Illinois River watershed 301 square miles from the Chicago River watershed and approximately 470 square miles from the Calumet River watershed, making a new total of 28,971 square miles. The eastern portion of the Little Calumet River watershed, amounting to 335 square miles, was diverted into Lake Michigan through Burns Ditch in 1926, and is not included in the preceding total.

5. Tributary streams: For general information concerning the tributaries of the Illinois River, attention is invited to paragraph 10 of House Document No. 182 (72d Cong., 1st sess.). More complete data concerning the three principal tributaries are contained in the following House documents:

Kankakee River, No. 784 (71st Cong., 3d sess.); Fox River, No. 410 (71st Cong., 2d sess.); Sangamon River, No. 186 (72d Cong., 1st sess.).

6. Location of the waterway: Two maps, marked "Sheet No. 2" and "Sheet No. 3", which accompany this report, show the location of the waterway and adjacent features in greater detail than is possible on the watershed map. The present waterway from Lake Michigan to the Mississippi River follows the historic route first traversed by Louis Joliet and Father Marquette in 1673, and by other explorers, trappers, and traders until 1848, when the opening of the Illinois and Michigan Canal furnished an easier and more commodious route from the Chicago River to the Illinois River. The present waterway from Chicago to St. Louis may be described as consisting of the following sections:

(a) The first section has two alternate routes, one from Lake Michigan via the Chicago River, south branch and west fork of the Chicago River to the head of the Chicago Sanitary and Ship Canal at South Damen Avenue (formerly Robey Street), a distance of 6.2 miles; thence, via the Chicago Sanitary and Ship Canal, an artificial canal connecting the Chicago River and the Des Plaines River, having a length of 30 miles to the Lockport Lock and powerhouse; the second, known as the "Calumet-Sag route", from Lake Michigan via the Calumet River and Little Calumet River to the head of the Calumet-Sag Channel at Riverdale, a distance of 14.2 miles; thence, via the Calumet-Sag Channel to its junction with the main Sanitary Canal, a distance of 16.2 miles; thence along the main canal to the Lockport Lock, a distance of 12.4 miles, or a total distance by this route of 42.8 miles, as compared with 36.2 miles by the Chicago River route.

(b) The so-called "Illinois waterway", extending from the head of the Lockport Lock, on the Des Plaines River, to the foot of the Starved Rock Lock on the Illinois River, a distance of 60 miles, of which 18 miles lie in or adjacent to the Des Plaines River and 42 miles in or adjacent to the Illinois River.

(c) The alluvial section of the Illinois River, extending from Starved Rock to the Mississippi River at Grafton, a distance of 231 miles.

(d) The Mississippi River from Grafton to the Eads Bridge at St. Louis, a midstream distance of 38 miles.

7. Connecting channels between Lake Michigan and Illinois Waterway: The main branch of the Chicago River, extending from Lake Michigan to the junction of the north and south branches, a distance of 1.6 miles, has a project depth of 21 feet and an average width of about 250 feet. The south branch and west fork of the Chicago River, for a distance of 4.6 miles to the head of the Sanitary Canal, are about 200 feet wide and 21 feet deep. The Chicago Sanitary and Ship Canal has a navigable depth of 24 feet, except on several bars between Summit and Willow Springs, where the controlling depth is 21 feet. The earth section of the canal is 7.8 miles long, has a bottom width of 162 feet and a width at the water surface of about 234 feet. The earth-and-rock section is 5.3 miles long, has a bottom width of 202 feet, and a width at the water surface of about 300 feet. The rock section is 14.95 miles long, and has a bottom width of 160 feet, with vertical sides. The extension from the Bear Trap Dam to the present powerhouse below Lockport, a distance of 2 miles, has a minimum width of 160 feet and a minimum depth of 24 feet.

8. The Calumet River has a project depth of 21 feet from Lake Michigan to the entrance to Lake Calumet, a distance of about 6 miles. The river is 200 to 300 feet wide where docked and 300 to 400 feet wide where not docked. From Lake Calumet to the head of the Sag Canal, a distance of 8.1 miles, the Calumet and Little Calumet Rivers have an average width of about 200 feet and a depth of approximately 13 feet for a bottom width of 90 feet. The Calumet-Sag Canal, 16.2 miles long, 60 feet wide in the rock and 20 feet deep, connects the Little Calumet River with the main canal.

9. The Illinois Waterway: The Illinois Waterway (Lockport to Starved Rock) is located in the rocky portion of the Des Plaines and upper Illinois Rivers, which have been improved by canalization to furnish a channel having a minimum depth of 9 feet and a minimum width of 200 feet, except for a short distance between Lockport and Joliet, where the width at present is 160 feet. The locks are 110 feet wide and 600 feet long in the clear. The dams are modern structures of concrete and steel. Each dam includes a series of Tainter gates, each 50 feet long at Brandon Road, and 60 feet long at each of the other three dams. Each of the dams, except at Marseilles, also includes a series of head gates, which may be incorporated in any power houses built in the future. The location and maximum lift of each lock, and the length of each pool, are shown in the following table:

Structure	Miles from Lake Michigan	Miles from Grafton	Maximum lift in feet with flat pools
Lockport Lock	36.1	291.1	[1] 43.0
Brandon Road Lock and Dam	41.2	286.0	34.0
Dresden Island Lock and Dam	55.7	271.5	21.75
Marseilles Lock (at Bells Island)	82.6	244.6	24.25
Starved Rock Lock and Dam	96.2	231.0	17.5
Total			140.5

[1] With high lake level; 583 above mean sea level.

10. The width of the Brandon Road Pool varies from 160 feet for a short distance at the upper end of the pool to 1,400 feet, a short distance above the Brandon Road Dam. Through the city of Joliet the waterway is about 300 feet wide. Most of this pool is enclosed between heavy retaining walls backed by an earth-and-rock fill. The width of the Dresden Island Pool varies from 450 feet at the mouth of Jackson Creek to 2,700 feet at the mouth of the Du Page River. The width of the Marseilles Pool varies from 450 feet above Grist Island to 1,050 feet immediately above the Marseilles Dam. The width of the Marseilles Canal is 200 feet at the bottom. The width of the Starved Rock Pool varies from 600 feet, above the mouth of the Fox River, to 4,000 feet about 2 miles above the Starved Rock Dam.

11. The Illinois River: The Illinois River, the largest of the tributaries of the upper Mississippi River, is formed by the confluence of the Kankakee and the Des Plaines Rivers, about midway between Chicago and La Salle. The Illinois River flows in a westerly, southwesterly, and southerly direction, a distance of 273 miles, and empties into the Mississippi River at Grafton, Ill., about 38 miles above the Eads Bridge at St. Louis. The width of the Illinois River varies from 400 feet above La Salle to 1,400 feet near the mouth, except in Peoria Lake, which is about 1 mile wide. The natural fall in the Illinois River in the 49 miles from its origin (junction of Kankakee and Des Plaines Rivers) to the head of the alluvial valley at La Salle was about 53 feet. From La Salle to Peoria, a distance of 61.5 miles, the fall was only 4 feet, and from Peoria to the mouth of the Illinois River, a distance of 162.6 miles, the low-water fall was 28 feet. This latter section contains two locks and dams, which are described in the next paragraph. Under present conditions the fall is distributed as follows:

"Lake Michigan to Starved Rock, 140.5 (with high lake level; 583 above mean sea level) feet in 96.2 miles; Starved Rock to Peoria, 6 feet in 68.4 miles; Peoria to Grafton (405 mean sea level), 31.5 feet in 162.6 miles; total, 178 feet in 327.2 miles."

12. Locks and dams at La Grange and Kampsville: These locks are part of the 7-foot project adopted by Congress in 1880. They are 350 feet long between hollow quoins and 73 feet wide. The available length for a tow occupying the full width of the lock is 300 feet. The La Grange Lock is located 77.6 miles above the mouth of the river and was completed in 1889. The dam at La Grange was completed in the following year. The Kampsville Lock is located 31.5 miles above the mouth of the river and was completed in 1893. The dam at Kampsville was completed during the following year. New steel lock gates were installed at both of these locks in the fall of 1931. Timber guide walls at the upper and lower end of each lock, and a cable haulage system at each lock to facilitate the passage of tows, were installed during the same year. Equipment for operating these locks by electrical

power was installed in 1933. In 1905 the dam at Kampsville was lowered 2 feet by the Sanitary District of Chicago, as authorized by the Congress. In 1931 the United States raised the greater portion of the dam in order to provide a 9-foot depth over the upper miter sill. The 270-foot section, which was not raised, constitutes a navigable pass, which is used to some extent when the fall at the dam is less than 1 foot. The maintenance of the dam under ice and flood conditions has been expensive.

13. Mississippi River between Grafton and St. Louis: The Mississippi River from the mouth of the Illinois to the mouth of the Missouri, a distance of about 23 miles, has the characteristics of the upper Mississippi River. The water in this portion of the river is usually clear, and the banks are fairly stable. Between the mouth of the Missouri and Eads Bridge at St. Louis, a distance of about 15 miles, the river partakes of the characteristics of the Missouri River, carrying at times a very heavy load of silt. The width of the river from Grafton to St. Louis varies from 1,500 to 5,000 feet. Between Grafton and the mouth of the Missouri the wider portions have been contracted by dikes, or wing dams, to a width of about 1,400 feet, and from the mouth of the Missouri to St. Louis to a width of about 2,200 feet at mean stage. From Grafton to the mouth of the Missouri the fall in the river is about 0.4 foot per mile at mean stage, and the low-water depth on the shoals about 5 to 6 feet. Through the Chain of Rocks Reach, below the mouth of the Missouri, the average fall is about 1 foot per mile, and the depth at low water generally about 8 feet. Between the Chain of Rocks and the Eads Bridge the slope is about 0.3 foot per mile, while the depth at low water varies from 8 to 25 feet.

14. Low-water discharge: The extreme low-water discharge of the Illinois River, in its natural state, exclusive of any diversion from Lake Michigan, is about 500 cubic feet per second at La Salle, and about 1,000 cubic feet per second at its mouth. These figures are based upon measurements taken by War Department engineers in 1867. When the Illinois and Michigan Canal was opened in 1848 this extreme low-water flow was increased about 100 cubic feet per second, and later about 200 cubic feet per second, by the diversion of water from the Chicago and Calumet Rivers through the Illinois and Michigan Canal. In 1860 the capacity of the pumping plant at the head of the canal was increased to 400 cubic feet per second. From 1871, when the lowering of the summit level of the canal was completed, resulting in a gravity flow through the canal, to 1884, when new pumps were completed having a capacity of 1,000 cubic feet per second, the diversion was about 400 cubic feet per second. Since the opening of the Sanitary District Canal in January 1900 the average annual discharge from the canal into the Des Plaines River at Lockport (diversion plus pumpage) has increased from 2,990 cubic feet per second in 1900 to 10,000 cubic feet per second in 1928, and then decreased to 8,100 cubic feet per second in 1932. The decrease is in conformity with the Supreme Court decree of April 21, 1930, and the present War Department permit.

15. Exclusive of any diversion from Lake Michigan, the extreme low-water flow of the Mississippi River between Grafton and the mouth of the Missouri River during the navigation season is about 20,000 cubic feet per second (0.4 foot, Grafton gage), and between the mouth of the Missouri River and St. Louis, about 42,000 cubic feet per second (approximately minus 1.7 feet, St. Louis gage). Including various diversions from Lake Michigan, the discharge of the Mississippi River at Grafton for mean low water (2 feet on gage) is 34,000 cubic feet per second; at mean stage (8.5 feet on gage) 100,000 cubic feet per second. At St. Louis the discharge at present low-water plane (minus 2 feet on gage) is about 38,000 cubic feet per second; at mean stage (12.1 feet on gage) about 185,000 cubic feet per second. There are being forwarded with this report pertinent discharge curves, stage-duration and flow-duration curves for Peoria, Beardstown, and Alton for natural flow and for conditions prescribed by the Supreme Court after January 1, 1939.

16. Flood discharge: The greatest flood on record from Starved Rock to Grafton is that of 1844. Above Starved Rock no record of this flood has been found. In matters pertaining to the section above Starved Rock, therefore, the flood of 1892 has been taken as the greatest flood on record during the navigation season. The volume of this flood as measured at Morris was 73,700 cubic feet per second. Above Starved Rock the floods of 1883 and 1916 were higher in some places than that of 1892, but these unusual heights were due to ice gorges. Below Starved Rock the flood flow of 1904 more nearly approached that of 1844 than any other on record. The maximum discharge in 1904 at five characteristic points was found to be as follows:

Locality	Miles from Grafton	Gage height	Elevation above mean sea level	Discharge in cubic feet per second	Drainage area, square miles	Flow in second-feet per square mile
Ottawa	240.0	19.2	466.9	85,000	10,220	8.31
Peoria	162.6	23.0	451.4	90,000	13,479	6.67
Havana	119.9	19.9	444.2	100,000	17,454	5.73
Beardstown	88.8	20.0	439.9	115,000	23,444	4.90
Pearl	43.2	19.4	431.7	117,000	26,182	4.47

Comparing flood heights, slopes, etc., the flood of 1844 seems to have been about 10 percent greater than that of 1904.

17. The range between natural low water and the high water of 1844 along the alluvial portion of the river was about 22 feet, except toward the mouth, where the backwater effect of the Mississippi River increased this to 31 feet. The construction of the existing levee system between Peoria and the mouth has increased this difference very materially. At Beardstown, where this effect reaches a maximum, the high-water plane has been raised about 6 feet.

18. Comparison of floods at Beardstown: The following table gives a rough comparison of the most outstanding Illinois River floods on record.

Year	Elevation, mean sea level, 1929 adjustment	Discharge
		Cubic feet per second
1844	442.4	126,000
1892	438.3	100,000
1904	439.9	115,000
1922	444.9	100,000
1926	446.2	108,000
1927	445.1	98,000
1933	445.5	101,000

19. The drainage area of the Mississippi River at Grafton, Ill., immediately below the junction of the Illinois and Mississippi Rivers, is about 170,000 square miles. At that point the maximum observed discharge, including about 35,000 cubic feet per second from the Illinois River, is 365,500 cubic feet per second, measured in 1903. Bankful flow (about 15.6 feet, Grafton gage) is estimated at 209,000 cubic feet per second, and maximum probable flow at 460,000 cubic feet per second. At St. Louis the watershed area is enlarged to about 700,000 square miles. There the maximum observed discharge (33.2 feet, St. Louis gage) is 896,000 cubic feet per second, measured in 1881. A volume of 1,146,000 cubic feet per second was observed in 1892, but is not considered reliable. Since the establishment of the gage in 1861, higher stages have been recorded in 10 different years, but the above is the maximum flow measured. Probable maximum flow is estimated at 1,300,000 cubic feet per second. The drainage area of the Missouri River is about 529,000 square miles. A flow of 601,000 cubic feet per second was observed May 19, 1892. Maximum probable flow is estimated at 840,000 cubic feet per second.

20. Tributary area: The area immediately tributary to this waterway includes the rich agricultural region of central Illinois and eastern Missouri, the immense industrial and commercial areas in and around Chicago and St. Louis, and also the industrial and commercial areas at Joliet, Morris, Marseilles, Ottawa, La Salle, Peru, Henry, Peoria, East Peoria, Havana, Beardstown, Grafton, Alton, East St. Louis, and other river towns. The indirect tributary area, through its connection with the whole Mississippi River system, includes most of the Mississippi Valley and, in a modified degree, the area tributary to the Great Lakes. At Chicago, Peru, Peoria, Havana, St. Louis, East St. Louis, and other places rail connections are available with all the major railroad systems of the Central States.

BRIDGES

21. Chicago River: There are 31 bridges spanning this section of the waterway, all of the movable type, having horizontal clearances varying from 75 to 219 feet. The minimum vertical clearance in raised position is 120 feet. Masted vessels can move from Lake Michigan to the head of the Sanitary Canal at Damen Avenue. The controlling vertical clearance under these bridges when closed is about 16 feet above low-water datum, Lake Michigan.

22. Chicago Sanitary Canal: Between the head of the canal and Romeo the canal is crossed by 20 bridges, built as movable structures, in which the necessary operating machinery has not yet been installed. These bridges have a horizontal clearance of from 72 to 160 feet and a controlling vertical clearance, in their fixed position, of about 16½ feet above ordinary low water, or about 13½ feet above high water. The two highway swing bridges at Lockport have been in operating condition for many years.

23. Illinois waterway, Lockport to Starved Rock: Along this section of the waterway there are 16 established bridge sites—11 highway and 5 railway. Apparently all obstructive bridges between Lockport and Starved Rock will be removed or remodeled before March 1934. The controlling horizontal clearance will then be 120 feet at the Elgin, Joliet & Eastern Railway bridge near Divine. The controlling vertical clearance will be 35 feet above high water and 47 feet above normal pool level.

24. Illinois River below Starved Rock: Along this section of the waterway there are 14 highway bridges, 12 railway bridges, and 1 combination highway and railway bridge. The existing bridges provide horizontal clearances of 118 to 360 feet and a minimum vertical clearance of 44 feet above extreme high water, or about 60 feet above ordinary low water.

25. Mississippi River, Grafton to St. Louis: Along this section of the waterway there are 2 highway bridges, 2 railway bridges, and 2 combination bridges carrying both highway and railway

traffic. The existing bridges provide horizontal clearances of 200 to 680 feet and a minimum vertical clearance of 44.6 feet above extreme high water, or 86 feet above mean low water.

26. Bridge table: Appendix A, page 4226, contains a table giving the location, owner, purpose, type, horizontal and vertical clearances of all bridges existing or authorized across the waterway from Lake Michigan to St. Louis.

27. Prior reports: For a complete list of previous reports on the Illinois and Des Plaines Rivers, attention is invited to paragraph 11 of House Document No. 182, Seventy-second Congress, first session.

28. The following table contains a list of the most recent and pertinent reports relating to the waterway between Chicago and St. Louis:

Locality	Date of report by Chief of Engineers	Type	Subject matter	Recommendation of Chief of Engineers	Where published
Calumet and Little Calumet Rivers, Lake Calumet and Sag Channel.	June 15, 1933[1]	Survey	Connecting channels, Illinois waterway to Lake Michigan and terminal harbors therefor.	Not acted upon	Unpublished.
Illinois waterway	Apr. 3, 1930	Review	9-foot channel, Utica to Lake Michigan	Favorable	S. Doc. 126 (71st Cong., 2d sess.).
Mississippi and Illinois Rivers	May 11, 1928	do	9-foot channel, St. Louis to Utica	do[2]	H. Doc. 12 (70th Cong., 1st sess.).
Mississippi River	Feb. 13, 1930	Partial survey	9-foot channel, mouth of Missouri to Minneapolis.	do	H. Doc. 290 (71st Cong., 2d sess.).
Do	Dec. 9, 1931	Survey	do	do	H. Doc. 137 (72d Cong., 1st sess.).

[1] Date of report by special board.

[2] Favorable as to Mississippi River. Illinois River 9-foot project previously authorized.

EXISTING PROJECTS

29. History of improvement of Illinois River prior to the existing project: The first step toward the improvement of the Illinois River was taken under the act of Congress approved August 30, 1852, appropriating $30,000 for the improvement of the river. An appropriation of $84,150, in 1869, and subsequent allotments were expended in dredging channels 4 feet deep and 110 feet wide through the worst bars, and in building wing dams. The act of March 3, 1873, appropriated $100,000, of which $80,000 was to be applied to the excavation and foundation for the Copperas Creek Lock. The improvement of the river thus far had been carried on conjointly by the Federal Government and the State of Illinois according to a system adopted in 1869, the State of Illinois undertaking the building of locks and dams and the United States the channel dredging. Cooperating with the General Government, the State of Illinois built two locks and dams, located at Henry and Copperas Creek, at a cost of $747,747, which gave a depth of 7 feet for a distance of 86.2 miles below La Salle, the lower terminus of the Illinois and Michigan Canal. The amount of money expended by the United States to June 30, 1880, on the original project was $550,450.

30. The act of June 14, 1880, provided that $100,000 be expended on locks and dams in the lower Illinois River, thereby inaugurating the Federal project for completing the slack-water system by which a depth of 7 feet was to be obtained from La Salle to the mouth of the river. Subsequent to the completion of the locks and dams at La Grange and Kampsville, supplemental dredging was carried on between the Copperas Creek Lock and the mouth of the river. The act of 1907 authorized the necessary dredging between Copperas Creek and La Salle. On June 30, 1928, the 7-foot project was 95 percent completed. The total cost to the United States to that time for work below La Salle was $2,329,393, of which $1,898,095 was for new work and $431,298 for maintenance. Including expenditures under the original project (dredging and wing dams), the total amount expended by the United States was about $2,880,000.

31. In 1908 the people of the State of Illinois, by popular vote, adopted an amendment to the constitution of the State providing for a bond issue of $20,000,000, to be used in the construction of a waterway from the water-power plant of the Sanitary District of Chicago at Lockport to a point on the Illinois River "at or near Utica." There followed a long controversy between the "little-waterway" advocates and those who favored a modern waterway with large locks. Plans for a waterway 8 feet deep, with locks 110 feet wide and 600 feet long in the clear, were approved by the Assistant Secretary of War on March 6, 1920. Construction work was carried on continuously from 1920 to 1929, inclusive. Faced by the necessity for conserving approximately $3,000,000 of the $20,000,000 bond issue for the reconstruction of bridges, the State found it necessary to stop all construction work in January 1930. At that time approximately 62 percent of the navigation features were completed.

32. Present project, Chicago to Starved Rock: The act of Congress approved July 3, 1930, adopted and authorized the improvement of this section of the waterway, in accordance with the report of the Chief of Engineers, submitted in Senate Document No. 126 (71st Cong., 2d sess.), in which he recommended:

"That the existing project for the improvement of the Illinois River be extended to provide for a navigable depth of not less than 9 feet from the head of the present Federal project on the Illinois River to the heads of the Federal projects on the Chicago and Calumet Rivers, the portion between Utica, Ill., and the forebay of the power house of the Sanitary District of Chicago near Lockport, Ill., to be secured by means of dams, locks, lateral canals, and dredging, in general accordance with the present plans of the State of Illinois for the construction of the so-called "Illinois waterway", at an estimated cost to the United States of $7,500,000, with $223,000 annually for maintenance and operation, and the portions north and east from the forebay of said power house to be secured by utilization of the existing system of improved waterways constructed by the Sanitary District of Chicago in which depths now exist considerably in excess of 9 feet."

33. Funds were made available for this section by the act of December 20, 1930. Contracts for the completion of the masonry and steel of the locks and dams at Brandon Road and Dresden Island were awarded in February 1931. Construction work was commenced early in the spring. Later contracts were awarded for the construction of the Marseilles Dam, for the electrical equipment, control houses, and machinery shelters at all of the locks, for extensive earth and rock dredging in all of the pools, for raising roads and dikes, for additional drainage facilities in certain areas, and for other miscellaneous items, including clearing all lands that were subject to overflow. Meanwhile work progressed steadily on the acquisition of about 100 additional flowage easements. The pools were then raised, and the waterway opened to navigation on March 1, 1933, although the full width of channel was not completed until that summer.

34. Present project, Starved Rock to Grafton: The act of Congress approved January 21, 1927, provides for a channel with least dimensions of 9 feet in depth and 200 feet in width. The State of Illinois was required to transfer to the United States, without cost, all rights and titles in the two State-owned locks and dams on the Illinois River, and local interests were to furnish the United States, without cost, all necessary areas for the economical disposal of material dredged in creating and maintaining the channel. In accordance with this act, title to the locks, dams, and lock grounds at Henry and Copperas Creek was transferred by the State of Illinois to the United States on March 28, 1928, and the dams at both points removed during the same year. The total cost of the new dredging under the 9-foot propect, including contracts now in force (totals estimated), is $2,700,000, including $310,000 for rock in the mile below the Starved Rock Lock.

35. Previous projects, Grafton to St. Louis: The original project for the improvement of this portion of the Mississippi River was recommended by a board of engineers in a report dated April 13, 1872, and approved by the Chief of Engineers. For that part of the river between the Illinois and Missouri Rivers the first appropriation was made in the River and Harbor Act of June 10, 1872. Channel depths of 8 feet between the mouth of the Ohio River and St. Louis, and of 6 feet thence to the mouth of the Illinois River were first recommended in a report by the district engineer dated January 20, 1875, on Transportation Routes to the Seaboard. The improvement works, begun in 1872 and continued for a number of years, consisted of low, solid dikes and dams of brush and stone to confine the low-water flow of the river to a single channel, and revetments of brush mattress and stone paving to preserve the banks from erosion. The project of 1881, the basis for the existing project below the mouth of the Missouri, provided for reclaiming land and building up new banks, thus reducing the river to an approximately uniform width of 2,500 feet. It was proposed by this means to secure a minimum depth of 8 feet. The depth at that time was liable to become as little as 4 feet in some places and less than 8 feet wherever the width was greater than 2,500 feet. The alluvial banks were to be protected from erosion. The River and Harbor Act of March 2, 1907, adopted a project for the Mississippi above the mouth of the Missouri, which provided for a 6-foot channel, to be obtained by contraction works consisting of wing and spur dams for narrowing the main channel of the river, closing dams for side chutes, and by dredging.

36. Present project, Grafton to St. Louis: The existing project in the Mississippi, from the mouth of the Ohio River to the northern boundary of the city of St. Louis, adopted by the act of January 21, 1927, provides for obtaining and maintaining a minimum channel depth of not less than 9 feet, and a minimum width at low water of not less than 300 feet, with additional widths in the bends. The existing project above the northern boundary of the city of St. Louis, adopted by the act of July 3, 1930, provides for obtaining and maintaining a minimum depth of 9 feet and a minimum width of 200 feet, with additional widths

in the bends. Both acts provide for improving the river by regulating works and dredging. Under the present plan of improvement, the low-water width of the river at the contraction works is about 1,400 feet from Grafton to the mouth of the Missouri, and about 2,200 feet from the mouth of the Missouri to St. Louis.

37. Dredging was introduced as a part of the project by the River and Harbor Acts of 1896, 1907, and 1922, the latter providing for dredging channels to landing places on the main river, and, above the mouth of the Missouri River, to landing places on subsidiary sloughs. For improving the river from Grafton to the mouth of the Missouri, there has been expended by the United States up to June 30, 1933, $1,524,780 for new work and $871,652 for maintenance. From the mouth of the Missouri to the Eads Bridge there has been expended by the United States up to June 30, 1933, $779,357 for new work and $108,746 for maintenance. Adding these figures gives $2,304,137 for new work and $980,398 for maintenance for the reach from Grafton to the Eads Bridge in St. Louis.

38. Local cooperation: In conformity with the provisions of the act of January 21, 1927, the landowners along the river between Starved Rock and Grafton furnished spoil areas upon which the United States deposited materials taken from the river in the dredging required to provide a 9-foot channel. In accordance with the provisions of this same act, the State of Illinois transferred to the United States all rights and titles to the two State-owned locks and dams on the Illinois River at Henry and Copperas Creek. On the Mississippi River between Grafton and St. Louis no local cooperation has ever been required by law.

39. Other improvements: Local cooperation in the construction, improvement, and maintenance of a waterway between Chicago and St. Louis has been of a varied and unusual character. Between 1836 and 1848 the State of Illinois, assisted by land grants from the United States, constructed the Illinois and Michigan Canal, furnishing a waterway having a minimum width of 60 feet and a depth of 6 feet from Chicago to La Salle, a distance of 100 miles. In 1871, the city of Chicago completed the cutting down of the summit level so as to provide a gravity flow from Lake Michigan across the divide. Since 1903, due to the opening of the Chicago Sanitary and Ship Canal, the section from Chicago to Joliet has not been operated for navigation. Between 1846 and 1896 the city of Chicago deepened the Chicago River and its branches from a depth of 2 feet or less to a depth of 14 feet.

40. Between 1892 and 1900 the Sanitary District of Chicago constructed the main sanitary canal, having a minimum width of 160 feet and a minimum depth of 24 feet. Subsequent to 1900 the sanitary district extended the canal from Lockport to Joliet, widened the South Branch to 200 feet, deepened it to 26 feet, and constructed the Calumet-Sag Channel connecting the main canal with the Little Calumet River.

41. The work of the State of Illinois on the Illinois waterway, Lockport to Starved Rock, has been described in paragraph 31. The work done by the State below La Salle has been described in paragraph 29.

42. In the Mississippi River at St. Louis, the city cooperated with the United States between 1836 and 1867 in the construction of various dikes for the improvement of the St. Louis Harbor. In connection with the Government project of 1872 the city revetted about 3,350 feet of river bank about Bissell Point. About 1915 the city revetted about 2 miles of the left bank above the new water intake at the Chain of Rocks. Other work has been done which may have contributed to the improvement of the navigation of the river.

TERMINAL AND TRANSFER FACILITIES

43. Chicago and Calumet Harbors and Rivers: The terminal facilities of Chicago and Calumet Harbors and Rivers, and of the Sanitary Canal, are discussed in detail in the report of the Calumet-Sag board referred to in paragraph 3.

44. Illinois Waterway: Facilities for loading grain are available at Ottawa, and are now being installed at Morris and Marseilles. Additional terminal facilities are proposed at Joliet and Ottawa.

45. Illinois River: Grain elevators are located on the Illinois River at Hennepin, Henry, Lacon, Chillicothe, Spring Bay, Peoria, Pekin, opposite Kingston Mines, Bells Landing, mile 135, mile 133, Havana, West Mantanzas, Holmes Landing, Beardstown, mouth of Crane Creek, Meredosia, Naples, Montezuma, and Kampsville. A grain-loading facility has just been opened at Peru. Similar installations are proposed at other points.

46. Immediately below the Peru highway bridge the Marquette Cement Co. has installed an air compressor and pipe system for loading barges with cement by the pneumatic process. At Peoria is located a new $400,000 modern river-rail municipal public terminal opened on June 15, 1931. It consists of 2 units, 1 for package freight and 1 for bulk freight. It is served by the equivalent of a belt-line railroad.

47. At Havana there has just been completed by the Cimco Development Corporation, at a cost of $30,000, a modern coal-handling terminal for transferring coal from standard-gage bottom-dump coal cars to barges. The capacity of the plant is 600 tons per hour. The Cimco Development Corporation is a subsidiary of the Chicago, Illinois Midland Railroad Co., which is controlled by the public-utility companies which supply electric current and gas to Chicago and the northern portion of Illinois and Indiana.

48. Mississippi River between Grafton and St. Louis: At Alton, Ill., there are two docks equipped for handling sand, gravel, stone, etc., each equipped with a stationary derrick. The Illinois Terminal Railroad has a river-and-rail terminal, including a warehouse equipped with an electric loader-unloader and a stationary steam derrick for handling packages and bulk commodities. The Eagle Packet Co. has a wharf boat for transfer and storage at Alton.

49. St. Louis, Mo., has extensive terminal facilities, including grain elevators, sand-handling plants, cement-storage space, docks for handling logs, North Market Street municipal docks with warehouses and cranes, coal- and ore-handling plants, a paved levee for packets and excursion boats, and a Federal Barge Lines terminal. Extensive terminals are also available at East St. Louis, Ill. For additional information in reference to the terminal facilities at St. Louis and East St. Louis attention is invited to the report by the Board of Engineers for Rivers and Harbors entitled "Transportation in the Mississippi and Ohio Valleys, Transportation Series No. 2, 1929."

50. Improvement desired: The people of the State of Illinois showed their desire for a modern waterway in a very practical manner when they voted to bond themselves for $20,000,000 in order that a 60-mile link in such a waterway might be constructed. For 40 years or more the newspapers of the Mississippi Valley have been urging the construction of a commodious waterway between Lake Michigan and the Mississippi River to take the place of the out-of-date Illinois and Michigan Canal. The business men of the Mississippi Valley in convention assembled year after year have passed resolutions requesting Congress to speed the day when a commodious waterway would be available between the Great Lakes and the Gulf of Mexico. The general character of these articles, editorials, and resolutions is well known. The demand for such a waterway has been intensified by the realization that the Panama Canal furnished cheap water transportation between the Atlantic seaboard and the Pacific coast to the disadvantage of the producers and manufacturers of the Mississippi Valley.

Congress recognized this demand in the act approved July 3, 1930, by taking over the completion of the Illinois waterway and calling upon the Secretary of War to submit a report stating the requirements of a commercially useful waterway. A commercially useful waterway connecting the Great Lakes with the Mississippi River should certainly have a channel as wide and as deep as the channels now available in the Ohio, the middle Mississippi, and the lower Mississippi Rivers. This means a channel at least 300 feet wide, with additional width in the bends; a minimum depth of 9 feet available 100 percent of the time, with additional depth wherever special conditions justify it; and locks equal in size to those which have been built by the Federal Government on the Ohio River and the upper Mississippi River, and by the State of Illinois and the Federal Government on the upper Illinois and Des Plaines Rivers.

COMMERCE

51. Chicago and Calumet Harbors and Rivers: The commerce of Chicago and Calumet Harbors and Rivers and of the Sanitary Canal is discussed in detail in the report of the Calumet-Sag board, referred to in paragraph 3.

52. Illinois Waterway, Lockport to Starved Rock: This section of the waterway was not commercially navigable until it was opened to limited navigation on March 1, 1933. During the spring and summer months there has been a small amount of commerce, but the use of the waterway is badly handicapped by obstructive bridges, most of which are now being remodeled or rebuilt. The first through tow from New Orleans arrived in Chicago on June 22, 1933, at which time the waterway was formally dedicated by suitable ceremonies.

53. Illinois River, Starved Rock to Grafton: During the calendar year 1932 the Federal Barge Lines carried 60,470 tons, and other lines 127,680 tons, a total of 188,150 tons. The number of passengers carried amounted to 85,500, exclusive of ferry traffic.

54. Mississippi River, Grafton to Cairo: During the calendar years 1927 to 1931, inclusive, the amount of freight carried varied from 891,800 to 1,430,000 tons per year, valued at $45,258,000 to $68,660,000. These totals do not include ferry traffic or sand dredged from the river bed and barged a short distance to the shore. About one third of this commerce was upbound and two thirds downbound. The number of passengers carried varied from 1,363,000 to 1,876,000 per annum.

55. Prospective commerce: An estimate has been made in appendix B, page 4229, of the traffic which will move on the waterway. The total tonnage may be summarized as follows:

Commodity	Origin and destination	Tonnage	Savings
Cement	La Salle to Chicago	200,000	$160,000
Do	La Salle to Milwaukee	50,000	45,000
Do	La Salle to St. Louis and points south	75,000	112,500
Sand and gravel	Joliet to Chicago	1,400,000	420,000
Do	Joliet to Peoria	100,000	40,000
Oil and gas	Southern points to Chicago	100,000	100,000
Paper, etc	Chicago to southern ports	250,000	290,000
Canned goods	Pacific ports to Chicago	70,000	182,000
Do	Chicago to southern ports	30,000	78,000
Sugar	New Orleans to Chicago	100,000	217,000
Cotton, linters, and meal	South to Chicago	100,000	238,000
Clay and clay products	St. Louis, Ottawa, and northern Illinois to Chicago	135,000	68,800
Salt	Louisiana to Chicago; and Michigan to Louisiana	130,000	130,000
Coal	Northern Illinois to Chicago	500,000	235,000
Do	Central Illinois via Pekin or Havana to Chicago	1,000,000	150,000
Do	Northern Illinois to La Salle	250,000	92,500
Do	Southern Illinois to Chicago	2,000,000	400,000

Commodity	Origin and destination	Tonnage	Savings
Grain	Local ports north of Peoria to Chicago	100,000	$100,000
Do	Peoria and local ports to southern ports.	250,000	250,000
Iron and steel	Chicago to southern points	500,000	615,000
Lumber	Southern ports to Chicago	230,000	300,000
Silica sand	Ottawa to southern points	30,000	30,000
Do	Ottawa to Chicago and lake ports	100,000	50,000
General cargo	To and from Chicago	600,000	816,000
Do	To and from Peoria	30,000	40,800
Total		8,330,000	5,260,600

VESSEL TRAFFIC

56. Illinois waterway, Lockport to Starved Rock: This section of the waterway was not opened to navigation until March 1, 1933, and, due to the many obstructive bridges still in place between Chicago and Starved Rock, the pioneers in through navigation could use only small towboats and small barges. The controlling horizontal bridge clearance throughout this season has been 40 feet. On account of the high stages which prevailed during April and May, the controlling vertical clearance at the Seneca Highway Bridge, during a portion of these months, was as little as 12 feet. Under the conditions which prevailed in 1933, the following vessels navigated the Illinois Waterway: One self-propelled barge, 240 feet long, drawing 7 feet; 3 towboats, 100 to 110 feet long, with a maximum draft of 7 feet; 15 towboats, less than 100 feet long, with a maximum draft of 5 feet; 1 Government towboat, 122 feet long, drawing 4 feet; 2 Government submarine chasers, 106 feet long, drawing 6 feet; 20 barges, 100 to 200 feet long, with a maximum draft of 6 feet; 8 barges, less than 100 feet long, with a maximum draft of 3.5 feet; and numerous launches and motor boats.

57. Illinois River below Starved Rock: The conditions described in the preceding paragraph which prevented through navigation for large towboats and barges during 1933 affected through navigation below Starved Rock in the same manner. Despite these conditions, the following vessels navigated this section of the waterway: 1 self-propelled barge, 240 feet long, drawing 7 feet; 5 towboats, 100 to 160 feet long, with a maximum draft of 6 feet; 4 towboats, less than 100 feet long, with a maximum draft of 4 feet; 1 packet boat, 210 feet long, drawing 6.5 feet; 1 excursion boat, 158 feet long, drawing 3.5 feet; 1 Government towboat, 141 feet long, drawing 4 feet; 1 Government submarine chaser, 106 feet long, drawing 6 feet; 20 barges, 230 feet long, with a maximum draft of 6 feet; 3?3 barges, 100 to 200 feet long, with a maximum draft of 6 feet; 4 barges, less than 100 feet long, with maximum draft of 3 feet; and numerous launches and motor boats.

58. Mississippi River, Grafton to St. Louis: As has been stated in the two preceding paragraphs, obstructive bridges above Starved Rock have prevented large towboats from engaging in through navigation between Chicago and St. Louis. However, the following vessels have navigated the Mississippi River between St. Louis and Grafton: 6 towboats, 150 to 195 feet long, with a maximum draft of 8 feet; 11 towboats, 100 to 150 feet long, with a maximum draft of 6.8 feet; 6 towboats, less than 100 feet long, with a maximum draft of 5 feet; 3 packetboats, 170 to 210 feet long with a maximum draft of 6.5 feet; 7 excursion boats, 157 to 285 feet long, with a maximum draft of 7.3 feet; 1 Government snagboat, 187 feet long, drawing 8 feet; 7 Government towboats, 118 to 158 feet long, drawing a maximum of 6.4 feet; and numerous pleasure boats less than 65 feet long. The towboats listed above, when navigating, have an average tow of 2 to 6 barges. These barges range from 125 to 300 feet in length, and have a draft, when loaded, of 4 to 6 feet.

DIFFICULTIES ATTENDING NAVIGATION

59. Illinois Waterway, Lockport to Starved Rock: Across the Illinois Waterway there are a number of obstructive bridges which are now being reconstructed; at only one bridge, the highway bridge at Morris, has work not yet been started. In all four pools of the waterway the 200-foot channel is obstructive to the navigation of large tows, and these cuts should be widened to 300 feet, as stated more in detail elsewhere in this report. In the Brandon Road Pool, 1.4 miles of channel should be deepened from 10 feet to 14 feet in order to reduce the velocities of flow during flood stages, and to permit lake harbor tugs to serve industries in Joliet.

60. Illinois River below Starved Rock: There are 17 bridges, having horizontal clearances of 118 to 150 feet, which are somewhat obstructive to large tows, and should be replaced by longer spans when the present bridges are replaced. The 200-foot channel which constitutes a large part of this section of the waterway is obstructive to large tows, and should be widened to 300 feet, as stated in greater detail elsewhere in this report.

61. The existing locks at Kampsville and La Grange, with a usable width of 73 feet and a usable length of 300 feet, are obstructive to large tows. Tows made up to pass through locks on the upper river must be broken up, both in length and width, to pass through these old locks. The dams in their present condition constitute a hazard to navigation. A portion of the Kampsville Dam failed during the past spring. About $30,000 was expended on this dam in making temporary repairs, and about $30,000 more must be expended to complete the temporary restoration. The failure of either of these dams during the low-water season would put the waterway out of commission.

62. Mississippi River, Grafton to St. Louis: Between the mouth of the Illinois River and Alton, the existing contraction works do not provide a 9-foot channel without a large amount of dredging during every low-water season. It is impossible to do the necessary dredging promptly enough to maintain a 9-foot channel. During the low water of 1930, 1931, 1932, and 1933, the depth at a number of shoals in this reach was 5 feet. Canalization is necessary irrespective of diversion. It is proposed to correct this condition by the construction of a movable dam with locks at Alton.

SURVEY

63. Lockport to mouth of Illinois River: The information upon which this report and these estimates are based includes numerous surveys made in recent years incident to dredging for a channel having minimum dimensions of 9 feet in depth and 200 feet in width, as authorized in the existing projects; aerial photographs of the waterway and bottom lands from Lockport to St. Louis to show the present condition of lands which might be overflowed; and borings at possible dam sites.

64. Mississippi River, Grafton to St. Louis: The surveys of this portion of the waterway were made under the direction of the special board of engineers appointed by the division engineer on July 27, 1931, to consider and report upon this section of the waterway. These surveys extended from Grafton to Jefferson Barracks, about 10 miles below the Eads Bridge, including surveys for lateral canals, of lands which would be flooded under various dam projects, the location of the sewer outlets in St. Louis and Alton, and an investigation of foundation conditions at several dam sites. The surveys, records, and studies of the board have been used in the preparation of this report.

PLAN OF IMPROVEMENT

65. Lake Michigan to Lockport: The present main outlet of the Lakes-to-Gulf waterway into Lake Michigan is via the Chicago Sanitary Canal and the Chicago River, with a secondary connection via the Calumet-Sag Canal, the Little Calumet River, and the Calumet River. A complete discussion of these outlets is contained in the report of the Calumet-Sag board, referred to in paragraph 3.

ILLINOIS WATERWAY, LOCKPORT TO STARVED ROCK

66. Locks and dams: No alterations or additions to the 5 locks and 4 dams in this section are proposed.

67. Channel widths and depths: In general, a minimum width of 200 feet, with some widening at bends, has been provided under the existing project in the Dresden Island, Marseilles, and Starved Rock Pools. It is expected that future commerce on the waterway will move in tows 600 feet in length. The full economies in water transportation will not be realized unless large tows of this length are used. For safe movement of such tows, a channel 300 feet wide is necessary.

68. No special problems occur in connection with the widening of the Starved Rock and Dresden Island Pools, or in the Marseilles Pool, except through the 2½-mile canal just above the lock. Here it is proposed to widen the canal to 300 feet for a length of 4,900 feet immediately above the lock; then to reduce the width gradually for a distance of 3,500 feet upstream, leaving the remaining 3,600 feet, where the natural surface is higher, in its present condition.

69. The Brandon Road Pool presents a more complicated situation. Between the Brandon Road Dam and Ruby Street, in Joliet, the river is confined between concrete retaining walls. These walls are necessary for the protection of the city of Joliet, as the water in the pool is above the level of the adjacent streets. From Ruby Street to the junction of the Des Plaines River with the Sanitary Canal, the width of the channel varies from 160 to 350 feet. The banks are of rock, and widening is impossible without either moving back the tracks of the main line of the Santa Fe Railway, which closely parallel the river on the east bank, or removing the old dike between the shallow portion and deepened portion of the Des Plaines River and widening the channel toward the west bank. The combination that will secure the best channel obtainable, with commensurate costs, is to secure most of the widening by removing the old dike and dredging the right bank, with some dredging at the point on the east bank, 700 to 1,700 feet above the Ruby Street Bridge. From the junction of the Des Plaines River and the sanitary canal to the Lockport Lock, the channel is 160 feet in width, with rock banks. Here the widening must be accomplished on the west bank. These features are shown on the maps (sheets 4 and 5)[1] and cross sections (sheet 6)[1] of the Brandon Road Pool accompanying this report.

70. With the present flow at Lockport, 6,500 cubic feet per second, plus pumpage, the flow through the Brandon Road Pool is 7,750 cubic feet per second, or more, practically 100 percent of the time; 8,000 cubic feet per second, or more, 44 percent of the time; and 10,000 cubic feet per second, or more, 14 percent of the time. When the diversion is decreased to 1,500 cubic feet per second, the flow at Lockport will be 2,400 cubic feet per second, or more, practically 100 percent of the time; 8,000 cubic feet per second, or more, 8 percent of the time; and 10,000 cubic feet per second, or more, 5 percent of the time. Under existing channel conditions, the velocity at the critical section of the Brandon Road Pool alongside a tow is 3½ miles per hour with a flow of 10,000 cubic feet per second, and 2.8 miles per hour with a flow of 8,000 cubic feet per second. Flows in excess of 10,000 cubic feet per second are now rare and will continue to be so with a reduced diversion. The duration of such flows will be short.

[1] Not printed.

71. Channel conditions in the Brandon Road Pool should be improved to provide greater width for navigation, and at the same time provide larger channel cross-sections in order to reduce velocities even with reduced diversion. From the Lockport Lock to the south end of the existing Sanitary District Dike (1,750 feet above Ruby Street) the width of the present artificial channel is 160 feet. It is proposed to widen this channel at once to 225 feet from the Lockport Lock to the Elgin, Joliet & Eastern Railway bridge; then to increase the width gradually to 300 feet along the next 600 feet; then to widen the channel to 300 feet from this point to the south end of the dike. From the Lockport Lock to the north end of the dike the channel is already 18 to 19 feet deep, made so by the Sanitary District some years ago when the channel was dug. From this point to the Jackson Street Bridge (mile 289.8 to 288.4) it is proposed to deepen half of the proposed 300-foot channel to 10 feet, and the other half to 14 feet. In the bends the proposed widths would be slightly greater.

72. Between the 24-foot depth available in the Sanitary Canal and the 15-foot depth available in the Brandon Road Pool below Jackson Street, there exists only this 1.4 miles of channel where the limiting depth is about 9 feet. Should this reach be deepened as recommended, it will increase the controlling depth between Lake Michigan and the Brandon Road Lock to 14 feet, which would permit the existing Chicago Harbor tugs to tow barges from the Brandon Road Pool to Chicago, and vice versa, thus serving industries located in Joliet. As a result of the improvements above proposed, the velocities at the critical section of the Brandon Road Pool alongside a passing tow will not exceed 2 miles per hour for a flow of 10,000 cubic feet per second, or less, which will be the condition 95 percent of the time after the diversion is reduced to 1,500 cubic feet per second.

73. The channel widening above proposed throughout the Illinois waterway section and the channel deepening in the Brandon Road Pool are for the purpose of improving navigation conditions, and are independent of the amount of water diverted from Lake Michigan.

74. Although it is proposed at first to widen a portion of the channel in the Brandon Road Pool to only 225 feet and to widen only a portion of the Marseilles Canal, any new project should authorize the widening of the channel in all four pools to 300 feet, with additional widening in the bends, so that if and when the growth of commerce justifies it, these narrow sections may be widened to 300 feet.

75. Illinois River, Starved Rock to Grafton: It is proposed to improve the river by the construction of new locks 110 feet wide and 600 feet long in the clear, movable dams, and dredging, so as to provide a channel not less than 9 feet deep and 300 feet wide, with some additional widening in the bends, after the flow at Lockport is reduced to 1,500 cubic feet per second, plus the pumpage, in accordance with the Supreme Court decree of April 21, 1930. The pumpage for Chicago's water supply has been taken as 1,700 cubic feet per second, which it reaches now in dry, hot weather. For comparative purposes, consideration has been given to securing the required depth with diversions from Lake Michigan of 1,500, 2,500, 3,500, 5,000, 7,000, and 9,000 cubic feet per second, respectively, plus the pumpage for Chicago's water supply. Starting with a low-water surface of 419 feet above mean sea level at Grafton, which will be furnished by the proposed dam in the Mississippi River at Alton, it has been found that with diversions of 9,000 and 7,000, respectively, no locks or dams are required in the 231 miles between Grafton and Starved Rock. With a diversion of 5,000 cubic feet per second, a lock and dam are required only at a point near the present La Grange Lock and Dam. With diversions of 3,500, 2,500, and 1,500 cubic feet per second, respectively, this reach can be improved most economically by a lock and dam at La Grange as at present, and an additional lock and dam near Peoria, or by substituting, for the one lock and dam near Peoria, locks and dams located at or near Lancaster Landing and Hennepin. In each case, the first cost is less with 1 lock above La Grange than with 2 locks and dams, the difference being about $841,000 with a diversion of 3,500 cubic feet per second, about $568,000 with a diversion of 2,500 cubic feet per second, and about $331,000 with a diversion of 1,500 cubic feet per second. If the cost of operation and maintenance of the extra lock and dam is capitalized, and the advantage to commerce of having 1 less lock and dam to navigate is considered, the advantage is very decidedly in favor of the plan which includes only 1 lock and dam.

76. Profiles of the waterway for various diversions (sheets 7–10)[2] and drawings for the proposed locks and dams at La Grange Landing, mile 80.2 (sheets 19–24)[1] and mile 158 (sheets 14–18)[1] 4½ miles below Peoria, accompany this report. The profiles show by cross-hatching and figures the dredging necessary in connection with a diversion of 1,500 cubic feet per second. The drawings for the locks and dams show the location, borings, hydraulic data, general plans, and cross-sections for each of these locks and dams. A map (sheet 11)[1] showing the shore lines of the proposed pool between Grafton and Kampsville, and a map, in 2 sheets (sheets 12 and 13)[1], showing the proposed pool between Peoria and Starved Rock, also accompany this report. Between Kampsville and Peoria the water surface is not raised.

77. Mississippi River, Grafton to St. Louis: The improvement proposed between Grafton and the northern boundary of the city of St. Louis is a waterway which will have a minimum channel depth of 9 feet and a minimum channel width of 300 feet. Below the northern boundary of the city of St. Louis a 300-foot channel is already authorized.

78. It is proposed to improve this reach of the river by a lock and dam located at Alton, 15 miles below Grafton, which would furnish not only a 9-foot waterway in the Mississippi from Alton to Grafton, but for a considerable distance beyond in both the Mississippi and the Illinois. The head of the Alton Pool on the Mississippi River would be at the proposed dam (no. 25) at Cap au Gris, 33.5 miles above Alton, and on the Illinois River at La Grange Landing, 95 miles above Alton. A profile (sheet 7)[1] of the Mississippi River from Cap au Gris to St. Louis and drawings (sheets 3 and 25–29)[2] for the locks and dam showing the location, borings, hydraulic data, general plans, and cross-sections of the locks and dam accompany this report.

79. Between Alton and St. Louis it is proposed, for the time being, to continue the improvement under the present project by contraction works and dredging. In studying this reach of the river, consideration was given to the use of a lateral canal from a point at or below Alton to some point near the Merchants Bridge in St. Louis. Four different canal plans were considered. It was found that the cost of such a canal was excessive, due primarily to the necessity for carrying the canal across Wood River and the Cahokia Creek diversion channel. The discharge of each of these streams at times exceeds 25,000 cubic feet per second. Navigation in such a canal would not be so free and easy as in the open river.

80. Consideration was given also to the possibility of improving navigation conditions at the Chain of Rocks by constructing a dam at the water-intake towers of the city of St. Louis or at Bissell Point, about 7 miles above the Eads Bridge, or at Jefferson Barracks, about 10 miles below the Eads Bridge. The normal pool level, in any case, would be 399 or 400 feet above mean sea level. These projects would be very expensive. A dam at Jefferson Barracks would create a nearly constant pool level in the St. Louis Harbor, but would back the water up into the sewers of St. Louis and East St. Louis. To take care of this condition, it would be necessary to construct a very large and costly intercepting sewer along each side of the river. Because of the high cost of improving this section of the river under any of these plans, it is proposed to continue regularization until such time as it is proved unsatisfactory. The discharge contributed by the Missouri River facilitates regularization below the junction. As the construction of a lateral canal or a dam below Alton is not recommended at this time, plans and estimates of cost for such projects are not included in this report.

ESTIMATES OF COST (INCLUDING 12 PERCENT FOR CONTINGENCIES)

81. Widening of Illinois waterway, Lockport to Starved Rock (independent of diversion):

Brandon Road Pool	$1,636,000
Dresden Island Pool	566,000
Marseilles Pool	764,000
Starved Rock Pool	[4] 560,000
Total	3,526,000

82. Starved Rock to Grafton for various diversions:

Method	Diversion (cubic feet per second)	Cost
Locks and dams at La Grange and Peoria and dredging	1,500	$12,004,000
Do	2,500	11,436,000
Do	3,500	10,741,000
Do	5,000	9,196,000
Lock and dam at La Grange and dredging	5,000	9,617,000
Dredging alone	5,000	13,801,000
Do	7,000	5,923,000
Do	9,000	2,584,000

83. Mississippi River, Grafton to Alton (independent of diversion):

Alton dam with locks	$8,011,000

84. Summary of cost with diversion of 1,500 cubic feet per second, Lockport to Alton:

Illinois waterway, Lockport to Starved Rock	$3,526,000
Illinois River, Starved Rock to Grafton	12,004,000
Mississippi River, Grafton to Alton	8,011,000
Total	23,541,000

85. For details of estimates, see appendix C, page 4231.

86. Costs chargeable to Mississippi and Illinois Rivers: The entire cost of the proposed improvements above Grafton, viz, $15,530,000, is chargeable to the improvement of the Des Plaines and Illinois Rivers. The cost of the Alton Lock and Dam, including the cost of flowage on the Mississippi River, viz, $8,011,000, is chargeable, one half to the Mississippi River, and one half to the Illinois River. No change in the engineering methods of securing the channel in the Mississippi between Alton and St. Louis, or of its cost, is recommended in this report.

87. Costs chargeable to reduced diversion: The dredging in all the pools of the Illinois Waterway section, Lockport to Starved Rock, estimated to cost $3,526,000, is a betterment in the interests

[1] Not printed.
[2] Only sheets 8–10 printed in this document.

[1] Not printed.
[2] Only sheet 3 printed.
[4] Includes widening of Marseilles Canal.



of navigation, is independent of diversion, and no part of the cost is chargeable to reduced diversion. The estimates given in paragraph 82 for the improvement of the section between Starved Rock and Grafton, with various diversions, show that with a diversion of 1,500 cubic feet per second, the proposed improvement of this section will cost $12,000,000, while, with the present diversion (6,500 cubic feet per second), a similar waterway can be provided without locks and dams at a cost of approximately $6,800,000. The difference between these two estimates, $5,200,000, is properly chargeable to reduced diversion. The annual cost of operation and care for the Peoria and La Grange Locks, namely, $100,000, would be chargeable to reduced diversion, because these locks are not necessary with a diversion of 6,500 cubic feet per second. The cost of improvement with 1,500 cubic feet per second diversion can be compared with other diversions by reference to the table in paragraph 82. No part of the cost of the Alton Locks and Dam, or the flowage in that pool, is chargeable to reduced diversion. Of the total cost of the proposed work between Lockport and Alton, $23,541,000, a total of only $5,200,000 is chargeable to reducing the diversion from 6,500 cubic feet per second as now allowed, to 1,500 cubic feet per second.

DISCUSSION

88. Introduction to discussion: The minimum diversion to be allowed after January 1, 1939, under the Supreme Court decree was based upon the recommendation of Special Master Charles E. Hughes. In preparing his two reports, the Special Master gave careful consideration to the evidence and arguments presented by all parties to the controversy. The Supreme Court, after considering the exceptions filed to both reports by the parties to the suit, and listening to the arguments of opposing counsel, handed down the decree quoted in the following paragraph. The district engineer accepts the findings of the Special Master that a diversion of 1,500 cubic feet per second would lower the levels of Lakes Michigan and Huron approximately 1 inch at mean lake levels, and that it can hardly be maintained that a diversion not exceeding an annual average of 1,500 cubic feet per second would produce such a substantial injury to like navigation when the fluctuations of lake levels due to other causes than diversions are considered. It is necessary, therefore, to determine, first, whether this amount of diversion is sufficient for lockages, seepage, leakage, and evaporation of the existing waterway when used to its maximum capacity; second, whether living conditions for those aboard ships and at work at terminals on shore will be healthful and decent.

89. The Supreme Court decree: The flow at Lockport from the sanitary canal exerts a controlling influence upon the character of the improvement which should be effected in the Illinois River below Utica. The pertinent paragraphs of the Supreme Court decree of April 21, 1930, limiting the flows at Lockport, are as follows:

"It is now here ordered, adjudged, and decreed as follows:

"1. On and after July 1, 1930, the defendants, the State of Illinois, and the sanitary district of Chicago, their employees and agents, and all persons assuming to act under the authority of either of them, be, and they hereby are, enjoined from diverting any of the waters of the Great Lakes-St. Lawrence system or watershed through the Chicago Drainage Canal and its auxiliary channels or otherwise in excess of an annual average of 6,500 cubic feet per second in addition to domestic pumpage.

"2. That on and after December 31, 1935, unless good cause be shown to the contrary, the defendants, the State of Illinois, and the Sanitary District of Chicago, their employees and agents, and all persons assuming to act under the authority of either of them, be, and they hereby are, enjoined from diverting any of the waters of the Great Lakes-St. Lawrence system or watershed through the Chicago Drainage Canal and its auxiliary channels or otherwise in excess of an annual average of 5,000 cubic feet per second in addition to domestic pumpage.

"3. That on and after December 31, 1938, unless good cause be shown to the contrary, the defendants, the State of Illinois, and the sanitary district of Chicago, their employees and agents, and all persons assuming to act under the authority of either of them, be, and they hereby are, enjoined from diverting any of the waters of the Great Lakes-St. Lawrence system or watershed through the Chicago Drainage Canal and its auxiliary channels or otherwise in excess of the annual average of 1,500 cubic feet per second in addition to domestic pumpage.

"4. That the provisions of this decree as to the diverting of the waters of the Great Lakes-St. Lawrence system or watershed relate to the flow diverted by the defendants exclusive of the water drawn by the city of Chicago for domestic water-supply purposes and entering the Chicago River and its branches or the Calumet River or the Chicago Drainage Canal as sewage. The amount so diverted is to be determined by deducting from the total flow at Lockport the amount of water pumped by the city of Chicago into its water mains and as so computed will include the run-off of the Chicago and Calumet drainage area."

* * * * * * *

90. Domestic pumpage: The water supply of the entire Chicago area, with the exception of a few suburbs lying west of Chicago, is derived from Lake Michigan and is discharged as sewage through the Chicago Sanitary and Ship Canal. The amount of water pumped from the lake varies from day to day and from season to season. The pumpage during the year 1932 varied from an average of 1,575 cubic feet per second in April to an average of 1,775 cubic feet per second in August. For some years to come, the annual average will be about 1,700 cubic feet per second.

91. Flow controlled at Lockport: The run-off from the 770 square miles of the Chicago and Calumet areas, including domestic and industrial pumpage, is controlled at Lockport and limited in amount by the capacity of the main drainage canal below the Sag Junction. Whenever a rainfall of any importance commences in the Chicago area, the Sanitary District increases the flow at Lockport, thereby increasing the slope in the canal, with a view to caring for the excess run-off which is likely to occur. When it becomes physically impossible to increase this slope rapidly enough to care for the increased run-off, the direction of flow in the Chicago River, Calumet River, or both, is reversed, and some of the run-off is discharged into Lake Michigan.

92. Maximum flow at Lockport: To prevent as far as possible the flow of polluted water into Lake Michigan, the initial discharge through the canal, with Lake Michigan 2 feet above low-water datum, occasionally approximates 17,000 cubic feet per second, diminishing automatically, as the water surface drops, to about 12,000 cubic feet per second, in about 4 hours. The duration of these increased flows is usually longer than the period of maximum precipitation, and by reason of the 36-mile reach between Lake Michigan and Lockport through which the normal slope must be increased, discharges at Lockport cannot be adjusted closely to the exact requirements needed to prevent reversal of the normal flow from the lake. Furthermore, the maximum capacity of the canal at Lockport is not always available to prevent reversals of flow in the Chicago and Calumet Rivers. The flood waters of the Des Plaines River overflow into the sanitary canal through the Willow Springs Spillway. The maximum overflow at the spillway occasionally reaches 5,000 cubic feet per second, but for most storms is less than 2,000. The maximum discharge occurs, however, when wide-spread rainfall makes the full capacity of the canal most necessary.

93. Method of controlling flow at Lockport: The discharge at Lockport is normally controlled by the flow through the power plant, combined with one 48-foot and one 12-foot sector gate. In emergencies the discharge of the canal may be increased at the old controlling works, about 2 miles above the present power house.

94. Probable variations in flow at Lockport after December 31, 1938: In order that a reserve or credit may be built up for use at times of heavy run-off in Chicago, it will be necessary to divert less than the average flow during a large part of the year. Studies made by the Chicago Sanitary District engineers indicate that after the diversion is reduced to 1,500 cubic feet per second on December 31, 1938, the total flow at Lockport will be distributed approximately as shown by the following table:

Estimated total flow at Lockport after Dec. 31, 1938

Time (days per year)	Pumpage	Diversion (cubic feet per second)	Total flow at Lockport (cubic feet per second)	Percentage of time
234	1,700	700– 750	2,400– 2,450	64
18	1,700	750– 850	2,450– 2,550	5
15	1,700	850– 1,000	2,550– 2,700	4
17	1,700	1,000– 1,300	2,700– 3,000	5
14	1,700	1,300– 1,700	3,000– 3,400	4
10	1,700	1,700– 2,200	3,400– 3,900	3
11	1,700	2,200– 2,900	3,900– 4,600	3
10	1,700	2,900– 3,900	4,600– 5,600	3
12	1,700	3,900– 5,500	5,600– 7,200	3
12	1,700	5,500– 8,400	7,200–10,100	3
8	1,700	8,400–11,300	10,100–13,000	2
3	1,700	11,300–13,300	13,000–15,000	¾
1	1,700	13,300–15,300	15,000–17,000	¼
Average	1,700	1,500	[1] 3,200	[1] 100

[1] Total.

95. The flow through the Sag Channel is so regulated that about 20 percent of the total flow passes through it.

96. The total flow from the canal at Lockport consists of (1) the drainage from the Chicago River and its branches; (2) drainage from that portion of the Calumet district lying west of Gary; (3) the domestic and industrial pumpage or water supply for the Chicago area; and (4) the diversion from Lake Michigan through the North Shore Channel, the Chicago River, the Calumet River, and the Indiana Harbor Canal. The least variable component is the domestic and industrial pumpage. As has been shown, the flow at Lockport is of variable quantity which may range from a minimum in dry weather of about 2,400 cubic feet per second, to a maximum of 17,000 cubic feet per second, decreasing automatically to 12,000 cubic feet per second, in about 4 hours. The minimum flow of 2,400 cubic feet per second, it appears, may occur 8 months during the year, in order to build up a reserve or credit which may be drawn upon during periods of heavy run-off.

97. Flow required for operation of waterway, Lockport to Starved Rock: the 4 pools comprising the Illinois Watershed have all been dredged to a depth of 10 feet, with 1 foot additional paid for if removed by the contractor. In order that the full project depth may be available at all times, even in periods of unusually low water, the normal pool levels, or project planes, from which these

depths have been measured, have all been taken as flat pools. In other words, no part of the project depth is dependent upon a computed slope based upon a certain flow of water. It follows, therefore, that the minimum flow required for maintaining full project depth in the waterway is not a certain flow which will maintain a certain slope, but the flow required for lockages, plus the amount lost in seepage through the sides and bottom of the waterway, plus the leakage through the locks and dams, plus the amount lost in evaporation.

98. As all of the locks are uniform in length and width, the flow required for lockages is determined by the amount necessary to operate the lock having the greatest lift. The lock of greatest lift is at Lockport, where the lift at times of high level in Lake Michigan may be 43 feet. The area of this lock chamber is 74,725 square feet and the volume of water required for a lockage is 3,214,250 cubic feet. If a lock full of water is required every 30 minutes, which is considered the maximum requirement, the flow needed for lockages would amount to 1,786 cubic feet per second. The adjacent small lock, which is used for small boats, has a width of 22 feet and a usable length of 130 feet. Assuming a lock full of water is used every 30 minutes, the maximum requirement for this lock is 70 cubic feet per second. The amount of water lost in seepage and evaporation in the sanitary canal need not be estimated, because the flow of water is measured at the lower end of the canal. The leakages at Lockport through the large and small locks, the two sector gates, the old controlling works, and the power-house gates average about 125 cubic feet per second. The total maximum requirement at Lockport is, therefore, about 1,980 cubic feet per second. The minimum flow available under the Supreme Court decree, as modified to protect the water supply of Chicago—namely, about 2,400 cubic feet per second for about 234 days during the year—is therefore sufficient for lockages and leakages at Lockport.

99. The discharge into the Brandon Road Pool from the Des Plaines River during long dry periods is negligible. The minimum flow entering the Brandon Road Pool will therefore amount to 2,400 cubic feet per second. As this pool is above much of the surrounding ground the seepage may be considerable, but this is indeterminate. Evaporation at the rate of one fourth inch per day over the area of this pool, which is 279 acres, is the equivalent of a flow of 3 cubic feet per second. For present purposes, the seepage and evaporation may be assumed to equal 125 cubic feet per second. The flow required to operate the Illinois and Michigan Canal, which now leaves this pool by the new junction lock, located just west of the large lock, has usually been taken as 275 cubic feet per second. Deducting these estimated losses for seepage, evaporation, and feeding of the Illinois and Michigan Canal from the 2,400 cubic feet per second, which entered the pool, leaves approximately 2,000 cubic feet per second for lockages and leakages at Brandon Road.

100. At Brandon Road the maximum lift is 34 feet, the area of the lock chamber 75,700 square feet, and the volume of water required for a lockage 2,573,800 cubic feet. The equivalent flow, assuming a lock full of water every 30 minutes, is 1,430 cubic feet per second, which is less than the residual flow available for that purpose.

101. Similar computations for the remaining pools and locks indicate that the flow available under the Supreme Court decree, plus the natural flow, is more than sufficient for lockages, leakages, and evaporation.

102. Flow required for operation of waterway, Starved Rock to Grafton: If the procedure followed in estimating the minimum flow required for lockages, leakages, and evaporation along the Illinois waterway be applied to the waterway below Starved Rock, the results obtained would be similar; that is, the flow authorized by the Supreme Court decree, plus the natural flow, would be found sufficient for lockages, leakages, and evaporation. Discharge curves,[1] flow-duration curves,[1] and stage-duration curves[1] for the Illinois River at Peoria, Pekin, Beardstown, and La Grange accompany this report. Separate flow-duration curves[1] are shown for the natural flow, for the authorized diversion and pumpage after January 1, 1939, and for the combined flows.

103. Effect of diversion upon navigation conditions on the Illinois River and waterway: The determination by the Supreme Court of the amount of water to be diverted at Lockport was based upon the requirements of navigation in the port of Chicago and connecting channels. There is no difference between the requirements of navigation on the Illinois Rierv and waterway and those of navigation in the port of Chicago. Conditions of health, safety, and efficiency should be satisfactory for all. A reasonable standard of healthful and decent living conditions for those aboard ships and working at terminals on shore must be maintained. Injury to navigation may occur if putrefaction in the water results in nauseous or disgusting conditions. Such a condition may be caused by putrefaction of the effluent from the sewage treatment plants, putrefaction of raw sewage contained in storm-water run-off, and putrefaction from accumulated sludge deposits. The weight of expert testimony is to the effect that the effluent from the proposed activated sludge treatment plants will be inoffensive, but the sanitary district program of treatment is upon such an unprecedented scale that such predictions must contain some element of uncertainty. No reliable process of calculation can predict the effect of raw sewage in storm-water run-off and of accumulated sludge deposits. After intensive and prolonged study, based upon the testimony of a number of eminent sanitary engineers, Special Master Hughes reached the conclusion that these matters were indeterminate, and that—

"Provision should be made for further examination, after the sewage-treatment plants have been completed, and the effect of the effluent therefrom with the storm-water flow on the navigable channels has been observed, to the end that the question of any further or other relief may have appropriate consideration in the light of actual conditions."

No one can predict with certainty the effect in 1939 of the reduction of diversion upon navigation below Lockport at any time prior to the completion of the sewage-treatment program. Sound procedure would be to carry out the full program of treatment-plant construction, reduce diversion as required by the Supreme Court decree, and observe its effect. A period of not more than 2 years of observation and study after the completion of the treatment plants of the sanitary district of Chicago, and the full reduction of diversion to 1,500 cubic feet per second, should furnish conclusive data which will permit of positive determination whether any increase in diversion is necessary, and if so, by what amount. For further details, see appendix D, page 4134.

104. Basis for existing project: The present improvement of the section, Starved Rock to Grafton, provides a 9-foot channel with no overdepth, with a diversion of 4,500 cubic feet per second, and the retention of the present locks and dams at Kampsville and La Grange. It was designed to care for navigation while the State was completing its project above Starved Rock (which would have been an 8-foot waterway if the United States had not changed the dredging plans), and while the Federal Government was developing a 9-foot channel in the Mississippi River between Grafton and St. Louis.

105. Width and depth of channel upon which new estimates are based: Tows made up to utilize the full width of the new locks above Starved Rock cannot pass in a 200-foot channel. The experience already gained on this waterway shows that it is difficult and hazardous for two small tows to pass each other in a rock cut 200 feet wide when the edges of the cut are submerged. It is proposed, therefore, to widen all dredged cuts between Lockport and Alton to 300 feet, with the exception of the two short reaches referred to in paragraphs 68 and 71. In order to facilitate towing by furnishing a reasonable clearance between the bottom of the barges and the bottom of the channel, thereby eliminating laboring as much as possible, and at the same time providing a reasonable allowance for silting, prior to maintenance dredging, all estimates are based upon a required depth of 10 feet. In accordance with common practice, the estimate includes payment for a maximum of 1.5 feet additional depth (wherever that much is removed by the contractor) in order to allow for the difficulty of securing a precise depth in underwater operations.

106. Size of tows: At the present time, there is no great volume movement of a single commodity, such as coal, upon the Illinois River. Movements of this kind in large tows are necessary to secure the greatest economy. There are, however, many possibilities that such movements will develop, but only after navigation conditions on the stream are such as to permit economical movement of cargoes. The difficulties attending the movement of larger and more economical tows are caused by the narrowness of the dredged channel and many narrow bridge openings. The passage of time and normal replacement of obsolete bridges will do much to remedy the problem of narrow bridge openings. With a 300-foot channel and fully adequate bridge clearances, tows up to lock size which carry 8,000 to 10,000 tons should be possible. The economy of the larger tows in the movement of lower-grade bulk commodities is apparent. The current of the Illinois River is so slight as to render upstream towing very little more expensive than downstream towing.

107. Size of locks: In order to provide a waterway with ample traffic capacity and to avoid the delay now being experienced by navigators at the Kampsville and La Grange Locks on account of the necessity for separating the barges in a tow, and making several lockages instead of one to pass an ordinary tow, new locks must be provided of the same size and character as those now in use on the Ohio River, upper Mississippi River, and the Illinois waterway above Starved Rock, viz, 110 feet wide and 600 feet long in the clear, with ample approach or guide walls at each end. At the Peoria and La Grange Locks, the river walls are designed so that they may be readily adapted to a second lock. At Alton, the construction of twin locks is proposed at once.

108. Type of dams: The dams for which estimates are submitted are all of the movable type so that flood conditions will not be aggravated. On the Illinois River it is proposed to have a navigable pass alongside each lock, so that at higher stages vessels of all types may navigate the pass and avoid the delay involved in making lockages. A study of the hydraulic data indicates that this should be possible about 30 percent of the navigation season. At Alton the proposed lift and the character of the nearby bridges make Chanoine wickets impracticable. The dam, as estimated for, includes a 900-foot section of Tainter gates. The general plan of the locks and dams upon which estimates are based is shown on the plans[1] accompanying this report. The exact location of locks and dams and all matters of design should be left to decision by the Chief of Engineers at the time of construction.

[1] Not printed.

[1] Not printed.

109. Proposed pool between Grafton and La Grange: In the estimates of cost it has been assumed that the dam to be built in the Mississippi River at or near Alton will furnish a pool elevation at Grafton of 419 feet above mean sea level. This will eliminate the necessity for building a new lock and dam to replace the existing lock and dam at Kampsville, 31.5 miles above Grafton. The estimates for this section include the cost of flowage easements for all lands in the Illinois River Valley which will be damaged by the Alton Pool. Above the present Kampsville Dam the new pool level created by the Alton Dam will be about 1 foot lower than the present water surface above the Kampsville Dam, so that no flowage easements are required between Kampsville and La Grange.

110. Proposed lock and dam at La Grange Landing: The first lock and dam in the Illinois River should be located a short distance above the present La Grange Lock and Dam. The topography, hydrography, and borings at this site are all favorable, and the proposed distance above the present La Grange Lock and Dam will furnish navigators ample space during the construction period in which to bring down-bound tows from the left bank (around the cofferdam) to the old lock on the right bank. The site map, borings, hydraulic data, and general plans (sheets 19–24[1]) accompany this report. A lock and dam at this site are included in the estimates for a waterway with diversions of 1,500, 2,500, 3,500, and 5,000 cubic feet per second. With a diversion of 5,000 cubic feet per second, the river can be improved without a lock and dam at this site, but the cost will be considerably greater. With diversions of 7,000 and 9,000 cubic feet per second, it is possible to have open-river navigation, with no locks and dams between Grafton and Starved Rock.

111. Alternate profiles between La Grange Landing and Starved Rock: Estimates for the improvement of the river between La Grange Landing and Starved Rock with diversions of 1,500, 2,500, and 3,500 cubic feet per second, have been made upon two different plans:

(a) By dividing this 151-mile reach into three pools, with dams located at Lancaster Landing (mile 144), and Hennepin (mile 207.4).

(b) By dividing this reach into two pools, with a single dam at mile 158, just below Peoria.

Under the latter plan, which is the one recommended, the 231 miles between Grafton and Starved Rock will be divided into three pools, 80, 78, and 73 miles long, respectively.

112. Under the recommended plan, the normal elevation of the La Grange Landing pool at the dam is 429 feet above mean sea level, which is 10 feet above the proposed normal pool level at Grafton.

113. The normal elevation of the Peoria pool at the dam is 440 feet above mean sea level, which is 11 feet above the proposed normal pool level at La Grange Landing. With a diversion of 1,500 cubic feet per second, the lift of the Peoria Lock will be 10 feet. At Peoria, the normal pool level will be about 3 feet above the present project plane. It corresponds to a stage at which the river stands a good portion of each year and will not interfere with Peoria's sewer system. There are practically no living trees below this pool level.

114. The profiles (sheets 8–10) for a diversion of 5,000 cubic feet per second, with no dam, 1 dam, and 2 dams, and the profiles (sheets 8–10) for open-river improvement with diversions of 7,000 and 9,000 cubic feet per second are shown clearly on the accompanying drawings. The profiles show, also, by hatching and figures, the excavation necessary with a diversion of 1,500 cubic feet per second.

115. Mississippi River between Grafton and St. Louis: The data contained in previous reports, augmented by the experience of the last few years with open-river regulating works in the Mississippi above the mouth of the Missouri, prove conclusively that this method of improvement will not insure a dependable channel. Consequently improvement by canalization has been considered with the condition that the pool below the mouth of the Illinois shall have an elevation 419 feet above mean sea level.

116. Studies were made to develop a plan of improvement which would provide a dependable 9-foot channel without excessive velocities at a reasonable cost from St. Louis upstream to the proposed site of Dam No. 25 on the Mississippi River and to La Grange on the Illinois River. A reasonable cost required that excessive flowage damages should be avoided in adopting pool elevations and that flood heights should not be raised.

117. It became necessary in the study of a dam located below the confluence of the Illinois and Mississippi Rivers to investigate the question as to whether the manipulation of the discharge gates for the purpose of keeping the proper pool elevation in either river would affect the other river injuriously. The critical condition occurs for a few days in the average year with a minimum flow from the Illinois and a discharge in the Mississippi River at Alton varying from 100,000 to 197,000 cubic feet per second. The latter discharge provides a dependable 9-foot channel depth with open river. At discharges less than 197,000 cubic feet per second, a dam at Alton must maintain a pool level at Grafton of 419 to insure a 9-foot channel depth in the Illinois River to La Grange. It has been ascertained from backwater computations that such level can be maintained by the dam for discharges less than 197,000 cubic feet per second, without causing additional flowage damage since the backwater slopes meet the open-river slopes at or below elevation 422, to which flowage easements are proposed.

118. The following table contains data showing the hydraulic characteristics of the proposed dam above the Alton Railroad bridge:

Open-river stage (elevation mean sea level)	Discharge (cubic feet per second)	Effective open-river area (square feet)	Open-river velocity (feet per second)	Swell head (feet)	Effective area through dam (square feet)	Velocity through dam (feet per second)	Remarks
432.5 feet	450,000	106,150	4.28	0.90	51,580	8.72	1844 high water.
421 feet	299,000	76,350	3.92	.81	36,400	8.21	27 feet above Tainter sill.
411 feet	171,000	45,800	3.45	.66	23,130	7.39	17 feet above Tainter sill.

119. The dam in the vicinity of Alton is needed even with the existing discharge in the Illinois River, because of the unsatisfactory conditions above Alton that have persisted under the methods of improvement employed in the past. The feasibility of slack-water improvement between the proposed Alton Dam and St. Louis is not so apparent, considering the costs and physical difficulties. Under existing conditions it may be possible to maintain a satisfactory channel by dredging and with the regulating works now in place and proposed. Because of the high cost of securing a channel by slack-water methods, it is recommended that the open-river method of regularization be continued until such time as it be proved unsatisfactory, or a more satisfactory plan evolved.

120. Résumé of advantages of Alton Dam: The proposed dam above the railroad bridge at Alton will give a pool elevation at Grafton of 419 feet, mean sea level, will insure a 9-foot channel in the Mississippi River from Alton to Cap au Gris, and, supplemented by dredging in the Illinois River from its mouth to the proposed dam at La Grange Landing, a distance of 80.2 miles, it will benefit navigation and reduce future maintenance costs.

121. At present that part of the Mississippi River between Grafton and Alton is the "bottle neck" in the Lakes-to-Gulf waterway. At low water the available depth is 5 feet. At such times barges operating between St. Louis and Chicago can be loaded to a maximum of 4 feet (in a 9-foot waterway). The only practical means of obtaining the additional required depth is by a dam.

122. Between Alton and Cap au Gris extensive dredging has been required in every low-water season to secure the former project depth of 6 feet. To secure even this depth during the lowest stages has been impracticable. The cost of this dredging would be eliminated by the construction of the proposed dam. The following table gives the annual cost of maintenance dredging for the years 1930, 1931, and 1932 on the Mississippi River from the proposed site of the Alton Dam to Cap au Gris:

Locality	1930	1931	1932
Alton to Grafton (not including Alton Slough)	$46,766	$105,380	$115,681
Grafton to Cap au Gris Dam site	24,047	27,643	36,511
Total	70,813	133,023	152,192

123. The proposed Alton Dam will also render unnecessary the future maintenance of some 93 dikes and several miles of revetment in the Mississippi between Alton and Cap au Gris. The average cost of such work has been $132,000 per annum.

124. The construction of the proposed dam at Alton will eliminate the necessity for rebuilding the old lock and dam at Kampsville on the Illinois River. A section of the Kampsville Dam failed this spring, requiring extensive emergency repairs, costing to date approximately $30,000. Additional repairs, costing perhaps $30,000, must be made when the water falls low enough to permit the driving of sheet piles. Trouble with this dam may be expected annually in the future.

125. Failure of a section of the Kampsville Dam during the low-water season would drop the pool and put the Lakes-to-Gulf waterway out of commission.

126. The elimination of the present Kampsville Lock from the Lakes-to-Gulf waterway is highly desirable. Tows made up for the new locks on the upper Illinois River must be broken up, both in length and width, in order to pass through the present small Kampsville Lock.

127. If the proposed Alton Dam is not built, a large amount of additional dredging must be done in widening the channel to 300 feet along the 31 miles between Kampsville and the mouth of the Illinois River; also, in redredging the entire 31 miles to secure additional depth after the diversion from Lake Michigan is reduced to 1,500 cubic feet per second.

128. The proposed dam at Alton is necessary for the improvement of the Mississippi River whether the diversion from Lake Michigan remains as at present or is fixed at 1,500 cubic feet per second.

129. Stage oscillation in Alton Harbor (above dam) will be reduced from 36 to 23 feet, thus effecting a large saving in the cost of river terminals.

[1] Not printed.

130. By submerging the city water-supply intakes at least 15 feet the exposure and freezing of these intakes in winter will be obviated. The intakes have frozen in the past and the city of Alton was faced with a shortage of water and a great potential fire hazard.

WATER POWER

131. At Lockport: Proceeding downstream from Chicago the first installation is found at Lockport. Here the sanitary district utilizes the flow from Lake Michigan for the generating of power as it discharges from the sanitary canal into the Des Plaines River. The head varies from 30 to 45 feet, according to the relative stages above and below the power house. The average working head is 35 to 37 feet. When the plant was installed in 1907, it was capable of producing 32,000 horsepower, or 24,000 kilowatts, with a flow of 10,000 cubic feet per second. Due to decreased efficiency of the plant and reduced flow, the average output at present is much less. The current generated is used for pumping sewage, operating sewage-treatment plants, and lighting city streets and parks.

132. At Marseilles: At Marseilles there has been a water-power dam across the Illinois River for nearly 70 years. The present Marseilles Land & Water Power Co. was chartered by the State legislature on March 9, 1867. The power is used in various industries, and also for lighting purposes. The output amounts to a total of about 8,000 horsepower, or 6,000 kilowatts.

133. State project: The State of Illinois contemplates the construction of water-power plants at Brandon Road, Dresden Island, and Starved Rock. A license covering these three installations is now under consideration by the Federal Power Commission. The division of water at Marseilles between the existing plants and the proposed State plants is a matter of controversy which must be settled later. If authorized by license, the State proposes to install plants having the following capacities:

	Horsepower
At Brandon Road	29,250
At Dresden Island	20,000
At Starved Rock	15,200
Total	64,450

134. Starved Rock to Grafton: There are no water-power plants in this 231-mile reach, and none are proposed. Hydroelectric plants could not be profitably operated in connection with the proposed navigation dams at Peoria and La Grange Landing on account of the comparatively low heads available, and the fact that the proposed dams are not of the fixed type. For 2½ or 3 months in the year, the dams would be lowered and no power could be generated. For an additional period, the head available would be greatly reduced by backwater. The generation of power would, therefore, be irregular and uncertain as to time and amount, and probably not of sufficient value to justify the cost of the installation.

135. Grafton to St. Louis: There are no water-power plants in this 38-mile reach, and none are proposed. At the proposed Alton Dam, the low-water head will be 20 feet, as compared with 9.4 feet at La Grange Landing and 10 feet at Peoria. The percentage of loss in head due to high stages below the dam will, therefore, be much less serious at Alton than at the other two dams, but the generation of power at this site will not be economically feasible.

136. Other special subjects: There are no problems involving land reclamation or flood control which can be coordinated with the proposed navigation improvements in such way as to reduce their cost to the United States. The proposed pools must be kept full for the benefit of navigation and would have no value as reservoirs for the alleviation of floods. Irrigation is not needed in the territory adjacent to this waterway. No other prospective improvement is known to this office which could be coordinated with the improvement of this waterway.

CONCLUSIONS

137. A commercially useful waterway connecting the Great Lakes with the Mississippi River system should be commodious and efficient. Below Lockport, it should have minimum channel dimensions of 300 feet in width and 9 feet in depth 100 percent of the time, with locks 110 feet wide and 600 feet long in the clear.

138. Dams should be of the movable type so that flood conditions on the Illinois and Mississippi Rivers may not be aggrevated.

139. The lock and dam near Peoria is the only structure of the recommended project that may be dispensed with even if the diversion should be increased to as much as 5,000 cubic feet per second.

140. A diversion of 1,500 cubic feet per second will lower the level of Lakes Michigan and Huron about 1 inch. This will not substantially injure the existing navigation on the Great Lakes.

141. The difference between the cost of a commercially useful waterway with the present diversion (6,500 cubic feet per second) as compared with the diversion prescribed by the Supreme Court (1,500 cubic feet per second) is $5,200,000. The annual difference in operation and care is estimated as $100,000.

142. The diversion from Lake Michigan prescribed by the Supreme Court, plus the pumpage, is sufficient for the operation of the locks and dams now in use between Lockport and Starved Rock, as well as for those proposed in this report.

143. The program of construction of plants for complete sewage treatment should be carried out, diversion should be reduced as required by the Supreme Court decree, and navigation conditions along the waterway and river should be observed for a short period subsequent to January 1, 1939. Then, and then only, can it be determined with reasonable certainty whether any additional diversion is necessary in order to provide decent and healthful living conditions for boat crews and river terminal operators. The improvements for navigation herein proposed must be completed before January 1, 1939.

144. The construction of a lock and dam at Alton is a vital necessity to the project for the improvement of the upper Mississippi and the Lakes-to-Gulf waterway. Without it, neither of these adopted projects can be assured of a 9-foot connection with the lower Mississippi and Ohio Rivers. It will afford other material benefits by eliminating obsolete structures and reducing by $250,000 the annual cost of maintenance of the present unsatisfactory channels and structures in the Alton Pool.

145. On account of the work which has been done heretofore by the sanitary district of Chicago and the State of Illinois, no local cooperation should be required.

RECOMMENDATIONS

146. That the existing project for the Illinois River be modified to provide for a channel at least 9 feet deep and 300 feet wide between Lockport and Grafton, to be secured by canalization and dredging, at an estimated cost of $15,530,000, with $350,000 annually for operation and care of locks and dams and $150,000 annually for channel maintenance; that the Kampsville Dam be removed after the Alton Dam and the channel dredging below La Grange Landing have been completed; and that the dam at La Grange be removed after the new dam near that site has been completed.

147. That the existing project for the Mississippi River from Grafton to St. Louis be modified to provide for a channel at least 9 feet deep and 300 feet wide, to be secured by the construction of a lock and dam near Alton, Ill., at an estimated cost of $3,011,000, with $60,000 annually for maintenance and operation, and by a continuation for the time being of the present methods of open-channel improvement between St. Louis and the Alton Dam.

148. That the initial allotment be sufficient to cover the cost of constructing the four new locks (including twin locks at Alton), namely, $6,800,000. The additional funds necessary to complete the project should be provided in two allotments approximately equal, available 1 year and 2 years, respectively, after the initial allotment, in order that the entire project may be completed by the time the diversion is reduced to 1,500 cubic feet per second, on January 1, 1939.

DAN I. SULTAN,
Lieutenant Colonel, Corps of Engineers, District Engineer.

APPENDIX A
Bridge table

Miles above Grafton	Location	Owner	Purpose	Type	Clear width normal to channel	Clear height for 80-foot width		Maximum above mean low water	Remarks
						Above mean low water [1]	Above high water [2]		
					Feet	*Feet*	*Feet*	*Feet*	
326.9	Outer Drive, Chicago	City of Chicago	Highway	Bascule	210	24.2	20.9	24.6	Under construction.
326.3	Michigan Avenue, Chicago.	do	do	do	170	17.0	13.7	17.1	
326.2	Wabash Avenue, Chicago	do	do	do	192	21.0	17.7	22.5	
326.1	State Street, Chicago	do	do	do	120	14.4	11.1	16.6	

[1] Mean low water as used in connection with the bridges between Lake Michigan and Lockport is the former low-water datum for Lake Michigan, 579.6 feet above mean sea level, and not the recently established low-water datum, which is 578.6 feet above mean sea level.

[2] High-water clearances refer to a level pool 3.3 feet above mean low water. This condition is created only infrequently, and for short periods, in order to release some ship which has been stranded or caught crosswise of the channel at some bridge above Lockport.

APPENDIX A—Continued

Bridge table—Continued

Miles above Grafton	Location	Owner	Purpose	Type	Clear width normal to channel	Clear height for 80-foot width		Maximum above mean low water	Remarks
						Above mean low water	Above high water		
					Feet	*Feet*	*Feet*	*Feet*	
326.0	Dearborn Street, Chicago	City of Chicago	Highway	Bascule	149	16.9	13.6	18.1	
326.0	Clark Street, Chicago	do	do	do	195	18.6	15.3	19.2	
325.9	La Salle Street, Chicago	do	do	do	195	17.5	14.2	18.1	
325.8	Wells Street, Chicago	do	Railway-Highway	do	219	17.5	14.2	17.5	
325.7	Franklin-Orleans Street, Chicago.	do	do	do	190	17.8	14.5	18.3	
325.6	Lake Street, Chicago	do	Railway-Highway	do	207	17.7	14.4	17.8	
325.5	Randolph Street, Chicago	do	do	do	134	16.2	12.9	17.6	
325.4	Washington Street, Chicago.	do	do	do	155	19.6	16.3	20.3	
325.3	Madison Street, Chicago	do	do	do	173	17.8	14.5	18.0	
325.2	Monroe Street, Chicago	do	do	do	162	17.7	14.4	18.3	
325.1	Adams Street, Chicago	do	do	do	149	18.0	14.7	21.2	
325.0	Jackson Boulevard, Chicago.	do	do	do	143	19.4	16.1	22.5	
325.0	Chicago	Metropolitan Elevated Ry	Railway	do	92	9.5	6.2	34.4	
324.9	Van Buren Street, Chicago	City of Chicago	Highway	do	82	13.4	10.1	16.9	
324.7	Harrison Street, Chicago	do	do	do	140	13.2	9.9	16.6	
324.6	Polk Street, Chicago	do	do	do	130	18.6	15.3	20.7	
324.4	Taylor Street, Chicago	do	do	do	170	21.1	17.8	23.3	Proposed.
324.3	Roosevelt Road, Chicago	do	do	do	159	24.3	21.0	25.2	
323.8	Chicago	Baltimore & Ohio, Chicago Terminal R.R.	Railway	do	171	20.4	17.1	21.9	
323.8	Chicago	Chicago, Burlington & Quincy Railroad; Illinois Central R.R.	do	do	171	21.8	18.5	22.9	
323.6	Eighteenth Street, Chicago.	City of Chicago	Highway	do	113	17.9	14.6	18.4	
323.4	Chicago	Pittsburgh, Fort Wayne & Chicago Ry.	Railroad	Lift	156	[3] 120.0 [4] 9.4	116.7 6.1	120.0 9.4	
323.3	Canal Street, Chicago	City of Chicago	Highway	Bascule	115	12.4	9.1	16.3	
323.2	Twenty-second Street, Chicago.	do	do	do	123	13.7	10.4	16.0	
322.7	Halsted Street, Chicago	do	do	Bobtail swing.	75	17.1	13.8	17.1	To be removed.
322.7	do	do	do	Bascule	165	20.4	17.1	21.0	Under construction.
322.1	Throop Street, Chicago	do	do	do	132	15.0	11.7	16.9	
321.9	Loomis Street, Chicago	do	do	do	103	12.6	9.3	16.7	
321.6	Ashland Avenue, Chicago	do	do	do	134	12.6	9.3	16.7	
321.1	Damen Avenue, Chicago	do	do	do	141	26.1	22.8	26.3	
320.5	Western Avenue, Chicago	Sanitary district of Chicago	do	Swing	Left, 77 Right, 77	16.7	13.4	16.7	No operating machinery is at present installed in any of the bridges over the sanitary and ship canal between Western Avenue, Chicago, and Romeo. At present they are, in effect, fixed bridges
320.4	Chicago	Pittsburgh, Cincinnati, Chicago & St. Louis R.R.; Baltimore & Ohio Chicago Terminal R.R.; and Chicago Junction Ry.	Railway	Bascule	120	16.3	13.0	16.3	
320.0	California Avenue, Chicago.	Sanitary district of Chicago	Highway	do	140	16.8	13.5	17.6	
319.6	Chicago	C., M. & N.; Illinois Central R.R.	Railway	Swing	Left, 72 Right, 61	18.7	15.4	18.7	
319.5	Kedzie Avenue, Chicago	Sanitary district of Chicago	Highway	do	Left, 91 Right, 61	16.9	13.6	16.9	
318.9	Chicago	Illinois Northern Railway; Atchison, Topeka & Santa Fe Ry.	Railway	do	Left, 92 Right 62	17.9	14.6	17.9	
318.4	Crawford Avenue, Chicago.	Sanitary district of Chicago	Highway	Bascule	140	24.3	19.5	23.1	
317.6	Chicago	Chicago & Western Indiana R.R.	Railway	Swing	Left, 79 Right, [5]	16.9	13.6	16.9	
317.3	Cicero Avenue, Chicago	Sanitary district of Chicago	Highway	Bascule	140	16.9	13.6	17.6	
314.8	LeMoyne	Atchison, Topeka & Santa Fe Ry.	Railway	Swing	Left, 92 Right, 62	18.4	15.1	18.4	
314.0	Harlem Avenue	Sanitary district of Chicago	Highway	Bascule	140	23.3	20.0	25.3	
313.2	Summit-Lyons	do	do	Swing	Left, 102 Right, 102	20.9	17.6	20.9	
312.3	Argo	Baltimore & Ohio Chicago Terminal R.R.	Railway	do	Left, 101 Right, 101	18.3	15.0	18.3	
309.4	Justice	State of Illinois, Division of Highways.	Highway	Fixed	250	38.3	35.0	38.3	Under construction.
307.9	Willow Springs	Sanitary district of Chicago	do	Bobtail swing.	160	17.5	14.2	17.5	
300.6	Lemont	Atchison, Topeka & Santa Fe Ry.	Railway	do	160	18.3	15.0	18.3	
300.5	do	Sanitary district of Chicago	Highway	do	160	16.5	13.2	16.5	
296.2	Romeo	do	do	do	160	16.0	12.7	16.0	
292.8	Ninth Street, Lockport	do	do	do	160	2.9	−.4	2.9	
292.1	Sixteenth Street, Lockport.	do	do	do	160	2.9	−.4	2.9	
291.1	Lockport	U.S. Government	Foot bridge.	Fixed	110	50.2	46.9	50.2	

[3] Open.
[4] Closed.
[5] Not available for navigation.

130. By submerging the city water-supply intakes at least 15 feet the exposure and freezing of these intakes in winter will be obviated. The intakes have frozen in the past and the city of Alton was faced with a shortage of water and a great potential fire hazard.

WATER POWER

131. At Lockport: Proceeding downstream from Chicago the first installation is found at Lockport. Here the sanitary district utilizes the flow from Lake Michigan for the generating of power as it discharges from the sanitary canal into the Des Plaines River. The head varies from 30 to 45 feet, according to the relative stages above and below the power house. The average working head is 35 to 37 feet. When the plant was installed in 1907, it was capable of producing 32,000 horsepower, or 24,000 kilowatts, with a flow of 10,000 cubic feet per second. Due to decreased efficiency of the plant and reduced flow, the average output at present is much less. The current generated is used for pumping sewage, operating sewage-treatment plants, and lighting city streets and parks.

132. At Marseilles: At Marseilles there has been a water-power dam across the Illinois River for nearly 70 years. The present Marseilles Land & Water Power Co. was chartered by the State legislature on March 9, 1867. The power is used in various industries, and also for lighting purposes. The output amounts to a total of about 8,000 horsepower, or 6,000 kilowatts.

133. State project: The State of Illinois contemplates the construction of water-power plants at Brandon Road, Dresden Island, and Starved Rock. A license covering these three installations is now under consideration by the Federal Power Commission. The division of water at Marseilles between the existing plants and the proposed State plants is a matter of controversy which must be settled later. If authorized by license, the State proposes to install plants having the following capacities:

	Horsepower
At Brandon Road	29,250
At Dresden Island	20,000
At Starved Rock	15,200
Total	64,450

134. Starved Rock to Grafton: There are no water-power plants in this 231-mile reach, and none are proposed. Hydroelectric plants could not be profitably operated in connection with the proposed navigation dams at Peoria and La Grange Landing on account of the comparatively low heads available, and the fact that the proposed dams are not of the fixed type. For 2½ or 3 months in the year, the dams would be lowered and no power could be generated. For an additional period, the head available would be greatly reduced by backwater. The generation of power would, therefore, be irregular and uncertain as to time and amount, and probably not of sufficient value to justify the cost of the installation.

135. Grafton to St. Louis: There are no water-power plants in this 38-mile reach, and none are proposed. At the proposed Alton Dam, the low-water head will be 20 feet, as compared with 9.4 feet at La Grange Landing and 10 feet at Peoria. The percentage of loss in head due to high stages below the dam will, therefore, be much less serious at Alton than at the other two dams, but the generation of power at this site will not be economically feasible.

136. Other special subjects: There are no problems involving land reclamation or flood control which can be coordinated with the proposed navigation improvements in such way as to reduce their cost to the United States. The proposed pools must be kept full for the benefit of navigation and would have no value as reservoirs for the alleviation of floods. Irrigation is not needed in the territory adjacent to this waterway. No other prospective improvement is known to this office which could be coordinated with the improvement of this waterway.

CONCLUSIONS

137. A commercially useful waterway connecting the Great Lakes with the Mississippi River system should be commodious and efficient. Below Lockport, it should have minimum channel dimensions of 300 feet in width and 9 feet in depth 100 percent of the time, with locks 110 feet wide and 600 feet long in the clear.

138. Dams should be of the movable type so that flood conditions on the Illinois and Mississippi Rivers may not be aggrevated.

139. The lock and dam near Peoria is the only structure of the recommended project that may be dispensed with even if the diversion should be increased to as much as 5,000 cubic feet per second.

140. A diversion of 1,500 cubic feet per second will lower the level of Lakes Michigan and Huron about 1 inch. This will not substantially injure the existing navigation on the Great Lakes.

141. The difference between the cost of a commercially useful waterway with the present diversion (6,500 cubic feet per second) as compared with the diversion prescribed by the Supreme Court (1,500 cubic feet per second) is $5,200,000. The annual difference in operation and care is estimated as $100,000.

142. The diversion from Lake Michigan prescribed by the Supreme Court, plus the pumpage, is sufficient for the operation of the locks and dams now in use between Lockport and Starved Rock, as well as for those proposed in this report.

143. The program of construction of plants for complete sewage treatment should be carried out, diversion should be reduced as required by the Supreme Court decree, and navigation conditions along the waterway and river should be observed for a short period subsequent to January 1, 1939. Then, and then only, can it be determined with reasonable certainty whether any additional diversion is necessary in order to provide decent and healthful living conditions for boat crews and river terminal operators. The improvements for navigation herein proposed must be completed before January 1, 1939.

144. The construction of a lock and dam at Alton is a vital necessity to the project for the improvement of the upper Mississippi and the Lakes-to-Gulf waterway. Without it, neither of these adopted projects can be assured of a 9-foot connection with the lower Mississippi and Ohio Rivers. It will afford other material benefits by eliminating obsolete structures and reducing by $250,000 the annual cost of maintenance of the present unsatisfactory channels and structures in the Alton Pool.

145. On account of the work which has been done heretofore by the sanitary district of Chicago and the State of Illinois, no local cooperation should be required.

RECOMMENDATIONS

146. That the existing project for the Illinois River be modified to provide for a channel at least 9 feet deep and 300 feet wide between Lockport and Grafton, to be secured by canalization and dredging, at an estimated cost of $15,530,000, with $350,000 annually for operation and care of locks and dams and $150,000 annually for channel maintenance; that the Kampsville Dam be removed after the Alton Dam and the channel dredging below La Grange Landing have been completed; and that the dam at La Grange be removed after the new dam near that site has been completed.

147. That the existing project for the Mississippi River from Grafton to St. Louis be modified to provide for a channel at least 9 feet deep and 300 feet wide, to be secured by the construction of a lock and dam near Alton, Ill., at an estimated cost of $8,011,000, with $60,000 annually for maintenance and operation, and by a continuation for the time being of the present methods of open-channel improvement between St. Louis and the Alton Dam.

148. That the initial allotment be sufficient to cover the cost of constructing the four new locks (including twin locks at Alton), namely, $6,800,000. The additional funds necessary to complete the project should be provided in two allotments approximately equal, available 1 year and 2 years, respectively, after the initial allotment, in order that the entire project may be completed by the time the diversion is reduced to 1,500 cubic feet per second, on January 1, 1939.

DAN I. SULTAN,
Lieutenant Colonel, Corps of Engineers, District Engineer.

APPENDIX A
Bridge table

Miles above Grafton	Location	Owner	Purpose	Type	Clear width normal to channel	Clear height for 80-foot width		Maximum above mean low water	Remarks
						Above mean low water [1]	Above high water [2]		
					Feet	*Feet*	*Feet*	*Feet*	
326.9	Outer Drive, Chicago	City of Chicago	Highway	Bascule	210	24.2	20.9	24.6	Under construction.
326.3	Michigan Avenue, Chicago.	do	do	do	170	17.0	13.7	17.1	
326.2	Wabash Avenue, Chicago.	do	do	do	192	21.0	17.7	22.5	
326.1	State Street, Chicago	do	do	do	120	14.4	11.1	16.6	

[1] Mean low water as used in connection with the bridges between Lake Michigan and Lockport is the former low-water datum for Lake Michigan, 579.6 feet above mean sea level, and not the recently established low-water datum, which is 578.5 feet above mean sea level.

[2] High-water clearances refer to a level pool 3.3 feet above mean low water. This condition is created only infrequently, and for short periods, in order to release some ship which has been stranded or caught crosswise of the channel at some bridge above Lockport.

APPENDIX A—Continued

Bridge table—Continued

Miles above Grafton	Location	Owner	Purpose	Type	Clear width normal to channel	Clear height for 80-foot width		Maximum above mean low water	Remarks
						Above mean low water	Above high water		
					Feet	*Feet*	*Feet*	*Feet*	
326.0	Dearborn Street, Chicago	City of Chicago	Highway	Bascule	149	16.9	13.6	18.1	
326.0	Clark Street, Chicago	do	do	do	195	18.6	15.3	19.2	
325.9	La Salle Street, Chicago	do	do	do	195	17.5	14.2	18.1	
325.8	Wells Street, Chicago	do	Railway-Highway	do	219	17.5	14.2	17.5	
325.7	Franklin-Orleans Street, Chicago.	do	do	do	190	17.8	14.5	18.3	
325.6	Lake Street, Chicago	do	Railway-Highway	do	207	17.7	14.4	17.8	
325.5	Randolph Street, Chicago	do	do	do	134	16.2	12.9	17.6	
325.4	Washington Street, Chicago.	do	do	do	155	19.6	16.3	20.3	
325.3	Madison Street, Chicago	do	do	do	173	17.8	14.5	18.0	
325.2	Monroe Street, Chicago	do	do	do	162	17.7	14.4	18.3	
325.1	Adams Street, Chicago	do	do	do	149	18.0	14.7	21.2	
325.0	Jackson Boulevard, Chicago.	do	do	do	143	19.4	16.1	22.5	
325.0	Chicago	Metropolitan Elevated Ry	Railway	do	92	9.5	6.2	34.4	
324.9	Van Buren Street, Chicago	City of Chicago	Highway	do	82	13.4	10.1	16.9	
324.7	Harrison Street, Chicago	do	do	do	140	13.2	9.9	16.6	
324.6	Polk Street, Chicago	do	do	do	130	18.6	15.3	20.7	
324.4	Taylor Street, Chicago	do	do	do	170	21.1	17.8	23.3	Proposed.
324.3	Roosevelt Road, Chicago	do	do	do	159	24.3	21.0	25.2	
323.8	Chicago	Baltimore & Ohio, Chicago Terminal R.R.	Railway	do	171	20.4	17.1	21.9	
323.8	Chicago	Chicago, Burlington & Quincy Railroad; Illinois Central R.R.	do	do	171	21.8	18.5	22.9	
323.6	Eighteenth Street, Chicago.	City of Chicago	Highway	do	113	17.9	14.6	18.4	
323.4	Chicago	Pittsburgh, Fort Wayne & Chicago Ry.	Railroad	Lift	156	[3] 120.0 [4] 9.4	116.7 6.1	120.0 9.4	
323.3	Canal Street, Chicago	City of Chicago	Highway	Bascule	115	12.4	9.1	16.3	
323.2	Twenty-second Street, Chicago.	do	do	do	123	13.7	10.4	16.0	
322.7	Halsted Street, Chicago	do	do	Bobtail swing.	75	17.1	13.8	17.1	To be removed.
322.7	do	do	do	Bascule	165	20.4	17.1	21.0	Under construction.
322.1	Throop Street, Chicago	do	do	do	132	15.0	11.7	16.9	
321.9	Loomis Street, Chicago	do	do	do	103	12.6	9.3	16.7	
321.6	Ashland Avenue, Chicago	do	do	do	134	12.6	9.3	16.7	
321.1	Damen Avenue, Chicago	do	do	do	141	26.1	22.8	26.3	
320.5	Western Avenue, Chicago	Sanitary district of Chicago	do	Swing	Left, 77 Right, 77	16.7	13.4	16.7	No operating machinery is at present installed in any of the bridges over the sanitary and ship canal between Western Avenue, Chicago, and Romeo. At present they are, in effect, fixed bridges.
320.4	Chicago	Pittsburgh, Cincinnati, Chicago & St. Louis R.R.; Baltimore & Ohio Chicago Terminal R.R.; and Chicago Junction Ry.	Railway	Bascule	120	16.3	13.0	16.3	
320.0	California Avenue, Chicago.	Sanitary district of Chicago	Highway	do	140	16.8	13.5	17.6	
319.6	Chicago	C., M. & N.; Illinois Central R.R.	Railway	Swing	Left, 72 Right, 61	18.7	15.4	18.7	
319.5	Kedzie Avenue, Chicago	Sanitary district of Chicago	Highway	do	Left, 91 Right, 61	16.9	13.6	16.9	
318.9	Chicago	Illinois Northern Railway; Atchison, Topeka & Santa Fe Ry.	Railway	do	Left, 92 Right 62	17.9	14.6	17.9	
318.4	Crawford Avenue, Chicago.	Sanitary district of Chicago	Highway	Bascule	140	24.3	19.5	23.1	
317.6	Chicago	Chicago & Western Indiana R.R.	Railway	Swing	Left, 79 Right, [5]	16.9	13.6	16.9	
317.3	Cicero Avenue, Chicago	Sanitary district of Chicago	Highway	Bascule	140	16.9	13.6	17.6	
314.8	LeMoyne	Atchison, Topeka & Santa Fe Ry.	Railway	Swing	Left, 92 Right, 62	18.4	15.1	18.4	
314.0	Harlem Avenue	Sanitary district of Chicago	Highway	Bascule	140	23.3	20.0	25.3	
313.2	Summit-Lyons	do	do	Swing	Left, 102 Right, 102	20.9	17.6	20.9	
312.3	Argo	Baltimore & Ohio Chicago Terminal R.R.	Railway	do	Left, 101 Right, 101	18.3	15.0	18.3	
309.4	Justice	State of Illinois, Division of Highways.	Highway	Fixed	250	38.3	35.0	38.3	Under construction.
307.9	Willow Springs	Sanitary district of Chicago	do	Bobtail swing.	160	17.5	14.2	17.5	
300.6	Lemont	Atchison, Topeka & Santa Fe Ry.	Railway	do	160	18.3	15.0	18.3	
300.5	do	Sanitary district of Chicago	Highway	do	160	16.5	13.2	16.5	
296.2	Romeo	do	do	do	160	16.0	12.7	16.0	
292.8	Ninth Street, Lockport	do	do	do	160	2.9	−.4	2.9	
292.1	Sixteenth Street, Lockport.	do	do	do	160	2.9	−.4	2.9	
291.1	Lockport	U.S. Government	Foot bridge.	Fixed	110	50.2	46.9	50.2	

[3] Open.
[4] Closed.
[5] Not available for navigation.

APPENDIX A—Continued

Bridge table—Continued

Miles above Grafton	Location	Owner	Purpose	Type	Clear width normal to channel	Clear height above		Remarks
						10,000 cubic feet per second flow in pool	High water	
					Feet	*Feet*	*Feet*	
290.1	Lockport	Elgin, Joliet & Eastern Ry	Railway	Fixed	40	23.6	21.1	To be removed.
				Lift	225	[1] 49.8 [2] 24.8	[1] 47.3 [2] 22.3	Under construction.
288.7	Ruby Street, Joliet	State of Illinois, Division of Waterways	Highway	Bascule	200	16.5	15.5	Proposed. Vertical clearances given are for a 120-foot channel.
288.4	Jackson Street, Joliet	do	do	do	150	[3] 17.2	[3] 16.6	
288.1	Cass Street, Joliet	do	do	do	150	[4] 16.9	[4] 16.5	
287.9	Jefferson Street, Joliet	do	do	do	150	[5] 16.9	[5] 16.7	
287.6	Joliet	Chicago, Rock Island & Pacific Ry	do	Lift	150	[1] 51.0 [2] 9.5	[1] 50.9 [2] 9.4	
287.3	McDonough Street, Joliet.	State of Illinois, Division of Waterways	do	Bascule	150	16.5	16.5	Under construction. Vertical clearances are for a 96-foot channel.
285.8	Brandon Road	do	do	do	110	[6] 17.9	[6] 10.8	
278.0	Channahon	do	do	Fixed	350	47.0	45.1	Smiths Bridge.
270.6	Divine	Elgin, Joliet & Eastern Ry	Railway	Lift	113	[1] 55.6 [2] 25.4	[1] 40.6 [2] 10.4	
263.5	Morris	State of Illinois, Division of Highways	Highway	Fixed	350	49.9	34.8	Under construction.
263.2	do	Grundy County	do	do	152	21.5	6.3	To be removed.
254.1	Seneca	Chicago, Rock Island & Pacific Ry	Railway	do	147	19.6	7.7	Is being altered to furnish clearances given below.
				Lift	140	[1] 47.4 [2] 19.6	[1] 35.5 [2] 7.7	Now under construction.
252.7	do	State of Illinois, Division of Highways	Highway	Fixed	354	47.5	36.6	
246.9	Marseilles	do	do	do	227	46.8	44.3	This bridge is over the Marseilles Canal.
239.7	Ottawa	do	do	do	[7] 300 484	50.1 47.0 44.9	41.8 38.7 36.6	Now under construction.
239.6	do	City of Ottawa	do	do	145–110–182	19.4	11.1	To be removed in fall of 1933.
239.4	do	Chicago, Burlington & Quincy R.R	Railway	Lift	161	[1] 47.5 [2] 21.2	[1] 39.4 [2] 13.1	

Miles above Grafton	Location	Owner	Purpose	Type	Clear width normal to channel	Clear height above		Remarks
						1927 project plane	High water	
					Feet	*Feet*	*Feet*	
229.6	Utica	State of Illinois, Division of Highways	Highway	Swing	L:133 R:129	28.1	9.5	No fenders or pier protection.
225.5	LaSalle	Illinois Central R.R	Railway	Fixed	260	63.3	44.3	
225.4	do	Chicago, Burlington & Quincy R.R	do	Lift	225	[1] 69.3 [2] 20.3	[1] 50.3 [2] 1.3	
224.7	do	State of Illinois, Division of Highways	Highway	do	249	[1] 83.9 [2] 28.7	[1] 64.9 [2] 9.7	
222.4	Peru	La Salle County	do	Swing	L:136 R:134	19.9	0.6	
218.4	Spring Valley	City of Spring Valley	do	do	L: [8] R:132	16.4	−3.1	
213.9	Depue	New York Central R.R	Railway	do	L:162 R:157	23.0	3.7	
196.0	Henry	City of Henry	Highway	do	L:124 R:124	21.5	2.9	Fenders and pier protection inadequate.
189.1	Lacon	City of Lacon	Highway (toll).	Pontoon	150			
181.9	Chillicothe	Atchison, Topeka & Santa Fe Ry	Railway	Fixed	360	62.0	44.0	
166.1	Peoria	City of Peoria	Highway	Swing	L:135 R:135	16.9	−1.2	
162.3	do	do	do	Bascule	131	[9] 31.8	[9] 13.7	
162.2	do	Toledo, Peoria & Western R.R	Railway	Swing	L:118 R: [10]	17.4	−0.7	
162.2	do	Illinois Terminal R.R. System	do	Bascule	125	[11] 34.1	[11] 16.0	
161.6	Cedar Street	City of Peoria	Highway	Fixed	280 210	63.3 82.1	45.2 64.0	Clearances at the center are 93.7 feet and 80.6 feet, respectively.
160.7	Peoria	Peoria & Pekin Union Ry	Railway	Bascule	140	25.2	6.9	
153.0	Pekin	Peoria Terminal Ry. (C. R. I. & P. Ry.)	do	Swing	L: [12] R:141	21.6	2.4	
152.9	do	State of Illinois, Division of Highways	Highway	Lift	210	[1] 84.2 [2] 28.4	[1] 65.1 [2] 9.3	
151.2	Below Pekin	Chicago & North Western Ry	Railway	do	150	[1] 70.9 [2] 29.4	[1] 51.9 [2] 10.4	
119.9	Havana	State of Illinois, Division of Highways	Highway	Swing	L:120 R:118	22.4	5.2	
88.8	Beardstown	Chicago, Burlington & Quincy R.R	Railway	do	L:120 R:118	21.8	2.9	
88.6	do	City of Beardstown	Highway (toll).	do	L:127 R:125	16.5	−2.4	
71.1	Meredosia	Wabash Ry	Railway and highway (toll).	do	L:125 R:125	22.5	2.0	
61.6	Valley City	do	Railway	do	L:128 R:128	20.9	1.2	
56.0	Florence	State of Illinois, Division of Highways	Highway	Lift	202	[1] 83.9 [2] 27.1	[1] 64.1 [2] 7.3	
43.2	Pearl	Alton Railroad Co	Railway	Swing	L:122 R:128	20.9	1.4	
21.6	Hardin	State of Illinois, Division of Highways	Highway	Lift	300	[1] 92.6 [2] 35.7	[1] 65.8 [2] 8.9	
3.8	Grafton	Father Marquette Memorial Bridge Association.	Highway (toll).	Fixed	350	76.6	46.4	Proposed. Permit issued but construction not yet started.
2.9	do	Calhoun Bridge Co	Railway and highway (toll).	do	350	76.7	46.3	Do.

(Footnotes at end of table.)

APPENDIX A—Continued

Bridge table—Continued

Miles below Grafton	Location	Owner	Purpose	Type	Clear width normal to channel	Mean low water	High water	Remarks
					Feet	*Feet*	*Feet*	
15.3	Alton, Ill.	Missouri & Illinois Bridge & Belt R.R. Co.	Railway	Swing	L:200 R:200	36.3	1.8	
15.3	do	Alton & St. Louis Bridge Co.	Highway	Fixed	437	87.0	52.5	
27.6	Chain of Rocks, St. Louis, Mo.	Kingshighway Bridge Co.	Highway (toll).	do	680	92.6	55.7	Chain of Rocks Bridge.
34.8	St. Louis, Mo.	Terminal Railroad Association	Railway	do	505	86.2	44.9	Merchants Bridge.
35.5	do	Illinois Traction System	Highway (toll) and railway.	do	500	86.0	47.7	McKinley Bridge.
38.0	do	Terminal Railroad Association	do	do	517	[9] 88.2	[9] 47.0	Eads Bridge.

[1] Open.
[2] Closed.
[3] At center of arch.
[4] For 80-foot channel. Clearances at the center are 17.9 feet and 17.3 feet, respectively.
[5] For 80-foot channel. Clearances at the center are 17.7 feet and 17.3 feet, respectively.
[6] For 80-foot channel. Clearances at the center are 17.7 feet and 17.5 feet, respectively.
[7] For 80-foot channel. Clearances at the center are 21.5 feet and 14.4 feet, respectively.
[8] Center.
[9] Not available for navigation. Fenders and pier protection inadequate.
[10] For 80-foot channel. Clearances at the center are 35.6 feet and 17.5 feet, respectively.
[11] Not available for navigation.
[12] For 80-foot channel. Clearances at the center are 39.2 feet and 21.1 feet, respectively.
[13] Not available for navigation.

APPENDIX B

1. Estimate of tonnage potential to the Illinois River and waterway: A number of estimates have been prepared of tonnage which would move by water as a result of proposed improvements on the Illinois River and waterway. House Document No. 4, Sixty-ninth Congress, first session, 1926, contained an estimate based upon an assumption of completion of the present Illinois River and waterway project. In 1933 an estimate was submitted of commerce to, from, or through Chicago arising from an improved Calumet-Sag connection. This estimate was based upon a report prepared by the United States Department of Commerce and was carefully compiled. Neither of these estimates is directly applicable to this case, as the basic assumptions are somewhat different. Nevertheless, the material contained in them contains sufficient data so that with its help a fairly reliable estimate may be submitted of commerce which might move after the improvements discussed in the basic report have been completed.

2. The information on which savings in freight rates are computed was secured in 1930 and 1931. Since that time there have been reductions of railroad freight rates on some commodities which were moving or were likely to move by water to meet water and canal competition. These rate changes are occuring frequently, and the estimate could not be brought up to date without considerable research and the expenditure of more money than is now justified.

3. Prospective commerce between Chicago and St. Louis: This estimate is based upon the assumption that the waterway from Lockport to St. Louis will be improved in the manner proposed in this report, and that operating machinery will be installed in the bridges over the main Sanitary Canal. Failure to install the machinery in the sanitary canal bridges would affect the movement of paper, canned goods, sugar, and general cargo; would exclude cotton, linters, and cottonseed meal, and increase the cost of the movement of every commodity.

4. Cement: Approximately 75,000 tons of cement per year have moved from La Salle to St. Louis and points south. There is included also in the summary an estimate of 200,000 tons between La Salle and Chicago, and 50,000 tons between La Salle and Milwaukee. The rail rate on cement from La Salle to Chicago is $1.60 per ton, plus 10 percent emergency; from La Salle to Milwaukee, $2.40 per ton, plus 20 cents emergency. The savings on cement to Chicago are based upon a cost as follows:

Switching to waterside	$0.24
Loading	.25
Water haul, 109 miles, at 3 mills per ton-mile	.32
Total	.81
Savings	.79

Or, say, $0.80 per ton.

Cement from La Salle to Milwaukee would probably be shipped in a self-propelled barge. The water rate would be:

Switching and loading, as above	$0.49
194 miles, at 5 mills per ton-mile	.97
Total	1.46
Savings (ignoring surcharge)	.94

The rate of 5 mills per ton-mile is assumed for a self-propelled barge capable of navigating on both lake and river. In the summary this saving has been listed at $0.90 per ton.

5. Sand and gravel: Most of the sand and gravel would probably be produced in the neighborhood of Joliet. In 1931 the movement from Joliet to Chicago amounted to 334,000 tons. The rail rates on gravel are:

	Per ton
From Joliet to Chicago, Santa Fe delivery	$0.55
From Joliet to Chicago, Illinois Central delivery	.85
From Joliet to Peoria	.88

The movement of sand and gravel could probably be increased if combined with return cargoes of steel to Joliet, and coal from Southern Illinois ports. A saving of $0.30 per ton is estimated for Chicago, and $0.40 for Peoria, which are conservative, considering performances already made.

6. Oil and gasoline: The Department of Commerce estimated over 200,000 tons of oil and gas as potential from Texas and Oklahoma to Chicago. This sum will be reduced if the Calumet-Sag is not developed, as facilities for handling this item ashore will not be entirely satisfactory. However, two large oil companies, the Texas Oil Co. and the Globe Oil Co., are already located on the Sanitary Canal, who might be prospective receivers of this commodity. The Department of Commerce estimate of savings of approximately $1 per ton is used, although possibly this might be increased. A movement of 100,000 tons per year has been assumed in the following summary.

7. Paper: A large amount of paper, paper stock, and paper products, manufactured or originating in Canada and elsewhere on the Great Lakes, is now shipped by rail to cities located on or near the Mississippi River. This item could be handled through facilities already existing on the Chicago River, although the movement would be considerably handicapped by low bridges, as this is a bulky commodity and requires high barges. The Department of Commerce estimate is taken both as to savings and tonnage. The savings are based upon the savings from a joint rail-and-water rate. However, as this movement might be entirely by water, a greater saving is possible.

8. Canned goods: Chicago is a primary market for consumption, as well as distribution of canned goods. It receives canned fruits and vegetables from Wisconsin and Michigan, and canned fruits from California. The Department of Commerce estimates this movement at approximately 170,000 tons. The savings per ton are large and are based upon joint rail-and-water rates. Terminal companies in Chicago are making plans to receive and ship large quantities of these goods, using through water transportation, or barge and truck, in which case the savings might be larger than those shown. The movement balances so as to give both upstream and downstream cargoes. It is believed that the estimate given here, 100,000 tons, with savings of $260,000, is conservative. This traffic could be handled in the Chicago River.

9. Sugar: On the Chicago River there are already large warehouses equipped for handling sugar. Chicago now consumes very large quantities of sugar from both New Orleans and New York. The Department of Commerce estimate includes an item of 110,000 tons of sugar for Chicago and for through shipments to other lake ports. The figure used here (100,000 tons) is derived from this estimate, as are the savings per ton. As these savings are based upon the 20-percent differential, and as possibly no rail haul would be involved, the actual savings might be larger.

10. Cotton, cotton linters, and cottonseed meal: Some cotton is now used in Chicago in local manufacturing processes. Considerable cotton is consumed in Canadian mills in the vicinity of Montreal. This Canadian export cotton now moves from southern points by rail. Cotton-forwarding companies have already been active in inquiring about arrangements available for the transfer of cotton on the Chicago River from river barges to lake boats, and

for transport for local delivery. The Department of Commerce estimate of these items totals approximately 140,000 tons. To be conservative, this has been scaled down to 100,000 tons. The savings are large. As cotton is now being shipped in the South by means of truck and barge transportation, it is believed that this movement might take place without the use of rail transportation, and that the estimate of savings per ton used in the table is conservative.

11. Clay and clay products: Fire clay and manufactured products of clay are produced in quantity in St. Louis, Ottawa, and in northern Illinois at Goose Lake. The rate on bulk fire clay from Coal City to Chicago is $1.45 per ton, plus the 10 percent emergency. Fire clay and clay products are consumed in Chicago in considerable quantities. The Department of Commerce estimates of tonnage and savings on clay are used.

12. Salt: Chicago is a large consumer of salt. It now moves to Chicago both from Louisiana and Michigan, the two products being of different quality. The Department of Commerce estimates are used. Salt is now received on the Chicago River by water. As no rail haul is involved in the downstream movement, the estimates of savings per ton are believed conservative.

13. Coal: The Department of Commerce estimated a movement of southern Illinois coal to Chicago of 4,000,000 tons. The consumption of coal in Chicago is in the neighborhood of 28,000,000 tons per year. Many Chicago River industries are consumers of coal. Domestic coal could also be delivered on the river at points where it could be distributed by truck, with considerable savings. The estimates of savings on coal are based upon the cost of transportation rather than joint rail and water rates. Southern Illinois coal is a high-quality fuel and already has a considerable Chicago market The movement at a rate below the existing rail rate would be predicated upon a favorable rail rate from mine to waterside, dependable 9-foot depths in the Mississippi River, and a back-haul for the boat line handling coal, which would be over 15 percent of the coal movement. The Department of Commerce estimate was based upon an assumption of an improved Calumet-Sag connection and ability to market coal in the Calumet area. It is not believed that the markets reached through the Chicago River would be so extensive or favorable as those in the Calumet area. The cargo available for back-haul would also be less with the Chicago River as the sole connection with Lake Michigan. It is therefore believed that the estimate of tonnage of southern Illinois coal should be reduced from 4,000,000 to 2,000,000 tons per year, with $400,000 savings.

14. Northern Illinois coal to Chicago: This coal comes from open-pit mines located in the vicinity of Coal City, Ill., about 6 miles from either the Illinois River or the navigable section of the Kankakee River. Coal could be hauled from Coal City to the waterside by either the Santa Fe, Chicago & Alton, or Elgin, Joliet & Eastern railroads. Estimates have been prepared of the cost of moving a considerable volume of coal by water, based upon costs of equipment in 1930, which carry 50 percent more equipment than needed for the average rate of movement, to take care of peak loads. These rates for long hauls run from 2 to 2½ mills per ton-mile. Therefore, the following rates, which are used in these coal estimates, are believed to be conservative:

Rail haul to waterside	$0.15
Loading	.10
Water haul, 53 miles at 5 mills per ton-mile (short haul)	.27
Total	.52

15. In the event that satisfactory arrangements could not be made with the railroads to haul the coal from mine to waterside, it should be possible to truck it there for 26 cents per ton. This would increase the total to 63 cents. The rail rate on this coal is $1.10. The savings would then be 58 cents by rail and water, or 47 cents by truck and barge. Savings of 47 cents per ton have been used in the summary.

16. Central Illinois coal to Chicago: This is a rail-and-water movement:

Existing rail rate to waterside near Pekin	$0.88
Loading	.10
174 miles water haul at 3 mills per ton-mile	.52
Total	1.50
Rail rate	1.65
Savings	.15

This figure is used in the present estimate.

17. Coal, northern Illinois to La Salle: A cement company near La Salle now uses over 250,000 tons a year of northern Illinois coal from the Coal City mines. This quantity has been used in the present estimate. The rail rate is $1. Using the same costs as for shipments to Chicago, $0.63 per ton, would show a saving of $0.37 per ton, or total savings of $92,500 for 250,000 tons of coal.

18. Grain: Much Illinois corn is consumed or sold in Chicago. The rate from Ottawa to Chicago is $1.90 per ton. The usual means of shipping corn is by farmer's truck or wagon to a country elevator at the railroad; thence by rail. Barge-line operators and farmers' organizations are cooperating in the construction of elevators and grain-loading facilities at a number of points, where they are collecting grain from a radius of about 25 miles, whence it is being shipped by water to Chicago from points north of Peoria, and to St. Louis, Memphis, and New Orleans from Peoria and points south. The savings to the farmers have been estimated at over 3 cents per bushel, or $1 per ton. The estimate of 100,000 tons northbound to Chicago comes from those who are ready to handle that amount. The estimate of 250,000 tons from Peoria and points south is a reduction from a figure of 650,000 tons in House Committee Document No. 4, Sixty-ninth Congress, first session. Slight changes in advantage of markets may cause a flow of grain movement either north or south from Illinois River points.

19. Iron and steel: Chicago is the cheapest producer of iron and steel in the country. There is already a considerable consumption of these items in Joliet, Peoria, St. Louis, and lower Mississippi River ports. The Department of Commerce estimate contains items of almost one and one half million tons of this commodity moving south from Chicago. The barges loaded with iron and steel will have to be specially constructed for navigation through the Chicago River; thence, by open lake to the steel district, which will result in added expense for the movement unless they are able to squeeze through the existing Sag Channel, which will also involve additional expense, but of a different amount. Because of the added expense, it is believed that an estimate of 500,000 tons is reasonable. Based upon joint rail-and-water rates, the savings given by the Department of Commerce average $1.23 per ton.

20. Lumber: The estimate of 230,000 tons of lumber from southern ports to Chicago is taken from the Department of Commerce report. The savings are estimated at $300,000, and are taken from the same source. They are based upon joint rail-and-water rates.

21. Silica sand: Silica sand is produced adjacent to Ottawa, Ill., and is used in the manufacture of glass, and for molding in the cast-iron and cast-steel industry. It is consumed in large quantities in Chicago, Detroit, and Pittsburgh, and in smaller quantities in St. Louis, Peoria, Joliet, St. Joseph, Mich., and many other points where iron and steel castings are made. The estimate of tonnage is derived from estimates of the Ottawa Chamber of Commerce. The haul from Ottawa to Chicago could be combined with a movement of steel from Chicago south, and the commodity would move as a return cargo. No rail haul may be involved.

22. General merchandise: The item for general cargo to and from Chicago would include a large number of miscellaneous items, which would move largely on joint rail-and-water rates. As the terminal facilities on the Chicago River would not be so satisfactory, and terminal costs would not be so low as if the terminal were located in the Calumet area, the figure has been suitably reduced from the Department of Commerce estimate, as have been the savings per ton. As these items should move at high rates, the savings per ton given are believed to be conservative. The item of general cargo to and from Peoria is the estimated tonnage which will remain in that port after the obstructive bridges have been remodeled along the route to Chicago. The tonnage now moving to and through Peoria is considerably in excess of this quantity.

23. Summary of prospective commerce and estimated savings:

Commodity	Origin and destination	Tonnage	Savings
Cement	La Salle to Chicago	200,000	$160,000
Do	La Salle to Milwaukee	50,000	45,000
Do	La Salle to St. Louis and points south.	75,000	112,500
Sand and gravel	Joliet to Chicago	1,400,000	420,000
Do	Joliet to Peoria	100,000	40,000
Oil and gas	Southern points to Chicago	100,000	100,000
Paper, etc	Chicago to southern ports	250,000	300,000
Canned goods	Pacific ports to Chicago	70,000	182,000
Do	Chicago to southern ports	30,000	78,000
Sugar	New Orleans to Chicago	100,000	217,000
Cotton, linters and meal.	South to Chicago	100,000	238,000
Clay and clay products.	St. Louis, Ottawa, and northern Illinois to Chicago.	135,000	68,800
Salt	Louisiana to Chicago and Michigan to Louisiana.	130,000	130,000
Coal	Northern Illinois to Chicago	500,000	235,000
Do	Central Illinois via Pekin or Havana to Chicago.	1,000,000	150,000
Do	Northern Illinois to La Salle	250,000	92,500
Do	Southern Illinois to Chicago	2,000,000	400,000
Grain	Local ports north of Peoria to Chicago.	100,000	100,000
Do	Peoria and local ports to southern ports.	250,000	250,000
Iron and steel	Chicago to southern points	500,000	615,000
Lumber	Southern ports to Chicago	230,000	300,000
Silica sand	Ottawa to southern points	30,000	30,000
Do	Ottawa to Chicago and lake ports	100,000	50,000
General cargo	To and from Chicago	600,000	816,000
Do	To and from Peoria	30,000	40,800
Total		8,330,000	5,260,600

APPENDIX C

ESTIMATES OF COST

1. Illinois waterway, Lockport to Starved Rock:

Name of pool	Rock excavation, including overdepth	Common excavation, including overdepth	Unit cost	Cost
	Cubic yards	*Cubic yards*		
Brandon Road	636,700		$2.00	$1,273,400
Do		217,000	.40	86,800
Dresden Island	85,000		2.35	199,800
Do		765,000	.40	306,000
Marseilles	105,000		2.35	246,750
Do		1,450,000	.30	435,000
Starved Rock	[1] 175,000		2.25	393,750
Do		[1] 265,000	.40	106,000
Total	1,001,700	2,697,000		3,047,300

[1] Includes widening of Marseilles Canal.

Additional items for Brandon Road Pool:

7,600 cubic yards concrete, at $8	$60,800	
Channeling and miscellaneous	14,700	
Right-of-way	25,000	
		$100,500
Total		3,148,000
Contingencies, 12 percent		378,000
Grand total		3,526,000

2. Starved Rock to Grafton, with diversion of 1,500 cubic feet per second, with three locks and dams:

Excavation:		
Grafton to La Grange Landing, earth, 5,004,000 cubic yards, at $0.25		$1,251,000
La Grange Landing to Lancaster Landing, earth, 6,828,000 cubic yards, at $0.25		1,707,000
Lancaster Landing to Hennepin, earth, 1,320,000 cubic yards, at $0.25		330,000
Hennepin to Starved Rock, earth, 388,000 cubic yards, at $0.25		97,000
Hennepin to Starved Rock, rock, 120,000 cubic yards, at $3		360,000
		3,745,000
Flowage:		
Grafton to La Grange Landing	$720,000	
Lancaster Landing to Starved Rock	648,000	
		1,368,000
La Grange Landing Lock and Dam		2,000,000
Lancaster Landing Lock and Dam		1,900,000
Hennepin Lock and Dam		1,900,000
Removal of old La Grange and Kampsville Dams		100,000
Total		11,013,000
Contingencies, 12 percent		1,322,000
Grand total		12,335,000

3. Starved Rock to Grafton, with diversion of 1,500 cubic feet per second, with two locks and dams:

Excavation:		
Grafton to La Grange Landing, earth, 5,004,000 cubic yards, at $0.25		$1,251,000
La Grange Landing to Peoria, earth, 11,332,000 cubic yards, at $0.25		2,833,000
Peoria to Starved Rock, earth, 1,484,000 cubic yards, at $0.25		371,000
Peoria to Starved Rock, rock, 221,000 cubic yards, at $3		663,000
		5,118,000
Flowage:		
Grafton to La Grange Landing	$720,000	
Peoria to Starved Rock	830,000	
		1,550,000
La Grange Landing Lock and Dam		2,000,000
Peoria Lock and Dam		1,950,000
Removal of old La Grange and Kampsville Dams		100,000
Total		10,718,000
Contingencies, 12 percent		1,286,000
Grand total		12,004,000

4. Starved Rock to Grafton, with diversion of 2,500 cubic feet per second, with three locks and dams:

Excavation:		
Grafton to La Grande Landing, earth, 4,648,000 yards, at $0.25		$1,162,000
La Grange Landing, to Lancaster Landing, earth, 6,176,000 cubic yards, at $0.25		1,544,000
Excavation—Continued		
Lancaster Landing to Hennepin, earth, 1,208,000 cubic yards, at $0.25		$302,000
Hennepin to Starved Rock, earth, 376,000 cubic yards, at $0.25		94,000
Hennepin to Starved Rock, rock, 116,000 cubic yards, at $3		348,000
		3,450,000
Flowage:		
Grafton to La Grange Landing	$720,000	
Lancaster Landing to Starved Rock	648,000	
		1,368,000
La Grange Landing Lock and Dam		2,000,000
Lancaster Landing Lock and Dam		1,900,000
Hennepin Lock and Dam		1,900,000
Removal of old La Grange and Kampsville Dams		100,000
Total		10,718,000
Contingencies, 12 percent		1,286,000
Grand total		12,004,000

5. Starved Rock to Grafton, with diversion of 2,500 cubic feet per second, with two locks and dams:

Excavation:		
Grafton to La Grange Landing, earth, 4,648,000 cubic yards, at $0.25		$1,162,000
La Grange Landing to Peoria, earth, 10,032,000 cubic yards, at $0.25		2,508,000
Peoria to Starved Rock, earth, 1,304,000 cubic yards at $0.25		326,000
Peoria to Starved Rock, rock, 205,000 cubic yards, at $3		615,000
		4,611,000
Flowage:		
Grafton to La Grange Landing	$720,000	
Peoria to Starved Rock	830,000	
Peoria to Starved Rock	830,000	
		1,550,000
La Grange Landing Lock and Dam		2,000,000
Peoria Lock and Dam		1,950,000
Removal of old La Grange and Kampsville Dams		100,000
Total		10,211,000
Contingencies, 12 percent		1,225,000
Grand total		11,436,000

6. Starved Rock to Grafton, with diversion of 3,500 cubic feet per second, with three locks and dams:

Excavation:		
Grafton to La Grange Landing, earth, 4,228,000 cubic yards, at $0.25		$1,057,000
La Grange Landing to Lancaster Landing, earth, 5,260,000 cubic yards, at $0.25		1,315,000
Lancaster Landing to Hennepin, earth, 1,108,000 cubic yards, at $0.25		277,000
Hennepin to Starved Rock, earth, 376,000 cubic yards, at $0.25		94,000
Hennepin to Starved Rock, rock, 110,000 cubic yards, at $3		330,000
		3,073,000
Flowage:		
Grafton to La Grange Landing	$720,000	
Hennepin to Starved Rock	648,000	
		1,368,000
La Grange Landing Lock and Dam		2,000,000
Lancaster Landing Lock and Dam		1,900,000
Hennepin Lock and Dam		1,900,000
Removal of old La Grange and Kampsville Dams		100,000
Total		10,341,000
Contingencies, 12 percent		1,241,000
Grand total		11,582,000

7. Starved Rock to Grafton, with diversion of 3,500 cubic feet per second, with two locks and dams:

Excavation:		
Grafton to La Grange Landing, earth, 4,228,000 cubic yards, at $0.25		$1,057,000
La Grange Landing to Peoria, earth, 8,328,000 cubic yards, at $0.25		2,082,000
Peoria to Starved Rock, earth, 1,148,000 cubic yards, at $0.25		287,000
Peoria to Starved Rock, rock, 188,000 cubic yards, at $3		564,000
		3,990,000
Flowage:		
Grafton to La Grange Landing	$720,000	
Peoria to Starved Rock	830,000	
		1,550,000

La Grange Landing Lock and Dam	$2,000,000
Peoria Lock and Dam	1,950,000
Removal of old La Grange and Kampsville Dams	100,000
Total	9,590,000
Contingencies, 12 percent	1,151,000
Grand total	10,741,000

8. Starved Rock to Grafton, with diversion of 5,000 cubic feet per second, with two locks and dams:

Excavation:		
Grafton to La Grange Landing, earth, 2,956,000 cubic yards, at $0.25		$739,000
La Grange Landing to Peoria, earth, 5,116,000 cubic yards, at $0.25		1,279,000
Peoria to Starved Rock, earth, 788,000 cubic yards, at $0.25		197,000
Peoria to Starved Rock, rock, 132,000 cubic yards, at $3		396,000
		2,611,000
Flowage:		
Grafton to La Grange Landing	$720,000	
Peoria to Starved Rock	830,000	
		1,550,000
La Grange Landing Lock and Dam		2,000,000
Peoria Lock and Dam		1,950,000
Removal of old La Grange and Kampsville Dams		100,000
Total		8,211,000
Contingencies, 12 percent		985,000
Grand total		9,196,000

9. Starved Rock to Grafton, with diversion of 5,000 cubic feet per second, with one lock and dam:

Excavation:	
Grafton to La Grange Landing, earth, 2,956,000 cubic yards, at $0.25	$739,000
La Grange Landing to Peoria, earth, 5,116,000 cubic yards, at $0.25	1,279,000
Peoria to Starved Rock, earth, 11,252,000 cubic yards, at $0.25	2,813,000
Peoria to Starved Rock, rock, 312,000 cubic yards, at $3	936,000
Total	5,767,000
Flowage, Grafton to La Grange Landing	720,000
La Grange Landing Lock and Dam	2,000,000
Removal of old La Grange and Kampsville Dams	100,000
Total	8,587,000
Contingencies, 12 percent	1,030,000
Grand total	9,617,000

10. Starved Rock to Grafton, with diversion of 5,000 cubic feet per second, with open-river improvement:

Excavation:	
Grafton to La Grange Landing, earth, 2,956,000 cubic yards, at $0.25	$739,000
La Grange Landing to Peoria, earth, 22,752,000 cubic yards, at $0.25	5,688,000
Peoria to Starved Rock, earth, 15,968,000 cubic yards, at $0.25	3,992,000
Peoria to Starved Rock, rock, 361,000 cubic yards, at $3	1,083,000
Total	11,502,000
Flowage: Grafton to La Grange Landing	720,000
Removal of old La Grange and Kampsville Dams	100,000
Total	12,322,000
Contingencies, 12 percent	1,479,000
Grand total	13,801,000

11. Starved Rock to Grafton, with diversion of 7,000 cubic feet per second, with open-river improvement:

Excavation:	
Grafton to La Grange Landing, earth, 1,164,000 cubic yards, at $0.25	$291,000
La Grange Landing to Peoria, earth, 10,460,000 cubic yards, at $0.25	2,615,000
Peoria to Starved Rock, earth, 4,280,000 cubic yards, at $0.25	1,070,000
Peoria to Starved Rock, rock, 164,000 cubic yards, at $3	492,000
Total	4,468,000
Flowage: Grafton to La Grange Landing	720,000
Removal of old La Grange and Kampsville Dams	100,000
Total	5,288,000
Contingencies, 12 percent	635,000
Grand total	5,923,000

12. Starved Rock to Grafton, with diversion of 9,000 cubic feet per second, with open-river improvement:

Excavation:	
Grafton to La Grange Landing, earth, 800,000 cubic yards, at $0.25	$200,000
La Grange Landing to Peoria, earth, 3,696,000 cubic yards, at $0.25	924,000
Peoria to Starved Rock, earth, 612,000 cubic yards, at $0.25	153,000
Peoria to Starved Rock, rock, 70,000 cubic yards, at $3	210,000
Total	1,487,000
Flowage, Grafton to La Grange Landing	720,000
Removal of old La Grange and Kampsville Dams	100,000
Total	2,307,000
Contingencies, 12 percent	277,000
Grand total	2,584,000

13. Mississippi River, Grafton to Alton:

Alton Lock and Dam	$6,253,000
Flowage and clearing, Alton to head of pool	900,000
Total	7,153,000
Contingencies, 12 percent	858,000
Grand total	8,011,000

APPENDIX D

SANITARY DISTRICT DIVERSION—DIGEST OF EXPERT ENGINEERING AND LEGAL OPINION

Part I.—Extracts from report of Special Master C. E. Hughes on rereference in Sanitary District Diversion Case, October term, 1929

Identification

Langdon Pearse: Sanitary engineer for the Sanitary District of Chicago since 1909.

Harrison P. Eddy, of Boston: Consulting engineer on sanitary work for 75 municipalities. Member of engineering board of review, employed by the sanitary district in 1924 to make a comprehensive examination and report.

Prof. John H. Gregory, of Baltimore: Sanitary expert witness for the Sanitary District of Chicago and member of engineering board of review. Wide experience in construction and design of water works and sewage works.

L. R. Howson, of Chicago: Leading sanitary expert for complainants. Member of firm of Alvord, Burdick & Howson, retained by the War Department to make a thorough study and report on the disposal of sewage of the Sanitary District of Chicago.

Charles E. Hughes: Special master to whom the sanitary district case was referred. Now Chief Justice of the United States Supreme Court.

Maj. Gen. Edgar Jadwin: Chief of Engineers, United States Army.

George B. Gascoigne, of Cleveland, Ohio: Sanitary expert for the complainants. Has served 25 municipalities upon major sewage projects.

Darwin W. Townsend, of Milwaukee, Wis.: Sanitary expert for the complainants. Fourteen years' experience with the activated sludge process. Assistant chief engineer, Milwaukee sewage-treatment works.

Dr. F. W. Mohlman: For 10 years director of laboratories for the Sanitary District of Chicago.

Mr. Pearse: Acknowledged "that the activated sludge process accomplishes from 85 percent to 95-percent reduction of the biochemical oxygen demand, 90-percent to 95-percent reduction of suspended solids, and from 92-percent to 98-percent reduction in bacteria. He said that he was talking of ranges on a large program. He felt that we can do better than 85 percent. We may be able to average 90 percent."

Mr. Eddy: "Taking all of the plants into consideration, a general average of 85 percent of purification is a reasonable assumption."

Professor Gregory: It was his opinion that "by and large an annual average in the neighborhood of 85 percent can be accomplished."

Mr. Howson: "A properly operated modern activated sludge plant will remove from 90 percent to 95 percent of the suspended solids, approximately 95 percent of the bacteria, and 95 percent of the biochemical oxygen demand."

Mr. Hughes: "The evidence justifies the conclusion that an average of 85 percent purification is the minimum that can reasonably be expected and that there is a strong probability that the average efficiency of the sewage-treatment plants will be as high as 90 percent and it may be still higher."

Mr. Pearse: Noted from statement before Committee on Rivers and Harbors of the House of Representatives in 1924. "The biological processes, such as sprinkling filters, or activated sludge, when properly operated, produce a high-grade effluent, requiring no dilution, in which fish can live. The effluent, further, will create no nuisance, and can be turned into a water course, even though dry, without fear of consequences."

Mr. Pearse: Before the special master, "Reaffirmed that the statement was correct in that fish were living in the effluent of the sanitary district trickling filters right at the filters. Young

carp were living in the effluent, some shiners from Lake Michigan, and some others."

Mr. Howson: "The organic matter remaining in the effluent from activated-sludge plant would be finely divided, practically invisible to the eye, would be in an environment of an effluent which contains an excess of oxygen in the form of dissolved oxygen or as nitrate, in excess of the demand of the organic matter, so that the organic matter remaining in the effluent would not subsequently putrefy. The available oxygen in the effluent of a well-operated activated-sludge plant is equal to or greater than the oxygen demand so as to preserve the stability of the effluent."

Mr. Gascoigne: "The effluent from sewage-treatment works providing 90 percent treatment, especially if it be of the activated-sludge type, will be clear, sparkling, and odorless, and have remaining in it of the above five substances only a very small or minor part of the putrescible matter and bacteria."

Mr. Townsend: "In the case of the organic matter in the effluent, the effluent is rich in oxygen both in the form of dissolved oxygen and nitrates. This oxygen supply, being more than adequate to meet the oxygen demand, results in stability."

General Jadwin: "The introduction of deposits of sewage into the Chicago River would, without dilution, render it so foul and putrid as to materially impair its navigable condition and capacity through its deterrent effect on the navigators and on those engaged in loading and unloading the vessels. This statement is based on the effect on navigation and with the intention of keeping this effect separate from the effect on the important question of sanitation of Chicago. The sanitary conditions essential for working conditions for those engaged in navigation should be substantially the same as for the residents on shore. * * * Even with the attainment of the maximum practical treatment of all sewage, some circulation of water will be necessary to keep the condition of the waters tolerable for navigation. The effluent from sewage-treatment plants is not pure water, and the added refuse from ships and streets, together with unavoidable accumulations of oil, requires more water for flushing than is available from the natural run-off, which the urban development has in large part intercepted and turned into sewers. When the ultimate practicable treatment of sewage is accomplished, it is believed that the needs of navigation in the Chicago and Calumet Rivers proper may be found not to exceed a flow of clear water from the lake averaging 1,500 cubic feet per second, augmented by the natural run-off of the Chicago and Calumet Rivers watersheds and the effluent from the treatment plants. This would give an average annual flow of about 3,200 cubic feet per second at Lockport. This diversion would create a current on the principal river channels of from one quarter to one third foot per second, and would be sufficient to renew the average water content of the main portions of the Chicago River in about 2 days. Unless the total diversion be considerably greater than 3,200 cubic feet per second, the progressive putrefaction of the polluted water would become offensive to a degree detrimental to navigation, because of the longer time required for its passage through the drainage canal to the navigable waters of the Des Plaines River and the upper reaches of the Illinois River. * * * Besides providing water necessary for adequate depths and widths of channels, another requisite for navigation of the Illinois River is that the water should not be unreasonably offensive. * * * It seems certain that with too little water the water will be so foul as to be a menace to the health of the workers upon vessels and at terminals. * * * People on board boats need substantially the same protection; that is, their protection is the same as that for the people in the city."

Mr. Hughes: "It is not regarded as open to serious question that the city of Chicago, under authority of the State, has the riparian right to take water from Lake Michigan for the ordinary uses of its inhabitants. That would not be, per se, an unreasonable use. And if it were sought to prevent an abuse of that right through the taking of an unreasonable amount, it would be necessary to present that issue in an appropriate manner. If the city of Chicago is entitled to take its water supply from Lake Michigan for the ordinary and reasonable uses of its inhabitants, it cannot be said that the State or the city is subject to any established rule of law which requires it to turn into the lake what is no longer water but sewage or the effluent of sewage-treatment plants. If there were a way of destroying the sewage or sewage effluent altogether, or evaporating it, it does not appear that the State or the city would violate any right of the complainants in doing so.

"That pouultion caused by the introduction of sewage has relation to the interests of navigation was recognized by this Court in the case of *New York* v. *New Jersey*."

Mr. Howson testified "that assuming the completion of the program outlined by him[1] and summarized in complainants' exhibit and with no flow at Lockport, a situation would result which would be satisfactory from the viewpoints both of public health and navigation in the Chicago River as part of the Great Lakes-St. Lawrence system; that there would not be any visible suspended particles recognizable as of sewage origin in the Chicago River, coming from the sewage-treatment plants; that conditions in the river would then be greatly superior in that respect to those now obtaining; that there would not be any odors arising from the waters of the river due to the putrefaction of the organic matter contained in the sewage effluent; that there would not be any grease, oil, or sewage material on the surface of the river due to the flow from the sewage-treatment plants, which would also be a material improvement over present conditions; that the water of the river would not be offensive or injurious to the health of passengers or persons employed on vessels or docks."

Mr. Eddy: "The discharge of the effluent of the completed sewage-treatment plants into the lake would be detrimental to navigation. The effluent would be devoid of oxygen, black, and offensive much of the time. It would tend to discolor light-colored paint on boats. It would be offensive to people riding on boats and having to work on the vessels and along the wharves."

Dr. Mohlman: "The complicated factor that makes it impossible for me to judge what the conditions will be in the future, with complete treatment, is that we do not know what the effect of storm-water discharge, carrying sewage, will have on these streams. My opinion of the effect of such storm-water deposits is that they will form septic deposits in the river; that the oxygen will disappear, except for a short distance below the activated sludge effluents, and that the condition of the channels will be objectionable. There will be deposits of septic sludge and conditions of pollution that will be highly offensive. That is in the absence of any diluting water from the lake. There would be a small amount of dissolved oxygen immediately below the discharge of the treatment-plant effluents, but in the absence of diluting water, the water would be devoid of oxygen, and there would be objectionable conditions, without any flushing or diluting water." Dr. Mohlman testified that he had observed the effluent from various activated sludge plants and that it was not "clear, sparkling, and odorless." He said it was not stable under all tests.

General Jadwin: "The effluent from sewage-treatment plants is not pure water, and added refuse from ships and streets, together with unavoidable accumulations of oil, requires more water for flushing than is available from the natural run-off, which the urban development has in large part intercepted and turned into sewers."

Mr. Hughes: "The difficulties of prediction inhere in the attempt to estimate results on such a vast and wholly unprecedented scale of sewage treatment as that involved in the disposal of the sewage of a population now estimated at over 3,500,000, with an additional population equivalent of industrial wastes of 1,500,000, and an estimated total of human population and population equivalent of industrial wastes of 6,300,000 in 1945. The experience of very much smaller communities affords little aid in determining the effect of this enormous volume of effluent from the sewage-treatment works, and the storm-water run-off containing untreated sewage, flowing into the channels of the drainage canal and the Chicago River. If the flow at Lockport were entirely stopped, the result would be, as Colonel Townsend, testifying for the complainants, said, 'that the only water from the lake would be that which comes in as the lake rises and falls.' In that case, with the water held at Lockport, there would be 'absolutely no slope in the river and its connections.' The large sewage-treatment works—the west side and the southwest side plants—adjoining the drainage canal will pour their effluents into the canal, and if there is no flow at Lockport, these effluents will pass directly into the Chicago River. It is found that 100-percent purification of the sewage taken to the treatment works is not practicable with present knowledge. The expected degree of purification is found to be a minimum of 85 percent, and it is probable that it will be 90 percent or more. This means that an amount not exactly determinable, which may be less than 10 percent, or possibly as high as 15 percent, of the sewage will not have been purified and will be represented in the effluent. While the residual organic matter in the effluent may be very different from an equal percentage of the raw sewage as a potential source of nuisance, it is far from demonstrated, in my judgment, that with all flow stopped at Lockport, the concentration of such a vast volume of effluent as will flow from the proposed sewage plants, together with the untreated sewage and wastes carried with the storm flow into the limited channels of the drainage canal and Chicago River will not create conditions in these channels seriously detrimental to navigation.

"The complainants ask that the decree provide that on and after the date fixed for the completion of the sewage-treatment program the State of Illinois, the sanitary district, and all persons acting under the authority of either, be ordered to refrain from so polluting the Chicago River, and the auxiliary navigable channels of the sanitary district, by the discharge of sewage or otherwise as to create an obstruction to or interference with navigation or navigable capacity. It seems to me that the best way, and the reasonably sure way, of accomplishing this result is to permit an outflow from the drainage canal at Lockport. The suggestion that outfall sewers or tunnels might be built to take the effluents directly to Lake Michigan has been made in a general way, but the evidence is by no means convincing that it would be a reasonable requirement to compel the sanitary district or the city to build such sewers or tunnels to take the effluents from the sewage-treatment plants across the city to the lake. The problem of the storm flow would still remain and would be especially serious in view of the volume which may be expected in the run-off of this large area with its great and growing population. The pumping of circulating water into the drainage canal and the Chicago and Calumet Rivers would, as pointed out in the testimony, carry whatever filth there would be in these rivers to the lake more rapidly. It is not clear that this course would be compatible with the interest of

[1] Refers to a program of construction of sewage-treatment works and water-filtration plants recommended by Alvord, Burdick & Howson in report to Chief of Engineers, 1925.

navigation in the Chicago Harbor, and that there would be a serious danger of contaminating the water supply and of creating offensive conditions at the bathing beaches of the city is quite evident. As to the water supply, it is urged that water-filtration plants should be constructed. The fact remains that the effluents from the sewage-treatment plants and the storm water must go somewhere, and if they are taken away from the lake and discharged through the canal at Lockport, both the danger to the water supply will be removed and conditions suitable to navigation can be maintained.

"But if the effluent from the sewage-treatment plants and the storm water are to be discharged through the drainage canal at Lockport, it is well established that some flow from the lake will be required. This it appears should not be less than a mean annual diversion of 1,000 cubic feet per second, in addition to pumpage; and it does not at present appear that it is necessary that the diversion should exceed a mean annual amount of 1,500 cubic feet per second, in addition to pumpage.

"My conclusion is that, so far as the question can be determined at this time, the interests of navigation in the Chicago River as a part of the port of Chicago, when the above-described sewage-treatment program has been carried out, will require that the flow of the drainage canal be discharged at Lockport, and that for this purpose there will be necessary a diversion of water from Lake Michigan of an annual average of not less than 1,000 cubic feet per second, and that it would be safer to allow a mean annual diversion of 1,500 cubic feet per second, in addition to pumpage. Provision should be made for further examination, after the sewage-treatment plants have been completed, and the effect of the effluent therefrom with the storm-water flow on the navigable channels has been observed, to the end that the question of any further or other relief may have appropriate consideration in the light of actual conditions.

* * * * * * *

"It was determined that the full effect of a mean annual diversion of 8,500 cubic feet per second of water from Lake Michigan at Chicago, through the drainage canal of the sanitary district, was to lower the levels of Lakes Michigan and Huron approximately 6 inches at mean lake levels; the levels of Lakes Erie and Ontario approximately 5 inches at mean lake levels; and the levels of the connecting rivers, bays, and harbors, so far as they have the same mean levels as the above-mentioned lakes, to the same extent, respectively. On a similar calculation, the entire effect of a mean annual diversion * * * of 1,500 cubic feet per second would be a lowering of Lakes Michigan and Huron approximately 1 inch at mean lake levels. It can hardly be maintained that a diversion not exceeding an annual average of 1,500 cubic feet per second would produce such a substantial injury to the complainants, when the fluctuations of lake levels due to other causes than diversions are considered, as to preclude attention to the serious consequences which may result from a failure to maintain suitable conditions in the interest of navigation in case all flow at Lockport should be terminated."

Part II. Report of Alvord, Burdick & Howson, consulting engineers, to the district engineer, Chicago, on disposal of the sewage of the Sanitary District of Chicago, dated April 16, 1925

A standard of pollution for water not detrimental to navigation:

Shall be practically free from settleable solids deposited in 2 hours.

Shall contain dissolved oxygen equal to or exceeding the biochemical oxygen demand of said liquid for 5 days when incubated at 20° C.

Shall contain not less than three parts per million of dissolved oxygen.

* * * * * * *

We have made no allowance for the fact that more or less sewage from the Indiana-Calumet region now containing 180,000 people, now reaches the Sag Canal in a more or less unpurified state.

* * * * * * *

An important condition governing the bacterial destruction of sewage is that of oxygen supply, and, in general, it may be said that in the presence of an ample supply of oxygen the process of destruction will proceed to completion in an inoffensive manner, and that in the absence of an ample supply of oxygen the process of destruction will result in the production of offensive odors. In other words, aerobic conditions favor inoffensive destruction, whereas anaerobic conditions favor offensive destruction.

* * * * * * *

The sand filter, when properly designed, constructed, and operated, produces an effluent which is clear and sparkling, practically free of suspended matter, very low in bacterial content, highly nitrified, and with an oxygen demand which is so low as to obviate any dilution requirement in a stream. The final effluents on the activated-sludge process of treatment have resembled sand-filter effluents with the exception that they have ordinarily not been so completely nitrified. The production of an effluent which will not need dilution falls within the scope of the possibilities of this method of treatment.

* * * * * * *

Recorded results indicate an improvement from the activated-sludge method of treatment as follows: Removal of suspended solids, 94 percent; reduction in oxygen consumed, 91 percent; reduction in oxygen demand, 92 percent. We conclude that it will be practicable to secure the following net efficiency in the proposed santitary-district plant in the warmer or critical season of the year expressed in the percentage of the biochemical oxygen demand removed from the sewage compared to sewage as delivered before treatment: Activated sludge on domestic sewage, 92 percent; activated sludge on stockyard waste, 95 percent.

Part III.—New York v. New Jersey (256 U.S. 296)

There is one point upon which all the experts called for the opposing parties agree, viz, that in the present state of learning upon the subject the amount of dissolved oxygen in water is the best index or measure of the degree to which it is polluted by organic substances, it seemingly being accepted by them all that upon the oxygen content in water depends its capacity for digesting sewage—that is for converting organic matter into inorganic and harmless substances by direct oxidation and by sustaining bacteria which assist in such conversion.

* * * * * * *

The witnesses agree that so long as there is sufficient dissolved oxygen in the water the process of digestion of the sewage will go forward without producing offensive odors and that when it sinks below a required percentage of saturation, such odors will appear, but, unfortunately, there is a wide divergence of opinion among them as to what the required lower percentage is. The opinions of seemingly well-qualified experts vary in giving from 25 percent to 50 percent of saturation as the amount of oxygen necessary to prevent the appearance of such offensive odors from decomposition of organic matter.

* * * * * * *

We cannot withhold the suggestion, inspired by the consideration of this case, that the grave problem of sewage disposal presented by the large and growing populations living on the shores of New York Bay is one more likely to be wisely solved by cooperative study and by conference and mutual concession on the part of the representatives of the States so vitally interested in it than by proceedings in any court however constituted.

Part IV

THE SANITARY DISTRICT OF CHICAGO,
September 19, 1933.

Col. DAN I. SULTAN,
District Engineer, First Chicago District,
Chicago, Ill.

DEAR SIR: In accordance with your request of September 15, I am handing you herewith a memorandum from the sanitary standpoint on the flow requirements in the upper Illinois waterway. I would also refer to some notes taken from the testimony in the case of *Wisconsin et al.* v. *Illinois et al.* in the hearings before the special master, Hon. Charles E. Hughes. (See pp. 14–17, Pearse, American Society of Civil Engineers' paper.) These illustrate the various standards that have been proposed by students of the sanitary condition of the Des Plaines-Illinois Rivers.

The table appended shows the results of calculations made primarily for a preliminary study of the waterway situation from a sanitary-engineering standpoint. Such calculations are a first approximation, and, as such, omit several factors which will affect the situation adversely, such as sludge deposits, storm-water overflows, etc. Consequently at present I view them as low rather than high.

For a general statement of the Illinois River problem, I refer you to the September issue of Civil Engineering (pp. 485–489). As this was somewhat abridged by the editor, a blueprint copy of the manuscript is enclosed, in which you will find the following topics of interest, so I do not repeat them in the memorandum:

Standards, pages 14–17.
Flow, pages 15–16.

My statement has been prepared in a rather short time for the thorough analysis which a complete answer to your question demands. However, I hope you will glance over the American Society of Civil Engineers' paper and the notes, as I feel certain that one point is clear—that an average annual diversion of 1,500 cubic feet per second is inadequate.

Yours very truly,

LANGDON PEARSE, *Sanitary Engineer.*

FLOW REQUIREMENTS FOR ILLINOIS WATERWAY FROM THE SANITARY STANDPOINT

The flow requirements for the Illinois waterway from a sanitary standpoint will depend on several factors:

1. The degree of treatment the works of the sanitary district of Chicago can continuously maintain: (a) Reduction of biochemical oxygen demand; (b) removal of suspended matter.
2. The amount and conditions of storm overflow from the various sewer outlets (some 314) within the sanitary district of Chicago.
3. The flow required for flushing subsequent to heavy precipitation.
4. The standards which are set up for the waterway: (1) Cleanliness; (2) freedom from odor; (3) fish life.
5. The development of water power.
6. The flow of the tributaries entering the upper river.
7. The prevalence of an ice sheet under winter conditions.

Degree of treatment: The degree of treatment was set up in the litigation as 85 percent for complete treatment as an annual average on the whole scheme. Based on sewage treated at our north-side works, somewhat higher results have been obtained, monthly average reductions in the biochemical oxygen demand having run up to 90 percent and occasionally to 95 percent. Nor-

mal average operations, however, cannot be expected to exceed 90 percent.

The removal of suspended matter is important to prevent formation of sludge banks. However, not all the suspended solids are removed. Approximately 10 percent escape with the effluent. The oxygen demand of the effluent includes the demand of these solids, but they may contribute to local conditions of deoxygenation by stranding and creating an excessive demand for oxygen.

Storm overflows: Storm overflows are important, because nearly the entire sanitary district is sewered on the combined plan. Thus at times of storm (and on an average there may be 55 a year) the interceptors will fill up and municipal sewers overflow, discharging raw sewage, mixed with storm water, to the river or channel.

Flushing requirements: To clean up the waterways in the port of Chicago after a storm, flushing will be necessary. At time of overflow, various amounts of raw sewage may pass to the stream. Figures prepared by Mr. H. P. Ramey and Professor Woodward for the Wisconsin case indicate that an annual average around 2,500 to 2,700 cubic feet per second may be required for flushing purposes in the branches of the Chicago River and the Calumet River, the North Shore, Calumet-Sag, and Main Channel after overflow storms. Such flows may be used in a relatively short period at much higher actual rates.

Standards: Standards for the stream conditions were discussed in the litigation. (See Pearse, Illinois River paper, pp. 14–17.) For references, see:

The Disposal of the Sewage of the Sanitary District of Chicago, a report to the district engineer, United States engineer office, Chicago, Alvord, Burdick, & Howson (1925).

Report to Chief of Engineers, Sixty-ninth Congress, first session, document 4, dated March 3, 1926, Maj. R. W. Putnam.

Report of Engineering Board of Review, part III, appendix I (1925), H. P. Eddy et al.

Testimony of H. P. Eddy; testimony of General Jadwin.

As a general basis, any tentative standard would seem to require maintaining at least 3 parts per million dissolved oxygen in the Des Plaines and Illinois Rivers. The maintenance of freedom from odor in the absence of sludge banks requires the presence of some dissolved oxygen. The margin of safety between complete deoxygenation and the presence of appreciable dissolved oxygen cannot be estimated so closely as to make it possible to adjust the dilution so that one or two parts per million of dissolved oxygen will always be present. To maintain a factor of safety in preventing a nuisance, a minimum of three parts per million seems fair. This will also serve to maintain fish life, although many authorities recommend somewhat higher figures, because of the fact that such a figure presents practically no factor of safety for fish life.

Water power: The development of water power will practically stop all reaeration at dams, which is now of value in the self-purification of the river. I have assumed that by 1939 water power will have been utilized at Brandon Road, Dresden Island, Marseilles, and Starved Rock.

Flow of tributaries: The flow of the tributaries is important, as you will see from the additional table I offer, besides the two in the American Society of Civil Engineers' paper. However, the flow is usually low when most needed, in the dry weather of the summer months.

Winter conditions: Another factor which may upset any budgeting of water on an annual basis is the ice sheet. This will depend on variations in winter conditions. Computations of the Eddy committee indicate that in severe winters 50 percent more flow may be required than in the normal summer, because of the effect of an extended ice sheet in shutting off re-aeration.

Oxygen balance: The Engineering Board of Review set forth concisely the problem of oxygen balance (p. 244). (Eddy et al.)

"The sources of demand on the dissolved oxygen of the water in the canal system and Des Plaines-Illinois Rivers may be enumerated as follows:

"Untreated sewage: Nonsettleable or liquid portion; flowing solids prior to deposition; sludge deposits, including gas-lifted solids."

Effluents: The oxygen demand of the sludge deposits in the past has been very important, being estimated at practically as much as the original demand of the raw sewage.

"The sources of oxygen supply in the canal system and Des Plaines-Illinois Rivers may be enumerated as follows:

"Dissolved oxygen in water drawn from Lake Michigan; dissolved oxygen in effluents from complete treatment; available oxygen in form of nitrates and nitrites in effluents from complete treatment; oxygen absorbed from the air by re-aeration; dissolved oxygen from tributary streams; oxygen given off by chlorophyll bearing micro-organisms."

The available oxygen in the form of nitrates and nitrites in the effluents from complete treatment is not drawn upon until the dissolved oxygen of the water of the stream becomes substantially exhausted. Hence, for the conditions propcsed, the nitrates and nitrites are not available as a direct source of oxygen.

Estimated oxygen conditions in the sanitary district of Chicago, end of 1938

[Effect with 85- and 90-percent reduction of biochemical oxygen demand; summer conditions; dissolved oxygen in parts per million lake water]

Locality	800 cubic feet per second		1,000 cubic feet per second		1,500 cubic feet per second		2,500 cubic feet per second		3,500 cubic feet per second
	85 per-cent	90 per-cent	85 per-cent	90 per-cent	85 per-cent	90 per-cent	85 per-cent	90 per-cent	85 per-cent
Just below north shore plant outfall	5.65	5.65	6.05	6.05	6.35	6.35	6.73	6.73	6.85
North branch at junction, Chicago River	−3.16	−.10	−.26	1.94	1.70	3.32	3.79	4.83	4.38
Below junction	2.62	4.10	4.00	5.66	5.32	6.00	6.46	6.94	6.95
Above Fifty-second Avenue	.71	2.86	2.51	4.10	4.35	5.38	5.97	6.53	6.69
Below Fifty-second Avenue	3.08	4.03	3.76	4.53	4.63	5.23	5.65	6.02	6.24
Main channel above Sag	−2.39	.44	−1.01	1.46	1.03	2.97	3.39	4.56	4.72
Calumet-Sag Channel at Calumet plant outfall	6.70	6.70	6.70	6.70	7.00	7.00	7.30	7.30	7.47
Calumet-Sag Channel at Sag	1.77	3.51	1.61	3.42	3.74	4.91	5.63	6.25	6.45
Main channel below Sag	−1.80	.88	−.67	1.72	1.42	3.23	3.74	4.82	5.20
Lockport	−3.54	−.08	−2.16	.86	.33	2.49	2.93	4.32	4.61
Brandon Road Dam	−4.26	−.46	−2.76	.52	−.12	2.21	2.58	4.10	4.35
Above Kankakee River	−4.84	−.19	−3.14	.80	−.39	2.21	2.21	3.94	4.03
Below Kankakee River	−2.94	.97	−1.62	1.73	.57	2.83	2.70	4.25	4.28
Dresden Heights Dam	−3.16	.86	−1.90	1.55	.40	2.71	2.46	4.10	4.11
Marseilles Dam	−1.23	2.56	.07	3.09	1.85	3.80	3.30	4.77	4.58
Above Fox River	−.32	3.17	1.05	3.72	2.51	4.31	3.71	5.07	4.99
Below Fox River	.28	3.43	1.51	3.97	2.81	4.50	3.89	5.17	5.07
Starved Rock Dam	.95	3.89	2.03	4.32	3.25	4.80	4.00	5.27	4.97
Chillicothe	7.20	7.76	7.34	7.80	6.98	7.48	7.50	7.84	6.58

Computations have been made, as of 1939, as a first approximation, based on diversions from Lake Michigan of 800, 1,000, 1,500, 2,500, and 3,500 cubic feet per second. These are based only on an oxygen balance between the oxygen demand of the sewage-works effluents versus the dissolved oxygen present in the effluents, plus the oxygen from diluting water, whether from the lake or tributaries plus the oxygen absorbed from the air. The computations take no account of the presence of sludge deposits, the presence of plant growths or other elements which would increase the demand for oxygen and reduce thereby the content of dissolved oxygen. No account is taken of re-aeration over dams, on the assumption that the water power will be developed. No account is taken of pollution from the municipalities and industries in Lake County, Ind. The effect of the local pollution from urban and rural population as well as industries on the Des Plaines and Illinois Rivers is also omitted.

These figures indicate that a diversion of 800, 1,000, or 1,500 is too low, with 85-percent reduction of the biochemical oxygen demand, to provide reasonable conditions in the Des Plaines and Illinois Rivers system from Lockport to Starved Rock. With 90-percent reduction and 1,500 cubic feet per second diversion, there is still a zone of low dissolved oxygen from Lockport to Marseilles, and unreasonable conditions might develop.

Consequently, the conclusion is inevitable that an average annual diversion of 1,500 cubic feet per second is inadequate, even though all the sewage and industrial wastes be completely treated, coming from the cities in the sanitary district and on the upper Des Plaines and Illinois Rivers and in Lake County, Ind.

The significance of these figures comes about from the fact that with an annual average diversion, say, of 1,500 cubic feet per second, the necessary budgeting of the flow brings about a flow of around 800 cubic feet per second for 6 months of the year. Any specified amount of diversion on an annual basis will be subject to substantial reduction during dry weather, due to the necessity of budgeting the flow and using higher diversions during and following periods of storms.

Estimates based on a 3,500 cubic feet per second diversion and 85-percent reduction of biochemical oxygen demand indicate a minimum dissolved oxygen content around 4 parts per million. This is a much safer figure. If 90-percent treatment is attained, some factor of safety accrues.

POPULATION

If the diversion is to take care of the deficit in dissolved oxygen, it must be related to the population tributary in the sanitary district, both actual and equivalent from industries. Looking ahead, the following figures may be informative. The populations for the sanitary district for the years 1900 to 1930 are computed from the respective United States census. For the years 1940 to 1980, the populations are estimated. The industrial waste equivalents are the same as estimated for the engineering board of review in 1924.

Domestic and equivalent population in the sanitary district

Year	Domestic	Industrial equivalent	Total equivalent
1900	1,638,656		
1910	2,308,276		
1920	2,986,000		
1930	3,901,569	1,700,000	5,601,569
FORECAST			
1940	4,815,000	1,900,000	6,715,000
1950	5,660,000	2,100,000	7,760,000
1960	6,430,000	2,300,000	8,730,000
1970	7,100,000	2,500,000	9,600,000
1980	7,600,000		

A fixed diversion over a term of years will prove unsatisfactory because of the growth of population and industry, with a consequent increase in residual pollution. The fallacy of fixing a diversion as of 1938 and expecting it to be adequate in 1970 is clearly revealed by the estimates of population and equivalent, which show approximately 40-percent increase between 1940 and 1970.

PLANT GROWTHS

With the diversions in mind, such as 1,500 cubic feet per second, there would be a large proportion of sewage effluent in the total flow. With such a mixture "the nitrate and carbon dioxide content would be relatively high, and this would stimulate plant growth in the stream, which might of itself cause objectionable conditions, as has been the case elsewhere. Conditions will be particularly favorable for such growths on account of the low natural dry-weather flow of the stream as compared with the flow of effluent and on account of the pools created by the navigation dams." (H. P. Eddy et al., Engineering Board of Review, p. 248.)

EDDY COMMITTEE CONCLUSION

After studying all the factors involved, the Eddy committee reports:

"* * * It would seem unwise to estimate less than 1 cubic foot per second of diluting water per 1,000 total population (including industrial wastes equivalent population) tributary to the treatment plants."

Applied to the estimated 1940 population this would be 6,700 cubic feet per second.

CONFIRMATION BY OTHERS

Alvord, Burdick & Howson, in their report to the district engineer, after describing what they regard as a reasonable standard for maximum pollution (p. 3), state (p. 8): "Activated sludge treatment is required to meet the 1945 conditions with but 4,167 cubic feet per second flow available." (This was estimated to mean 2,517 cubic feet per second net diversion as of 1940.)

And then, "Required works with 2,000 cubic feet per second flow: With a flow as small as 2,000 cubic feet per second, there is no practicable way of meeting the pollution standard herein suggested." (This was estimated to mean 350 cubic feet per second net diversion as of 1940.) The flows mentioned by Alvord, Burdick & Howson are total flows at Lockport (p. 79).

CONCLUSIONS

Assuming complete treatment (85–90 percent) as of the year 1939:

1. An average annual diversion of 1,500 cubic feet per second from Lake Michigan is insufficient to provide reasonable conditions in the Illinois Waterway and would not provide a waterway with free, easy, and unobstructed conditions for navigation.

2. A minimum diversion of 1,500 cubic feet per second is likewise insufficient.

3. A minimum diversion of approximately 3,000 cubic feet per second may prove sufficient for waterway purposes.

4. On an average annual diversion basis, 3,500 cubic feet per second seems a minimum figure to set for waterway purposes.

5. A maximum diverison requirement would be based on 1 cubic foot per second per 1,000 population equivalent (including industrial wastes).

6. A reasonable average annual diversion for the period around 1940 would seem to be 4,500 cubic feet per second for waterway purposes.

7. Provision should be made for latitude in diversion to care for flushing after storms, secondary nuisances from plant growth, and conditions developed by extended ice sheet in the winter months.

8. Provision should be made for extension or adjustment every 5 or 10 years to take account of changes in population and industry, as well as to take advantage of operating experience.

The above statements are set forth without reference to the diversion required to control reversals of the Chicago and Calumet Rivers.

LANGDON PEARSE,
Sanitary Engineer.

LIST OF ILLUSTRATIONS MADE IN CONNECTION WITH REPORT

(Only sheets nos. 2, 3, and 8–10 are printed in this document. Copies of the other sheets can be procured from the Office of the Chief of Engineers, United States Army, Washington, D.C., at cost of reproduction.)

Sheet no.

1. Watershed of Illinois River.
2. Nine-foot waterway, Lake Michigan to Mississippi River at St. Louis.
3. Location of proposed locks and dams.
4. Map of Brandon Road pool.
5. Brandon Road pool, proposed widening of channel above Jackson Street.
6. Brandon Road pool, cross-sections.
7. Mississippi River, profile from Eads Bridge to head of proposed Alton pool.

8, 9, 10. Illinois and Des Plaines Rivers, profile from Grafton to Lake Michigan, present and proposed projects.

11, 12. Illinois River, present and proposed shore lines for pool level at Peoria of 440 mean sea level.

13. Same for pool level at Grafton of 419 mean sea level.

Illinois River: Proposed lock and dam near Peoria, Ill.:

14. Borings and levee.
15. Site map.
16. General plan of lock.
17. General plan of dam.
18. Hydraulic data.

Illinois River: Proposed lock and dam at La Grange Landing:

19. Site map.
20. General plan of lock.
21. General plan of dam.

22, 23. Borings.

24. Hydraulic data.

Mississippi River: Proposed lock and dam at Alton, Ill.:

25. Site map.
26. General plan of locks.
27. General plan of dam.
28. Borings.
29. Hydraulic data.

REGULATION OF COMMUNICATIONS AGENCIES

Mr. DILL. Mr. President, since the Senate seems to be engaged in the discussion on subjects other than that of the pending bill, I desire to take this opportunity to discuss for a few minutes another matter that I have intended to discuss for several days.

When the President sent his message asking for a communications bill to Congress the Senator from Minnesota [Mr. SCHALL] issued a statement in which he said it was an attempt to bring about censorship of the newspapers and the press of the country. The bill had not then been introduced. I did not think the statement was worth answering for the reason that I thought the Senator was simply under a misapprehension.

I find that since then former Senator Reed, of Missouri, has given expression to a similar criticism. I find that the newspapers have taken up Senator SCHALL's statement and former Senator Reed's statement, and the impression seems to be going abroad that by the establishing of the communications commission which is provided for in the bill that was introduced in compliance with the message of the President, it is proposed to have some kind of censorship or some kind of licensing, or some kind of governmental control of the newspapers, or of the dissemination of news in this country.

I simply desire to say that there is no foundation in theory or in fact for such an idea. There is nothing in any law on the statute books today that gives the Government any power whatsoever over the dissemination of news, or as to what messages shall go over the telegraph or the telephone wires.

The radio law expressly prohibits any kind of censorship by the managers of radio stations. Radio stations are licensed to use certain frequencies in order to prevent interference. There is necessarily a limit to the number of radio stations that can operate. There is no limit to the number of newspapers that can be printed nor has it ever been suggested there should be such a limit.

The bill which has been introduced by Representative RAYBURN, Chairman of the House Committe on Interstate

Commerce, and by myself, as Chairman of the Senate Committee on Interstate Commerce, simply writes into law the existing provisions relating to the control of the telephone and telegraph business now contained in the Interstate Commerce Act, and the provisions of the radio law as they relate to radio regulation now being enforced by the Federal Radio Commission. There are some few changes. There are new provisions as to holding companies, subsidiaries, and affiliated companies, as they relate to telephone and telegraph, and there are some few new additions regarding certain details of radio regulation, but they all go to the matter of regulating the business.

I am sure it was never even in the thought of the President that anything should be done by the proposed communications commission, either now or in the future, that would in any way hamper or hinder anyone from sending anything he wants to send over the wires, or over the radio in the radio common-carrier service, and I should be as strongly opposed to any such proposal as any man outside of this body, in the newspaper business or otherwise.

The purpose of the proposed legislation is to make effective the power now written into the Interstate Commerce Act of control of telephone and telegraph business in this country. The Interstate Commerce Commission have been so busy regulating the railroads that they have not had time to give real consideration to the problems in connection with rate regulation of telephones and telegraph, and it is only in recent years that the communications business has been big enough to demand the attention of those who use it from the standpoint of getting rate regulation.

So I want to make it clear that there is not only nothing in the proposed bill but there is no idea of putting anything in the proposed law that would ever, in any way, interfere with the freedom of the press or the freedom of anybody to send news anywhere, any time, by any means of communication.

I would not make these statements, Mr. President, if it were not for the fact that because of the statements of the Senator from Minnesota [Mr. SCHALL] and of former Senator Reed, of Missouri, there seems to be an impression that by this proposed communications bill it is proposed to reach out and take over the control of the dissemination of news or the dissemination of information by the people of this country through their communications service and I desire to correct that mistaken idea. In fact we are reenacting the prohibition of censorship in the radio law, and there is no reason or suggestion from any source that I know about even to consider any proposal that would in any way hinder the free communication of the people of this country.

What we desire to do is to have a body of men charged with authority who can study the situation and make it possible for the people who have the 20,000,000 of telephones in this country over which go 27,000,000,000 conversations every year have some chance of getting the rates lowered. They have no such chance now. Ninety-eight percent of the telephone business of this country is within the States. The State commissions cannot regulate it. Because of the holding company that reaches down and controls the telephone business in every community, because of the interrelated contracts between the parent company and these subsidiary companies all over America, the State commissions find themselves helpless, the State courts cannot reach the interstate companies, and the Interstate Commerce Commission has never had the power to handle the holding companies. So this is a proposal to make rate regulation effective in the telephone and the telegraph business, which it has never been, and also to set up rate regulation and control of the common-carrier radio business of this country.

AIR-MAIL CASUALTIES

Mr. FESS. Mr. President, the morning press announces two more deaths along the air-mail flyers. I read the headlines:

Four Army flyers die in three plane crashes; mail toll now 10.

Ship for Salt Lake City hits power line, burns at Cheyenne, killing two young lieutenants.

Florida and Ohio mishaps fatal to two.

Victim on Newark-Cleveland route had flown only 24 hours before being drafted to service.

That brings the fatalities in the Army flying to 10 in that many days. I think the time has come when we ought to take some action to take these boys out of the air. Before the day is over I shall offer a resolution to that effect, requesting the President to do so, and I hope the Senate will give it favorable consideration.

As tending to indicate that the country would be glad to have such action taken, I ask unanimous consent to insert in the RECORD several editorials upon the subject.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Newark Sunday Ledger, Feb. 11, 1934]

WHY KILL COW ON MERE SUSPICION MILKMAN STOLE THE CREAM?

By L. T. Russell

No act of a more disturbing nature has come out of Washington during the short life of the present administration than the arbitrary cancelation of some 40 air-mail contracts and a substitution of Government planes to perform that service.

The public and, we trust, Congress will see in this just another step for the Government to fasten its tentacles deeper into the vitals of private business and industry.

Nobody has been tried, much less found guilty. That there has been fraud appears obvious. But it is not in keeping with the established process of this Government to take such a snap judgment on so vital a problem without an orderly and legal hearing for anybody, without any judicial proceedings whatever, without a record made of evidence showing just what crime has been committed, by whom committed, and to what extent damage has been done.

The Federal Government air-mail annual appropriation up until last year was around $19,000,000, but the last Congress reduced it to 15 millions.

We have no record of how much this has been exceeded, but several times this sum is being deliberately wasted by the C.W.A. and half a dozen other alphabetical tripods every 24 hours in a frankly confused effort to give industry a little momentum, to give employment to the idle, with not the slightest pretense that there are any net material benefits to result from the billions being thrown into the countless communities throughout the land.

Furthermore, there is already indisputable evidence of political crookedness and graft in the C.W.A. in almost every community where it is operating throughout the Nation.

There would have been just as much wisdom in issuing a proclamation destroying the whole C.W.A. program and shutting off the entire expenditure as there is in this ex parte proceeding of killing the aviation cow because some milkman is suspected of having stolen some cream.

We repeat that there appears no escaping the fact that this unfortunate situation has been seized upon in furtherance of a program of the Government dominating all business and industry and in building up a still bigger army of Government employees and bureaus.

To us it appears the most inexcusable piece of industrial destruction that has ever come to our notice at a moment when the Nation is bleeding itself white to put more life into all industry.

There is a way provided for the Government to recapture any losses it may have sustained through collusion and crookedness, if any, between certain air-mail companies and certain former public officials.

There is a way provided in our Constitution and our law to punish the guilty in both instances. This should be done with speed and effectiveness.

But to strike down at one blow so vital an infant industry as aviation, let us repeat, is the most destructive act of the present administration.

From its very inception it has been the policy and practice of this Government to subsidize, either directly or indirectly, every worthy infant industry.

On that policy and through that practice we have grown from nothing to the greatest industrial nation on earth.

On many occasions we have seen a milk-fed kitten grow into a catamount that clawed its wet nurse, but so far it has not been found necessary to strike down at one blow the industry itself in order to punish the guilty.

Aviation is our newest and, at the same time, in view of international problems, the most vital of all the new undertakings in our industrial life, in time of peace and in time of war.

If this wholesale and indiscriminate edict of slaughter is carried out, it will mean thousands of pilots, copilots, hostesses, and airport employees with special training will join the army of unemployed; that many small air transport companies will be destroyed, resulting in a further swelling of the monopoly favorites; and that hundreds of towns and small cities that have made terrific sacrifices to build and maintain airports will see their investments and their pride swept away.

Is it possible the Washington politicians know no way of getting rid of the wart on the neck except to behead the patient?

We do not believe the Roosevelt administration can afford to follow out this destructive program to its discreditable and disastrous finality.

[Editorial from the Pittsburgh Post-Gazette, Monday, Feb. 12, 1934]

THE AIR-MAIL CONTRACTS

Postmaster General Farley's abrogation of all domestic air-mail contracts and the President's order to the Army to take over the work within a week came with such suddenness that the public's reaction is somewhat uncertain and confused at the moment.

Where there has been collusion and fraud, the companies implicated should lose their contracts; and if there is evidence to warrant criminal prosecution of individuals, that should also be pushed by the Justice Department. On the other hand, it would seem that the companies and their officers should at least have a chance to be heard before final action is taken.

The Senate investigation has proceeded far enough to warrant the most searching and thorough scrutiny of the whole system of awarding these contracts, but not to the point that would warrant blanket condemnation of every company that is now carrying mail. The only reasonable assumption is that more complete and damaging facts are in the hands of the President and Postmaster General than have yet been brought out—and if this is so, the information should be made available to the public.

Despite repeated requests from operators of the leading companies to testify, Chairman BLACK of the Senate committee has not yet seen fit to call them. If the investigation is to avoid the charge of bias or partiality, it should certainly demonstrate its willingness to get both sides of the story.

It is very doubtful whether the Army will be able to take over the mail routes and furnish adequate service on such short notice. It will need new equipment and additional trained personnel, and the initial cost to the Government is likely to be very heavy. It was reported from Washington Sunday that if arrangements cannot be completed for the entire existing network of service, it will be inaugurated between the 12 Federal Reserve bank cities. Certainly Pittsburgh, which has had the advantage of first-class service on both East-West and North-South lines, will not take kindly to a program that would even temporarily cut that off.

R. W. Robbins, a Pittsburgher and now head of T.W.A., is taking a leading part in the fight for a hearing before the Postmaster General's order takes effect. He declares that there was never any collusion on the part of his company, states that no correspondence with the Post Office Department has been lost or destroyed, recalls that his company's contract was awarded after competitive bidding, points out that it has been seeking a chance to be heard, and that over the 3-year period it has been carrying mail it has not only not made money but has lost a million and a quarter. He further points out that the Postmaster General is empowered to reduce contract rates at will whenever they appear too high, and that his company has offered to carry mail for the postage paid by the public.

Certainly the Government should want to look further into these contentions. In striking at those who may be guilty of the charges made it should make every effort not to injure others if they can demonstrate their innocence. The effect of the order is so drastic that it is quite likely some ground will be found for reconsideration in part at least until the hearings requested can be held.

[Will Rogers' article in Kansas City Star, Feb. 12, 1934]

WILL IS STUNNED BY THE AIR-MAIL CLEAN-UP ORDER

SANTA MONICA, CALIF., *February 11.*

To the Star:

What's all the hundreds of plane pilots and the thousands of people who make an honest living in the airplane business going to do? It's like finding a crooked railroad president, then stopping all the trains.

You are going to lose some fine boys in these Army flyers, who are marvelously trained in their line but not in night cross-country flying in rain and snow.

I trust an air line, for I know that that pilot has flown that course hundreds of times. He knows it in the dark. Neither could the mail pilots do the Army flyers' stunts and their close-formation flying.

I do wish they would prosecute the crook, but not make a great, growing industry—where 99 percent are hard working and honest—suffer.

I hope they don't stop every industry where they find crookedness at the top.

Yours,

WILL ROGERS.

[Editorial from the New York Sun, Monday, Feb. 12, 1934]

DAY IN COURT, PLEASE!

Nobody doubts that there have been irregularities and injustices in the conduct of the air-mail business. Almost every pioneer industry is plagued with these evils. Nobody doubts that the public is indignant over the attempt of some officeholders of the Hoover administration to hide details of the relations between the Government and the air-mail contractors.

But no amount of public indignation can justify the Roosevelt administration in junking all the contracts without proof that all are stained. Even if collusion in bidding were proved against 9 of 10 contractors, that would not excuse the wrecking of the innocent tenth company. The best that can be said for the drastic action that has been taken is that it is a gesture in the "punitive cleansing" expedition upon which the administration has set out. But would not the Republican offenders be as well shamed by the exposure of the guilty contractors as by the ruin of all the contractors, including the innocent?

Before President Roosevelt and Postmaster General Farley consummate the program which they have announced they should weigh the effect that it will have upon commercial flying in peace and in war. Largely because of the attraction of postal contracts this country has built up the best air-transport system in the world. Regardless of pecuniary scandals, the existing forces cannot be scrapped without abandoning what would be a powerful auxiliary in war. The Commander in Chief of the Army should remember that and remember also that if he goes through with what is threatened he is going to put 4,000 guiltless men in the ranks of the unemployed.

This "punitive cleansing" should proceed in order. It is not necessary to lynch a whole industry to get at the offenders in it. Nor does public indignation do away with the ancient necessity of giving the accused his day in court. As Colonel Lindbergh bluntly tells him, the President's action "does not discriminate between innocence and guilt and places no premium on honest business."

[Editorial from the New York Herald Tribune, Tuesday, Feb. 13, 1934]

THE RAW DEAL

The sudden act of the President in wiping out the Air Mail Service of the Nation with a stroke of Mr. Farley's pen is by no means the first sensational gesture which the present administration has made. But, it seems plainly, the longer the record is studied, the more high handed and the least defensible it becomes.

Intimations now arrive that no intention of destroying private aviation exists. But if the desire was simply to rewrite contracts and preserve the business intact, the sensational means pursued only become the more outrageous. The testimony thus far presented affects only a few companies out of the 30 and more in operation. The bulk of the companies have had no opportunity to be heard in their own defense. If this is really the "new deal", it should plainly be qualified by the addition of a few old-fashioned American principles of fair play and horse sense.

It now appears that the whole country is to suffer for the performance through a serious reduction in the Air Mail Service. The bright and confident notion that the Army could take over the whole job within a few days has been found to be just not so. An important service of communication and commerce is to be handicapped here and now, in the name of goodness knows what principles of recovery or reform.

The question of subsidy frankly involved in the old contracts is apparantly yet to be studied by the administration. There is talk of payment on a basis of mail actually carried. But such a system would unquestionably destroy a large part of the great service which is the brilliant achievement of American aviation today. Nothing could be clearer than that, to make a striking political gesture, the President has imperiled a striking American success, perhaps the Nation's outstanding achievement in the field of invention and organization in recent years.

Just when every effort is being made to speed up the wheels of trade, the administration threatens to curtail an important new industry, jeopardizing the jobs not only of pilots, but of hundreds of ground men at the fields, to say nothing of employees in the airplane factories and offices. When Colonel Lindbergh, with great restraint of language, raised his voice in protest, speaking of matters in which he was extraordinarily expert, the best the White House secretariat could think to reply was to attack the good faith of his utterance.

It is, in our judgment, not the airplane industry but the administration which has been placed on the defensive by this high-handed performance.

[Editorial from the New York Times, Tuesday, Feb. 13, 1934]

THE OTHER SIDE

Colonel Lindbergh's respectful protest to the President against condemning aviation companies without giving them a hearing evidently put nerves at the White House a little on edge. Here was a man who could not be held up to scorn as a mere tool of corrupt and privileged interests. It is one thing to dismiss a corporation man as necessarily selfish and prejudiced, but quite another to make light of a national hero. Consequently the only thing alleged against Colonel Lindbergh by one of the President's secretaries is that the conventions and proprieties had been violated. A telegram sent to the President should not be given to the press at the same time. Mr. Early of the White House secretarial staff is really grieved over the irregularity of making public a communication to the President of the United States before giving him an opportunity to deal with it in his customary way. The President's secretary is, in fact, oppressed with a fear that Colonel Lindbergh had a sneaking desire to do what he did "for publicity purposes."

Well, in the matter of publicity, or whatever you may call it, the colonel was only echoing what was said in the Senate of the United States on Saturday. The sole point of Colonel Lindbergh's telegram was that the President had condemned out of hand men and companies whose explanation or defense he had not first sought to obtain. Turn now to the CONGRESSIONAL RECORD of Saturday, February 10. For the most part the proceedings of the



Senate that day looked like the record of an examination in the police court. But before it was concluded, or at least before the Senate had adopted any resolution, Senator AUSTIN, of Vermont, made the following protest:

"I think it is a matter of note which should appear in the record that important witnesses who ought to be called to represent air-mail operators who have been publicly stigmatized as guilty of fraud have not been heard as yet; and the evidence necessary to enable the committee to ascertain correctly whether fraud has occurred or not is not all in. As one member of the committee, I desire to go on record as not ready to pass upon that question until the evidence is in and men charged with wrongdoing have an opportunity to be heard."

Senator BLACK, of Alabama, fussily objected that all this was irrelevant, although he admitted the right of any Senator to express himself as he pleased. Thereupon Senator AUSTIN resumed:

"Mr. President, if I may be permitted, I do not willingly subject myself to castigation by the chairman of the committee and remain silent under it. I assume that it is the duty of the Senate to present the case as it is, and fully, so that they may have an opportunity to make a complete answer if they see fit to do so. If it is going to appear here in this court that the evidence has been taken upon the subject of fraud—which, of course, is the basis, the real foundation, of this charge of contempt—I think they are entitled to know that we do not all consider that the evidence has been fully presented yet."

It will be noted that this is precisely the point, and almost the sole point, which Colonel Lindbergh pressed in his telegram to the President. If a Senator of the United States can do it without being rebuked, why not an expert in aviation like Colonel Lindbergh? Happily, there are signs that the administration at Washington is reconsidering its too hasty and too sweeping decision in the matter of the air-mail contracts. A plain intimation is given, not only in the Post Office Department but in Congress, that new air-mail contracts will be given to private companies untouched by scandal. Rates and conditions of pay and performance may be altered. But the Government will not persist in its first apparent determination to wipe out our whole system of commercial flying. The authorities now show an inclination to "hear the other side", which in an impulsive action they at first seemed determined not to do.

[Editorial appearing in the Pittsburgh Post-Gazette Feb. 14, 1934, and in all Paul Block newspapers]

THE LINDBERGH TELEGRAM

The only official comment on Colonel Lindbergh's protest against indiscriminate cancelation of air-mail contracts without granting the companies concerned a hearing was a statement from one of the President's secretaries to the effect that it was bad form to release the contents of the telegram to the public before its receipt at the White House.

Possibly this was a slight error in official etiquette, but it does not alter in the slightest the force of the colonel's argument. If the administration feels as strongly on the subject as indicated it should advise some of its own representatives—notably General Johnson—to adhere to the same rules. It is also only fair to point out that the abruptness of the Postmaster General's action left little time to observe the usual amenities, since quick action was essential if the disorganization of the industry feared by Colonel Lindbergh was to be avoided.

No adequate answer has yet been given to Colonel Lindbergh's statement that—"None can rightfully object to drastic action being taken provided the guilt implied is first established, but it is the right of any American individual or organization to receive a fair trial. Your present action does not discriminate between innocence and guilt and places no premium on honest business."

Contracts, of course, should be canceled if any fraud is connected with them, but is it unfair to ask that guilt should first be proven? If the postal administrators have information on the matter, why not let the public know about it.

PAUL BLOCK, *Publisher.*

[Editorial from the Sun, Thursday, Feb. 15, 1934]

MR. FARLEY'S CASE

Postmaster General Farley's letter defending his cancelation of the air-mail contracts contains few details not already familiar. The Sun's Washington correspondence yesterday gave a complete picture of the goings on in 1930, when Postmaster General Brown brought 15 of the aviation companies together for the purpose of agreeing on routes—if for nothing else. Mr. Farley insists that "every corporation whose contracts I annulled, or its predecessor or its subsidiary corporation", had representatives in the 1930 conferences. These meetings and the fruits they produced were, he says, contrary to law. He sees "conspiracy or collusion, with the possible exception of the National Parks Airways, which will be given further consideration." Even if there were only one innocent corporation, surely it should not suffer for the sins of others.

It may be that the evidence will result in the conviction of some of the parties to the alleged collusion. If corruption existed, the cancelation of a contract is not sufficient penalty. But the case so far presented does not justify the wholesale action of the Roosevelt administration in jolting an important industry, disarranging the air-mail system, and throwing thousands of men out of work. The law of 1872 gives the Postmaster General the right to cancel a contract tainted with collusion, but it does not instruct him to cancel before the collusion has been established beyond question. Incidentally, it must be a mocking thought to the accused that the thing they are said to have done clandestinely in 1930 against the law of 1872—that is, the agreement on routes—could have been openly in 1934, under the benign provisions of the National Industrial Recovery Act, a measure designed in part to stimulate business by eliminating needless competition.

[Editorial from the New York Herald Tribune, Friday, Feb. 16, 1934]

GOVERNMENT BY ROYAL DECREE

It was very gracious of Mr. Farley to explain why he had canceled all air-mail contracts on grounds which President Roosevelt described as "fraud and collusion." The disappointment is all the greater that he revealed nothing not familiar to all concerned and made public at the time of its happening, and that he saw fit to conceal essential parts of the law and the record.

Here is the great recent success of American industry. Thanks to enterprise, courage, and able organization, American aviation today leads the world. It is supreme in design, in speed, in service, alike for mail and for passengers. The commercial value of this swift achievement is very great. Even more vital is the contribution to national defense. The factories have been built and equipped, the fields have been developed, the pilots have been trained in the essentials of flying, whereby the preparedness of the Nation in the event of war has been enormously advanced.

How has this extraordinary success been achieved? By a wise and liberal interpretation of the authority granted by Congress to let air-mail contracts and organize routes. In a few cases advantage was undoubtedly taken of this swift upbuilding of a new industry by subsidy to make unjustified profits through stock promotion or otherwise. Such is the almost inevitable accompaniment of the use of subsidies. A constant watch and a frequent housecleaning are necessary wherever such public grants of aid are made. But the main achievement of the subsidy act has been as honest as it has been distinguished.

Thousands have contributed to this great American success. The pilots have come forward, the mechanics have been trained for field and factory, the office organizations have been assembled, the capital has been contributed by thousands of investors, large and small. In a time when new industry was urgently needed to give jobs, here was the outstanding creation of the last decade. The Government had done its part in the only fashion possible, through subsidy. Old-fashioned American initiative had responded, had once again recorded a signal triumph.

What has Mr. Farley to criticize in this? He is outraged, first, because a very few of the companies involved have profited too greatly and, second, because the organization of the service has been ably and wisely accomplished with a minimum of destructive competition, and to the end that a few strong companies, technically competent to furnish safe and efficient service, might be evolved instead of a group of weak, politically minded competitors. The legality of the efficient job accomplished can properly be left to the courts. In the meantime it is amusing to note that the sort of direct, able organization accomplished is exactly the sort of achievement which the N.R.A. was created to permit.

Wherever there has been corruption, there must be swift punishment. But, oddly enough, neither the President nor Mr. Farley brings forward a single item of corruption. What they allege and seek to destroy is efficiency and a shining American success. The administration is wrecking the finest air-mail service in the world. It is imperiling the finest passenger service in the world. To what end? It is hard to see, unless the answer is to demonstrate that the right of an innocent man to be held innocent until proved guilty no longer exists in America and that Government by royal decree has superseded the democracy of the Constitution.

[Editorial from the New York American, Wednesday, Feb. 14, 1934]

THE CANCELATION OF THE AIR-MAIL CONTRACTS

The Federal administration's abrupt and arbitrary cancelation of all domestic air-mail contracts has shocked the country.

The apparent attempt of some of the recipients of air-mail subsidies to convert public aid into private enrichment is well calculated to stir resentment, but such resentment should not take the form of sweeping and ill-considered action.

And that is just the form of action which the Government has taken.

It makes no distinction between innocence and guilt, and even as to guilt it passes judgment and imposes punishment without a hearing to the accused and without proof of the charges, or indeed, their formulation.

This is not the way in which Americans are accustomed to proceed, even in cases where the suggestion of guilt is strongly present, and it ill becomes a powerful republic to resort to such procedure in dealing with its citizens.

In view of the announcement that the Government's action is to be followed by an examination of all air-mail contracts with a view to their revision, it is difficult to see why such a factual survey should not have preceded its judgment and action rather than follow it.

There are other factors in the situation which the Government has overlooked or chosen to ignore, but they are very practical factors.

They deepen the mystery as to what has come over the administration that it should for a moment suppose that such a course as it has elected to pursue will be tolerated by American opinion.

One of these factors is the effect of the Government's action upon civil aviation in this country.

Coming from behind, American aviation has overtaken and surpassed, in both volume and efficiency, aviation in any country in the world. This has been largely due to the encouragement and aid of the mail contracts.

The Government by its summary procedure has not only fastened upon the entire business of air transportation a blanket presumption of guilt, but it has put out of business, out of use and practice, a great corps composed of the most efficient and dependable aviators that we have.

Without disparaging the Army aviators who are to replace them, it must be admitted that the carriers of air mail have at great hardship and risk of life acquired a mastery of the hazards of air travel, a knowledge of the routes, and a general efficiency which cannot be improvised by hastily assembled substitutes. The thousands of pilots, mechanics, and other employees in the service of commercial aviation constitute a great national asset.

To needlessly disrupt such a service, to arrest its expansion and development, to replace it with something which must be, for a long time at least, inferior to it is an act of very mistaken policy and impossible to justify.

The course of the Government in this matter is not something that can be condoned. It is not to be dismissed as merely hasty or unnecessarily emphatic or unduly severe.

It is fundamentally bad—fundamentally wrong—in conception, spirit, and effect.

It is not cast in the Democratic mold. It is essentially despotic!

It is essentially—not smally, not superficially, not potentially only—but essentially dangerous from a political viewpoint, from an economic viewpoint, and from a legal and social viewpoint.

It is un-American.

It practically plants the standard of despotism and substitutes the will of one man for the orderly procedure of the courts and the Congress and the recognized rights of the public.

It confirms every avowal which the administration has made of its regard for constitutional precedent and constitutional procedure, in the repeated appeals it has made to the people to accept its erratic violence in dealing with our form of government.

It calls for new appraisals of the administration's purposes and a new determination of the extent to which patriotic Americans can respond to its pleas for support.

[From the Kansas City Star, Feb. 16, 1934; also printed in New York Sun and other newspapers]

"MISSTEP" ON MAIL—DAVID LAWRENCE BELIEVES COMPANIES SHOULD NOT BE "CONVICTED" OF COLLUSION—A QUESTION OF JUSTICE—THE COURTS SHOULD BE PERMITTED TO DECIDE WHETHER CONTRACTS WERE LEGAL—A BLOW TO STOCKHOLDERS—A DIFFERENT PROCEDURE MIGHT HAVE SAVED MILLIONS OF DOLLARS TO INVESTORS

(By David Lawrence)

WASHINGTON, February 16.—The whole air-mail controversy boils down to one important fact: Did President Roosevelt have before him conclusive evidence of collusion and fraud in the original award of contracts by the Hoover regime or was there sufficient legal doubt as to justify giving all companies an opportunity to prove their innocence at a hearing before the contracts were canceled summarily?

Let the reader judge this question for himself. For the courts will be doing it soon, too. Here briefly is the information necessary to form a judgment.

Under an act of Congress passed in April 1930 the Postmaster General has the right to consolidate air routes and extend them geographically without competitive bidding. The question of when competitive bidding is required turns on whether the prolongation of a route is relatively small or whether it is big enough to be really considered as a new route.

UP TO COMPTROLLER GENERAL

If it is an unreasonable extension, then it does become subject to bidding. The Comptroller General passes on such questions and there are cases on record in which he refused to approve certain extensions on the ground that they were unreasonable and should have been subject to bidding.

Now, there was a conference June 4, 1930, at the office of Postmaster General Brown. It was attended by representatives of various air-mail companies. Mr. Farley now says attendance at that conference constituted collusion. If it did, then cancelation of all contracts awarded at that meeting is justified.

But was it collusion? Suppose a Government official invites a citizen to appear at his office to discuss Government business, does it make the citizen guilty of wrongdoing if the Government official himself steps beyond his powers under the law? Unquestionably, the former Postmaster General, Walter Brown, will contend that he was within the law. It is inconceivable that the law officers of the Post Office Department, who are experienced and trained in studying every technicality of the statutes, did not advise Mr. Brown that he was proceeding lawfully if he was.

[Editorial from the New York Times, Friday, Feb. 16, 1934]

AS THE CASE NOW STANDS

Postmaster General Farley's polite telegram to Colonel Lindbergh assured him that by the cancelation of the air-mail contracts no injustice had been or would be done. If he was speaking in a technical or legal sense, he was quite correct. The law which he cited empowering the Postmaster General to annul a mail contract held that none should be given to any person who has "entered or proposed to enter into any combination to prevent the making of any bids for carrying the mail." That, however, was a provision in the act of June 8, 1872. At that time no Member of Congress, unless he were a Tennyson in disguise, had even a prophetic view of mail being carried through the air.

Moreover, the "combination" of air-mail contractors, which Mr. Farley severely condemns, was one made up on the invitation of the then Postmaster General, Mr. Brown. There was nothing secret about it. The press carried accounts of the meeting in the Post Office Department in 1930, when representatives of the various air lines met with the postal officials, in order to devise consolidations and extensions for the more efficient service of both the post office and the public. The contracts themselves, covering rates of pay, were authorized by Congress, as was the money spent by the Government in the development of commercial aviation. Mr. Brown has been bombarding the Senate Committee with requests to be allowed to go before it and explain or defend every transaction of the kind in which he as an agent of the Government may have been involved. It is now reported that he will have a hearing next week.

It is inevitable, therefore, that the whole inquiry must go on and be broadened. If any case of securing a contract by collusion or fraud can be proved, no one will object to having it canceled. It is probable, too, that Congress has passed air-mail legislation which needs to be revised. Very likely the method and basis of pay for carrying the air mail should be altered for the sake of simplicity and economy as well as honesty. Officials of the Post Office Department and the Democratic chairman of the House Committee having jurisdiction in the matter have intimated that such a course will be followed, and that private companies, perhaps after reorganization and submission of new bids, will before long, displace the Army and Navy planes temporarily assigned to the duty of carrying the mail.

After the explosion there will be time and opportunity to study the entire problem in a clearer and calmer air. There are appeals to the courts that must be decided. Later it ought to be easy for the administration to show by a new and reasonable policy that it never intended to do a gross injustice to commercial aviation in the United States.

[Editorial from the Los Angeles Times, Feb. 20, 1934]

TRIUMPH—AND A SWAN SONG

In a giant Douglas plane Capt. Edward Rickenbacker, America's greatest war ace, flew from Los Angeles to New York Sunday night and yesterday in the astonishing time of 13 hours 4 minutes and 20 seconds. This breaks all transcontinental records for passenger planes and marks a new and important chapter in commercial aviation.

It is a challenge from Los Angeles to the world. This record-breaking air liner was designed and manufactured in this city. It gives evidence to the whole world that southern California has earned the right to leadership in this newest, and, perhaps, ultimately the most efficient, method of transportation so far conceived and devised by man.

Indirectly, it must emphasize to the people of America the folly of the Government's course in breaking faith with the pioneers, whose courage, foresight, and money are building triumphs for this country in aviation.

This plane was built for carrying the mail as well as passengers. It represents years of patient research and expensive experiment. Its direct and immediate cost was over $350,000. It involved the expenditure of millions.

A political hue and cry has risen among the Democrats in Washington that the aviation industry has been subsidized by this Government, and that the moneys paid for carrying the mail have been in the nature of gifts and graft. There would be nothing improper in the fact, had the air lines been subsidized. Recognizing their value in war and their important function in peace, many European air lines operate wholly, or in part, upon Government subsidies. In fact, however, this is not true, either directly or inferentially, in America. The aviation lines have spent thousands of dollars in operation and experiment for every dollar they have ever received back from the Government. The money spent in developing flying ships by the manufacturers of this country runs into hundreds of millions. That the fighting branches of the Government—the Army and Navy—are equipped with efficient and effective war planes has been due almost entirely to the expensive and patient experiments of the civilian air lines.

The record-breaking flight of this Douglas plane to New York is very likely to be its first and last trip as a mail carrier. Its triumphant roar its swan song.

More than 7,000 fliers, who on small pay have shown a heroic and unselfish consecration to their duty, find themselves thrown out of employment and thousands of other nonflying employees of the companies are similarly jobless. The T.W.A., one of the largest of the companies, will lay off its whole personnel on the

28th. The stockholders of the various aviation corporations find their savings confiscated. Ruined without reason and without trial.

Assuming that the charges are true, they affected three companies. Thirty-four companies have paid the penalty. Even the ferocious Mexican bandit, Pancho Villa, was accustomed to shoot only every tenth man. The administration order massacres all the mail-carrying lines.

What must leave every American appalled was not only the monstrous injustice but the evident impetuosity and recklessness of the assault. The prosperity, the hopes, the very lives of the people of America have been placed in the trust of such governmental agencies as the N.R.A. and C.W.A. It does not add to the feeling of security. Will those agencies also fly at problems with the unthinking emotion of a little boy kicking a chair that has barked his shin?

Other conditions, much more serious than money loss, are involved in this hurricane ruling of Washington. Three Army flyers have already sacrificed their lives on air-mail duty. It will be a miracle if the toll is not greater with these young officers called into a service with which they are not familiar, without the necessary equipment, knowledge, ground cooperation, or familiarity with the routes. These useless, futile sacrifices while 7,000 experienced flyers sit around without jobs.

The authorities did the sensible thing in keeping the Army flyers on the ground last night because of unfavorable weather conditions, notwithstanding the flamboyant promises of Postmaster General Farley that the new system would start sharp at midnight and that the mails would go as usual. The public can better stand a little delay in the air mail than to have more Army lives sacrificed. Enough of them will be lost under favorable conditions. The incident does, however, supply a sharp contrast with the performance of the commercial companies' pilots, who, trained by long experience, were accustomed to fly under almost any conditions.

The hue and cry against the air lines is not a new note in mob psychology. When the Union Pacific Railroad was building—the first railroad to span the continent—thousands invested their savings in the enterprise. Difficulties were encountered. More money was necessary than was at first apparent. Hundreds of investors were compelled to drop out, losing their money. A few had the courage and vision to strain every resource and see the project through to the end. When the railroad was finished and these few began to reap the rewards of their courage and enterprise the applause turned to yells of rage. They were denounced and vilified. As soon as it became apparent that they would make a profit out of their hard-won project, they were attacked; and attempt was made to take away the subsidies that made the building of the road possible. They were pursued with litigation, both State and National.

In this instance, the attacks upon the air lines is even more uncleanly tinctured with politics. It will be surprising if, in the end, these wholesale confiscations of the air lines are not disclosed as the attempt of political buccaneers to transfer air contracts to deserving Democrats.

Any real abuses in connection with mail carrying should be punished, but there is no reason to beat a family of children into insensibility because one comes to the table with dirty hands.

One of the greatest industries of America has been its flying ships. Some of its proudest records have been made by its aviators. The greatest strength of this Nation in war is the great civilian flying fleet, which has flown more miles than the flying ships of all other nations in the world combined. And in the factories that have turned them out and have stood ready to turn out emergency orders in time of war necessity. With one unthinking, reckless, impetuous gesture all this outlay of strength and enterprise has been scrapped and thousands of investors robbed of their savings.

[Editorial from the Globe-Democrat, Wednesday, Feb. 21, 1934]

ST. LOUIS' AIR-MAIL ISOLATION

Under the order promulgated by the Postmaster General, by which all air-mail contracts held by private companies have been canceled and those routes remaining are being carried by Army flyers, St. Louis, which should be the hub of the Nation's air-mail distribution, becomes no more than a spoke, and a weak spoke at that. We have left one complete route—that to New York—and one incomplete route, that to Kansas City, which runs out in the middle of the continent, extending as it does by roundabout way through Wichita and Oklahoma City to Dallas.

Daily deliveries each way between St. Louis and New York are well timed to the needs of business, mail of the evening at either terminal being ready for early morning delivery at the other end of the route. But the Kansas City service offers nothing more than can be offered by railroads because mail to Kansas City is picked up before the business day begins and mail from Kansas City comes to hand after the business day has ended. In both cases yesterday's mail is the mail delivered today.

The greatest injustice to St. Louis business interests, and the interests of communities dealing with St. Louis, however, is to be found in the routes that have been discontinued under the order. The service into the Southwest for which we fought so long has been cut off entirely. The mail is not being flown to Tulsa, Oklahoma City, Amarillo, and Albuquerque to the west coast, or by the way of Tulsa to Dallas. The route to New Orleans has been scrapped. The route to Chicago, St. Louis' introduction to air-mail values, and once flown by Lindbergh at night without lights, is discontinued. We cannot even get to the last remaining transcontinental line by sending our mail to Omaha. For the Omaha-Kansas City line is no more. We are isolated save in our association with the East, while our trade opportunity lies in the other direction, toward the Southwest, which is bare of air-mail lines save the route of mention from Kansas City to Dallas, and another that meets it at Dallas from Nashville and Memphis through lower Arkansas. St. Louis mail for Chicago must now go by way of Terre Haute or Kansas City.

If St. Louis wants to communicate by air with New Orleans it must do so by roundabout path through Terre Haute, Chattanooga, and Atlanta. If we desire air connection with the west coast, we must get it through Chicago by way of Omaha, the two southern transcontinental routes having been torn apart in the air-mail upheaval. The air-mail system covered 27,000 miles last week; it covers only 12,000 this week.

[Editorial from the Los Angeles Post Record, Feb. 21, 1934]

THE BRIGHT SIDE OF AVIATION

Wherever and whenever Government money enters into business, abuses and irregularities seem to be the inevitable outcome. The air-mail subsidies no doubt produced the usual crop of crooked manipulations. But while Republicans are trying to prove that everything was regular about air-mail contracts and Democrats are trying to prove everything irregular, the rest of us not concerned with partisan politics might well keep some plain facts in mind.

American aviation today leads the world. It is doubtful if it can maintain its leadership without air-mail contracts.

Granting that American aviation companies have been a hotbed for stock juggling, the actual builders in the industry have gone right ahead building.

Aviation companies that drew a subsidy of $14,000,000 in 1930, for carrying mail 10,000,000 miles, would this year, for that same $14,000,000, have carried the mail 36,000,000 miles.

In other words, owing to the development of aviation in this country the companies this year would have delivered to the Government service nearly 300 percent greater than it was able to do for the same amount of money just 4 years ago.

Each year since air mail was launched cost to the Government has decreased. In 1929 the rate was $1.09 a mile; in 1930 the rate was 98 cents a mile; in 1931 the rate was 79 cents a mile; in 1932 the rate was 62 cents a mile; in 1933 the rate was 54 cents a mile; and for 1934 the cost was estimated to be 38 cents a mile.

These figures prove that everything has not been wrong in aviation. The real builders of aviation have made an enviable record.

[Editorial from the Indianapolis Star, Thursday, Feb. 22, 1934]

AIR-MAIL CHARGES

There are indications that the administration is beginning to regret the haste and bluster which marked its cancelation of air-mail contracts and the implication that graft and collusion marked the award of these subsidies. Many Washington observers felt from the beginning that Postmaster General Farley, head of the Federal spoils system, had been chiefly desirous of tossing a political bomb at his predecessor, Walter F. Brown, post-office head and political expert of the Hoover regime. This impression has been strengthened by later proposals which would permit existing companies to become bidders for air-mail contracts under revised specifications.

If some of the present companies were as black as Farley and a few Democratic investigating committees were trying to paint them, they should be permanently barred from participating in Federal business. The deluge of protests reaching the White House over the threat to America's aviation industry is said to be causing the President serious concern. It is further recognized that Army planes and crews will not continue to fly the mail routes. The present arrangement is merely a temporary expedient bridging the gap between the former program and an air mail new deal. A number of expert fliers have been deprived of jobs, and the blow dealt to aviation cannot be ignored.

It is true that large sums were allocated to air-mail concerns as subsidies. Grants of this kind always are expensive. The United States, however, was endeavoring to build up a struggling aviation industry. The process was costly, but the need for such expenditures was explained as a part of the national-defense program, in addition to the support for mail and passenger service, which could not have been sustained on direct earnings.

The Democrats so far have produced no evidence of fraud, nor have they revealed any facts not known when the contracts were awarded. The subsidies were thoroughly discussed on the floor of Congress. The former Postmaster General may have erred in favoring the big companies to the exclusion of the little. He was quite frank about preferring the larger concerns, and poor judgment, if proved, is a long way from collusion and fraud. Building up an infant industry through subsidies is always expensive, but the United States at the time was becoming decidedly air-minded. It took pride in the extension of air routes and in the aerial reserve corps available in an emergency for national defense. The time may be opportune to check these expenditures, but that scarcely justifies the recent broadside.

[From "Letters from Readers", New York Tribune, Saturday Feb. 24, 1934]

THE AIR "LYNCHING"—HAVE PECKSNIFF'S SUCCESSORS AT LAST BEEN FOUND?

To the NEW YORK HERALD-TRIBUNE:

Your editorials on the recent air transport tragedy—so clear, fair, and trenchant—have brought comfort to those of us who, groping in the darkness of rumor, have been waiting anxiously for the light. They expose what is now beginning to appear, not an investigation to ascertain facts for corrections and improvements but solely a conspiracy to besmirch Mr. Hoover's administration. Is our magnificent system, headed by the bold knights of the air who have brought glory to America, to be defeated and put to rout in another of those Government engagements against private industry?

Last Thursday morning a lawyer in a South Carolina city, a leader of the bar, was heard to say, "Those airplane fellows ought all to be lined up and shot." He had just read in his local paper the headlines over Mr. Farley's plea for public approval of the Washington "lynching." Sad to say, the lawyer's view is widespread. Facts do not reach the people. Truth now travels with leaden feet; falsehood, shouted forth, flies on wings of ether in a moment to the uttermost ends of the earth; for has not the radio been restricted to favorable propaganda?

These are surely days of portent. Strikes in plants where employees and employers have worked together in harmony and good will for more than a generation are called, and immediately, perhaps before the strike begins, harmonizers are there to settle it. Is there method in this madness?

Men whose only employees have been household servants now presume to dictate to our captains of industry, most of whom have come up from the ranks and know how to treat their employees. In the Tugwellian oligarchic utopia these leaders are to be outcasts.

Graduates from the Tammany school of business administration and beneficiaries of its political favor are today laying down moral precepts and ethical standards, with penalties for the guidance and punishment of our business men. Have successors to Mr. Pecksniff at last been found?

Can our country long endure half Bolshevist, half free? When the buds of bolshevism now being nutured burst into full bloom, perhaps it then may be "not too late to seek a newer world—to strive to seek to find and not to yield."

Canada or Mexico may give a hearty welcome and a refuge to our emigres.

ULYSSES.

CHARLESTON, S.C., *February 21, 1934.*

[Editorial from the Pittsburgh Post-Gazette, Saturday, Feb. 24, 1934]

HOW LONG WILL THIS CONTINUE?

Bravely and uncomplainingly, through ice, snow, and treacherous fog, the Army flies the mail. The American public is proud of the fine spirit which the military pilots have shown in taking over, with no opportunity for adequate preparation, the big job which has been assigned to them.

But was the emergency such as to justify the sacrifices which have been made? It is not a question of ability to fly planes even under difficult conditions. The Army aviators rank with the best. But their equipment was not adapted to this particular assignment. Radio and compass installations were not of the type best suited for the work. The men had virtually no chance to familiarize themselves with their routes.

A Pittsburgh officer appears to have lost his life in a tragic accident last night while on his way to report for mail duty on the Miami-Newark route. His two companions were picked up by a destroyer after their plane had plunged into the sea.

Two pilots were killed on Thursday, one near Toledo, Ohio, and the other in Texas. A third was critically hurt in a crash in Maryland. A plane on the Washington-Pittsburgh route crashed near Uniontown, but trees broke the force of the fall and fortunately the pilot was not seriously injured. Three other men were killed in falls in the West last week.

Yesterday a mail flier broke his leg when forced to bail out in a parachute over Fremont, Ohio. A lieutenant on the dangerous Cleveland run had a narrow escape when his motor burned out and caught fire near Clearfield. Another pilot, preparing to take over a route a few days ago, was saved by his parachute near Mansfield, Ohio. The first flight out of Atlanta, Ga., ended in a smash-up.

Repeatedly the equipment has failed. The lieutenant carrying the first mail into Pittsburgh Monday night reported: "The weather got mucky when I neared Pittsburgh. My radio failed to work, but that didn't bother me."

The first flier to reach Newark from the west finished his trip without the aid of radio. Something went wrong some miles from the airport. Similarly on one of the early flights from Richmond to Newark, the pilot said his radio broke down and that he "took the Pennsylvania railroad to Newark", flying low enough to see the tracks so that he would not lose his way.

Following his crackup Thursday morning near Uniontown, Lieutenant Hollstein said: "Just as I was coming into Pittsburgh, something went wrong with my radio. In attempting to repair it, I temporarily got off the course." Others reported similar difficulties.

It isn't fair to send these brave young men out in the weather conditions to be encountered at this season of the year without providing them with the best of everything. But there wasn't time to make the changes required. And some of the Army's ships are not adapted to this type of work. Before it took over the job, the officer in charge of this area particularly requested that certain types should not be used for night flying in foggy weather over the mountains.

The day after Postmaster General Farley canceled the mail contracts, Will Rogers prophesied the results better than he knew. He said then: "You are going to lose some fine boys, as these Army fliers are marvelously trained in their line, but not in night cross-country flying, in rain and snow."

And all this because of unreasonable, dictatorial orders from Washington. How long will this continue?

[Editorial from the New York American, Tuesday, Feb. 27, 1934]

AIR-MAIL MARTYRS

As the American people read with heavy hearts the awful toll which death and danger are taking of their heroic defenders who fly the colors, because they have been ordered to fly the mails before they could learn their routes and be supplied with suitable equipment, fathers and mothers the country over will repeat the tearful inquiry of the late Lieutenant Lowry's mother:

"Why did the Government do it?"

Why was such a sacrifice required, why were all domestic air-mail contracts arbitrarily canceled, when the last Congress prescribed a fair and orderly method for protecting the Government against any proved fraud in past awards of domestic air-mail contracts?

Section 5 of the Independent Offices Appropriation Act, approved by President Roosevelt June 16, 1933, reads as follows:

"Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby, upon giving 60 days' notice and opportunity for public hearing to the parties of such contract, authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract.

"Whenever the President shall modify or cancel any such contract he shall determine just compensation therefor; and if the amount thereof, so determined by the President, is unsatisfactory to the individual, firm, or corporation it shall be entitled to sue the United States to recover such further sum as, added to said portion so received, will make up such amount as will be just compensation therefor, in the manner provided for by paragraph 20 of section 41 and section 250 of title 28 of the United States Code; provided, that where any such contract makes provision for settlement in the event of modification or cancelation, the amount of just compensation as determined hereunder shall not exceed such amount as is authorized by said contract.

"Any appropriation out of which payments upon the said contract were authorized to be made is hereby made available for the payment of such just compensation."

If this plain mandate of the Seventy-third Congress was defied upon the recommendation of the Attorney General, Mr. Cummings, or the Postmaster General, Mr. Farley, or the Secretary of Commerce, Mr. Roper, the usefulness of the Cabinet officer responsible for such a recommendation would seem to be at an end.

[NOTE.—This is a copy of a letter submitted to Postmaster General James A. Farley on Mar. 8, 1934.]

MARCH 8, 1934.

Hon. JAMES A. FARLEY,
Postmaster General, Washington, D.C.

DEAR MR. FARLEY: Addressing you on behalf of the three organizations of postal workers hereunto subscribed, and speaking in advocacy of what we conceive to be the public interest, as well as postal welfare, we most respectfully direct your attention to a long series of adverse developments, culminating in service conditions so serious as to now sharply hamper postal efficiency and weigh heavily on postal employees. Dating from July 1, 1932, through the infliction of salary cuts, compulsory furloughs, the suspension of promotions, and the filling of vacancies, and other economic exactions, the wage income of postal workers have been sharply reduced. Meanwhile, during the past year, in response to your announced policy of placing the post office on a self-sustaining basis and "to so manage the mail business that the deficit will be wiped out or at least reduced to endurable proportions", a broad postal retrenchment program of unprecedented intensity has been consistently observed, with the avowed object of balancing the postal budget.

As a result thereof, during the fiscal year ended June 30, 1933, a saving of some $100,000,000 in postal expenditures, as compared with the preceding fiscal year, was reported, of which $80,000,000 came out of postal wages. In your recent annual report you forecast an approximate self-sustaining service at the close of the current fiscal year, a result to be achieved by a continuation without change of existing postal rates and wage standards and the rigid retrenchment of postal expenditures. It is quite plain that

the major portion of this further saving of some $70,000,000 must again come out of postal wages.

This, however, as we see it, is not the worst phase of the situation. According to press reports, and in addition to the foregoing, a further saving of some $9,000,000 must be effected during the current fiscal year. This is further confirmed by your order under date of March 2, 1934, printed in the Postal Bulletin of the succeeding day, wherein you direct the application of additional economies during the remaining 4 months of the current fiscal year. These savings include a 4-day furlough, with certain exceptions, of all postal officials and employees in the field service, the elimination of substitute employment save for emergency purposes, the reduction of city deliveries to as low as one a day in strictly residential territory, the discontinuance of vacations during this period except by absorption without cost, and other far-reaching service changes. In imposing these added pay cuts a further grievous burden, for which they are in no way responsible, is levied on faithful workers.

In the light of the foregoing summary in all its related phases, may we respectfully set forth the reasons that prompt our conviction that this same retrenchment program has already gone too far and that its continuance will militate against the public interest and postal usefulness. In doing so, we submit the following:

Postal-operating processes during the past 20 years and more have been the subject of constant refinements until the saturation point has been reached and passed. In the elimination of lost motion, duplication, and waste, our postal establishment, in its operating end is without a peer throughout all industry. From a postal-employment standpoint, further savings cannot be made save through lower wages, inferior service, or both.

Congress, in fixing postal rates and ordering the institution of new services, has made service the first and profit a secondary consideration. To attempt to balance the postal budget through rigid retrenchment and without regard to this phase of the situation, is an undertaking charged with high hazard to service dependability and efficiency, if not altogether impossible of attainment.

Public usefulness and not a balanced Budget is the sole test of postal success. Even more, the savings reported are more apparent than real. During the past 2 years the Post Office has presented a closed door to new entrants and service promotions, and its personnel in numbers, has been rapidly shrinking. Were this to be the continuing picture of all industry, remote indeed would be the prospects of national recovery. Savings effected through reduced wage payments in a publicly owned and operated establishment, as is the Post Office, during this subnormal production period, is but a relative term, because for every dollar thus saved, many additional dollars have and must be spent for unemployment relief and out of the same pocket. There is no escape from it. Reducing essential postal work on the one hand is and must be more than matched by made work on the other.

Mindful of the reduced mail volume, we also realize that the Post Office needs more business. The greater the volume, the lower the unit cost of operation. Slashing service in regularity and frequency, however, drives away business—some that may never come back. This means an added drop in postal revenues, thus compelling more retrenchment and creating a vicious downward spiral with no end in sight. More service, not less, backed by a campaign that will exalt our Postal Service as it should be exalted, is the answer to this situation.

The Post Office is the people's business. Its operations, Nation-wide, serve them daily and intimately. The effect of its example is profound. Postal wage cuts and suspended service, ordered at a time when sweeping efforts to revive industry are in full swing, has a most depressing effect; the depth of which no man can measure. Here is a serious social loss that calls for thoughtful consideration.

Sound and unanswerable as we esteem the representations here set forth to be, there is, we submit, a much more compelling reason why the Post Office Department should bring its administration into harmony with existing industrial and economic conditions and instead of a balanced postal budget, to make postal and public welfare its chief objective. Faced with an unprecedented business depression during the past 4 years, the American people have been centering their thoughts on its causes and means of correction. In doing so, the realization has come that the prompting cause of this economic upset has been and is the steady expansion of productive efficiency creating a potential capacity to deluge every normal demand and also creating a new economic environment to which society must adjust itself. In response to this high emergency, the National Recovery Act was instituted, whose moving purpose as we interpret it, is to forward prosperity's return by balanced production and consumption, through higher wages and shorter hours. This means enlarged purchasing power and the wider diffusion of jobs.

President Roosevelt on March 5, 1934, in an address before the N.R.A. conference in Washington, D.C., devoted to the purpose, progress, and program of national recovery, called for the active cooperation of all citizens and the coordinated effort of all industry to consolidate all gains so as to promote the greatest happiness and well-being of the American people. From this address of President Roosevelt, we quote in part as follows:

"Therefore, I give to industry today this challenge: It is the immediate task of industry to reemploy more people at purchasing wages and to do it now. Only thus can we continue recovery and restore the balance we seek.

"Every examination I make and all the information I received lead me to the inescapable conclusion that we must now consider immediate cooperation to secure increase in wages and shortening of hours."

In the foregoing quoted statement, the President charts the course that industry should take to master the depression and restore prosperity. "The Post Office Department", as you point out in your recent annual report, "is the largest single employer of labor in the country, if not in the world." Therefore, in this great national undertaking, the Post Office Department, instead of observing a policy out of harmony with the N.R.A. program, should, because of its magnitude and public character, be a leader in the vanguard of its accomplishment. The public interest calls for such adherence and if a bookkeeping postal deficit ensues, the people will gladly pay the bill.

We beg leave, therefore, to record our most earnest protest against the departmental order of March 2, hereinbefore referred to, and issued by you as Postmaster General. It inflicts harsh and unwarranted burdens on postal employees. It has no justification on the score of postal or public welfare. We strongly urge that you give consideration to its early and complete revocation.

Availing ourselves of this occasion and prompted by a desire to be helpful, we also urge that a thoughtful reexamination be made of postal administrative policy in its broad ramifications, to the end that our great postal establishment will present an example and an inspiration for the emulation of all industry in the stirring program of national recovery now so well under way.

With renewed assurance of our high esteem, we remain,

Yours sincerely,

NATIONAL ASSOCIATION OF LETTER CARRIERS,
EDW. J. GAINOR, *President*,
M. T. FINNAN, *Secretary*.
NATIONAL FEDERATION OF POST OFFICE CLERKS,
LEO E. GEORGE, *President*,
GILBERT E. HYATT, *Legislative Representative*.
RAILWAY MAIL ASSOCIATION,
W. M. COLLINS, *President*,
H. W. STRICKLAND, *Industrial Secretary*.

INCLUSION OF CATTLE AS A BASIC INDUSTRY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. NEELY. Mr. President, the obvious relevancy of the interesting and illuminating debate which has accompanied the cattle raisers relief bill on its tempestuous voyage through the troubled senatorial waters, and the unusual zeal and extraordinary impetuosity with which the measure is being speeded to a final vote encourage some of us to believe that this legislation will be enacted before the last cattle raiser in the country starves to death.

The difficulties of Hercules in performing his 12 great labors, the troubles of Aeneas while endeavoring to find an abiding place for the household gods of his fathers, and the tribulations of the hero of Pilgrim's Progress on his long and perilous journey from earth to heaven fade into microscopic insignificance in comparison with the distress of the American cattle raisers during the last 10 years.

Dickens' power to delineate the pathetic, Shakespeare's ability to dramatize the heartbreaking, and Dore's genius in vividly portraying upon the canvas the agonies of lost souls, all combined, could not exaggerate the disasters suffered by those who have, in recent years, followed the ancient and honorable vocation of raising cattle.

During the last decade the cattle raisers have blithely gone forth every spring to increase their herds and improve their quality in the comforting belief that their persistent endeavors would eventually be rewarded with better markets, better prices, and better days. But year after year disappointment has followed upon the heels of disappointment; misfortune has succeeded misfortune; and occasional poverty has irresistibly developed into Nation-wide bankruptcy for the raisers of cattle.

For example, 15 years ago a cow's hide could be sold for more than it is now possible to obtain for her carcass, hide, horns, tail, and tallow.

Only once before in the history of the world have the troubles of anyone engaged in any branch of agriculture approached those of the American cattle raisers in recent years. That was on the memorable occasion when the Sabeans stole farmer Job's oxen and asses; the Chaldeans carried away his camels and slew his servants with the edge of the sword; the fire of God came down from heaven and

burned up his sheep; and, last of all, the devil came and covered the poor, old afflicted patriarch with agonizing boils from the top of his head to the soles of his feet. Whereupon Job cursed his days and longed for death.

So far the American cattle raisers have sought no refuge either in submission to disaster or in the futility of longing for death. Hope, which springs eternal in the human breast, still impels them to believe that the Congress will provide ways and means to enable them to escape from their adversity and share the new and general prosperity of the Roosevelt administration. That they deserve relief, no one ventures to doubt and no one dares to deny.

Whether the pending bill is the most appropriate and efficacious that human ingenuity can devise to restore prosperity to the cattle-raising industry, it is unnecessary to decide. But it is important that we recognize the fact that the pending measure is the only available instrumentality by means of which the Members of the Senate can demonstrate their determination to relieve the distress of the cattle raisers and start them on the road from bankruptcy and despondency to solvency and happiness.

The cattle raisers, because of their extraordinary distress, should be exempted from the operation of the processing tax. But, unfortunately, it is manifest that the Senate would not adopt an amendment providing such exemption.

Therefore I shall vote for the enactment of this legislation in its present form, because it is based upon a principle which the experience of the last 6 months has proved to be sound; because it is desired and deserved by those engaged in the cattle-raising industry; and because its passage has been approved and recommended by the spokesmen of the American Farm Bureau Federation, the National Grange, the American Livestock Association, the National Livestock Marketing Association, and the National Milk Producers Federation. If, upon a fair trial, this law fails to produce the desired relief, I shall improve every future opportunity to support additional measures designed to solve the distressing problem with which the impoverished cattle raisers have so long and so heroically struggled in vain.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE], on which the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS]. Not knowing how he would vote, I transfer that pair to the junior Senator from Alabama [Mr. BANKHEAD] and vote "nay."

Mr. PATTERSON (when his name was called). I have a general pair with the junior Senator from New York [Mr. WAGNER], who is unavoidably absent from the Chamber on official business. I am not informed as to how he would vote, if present, and I therefore withhold my vote.

Mr. STEPHENS (when his name was called). On this vote I am paired with the Senator from Indiana [Mr. ROBINSON] and therefore withhold my vote.

Mr. VANDENBERG (when his name was called). On this question I am paired with the junior Senator from New Hampshire [Mr. BROWN]. In his absence, not knowing how he would vote, if present, I withhold my vote.

The roll call was concluded.

Mr. REED (after having voted in the negative). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I have been informed, however, that if the Senator from Arkansas were present he would vote as I have voted. Therefore I am justified in asking that my vote in the negative be permitted to stand.

Mr. FLETCHER. I have a general pair with the Senator from West Virginia [Mr. HATFIELD], who is absent. I am able, however, to transfer that pair to the Senator from Arkansas [Mr. ROBINSON], which I do, and vote "nay."

Mr. LEWIS. I rise to announce that the Senator from South Carolina [Mr. SMITH], who is unavoidably absent, is paired with the Senator from New Jersey [Mr. BARBOUR]. The Senator from Florida [Mr. FLETCHER] has just announced the transfer of his pair with the Senator from West Virginia to the Senator from Arkansas [Mr. ROBINSON].

I regret to announce that the Senator from Washington [Mr. BONE] is detained from the Senate by a severe cold.

I also desire to announce that the following Senators are necessarily detained from the Senate: The Senator from Alabama [Mr. BANKHEAD], the Senator from Arkansas [Mr. ROBINSON], the Senator from New Hampshire [Mr. BROWN], the Senator from Utah [Mr. KING], the Senator from New York [Mr. WAGNER], and the Senator from South Carolina [Mr. SMITH].

Mr. HEBERT. I wish to announce that the Senator from Delaware [Mr. HASTINGS] has a general pair with the Senator from Washington [Mr. BONE]. I am not informed as to how either of those Senators would vote if present.

The result was announced—yeas 41, nays 38, as follows:

YEAS—41

Adams	Duffy	McCarran	Shipstead
Ashurst	Erickson	Murphy	Steiwer
Borah	Frazier	Neely	Thomas, Utah
Bulow	Gibson	Norris	Thompson
Capper	Hayden	Nye	Townsend
Caraway	Johnson	O'Mahoney	Van Nuys
Carey	Kean	Pittman	Walcott
Clark	La Follette	Pope	Wheeler
Copeland	Lonergan	Reynolds	
Costigan	Long	Russell	
Cutting	McAdoo	Schall	

NAYS—38

Austin	Couzens	Hale	Overton
Bachman	Dickinson	Harrison	Reed
Bailey	Dieterich	Hatch	Sheppard
Barkley	Dill	Hebert	Thomas, Okla.
Black	Fess	Keyes	Trammell
Bulkley	Fletcher	Logan	Tydings
Byrd	George	McGill	Walsh
Byrnes	Glass	McKellar	White
Connally	Goldsborough	McNary	
Coolidge	Gore	Metcalf	

NOT VOTING—17

Bankhead	Hastings	Patterson	Vandenberg
Barbour	Hatfield	Robinson, Ark.	Wagner
Bone	King	Robinson, Ind.	
Brown	Lewis	Smith	
Davis	Norbeck	Stephens	

So Mr. LA FOLLETTE's amendment was agreed to.

So Mr. LA FOLLETTE's amendment was agreed to as follows:

On page 2, at the proper place in the bill, to insert the following new section:

"SEC. 6. (a) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $150,000,000, which shall be available for the following purposes:

"(1) Under rules and regulations to be promulgated by the Secretary of Agriculture, for the elimination of diseased dairy and beef cattle, including cattle suffering from tuberculosis or Bangs disease, and for payments to owners with respect thereto;

"(2) Under rules and regulations to be promulgated by the Secretary of Agriculture, in conjunction with the Federal Emergency Relief Administration, for the purchase and transfer of dairy cows to farms which do not have dairy stock, for supplying milk and milk products for noncommercial family use;

"(3) Not to exceed $50,000,000 for advances by the Secretary of Agriculture to the Federal Surplus Relief Corporation for the purchase of dairy and beef products for distribution for relief purposes.

"(b) No processing tax shall be levied under the Agricultural Adjustment Act, as amended, for the purpose of obtaining revenue for reimbursement of expenditures authorized by this section."

The VICE PRESIDENT. The question is, Shall the amendments be ordered to be engrossed and the bill to be read a third time?

Mr. MURPHY. Mr. President, in explanation of the affirmative vote I shall cast on the passage of the pending measure, I ask to have printed in the RECORD a letter from Secretary Wallace.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 7, 1934.

Hon. LOUIS MURPHY,
United States Senate.

DEAR SENATOR MURPHY: In response to your telephone request, I wish to state that if beef cattle were made a basic commodity

under the Agricultural Adjustment Act we would not plan to impose a processing tax on beef until a plan for controlling beef-cattle production and marketing through a system of contracts with producers had been developed and agreed upon by beef-cattle producers.

The act provides that whenever benefit payments to producers are to be made with respect to any basic agricultural commodity, a processing tax shall be in effect with respect to that commodity from the beginning of the following marketing year. It would be our policy to levy only a small tax at the beginning and to proclaim increases in the tax only as marketing conditions in the industry had improved to the extent that the increased tax would not react unfavorably on producers. We could proclaim a marketing year beginning either in the fall or spring.

Sincerely yours,

H. A. WALLACE, *Secretary.*

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment which I offer.

The VICE PRESIDENT. The amendment will be read.

The CHIEF CLERK. On page 2, after line 8, it is proposed to insert the following new section:

SEC. —. Section 9 (c) of the Agricultural Adjustment Act, as amended, is amended by adding at the end thereof the following new sentence: "Interest on mortgage indebtedness, taxes, and freight rates shall be included as elements in ascertaining the current average farm price and the fair exchange value of basic agricultural commodities."

Mr. SHIPSTEAD. Mr. President, this is an amendment to section 9, subsection (c), of the Agricultural Adjustment Act. It proposes to amend that part of the act which prescribes the method for arriving at a parity of prices for agricultural products in relation to the commodities the farmer buys.

I have been of the opinion that the farmers' taxes, interest, and freight rates are fixed charges that enter into his cost of production and should, therefore, be taken as an element in determining his parity prices. Before the Committee on Agriculture and Forestry the Secretary of Agriculture admitted that the failure to do that was a defect in the original act. I will read briefly from the hearings to show what the Secretary of Agriculture said:

Senator SHIPSTEAD. Mr. Wallace, taking the period 1909 to 1914 as 100, what have you now as the index price of commodities the farmer buys?

Secretary WALLACE. As I remember, it is about 18 percent above that base.

Senator SHIPSTEAD. You think that is all?

Secretary WALLACE. I don't know. That is what the figures show.

Senator SHIPSTEAD. These freight rates are more than double.

The CHAIRMAN. What was the question that you asked? I didn't get that. You asked how much the farmers paid above the level of prices for the period 1909 to 1914?

Senator SHIPSTEAD. Yes.

Secretary WALLACE. I see the Bureau of Agricultural Economics on January 15 released this statement, which answers your question:

"Prices paid by farmers for commodities advanced one point from November to December to 118 percent of the 1909–14 average."

In November it was 117 percent; in December it advanced one point and was then 118 percent.

Senator BANKHEAD. What is the other side of it, the level of prices the farmers get?

Secretary WALLACE. I will complete the sentence:

"Whereas prices received by farmers declined three points from November to December."

Senator SHIPSTEAD. That would be a disparity of 21 percent, according to those figures?

Secretary WALLACE. No; the prices paid to farmers averaged in November 71 percent of that pre-war period, and in December 68 percent, so the ratio to find out the purchasing power of the farmer's dollar you would have to divide in November 117 into 71, and in December 118 into 68, which would give you the purchasing power of the farmer's dollar in terms of that pre-war period.

Senator SHIPSTEAD. This may not be important, but here are four items that have all doubled since that time: Taxes, freight rates, price of farm machinery, and the amount of his mortgage. Now, those are the four heavy items the farmer carries that have doubled his burden, and in view of that fact I don't see how you can have those figures you have there.

Secretary WALLACE. Well, I suppose, you can say to that extent it is a fundamental defect in the bill. All the statement of the Bureau of Agricultural Economics professes to be is a statement of the cost of things farmers buy and things they sell. The bill itself is based on that ratio. You can say, if you wish, that the bill should have been drawn to establish a parity price on the basis of including in the things farmers buy the money paid for the interest, the money paid for taxes, and so on.

Senator SHIPSTEAD. It was assumed the bill would do that. It evidently hasn't done that.

Secretary WALLACE. No; that was a defect in the bill. That would be for the Senate to discuss and decide whether or not they would like to change the method of discovering the parity price to include those factors.

Senator WHEELER. The trouble is the Congress doesn't decide anything any more; we take whatever you hand down to us.

Senator FRAZIER. The taxes and the interest were left out of the bill when it came to the Senate?

Secretary WALLACE. It seems to me the appropriate time to worry about that is later on because we are still a long way from parity on the showing of these figures.

The CHAIRMAN. Let me get these figures in mind. The cost of the materials the farmer buys has risen since 1909–14 to 118, while his purchasing power is down to——

Secretary WALLACE. Fifty-eight percent.

The CHAIRMAN. The difference between 118 and 58 is a pretty wide gap to cover up.

Senator SHIPSTEAD. Then I misunderstood the Secretary. I thought he said the spread was only 18.

The CHAIRMAN. Oh, no; the increased cost of what he buys as compared with 1909–14 has increased 18 percent while the farmer's purchasing power is only 58. Now, do you get the spread?

Senator SHIPSTEAD. Yes.

That is all there is to the amendment. I ask that the amendment be adopted.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on agreeing to the amendment offered by the Senator from Minnesota.

The amendment was agreed to.

Mr. O'MAHONEY. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be read.

The CHIEF CLERK. At the end of the bill it is proposed to add the following new section:

SEC. 7. The first sentence of subsection (2) of section 8 of the Agricultural Adjustment Act, as amended, is amended to read as follows: "After due notice and opportunity for hearing, to enter into marketing agreements with processors, producers, associations of producers, and others engaged in the handling of any agricultural commodity or product thereof, in the current of or in competition with, or so as to burden, obstruct, or in any way affect, interstate or foreign commerce.

Mr. O'MAHONEY. Mr. President, the purpose of the amendment is merely to insert the word "producers" in subsection 2 of section 8 of the Agricultural Adjustment Act. This section in the original act is the one which authorizes the Secretary of Agriculture to enter into marketing agreements, but as it now stands in the law it authorizes only associations of producers to enter into such agreements. The purpose of the amendment is to permit individual producers also to enter into such agreements. I may say that the amendment has the approval of the Department of Agriculture.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming.

The amendment was agreed to.

Mr. HATCH. Mr. President, I send to the desk an amendment which I offer.

The PRESIDING OFFICER. The clerk will read the amendment.

The CHIEF CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. 5. Section 11 of the Agricultural Adjustment Act, as amended, is amended by adding after the words "field corn" a comma and the words "grain sorghums."

Mr. HATCH. Mr. President, in connection with the amendment I desire to read a letter from the American Farm Bureau Federation received just a few moments ago:

WASHINGTON, D.C., *March 10, 1934.*

Senator CARL W. HATCH,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR HATCH: The Senate has added several farm crops to the list of basic commodities in the agricultural act during its recent consideration of H.R. 7478.

There is one crop, however, which is important enough to be added to the basic commodities grown by our farmers. Reference is made to grain sorghums. This crop in certain parts of the Nation, particularly in New Mexico, is a very considerable part of the agricultural production. The producers of grain sorghums should be privileged to have full benefits of the Agricultural Adjustment Act along with our farmers who produce other basic and greater crops.

Accordingly, it is recommended by the American Farm Bureau Federation that you introduce and sponsor an amendment to H.R. 7478, reading about as follows:

"Change the period after the word 'cattle', in line 5, to comma, and add the words 'and grain sorghums'."

Very respectfully,

AMERICAN FARM BUREAU FEDERATION,
CHESTER H. GRAY,
Washington Representative.

The letter explains the purpose of the amendment I have sent to the desk, and I hope the amendment will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	King	Reynolds
Ashurst	Dickinson	La Follette	Russell
Austin	Dieterich	Lewis	Schall
Bachman	Dill	Logan	Sheppard
Bailey	Duffy	Lonergan	Shipstead
Bankhead	Erickson	Long	Steiwer
Barkley	Fess	McAdoo	Stephens
Black	Fletcher	McCarran	Thomas, Okla.
Borah	Frazier	McGill	Thomas, Utah
Bulkley	George	McKellar	Thompson
Bulow	Gibson	McNary	Townsend
Byrd	Glass	Metcalf	Trammell
Byrnes	Goldsborough	Murphy	Tydings
Capper	Gore	Neely	Vandenberg
Caraway	Hale	Norris	Van Nuys
Carey	Harrison	Nye	Wagner
Clark	Hatch	O'Mahoney	Walcott
Connally	Hayden	Overton	Walsh
Coolidge	Hebert	Patterson	Wheeler
Copeland	Johnson	Pittman	White
Costigan	Kean	Pope	
Couzens	Keyes	Reed	

Mr. LEWIS. I desire to announce that the Senator from Arkansas [Mr. ROBINSON], the Senator from New Hampshire [Mr. BROWN], and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate. I ask that this announcement may stand for the day.

The PRESIDING OFFICER. Eighty-six Senators have answered to the roll call. There is a quorum present. The question is on the passage of the bill.

Mr. FRAZIER. Mr. President, I desire to take this opportunity of making some remarks on the bill.

Something must be done for the cattle industry. The prices of cattle have been practically the lowest in history; and I hope that when the plan is worked out the putting of livestock in under the processing tax will be a great help. It will be a help to the other products that are now included as basic commodities, as well as a help to livestock.

I desire to give just one example of the prices of livestock received in my State last fall. These are the returns from a car of livestock shipped from North Dakota to South St. Paul. This statement is dated October 2, 1933.

There were 36 head of cattle. The net weight was 24,945 pounds. The net price received for those cattle by the farmers in North Dakota was $245.08, or a little less than 1 cent a pound. If the farmers had received $4.37 more for this carload, they would have received 1 cent a pound.

In the items of expense that went into this carload of cattle there is included some hay that was fed at the stockyards at South St. Paul. I presume the cattle got in there in the evening, and they had to be fed over night. There were 1,500 pounds of hay, and the price for that 1,500 pounds of hay was $16.50—just a little more than a cent a pound for the hay that they fed the cattle the night before they were sold for slaughter, and the cattle sold for a little less than a cent a pound.

Mr. President, the returns from this carload of cattle indicate the prices received by the farmers of North Dakota for their cattle are away below the cost of production. The farmers cannot succeed under those circumstances, by any possibility.

Mr. SCHALL. Mr. President, has the Senator a statement of what the freight charges on those cattle were?

Mr. FRAZIER. Yes; the freight on these cattle amounted to $106.34. That is one of the big items of expense. The fact remains that the cattle netted the farmers less than a cent a pound.

Mr. President, there is one thing sure, that we cannot succeed with a processing tax on hogs unless we also have a processing tax on beef, which is a competing product. There is a clause in the law which provides that the Secretary may, after investigation, put a compensating tax on competitive commodities, and that would undoubtedly have to be done if the processing tax is not included in this bill.

The hard spring wheat farmers of the Northwest feel that they have been discriminated against in this farm program. In the first place, we never have produced a surplus of hard spring wheat. The surplus of wheat comes in the so-called "soft winter wheat." There is no surplus of hard spring wheat by any stretch of the imagination. But, of course, our farmers in the hard spring wheat territory have been limited in the production of wheat, the same as the farmers in other sections have been, and they are not complaining about that, but under the contract made with the Agricultural Department, farmers are not allowed to sow other grain crops on the land that is taken out of wheat production.

In the spring wheat territory we have what might be termed "a diversified farming program." Along with wheat, we raise rye, flax, barley, livestock, poultry, and dairy products. We feel that we must have rye, flax, and barley placed in this measure as basic commodities and they have been placed in it, and I hope they will be left in the bill by the conferees.

I desire to give some figures as to some of these products, but before I do that I ask unanimous consent to have printed in the RECORD at this point in my remarks a letter, under even date, from M. W. Thatcher, who is a representative of the Farmers' National Grain Corporation here in Washington, with respect to this particular proposition.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CHEVY CHASE, MD., *March 10, 1934.*

Hon. LYNN J. FRAZIER,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR: Will the Senate and House conferees retain in the bill H.R. 7478, the Senate amendment which designates flaxseed, rye, and barley as basic agricultural commodities?

This is what those commodities represent:

	Average acres	Average bushelage	At current value	At parity value
Barley	12,000,000	250,000,000	$109,250,000	$179,500,000
Rye	3,000,000	36,000,000	19,295,000	30,060,000
Flax	3,000,000	20,000,000	32,280,000	39,240,000
Total	18,000,000	306,000,000	160,825,000	248,800,000

Based on an average of 100 acres per farm, this represents 180,000 farm families. The difference in value between current cash prices at the farm and parity price, which is sought, represents a deficiency income on these grains to these families amounting to $88,000,000, or nearly $500 per farm.

These families are not receiving parity income for two reasons:

1. Imports are bearing down their cash prices far below parity.
2. These individual farmers have no collective power to bargain for parity prices.

Their only hope, during this emergency and under the present laws, rests upon receiving the same favorable consideration as has been extended to other commodities.

Not only do the imports bear down on the farmer's cash price, but worse, the Agricultural Adjustment Administration is imposing a parity tax against rye and barley processed for alcohol and declares it intends to use such collected taxes for benefit payments to corn-hog producers.

The Bankhead amendment to N.I.R.A. allotted $100,000,000 to the A.A.A. This money has been used, over $60,000,000 to cotton farmers, and $37,000,000 has been allocated by the A.A.A. for the benefit of the corn-hog program.

Rice, with but 750,000 acres, has been favored as a basic commodity and the rice farmer who contracts a 20-percent reduction in acres is to be paid full parity price. By agreement with the millers, 60 percent of parity shall be paid when the farmer markets his rice and the remaining 40 percent of parity shall be paid

at the end of the year from a trust fund set up by the millers. The noncooperator is paid nothing from the trust fund.

In the year 1932, 116,900,000 pounds of linseed, sunflower seed, perilla, tung, and soybean oils were imported. During the first 11 months of 1933, 175 million pounds were imported. We are thus losing acreage.

Recently (see schedule H, under Flax) the United States Department of Agriculture put out a bulletin, Considerable Shift from Wheat to Flax Would Not Create Flax Surplus. There is the Federal blessing.

Is it fair to the farmers of the West to ask reduction in acres when we are importing acres in the form of oils, rye, barley, and flaxseed?

Is it fair to permit imports of grain which bear prices far below parity price?

Is it fair to permit rye and barley prices to be lowered because of imports and then tax all rye and barley processed into alcohol, using such collected taxes to pay benefits to corn-hog producers? Bear in mind that the parity tax assessed to the distiller is the difference between the farmer's price and what it would be at the parity price.

Will Congress approve such a picture and then loan millions for seed and guarantee interest and principal of bonds issued by the Farm Credit Administration?

Does Congress believe our farmers can purchase at cost-plus N.R.A. goods, pay taxes, interest, and debts under such circumstances as outlined in these remarks?

Farmers will not strike and revolt if they are meagerly accorded consideration—but under such circumstances as above outlined they are ravaged.

The Senate should direct its conferees to insist upon its amendment to include flaxseed, rye, and barley as basic agricultural commodities.

Very truly yours,

M. W. THATCHER.

Mr. FRAZIER. During the last 5 or 6 months 8,000,000 bushels of rye were imported into the United States, most of it coming from Poland, I think.

According to an article appearing in the Wall Street Journal of March 5, it seems that the Polish Government has been paying a bonus of some 30 cents a bushel on rye to the farmers of Poland, exporting it from Poland into the United States and selling it on our Atlantic seaboard for less than the Chicago price, after paying the duty of 15 cents per bushel. Later on I want to put this article in the RECORD. That action makes it impossible for our farmers to raise rye in the Northwest to compete under these circumstances with the foreign countries which are sending rye into the United States.

In November I transmitted a letter to the chairman of the Tariff Commission, urging that they recommend an increase in the tariff on rye. I received a letter from the chairman, under date of the 27th of November, stating that they were considering the matter.

A few days later I received a telegram from a company in New York which imports and exports grain products, the W. E. Pritchard Co. I referred that telegram to the President on January 23, urging that the tariff on rye be increased.

On the 5th of March I received a letter signed by W. B. Gregg, Acting Secretary of Agriculture, stating that the telegram and my letter had been referred to them for reply. He stated that they had no authority to impose import restrictions, or anything of that kind, on rye.

Of course, I know that; but the fact remains that the President has not taken action, and, according to this article in the Wall Street Journal, the Tariff Commission made a report to the President on rye and, according to the story, recommended an increase of 50 percent. That would bring the duty to 22½ cents. No action has been taken up to date. So I feel that it is very important to include rye as a basic commodity and thus give our farmers the benefit of a processing tax.

I ask unanimous consent to have printed in the RECORD the article from the Wall Street Journal, entitled "Stirring Up a Hornet's Nest."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal]

STIRRING UP A HORNET'S NEST

On the eve of what may well be the most decisive world phase of American recovery plans, namely, tariff readjustment, a hornet's nest has been stirred up by the importation of a relatively small quantity of Polish rye even under that supposedly impregnable tariff wall set up for us in the act of 1930. And the question that currently rears its ugly head is, "Just what constitutes dumping?"

The facts of the case are these: Poland pays its grain monopoly in the form of import certificates, which enable that organization to receive rebates on otherwise taxed imports to the extent of 30 cents on each bushel of rye exported, and also thus to clear rye to the United States at figures under domestic levels, even with freight, insurance, and the regular American duty of 15 cents a bushel figured in. Some 8,000,000 bushels of Polish rye have already entered this country. The Tariff Act of 1930 contains a clause which permits this country to tax imports from countries giving export bounties to the extent of that bounty, which would mean another 30 cents a bushel, thus effectively extinguishing Poland as a threat. This has not yet been done.

The reason is obvious. We dislike the position of a man in a glass house throwing stones. At this very moment the Pacific Northwest Export Association is endeavoring to sell surplus wheat in the Liverpool market at 61 cents a bushel c.i.f., while that same wheat is selling in Portland, Oreg., for 75 cents. The Government has promised to take the loss of the differential between the home-market price and the best that the foreigners will pay in order to clear out the elevators in the Northwest.

Is Poland dumping? There are those, obviously including the Tariff Commission, which, in a report rendered on November 23 last to the President and Secretary Wallace, advocated the use of the 50-percent sliding-scale increase in the rye duty to 22½ cents, who hold this view. Incidentally, this report has apparently been lost in transit, for no comment on it has come out of official quarters. The northwest producers of rye have been setting up pleas of injury, word of which has not been lost to sensitive Washington ears. So have the private grain trade and the board of trade, which recently had put before it a resolution to ban all foreign grain from being deliverable on Chicago contracts. Our esteemed contemporary, perhaps the most severe local administration critic, the Herald Tribune, joins in the cry of "Wolf!"

The situation is a peculiar one, indeed. Must the administration be forced to raise a tariff when it admittedly is set on a program of lowering world-trade barriers? Or can imports be barred on the ground that Poland is dumping rye at prices below levels prevailing in its own country? If so, the United States Government, with its Pacific coast shipments, would be placed in the predicament of the ostrich, who thinks because he hides his head he cannot be seen.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. FRAZIER. My time is pretty nearly up, and I cannot yield.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. FRAZIER. I have a number of other letters respecting the rye situation, from millers, from farmers, and others. I hold in my hand a telegram signed by the president and secretary of the Northwest Grain Association, an association covering the Northwest States. They are in favor of placing rye, flax, and barley in the bill as basic commodities. I ask that that telegram be printed in the RECORD as a part of my remarks.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

MINNEAPOLIS, MINN, *March 7, 1934.*

Senator L. J. FRAZIER,
Senate Building.

Our association, composed of 100 farmer elevators, requests that you support amendment designating flax, rye, and barley basic commodity. Also to repeal section 15 (c) which exempts processing taxes. We are also opposed to use of processing tax funds for relief needs.

NORTHWEST GRAIN ASSOCIATION,
J. R. MADDOCK, *Vice President.*
G. W. CONNELL, *Secretary-Treasurer.*

Mr. FRAZIER. In the case of rye and flax, the farmers of the United States do not produce anything like enough to take care of our own demands. Approximately 50 percent of the flax used in home consumption is imported, either in the form of flax or linseed oil, or some other vegetable oil. There is no question that we can raise plenty of flax in the United States to take care of the needs here, providing the price is high enough to give us cost of production. The same is true of rye. Ordinarily we produce more barley than we use, I believe. We have ordinarily a surplus of barley, but it is being sold below cost of production, and if we can have a processing tax on it to increase the price to the farmer it will give him a great advantage.

The farmers of the spring-wheat territory feel that they have been somewhat discriminated against in the allotment plan. Two percent of the second allotment payment under

the contract goes to establish an export policy for wheat on the west coast, and something over a million dollars has been used for that purpose up to the present time. We are shipping wheat, according to the story in the Wall Street Journal, from the west coast, laying it down in foreign ports at 61 cents a bushel, paying the difference out of the processing tax. We are laying it, then, down in the foreign ports at 61 cents a bushel when the market price at Portland, Oreg., is 75 cents a bushel. I think probably it is necessary to take out some of the surplus wheat from the Pacific coast, and am in favor of that being done, but in order to do it we must have more processing tax from the various products, and I hope rye, flax, and barley will be maintained in the bill.

The PRESIDING OFFICER. The time of the Senator from North Dakota has expired.

Mr. FRAZIER. I ask unanimous consent to have an article appearing in the Wall Street Journal of Friday morning, March 2, 1934, printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article referred to is as follows:

[From the Wall Street Journal, Mar. 2, 1934]

PROCESSING-TAX COLLECTIONS LAG—A.A.A. EXPENDITURES FROM LEVY TOTAL $222,528,729, AGAINST $200,501,160 TAKEN IN

WASHINGTON.—Collections from processing taxes levied on agricultural commodities are lagging $22,027,568 behind A.A.A. expenditures from this source of revenue.

This was revealed by a Treasury report on processing-tax receipts and expenditures. It disclosed collections, as of February 26, to be $200,501,160. Expenditures totaled $222,528,729 as of February 27.

Expenditures chargeable against processing-tax revenues follow: Rental and benefit payments to producers of wheat, $59,088,258; cotton, $112,428,410; tobacco, $1,586,237; marketing export of wheat surpluses, $1,984,041; hogs bought by the Federal Surplus Relief Corporation, $4,420,586; dairy products purchased for the Federal Surplus Relief Corporation, $9,418,379 for butter and $128,883 for cheese; and emergency purchases of supplies, $33,473,933.

Indications are that within a few months the spread between collections and expenditures will increase. Farm Administration officials plan to distribute during March and April the first installment of benefit and rental payments under the cotton program for the current year. These payments will approximate $49,000,000.

Also, the first installment under the $350,000,000 corn-hog program is scheduled during spring months. Rental and benefit payments to cooperating wheat producers have not yet been completed.

However, A.A.A. officials are confident that revenue from the processing taxes will suffice to meet expenses of the individual crop adjustment programs at the end of the marketing year for the respective commodities.

Enactment of the pending beef-cattle amendment to the Adjustment Act in its present form would provide a $200,000 authorization for launching a joint beef-cattle and dairy-production adjustment program. However, Secretary Wallace has recommended that this authorization be repaid to the Treasury from processing taxes levied on beef and milk and its products.

Mr. CONNALLY. I move to amend the title of the pending bill.

The PRESIDING OFFICER. The Chair will state to the Senator from Texas that that amendment will be in order after the passage of the bill.

Mr. SHIPSTEAD. Mr. President, before the vote is taken, I desire to call the attention of the Senate to the testimony of Secretary Wallace before the Committee on Agriculture when he appeared to discuss the workings of the Agricultural Adjustment Act. Secretary Wallace testified that income to agriculture last year was about $6,000,000,000. He testified that if cattle were included in the benefit payments in the administration of the act and the benefits to be derived, as well as beet sugar, the total benefit to agriculture for the coming year, for the completion of the program for 1934, will be about $800,000,000.

He also testified that in addition to that he expected agricultural products to have some advancement in price, and estimated that by the end of the crop year of 1934, the farmer would have a total income of $7,000,000,000 to $8,000,000,000. He thought that the farmer's income could be raised to that amount. In 1926 the farmer had an income of $13,000,000,000. So that with all the benefit payments, and if we achieve the raise in farm price that is anticipated, the farmer in the United States at the end of 1934 will be short about $5,000,000,000 of what he had as income in 1926.

Mr. BORAH. Does the Senator from Minnesota take into consideration that the increased price of the things the farmer has to buy subtracts about $2,000,000,000 from that $6,000,000,000?

Mr. SHIPSTEAD. I thank the Senator. I was coming to that, and I was going to say that with the increased price of the commodities that the farmer buys under the N.R.A. his income will be diminished by at least as much as he receives in benefit payments under the Agricultural Adjustment Act; and if it is, he will not have any more, or possibly less, than he had at the end of last year; and if that production will be sustained in the future, at the end of the year the farmer will still then be $7,000,000,000 short of the income he had in 1926, and his fixed charges will have increased. His interest on his increased indebtedness has increased. His taxes have increased. Freight rates have increased. His fixed charges and the burdens that he must carry and pay, the obligations he must discharge, have increased, and he cannot carry them with an income of only half as much as he had in 1926.

Because of the fact that some Senators believe that this is an extravagant hand-out or a dole to agriculture, that it is a pork-barrel proposition, I want to make this statement before the final vote on the bill. As a matter of fact it is so small that it amounts to a mere drop in the bucket when we take into consideration the problem we have before us of reviving agriculture, at least to the position it had in 1926, and it was not paying its expenses at that time.

Mr. LEWIS. Mr. President, I wish to divert from the subject under discussion for one second to call the attention of the able Senator from Ohio [Mr. FESS] to the fact that, upon examining the CONGRESSIONAL RECORD of this morning, I think it will be disclosed to us all that there is an omission, which it is necessary to supply in order that we shall have a consecutive and accurate report of the observations passing between the able Senator and myself yesterday.

I think it will be recalled that I, with the permission of the Senator, interrupting him with his consent, put first the question, "To what object does the Senator have this newspaper article read? What is his purpose?" To which the Senator replied that he was seeking some method, or the basis of one, upon which to offer some appropriate suggestion or motion looking to the stopping, if it could be, or, at least, the postponing, of the carrying of the mail by the Army until other regulations could be properly provided.

Then came some other inquiry, and then began that which the RECORD discloses. But I wish to call the attention of the able Senator—I may add, both able and astute, and, as disclosed by his debate yesterday, most adroit and skillful—that there is this omission, which I feel ought to be remedied in order that the colloquy shown in the RECORD should have a point; otherwise, the beginning is peculiarly lacking in what is a necessary connection. If the Senator agrees with me, I am sustained; if he does not agree with me, then I have a memory that is not sustained.

Mr. FESS. Mr. President, I had not noticed that there had been any omission, and I hardly know how to interpret the suggestion of the Senator from Illinois. Evidently it is a suggestion of his that either the reporters failed to report in full what was said, or else on a revision of the notes after they were taken there was a deletion.

Mr. LEWIS. I have an idea, I may say, that possibly there was a good deal of confusion, and it is possible that it was not heard at the beginning. I could not attribute the absence of the language to which I refer to any such thing as the Senator suggests.

Mr. FESS. The present Presiding Officer is very conversant with the practice in another body about the revision of notes, but that practice of changing the notes or leaving out things is not a practice in the Senate, and I have made a practice, as all the reporters will confirm, of not looking over my notes, and when someone suggested the other day that the notes of the discussion on Monday, when I spoke of the labor situation, had been changed, the reporters had to tell the person who complained that I had not seen the notes—as I had not. I have not seen the notes of the

colloquy just referred to by the Senator from Illinois, but they are just as the reporters have submitted them to the printer. If there is anything deleted, I know nothing about it. In reading the RECORD, I do not recall that there is anything deleted.

Mr. LEWIS. Mr. President, it is not so important. If the Senator does not recall the opening of that colloquy then I would not have what I know has been omitted, supplied. There is no intimation from me whatsoever that it has been deleted by the Senator, or myself, or anyone else. I feel that the reporters, possibly in the confusion, or in some manner, merely omitted that which is essential to the RECORD, that opening observation of mine which called for the subsequent colloquy and speeches between myself and the able Senator from Ohio. If the Senator does not so recall it I shall not ask to have it put in on my word alone.

Mr. FESS. Has the Senator read the notes?

Mr. LEWIS. I read the RECORD of yesterday this morning. It having been called to my attention, I have called it to the attention of the Senator from Ohio.

Mr. FESS. The first interruption of the Senator from Illinois was this:

> Mr. President, will the Senator from Ohio state to the Senate in what way he would suggest that the mail be taken away from the present carriers at this particular time? What is the suggestion of the Senator?

That is the first statement the Senator made, and I answered that.

Mr. LEWIS. That is the first as reported, I may state to my able friend, but it is the remark preceding that to which I am alluding.

Mr. FESS. I do not recall any remark preceding that.

Mr. LEWIS. I am sure the Senator, if he could recall, would have me justified in this fact, that my first inquiry of the able Senator was asking permission to make the interruption, to which he yielded out of courtesy, after which I then said, "To what purpose is the Senator having this article read from the newspaper at this time? What is his object?" Then the Senator proceeded to state his object with the view of bringing the attention of the Senate to what he thought ought to be remedied, looking at it from a humane point of view, as to mail flying. Then came the question which the Senator has just now read. But if the Senator does not recall this preliminary portion, then, sir, we will dismiss the subject.

The PRESIDING OFFICER. The question is, Shall the amendments be ordered to be engrossed and the bill read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass.

Mr. CAREY. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], but I am advised that if he were present he would vote as I am going to vote, and has been specially paired on this question. Therefore I feel at liberty to vote, and vote "nay."

Mr. REED (when his name was called). I have a general pair with the Senator from Arkansas [Mr. ROBINSON]. I am unable to obtain a transfer, and therefore must withhold my vote. If permitted to vote, I should vote "nay."

Mr. VANDENBERG (when his name was called). On this question I am paired with the junior Senator from New Hampshire [Mr. BROWN]. In his absence, and not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. FESS. I inquire if the senior Senator from Virginia [Mr. GLASS] has voted?

The PRESIDING OFFICER. The Chair is advised that the Senator from Virginia has not voted.

Mr. FESS. I have a pair with that Senator, and, as I am not advised as to how he would vote, if present, I will withhold my vote.

Mr. LEWIS. I desire to announce that the Senator from New Hampshire [Mr. BROWN], the Senator from Colorado [Mr. COSTIGAN], the Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from Arkansas [Mr. ROBINSON], the Senator from South Carolina [Mr. SMITH], and the Senator from Mississippi [Mr. STEPHENS] are necessarily detained from the Senate.

I regret to announce that the Senator from Washington [Mr. BONE] is detained from the Senate on account of a severe cold.

Mr. HEBERT. I wish to announce that the Senator from Indiana [Mr. ROBINSON] has a general pair with the Senator from Mississippi [Mr. STEPHENS]. I am not advised as to how either of those Senators, if present, would vote on this question.

I also announce that on this vote the Senator from Pennsylvania [Mr. DAVIS] is specially paired with the Senator from South Dakota [Mr. NORBECK]. If present, the Senator from Pennsylvania would vote "nay", and the Senator from South Dakota would vote "yea."

I announce further a pair between the Senator from New Jersey [Mr. BARBOUR] and the Senator from South Carolina [Mr. SMITH]. The Senator from New Jersey, if present, would vote "nay", and the Senator from South Carolina, if present, would vote "yea."

I also desire to announce a pair between the Senator from West Virginia [Mr. HATFIELD] and the Senator from Florida [Mr. FLETCHER]. If present, the Senator from West Virginia would vote "nay", and the Senator from Florida would vote "yea."

I also announce a general pair between the Senator from Delaware [Mr. HASTINGS] and the Senator from Colorado [Mr. COSTIGAN]. The Senator from Delaware, if present, would vote "nay", and the Senator from Colorado, if present, would vote "yea."

I will add that the Senator from New Jersey [Mr. BARBOUR], the Senator from Pennsylvania [Mr. DAVIS], the Senator from Delaware [Mr. HASTINGS], the Senator from West Virginia [Mr. HATFIELD], the Senator from South Dakota [Mr. NORBECK], and the Senator from Indiana [Mr. ROBINSON] are necessarily absent.

The result was announced—yeas 39, nays 37, as follows:

YEAS—39

Ashurst	Duffy	McCarran	Russell
Bachman	Frazier	McGill	Schall
Bankhead	George	McKellar	Sheppard
Bulow	Harrison	Murphy	Shipstead
Byrd	Hayden	Neely	Thomas, Okla.
Byrnes	Johnson	Nye	Thomas, Utah
Capper	La Follette	Overton	Thompson
Caraway	Lonergan	Pittman	Trammell
Connally	Long	Pope	Van Nuys
Dill	McAdoo	Reynolds	

NAYS—37

Adams	Copeland	Hatch	Townsend
Austin	Couzens	Hebert	Tydings
Bailey	Cutting	Kean	Wagner
Barkley	Dickinson	Keyes	Walcott
Black	Dieterich	Logan	Walsh
Borah	Erickson	McNary	Wheeler
Bulkley	Gibson	Metcalf	White
Carey	Goldsborough	O'Mahoney	
Clark	Gore	Patterson	
Coolidge	Hale	Steiwer	

NOT VOTING—20

Barbour	Fess	King	Robinson, Ark.
Bone	Fletcher	Lewis	Robinson, Ind.
Brown	Glass	Norbeck	Smith
Costigan	Hastings	Norris	Stephens
Davis	Hatfield	Reed	Vandenberg

So the bill was passed.

The title was amended so as to read: "An act to amend the Agricultural Adjustment Act so as to include cattle, peanuts, rye, flax, barley, and grain sorghums as basic agricultural commodities, and for other purposes."

Mr. CONNALLY. Mr. President, I move that the Senate insist on its amendments, ask a conference with the House

thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SMITH, Mr. THOMAS of Oklahoma, Mr. MCGILL, Mr. NORRIS, and Mr. MCNARY conferees on the part of the Senate.

On motion of Mr. CONNALLY, the bill (S. 1981) to make cattle a basic agricultural commodity for the purposes of the Agricultural Adjustment Act, was ordered to be indefinitely postponed.

Mr. HATCH. In connection with the debate on the bill which has just been passed by the Senate, certain references were made to a letter addressed to me from the Secretary of Agriculture. In fairness to all concerned I think the entire letter should be incorporated in the RECORD. I, therefore, ask unanimous consent that the letter be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 8, 1934.

Hon. CARL A. HATCH,
United States Senate.

DEAR SENATOR: In response to questions raised in the Senate yesterday, I am sending to you a report of the reasons for my recommendation for a $200,000,000 appropriation to be used to supplement receipts from processing taxes in financing assistance to the dairy and the beef-cattle industries.

The proposal for this appropriation to a certain extent constitutes a recommendation for special assistance for the dairy and beef-cattle industries.

We were impelled to appeal to Congress for this special help for reasons which seem to us to be conclusive. Among these reasons are:

First, that these two related industries together constitute the largest cross section of American agriculture, and their recovery therefore is of the greatest possible importance to the Nation.

Second, that neither dairying nor beef-cattle producers have benefited to any substantial degree from the Agricultural Adjustment Act up to the present time.

Third, that whereas prices of cotton, tobacco, and wheat, being export crops, are established in the world markets and are affected little if at all by processing taxes, dairy and beef-cattle production, on the other hand, are domestic industries, relying greatly upon consumer purchasing power for price recovery, and therefore would be more likely to be affected by processing taxes particularly in the period before production is brought under control.

In studying the problems of the dairying and beef-cattle industries, the Agricultural Adjustment Administration has come to the conclusion not only that help should be forthcoming to the farmers engaged in these two industries, but also that if possible payments should be planned to reach them by the time the processing tax takes effect on the two commodities. The appropriation was recommended in order to enable advance payments to be made in this way.

There are two ways in which the markets can be relieved of oversupply of dairy products and beef cattle. One is by a recovery of purchasing power of the American consumer. This in itself would enable the consuming public to absorb larger quantities of beef and dairy products. The other way is through a restriction of oversupply pending the recovery in consumer purchasing power.

Aid can be obtained for the two industries through additional surplus relief purchases affording dairy products to the needy unemployed who otherwise would be unable to obtain them. Money can be used to good advantage in eradication of tuberculosis from dairy cattle. The appropriation can be utilized to provide for more substantial financial assistance to producers than otherwise would be possible at this time.

The importance of the appropriation in the dairy program is amply demonstrated by the fact that large numbers of people in the United States are not today getting the amount of milk which a proper diet requires. There is no absolute surplus such as is the case in respect to wheat and cotton. If the consumers of the United States had the money, they would buy all the milk products that the industry normally produces.

In fact, even with their present purchasing power American consumers probably would absorb most of the beef and dairy products if prices were permitted to fall low enough.

So many consumers of milk and beef are in financial distress as acute as the condition of farmers producing these commodities that the $200,000,000 appropriation is of particular immediate importance.

Our experience with the hog processing tax is significant in this connection. I have said that American consumers could absorb our dairy and beef products if prices were permitted to fall far enough.

We do not like to let this happen. It would mean severe punishment for beef and dairy producers. The severity of their plight would retard general economic recovery. These farmers of themselves represent an important section of consumer buying power.

Our experience with the hog processing tax indicates that when supply is uncontrolled and when, in consequence there is little competition among buyers, the tax has a tendency to affect the producer price more than the consumer price. This was the condition in November and December when marketings were unusually heavy.

The Government developed two methods of assisting producers. One was the emergency hog-buying campaign, involving the purchase of 6,200,000 pigs and 200,000 sows. This began to reduce marketings in January and February, helping materially to restore competition for supplies. The other method was resumption of Government relief purchases, which has been a competitive factor in the market.

These influences have contributed to the advance in hog prices which developed gradually in December, with the subsequent sharp rise in January. The prices received by farmers for hogs, in spite of the tax, have been higher every week since the tax went into effect than they were the corresponding week a year ago.

We will have to approach the beef and dairy industries with plans particularly worked out for these industries. If the $200,000,000 is provided, the plan is to get benefit payments to the farmers before the time the tax becomes effective.

Thus the appropriation will supplement the tax, make possible larger benefits, and help us gain some control over supply in time so that the tendency of the tax to reflect itself in producer prices can be minimized.

Our plans for both dairying and cattle would be flexible so as to permit gradual expansion of production to keep step with any increase in consumer purchasing power as rapidly as it develops.

Of course, appropriations from the Treasury have to be repaid ultimately out of processing taxes or other taxes.

But with the revival of demand for dairy and beef products that would accompany recovery of consumer buying power, the levy of processing taxes to replace funds used in the present emergency would be much less burdensome.

With regard to disposition of the $100,000,000 administrative fund and the $100,000,000 Bankhead fund, the following report is submitted, as provided today by the Chief Accountant of the Agricultural Adjustment Administration:

"In accordance with your informal request this morning, we wish to advise that the expenditures for administrative expenses through February 28, 1934, from the sum of $100,000,000 appropriated under section 12 (a) of the Agricultural Adjustment Act aggregated $4,906,995.22. Included in this total of expenditures, however, is the sum of $3,660,533.52, which is properly chargeable against the appropriation covering advances from the Treasury under section 12 (b) of the act, and the necessary adjustments will be effected later. Deducting the amount to be transferred leaves net expenditures from this $100,000,000 appropriation of $1,246,461.70.

"Estimated obligations against this appropriation for the fiscal year 1934 amount to $3,251,205, and $5,123,323 for the fiscal year 1935. The balance of this fund is retained as a reserve against possible deficit in processing-tax receipts in extensive programs already undertaken by the administration.

"As regards the sum of $100,000,000 authorized to be appropriated under section 220 of the National Industrial Recovery Act, $37,000,000 has been made available to the Agricultural Adjustment Administration for use in connection with the corn-hog program. No expenditures have been made to date out of this $37,000,000. The sum of $3,000,000 was allocated from the Bankhead fund to be used in the joint purchase of the capital stock of the Commodity Credit Corporation by the Secretary of Agriculture and the Governor of the Farm Credit Administration. The remaining $60,000,000 was allocated to the Farm Credit Administration to be used in the Farm Credit Administration's revolving fund in financing the handling of Government-owned cotton."

The dairy and beef cattle industries together represent the largest section of American agriculture. Dairy producers, whose gross income in 1929 totaled $2,300,000,000, represent the largest share of any farm group in the American farm income. The combined gross income of dairy and beef producers that year was $3,434,000,000 out of a total gross farm income of a little less than 12 billion.

So it is of the greatest importance to devise means of assistance to the dairy and beef producers of the United States.

Sincerely yours,

H. A. WALLACE, *Secretary.*

Mr. O'MAHONEY. I ask unanimous consent that there may be printed in the RECORD an article entitled "Today's Challenge to the Cattle Industry", by F. R. Carpenter, director, Western Slope Cattle Growers' Association, of Hayden, Colo. This article was published in the Producer, an organ of the American National Livestock Association, in its issue of February 1934, and contains much valuable information with respect to the bill upon which the Senate has just acted.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article referred to is as follows:

TODAY'S CHALLENGE TO THE CATTLE INDUSTRY[1]

(By F. R. Carpenter, director Western Slope Cattle Growers' Association, Hayden, Colo.)

This is not the first time within our memories that the cattle producer has faced ruin for his industry. The great panic of 1893 and the great deflation of 1921 to 1925 are matters within the memory of many of us. It is only natural that in such a crisis as the cattle business is in today we should look first to the tried and proved remedies which have saved us before. But somehow the analogy to those times is not holding good, and even our greatest guiding star, the persistent belief that "prices will turn up, because they always have in times past", seems to have been transformed into a mocking hope.

It is amid such circumstances that the American cattle producer is faced today with the necessity of casting up a new balance and of meeting in a new way the new and changed world in which we live.

In considering that problem, I have divided what I have to say into three parts:

1. What is our situation today?
2. What can be done to better it?
3. How can we do it?

1. WHAT IS THE SITUATION TODAY?

We are cattle producers; specifically, we are western-range cattlemen. That is a comparatively young business. While the armies of Grant and Lee were locked in that struggle to settle forever the question of the supremacy of the Federal Government over dissenting States, there was another army of pioneers fast spreading across the Great Plains and the Rocky Mountain region as far as the Pacific coastal plain. There they were discovering what to you and me today are our homes—those great pastures that feed and raise the herds of cattle which have given us all the material resources we have. They were the great grazing grounds of America—a prize for him who could seize it. The vanquishing of the Indian, the building of the railroads, the extinction of the native cattle or buffaloes, and the adaptation of these ranges to individual herds of domestic cattle followed swiftly and within the span of a lifetime. Many of those who founded and built this association were participants in this great and never-to-be-repeated drama of western life.

The herds multiplied. The value of the southern ranges for breeding and of the northern ranges for maturing beef led to the great trail-herd movements; and soon American beef had overrun domestic markets and was setting forth upon a world-wide conquest. We became the greatest exporters of cattle of all the countries on earth. The peak of this movement was reached in 1894, when over 70,000,000 cattle roamed our pastures—a figure only once equaled, and that for a brief space in 1920.

In 1890 the Director of the United States Census had reported that, owing to the broken-up and individual settlements in the western territory, it was no longer possible to trace a line to call the frontier. This simply meant that the competition of the homesteader and granger for these western pastures was making itself felt, and that pigs, chickens, milk cows, and sheep were being raised on millions of acres whose sole use heretofore had been as spring and fall ranges to support beef cattle. The days of the old trail herd, of the shove-ups to summer and shove-downs to winter ranges, were passing; the spring and fall ranges were being fenced off; and, with them, the supplies of beef cattle were diminishing at the rate of about a million a year. From 1894 to 1914 the number of cattle in the United States decreased by 38 percent.

Thus the panic of 1893 was more than a money stringency to the western cowman, for it marked the turning point in his use of the great empire of grazing lands. From that time on, the settler, farmer, and homesteader made fast inroads on his pastures. The public domain shrank from 917,000,000 acres in 1900 to 200,000,000 in 1920.

From 1894 to 1905 the competition of South American cattle became a factor in the situation, and in 1905 the Argentine Republic outstripped the United States and became the foremost exporter of live cattle in the world.

In 1913 our imports of cattle exceeded our exports. The significance of this date for our purpose is this:

From the beginning of the range-cattle business up to 1914, when the balance turned from exports to imports, the price for stockers and feeders for western cattle producers was determined by the price which our large exportable surplus of cattle and beef brought in the world's markets. In other words, our industry was not controlled by a national price but by a world price, and up to that time cattlemen had no need to be bothered, nor were they, by questions of national tariff protection or control of home markets.

But something happened in that year which we had no part in bringing about, and which we understand as little today as we did at the time it occurred. The flame of war spread over Europe. From 1914 to 1918, millions of men left productive labor to engage in an occupation of destruction, and the national income for a hundred years to come was mortgaged and spent in the wasteful enterprise. An unnatural demand for beef sprang up, with rising prices; our exports increased; and the 38-percent shrinkage in numbers of cattle since 1894 was made up again, until the year 1920 found the peak of 70,000,000 cattle once more reached, though this number includes millions of dairy cattle.

For 6 years we had been spared the necessity of solving the problem of organizing a national industry. Then the Armistice was signed, the war was over, the great export trade was gone, and we were left with a tremendous surplus of cattle—some 5,000,000 more than we needed. From 1920 to 1928 the numbers of our cattle fell about a million a year. In the first half of that period practically every cattle producer in the range States went to the wall, and the rising prices during the latter half did not completely make up the great inroads into his capital represented by increased debts and mortgages.

From the seriousness of the cattle situation in 1920, and a few years following, we might have been expected to meet at that time, as we are meeting today, to take stock of our resources and liabilities, and plan a way out. We might have said then: "With our export trade now gone, and a surplus of cattle on our hands, let us organize to stabilize and control our domestic markets, and show in our industry an amount of intelligence comparable with that shown in other successful industries."

But again something happened, almost as unusual and unaccountable—and, in its final stage of destructiveness, as costly—as the World War. This country of ours, having suddenly become the creditor Nation of the world, went into an industrial expansion never before equaled in history, followed by a mad wave of speculation equally astonishing. Men got rich by staring at the financial pages of newspapers. City populations were obsessed with the speculative fever. From office boy to president, they scrambled for unearned wealth. As the numbers of our cattle fell, the price went up and up—from 4.5 cents a pound in 1925 to 13.21 cents in 1928. Again we lost sight of the one most essential factor in the cow business—control of the domestic price—and let the rise in the domestic price lull us into a false sense of security, the same as we had been lulled in 1914 when the war intervened to save us. Then came the crash of 1929. The stock bubble burst, and the whole industrial world seemed to be dragged down with it. Cattle prices broke sharply in 1930, and continued to take a nose dive at an increasing rate on through 1933.

The past 4 years we have been waiting, like a person who has been stunned, for something to come along and start the price back up to where a fair living was assured. That something has failed to materialize. Industry seems as prostrate as agriculture, and able to function only at a slow pace, unless stimulated by the hypodermic of governmental subsidy. There is no immediate prospect of a world war, or of another Coolidge era of prosperity. They say that when an Englishman gets to the place where he has to think, it makes him sick. We are soon going to know what the reaction of the western cowman is in that dilemma.

We now have on hand 66,000,000 cattle, of which 40,000,000 are beef cattle—about the same number that we had in 1914, and some 4,000,000 less than we had in the peak years of 1894 and 1920. The markets of the United States lie open before us, and, from the standpoint of supply, the picture is not at all discouraging.

Now let us take the other side of the domestic situation—the problem of consumption. Whenever I used to complain of the small check received for a shipment, my commission man would console me with the explanation that the people of the United States had gone vegetarian and were eating grapenuts and salads. What do the facts show?

In 1914 every man, woman, and child in the United States ate, on an average, 133 pounds of meat and meat products. In 1932 they average 133.3 pounds. The meat consumption of the American people is almost a constant over a long period of years. True, it is that beef has surrendered its chief place on the American menu to pork by about 18 pounds per capita; but last year, 1933, there were slaughtered and eaten 2,400,000 more cattle than in 1932—an increase of 13 percent, owing largely to the price factor. The more you study the figures of meat consumption, the more faith you will have in the ultimate successful meeting of the problems we are now studying. The American people eat their meat, good times and bad, one year with another. Just look at the interesting chart in the American Hereford Breeders' Journal for January, and you will see that the supply and demand for dollars is as great a factor in determining price as the supply and demand for beef.

The per capita consumption of wheat has fallen from 76 pounds in 1880 to 42 pounds in 1932. That is a real case of substitution, which is unlike the history of our product. We have, indeed, a stiff competitive battle with pork; but who can doubt that, if given a fair chance, the beef roast can hold its own with the ham, from the standpoint of taste or of health?

This, I think, gives you a fair picture of the situation we are in—the way our industry sprang up and prospered, and was saved from the necessity for control and direction by unforeseen happenings; a supply of cattle on hand about normal, and a demand nearly constant. Four years of rising value for the dollar have, however, driven the price of cattle to a destructive level, and set the stage for a change in marketing methods.

2. WHAT CAN BE DONE TO BETTER THE SITUATION?

Before we can very well know how to better the situation any producer is in, it might be well to analyze just exactly what his product consists of. What is this animal we have spent our lives raising? After the cow leaves our hands and is butchered, on the basis of values she consists of:

[1] Address delivered at the convention of the American National Livestock Association in Albuquerque, N.Mex., Jan. 10–12, 1934.

	Percent
Meat	80
Hide	12
Fats and oils	3
Other byproducts	5

Now, each percent in each subdivision has a direct bearing on our problem of the price of cattle, and each of these 4 parts can be considered from 2 angles—the international and the domestic. Because the international angle is by far the simpler to examine, I will take it up first.

We import live cattle largely from Canada and Mexico, dressed and canned meats from South America. The total value of all these importations in 1932 was less than $2,000,000; in 1933 it was less than $3,000,000. Translated into terms of cattle, they were in 1933 the equal of 240,000 head. This is 1.6 percent of the number of cattle slaughtered domestically. So get this clearly into your minds: If importations of cattle and meat never get beyond this year's importations in amounts, they will never appreciably affect the domestic price of cattle—and it is the domestic price of cattle that is our ultimate problem. We do not want importations to increase over this year's amount, and we believe in a strict regulation by tariff, by sanitary measures, and by quota; but we are not going to get so excited over a few cans of meat as to get off the main track of our inquiry. We now have a 3-cent tariff on cattle and a 6-cent one on dressed and canned meats. In both the Argentine and in Old Mexico good beef can be raised profitably for 1 cent a pound. While our domestic price is below those tariff figures plus the freight, they cannot step over the barrier; but let our domestic price go up even 1 cent a pound, and at once the present tariff figures become inadequate. It is only our present ruinous price which is saving us today and keeping down imports of live cattle to some 60,000 head. We need a tariff equal to the domestic price of cattle and one flexible enough to keep in touch with that price and not allow foreigners to flood our markets with beef raised for 1 cent a pound.

The second item is hides. While the hide is quoted at 12 percent in value, do not forget that it is 20 to 25 percent of the value of the canner cow—that awful bogey which pursues us nowadays. There is no tariff on hides except a small ad valorem of 10 percent, amounting to about 1¼ cents a pound, which went on in 1930. Before that hides were free. "Free hides"—those are patriotic and almost sacred words in many parts of this country. Whenever I hear them I think of an honest and almost sainted man whose life was devoted to keeping hides on the free list, and whose picture hangs in most of the front rooms on Beacon Street in Boston, always with a small saucer of pansies in front of it. "Free hides" back there is as much a part of the Bill of Rights as "free speech", and it has certainly proved more profitable. Hides did not have much value in March of last year—about 4 cents a pound. By summer they went up to 12 and 13 cents. And then look at what happened! Hides were loaded onto every craft that could float, from every seaport opening toward America. There were brought over here kangaroo hides from Australia, buffalo hides from India, alligator hides from Africa, cattle hides from South America—hides from 46 countries, some of which I had never heard of; but all were welcome here, and came in almost duty free, to compete with the chief by-product of our cattle.

You can hear arguments, persuasive in their logic, that a tariff on hides would not help the price of cattle. But this fact is within your own knowledge that side by side on the ranges and in the feed lots with our cattle are the sheep. They wear an overcoat which has 36 cents a pound tariff protection. Last year wool was low, and fat lambs sold on the Denver market—the greatest lamb market in the world—for a nickel. This year wool was high, and lambs sold for 7 cents. The meat was worth no more than last year, but the pelt made the difference—and that difference meant salvation to the producer.

This year, after shipping, the sheepmen went home and paid their bills, and held up their heads, and pushed and squeezed a few of us a little farther off our old ranges and ranches. Protection to their byproduct did it. We have tried it for a hundred years with free hides; now let us have a trial of proper protection for hides as well as wool.

Now I come to the third item—fats and oils. Today we are the greatest importers of vegetable oils of any nation in the world, chiefly through our three great soap manufacturers. Copra, which is the coconut without the shell, comes in duty free. Its oil has almost entirely supplanted animal fats in soap manufacture. The poor hog, with his 40 percent fat, is a drug on the market; and, as beef is tied to pork in price, we are immediately concerned. Where do these coconuts come from? The South Sea Islands, South America, the Philippines, and many other tropical countries. They grow in luxuriance, with no labor or cost, or are gathered by 6-cent-a-day coolie labor. Since the Attorney General has ruled that the N.R.A. does not apply to the Philippines, 6 cents is the wage there, too, and copra comes in duty free to this country, allowing the soap manufacturers to cut their costs, but letting animal fats glut the world's markets. Eminent chemists tell us that animal fats can be treated to be the equal, if not the superior, of vegetable fats for nonedible purposes. We believe the great industrialists who keep vegetable oils on the free list are not in love with plants more than animals—they are in love with profits.

We have no one but ourselves to blame for thus neglecting our tariff walls and ignoring our byproducts; but, now that we know the facts, there can be no excuse for further disregard. We want fair protection on cattle, meats, hides, and fats to help maintain a living price for the American cattle producer.

Now we come to the domestic price of cattle—and that is the real nub of the whole inquiry. It does not respond to such a comparatively simple remedy as tariff revision, for you and I must realize that when we need a tariff law passed we speak as Americans to Americans. The Congress, the national administration, and, back of them, the great guiding force of public opinion, are all American bred and, like ourselves, American supported, and they naturally lend a sympathetic ear to our wants. The only trouble to date in that respect has been our lack of organization and our failure to be articulate. Once we overcome those obstacles, we may expect just as much protection as steel, wool, and all the rest.

But when we get together here and start to talk about our home market, in the midst of our own American National Live Stock Association, with its divided opinions, then, indeed, we must realize that we are working on a problem the answer to which has not yet been written in the back of the book. I used to think there was a kind of fitting, and somewhat humorous, justice in the way our national legislators reform the banking business. The year the Federal Reserve Act was passed, when the American bankers met in convention at Boston, only two delegates attempted to speak in favor of the legislation, and each was howled down. This year every banker in America puts on his most mysterious face (and did you ever know any class of men who could be more mysterious than the bankers?) whenever the administration's Security Act is mentioned. It seems as though Congress drags them along with a rope, and they hang back with all four feet set.

But now, how about ourselves? We can get fairly mysterious, or worse, when anyone mentions a processing tax; and so far I have not heard any very constructive suggestions put forth as to an alternative measure to take care of a surplus, if there is one. Let us try to get a close-up look at this problem and see what it really is. According to the carefully prepared figures of Prof. R. C. Ashby, livestock-marketing specialist at the Illinois College of Agriculture, the meat consumers of the United States paid $1,656,000,000 for their meat last year. That represents the consumer's dollar. It is that dollar we are aiming at, and the size of the bite the producer can get out of that dollar is what makes or breaks him. We, the producers, got $721,000,000 of that amount, and the distributors of our product—the railways, the stockyards, the commission men, the packers, the middlemen, and the retailers—got $935,000,000. Our bite of each consumer dollar was 43½ cents, and the distributors' bite was 56½ cents. We spend an average of 2 years raising, feeding, assuming the loss on, paying the taxes and interest on, and handling that animal. All of the distributors together handle our product, when killed, for less than a month, and many of them for only a few minutes. Their turn-over is from 12 to 200 times as fast as ours. We have invested in our ranches, pastures, equipment, and livestock, even at the deflated valuations of 1933, $22,000,000,000. All the distributors together, giving the railroads a proportionate value for the carriage of animals and animal products, have less than a $3,000,000,000 investment. Our time put in and our capital invested pale theirs into insignificance.

When we load cattle onto a freight car, we pay a fixed charge which is calculated to make a fair return on the railroad's investment. The same at the central stockyards and with the commission houses. When the packer buys today, he buys on a market with almost no competition worthy of the name, and when he sells, he adds a fair margin of profit to his goods. The retailer adds another percentage for his distributive service. But when the producer is selling, cost of production and capital invested have no part in the setting of the price.

In years past, competition played the leading part in maintaining a fair price for our product. From 1925 to 1929 there was competition on every central market in the United States. It consisted of what we called the speculators. They were a parasite on the trade—only one of our many; but they were real competition to the packers, and the prices paid showed the service they rendered to us in those years. They are gone now—put out of business by falling prices and large supplies. No one rides down the stockyard alleys these days to bid, till that certain telephone call comes in from packer headquarters in Chicago to name the price for the day. On the Denver yards, order buyers from the coast are the only spasmodic competition the packers have—unless you believe that they compete among themselves.

Now, do not mistake me. I am not here to "pan" the packers. We cannot help ourselves up by pulling someone else down. The packer knows that he did better and made more money when there was competition on the yards and prices were high, as in 1928 and 1929. It was not he, but conditions which he could not control, that wiped out the speculators. Yet, nevertheless, this is the true picture, as every shipper of cattle in this room knows. If we cannot have a price fixed by cost of production or return on capital invested, we must depend on competition; and if it is reduced and controlled by the buyers, where are we?

It seems to me that we are exactly at that turning of the road where we must decide whether we are going to remain like chicken raisers, who never expect to be an organized industry, but who depend solely on the law of supply and demand, manipulated and controlled at every turn, except at the point where the producer sells the live product; or whether we are going to see our situation and opportunity clearly enough to make the raising of cattle worthy of the name "an industry", which presupposes

organization, class consciousness, and reasonable control of its members.

The point is reached where we have left only one question, and that is the last one:

3. WHAT CAN WE DO ABOUT IT?

There is no use wasting time in talking about what we cannot do, but should like to do. Probably we should wish to be like the steel industry—sufficiently organized to have a controlling lobby all the time at the Capital, and able to maintain the domestic price throughout 4 years of depression, so that it would take the intervention of the President of the United States himself to chisel off a few pennies, as he did recently from the price of steel rails. Such objectives are reserved for industries with many years of experience and cooperation. The question is: What can we do today to help this business we love?

Take the smallest part of the difficulty—lack of proper tariff protection. That is neither a religious nor a social problem—it is a political one. It will be decided by Congress, which is a political body. If we want results, we must organize on political lines. Look at the record of the three greatest lobbies of the past 15 years—the labor lobby, the antisaloon lobby, and the veterans' lobby—all organized along political lines. Most of the major industries maintain lobbies at Washington, ready and able to furnish the legislators with all the available data on their business. But the cowman is back home riding herd. He is not back home because he is less intelligent, but because he has never had to present his case in Washington. If prices would continue up, or if more wars, or Coolidge eras were on the horizon, we might not go now. Right here in this assembly are the men and women who can properly organize this cow industry to make it politically irresistible. For we seek no special privileges for our industry; we seek to trample no one down; but we seek only to receive equal protection with other industries. From now on we shall have to ride herd on Congress as well as ride herd at home.

With these minor matters disposed of, we come right down to the question of how we are going to get a fair share of the consumer's dollar—a fair share of that meat bill of $1,656,000,000, which the American people pay annually for their meat. The bare statement that the producer gets less than half, and that the distributor gets more than half, shows on its face that something is radically—and it would appear fundamentally—out of adjustment. I think we are justified in that conclusion, and it is so fundamental that for a moment I want to digress and try to give you some historical explanation of this maldivision.

Meat is the result of two distinct contributions. The production part is wholly agricultural, and the distributive part is wholly industrial. The relationship of agriculture to industry is a national problem. Fourteen years ago Governor Lowden predicted that true prosperity would never come till those two got in gear. A hundred and forty-one years ago, when our present Federal Government was first launched under the present Constitution, it was weak in authority. The breath of life for any government is its income, and in that respect the infant Government was jealously watched by the great and well-established State governments that had allowed it to be created. The country at that time was 75 percent agricultural and 25 percent industrial. Any attempt to duplicate the State's tax levies on the rural population would have been suicidal. There was a certain long-nosed Secretary of the Treasury who was resourceful, and who saw that a tariff on imported manufactures not only would be a lucrative means of income, but, if used to restrict or bar foreign competition with the industries of the country, would put the merchant and commercial classes squarely behind the new central Government, and gradually build up their numbers and power.

The rest of the story you know. The Federal Government has protected industry, and industry has backed—and too often controlled—the Federal Government. Today the ratio is reversed—the country is 75 percent industrial and 25 percent agricultural. It will avail us nothing to attack this close alliance of industry and government, nor will it help our case to say, what any fair-minded man could see at first glance, that the producer of a fat steer should get more than the parties who cut it up and sell it. One hundred and forty years of tariff protection have given a tradition and assertiveness to the industrialists of this Nation which have more to do with our world position than any other one factor. But, coupled with his business acumen, the American industrialist today has an absolute disdain for the failure of farmers to stand together, and, with the calm assurance of the successful man, feels that the producer of farm products offends against the moral law if he tries to protect the price of his product by the methods successfully used by industry for the past hundred years. You may recall those words of that lately departed friend of agriculture, Alexander Legge—himself a great industrialist, but one who saw and was not afraid to speak—when he told the great bankers and industrial leaders to their faces that the farmers were of concern to them chiefly as material to make money from, and as customers for their wares.

I hold in my hand an act of Congress, passed and approved the 12th day of May 1933, called the "Agricultural Adjustment Act." I consider the declaration of policy in that act the badge of degradation of the American farmer. It states that its object is "to restore the purchasing power of the farmers." You men, belonging to the same class as the first President of this country, are an object of solicitude to the Congress of the United States in the year 1933 chiefly as potential customers. You are to be helped chiefly because you are needed as buyers of the output of industry in order to support its prosperity.

But, getting beyond the preamble of the act, we find in that law the very beacon light of hope of agriculturists. We can well afford to overlook the motive for its enactment, if it contains, as I believe it does, the weapons with which we may place ourselves on a par with our urban brothers.

I have sat here throughout this convention and heard this act discussed, and it would almost seem that we know as little about it as the Congress that passed it. In our discussions the act seems to be accepted as synonymous with the processing tax on beef, and our partisanship for or hostility against the act seems to turn on how we like what the processing tax has done to the hog industry.

I ask you to turn to part II of the act, where five subsections are enumerated. The Secretary of Agriculture is given power to provide for reduction in the production for market of any basic commodity by agreements with the producers. He is further given the power to enter into marketing agreements with producers of any agricultural product, with a view to controlling that product for the benefit of the producer. And, lastly, the Secretary is given the power, through licensing, to put teeth into such agreements and make them enforceable. In other words, here is the avenue, corresponding to the one opened up to industries under the N.R.A., to control an agricultural product, to protect its minimum price and to punish would-be chislers. Can there be any other construction of plain words?

True, there is a method devised to take surpluses off the market and pay for them with a processing tax, but the major premise to the infliction of a processing tax is overproduction. Overproduction is a fact not altered by your vote or mine. We might all vote that there is no overproduction, go down and take the Santa Fe train to Washington, all crowd into the Secretary's office, and repeat our conviction with a loud yell; and he might send for some pale young man with a bulging forehead and a pair of horn glasses, who would read a few words off a slip of paper; and we would all go home and feel foolish. There is just as much sense in voting for or against a processing tax as in voting on whether the hat I hold in my hand has 50 or 100 numbers in it. The processing tax is the smallest part of this act.

If I told you that we had one great power in our hands—the power of making or withholding shipments to market on any particular day that a fair minimum price was not paid for top beef cattle—you would agree with me that theoretically we had that power, and that, wisely exerted, it would be an irresistible weapon in maintaining a living price for our product. But you add in the next breath: "You can't work it! The producers won't stick to any rule for 2 days at a time." Then, you would give me the opportunity of reading you the sections of this act which make such an agreement binding on every shipper, and which give the Secretary power, through license or otherwise, to enforce it.

I do not mean that we should get into the dilemma which those poor hog men got into at Chicago last summer, when they let the commission men go on a price strike after the pigs were in the yards and on expense. That was pitiful, and the triumph of the packers was a shining example of their power and unscrupulousness. If we make an agreement, it will be to withhold shipments on our ranges and in our own corrals. The packer must fill his refrigerators when he gets his orders, and, if we can control the flow to the central markets, we can go farther toward restoring competition and maintaining a fair price than by any other means I know of.

Of course, we might back up a surplus. If we did, that is where the processing tax would come in to take care of it. There are plenty of statistics to show that beef cattle are not badly overproduced and that what is primarily needed is control and adjustment in the marketing of them. These are the weapons which this act offers us—not as final remedies but as something with which to try to help ourselves. If we are satisfied with our present methods, we should not experiment. If not, a refusal savors of lack of courage.

We have here an organization with 912 individual members and 86 affiliated associations—a loose organization and, from a national viewpoint, a very small one. We are trying to represent our industry on a budget of $15,000 a year. We think we cannot raise any more. Do you know that we cattle producers, through our 25-cent-a-car tax on shipments, are contributing fully half of the $100,000 a year which the meat producers turn over to the National Livestock and Meat Board to be used, with a like contribution from the packers, to help promote the use of meats? One hundred thousand dollars a year to help push meat products out, and $15,000 to help protect and foster the industry without which there would be no need for any meat boards!

It reminds me of the story of the village situated at the foot of a steep bluff, with many persons in the dark or fog driving off the road and over the bluff. Something had to be done about it, and the villagers met to decide. Some wanted to erect a wall to make such disasters impossible; others thought they should get an ambulance to take the victims to town. It seems that quite a business had grown up for the drug stores, hospitals, doctors, undertakers, etc.; and, when the vote was taken, the new ambulance won by a large majority.

The hour has struck for ranchmen and farmers to modernize their methods of marketing their products. The path to follow is a known and tried one. It is attainable by an organization fairly representative of the industry and properly financed.

The American Farm Bureau's budget in 1933 was $81,623. The budget of the National Grange was $106,500. The members of the American National Livestock Association in 16 States run 15,000,000 cattle. If an assessment of 1 cent a head was paid on two thirds of them, it would raise $100,000 a year. That should be a fair budget for an organization representing one of the major industries of the country.

The thing we can do, and should begin today, is to determine that we will have an organization that does really represent the producer, and that we will properly finance it. That, as I see it, is the challenge to the cattle industry today.

CONCENTRATION OF WEALTH

Mr. LONG. Mr. President, I hope I may have the attention of the Senator from Ohio [Mr. FESS]. I desire to read an Associated Press dispatch relating to a condition which has recently been investigated in the State of Ohio:

5 PERCENT OF OHIOANS HOLD THREE FOURTHS OF INCOME IN STATE

COLUMBUS, OHIO, March 9.—An insight into the distribution of wealth in Ohio was given yesterday in results of a survey conducted by the Research Division of the Special Joint Taxation Commission.

"Seventy-five percent of all productive income is held by 5 percent of the people, 10 percent of the taxpayers hold 63 percent of the income, while less than 2 percent hold more than 60 percent of all unearned income."

The survey was made to determine the results of a classified tax system of personal property. The classified property tax law was enacted to uncover and place upon the personal duplicate a volume of intangible wealth which previously had been overlooked in the filing of tax returns.

This was taken from the Washington Star of March 9, 1934.

Mr. President, I hope I may have the attention of the Senate to say that it does not make any difference how much the income of the country is. This survey in the State of Ohio shows that a little more than 1 percent of the people have more income than all of the rest of the 99 percent of the people put together.

I also wish to read a statement from Mr. Marconi which will be of interest not alone to the Senator from Ohio, but to other Senators as well:

[Washington Star, Mar. 9, 1934]

MARCONI DEFENDS MACHINE BENEFITS—DEFECTIVE DISTRIBUTION OF WEALTH BLAMED FOR WORLD CRISIS

ROME, March 9.—In defense of science and "it's offspring, the machine", Guglielmo Marconi struck out last night at "human selfishness" as one of the basic causes of the world crisis.

"The affirmation that science and the machine are responsible for the world crisis and unemployment must be definitely rejected", the famous inventor asserted in an address before Italy's most distinguished scientists in the Palazzo Venezia.

"They have made it possible for man, with enormously reduced effort, still to have everything he needs for a life of comfort.

"It is not the machine or science that have provoked the ills from which we suffer.

"We have been cheated of the advantages they have brought by a defective distribution of the wealth and resources providence has given us in abundance, and, above all, by human selfishness.

"The time when science was considered a luxury and merely a spiritual satisfaction has passed.

"It is now generally recognized that the collaboration of science, industry, and national defense will give a nation industrial and commercial superiority in time of peace.

"In time of war it gives technical superiority without which sacrifice, courage, and even heroism are often unavailing."

In the distinguished audience was Premier Mussolini, who showed his approval with emphatic nods as the inventor developed his subject.

Mr. President, I merely wish to remark that I am going to call up at an early day the resolution which I have pending providing for the income of the country and the wealth of the country to be distributed among and shared by the people. I do not need to go any further than the authority which I have just read. I hope that my friend from Mississippi [Mr. HARRISON] will take note that the income of the country is sufficient to take care of the people, that there is plenty of prosperity in the land, but that, as the Ohio survey shows, 1 percent of the people probably have more of the income of the country than all the other 99 percent put together.

APPROPRIATIONS FOR THE STATE, JUSTICE, ETC., DEPARTMENTS

Mr. McKELLAR. Mr. President, I move that the Senate proceed to the consideration of the bill, H.R. 7513, making appropriations for the Departments of State and Justice, and so forth.

The motion was agreed to, and the Senate proceeded to consider the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. McKELLAR. I ask unanimous consent that the formal reading of the bill be dispensed with, that the bill be read for amendment, committee amendments to be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The clerk will state the first amendment.

The first amendment of the Committee on Appropriations was, under the heading "Title I—Department of State—Collecting and editing official papers of Territories of the United States", on page 5, line 6, after the word "this", to strike out "appropriation" and insert "or any existing appropriation for printing and binding of these papers", so as to read:

For the expenses of collecting, editing, copying, and arranging for publication the official papers of the Territories of the United States, including personal services in the District of Columbia and elsewhere, printing and binding, and contingent and traveling expenses, as provided by the act approved February 28, 1929 (45 Stat. 1412), $12,000: *Provided*, That the total number of copies of any volume to be printed and bound under this or any existing appropriation for printing and binding of these papers shall not exceed 1,227, which shall be distributed as provided in section 3 of such act, except that each Senator shall receive not to exceed three copies and each Representative not to exceed one.

The amendment was agreed to.

The next amendment was, under the subhead "Allowances for rent, heat, fuel, and light, Foreign Service", on page 8, line 10, after the word "exceed", to strike out "$500,000" and insert "$1,454,000"; and in line 12, after the word "light", to strike out "$1,271,955" and insert "$2,225,955, of which $238,000 shall be immediately available", so as to read:

For rent, heat, fuel, and light for the Foreign Service for offices and grounds, and, as authorized by the act approved June 26, 1930 (U.S.C., supp. VI, title 5, sec. 118a), for living quarters and not to exceed $1,454,000 for allowances for living quarters, including heat, fuel, and light, $2,225,955, of which $238,000 shall be immediately available.

The amendment was agreed to.

The next amendment was, on page 8, line 17, after the word "years" and the colon, to strike out the following additional proviso:

Provided further, That no part of this appropriation shall be used for allowances for living quarters, including heat, fuel, and light in an amount exceeding $720 for any ambassador, minister, or Foreign Service officer.

The amendment was agreed to.

The next amendment was, on page 9, after line 13, to insert:

COST OF LIVING ALLOWANCE, FOREIGN SERVICE OFFICERS

For allowances to diplomatic, consular, and Foreign Service officers and clerks, wherever the cost of living may be proportionately so high that, in the opinion of the Secretary of State, such allowances are necessary to enable such officers to carry on their work efficiently, as authorized by the act approved February 23, 1931 (U.S.C., supp. VI, title 22, secs. 12, 23a), $300,000, of which amount not to exceed $100,000 shall be immediately available.

Mr. McKELLAR. Mr. President, I desire to offer an amendment to the committee amendment. On page 9, line 18, after the word "officers", insert the words "and clerks."

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 9, line 18, in the committee amendment, after the word "officers", insert "and clerks", so as to make the committee amendment read:

COST OF LIVING ALLOWANCE, FOREIGN SERVICE OFFICERS

For allowances to diplomatic, consular, and Foreign Service officers and clerks, wherever the cost of living may be proportionately so high that, in the opinion of the Secretary of State, such



allowances are necessary to enable such officers and clerks to carry on their work efficiently, as authorized by the act approved February 23, 1931 (U.S.C., supp. VI, title 22, secs. 12, 23a), $300,000, of which amount not to exceed $100,000 shall be immediately available.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment of the Committee on Appropriations was, under the subhead "Rescue, relief, and protection of American seamen", on page 12, line 19, after the figures "$6,000", to strike out the colon and the following proviso:

Provided, That no part of this or any other appropriation shall be available for making payment to steamship owners or operators for transporting a destitute or shipwrecked seaman if the last previous service of the destitute or shipwrecked seaman was on a vessel of such steamship owner or operator and was not terminated by desertion.

The amendment was agreed to.

The next amendment was, under the subhead "Contributions, quotas, etc." on page 14, line 11, after the word "Commission", to strike out "$3,500; in all, $579,498" and insert "$4,075, in all, $580,523, together with such additional sums, due to increases in rates of exchange as may be necessary to pay in foreign currencies the quotas and contributions required by the several treaties, conventions, or laws establishing the amount of the obligation for the fiscal years 1934 and 1935", so as to read:

For payment of the annual contributions, quotas, and/or expenses, including loss by exchange, in discharge of the obligations of the United States in connection with international commissions, congresses, bureaus, and other objects, as follows: Cape Spartel and Tangier Light, Coast of Morocco, $825; International Bureau of Weights and Measures, $4,342.50; International Bureau for Publication of Customs Tariffs, $1,400; Pan American Union, quota, $168,762, printing and binding, $20,000, in all, $188,762; International Bureau of Permanent Court of Arbitration, $2,000; Bureau of Interparliamentary Union for Promotion of International Arbitration, $7,500; International Institute of Agriculture at Rome, Italy, $5,400; Pan American Sanitary Bureau, $30,236.51; International Office of Public Health, $3,015.79; International Radiotelegraphic Convention, $7,527; Government of Panama, $250,000; International Hydrographic Bureau, $5,404; International Trade-Mark Registration Bureau, $14,330.20; International Bureau for Protection of Industrial Property, $1,350; Gorgas Memorial Laboratory, $50,000; American International Institute for the Protection of Childhood, $2,000; International Statistical Bureau at The Hague, $2,000; International Map of the World on the Millionth Scale, $50; International Technical Committee of Aerial Legal Experts, $250; Convention Relating to Liquor Traffic in Africa, $55; and International Prison Commission, $4,075, in all, $580,523, together with such additional sums, due to increases in rates of exchange as may be necessary to pay in foreign currencies the quotas and contributions required by the several treaties, conventions, or laws establishing the amount of the obligation for the fiscal years 1934 and 1935.

The amendment was agreed to.

The next amendment was, under the subhead "Waterways treaty, United States and Great Britain: International Joint Commission, United States and Great Britain", on page 17, line 22, after the word "vehicle", to strike out "$54,200" and insert "$74,200", so as to read:

For an additional amount for necessary special or technical investigations in connection with matters which fall within the scope of the jurisdiction of the International Joint Commission, including personal services in the District of Columbia or elsewhere, traveling expenses, procurement of technical and scientific equipment, and the purchase, exchange, hire, maintenance, repair, and operation of motor-propelled and horse-drawn passenger-carrying vehicles, $74,200, to be disbursed under the direction of the Secretary of State, who is authorized to transfer to any department or independent establishment of the Government, with the consent of the head thereof, any part of this amount for direct expenditure by such department or establishment for the purposes of this appropriation.

The amendment was agreed to.

The next amendment was, under the heading "Judicial—Expenses of United States courts, marshals, district attorneys, clerks, and other", on page 32, line 6, after the word "attorney", to strike out "$2,344,580" and insert "$2,494,580", so as to read:

Salaries and expenses of district attorneys, etc.: For salaries, traveling, and other expenses of United States district attorneys and their regular assistants, clerks, and other employees, including the office expenses of United States district attorneys in Alaska, and for salaries of regularly appointed clerks to United States district attorneys for services rendered during vacancy in the office of the United States district attorney, $2,494,580.

The amendment was agreed to.

The next amendment was, on page 32, line 13, after the figures "$600,000", to insert "of which $50,000 shall be immediately available", so as to read:

Salaries and expenses of special attorneys, etc.: For compensation and traveling expenses of special attorneys and assistants to the Attorney General and to United States district attorneys employed by the Attorney General to aid in special cases, and for payment of foreign counsel employed by the Attorney General in special cases, $600,000, of which $50,000 shall be immediately available.

The amendment was agreed to.

The next amendment was, on page 32, line 16, after the figures "$10,000", to insert a colon and the following additional proviso:

Provided further, That reports be submitted to the Congress on the 1st day of July and January showing the names of the persons employed hereunder, the annual rate of compensation or amount of any fee paid to each, together with a description of their duties.

The amendment was agreed to.

The next amendment was, under the subhead "Medical and hospital service", on page 43, line 17, after the figures "$1,400,000", to insert a colon and the following proviso:

Provided, That a report be submitted to Congress on the first day of the next regular session showing the names of the persons employed hereunder, the annual rate of compensation paid to each together with a description of their duties.

So as to read:

Support of prisoners: For support of United States prisoners, in non-Federal institutions in the Territory of Alaska, including necessary clothing and medical aid, discharge gratuities provided by law and transportation to place of conviction or place of bona fide residence in the United States, or such other place within the United States as may be authorized by the Attorney General; and including rent, repair, alteration, and maintenance of buildings and the maintenance of prisoners therein, occupied under authority of sections 4 and 5 of the act of May 14, 1930 (U.S.C., Supp. VI, title 18, sec. 696); support of prisoners becoming insane during imprisonment, and who continue insane after expiration of sentence, who have no friends to whom they can be sent; shipping remains of deceased prisoners to their friends or relatives in the United States, and interment of deceased prisoners whose remains are unclaimed; expenses incurred in identifying, pursuing, and returning escaped prisoners and for rewards for their recapture; and for repairs, betterments, and impovements of United States jails, including sidewalks, $1,400,000: *Provided*, That a report be submited to Congress on the first day of the next regular session showing the names of the persons employed hereunder, the annual rate of compensation paid to each, together with a description of their duties.

The amendment was agreed to.

The next amendment was, under the heading "Title III—Department of Commerce, Bureau of Lighthouses", on page 73, line 12, before the word "at", to strike out "purchased" and insert "purchase", so as to read:

General expenses: For supplies, including replacement of and necessary additions to existing equipment, repairs, maintenance, and incidental expenses of lighthouses and other lights, beacons, buoyage, fog signals, lighting of rivers heretofore authorized to be lighted, light vessels, other aids to navigation, and lighthouse tenders, including the establishment, repair, and improvement of beacons and day marks, and purchase of land for same; establishment of post lights, buoys, submarine signals, and fog signals; establishment of oil or carbide houses, not to exceed $10,000: *Provided*, That any oil or carbide house erected hereunder shall not exceed $1,000 in cost; construction of necessary outbuildings at a cost not exceeding $1,000 at any one light station in any fiscal year; improvement of grounds and buildings connected with light stations and depots; restoring light stations and depots and buildings connected therewith: *Provided further*, That such restoration shall be limited to the original purpose of the structures; wages of persons attending post lights; temporary employees and field force while engaged on works of general repair and maintenance, and laborers and mechanics at lighthouse depots; rations and provisions or commutation thereof for working parties in the field, officers and crews of light vessels and tenders, and officials and other authorized persons of the Lighthouse Service on duty on board of such tenders or vessels, and money accruing from commutation for rations and provisions for the above-named persons on board of tenders and light vessels or in working parties in the field may be paid on proper vouchers to the person having charge of the mess of such vessel or party; not exceeding $2,000 for packing, crating, and transporting personal household effects of employees when transferred from one official station to another for per-

manent duty; purchase of rubber boots, oilskins, rubber gloves, and coats, caps, and aprons for stewards' departments on vessels; reimbursement under rules prescribed by the Secretary of Commerce of keepers of light stations and masters of light vessels and of lighthouse tenders for rations and provisions and clothing furnished shipwrecked persons who may be temporarily provided for by them, not exceeding in all $5,000 in any fiscal year; fuel, light, and rent of quarters where necessary for keepers of lighthouses; purchase of land sites for fog signals; rent of necessary ground for all such lights and beacons as are for temporary use or to mark changeable channels and which in consequence cannot be made permanent; rent of offices, depots, and wharves; traveling expenses, including travel for the examinations authorized by the act entitled "An act to provide for retirement for disability in the Lighthouse Service", approved March 4, 1925 (U.S.C., title 33, sec. 765); mileage; library books for light stations and vessels, and technical books and periodicals not exceeding $1,000; traveling expenses of teachers while actually employed by States or private persons to instruct the children of keepers of lighthouses; all other contingent expenses of district offices and depots, including the purchase of provisions for sale to lighthouse keepers at isolated stations, and the appropriation reimbursed; purchase at not to exceed $3,600, exchange, maintenance, operation, and repair of motor-propelled passenger-carrying vehicles for official use in field work; payment of rewards for apprehension and conviction, or for information helpful to the apprehension and conviction of persons found interfering with aids to navigation maintained by the Lighthouse Service, in violation of section 6 of the act of May 14, 1908 (U.S.C., title 33, sec. 761); $3,752,980.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Fisheries", on page 83, line 3, to strike out "$58,840" and insert "$57,125", so as to read:

Fishery industries: For collection and compilation of statistics of the fisheries and the study of their methods and relations, and the methods of preservation and utilization of fishery products, including pay of permanent employees not to exceed $24,270, compensation of temporary employees, travel, and preparation of reports, including temporary employees in the District of Columbia not to exceed $1,800, and all other necessary expenses in connection therewith, including the purchase (not to exceed $500), exchange, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles for official use in the field work of the Bureau of Fisheries, $57,125.

The amendment was agreed to.

The next amendment was, on page 83, after line 22, to insert:

Enforcement of black bass law: To enable the Secretary of Commerce to carry into effect the act entitled "An act to amend the act entitled 'An act to regulate interstate transportation of black bass, and for other purposes', approved May 20, 1926" (U.S.C., supp. VI, title 16, secs. 851–856), approved July 2, 1930 (46 Stat., pp. 845–847), $13,715, of which not to exceed $1,620 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 84, after line 12, to insert:

Survey of fishes, State of Mississippi: For continuing the survey of the fishes and fisheries in the State of Mississippi, heretofore undertaken by the State game and fish commission in cooperation with the Bureau of Fisheries, $2,750, to be immediately available.

The amendment was agreed to.

The next amendment was, under the subhead "Patent Office", on page 85, line 12, after the word "exceed", to strike out "$25,000" and insert "$30,000", so as to read:

Salaries: For the Commissioner of Patents and other personal services in the District of Columbia, $2,921,931: *Provided*, That of the amount herein appropriated not to exceed $30,000 may be used for special and temporary services of typists certified by the Civil Service Commission, who may be employed in such numbers, at $4 per diem, as may, in the judgment of the Commissioner of Patents, be necessary to keep current the work of furnishing manuscript copies of records.

Mr. McKELLAR. Mr. President, I desire to have that amendment rejected, because in copying the bill a mistake was made. The amendment ought to be, in line 23 to strike out "$25,000" and insert "$30,000."

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

Mr. McKELLAR. Now, Mr. President, in order to carry out the intent of the amendment just rejected, I move to strike out "$25,000" in line 23 and insert "$30,000."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 85, line 23, after the words "Patent Office", it is proposed to strike out "$25,000" and insert "$30,000", so as to make the paragraph read:

For purchase of law, professional, and other reference books and publications and scientific books, including their exchange, and expenses of transporting publications of patents issued by the Patent Office to foreign governments, directories, and for other contingent and miscellaneous expenses of the Patent Office, $30,000.

The amendment was agreed to.

The next amendment was, under the subhead "United States Shipping Board Bureau", on page 97, line 16, before "secs.", where it occurs the first time, to strike out "26" and insert "46", so as to read:

Salaries and expenses: To carry out the provisions of the Shipping Act, 1916, as amended, and the Merchant Marine Acts of 1920 and 1928, as amended (U.S.C., title 46, secs. 804, 805, 861–889; supp. VI, title 46, secs. 891–891x, act of June 16, 1933, 48 Stat., 298; Executive Order No. 6166, June 10, 1933), including the compensation of attorneys, officers, naval architects, special experts, examiners, and clerks, one technical expert in connection with construction loan fund, at not to exceed $10,000 per annum, and other employees in the District of Columbia and elsewhere; and for other expenses of the Bureau, including the rental of quarters outside the District of Columbia, traveling expenses of employees of the Bureau, while upon official business away from their designated posts of duty, including attendance at meetings or conventions of members of any society or association, the purpose of which is of interest to the development and maintenance of an American merchant marine, when incurred on the written authority of the Secretary of Commerce, and for the employment by contract of expert stenographic reporters for its official reporting work, $219,216, of which amount not to exceed $205,957 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 100, line 20, after the words "United States Shipping", to insert "Board", so as to read:

No part of the sums appropriated in this act shall be used to pay the compensation of any attorney, regular or special, for the United States Shipping Board Bureau or the United States Shipping Board Merchant Fleet Corporation unless the contract of employment has been approved by the Attorney General of the United States.

The amendment was agreed to.

The next amendment was, on page 101, line 8, after the word "oil", to strike out "or" and insert "of", so as to read:

No part of the funds of the United States Shipping Board Merchant Fleet Corporation shall be available during the fiscal year 1935 for the purchase of any kind of fuel oil of foreign production for issue, delivery, or sale to ships at points either in the United States or its possessions, where oil of the production of the United States or its possessions is available, if the cost of such oil compared with foreign-oil costs be not unreasonable.

The amendment was agreed to.

The next amendment was, under Title IV—Department of Labor—on page 102, line 22, after the words "in all", to strike out "$53,000" and insert "$57,100", so as to read:

Contingent expenses: For contingent and miscellaneous expenses of the offices and bureaus of the Department, for which appropriations for contingent and miscellaneous expenses are not specifically made, including the purchase of stationery, furniture, and repairs to the same; carpets, matting, oil-cloths, file cases, towels, ice, brooms, soap, sponges, laundry, street-car fares, not exceeding $200; lighting and heating; purchase, exchange, maintenance, and repair of motorcycles and motor trucks; maintenance, operation, and repair of a motor-propelled passenger-carrying vehicle, to be used only for official purposes; freight and express charges; newspaper clippings, not to exceed $1,800; postage to foreign countries, telegraph and telephone service, typewriters, adding machines, and other labor-saving devices; purchase of law books, books of reference, newspapers, and periodicals, not exceeding $5,150; in all, $57,100; and in addition thereto such sum as may be necessary, not in excess of $25,000, to facilitate the purchase, through the central purchasing office as provided in the act approved June 17, 1910 (U.S.C., title 41, sec. 7), of certain supplies for the Immigration Service, shall be deducted from the appropriation "Salaries and expenses, Immigration and Naturalization Service", made for the fiscal year 1935 and added to the appropriation "Contingent expenses, Department of Labor", for that year; and the total sum thereof shall be and constitute the appropriation for contingent expenses for the Department of Labor, to be expended through the central purchasing office (Division of Publications and Supplies), Department of Labor.

The amendment was agreed to.

The next amendment was, on page 104, line 2, after the figures "$185,630", to insert a colon and the following proviso: "*Provided*, That the salary paid to any commissioner of conciliation out of this appropriation shall not exceed $10 per day", so as to read:

Commissioners of conciliation: To enable the Secretary of Labor to exercise the authority vested in him by section 8 of the act creating the Department of Labor (U.S.C., title 5, sec. 611) and to appoint commissioners of conciliation, traveling expenses, telegraph and telephone service, and not to exceed $14,635 for personal services in the District of Columbia, $185,630: *Provided*, That the salary paid to any commissioner of conciliation out of this appropriation shall not exceed $10 per day.

Mr. McKELLAR. Mr. President, as a committee amendment, I move to strike out "$10" and insert "$12."

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 104, in the committee amendment, in line 4, it is proposed to strike out "$10" and insert "$12."

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The next amendment was, under the subhead "Immigration and Naturalization Service", on page 106, line 17, after the word "exceed", to strike out "$7,000" and insert "$22,600" so as to read:

Salaries and expenses: For enforcement of the laws regulating the immigration to, the residence in, and the exclusion and deportation from the United States of aliens, and persons subject to the Chinese exclusion laws; for enforcement of the laws authorizing a uniform rule for the naturalization of aliens; salaries, transportation, traveling, and other expenses of officers, clerks, and other employees appointed to enforce said laws; care, detention, maintenance, transportation, and traveling expenses incident to the deportation and exclusion of aliens, and persons subject to the Chinese exclusion laws, as authorized by law, in the United States and to, through, or in foreign countries; purchase of supplies and equipment, including alterations and repairs; purchase, exchange, operation, maintenance, and repair of motor-propelled vehicles, including passenger-carrying vehicles for official use in field work; cost of reports of decisions of the Federal courts and digests thereof for official use; verifications of legal papers; refunding of head tax, maintenance bills, immigration fines, registry fees, reentry permit fees, and naturalization fees, upon presentation of evidence showing conclusively that collection and deposit was made through error; mileage and fees to witnesses subpenaed on behalf of the United States, and for all other expenses necessary to enforce said laws, $8,460,000, all to be expended under the direction of the Secretary of Labor, of which amount not to exceed $477,800 may be expended for the salary of the Commissioner of Immigration and Naturalization and other personal services in the District of Columbia, including services of persons authorized by law to be detailed there for duty: *Provided*, That not to exceed $4,000 of the sum herein appropriated shall be available for the purchase, including exchange, of motor-propelled passenger-carrying vehicles: *Provided further*, That the Commissioner of Immigration and Naturalization, with the approval of the Secretary of Labor, may contract with officers and employees stationed outside of the District of Columbia whose salaries are payable from this appropriation, for the use, on official business outside of the District of Columbia, of privately owned horses, and the consideration agreed upon shall be payable from the funds herein appropriated: *Provided further*, That not to exceed $22,600 of the total amount herein appropriated shall be available for allowances for living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (U.S.C., supp. VI, title 5, sec. 118a), not to exceed $720 for any person:

The amendment was agreed to.

The next amendment was, under the subhead "United States Employment Service", on page 109, line 4, after the word "expenses", to strike out "$1,590,000" and insert "$3,700,000"; in line 5, after the word "exceed", to strike out "$135,000" and insert "$190,000"; in line 7, after the words "sum of", to strike out "$1,590,000" and insert "$3,700,000"; and in line 8, after the word "than", to strike out "$1,125,000" and insert "$3,000,000", so as to read:

For carrying out the provisions of the act entitled "An act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes", approved June 6, 1933; personal services and rent in the District of Columbia and elsewhere; traveling expenses, including expenses of attendance at meetings concerned with the work of the United States Employment Service when specifically authorized by the Secretary of Labor; law books, books of reference and periodicals, printing and binding, supplies and equipment, telegraph and telephone service, and miscellaneous expenses, $3,700,000; of which amount not to exceed $190,000 shall be available for personal services in the department in the District of Columbia; and of such sum of $3,700,000 not more than $3,000,000 shall be apportioned to the States, and the remainder shall be available for all other purposes.

Mr. DICKINSON. Mr. President I think the Senator in charge of the bill ought to make a brief statement with reference to this increase and its purpose. The item is a large one, involving more than $2,000,000, and it ought not to be acted upon just as a matter of routine.

Mr. McKELLAR. Mr. President, the facts about that matter are these:

What is known as the "Wagner bill", a bill to do away with unemployment, passed this body and passed the House some time ago. The Budget estimate for carrying that bill into execution was $3,700,000. For some reason the House cut down the amount appropriated to $1,125,000. The Senate committee recommends the restoration of the Budget item, and I hope the amendment will be agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 110, after line 19, to insert the following additional section:

SEC. 2. That no part of the money appropriated under this act shall be paid to any person for the filling of any position for which he or she has been nominated after the Senate has voted not to approve of the nomination of said person.

The amendment was agreed to.

The VICE PRESIDENT. That completes the committee amendments.

Mr. McKELLAR. Mr. President, on page 9, after line 22, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 9, after line 22, it is proposed to insert:

FOREIGN SERVICE BUILDING FUND

For the purpose of carrying into effect the provisions of the "Foreign Service Buildings Act, 1926", as amended (U.S.C., supp. VI, title 22, sec. 295), and for each and every object thereof, including the initial alterations, repair, and furnishing of buildings heretofore acquired under specific authorization of Congress, for the use of the diplomatic and consular establishments in foreign countries, $1,165,000, fiscal year 1935, to remain available until expended: *Provided*, That in extending appropriations for the foregoing purposes, obligations shall not be incurred which will require expenditures in excess of the total of $10,000,000, now authorized by law.

The amendment was agreed to.

Mr. McKELLAR. On page 20, line 10, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 20, line 10, it is proposed to strike out "$1,044,230" and insert "$1,216,500", so as to read:

OFFICE OF THE ATTORNEY GENERAL

Salaries: For the Attorney General, Solicitor General, Assistant to the Attorney General, and other personal services in the District of Columbia; $1,216,500.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. DICKINSON. Mr. President, what is the purpose of these increases?

Mr. McKELLAR. Their purpose is as stated by the President. They were submitted to the Budget and were favorably passed on. They are for the purpose of adding a number of attorneys in the Department of Justice to look after the work that has been taken away from the Treasury Department and assigned to the Department of Justice.

Mr. DICKINSON. These estimates were not brought to the committee?

Mr. McKELLAR. No; they have come in since, and I offer this not as a committee amendment but as one offered by me. I will give the reasons for it.

At the time of the transfer from the Treasury Department to the Department of Justice of the functions enumerated in Executive Order No. 6166 it was roughly estimated that 22 attorneys and 16 stenographers would be required to handle the tax litigation. This was less than one half of the total force of the Civil Division in the office of the General Counsel which had been performing the

work. However, there were actually transferred from the personnel of the Treasury Department only 13 attorneys and 7 stenographers. The Budget Bureau allowed three additional attorneys at $5,600 out of the reserve funds of the Department of Justice. There was taken over with this personnel approximately one half of the cases pending in the district courts, the understanding being that the balance, amounting in round numbers to 1,200 cases, would be taken over between October 10, 1933, and June 30, 1934.

In our regular estimates for 1935 we asked for three more attorneys than we were allowed by the Budget for 1934, but we were only given the same number as had been allowed for 1934. Subsequent to the preparation of those estimates and also subsequent to the hearings before the congressional committee held early in December a complete survey of all the tax cases pending in various courts was completed by this Department. This survey now clearly indicates that the previous estimates have been entirely inadequate.

The report of the Treasury Department for the fiscal year ended June 30, 1933, showed that 196 cases were tried in the district courts. There will be from two and one half to three times as many cases disposed of in the district courts this fiscal year as last. This will result from the policy adopted by this Department in unison with the Treasury Department of accelerating the disposition of the cases.

Analysis of the cases taken over by us shows that many of them had been pending for 5 or 6 years or longer. The more expeditious disposition of these cases is made possible, in the first place, by the direct supervision which this Department exercises over United States attorneys and its closer contacts with the courts, and in the second place by reason of the fact that the releasing from the dockets of the various district courts of the thousands of prohibition cases has cleared the way for the setting and speedy disposition of the tax cases. Because of this acceleration in order adequately to handle the work which we have already taken over it has been necessary to appoint eight additional attorneys for the present fiscal year. Provision should be made for these attorneys in the 1935 estimates. In order to take over the 1,200 cases remaining to be transferred from the Treasury Department 21 additional attorneys will be required if those cases are to be disposed of at the same accelerated rate. This makes a total of 29 attorneys required to handle all the work; that is, those cases already taken over and those remaining to be taken over by June 30, 1934. This will mean that each attorney will have to carry on his docket an average of 85 cases, some 35 of which will be active—about the limit of the capacity of an attorney to handle efficiently.

It is roughly estimated that $125,000,000 are involved in these tax cases. Of this amount, $19,000,000 are involved in suits to collect unpaid taxes. Every one of these cases when brought to a conclusion means the payment of money into the Treasury. A number of these individual cases involve several hundred thousand dollars each. The balance of the $125,000,000 are involved in suits brought by taxpayers for refund of taxes. Many of them have been dragging along for years and in every case which is ultimately decided against the Government a refund must be made of the taxes paid, together with 6 percent interest. In the past, experience has proved that approximately 30 percent of these refund cases have been lost—thus every day's delay in the bringing of these cases to a conclusion means a loss to the Government of between $6,000 and $7,000 in interest.

Also the work is increasing in volume. In connection with the work of the Board of Tax Appeals, there has been an increase in the number of petitions for review filed in the Courts of Appeals in the first 8 months of the current fiscal year of about 33 percent over the number so filed in the corresponding period of the last fiscal year. It is estimated that there will be a corresponding increase in ratio of new cases filed in the district courts.

The work requires skilled attorneys. We therefore ask for 4 P–6, $6,500 attorneys, who will aid in supervision and review work; 13 P–6, $5,600, who will handle the more difficult and complicated cases; and 5 at P–5, $4,600, who handle the cases of average difficulty; 3 at P–4, $3,800, and 4 at P–3, $3,200, who will handle the less difficult cases.

Request is being made for 26 clerk-stenographers, consisting of 6 in grade Caf–4, at $1,800; 19 in Caf–3, $1,620; and 1 in Caf–2, $1,440. The 6 in grade Caf–4 are needed to perform secretarial duties as well as clerical and stenographic work. The service required of all of them requires special training and skill, and is constant and exacting. The number of stenographers required has been arrived at by an estimate of 1 stenographer for each 2 attorneys engaged in the appellate court work and 2 stenographers for each 3 attorneys engaged in district court work. Experience has proved that this is the ratio required to perform the work. It has been necessary in order to meet that ratio and perform the work already transferred to appoint seven additional stenographers for the present fiscal year. Provision is made in these estimates for the continuation of their employment. The remaining 19 stenographers are estimated as necessary to maintain the same ratio for the performance of the work which remains to be taken over.

Additional funds have been already provided the Treasury Department to defray the cost of its part in the intensive drive which has recently been inaugurated to collect taxes. The Department of Justice must play an important and integral part in this drive if it is to be effective. It cannot do its part unless the funds herein requested are provided.

Mr. DICKINSON. There has been no reduction in the number of attorneys in the Treasury Department?

Mr. McKELLAR. All the attorneys were not transferred; only 13 were transferred, and that number is wholly inadequate.

Mr. DICKINSON. What will the attorneys who have been handling tax cases in the Treasury Department do now that the cases have all been turned over to the Department of Justice?

Mr. McKELLAR. There are other cases besides tax cases, of course.

Mr. DICKINSON. I do not desire to object to the amendment, but I want to make this observation, that every time there is a consolidation of bureaus, every time there is a transfer of personnel, there is an increase in personnel—Democratic appointees—paid for by the taxpayers.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I offer another amendment, which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 20, line 13, it is proposed to strike out "$8,500" and in lieu thereof to insert "$10,130", so as to read:

Books: For the purchase of law books, books of reference, and periodicals, including the exchange thereof, for the Department of Justice, $10,130: *Provided*, That not to exceed $2 per volume shall be paid for the current and future volumes of the United States Code, Annotated.

The amendment was agreed to.

Mr. McKELLAR. I offer another amendment, which I send to the desk.

The PRESIDING OFFICER (Mr. BYRD in the chair). The clerk will state the amendment.

The CHIEF CLERK. On page 21, line 3, it is proposed to strike out "$85,000" and to insert in lieu thereof "$86,000", so as to read:

Contingent expenses: For stationery, furniture and repairs, floor coverings not exceeding $1,500, file holders and cases; miscellaneous expenditures, including telegraphing and telephones, postage, labor, typewriters and adding machines and the exchange thereof and repairs thereto, street-car fares not exceeding $300, newspapers, press clippings, and other necessaries ordered by the Attorney General; official transportation, including the repair, maintenance, and operation of five motor-driven passenger cars, one for the Attorney General, two for general use of the Department, two for the Division of Investigation for investigative work, delivery truck, and motorcycle, to be used only for official purposes, and purchase and repair of bicycles, $86,000:

Mr. McKELLAR. Mr. President, I think, perhaps, I should explain that amendment. On page 8 of the bill there was stricken out this limitation, "That no part of this appropriation shall be used for allowances for living quarters, including heat, fuel, and light in an amount exceeding $720", and so forth. The amendment I have just sent to the desk strikes out the same limitation as it relates to the Commerce Department, where conditions are similar to those existing under the other departments.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McKELLAR. I offer another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 21, line 10, it is proposed to strike out "$275,000" and insert in lieu thereof "$282,000", so as to read:

Printing and binding: For printing and binding for the Department of Justice and the courts of the United States, $282,000.

Mr. McKELLAR. Mr. President, all these amendments refer to the same matter.

The amendment was agreed to.

Mr. McKELLAR. I offer another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 21, line 14, it is proposed to strike out "$25,000" and to insert in lieu thereof "$37,000", so as to read:

Traveling and miscellaneous expenses: For traveling and other miscellaneous and emergency expenses, authorized and approved by the Attorney General, to be expended at his discretion, $37,000.

The amendment was agreed to.

Mr. McKELLAR. I offer another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 30, lines 20 and 21, it is proposed to strike out the words "and not to exceed $720 for any one person", so as to read:

UNITED STATES COURT FOR CHINA

United States Court for China: For salaries of the judge, district attorney, and other officers and employees of the United States Court for China; court expenses, including reference and law books, ice and drinking water for office purposes, not exceeding $1,080 for allowances for living quarters, including fuel, heat, and light, as provided by the act approved June 26, 1930 (U.S.C., supp. VI, title 5, sec. 118a); traveling expenses of officers and employees of the court, and under such regulations as the Attorney General may prescribe of their families and effects, in going to and returning from their posts; preparation and transportation of remains of officers and employees who may die abroad or in transit while in the discharge of their official duties, to their former homes in the United States, or to a place not more distant for interment and for the ordinary expenses of such interment; the expense of maintaining in China, American convicts, and persons declared insane by the court, rent of quarters for prisoners, ice and drinking water for prison purposes, including wages of prison keepers, and the expense of keeping, feeding, and transporting prisoners and persons declared insane by the court, $42,440.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, on page 31 I want to correct a typographical error. The words "expenses of the United States Courts" occur in line 12, when they ought to appear in line 13, and the words in line 13 ought to be put back into line 12.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 31, lines 12 and 13 should be transposed so as to read:

Marshals, district attorneys, clerks, and other expenses of United States courts.

The amendment was agreed to.

Mr. McKELLAR. I have one more amendment to submit, on page 46, line 13.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 46, line 13, it is proposed to strike out "$30,000" and insert in lieu thereof "$40,000"; and in line 14, to strike out "$25,000" and insert in lieu thereof "$35,000", so as to read:

FEDERAL EMPLOYMENT STABILIZATION BOARD

Salaries and expenses: To enable the Secretary of Commerce to carry out the provisions of the Employment Stabilization Act of 1931, approved February 10, 1931 (U.S.C., supp. VI, title 29, secs. 48–48g), including personal services in the District of Columbia and elsewhere, traveling expenses, purchases of equipment, furniture, stationery and office supplies, printing and binding, repairs to equipment, law books, books of reference, and other necessary publications, and to procure by contract or otherwise any information or data concerning construction which may be considered pertinent, and all other incidental expenses not included in the foregoing $40,000, of which amount not to exceed $35,000 may be expended for personal services in the District of Columbia.

The amendments were agreed to.

Mr. McKELLAR. I desire to suggest another amendment, on page 56.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 56, line 8, after the numerals "$36,000", it is proposed to strike out the colon and the following proviso:

Provided, That the maximum allowance to any officer shall not exceed $720.

The amendment was agreed to.

Mr. McKELLAR. I also move to amend on page 101, line 12.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 101, after line 12, it is proposed to insert a new paragraph as follows:

No part of the funds of the United States Shipping Board Bureau or the United States Shipping Board Merchant Fleet Corporation shall be available for the maintenance of a sea service bureau.

Mr. LA FOLLETTE. Mr. President, I desire to make a brief statement in regard to this amendment.

The Sea Service Bureau was created during the war, when the United States, through the Shipping Board and the Emergency Fleet Corporation, was operating a very large fleet of vessels. The Sea Service Bureau really acted as a sort of recruiting agency for the Government activities in shipping at that time. The Bureau has, however, been continued despite the fact that the need for it has practically disappeared. The law has always provided that United States shipping commissioners, under the Commissioner of Navigation, should provide the facilities for the registration of seamen, and certify them to sail on American vessels. The maintenance of the Sea Service Bureau is a duplication of this service required by law.

On numerous occasions the Senate has adopted an amendment similar to that now offered by the Senator from Tennessee, but it has on every occasion been eliminated in conference. I sincerely trust that it will be possible at this time for the Senate conferees to insist successfully upon this amendment, and that we may be relieved from this wartime incubus of the Sea Service Bureau, and thus prevent the unnecessary expenditure of money for that purpose.

Mr. McKELLAR. Mr. President, I am in sympathy with the amendment, and shall do all I can to have it retained in the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McKELLAR. I send another amendment to the desk, which is merely for the purpose of making this particular provision of the bill conform to other provisions of the bill relating to the $720 limitation.

The CHIEF CLERK. On page 106, line 20, it is proposed to strike out the words "not to exceed $720 for any person", so as to read:

Provided further, That not to exceed $22,600 of the total amount herein appropriated shall be available for allowances for living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (U.S.C., supp. VI, title 5, sec. 118a):

The amendment was agreed to.

Mr. GEORGE. Mr. President, I submit an amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 38, line 8, before the period, it is proposed to insert a colon and the following proviso:

Provided further, That no part of the prison industries working capital fund, during the fiscal year ending June 30, 1935, shall be used for the purchase of yarn from private industry for the manufacture of cotton duck or for the cost of operating any machine used in the manufacture of cotton textiles for more than 30 hours in any week.

Mr. McKELLAR. I have no objection to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

CONSOLIDATION OF EXECUTIVE AGENCIES ENGAGED IN ENFORCEMENT OF THE INTERNAL REVENUE LAWS (H.DOC. NO. 281)

The PRESIDING OFFICER (Mr. BYRD in the chair) laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Finance and ordered to be printed, as follows:

To the Congress of the United States:

Pursuant to the provisions of section 1 of title III of the act of March 20, 1933 (ch. 3, 48 Stat. 8, 16), I am transmitting herewith an Executive order consolidating the executive agencies which are engaged in the enforcement of the internal-revenue laws.

The need for such a consolidation at this time springs primarily from the repeal of the eighteenth amendment. The tax and enforcement agencies of the Government should be reorganized in harmony with the changes which have occurred in the laws relating to the manufacture, transportation, and sale of intoxicating liquors. The changes made by this order will permit a more efficient administration of the internal-revenue laws as well as the laws carrying out the protective features of the twenty-first amendment.

Because of the obvious desirability of accomplishing the proposed changes at the earliest possible moment, I recommend that the order be given consideration by Congress with a view to the enactment of a joint resolution making its provisions immediately effective.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 10, 1934.*

PRETENDED CLAIM ON BEHALF OF THE PAPAGO INDIANS

Mr. ASHURST. Mr. President, thousands of persons in southern Arizona have for some months been aroused, and quite naturally so, over an attempt being made to induce Congress at its present session to recognize claims that are advanced on behalf of the Papago Indians to a fee simple title, antedating 1853, to 2,305,272 acres of land in a region bounded by the Colorado River, the Gila River, the Mexican border, and the Santa Cruz Valley.

The enterprise, which a small group of attorneys has in hand, was initiated under the pretext of helping a semi-nomadic Indian tribe in the area. Under the contract the lawyers are to get 10 percent of lands, or an equivalent value in cash, if Congress vests title in the Indians.

The area immediately involved amounts to 2,305,272 acres, but if the attorneys are successful in securing title to the Indians for this area, it is regarded as certain that this case will be considered a test case, and an attempt will be made to secure title to Indians in 16,000,000 acres in southwestern Arizona, a region embracing cities and towns, improved farms, and other valuable property held by white people. In short, it appears that an attempt is under way to invalidate the title to virtually all real property and mineral claims in a large part of the State of Arizona.

If Congress should accede to the demands of the legal representatives of the Indians in this case, a precedent would be set which might lead to placing in jeopardy the title to much of the land in Southwestern States.

Mr. President, I now recur to page 2858 of the RECORD of the proceedings of the Senate of February 20 last, where I said:

> It is not news when I tell the Senate that now, and for some months past, hovering over every department of the Government like obscene harpies, like foul buzzards, are lobbyists, grafters, place hunters, favor seekers, with sordid and seemingly unappeasable rapacity.

Mr. President, I ask to have printed in the RECORD at this juncture in my remarks a brief and statement of protest.

The PRESIDING OFFICER. Without objection, it is so ordered.

The brief and statement are as follows:

BRIEF AND STATEMENT IN SUPPORT OF PROTEST

A great injustice has been done to the State of Arizona and its residents and citizens by reason of the withdrawal order of October 28, 1932, made by Secretary of the Interior Ray Lyman Wilbur, temporarily withdrawing certain Papago Indian lands from mineral entry. The matter is of such importance that the undersigned have made a study and present this brief and statement in behalf of the State of Arizona, its residents and citizens.

The withdrawal order above referred to provides that:

"* * * all Papago Indian lands covered by Executive order of February 1, 1917, be temporarily withdrawn from all forms of mineral entry or claim under the public land mining laws until further notice, pursuant to the authority found in section 4 of the act of March 3, 1927 (44 Stat.L. 1347); in order that Congress may consider the claim of the Indians to the mineral rights within those lands."

A copy of the withdrawal order is attached, marked "exhibit A."

We respectfully submit that:

(a) The withdrawal order is in direct violation of an understanding and agreement between the Government of the United States and the State of Arizona, pursuant to which the Papago Indian Reservation was created.

(b) The withdrawal order is illegal, being outside the powers of the Secretary as conferred by the provisions of said section 4 of the act of March 3, 1927 (44 Stat.L. 1347).

(c) The Papago Indian Reservation was created by Executive order of February 1, 1917, with the specific understanding that the lands therein contained be "subject to exploration, location, and entry under existing mining laws of the United States * * * and shall continue to be subject to such exploration, location, and entry, notwithstanding the creation of this reservation." (Excerpt from Executive order.)

(d) The attorneys purporting to represent the Papago Indians, i.e., Eugene L. Graves, of Los Angeles; C. Bascom Slemp and C. C. Calhoun, of Washington, D.C., have a contract expiring February 1934, alleged to have been made with a council representing the Papago Tribe, but which in fact represented a minority. That said contract provides for a 10-percent fee plus expenses to said attorneys "from any funds or property which may be recovered for said Indians * * *." That the object of said attorneys is not only to establish title to the mineral rights in the Papago Indians within the reservation but also title to other lands without the reservation, based on so-called "Pueblo rights."

(e) The Papago Indians do not and never did have any title to the lands or minerals therein, either within or without the said reservation, as will hereinafter be shown by reference to the Gadesden Treaty and court decisions.

(f) The withdrawal order has been and is now depriving citizens and residents of Arizona from entering upon said reservation and exercising their legal rights in the prospecting and locating of mineral lands.

CREATION OF PAPAGO INDIAN RESERVATION

The Papago Indians, at the present time, have three reservations, the San Xavier Reservation on the outskirts of Tucson, Ariz., created in 1878; a small reservation adjoining the Pima Indian Reservation at Sacaton, Ariz., and the main Papago Reservation in Pima County, Ariz., extending south from Casa Grande, Ariz., to the Mexican Border. We refer herein primarily to the main reservation.

The main Papago Reservation was created by Executive order January 14, 1916, following negotiations between President Wilson, Arizona's representatives in Congress, and George W. P. Hunt, then Governor of Arizona. This Executive order was revoked and superseded by the Executive order of February 1, 1917, and the reservation thus created consisted of two large tracts, separated by a strip of public domain about 6 miles wide, commonly referred to as the "6-mile strip." By the act of February 21, 1931 (46 Stat. 1202), all of the vacant public lands within the 6-mile strip were added to the reservation. The main reservation when created containing 2,205,474 acres, to which was added the 6-mile strip, containing an additional 358,500 acres.

The Executive order referred to read, in part, as follows:

"The foregoing reservation is hereby created with the understanding that all mineral lands within the reservation which have been or which may be shown to be such and subject to exploration, location, and entry under existing mining laws of the United States * * * shall continue to be subject to such exploration and entry, notwithstanding the creation of this reservation."

Also, the act of February 21, 1931 (46 Stat. 1202), above referred to, creating the 6-mile strip, provided that this addition was made "exclusive of a tribal right to the minerals therein", and further provided that "all such lands shall be subject to disposition under the mining laws as provided in the Executive order of February 1, 1917, creating the Papago Indian Reservation."

It is clear that at the time the reservation was created it was not the intent to vest the title to minerals in the Papago Indians, or even for their benefit; but, on the contrary, it was made plain that the minerals therein should be subject to appropriation under the mining laws. If it had been the intent to apply leasing laws, or special jurisdiction of the Interior Department, or the Commissioner of Indian Affairs, it would have been then provided, as in the case of other reservations. The Commissioner of Indian Affairs recognized that the Papago Indians had no interest in the minerals, but that the same were open to mineral entry under the mining laws, as shown in his letter of March 27, 1916, to the Secretary of the Interior, in which he said:

"I have examined carefully the existing regulations pertaining to mineral lands on the public domain for the purpose of ascertaining whether such regulations are applicable to the Papago Reservation, and I believe that they may well be applied to the reservation, provided opportunity is given the Indian Office to investigate all applications for mill sites, in order that proper protection may be afforded the Indians in connection with their water rights.

"The Commissioner of the General Land Office has expressed a willingness to advise this office of all applications and entries for mining claims covering lands within the Indian reservation, in order that the Indian Office may investigate the bona fides of mineral claimants prior to the issuance of patent. If this course

is followed, of which I approve, and in addition, the suggestion as to mill sites observed, I believe that ample protection will be given the Indians in the occupation and use of their *nonmineral* lands. Under the mining laws and regulations, applications for mill sites may cover lands not mineral and not necessarily contiguous to mineral lands." (Italics ours.)

This was approved by the Commissioner of the General Land Office April 1, 1916, and by the First Assistant Secretary April 19, 1916. The mill sites referred to are nonmineral locations. Could the United States Government make itself more plain?

WHAT WAS THE UNDERSTANDING BETWEEN THE UNITED STATES GOVERNMENT AND ARIZONA?

At the time of the Executive order of February 1, 1917, creating the Papago Reservation, the representatives of Arizona in Congress were Senators Marcus A. Smith and Henry F. Ashurst, and Representative Carl Hayden. They evidenced a deep interest in the creation of the proposed reservation, and particularly as to reservation of minerals to permit appropriation under the mining laws.

The attitude of Senator Smith on the general subject is made clear from his remarks appearing on page 1632, volume 51, part 2, CONGRESSIONAL RECORD, Sixty-third Congress, second session, December 17, 1913, January 21, 1914. He stated:

"Mr. President, I do not like the principles which recognize, without further consideration, the right of the Executive, by a mere order, to extend an Indian or any other reservation so as to include mineral ground or mineral lands. I think every order made by a President that has extended an Indian reservation over mineral lands is to that extent absolutely void * * *."

Representative Hayden made himself very clear to the Secretary of the Interior, in a letter dated December 31, 1915 (CONGRESSIONAL RECORD, Appendix, p. 247, February 1916):

"If it can be arranged that mining development will not be hindered or prevented, I can see no reason why an Executive order reservation should not be established for the benefit of the Papago Indians in southern Arizona. * * * The Indians do not engage in mining and the mineral resources of the various reservations which include one fourth of the area of the State, have not been developed. The people of Arizona complain greatly about the state of affairs, for it is known that many of the reservations are rich in minerals. If Arizona is to prosper all of her mineral wealth should be made available for use. *I must therefore object to the creation of any more Indian reservations in Arizona if the old policy respecting mineral lands is to be followed.* * * *. When a reservation is established, which gives these Indians the right to use for agricultural purposes practically all of the country which they have heretofore occupied, they should not ask for anything more." (Italics ours.)

Representative Hayden, discussing a bill to permit metalliferous mining on lands previously withdrawn in Indian reservations in Arizona, said:

"You will note that this only applies to Indian lands that have heretofore been withdrawn from entry under the mining laws so that it will in no way interfere with mining on any Indian reservation where the same is now authorized by existing law. This is likewise true of reservations *where the title to the mineral in the lands has not passed to the Indians, as in the case of the Papago Indian Reservation in Arizona.* When that reservation was created the President wisely determined that the Papagos had acquired no right to the minerals in their country * * *, and in the Executive order establishing the Papago Reservation it specifically stated that the mineral lands within the reservation are to remain open to entry under the mining laws." (Italics ours.)

Senator ASHURST made his understanding of the situation very clear when he said (vol. 56, CONGRESSIONAL RECORD, p. 7525, 56th Cong., 2d sess., 1918):

"There was a tribe of Indians in Arizona, to wit, the Papagos, which the Arizona delegation in Congress felt ought to have some small addition made to their reservation—indeed, we went so far in 1916 as to ask the Department to set aside a proper area as an addition to their reservation, but when the Executive order came down we found, to our amazement, that instead of a few thousand acres being set aside, over 2,000,000 acres were set aside."

And again, later:

"There are reservations—I can mention one in my State—where the minerals are expressly reserved to the United States. I mention the Papago Reservation in Arizona. * * * *In that reservation the minerals were expressly reserved to and for the United States Government, and did not pass to the Indian tribe.*" (Italics ours.)

When the withdrawal order of October 28, 1932, was made, Senator HAYDEN protested to the Secretary of the Interior in a letter of November 30, 1932, and stated:

"I am familiar with the discussions which took place *prior to the time* President Wilson issued the Executive order of February 1, 1917, creating the Papago Indian Reservation, and know that the Papago Indians *made no claim to the mineral rights* within the reservation and *that it was always contemplated that the United States mining laws should continue to apply to the withdrawn lands.* This policy was adopted because the Papago Indians had never engaged in mining and were solely concerned in securing title to the lands for grazing and farming purposes. I believed then, and am still convinced that this was a proper solution of the problem and can see no occasion for the withdrawal of these lands from mineral entry. I, therefore, hope that in view of the representations made, you will direct that the withdrawal of October 28, 1932, be canceled." (Italics ours.)

Senator ASHURST and Representative Lewis W. Douglas also protested. The substance of the replies may be indicated by the letter of Indian Commissioner Rhoads, of January 30, 1933, to Senator ASHURST, in which, among other things, he said:

"Mr. Eugene L. Graves, one of the tribal attorneys for the Papago Indians, *has shown considerable interest in the possibility of establishing title in the Indians* through these old grants and has done considerable work in an attempt to learn what rights, if any, the Indians may have. It was our understanding at the time the withdrawal of October 28, 1932, was made that he would, in behalf of the tribe, present the matter to Congress." (Italics ours.)

Graves, Slemp, and Calhoun are the attorneys hereinbefore mentioned, who claim to have a contract with the Papago Indians on a 10-percent basis. It is not unlikely, in view of the Commissioner's letter, that they played an important part in obtaining the withdrawal order of October 28, 1932.

Governor Hunt, of Arizona, was fully conversant with all the negotiations leading to the creation of the reservation and that it was agreed that the lands therein be open to mineral location. Upon the issuance of the withdrawal order, Governor Hunt stated in the Arizona Republic of December 2 and 31, 1932:

"It was understood by all concerned at the time the reservation was created that the lands would be left open to mineral location.

"I consider the whole proposition as a flimsy pretext of the Indian Bureau to acquire possession of valuable mineral deposits on the Papago Reservation, to which it has neither moral nor legal right. The whole proceeding is a violation of faith.

"The actions of the Interior Department in withdrawing mineral lands and water-power sites, if approved by Congress, will compel the residents of Western States to pay in royalties for the support of the Indians that should be a Federal obligation.

"They will also alienate possible sources of State taxation that are needed to maintain our roads, schools, and other governmental activities.

"I consider that a department of our National Government has violated a solemn agreement with the State of Arizona and subsequent Executive order of the President creating the Papago Reservation.

"I refer to the act of President Wilson in creating the Papago Reservation under date of January 14, 1916 (and subsequent order of Feb. 1, 1917), under which the lands included within the Papago Reservation were left open to mineral entry.

"Have we come to the point in the relations between our States and the Federal Government where the pledged word of the Federal Government and the proclamations of the President are mere scraps of paper?"

It was but natural that Arizona should take a vital interest in the public domain and endeavor to keep open as much thereof as possible for location and entry. The total area of Arizona is 72,931,840 acres, of which 19,566,339 is within Indian reservations. National forests, parks, and military amount to an additional 13,192,123 acres; and the public domain which is now subject to acquisition by citizens amounts to 13,581,760 acres. The creation of a few more reservations could easily exhaust all remaining public domain.

Who is there who can truthfully state that there was any understanding, other than that the lands in the Papago Indian Reservation were to be open to mineral entry? And they have been open to mineral entry for nearly 15 years, until the tribal attorneys, working on a 10-percent fee basis, are given the right by Secretary Wilbur to "*present the matter to Congress*" in order that "Congress may consider the *claim of the Indians to the mineral rights* within those lands." (Italics ours.) As a matter of fact, the Indians are claiming no mineral rights. Graves, Slemp, and Calhoun, purporting to represent the Papago Tribe, are attempting to claim such rights. The population of the reservation, as of April 1, 1931, was 2,229 adults and 2,028 minors, and less than 70 Indians voted to give any contract to the above-named attorneys, and they represented only 15 of 60 tribes. On June 19, 1933, 168 Indians, representing a number of villages, petitioned the Commissioner of Indian Affairs and Secretary of Interior, complaining of the activities of Mr. Graves, and in their petition stated:

"We feel sure that we have proof that said Mr. Graves (Mr. C. Bascom Slemp's associate and representative) is not working in the interests of the Papagos, but, on the contrary, is scheming to deprive us of a large part of our reservation, and in doing so enrich himself and others."

And in September 1933 a further petition signed by 211 Indians was addressed to the Commissioner of Indian Affairs and the Secretary of the Interior et al. asking for the cancelation of the said withdrawal order of October 28, 1932. The petition alleged that the Indians had been misled by Mr. Eugene L. Graves and asserted that the withdrawal order had operated to the harm of the Papago Indians inasmuch as it had prevented mining work being done upon the reservation. Also attached are resolutions adopted by the Arizona Legislature and Arizona State Land Board, marked "Exhibits B and C."

We are of the opinion that were a bona fide vote now taken, free from duress or restraint, that a large majority of the Indians would vote to cancel the Graves-Slemp-Calhoun contract and also to open the reservation to mineral entry. In past years many Indians found good mining employment, not now available.

THE DEPARTMENT OF THE INTERIOR HAS REPEATEDLY TAKEN THE POSITION THAT THE PAPAGO INDIANS DO NOT HAVE TITLE, MINERAL OR OTHERWISE, IN THE LANDS WITHIN THE RESERVATION

In 1914 the pueblo of Santa Rosa, which is a Papago Indian village, petitioned the Secretary of the Interior to abstain from listing for entry or sale, as part of the public domain, any of the lands which the Papago Indians in the Santa Rosa pueblo, or village, claimed to own. The Secretary, on June 11, 1914, replied, denying the petition on the ground that the inhabitants of the pueblo had no title or property rights and that title vested in the United States Government. Thereupon the following suit was brought in the Supreme Court of the District of Columbia:

Pueblo of Santa Rosa v. *Lane, Secretary of the Interior et al.* Docket 33201.

In his answer to the complaint, the Secretary of the Interior alleged:

"The defendants deny that at the time of the Gadsden Purchase, or at the time of the acquisition from Mexico by the United States of sovereignty over the territory comprising land in the Santa Rosa Valley, or at any time, the so-called 'pueblo of Santa Rosa,' or any village or community in the Santa Rosa region, or any Papago village whatever, was the absolute owner of a complete, definite, indefeasible title to the land herein in controversy, or was owner of said land, or any land, but aver that all of said lands in controversy herein were then, and ever since have been, and are now, part of the public domain of the United States, subject to the sovereign right of the United States."

The Secretary alleged in his motion to dismiss—

"That the bill shows on its face that the lands involved were ceded to the United States by the Republic of Mexico under the Treaty of Mesilla (commonly known as the 'Gadsden Purchase'), and legal title thereto is in the United States, the Indians merely occupying the land by sufferance of the United States * * *."

The record of the suit is as follows:

Pueblo of Santa Rosa v. *Lane et al.* (46 App. D.C. 411).

Lane et al. v. *Pueblo of Santa Rosa* (249 U.S. 110; 63 L.ed. 504 (1919)).

Pueblo of Santa Rosa v. *Fall et al.* (12 Fed. (2d) 332 (1926); 273 U.S. 316; 71 L.ed. 658 (1927).

The Court of Appeals of the District of Columbia (12 Fed. (2d) 332) adopted the viewpoint of the Interior Department and found that the Papago Indians had no title as contemplated in article 6 of the Gadsden Treaty. The decision of the United States Supreme Court (273 U.S. 316) went off on another point.

It is plain that the Interior Department has always maintained that title to the lands in the reservation vests in the United States Government, and that the Papago Indians do not have title to the minerals or the surface. It has so asserted in court. Now, on October 28, 1932, Secretary Wilbur issues his withdrawal order in order that Congress may consider the claim of the Indians to the mineral rights * * *. It is no answer to say that the Interior Department wishes to give Congress the opportunity to consider the matter. We now directly ask the Interior Department what position it proposes to take before Congress and its committees when the matter is considered. What attitude will that Department now assume through its Commissioner of Indian Affairs? Is there to be a reversal of its position taken in the litigation before referred to, and a repudiation of the stand taken by the Commissioner of Indian Affairs in his letter of March 27, 1916, hereinbefore quoted in part? Are Graves, Slemp, and others to present the matter to Congress, aided and abetted by the Interior Department, and are only mineral rights to be considered? We hazard the prophecy that an attempt will be made to establish title in the Papagos not alone for mineral but for surface, and for an area greatly in excess of the 2,563,974 acres contained in the reservation. The withdrawal order is but an opening wedge, as we will more fully explain later herein.

THE WITHDRAWAL ORDER IS ILLEGAL

The withdrawal order of Secretary Wilbur, of October 28, 1932, is stated to have been made "pursuant to the authority found in section 4 of the act of March 3, 1927 (44 Stat.L. 1347)." Said section 4 is as follows:

"Paragraph 398d. Same; changes in boundaries of Executive order reservations: Changes in the boundaries of reservations created by Executive order, proclamation, or otherwise for the use and occupation of Indians shall not be made except by act of Congress: *Provided*, That this shall not apply to temporary withdrawals by the Secretary of the Interior." (Mar. 3, 1927, c. 299, par. 4, 44 Stat. 1347.)

This section refers solely to changes in boundaries and we submit that there is nothing contained in said withdrawal order even remotely touching upon boundaries of the Papago Reservation. It will also be noted that said section 4 is a part of chapter 12 which refers to leases for oil and gas mining purposes in Indian reservations. The withdrawal order does not purport to cover oil or gas mining, but distinctly refers to minerals. We submit that the withdrawal order therefore is illegal, as not being authorized by said section 4, or the law of which such section is a part. We also question the power of Secretary Wilbur to make the said withdrawal order for the reason that it directed that all forms of mineral entries or claims be not permitted in the said reservation. Clearly such an order is in direct violation of the Executive order of February 1, 1917, and the subsequent act of Congress of February 21, 1931 (46 Stat. 1202), which created the Papago Reservation, and under the terms of which it was understood that all mineral lands within the reservation would be subject to exploration, location, and entry under the mining laws of the United States.

We now request the Department of the Interior to obtain an opinion from the United States Attorney General as to whether or not, in view of the foregoing, the said withdrawal order of October 28, 1932, was valid.

REASONS ASSIGNED BY SECRETARY WILBUR FOR WITHDRAWAL ORDER ABSURD

Secretary Wilbur in the said withdrawal order said:

"It appears that 180 placer mining claims involving 20 acres each, within this reservation, have been surveyed and approved, 122 of which have been patented and 58 of which are yet unpatented. See copy of attached letter dated October 4, 1932, from Sherman C. Fiske, acting cadastral engineer, Phoenix, Ariz., to Mr. Eugene L. Graves, one of the tribal attorneys for the Papago Indians."

And then the order indicates that because of the foregoing "* * * it is incumbent on this Department in protecting the Indians in their livestock industry to take preventative measures toward stopping any further alienation of lands within the reservation through patenting of mining claims."

In the first place it is seen that Mr. Eugene L. Graves, representing himself and his associates, Slemp and Calhoun, obtained the information as to the number of mining claims, and same was made the basis for the withdrawal order. The reason assigned is that it is feared that the taking up of mining claims will alienate surface rights of the Papago Indians to a harmful extent. When analyzed, such claim is absurd. There are 2,563,974 acres in the Papago Indian Reservation. Within the last 80 years only 122 placer claims, comprising 2,440 acres, have been patented in this area now covered by the reservation, according to the withdrawal order. The figures speak for themselves and show the absurdity of any claim that danger confronts the Indians through alienation of surface by the patenting of mining claims. The Papago Indians are engaged, primarily, in the livestock industry, with very little tilling of the soil. In reality there is no conflict between the very limited patented mining area and the area used by the Papagos for grazing purposes. Also, the official census of April 1, 1931, showing 2,229 adult Indians within the reservation; which, considering the number of acres contained therein, would seem to be an unusually general allotment for a tribe of that size.

If we were to concede that the withdrawal order was legal, we are still forced to the conclusion that the reasons assigned for such order are absurd.

PAPAGO INDIANS HAVE NO TITLE TO EITHER SURFACE OR MINERALS OF LANDS WITHIN OR WITHOUT THE RESERVATION

The papago Indians are not pueblo Indians in the sense that that term is used as applied to Indians in New Mexico. On the contrary, as stated by the Secretary of the Interior in his answer in the case of pueblo of Santa Rosa, Docket 33201, hereinbefore referred to—

"The Papago Indians * * * are a seminomadic people, the greater part of whom inhabit Arizona and northern Mexico and have never lived in such pueblos or villages as are occupied by the Pueblos of New Mexico, but live, and have always lived, in scattered communities or valleys, or as termed by the Indians 'ooitak-fields.'"

The Papagos roamed through the territory of northern Mexico and what is now the southwestern part of Arizona, when such area was a part of Mexico. The United States acquired what is now Arizona, together with other territory, from Mexico, through the Gadsden Treaty of December 30, 1853. Whatever title, if any, the Papago Indians may have, either to the surface or minerals in the lands within or without the present reservation, depends wholly upon the title which vested in the said Papago Indians prior to the Gadsden Treaty, and pursuant to the laws of Mexico. Both the United States and Mexico at the time of the ceding of the territory covered by the Gadsden Treaty, endeavored to protect any and all then existing property rights. It was for that reason that article 6 was incorporated in the Gadsden Treaty, which provides:

"No grants of land within the territory ceded by the first article of this treaty bearing date subsequent to the day 25th of September when the minister and subscriber to this treaty on the part of the United States proposed to the Government of Mexico to terminate the question of boundary, will be considered valid or be recognized by the United States or will any grant made previously be respected or be considered as obligatory, *which have not been located and duly recorded in the archives of Mexico.*" (Italics ours.)

It will be noted that under the terms of article 6 the only grants of land to be recognized by the United States were those which were duly located and recorded in the archives of Mexico. The question immediately arises whether or not the Papago Indians held grants of land either from Spain or Mexico, duly recorded in the archives of Mexico. The question arose in the case of *Pueblo of Santa Rosa* v. *Lane, et al.*, hereinbefore referred to, and the court found (12 Fed. (2d) 332) that the Papago Indians did not have any titles which were duly recorded in the archives of Mexico and therefore that the courts were without power to establish any title to any grants of land in the Papago Indians. This decision affirmed the position and claims of the Department of the Interior in asserting the Papago Indians were without title to the lands in question and that title to same vested in the United States Government.

By the act of July 22, 1854 (10 Stat.L. 308, ch. 103), the office of Surveyor General for the territory of New Mexico was created, and by paragraph 8 thereof it was made his duty to examine into all claims for lands within the limits of that territory and to make full report thereof to Congress. In pursuance of this authority the surveyor general examined and reported upon various claims, and on June 21, 1860 (12 Stat.L. 71, ch. 167), Congress passed an act confirming several of them.

There is no record, however, that the Papago Indians at that time, and pursuant to that act, endeavored to establish title based upon any grants or title from Spain or Mexico.

The Court of Private Land Claims was established by an act of Congress on March 3, 1891, to investigate and determine the validity and extent of Mexican grants in Arizona, New Mexico, etc. This court completed the work assigned to it and ceased to exist by operation of law on June 30, 1904. The records were transmitted to the Department of the Interior. Again there is no record that the Papago Indians attempted to establish any titles to the lands within or without the present reservation. As a matter of fact, the Papago Indians of their own accord have never asserted title either to lands or minerals therein. As a nomadic tribe they have for many years wandered through this section of the United States and northern Mexico, and it was not until about 20 years ago that the United States realized the necessity of establishing some definite reservation within which they could be protected in grazing their livestock. We contend that the Papago Indians have no title either to surface or minerals of the lands in question, and further, that there are no recorded titles in the archives of Mexico vesting any title, mineral or otherwise, in the Papago Indians.

TITLE TO MINERALS COULD NOT VEST IN PAPAGO INDIANS UNLESS PROVIDED IN GRANT OF TITLE BY MEXICAN GOVERMENT

We have shown that the Papagos have no title recorded in the archives of Mexico, and that the Gadsden Treaty of 1853 provided that "no grants * * * will be considered valid or be recognized by the United States * * * which have not been located and duly recorded in the archives of Mexico." Therefore, the Papagos have no title to the surface or the minerals which the United States can recognize. We now go a step further to show that under the Mexican law the title to the minerals in the territory embraced in the Gadsden Treaty vested in the Mexican Government, and such title passed to the United States Government. Let us remember that whatever claims the Papagos may have had to surface or minerals must depend upon the Mexican laws and records.

Lindley on Mines (3d ed., vol. 1, p. 199), section 114: Ownership of Mines Under Mexican Law:

"Under the laws in force in Mexico at the date of the treaty of Guadalupe Hidalgo, mines, whether in public or private property, belonged to the supreme government. (*Castillero* v. *United States*, 2 Black, 17, 167, 17 L.ed. 360.)

"No interest in the minerals of gold and silver passed by a grant from the government of the land in which they were contained, without express words designating them. Such grant only passed an interest in the soil distinct from that of the minerals.

"The interest in minerals was conveyed through the operation of the mining ordinances, or by proceedings upon denouncement, when a mine, once discovered and registered, had been abandoned and forfeited.

"Mining rights under the Mexican laws were held upon conditions not affecting the title to the land as derived under the ordinary conveyances; and such rights might be acquired and held by others besides the owner of the land under the ordinary grants, and were terminable when, by their use, the minerals contained in the soil were wholly removed.

"In other words, there was a severence of the title to the minerals from the title to the land. The minerals, particularly gold, silver, and quicksilver, were jura regalia, and were considered to belong to the supreme government in virtue of its sovereignty.

"This was substantially the law of the ceding country at the date of the ratification and exchange of the treaty."

The Gadsden Treaty superseded the Hidalgo Treaty of 1848, and was a clarification thereof.

And again in the case of *United States* v. *San Pedro & Cañon del Agua Co.* (17 Pac. 337, 404 (N.M.)):

"Certain decrees were in force at the time of the separation of Mexico from Spain, whereby the mines of gold, copper, and silver were held by the Crown of Spain. Upon the separation, which resulted in creating Mexico a separate government, the title to all mines within her territory passed to and vested in the Mexican Government, including therein what is now New Mexico. A grant of land by the Mexican Government did not carry such mines. It did not require a reservation by the Government of such mines to prevent them from passing. No interest in such mines, whether in granted or ungranted land, could be acquired by the individual citizen, under the Spanish or Mexican law, except through mining ordinances. The law of those countries recognized the title to all such mines, whether in public or granted land, as in the Government, and not subject to be passed out of it by a mere grant. (Rock, Sp. & Mex. Law, 124–127, 130, 131, 411; Hall, Mex. Law, nos. 1210–1213, 1235; *Moore* v. *Smaw*, 17 Cal. 199, 12 Min.R. 418, 424–428.) We conclude then that by the grant of the land in controversy by the Mexican Government to Jose Serafin Raminez, of the Cañon del Agua, no interest and title in and to such mines therein contained was vested in him, and as it does not appear by the record that any individual interest in such minerals had been obtained by him, or those claiming under him, by virtue of the mining ordinances of the Mexican Government prior to the cession of the Territory of New Mexico to the United States, that these minerals were at that date the property of the Mexican nation, and by the cession passed, with all other property of Mexico within the limits of New Mexico, to and became the property of the United States (*Moore* v. *Smaw*, 17 Cal. 199)."

This case was affirmed by the United States Supreme Court (146 U.S. 120; 36 L.ed. 912).

Also, in *Moore* v. *Smaw* (17 Calif. 216), the Court said:

"The minerals were vested under the Spanish monarchy in the Crown, and * * * after the separation from Mexico, in that nation * * * did not pass, as we have already stated, by the ordinary grant of land without express words of designation. Such grant transferred only an interest in the soil, distinct from that of the minerals. The interest in the minerals was conveyed through the operation of the mining ordinances, by registry of discovery, or by proceedings upon denouncement, when a mine once discovered had been forfeited or abandoned. * * * They constituted, therefore, at that time the property of the Mexican Nation, and by the cession passed to the United States."

The facts are:

(1) The Papagos never had a grant from Mexico;

(2) That had a grant been given the Papagos by Mexico it would not carry minerals;

(3) That from 1853 to 1933, 80 years, the Department of the Interior, whenever the question has arisen, has taken the position that the Papagos have no title to surface or minerals;

(4) That the Papagos have never asserted or attempted to establish title, under the acts of Congress of July 22, 1854, and March 3, 1891 (Court of Private Land Claims), which were passed for the express purpose of adjudicating the validity of Mexican grants.

And yet Secretary Wilbur issues an illegal withdrawal order, denying to citizens the right to locate and prospect minerals within the reservation in direct violation of the Executive order and act of Congress creating same, and a breach of faith with Arizona, and for the absurd reason, as stated in said order, "that Congress may consider the claims of the Indians to the mineral rights within those lands." All done at the instance and request of Eugene L. Graves (operating under a 10-percent contract), through information obtained by him that 180 placer claims had been surveyed and approved within the reservation and the livestock industry of the Papagos might be endangered. What a picture—from 1853 (Gadsden Treaty) to 1933, 80 years, not exceeding 3,600 acres out of 2,663,974 (reservation) had been taken up as placer claims, and that, with possible future locations, constituted the danger prompting the withdrawal order.

One cannot but feel that the matter of mineral rights could have been referred to Congress without the necessity of withdrawing the reservation from mineral entry, thereby depriving a large number of people the opportunity of prospecting and mining, which would have been so helpful in these trying days.

THERE HAS ALREADY BEEN ONE SCANDAL IN CONNECTION WITH THE PAPAGO INDIAN RESERVATION

This situation grew out of the so-called "Hunter claims." Briefly, the facts are as follows:

Col. Robert F. Hunter was a West Pointer and a Washington attorney. In 1880 deeds were drawn and acknowledged by a number of Papago Indians, conveying to Hunter as trustee an undivided one-half interest in and to the lands, grants, and privileges of certain named villages. There were 15 such deeds, and in addition thereto, a sixteenth deed covering the entire southwestern portion of Arizona, which would include Yuma, Casa Grande, and a portion of Tucson, or approximately 16,000,000 acres. For some unexplained reason the deeds were not recorded for 34 years, or until 1914. Powers of attorney were also executed.

In 1911, Hunter entered into contracts with one Martin, by which the latter was to undertake to establish the Indians' title and was to receive an undivided three-fourths interest from Hunter. In 1914 Martin instituted suit in the Supreme Court of the District of Columbia, on one of the 15 deeds covering the village of Santa Rosa, and involving about 720 square miles. The title of the case was *Pueblo of Santa Rosa* v. *Lane et al.* This case went to the United States Supreme Court twice, and the citations are hereinbefore given. The purpose of the suit was to establish title in the Papago Indians under Mexican land grants. This suit was begun prior to the creation of the reservation but included land now within same.

We have hereinbefore pointed out that the Department of the Interior vigorously fought this case, and proved to the satisfaction of the court that the Papago Indians never had title to the land in litigation, either under Mexican land grants or otherwise; and the court so found (12 Fed. (2d) 332). The United States Supreme Court held that the Santa Rosa deed and powers of attorney were void, because they were not executed as required by Federal statutes "but without prejudice to the bringing of any other suit hereafter by and with the authority of the alleged pueblo of Santa Rosa" (273 U.S. 316; 71 L.ed. 658). This means that the Hunter claims are not dead, but can be revived at any time, if it can be shown that the deeds and powers were legally executed—a fact not shown in the above case. It will be seen that the stakes were and are big, for the reason that if one test case can be made to stand, that 16,000,000 acres are involved, including many cities, towns, farms, ranches, and mining properties, many of which are located entirely outside the existing reservation.

The Department of the Interior is now authorizing Graves, Slemp, and Calhoun to pick up the trail where Hunter-Martin temporarily left off, and ask Congress to determine the title rights

of the Papagos. If the Hunter deeds indicate the territory which the Papagos claim to own, and Congress recognizes same, it will result in the impairment of titles to millions of dollars of property. It may be suggested that we should only consider the area within the reservation. Presently, perhaps, but we must remember that the boundaries of the reservation were arbitrarily established and must be ignored if Congress is to recognize title in the Papagos to the vast area in which they roamed. If the Papagos are to receive title it cannot be limited to the reservation area, because it is a recognized fact that they wandered and migrated far beyond its now boundaries.

But to return to the Hunter-Martin matter. Martin and his associates preceeded to raise money by selling rights or units which were placed on the land, if, and when Indian title was established. It is reported that considerably more than $100,000 was raised. It achieved such notoriety that it become a matter of discussion on the floor of the Senate. (See remarks of Senator ASHURST, May 22, 1930.) And the Department of the Interior became so concerned in its desire to protect the investing public, that it issued circular no. 38285 in 1927, in which it said:

"It may also be said that title to the lands involved in the so-called 'Hunter deeds' is in the United States.

"As the reservation was created by Executive order no right of ownership to said lands is vested in Mr. Martin or any other individual, and this Department has consistently advised persons inclined to invest in the purchase of any rights in these lands to consider well before investing money in the proposition. The investors, in order to obtain redress, must look to the courts or to the promoters of the sales."

In passing it is interesting to note that the Department of the Interior in said circular again claimed title to be in the United States. The same title which the Department is now assisting Graves, Slemp, and Calhoun to question. As early as 1903 the Interior Department, General Land Office, and Commissioner of Indian Affairs asserted that no title vested in the Papagos. See letter of Cato Sells, Commissioner of Indian Affairs, to Hon. Carl Hayden, dated September 6, 1913, in which he said:

"This matter was carefully considered by the Indian Office, the General Land Office, and the Department. Under date of June 16, 1905, the Department, with reference to these lands and to the claim submitted by the said Robert F. Hunter, advised the Commissioner of the General Land Office, as follows:

"If the tenure of the alleged holding of the Indians is not by grant emanating from the Government of Spain, or Mexico, it is not such property right as was provided for and protected by the treaty (Gadsden Purchase of 1853). The mere possession of the land as Indian country with the right of use, does not prevent it from passing under the dominion of the United States as public lands, whatever the obligation of the United States to the Indians might be.

"A number of inquiries were received from time to time regarding the status of these lands, and invariably this office has advised the writers that the Papago Indians as a tribe, or the various bands, or villages thereof, had no title to the lands occupied by them which they could dispose of to others."

There are many who feel that the real objective of Graves, Slemp, and others is to establish title under the Hunter-Martin deeds, which would, of course, involve a much larger area than embraced within the reservation, and that the withdrawal order is but the first move in the program. That if they can prevail upon Congress to recognize any mineral rights as vesting in the Papagos within the reservation, they will have established a precedent, which should go far in forcing a recognition of title for the larger area outside the reservation, to which the Papagos are as much entitled as that within the reservation.

But whether or not that is the purpose of Graves and others, the answer is the same.

The Department of the Interior successfully terminated the Hunter-Martin scandal and assisted in protecting the investing public by showing in court and by proclamation that the Papagos have no title. It is inconceivable that the Department or the Commissioner of Indian Affairs will now assist Graves and others to prove the contrary, though the withdrawal order of Secretary Wilbur certainly shows a willingness to cooperate toward that end.

SUMMARY

The herein brief or statement has been prepared by the undersigned primarily for and will be presented to the President, the Secretary of the Interior, the Commissioner of Indian Affairs, Members of Congress, and particularly those upon committees dealing with Indian affairs. Copies will be distributed in Arizona to all newspapers, the Governor and public officials, clubs and similar organizations. We propose to make an aggressive and militant fight to prevent any injustice being done to the State of Arizona, its citizens, and residents; and in that fight we shall have the support of the entire State and not only our Representatives in Congress but many Members from other States. We shall welcome the opportunity of confronting Messrs. Graves, Slemp, Calhoun, and others before congressional committees or elsewhere.

We shall request that the withdrawal order issued by Secretary Wilbur of October 28, 1932, be forthwith revoked, for reasons herein assigned.

We shall request that the purported contract between Graves, Slemp, and Calhoun and the Papago Indians be forthwith canceled, or in any event that the same be not renewed upon its expiration in February 1934 until we shall have been afforded a hearing thereon.

We understand that the Solicitor of the Interior Department proposes to prepare a bill for introduction at the next session of Congress, providing for the resumption of mining in the reservation under leases. We shall request that we be supplied with copies when prepared. We propose to prevent, if possible, any such enactment, as in violation of the Executive order and act of Congress creating the reservation. We shall insist that the reservation remain open to mineral entry as agreed by President Wilson in his said Executive order and later concurred in by Congress.

We submit that equity, justice, and fair play permit no other course of conduct.

Respectfully submitted.

B. B. Moeur, Governor of Arizona; State Land Department, by B. B. Moeur, Governor of Arizona; James H. Kerby, secretary of state; Arthur T. LaPrade, attorney general; William M. Cox, State treasurer; Ana Frohmiller, State auditor; Howard J. Smith, State land commissioner; Tucson Chamber of Commerce; Phoenix Chamber of Commerce; Bisbee Chamber of Commerce; Douglas Chamber of Commerce; Yuma Chamber of Commerce; Casa Grande Chamber of Commerce; Nogales Chamber of Commerce; Safford Chamber of Commerce; Ajo Chamber of Commerce; State Chamber of Commerce.

December 18, 1933.

EXHIBIT A

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF INDIAN AFFAIRS,
Washington, October 26, 1932.

WITHDRAWAL ORDER

The Honorable the Secretary of the Interior, (through the Commissioner of the General Land Office.)

MY DEAR MR. SECRETARY: By Executive order of February 1, 1917, all public land in certain specified townships was withdrawn and set apart as a reservation for the Papago Indians in Arizona.

This withdrawal was made "exclusive of a tribal right to the minerals contained there" and also with the understanding "that all mineral lands within the reservation which have been or which may be shown to be such and subject to exploration, location, and entry under the existing mining laws of the United States and the rules and regulations of the Secretary of the Interior applying thereto, shall continue to be subject to such exploration, location, and entry notwithstanding the creation of this reservation."

The reservation thus created consisted of two large tracts separated by a strip of public domain about 6 miles wide running in a general easterly and westerly direction—commonly referred to as the "6-mile strip."

By the act of February 21, 1932 (46 Stat. 1202), all of the vacant public lands within the 6-mile strip were added to the reservation, and provisions was also made for the acquisition of all privately owned lands therein, which has been done. This addition also was made "exclusive of a tribal right to the minerals therein" and further provided "that all such lands shall be subject to disposition under the mining laws as provided in the Executive order of February 1, 1917, creating the Papago Indian Reservation."

In a letter approved by the Department April 19, 1916 (45 L.D. 537) it was held that the mining regulations of August 6, 1915 (44 L.D. 247), with but slight modifications were considered applicable to lands within the Executive order reservation of January 14, 1916, which Executive order involving substantially these same lands was revoked and superceded by the Executive order of February 1, 1917. However, as the Executive order of 1917 covers practically the same lands as those involved in the 1916 order, excepting of course the so-called "6-mile strip", the above departmental regulations were considered applicable to the later 1917 withdrawal.

It appears that 180 placer-mining claims, involving 20 acres each, within this reservation have been surveyed and approved, 122 of which have been patented, and 58 of which are as yet unpatented. See copy of attached letter dated April 4, 1932, from Sherman C. Fiske, Acting Cadastral Engineer, Phoenix, Ariz., to Mr. Eugene L. Graves, one of the tribal attorneys for the Papago Indians.

At a conference held in this Office Wednesday, October 12, 1932, attended by representatives of the Secretary's Office, of the General Land Office, and several employees of this Office, the matter was thoroughly discussed and the conclusion was tentatively reached that it is incumbent on this Department in protecting the Indians in their livestock industry, to take preventative measures toward stopping any further alienation of lands within the reservation through patenting mining claims.

It is, therefore, recommended, subject to all existing valid mineral rights and claims, that all Papago Indian lands covered by Executive order of February 1, 1917, be temporarily withdrawn from all forms of mineral entry or claim under the public-land mining laws until further notice, pursuant to the authority found in section 4 of the act of March 3, 1927 (44 Stat.L. 1347); in order that Congress may consider the claim of the Indians to the mineral rights within those lands.

Respectfully,

C. J. RHOADS,
Commissioner General Land Office, Washington, D.C.

I concur.

THOS C. HAVELL,
Acting Commissioner.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
October 28, 1932.

Withdrawal approved, and referred to the Commissioner of the General Land Office for appropriate notation on the records of that office, said withdrawal to be subject to all existing valid mineral rights and claims initiated prior to date of approval hereof.

(Signed) RAY LYMAN WILBUR, *Secretary.*

EXHIBIT B

(State of Arizona, Eleventh Legislature, House of Representatives, regular session.)

House Joint Memorial 15 on the withdrawal of lands in the Papago Indian Reservation from mineral exploration, location, and entry. (By the Committee on Mines and Mining, introduced Mar. 6, 1933)

To the Honorable the Secretary of the Interior, Washington, D.C.

Your memorialist, the eleventh legislature of the State of Arizona, respectfully represents:

By Executive order of February 1, 1917, supplanting an Executive order of January 14, 1916, there was set aside in southern Arizona, as a reservation for the Papago Indians, a great body of land, embracing a large portion of the territory lying between the city of Tucson on the east and Ajo on the west, and Casa Grande on the north to the Mexican border. To the reservation so formed has recently been added, by act of February 21, 1931, the so-called "6-mile strip", the whole body of land thus set aside as a reservation amounting to 2,633,974 acres.

As a result of negotiations between representatives of the Department of the Interior and the Governor of Arizona, or his representatives, the Executive orders creating this reservation contained a specific provision to the effect that all mineral lands therein should continue to be subject to exploration, location, and entry. Without such an agreement Arizona would have objected strenuously to the creation of the reservation, with its immense addition to the already tremendous area of Indian reservations within her borders.

Relying upon said exception, prospectors continued to search the mineralized portions of the reservation, with the result that 122 placer-mining claims of 20 acres each have been patented, while 58 others have been surveyed and approved for patents. There are also within the area several lode properties of importance.

These activities, while contributing to the prosperity of the State, have in addition afforded considerable employment to Indians residing on the reservation, and have in not the slightest degree curtailed or detracted from the use of the reservation lands by the Papagos.

Despite the fact that these lands were set aside with the understanding and agreement that the reservation rights so created should be exclusive of mineral explorations, locations, and entry rights, the Secretary of the Interior, under date of October 26, 1932, approved an order withdrawing the said land from all forms of mineral entry or claim "in order that Congress may consider the claims of the Indians to the mineral rights within these lands."

The records disclose that this action was taken at the instance of "certain friends of the Papagos", notably certain attorneys of Washington, D.C., and Los Angeles, Calif., whose friendship appears to be based upon a contract under which they would receive a percentage of any revenue accruing from the establishment of such mineral rights.

The result of this violation of both the letter and the spirit of the agreement under which the said reservation was created has been to put an end to prospecting within the area affected; to deny many idle American copper miners, thrown out of employment by the depression in the copper industry, the opportunity to work the gulches in which placer gold is found, or, aided by a "grub-stake", to search the hills for ore deposits; to discourage capital from giving assistance to the development of properties to which no other titles might be secured than objectionable and undependable Indian leases, and generally to stop all mining activities.

Wherefore your memorialist requests that the agreement of the Federal Government, embodied in the Executive orders creating the Papago Reservation, which was the basis of this State's withdrawal of objections to the said reservation, be carried out and not treated as a "scrap of paper"; that the order withdrawing the lands of the reservation from mineral exploration, location, and entry, be rescinded, and that encouragement be given to efforts to discover and develop such mineral properties as may be found within the said Papago Reservation.

And your memorialist will ever pray.

Passed the house March 6, 1933.

Passed the senate March 7, 1933.

EXHIBIT C

Resolution passed June 7, 1933, by Arizona State Land Board, comprised of the Governor, attorney general, secretary of state, State treasurer, and State auditor

Whereas the authorities of the State, prior to the withdrawal, were repeatedly assured that the right to prospect and mine in this area would be preserved, in return for their nonopposition to the said Executive order;

Whereas experience has conclusively shown that lands within governmental reservations or other withdrawn areas have not developed from a mineral standpoint: Therefore, be it

Resolved, That this withdrawal order is in violation of the intent and purpose of the original Executive order; is inconsistent, establishes a precedent whereby the States may no longer accept the word and moral contract of the Federal Government; is prejudicial to the interests of our citizens and will effectually prevent any and all mineral development without resultant benefit to the Indians; and be it further

Resolved, That we, the Land Board of the State of Arizona, in regular assembly, this 7th day of June 1933, do earnestly beseech the President of the United States, the Honorable Franklin D. Roosevelt, to evacuate the said order of the Secretary of the Interior and reinstate this area for the purpose of prospecting and mine development.

ARIZONA STATE CHAMBER OF COMMERCE,
By JAMES R. DUNSEATH, *a Director.*

Mr. ASHURST. I also ask leave to have printed at this point a copy of an opinion signed by Hon. Nathan R. Margold, Solicitor for the Department of the Interior.

The PRESIDING OFFICER. Without objection, the opinion will be printed in the RECORD.

The opinion is as follows:

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SOLICITOR,
Washington, March 7, 1934.

The honorable the SECRETARY OF THE INTERIOR.

MY DEAR MR. SECRETARY: At the suggestion of the Commissioner of Indian Affairs there has been referred to me for opinion the question of the validity of certain claims of surface and mineral rights asserted by the Indians of the Papago Tribe. These claims embrace an existing Indian reservation of more than two and one half million acres and a large amount of adjacent land in southern Arizona. The area is bounded, in a general way, by the Gila River, the Santa Cruz River, the Mexican boundary, and the Growler Mountains. For centuries it has been, and it still is, the home of the Papago Indians.

The Papagos claim that both surface and minerals belong to them in fee by virtue of a title vested in them before the area in question came under the sovereignty of the United States. Therefore, they allege, the land never became part of the public domain of the United States.

In 1853 this territory, then a part of Mexico, was acquired by the United States as a part of the Gadsden Purchase (10 Stat. 1031 (1854)). By act of July 22, 1854, Congress established the office of surveyor general of the Territory of New Mexico and placed under the jurisdiction of the surveyor general the examination of all claims to land asserted under the laws, usages, and customs of Spain and Mexico. Ultimate confirmation and rejection of such claims was made a function of Congress acting upon such report and recommendation as the surveyor general might make (10 Stat. 308 (1854)). After Arizona became a separate Territory, similar legislation was enacted creating the office of surveyor general of Arizona and defining the duties of that office (16 Stat. 291 (1870)). In 1891 Congress created the Court of Private Land Claims and conferred upon it jurisdiction to hear and adjudicate claims asserted under the Spanish and Mexican law (26 Stat. 854 (1891)). As early as 1874 the President of the United States by Executive order set apart a small tract of land within the Papago country immediately around the old Jesuit Mission and Indian village of San Xavier del Bac as an Indian reservation. Other comparatively unimportant reservations followed until Executive Order No. 2524, dated February 1, 1917, effected the reservation of more than 2,000,000 acres in the Papago country for the Indian inhabitants, but excepted mineral deposits and provided that the reservation area be open to entry and location under the mining laws of the United States. Congress recently has added to this reservation a contiguous strip of some 300,000 acres with the same exception and provision concerning minerals (46 Stat. 1202 (1931)). From time to time the United States has issued patents to white settlers and miners within the Papago country. It is to be remarked that during all these years of Indian occupancy and of Federal action presupposing the inclusion of the land in question within the public domain, only one instance of formal assertion of Indian title is recorded. In that case the Supreme Court of the United States considered an Indian claim to a particular small area within the Papago country. The litigation was indecisive. (*Lane* v. *Pueblo of Santa Rosa*, 249 U.S. 110 (1919); *Pueblo of Santa Rosa* v. *Fall*, 273 U.S. 315 (1927).) Under these circumstances and at this late date, those who assert that the Indians hold fee-simple title to this land must bear a substantial burden of persuasion.

A number of surveys and studies have been made of the Papago Indians and the territory they occupy. From such sources it is possible to draw a significant picture of the factual relation between these Indians and the land in controversy. The Geological Survey has published a monograph embodying the results of a recent survey (Bryan, The Papago Country, Arizona (1925)). Ten years earlier the United States Indian Service, through the agency of H. V. Clotts, assistant engineer, completed a comprehensive survey of the Papago country. Also valuable is an unofficial study by Carl Lumholtz, published in 1912, in his book, New Trails in Mexico. Studies by the Bureau of American Ethnology, official

census reports, and reports of the Secretary of the Interior, the Commissioner of Indian Affairs, the surveyors general of New Mexico and Arizona, and subordinate officials in the Indian Service complete the picture.

Lumholtz writes the following description:

"The Papago Indians of today, the principal natives of the desert, live in Arizona to the west and southwest of Tucson, as far as the Growler Mountains in the west, the Gila River in the north, and the range of Baboquivari in the east. * * * Until recent times they were found as far as the Colorado River. They occupy much of the same land as they did when first discovered in the seventeenth century by the Spaniards. The region was early named 'Papagueria', or, in its greater extension, 'Primeria Alta.' It is part of the great arid region called the 'Sonora Desert.' * * *

"The greater part of the tribe never could be induced to live in pueblos or villages, which was always the policy of the Spanish missionary. In spite of the efforts of the Jesuits and Franciscans, the Papagos are still living in their rancherias as of old, half nomadic in habit, resorting in the winter to the Sierras, where water is more plentiful and where their cattle, horses, mules, and donkeys find good grazing ground. In the summer they move to the broad, flat valleys to devote themselves to agriculture, which is made possible by the aid of the showers that fall in July and August." (At pp. 16, 25.)

See, also, Bryan at page 1; Indians Taxed and Indians Not Taxed in the United States at the Eleventh Census, 1890 (Department of Interior, Census Office, 1894), 142 folios.

The character and location of the Indian communities in the so-called "Papagueria" have been the subject of census. Clotts, Bryan, and Lumholtz report the Indian communities in some detail. Clotts describes 62 inhabited villages aggregating 1,013 houses with a total population of 5,560 persons and with 9,200 acres under cultivation. Lumholtz, similarly, lists 88 rancherias. Bryan devotes more than 150 pages to a description of all traveled routes through the Papagueria, and names and describes the scores of inhabited places to be observed along these routes. Earlier reports, apparently not predicated upon any detailed survey, show a much smaller number of communities. Soon after the Gadsden Purchase, Governor Meriwether, Superintendent ex officio of Indian Affairs in New Mexico, reported, "from the most reliable information in my possession", that the Indians within the area of the Gadsden Purchase were concentrated in "six Pueblos, or villages", near Tucson. (2 Sen. Ex. Doc., 34 Cong., 3d sess. (1856–57) 734.) The Surveyor General of New Mexico appended to his annual report for the year 1861 a table in which he attempted to include "all the pueblos whether in New Mexico proper or in Arizona." He listed therein 11 "Papago pueblos" located in Arizona, all of them, however, unsurveyed and of unknown area. (1 Sen.Ex.Doc., 37 Cong., 2d sess. (1861–62) 574, 578, 580, 581.) In 1863, Charles D. Poston, the first Superintendent of Indian Affairs in the Territory of Arizona, listed 18 Papago villages within his jurisdiction. (3 H.R.Ex.Doc., 38 Cong., 1st sess. (1863–64) 503, 504.)

The discrepancy between the earlier and later reports seems to reflect both incompleteness of the earlier data and some recent migrations of the Indians.

"The primitive condition of Papago society is giving way to the new. * * *

"Formerly they lived in large rancherias, but in the last 20 years the tendency has been to scatter. They have been touched by Americanism and are now showing energy in acquiring cattle and other properties. * * * During the last 20 years the tribe has acquired a considerable number of livestock, often 20 cows, and from 10 to 12 horses to a family." Lumholtz at 363, 364.

Comparison of the recent reports with the older ones confirms the quoted statement. Most of the communities named in the earlier reports appear in the recent ones, but with decreased population. This much seems clear: The life of the Papagos, conditioned by the aridity of the Papagueria, has not been sedentary. It is their habit to make seasonal migrations of some regularity between winter rancherias and summer rancherias. The search for pasturage and water for herds and flocks has necessitated even more extended wanderings than the exigencies of human life in an arid country alone would require. Yet, certain villages have existed for centuries. No survey of any of them seems to have been made at any time during the Spanish or Mexican dominion. Grazing lands throughout the Papagueria seem to have been common to the entire tribe regardless of village affiliations. From so much as already has been said by way of description, it must be apparent that, at the outset, the proponents of Indian title must face serious difficulties of proof in defining the area claimed and identifying the claimants to that area. Ownership in severalty is not asserted. Ownership by village communities can be established only if such communities can be defined. Moreover, a great part of the Papago country seems not to be part of any village community. A claim of tribal ownership of the entire Papagueria cannot be established without a fixing of boundaries. Certainly, the present arbitrary reservation is less extensive than the area over which the Papagos formerly roamed. The evidence at hand is insufficient for decision upon questions of boundary, but these difficulties of proof deserve mention, at least, before the general law of Indian tenure, and of mines, is considered.

The question of Indian tenure to be decided is this: Must the interest of the Papagos in the land they claim be subordinate to a superior proprietorship in the United States, or can these Indians have a perfected title in fee which precludes the United States from exercising any proprietorship over the land? That the Papagos have long occupied the Papagueria and should be protected in that occupancy, is not disputed. Indeed, the Executive order of February 1, 1917, is a recognition of an obligation which officials in the Indian Service have pointed out repeatedly ever since the annexation of the territory in question. That order, however, confirms and confers surface rights only. The contention now is that at the time of cession the Papagos had a perfected communal title in fee, no more subject to interference by the Federal Government—whether by creation of a reservation for the occupants, or by alienation of their land or its mineral wealth—than the fee simple title of any individual owner.

Had the land been part of the original territory of the United States it is clear that the contention advanced on behalf of the Indians would fail (*Spalding* v. *Chandler*, 160 U.S. 394 (1896); *Cherokee Nation* v. *Georgia*, 5 Pet. 1 (U.S. 1831)). However, Spanish and Mexican law are decisive of the question here presented.

It was the accepted legal theory of the European nations which colonized America that upon discovery of any new lands, complete jurisdiction and ownership, both imperium and dominium, became vested in the sovereign to whom the discoverer owed allegiance. For a convenient compendium, see Indian Land Cessions in the United States (Ethnology Bureau 1897), (H.Doc. 118, 56th Cong., 1st sess., 1899–1900 ff.). The King of Spain asserted a twofold claim to the vast area of New Spain and Mexico, predicating his title not alone on the right of discovery but also upon a grant from the Pope contained in the Papal Bull of 1493. See *Johnson* v. *McIntosh* (8 Wheat. 543, 573 (U.S. 1823); Hall, Laws of Mexico (1885), secs. 1, 2; Solorzano, Politica Indiana, bk. 1, ch. 9, sec. 16; id bk. 6, ch. 12, sec. 3). It follows that all rights or titles vested in private persons, severally or in groups, must derive their legal character from the Spanish Crown or succeeding proprietors.

It is not claimed that a particular grant to the Papago Indians as a tribal group was ever made by Spain. It is contended, however, that the numerous decrees of the Spanish King protecting Indians in their occupation of land are in effect a grant of complete title to Indian communities in possession generally.

The laws governing the disposition of Crown lands in Mexico under the Spanish regime appear principally in title 12 of book 4 of the Recopilacion of the Indies, and in a few uncompiled royal decrees. Law 14 of book 4, title 12 (apparently issued originally in 1578 but amended or republished in final form in 1591) is a convenient starting point:

"Whereas we have fully inherited the dominion of the Indies; and whereas the waste lands and soil which were not granted by the kings, our predecessors, or by ourselves, or in our name, belong to our patrimony and royal crown, it is expedient that all the land which is held without just and true titles be restored, as belonging to us, in order that we may retain, before all things, all the lands which may appear to us and to our viceroys, audiences, and governors, to be necessary for public squares, liberties (exidos), reservations (propios), pastures, and commons, to be granted to the villages and councils already settled, with due regard to their present condition as to their future state, and to the increase they may receive, and after distributing among the Indians whatever they may justly want to cultivate, sow, and raise cattle, confirming to them what they may want besides, all the remaining land may be reserved to us, clear of any incumbrance, for the purpose of being given as rewards, or disposed of according to our pleasure. For all this we order and command the viceroys, presidents, and pretorial audiences, whenever they shall think fit, to appoint a sufficient time for the owners of land to exhibit before them and the ministers of their audiences, whom they shall appoint for that purpose, the titles to lands, estates, Indian settlements, and caballerias, who, after confirming the possession of such as hold the same by virtue of good and legal titles, or by a just prescription, shall restore to us the remainder, to be disposed of according to our pleasure." (See Reynolds, Spanish and Mexican Laws (1895) 47.)

Supplementing this law is a separate decree of the same date, providing that lands occupied without lawful title—which lands are to be restored to the Crown under law 14, supra, "may be admitted to some convenient composition" and thereby confirmed to the possessor, thus providing much-needed accessions to the King's revenue. Exceptions are made, including a reservation "to the Indians what may be necessary for them to sow, cultivate, and raise stock." Among the lands to be admitted to composition are "chacaras" which seem to have been Indian farms or settlements. Unoccupied "chacaras" may be conceded to those who present proper petitions. The execution of this decree is intrusted to the viceroy and the council of the Indies. (Hall, 11–12.) In 1735 another decree made it necessary that grants of Crown lands be confirmed by the King himself. The great inconvenience of this system resulted in the decree of October 15, 1754 (Calvan's Ordinances on Land and Water), in which formal confirmation was intrusted to local officers, and their procedure and jurisdiction defined. Section 2 of that decree provided:

"The judges and officers in whom is delegated the jurisdiction over the sale and composition of Crown lands shall act with lenity, forbearance, and moderation, with verbal and not judicial process, in questions of lands held by Indians, and of others where it may be necessary, and in particular where their farms, farming, and stock raising are in question; since in regard to community lands and those granted their towns for pastures and commons, there is no occasion to do anything new but to main-

tain them in possession thereof and to restore to them those that have been taken from them and give them more land as the exigencies of the population require, and do not use rigor in regard to those held by Spaniards and people of other castes, keeping in mind the provisions of laws 14, 15, 17, 18, and 19, title XII, book IV, of the Compilation of the Indies." (Reynolds, 51.)

Without further setting out in detail the text of title 12 of book 4, it seems a fair generalization that the several laws therein protect the Indians in their occupancy without defining any estate. Moreover, it seems a clear implication of law 14 and of the Ordinance of 1754 that Indian lands are Crown lands and a part of the royal patrimony, the occupancy of which is surrounded by a special protection. This conclusion is supported by inference to be drawn from other laws of the Indies concerning Indians. In titles 2 and 3 of book 6 appear laws for the assembling of the Indians in villages. Law 23 in book 4, title 7, permits Spaniards to make new settlements in Indian territory, peaceably if possible, but otherwise "without doing any greater damage than shall be necessary for the protection of the settlements and to remove obstacles to the settlement." Such laws are incompatible with any recognition of ultimate title in the Indians. Again, the several laws with respect to compositions quoted above are significant in their reference to Indians. They indicate that occupants without grants from the Crown, whether Indians or Spaniards, remained in possession by sufferance only. Although the Indian occupant enjoyed a particular paternal protection, neither Indian nor Spaniard could obtain title except by formal composition. The Papagos might have perfected their title by formal proceeding, but, failing to do so, they continued in a protected possession subject to the superior title of the Crown.

Our courts have accorded significant recognition to this legal situation by confirming the power of Spanish officers to grant lands while still in the possession of the Indians. *United States* v. *Fernandez* (10 Pet. 303 (U.S. 1836)); *Breaux* v. *Johns* (4 La. Ann. 141 (1849)); *cf. United States* v. *Arredondo* (6 Pet. 691 (U.S. 1832)).

It is next contended on behalf of the Indians that even if no grant to them can be proved, lapse of time has resulted in the vesting of perfect title in them.

It has been asserted by the Supreme Court of the United States that prescription as against the Crown was recognized by the Spanish law. See Holmes, J., in *Carino* v. *The Insular Government of the Philippine Islands* (212 U.S. 449, 461 (1909)); cf. *United States* v. *Pendell* (185 U.S. 189 (1902)); *United States* v. *Chavez* (175 U.S. 509 (1899)). But see Field, J., in *Harrison* v. *Ulrichs* (39 Fed. 654 (C.C.S.D., Calif. 1889)); *Crespin* v. *United States* (168 U.S. 208, 218 (1897)). But, under Spanish law the prescriptive right which resulted from immemorial possession seems to have been no more than a privilege of acquiring title by appropriate formal procedure. See ordinance of October 15, 1754, section 4 (Reynolds, 50); Novisima Recopilacion, book 11, title 8, law 4 (2 White, New Recopilacion, 154); Hall, section 56; *Balanton* v. *Murciano* (3 Phil. 537 (1904)). In the *Carino case*, supra, where the question was whether the United States should confirm the title of an individual owner based on immemorial possession of a defined tract, no such formal proceeding had ever occurred. The Supreme Court avoided this difficulty by resort to the power of the United States as a sovereign to ignore "refined interpretation of an almost forgotten law of Spain", and to "recognize actual fact" in an effort to achieve what the Court considered an essentially just result. In contrast, the present question is essentially a formal one, although its decision must affect substantial claims. But more fundamental distinctions are to be observed: (1) This is a case of Indian tribal occupancy which seems to have been permissive and under royal protection. (2) The tract in question is not clearly defined. (3) The claim is one of communal ownership, whether by tribe or by villages.

This last consideration is decisive in itself. The nature of municipal and communal ownership of land under Spanish law too often has been adjudicated by the Supreme Court any longer to be a subject of controversy. The question has arisen most frequently with respect to the title of Spanish and Mexican pueblos rather than communities or tribes of Indians. Mr. Justice Field has thus described the tenure by which common lands within any community were held.

"By the laws of Mexico, in force at the date of the acquisition of the country, pueblos or towns were entitled, for their benefit and the benefit of their inhabitants, to the use of lands constituting the site of such pueblos and towns, and of adjoining lands, within certain prescribed limits. This right appears to have been common to the cities and towns of Spain from an early period in her history, and was recognized in the laws and ordinances for the settlement and government of her colonies on this continent. * * * It may be difficult to state with precision the exact nature of the right or title which the pueblos held in these lands.

"It was not an indefeasible estate; ownership of the lands in the pueblos could not in strictness be affirmed. It amounted, in truth, to little more than a restricted and qualified right to alienate portions of the land to its inhabitants for building or cultivation and to use the remainder for commons, for pasture lands, or as a source of revenue, or for other public purposes. *The right of disposition and use was, in all particulars, subject to the control of the Government of the country.*" (Italics added.) (*Townsend* v. *Greeley*, 5 Wall. 326, 336 (U.S. 1866). Accord *United States* v. *Sandoval*, 167 U.S. 278, 295–298 (1897); *United States* v. *Santa Fe*, 165 U.S. 675, 707–711 (1897); *Grisor* v. *McDowell*, 6 Wall. 363, 372–373 (1867); *United States* v. *Pico*, 5 Wall 536, 540 (1866); *State* v. *Gallardo*, 106 Tex. 274, 166 S.W. 389, 372 (1914)).

It is clear that the fee to all community land within the limits of any pueblo remained in the sovereign. Lapse of time did not improve the communal title of the group. There is no basis for any contention that the communal title of Indians, whether claimed by villages or by tribe, attained any greater estate. Indeed, in the case of the Papagos, where the greater part of the area involved is grazing land, both within and outside of the limits of particular villages, prescription is further impeded by specific provision of the law of the Indies that pastures are common to all persons (book 4, title 17, law 5, 2 White 56). The Papago claim to ownership in fee under the Spanish and Mexican law, whether based on grant or prescription, must fail.

Other and additional considerations make it clear that the Papagos enjoy no estate in the minerals contained in the land. The Spanish law concerning mines, as it existed from medieval times down to 1783, is conveniently summarized in an opinion of Chief Judge (later Mr. Justice) Field. See *Moore* v. *Smaw* (17 Cal. 199, 213–215 (1861)). The modern Spanish and Mexican mining law begins with a complete mining code for Spain and its colonies issued in 1783 and promulgated in Mexico the next year. For translations, see Hamilton, Mexican Law (1882), 235 ff.; 1 Rockwell, A Compilation of Spanish and Mexican Mining Law (1851), 49 ff. This code, commonly called the Ordinance of 1783, remained authoritative in New Spain and in the Republic of Mexico until after the Gadsden Purchase. See *United States* v. *Castillero* (2 Black 17, 167 (U.S. 1862); Hall, 357). Title 5 of the ordinance concerns the ownership of mines:

"SECTION 1. The mines are the property of my royal Crown * * *

"SEC. 2. Without separating them from my royal patrimony, I grant them to my subjects in property and possession * * *."

That section 2, supra, is not a present grant and does no more than make possible specific transfers of a qualified property right in the future is made clear in title 6 of the ordinance. In that title the manner in which new mines may be discovered and the formal proceeding of denouncement and registry, whereby a qualified title to any particular mine may be acquired from the Crown, are described. The exact language of certain sections may indicate more clearly the purport of this title.

"SEC. 14. Anyone may discover and denounce a vein, not only on common land but also on the property of any individual, providing he pays for the extent of surface above the same, and the damage which immediately ensues therefrom * * *.

"SEC. 18. Beds of ore (placeres) and all other deposits (criadores) of gold and silver, on being discovered, shall be registered and denounced in the same manner as mines or veins, the same being understood of all species of metal."

Section 22 makes the ordinance applicable to deposits of copper, tin, lead, quicksilver, and other metals.

In the laws of the Indies special provisions were made to bring the Indians within the general mining laws. The occasion seems to have been a loss of royal revenue caused by the failure of Indians to disclose mines for fear of confiscation. See Gamboa, Commentaries on Mining Ordinances of Spain (Heathfield's Trs. 1830), 34. In book 4, title 19, it is provided that all persons, including Indians, may discover and work mines, but that in doing so they must refrain from injuring Indians or other persons. Law 14 prohibits any restriction from being "imposed on their (the Indians) discovering, holding, and occupying mines of gold and silver or other metals * * * in conformity with the ordinance of any Province." Law 16 provides that groups of Indian discoverers shall share in a mine in the same way as Spaniards. In brief, under the mining laws of Spain and Mexico, the Indian enjoyed the same status and privileges as persons of Spanish descent. The legal situation as it existed down to the time of the Gadsden purchase is summarized in two statements, one a judicial opinion of the Mexican Supreme Court of Justice, the other a text by a Spanish jurisconsult, preeminent in the field of mining law.

"The ordinance (of 1783) disallows and condemns the system of accession, preserving the principles by which mines may be denounced upon the land of another person, and establishing the right upon the owner of the land to demand its estimated value (por tanto), thus declaring that mines are not accessories to the soil; fifth, as a consequence of this principle, independent in their judicial relations, the ownership of the mine and that of the soil, create two separate and diverse proprietors." (Opinion of Chief Justice Vallaria June 24, 1880, Hamilton, appendix VIII.)

"The correct opinion then seems to be that the property of the mines remained in the Crown, and that as the Sovereign cannot work them on his own account, he has given his subjects a partial interest in them under various restrictions." (Gamboa, at 24.)

Since the cession to the United States the courts in this country have recognized both the ownership of mines by Spain and Mexico before the cession and the succession of the United States to that ownership. (See *United States* v. *Castillero, supra*, at 190; *Chouteau* v. *Molony*, 16 How. 203, 228 ff. (U.S. 1853); *Moore* v. *Smaw, supra*, at 217; *Boggs* v. *Merced Mining Co.*, 14 Cal. 279, 308–313 (1859).) The Supreme Court has stated expressly that under Spanish law minerals in Indian lands were the property of the Crown, "but the privilege to work the mines in lands still in the occupancy of the Indians, he (the Spanish Governor) could give, because the mines were a part of the royal patrimony of the

Crown, and the King had directed that they might be searched for and worked in all his dominions by his subjects, both Spaniards and Indians." (*Chouteau* v. *Moloney, supra,* at 240.)

The Executive and legislative branches of the Federal Government likewise have recognized the succession of the Federal Government to the ownership of mines in what was formerly Spanish and Mexican territory. The Secretary of the Interior in his annual report for 1849 made the following statement:

"By the laws of Spain these mines did not pass by a grant of the land, but remained in the Crown, subject to be disposed of according to such ordinances and regulations as might be from time to time adopted. Any individual might enter upon the lands of another to search for ores of the precious metals; and, having discovered a mine, he might register and thus acquire the right to work it on paying to the owner the damage done to the surface, and to the Crown, whose property it was, a fifth or tenth, according to the quality of the mine. If the finder neglected to work, or worked it imperfectly, it might be denounced by any other person, whereby he would become entitled.

"This right to the mines of precious metals, which, by the laws of Spain, remained in the Crown, is believed to have been also retained by Mexico while she was sovereign of the Territory, and to have passed by her transfer to the United States. It is a right of the sovereign in the soil as perfect as if it had been expressly reserved in the body of the grant, and it will rest with Congress to determine whether, in those cases where lands duly granted contain gold, this right shall be asserted or relinquished. If relinquished, it will require an express law to effect the object; and, if retained, legislation will be necessary to provide a mode by which it shall be exercised. For it is to be observed that the regulation permitting the acquisition of a right in the mines by registry or by denouncement was simply a mode of exercising by the sovereign the proprietary right which he had in the treasure as it lay in and was connected with the soil. Consequently, whenever that right was transferred by the transfer of the eminent domain, the mode adopted for its exercise ceased to be legal, for the same reason that the Spanish mode of disposing of the public lands in the first instance ceased to be legal after the transfer of the sovereignty." (2 Sen. ex. doc., 31st Cong., 1st sess., 1849–50, 9–10.)

When Congress created the office of Surveyor General of New Mexico and provided machinery for the establishment and confirmation of land claims existing under the Spanish and Mexican law, it expressly excluded mineral lands from the operation of the statute (10 Stat. 308, sec. 4 (1854)). In the Court of Private Land Claims Act it is provided:

"Third. No allowance or confirmation of any claim shall confer any right or title to any gold, silver, or quicksilver mines or minerals of the same unless the grant claimed affect the donations of such mines or minerals to the grantee or unless such grantee has become otherwise entitled thereto in law or in equity; but all such mines and minerals shall remain in the property of the United States." (26 Stat.L. 854, 860 (1891); see *Lockhart* v. *Johnson,* 181 U.S. 516, 524 (1900).)

Upon the whole case, in the light of the facts now at hand, it is my opinion that in 1853 the United States acquired title to the land in question subject to an Indian right of occupancy of an area not exactly determined; that whatever surface rights the Papago Indians may have enjoyed, no interest in minerals was accessory or incidental to those surface rights; that complete and unencumbered title to minerals in the land was vested formerly in the Mexican State and passed to the United States upon cession of the territory. It follows that the question of the appropriate manner of protecting the Papagos in their possession was, and still is, a matter exclusively of political cognizance (*Cf. United States* v. *Santa Fe,* 165 U.S. 675 (1896); *Les Bois* v. *Bramell,* 4 How. 449 (1846)). The present measure of the rights of the Papagos is the Executive order of February 1, 1917, as modified by the act of February 21, 1931. The Papagos have no independent title which can make that action ineffective or embarrass any future action that to Congress may seem appropriate in the premises.

Respectfully,

NATHAN R. MARGOLD, *Solicitor.*

Approved: March 7, 1934.

OSCAR L. CHAPMAN,
Assistant Secretary.

CARRIAGE OF AIR MAIL BY THE ARMY

Mr. McKELLAR. Mr. President, I ask unanimous consent that there may be read from the desk a letter from the President to me, and one to the Secretary of War, with reference to air mail. I think every Senator will be interested in these letters.

The PRESIDING OFFICER (Mr. CLARK in the chair). The Senator from Tennessee asks unanimous consent that certain letters be read from the desk. Is there objection? The Chair hears none.

The Chief Clerk read as follows:

THE WHITE HOUSE,
Washington, March 10, 1934.

Hon. KENNETH MCKELLAR,
Chairman Senate Committee on
Post Offices and Post Roads, Washington, D.C.

MY DEAR MR. CHAIRMAN: I am enclosing a copy of a letter which I have just sent to the Secretary of War. In this letter I asked that he issue immediately orders to the Army Air Corps stopping all carrying of air mail, except on such routes, under such weather conditions, and under such equipment and personnel conditions as will insure, as far as the utmost human care can provide, against constant recurrence of fatal accidents.

This is an added reason for the desirability of the enactment of the legislation which I proposed to your committee a few days ago. I hope much that this legislation can be taken up as soon as possible in order that new bids for new contracts for carrying the mail may be invited.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

(Enclosure.)

MARCH 10, 1934.

MY DEAR MR. SECRETARY: On February 9 the Army Air Corps was given the temporary assignment of carrying the air mail and commenced the actual carrying on February 20. This action was taken on the definite assurance given me that the Army Air Corps could carry the mail.

Since that time 10 Army flyers have lost their lives. I appreciate that only four of these were actually flying the mail, but the others were training or were proceeding to the mail route. I appreciate also that almost every part of the country has been visited during this period by fog, snow, and storms, and that serious accidents, taking even more lives, have occurred at the same time in passenger and commercial aviation.

Nevertheless, the continuation of deaths in the Army Air Corps must stop. We all know that flying under the best of conditions is a definite hazard, but the ratio of accidents has been far too high during the past 3 weeks.

Will you therefore please issue immediate orders to the Army Air Corps stopping all carrying of air mail, except on such routes, under such weather conditions and under such equipment and personnel conditions as will insure, as far as the utmost human care can provide, against constant recurrence of fatal accidents.

This exception includes, of course, full authority to change or modify schedules.

As you know, the period of emergency will end as soon as the necessary legislation has been enacted and new contracts can be obtained. I am writing once more to the chairmen of the House and Senate committees urging speed in the enactment of the legislation. Because military lessons have been taught us during the past few weeks, I request that you consult immediately with the Postmaster General and the Secretary of Commerce in order that additional training may be given to Army air pilots through cooperation with private companies who later on will fly the mails. This should include, of course, training in cross-country flying, in night flying, blind flying, and instrument flying.

I am sending a copy of this letter to the Postmaster General in order that he may make arrangements with you. He will, of course, modify the instructions given on February 9 to conform with the Army plans.

Very sincerely,

FRANKLIN D. ROOSEVELT.

Hon. GEORGE H. DERN,
War Department, Washington, D.C.

Mr. McKELLAR. Mr. President, I may say that the Post Offices and Post Roads Committee has already been called to meet at 10:30 o'clock on Monday, when hearings will be had on this bill.

Mr. REED. Mr. President, I think something ought to be said for the Army.

The Army has undertaken this task without complaint. This change in the orders of the President is not made as a result of any complaint from the Army.

Anyone who goes into the Army knows that he is undertaking a hazardous vocation; he is there to obey orders, and I think the country ought to know that this extremely wise decision on the part of the President has not been inspired by any complaint or request from the Army aviators themselves.

Mr. FESS. Mr. President, I am delighted at the step that is being taken by the President. I doubt whether we are going far enough to reach what we want to accomplish, and for that reason I am sending to the desk a resolution which I have had prepared, and which has just been placed in my hands, looking to action broader than that suggested by the President. I should like to have the resolution read, and have it printed and lie on the table.

The PRESIDING OFFICER. The Senator from Ohio asks unanimous consent that the resolution may be read and lie on the table. Is there objection? The Chair hears none, and the clerk will read.

The resolution (S.Res. 204) was read as follows:

Whereas the following-named Army Air Corps pilots have met their death while training for and carrying the mails:

Lt. Durward O. Lowry, killed in a crash near Deshler, Ohio, while carrying the air mail from Chicago to Cleveland;

Lt. I. F. Patrick, killed at Denison, Tex., while en route to take over the command of an air-mail post;

Lt. Jean D. Grenier, killed while flying the dangerous air-mail sector between Salt Lake City and Cheyenne;

Lt. Edwin D. White, killed in the same accident with Lieutenant Grenier;

Lt. James Y. Eastman, killed near Barrymore, Idaho, while flying a difficult stretch of an air-mail route;

Lt. George F. McDermott, lost at sea off Rockaway Point, N.Y., while en route from Mitchel Field to Richmond, Va., to enter the Army Air Mail Service;

Lt. Otto Wienecke, crashed in a heavy snow storm near Chardon, Ohio;

Sgt. Ernest C. Bell, crushed to death when a heavily laden plane went into a spin at 500 feet shortly after taking off at Daytona Beach, Fla.;

Lt. F. L. Howard, killed shortly after taking off from Cheyenne, Wyo.; and

Lt. A. R. Kerwin, killed in the same accident with Lieutenant Howard: Therefore be it

Resolved, That the President is requested to discontinue the employment of the officers and facilities of the Army Air Corps, or the aviation forces of the Navy and Marine Corps, in the carriage of the mails until such time as after investigation and report thereon such forces shall have sufficient training in the type of flying required for such service and shall have become so familiar with the routes covered in such service, and until such aviation forces shall have been provided with such equipment, as to render carriage of the mails by such aviation forces consistent with the highest degree of safety obtainable by modern aviation science.

The PRESIDING OFFICER. The resolution will be printed and lie on the table.

NAVY DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT

Mr. BYRNES submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 14, 19, and 20.

That the House recede from its disagreement to the amendments of the Senate numbered 8, 9, 11, 12, 16, 21, 24, and 25, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$65,000"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$62,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,176,482"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$15,542,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$13,662,200"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$10,545,600"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: At the end of the matter inserted by said amendment insert the following: ", who, if above the rank of lieutenant, shall not be entitled to receive increased pay for making aerial flights at a rate in excess of $1,440 per annum, all of such nonflying officers or observers"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$7,559,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 13, 15, 18, 22, and 23.

JAMES F. BYRNES,
ROYAL S. COPELAND,
PARK TRAMMELL,
FREDERICK HALE,
HENRY W. KEYES,
Managers on the part of the Senate.

W. A. AYRES,
GLOVER H. CARY,
M. J. HART,
J. HOWARD SWICK,
JOHN T. BUCKBEE,
Managers on the part of the House.

Mr. TYDINGS. Mr. President, I should like to ask the Senator having the report in charge what was done in reference to the amendment placed in the bill by the Senate touching the Naval Academy instructors.

Mr. BYRNES. Mr. President, the conference report contains the agreement between the two Houses authorizing the employment by the Superintendent of the Naval Academy of 8 additional civilian instructors, which number, together with 4 civilian instructors who were employed during recent months, makes a total of 12 civilian instructors who will be employed under the language of the bill.

Mr. TYDINGS. Will the Senator also tell us how many instructors, according to the estimate, will in all likelihood be not reemployed?

Mr. BYRNES. This whole matter grew out of the severance from the service in July of last year of 20 of these instructors, and authority is contained in the report for the reemployment of 8 civilian instructors. Since last July 4 have been reinstated, which makes 12 civilian instructors, in addition to those already in the service.

Mr. TYDINGS. I appreciate the efforts the Senator has made to help these men who have been connected with the academy for many years, in departments divorced from purely naval courses of instruction. I saw in the record of the proceedings of the House that in a colloquy between Representative Ayres and Representative Britten, the question was asked: "Does this reemploy all of the professors who were laid off?" And the answer was that it does. I simply wanted to bring out the fact that it would result in the reemployment of only 12 of the 20, and that 8 of them will still be off the pay roll.

Mr. BYRNES. The statement of the Senator from Maryland is absolutely correct.

Mr. VANDENBERG. Mr. President, I should like to inquire what happened as between the Great Lakes Training Station and the Newport Training Station?

Mr. BYRNES. The conference report eliminates the provision adopted by the House for opening the Great Lakes Station and the amendment of the Senate providing for opening the Newport Station. However, there is an increased appropriation for the maintenance of the Great Lakes Station and of the Newport Station.

The Navy Department stated that if the situation should change and there were some necessity for additional facilities for the training of recruits, then, under the existing law, there would be authority to use those stations, and if the necessity should arise they would do so; but, as matters now stand, they do not need them, and therefore they do not ask that either one of the stations be opened at this time. The Senator may not understand that they have been closed.

Mr. VANDENBERG. I understand that.

Mr. BYRNES. The question arose in the House when an amendment was offered, and by the action of the conferees, which has been agreed to by the House, neither one of the stations will be opened, but additional funds have been provided for their maintenance, so that they may be used at any time when, in the opinion of the Department, it is necessary.

Mr. VANDENBERG. So the score is nothing to nothing as between the two stations?

Mr. BYRNES. Nothing to nothing, but a million dollars to the people by our not opening either of them at this time.

Mr. President, I move that the conference report be agreed to.

The motion was agreed to.

The PRESIDING OFFICER (Mr. BYRD in the chair) laid before the Senate the action of the House of Representatives receding from its disagreement to the amendments of the Senate nos. 13, 18, and 23, and agreeing thereto with amendments, as follows:

Amendment no. 13: In lieu of the matter inserted by said amendment insert: "except for the public quarters occupied by the Chief of Office of Naval Operations and messes temporarily set up on shore for officers attached to sea-going vessels, to aviation units based on sea-going vessels, and to landing forces and expeditions."

Amendment no. 18: In lieu of the matter inserted by the said amendment insert: ": *Provided*, That, in addition to the appropriation herein made for the Office of Naval Records and Library, there is hereby appropriated $10,000 to begin printing historical and naval documents, including composition, clerical copying in the Navy Department, and other preparatory work, except that the 'usual number' for congressional distribution, depository libraries, and international exchanges shall not be printed, and no copies shall be available for free issue: *Provided further*, That the Superintendent of Documents is hereby authorized to sell copies at the prorated cost, including composition, clerical work of copying in the Navy Department, and other work preparatory to printing without reference to the provisions of section 307 of the act approved June 30, 1932 (U.S.C., supp. VI, title 44, sec. 72a)."

Amendment no. 23: In lieu of the matter inserted by said amendment insert: "June 27, 1933, except that the Secretary of the Navy is authorized to employ eight additional civilian instructors."

Mr. BYRNES. I move that the Senate concur in the amendments of the House to Senate amendments nos. 13, 18, and 23.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina.

The motion was agreed to.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. WAGNER. Mr. President, I give notice that as soon as I can secure the floor on Monday, I shall take the opportunity to address the Senate upon the pending St. Lawrence Treaty.

CARRYING OF AIR MAIL BY THE ARMY

Mr. McKELLAR. Mr. President, I move that the Senate proceed to the consideration of House bill 7966, to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

I will state to the Senator from Ohio [Mr. FESS] that the purpose of the bill is merely to give the War Department sufficient funds for carrying the mail as it has heretofore been carried. The bill has no further purpose.

Mr. FESS. Mr. President, I cannot agree to let that bill come up now for consideration.

Mr. McKELLAR. I am not asking the Senator from Ohio to agree. I am making a motion.

Mr. FESS. If the Senator desires to go into that, we will do so.

Mr. McKELLAR. Mr. President, I ask for a vote on my motion.

Mr. FESS. Mr. President, I cannot let a vote be taken on the bill at this stage unless I have an explanation as to its purpose. It may be different than I thought it was. I shall appreciate it if the Senator from Tennessee will take time to explain the purpose of the bill.

Mr. McKELLAR. I shall be very happy to do so. I am quite sure the purpose of the bill is entirely different than the Senator thinks it is.

This bill, Mr. President, is a House bill. In its first section it authorizes the Secretary of War to put at the disposal of the Postmaster General "such airplanes, landing fields, pilots, and other employees and equipment of the Army of the United States" as may be necessary to carry the mail.

The second section merely authorizes the Postmaster General to use the appropriations already made—it does not make any new appropriations at all—for the purpose of paying the Army and its fliers for carrying the mail from February 10, when it began.

The third section of the bill merely provides that—

The performance by military personnel of duty hereunder shall in no way disturb or change their military status under their respective commissions, warrants, or enlistments in the Army, or any right, privilege, benefit, or responsibility growing out of said military status.

That, I think, will commend itself to all.

In the fourth and fifth sections of the bill it is provided that Reserve officers whose services may be utilized shall have the same pay and be put upon the same status as Regular Army officers.

The sixth section merely requires the Postmaster General to submit a report to the Congress on the first day of the next session of every payment made by him under the bill, including the cost of transporting the mail by the War Department.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. I yield.

Mr. VANDENBERG. Does the Senator from Tennessee accept the amendment which I offered on February 28, reading as follows:

Provided, That this authority shall not be used unless and/or until such airplanes shall be fully equipped with the special equipment necessary by standard practice for safe night and day air-mail transport; and that pilots shall not be assigned to such airplanes unless and/or until fully and adequately trained in the use of such special equipment.

Mr. McKELLAR. I certainly do. I think it is a very wise provision, and I shall be very happy to accept it.

Mr. HEBERT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Rhode Island?

Mr. McKELLAR. I yield.

Mr. HEBERT. Having in mind the recommendation of the President disclosed here this morning, I am wondering what the purpose of the proposed bill is, since all flying of the mail is to be stopped for an indefinite period of time.

Mr. McKELLAR. Not all flying of the mail will be discontinued, but the greater part of it, as I understand the President's order. The carrying of the air mail by the Army has been going on since the 10th of February. It has cost a good deal of money. This bill provides for the use of appropriations that have already been made for the purpose of paying for the services rendered by the Army fliers.

Mr. HEBERT. But, Mr. President, the bill does more than that. It takes care of the expenses that have been incurred up to date, and provides for the use of these funds in the future.

Mr. McKELLAR. Of course it does. There certainly will be some flying under the conditions named in the President's order, and under the further conditions of an amendment to this bill that is to be offered by the Senator from Michigan [Mr. VANDENBERG], providing that where Army officers are sent up in planes for the purposes of carrying the mail, those planes must be in perfect condition and have all the proper apparatus for safe flying.

Mr. FESS. Let me ask the Senator from Tennessee as to there being a requirement that the planes shall be in such shape that they may be safely used. One of the planes which crashed last night was an open plane, and the pilot sat in an open cockpit. That would not be such a plane as would be fully equipped, would it?

Mr. McKELLAR. I do not know.

Mr. FESS. That is what I want to know.



Mr. McKELLAR. I will refer the Senator from Ohio to the Senator from Michigan [Mr. VANDENBERG], who has offered that amendment. Let me say, however, that I have understood that the commercial companies engaged in carrying mail frequently send it out in planes with open cockpits. I myself have flown so little that I am not sufficiently expert to know, but I am quite sure that the Senator from Michigan has the facts.

Mr. FESS. Let me state that the planes that were purely mail planes, carrying no passengers prior to the Watres Act, might have been of the character referred to, but since the enactment of the Watres Act the open cockpit planes are not used for the purpose.

Mr. McKELLAR. If they are not, under the Vandenberg amendment they would be prohibited.

Mr. FESS. That is what I wanted to know.

Mr. VANDENBERG. Mr. President, I would not assume to speak with any authority whatever, because I have no technical knowledge on the subject, but I have discussed the matter with Captain Rickenbacker, whom I consider to be still the ace of aces next to Colonel Lindbergh. I think the clause, "special equipment necessary by standard practice for safe night and day air-mail transport", will cover every essential. I cannot undertake to detail the equipment to the Senator, but it is my opinion that that clause covers every essential of equipment.

The second provision of the amendment reads:

and that pilots shall not be assigned to such airplanes unless and/or until fully and adequately trained in the use of such special equipment.

Mr. President, I am advised that the private air-mail-transport operators do not permit even a copilot to go into the air with the air mail unless he has had 1,200 hours flying experience with the radio beam and similar special equipment, and that no full pilot is permitted to go aloft under such circumstances unless he has had 4,000 hours of training in the special radio beam, and so forth; and that no plane is permitted to go aloft unless it has both a pilot and a copilot. That, in my view, would be "standard practice."

So far as it is in the range of the authority of the Senate, if we require of the War Department Air Service that it abstain from the service except as it is prepared to certify that it has sent men into the air on this service fully and adequately trained in the use of special equipment, and if it must also certify that such special equipment meets the requirements of standard practice for safe night and day air-mail transport it seems to me that we shall have gone about as far as we can go in writing the specifications.

Mr. FESS. The judgment of Captain Rickenbacker is as good as that of anybody, I should think.

Mr. VANDENBERG. I do not want to be misunderstood. I would not say that Captain Rickenbacker had approved this precise language. I say that this language was drawn after my conversation with Captain Rickenbacker, and I think it meets the situation.

Mr. McKELLAR. To show what I think about the amendment, if it shall be adopted by the Senate and the bill shall be passed, in conference, before final agreement upon the amendment, it will be brought back to the Senate if it shall be necessary so to do. I will say that much, and I want to use diplomatic language, so far as the other House is concerned. I think, however, the amendment will meet the approval of the House. The Senator from Michigan offered it several days ago; we have had time to consider it, and have considered it; and it appears to me that it is as ideal an amendment to obtain safe flying in the air as it is possible to get.

Mr. FESS. Does the Senator from Tennessee accept that amendment?

Mr. McKELLAR. Indeed I do; and, not only that, but I shall fight for it.

Mr. FESS. Mr. President, the amendments go far to relieve some of the objections I entertain. I am quite sympathetic with what the Senator wants to do in regard to payment to the flyers engaged in this service and provision for their dependents.

Mr. McKELLAR. Some of the flyers have been killed, and this bill provides for payment to their dependents.

Mr. FESS. That is one of the things I had in mind when I said I was quite sympathetic with what the Senator proposed to do.

Mr. McKELLAR. I think it is very essential that the bill be promptly passed.

Mr. FESS. What does the Senator have to say of this bill in the light of the bill he introduced yesterday?

Mr. McKELLAR. This is a mere temporary measure, to provide for an emergency, and has nothing in the world to do with the bill introduced yesterday.

Mr. FESS. Mr. President, it does involve some considerations which I deplore. In other words, the bill, in a way, gives approval to having the Air Mail Service conducted by the Army; I do not want to approve that; and yet, in the light of the letter of the President and what I think is the commanding desire of the American people that all these hazards, so far as possible, be removed, and that the Army fliers be not jeopardized by being compelled to fly in all kinds of bad weather, I think I shall not offer any objection to the bill under the circumstances.

The PRESIDING OFFICER. The question is on the motion of the Senator from Tennessee, that the Senate proceed to the consideration of House bill 7966.

Mr. McNARY. Mr. President, just a moment. I thought that the wish the Senator expressed to me yesterday was to make this bill the unfinished business and then let it go over until Monday.

Mr. FESS. I wish that might be done.

Mr. McKELLAR. That was yesterday, and the idea, I thought, was to have the bill go over until today. I have been trying to get the bill up all week; but the bill to include cattle as a basic commodity consumed practically the entire week; it was the unfinished business; and I was unable to secure unanimous consent for the consideration of House bill 7966.

I believe the Vandenberg amendment is very essential. We will probably continue to send into the air in the Air Mail Service some of the Army fliers, and I think the provisions of this bill should become law and should be made applicable as soon as possible. Both the War Department and the Post Office Department are very anxious to have this bill enacted into law at the earliest possible date, and I do not think any real objection could possibly be raised against the measure. I do not know of any. It seems to me it would be helpful in the emergency. The bill will have to go to conference; that will take a day or two, at least, or perhaps more than that; and I had very much hoped that we could get it through this week. I hope the Senator from Oregon will not object.

Mr. McNARY. Mr. President, I must stand for what I believe to be the plain understanding had yesterday, namely, that after the passage of the appropriation bill, either yesterday or today, we would make the bill of the Senator from Tennessee the unfinished business and adjourn until Monday, when there will be a full attendance. Some of the members of the committee on this side of the aisle who have made an exhaustive study of the subject are not here today; a great many Senators have left the Chamber under the impression that there would be no business transacted except the consideration of the appropriation bill and speeches on the treaty. I am responsible for giving that notice to the several Members of the Senate.

Mr. McKELLAR. Under those circumstances, I shall not insist on a vote this afternoon.

Mr. McNARY. I knew the Senator would not.

Mr. McKELLAR. But I think that we should recess until Monday so that the bill may be taken up immediately after convening on Monday.

Mr. McNARY. I was satisfied when this situation was developed, and made perfectly clear to the Senator from

Tennessee that he would be willing to have the bill go over until Monday for consideration.

I suggest that it be handled under a unanimous-consent agreement, and if I have the consent of the Senator, I ask unanimous consent that House bill 7966 be considered at 12 o'clock noon on Monday next.

Mr. McKELLAR. I should be very happy to have that done. The Senator knows, however, that on Monday there are going to be a number of speeches delivered on the treaty. Could we not include in the unanimous-consent agreement that after meeting at 12 o'clock on Monday no Senator shall speak longer than 10 minutes on the bill?

Mr. McNARY. As a Member of this body I have followed the practice for a good many years never to try to impose upon the Senate a unanimous-consent agreement to limit debate until there has been a full discussion. I plead with the Senator to let the unanimous-consent proposal submitted by me be entered into; and if Monday shall be consumed by speeches on the treaty, then the bill may be considered and passed on the next day or the day following. I ask that my unanimous-consent request be put.

The PRESIDING OFFICER. There is a motion pending, which is the motion of the Senator from Tennessee to consider House bill 7966. Does the Senator from Tennessee withdraw the motion?

Mr. McKELLAR. No, Mr. President. Let the motion be put.

The PRESIDING OFFICER. The question is on the motion of the Senator from Tennessee.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

Mr. McNARY. Now, Mr. President, I renew my request for unanimous consent that the consideration of the bill be postponed until Monday next at 12 o'clock noon, and that it be considered at that time.

The PRESIDING OFFICER. The Senator from Oregon submits a request for unanimous consent that House bill 7966 be considered at noon on Monday next. Is there objection?

Mr. LEWIS. Mr. President, I cannot allow this understanding to go through on the theory that I am abandoning the promise made to Senators on the other side, beginning with the eminent Senator from Nebraska [Mr. NORRIS], who have given notice that they will speak on the treaty on Monday. I myself have given such a notice, and others on this side, in fact, I may say on both sides of the controversy, have also done so; and I would not have the eminent Senators now entering into the present plan assume that those notices are being abandoned. I take it that those Senators are entitled to proceed, and I have announced the circumstances so that the able Senators from Oregon and Tennessee may reckon with them.

Mr. McNARY. This unanimous consent, if agreed to, will in no wise interfere with the unfinished executive business; debate may continue on the treaty on Monday until it shall have been completed; but, in the meantime, in order to postpone the consideration of this bill today, I am asking that, as the unfinished legislative business, it be taken up at 12 o'clock noon on Monday next.

Mr. McKELLAR. Mr. President, I should like to include in the unanimous-consent request a provision that when the Senate concludes its business today it recess until 12 o'clock Monday.

The PRESIDING OFFICER. Is there objection?

Mr. NORRIS. Mr. President, I have been out of the Chamber and have just returned. I am wondering whether there is anyone to speak on the treaty except the Senator from Illinois [Mr. LEWIS] and myself? We have given notice of our intention to speak on Monday.

Mr. McNARY. The Senator from New York [Mr. WAGNER] and the Senator from Louisiana [Mr. OVERTON] will speak.

Mr. NORRIS. I was wondering if there is going to be a conflict among us. Would it not be well for us to meet Monday at 11 o'clock?

Mr. McNARY. That was suggested yesterday, and the Senator from Michigan [Mr. COUZENS] made objection. It is understood that the Senator from Nebraska [Mr. NORRIS] will speak first on Monday.

Mr. NORRIS. Very well.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon as modified by the Senator from Tennessee? The Chair hears none, and it is so ordered.

RELIEF OF GOVERNMENT EMPLOYEES IN FOREIGN COUNTRIES

Mr. PITTMAN. Mr. President, there is on the calendar a bill which I think should be taken up immediately by the Senate. It is a bill which passed the House sometime ago. It provides authority for the President to compensate employees of our Government in foreign lands for losses by reason of depreciation in the exchange value of the dollar.

The situation is quite serious. I think nearly every Senator knows how serious it is without its being necessary for me to go into the matter in detail at this time. For instance, in the case of our Foreign Service officers and employees in Italy, as shown by the correspondence, the exchange value of their money is only about 40 percent of its American value. The correspondence indicates that, as a consequence, a great many of those employees are compelled to live in the consulates and the embassy. The bill was considered by the full Committee on Foreign Relations and, with one slight amendment, was approved by the entire committee.

I ask unanimous consent for the immediate consideration of the bill at this time.

The PRESIDING OFFICER. The title of the bill will be stated.

The CHIEF CLERK. A bill (H.R. 7808) to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nevada?

Mr. McKELLAR. Mr. President, may I ask if such an agreement would supersede the agreement as to the unfinished business?

Mr. McNARY. Mr. President, of course if the bill referred to by the Senator from Nevada is made the unfinished business and its consideration should not be completed by Monday noon, it would supersede the other measure as the unfinished business.

The Senator from Idaho [Mr. BORAH], former Chairman of the Committee on Foreign Relations, stated to me a few days ago that he wants to be present when the bill is considered by the Senate. I think I should suggest the absence of a quorum in order to have him here.

Mr. PITTMAN. I was not aware the Senator from Idaho desired to be present. He voted in the committee for a favorable report on the bill.

Mr. McNARY. That may be. He may have changed his views or he may want to submit some expression of his present attitude. If the Senator presses his request, I shall feel compelled to suggest the absence of a quorum.

Mr. FESS. Mr. President, I was present at the meeting of the committee, but I do not think the Senator from Idaho [Mr. BORAH] was present. That is my recollection. I expressed myself at the time as believing that the bill ought to be considered and passed, but I reserved the right to say something on the floor of the Senate when the bill came up for consideration, because it relates to a condition resulting from the devaluation of the dollar.

Mr. PITTMAN. Very well. I submit my request.

Mr. McNARY. I have no objection at all to the Senator's submitting his request. I merely want to protect the interests of the Senator from Idaho [Mr. BORAH], and I am going to suggest the absence of a quorum if the Senator insists upon submitting his request. If the Senator from Idaho appears, then we can go forward with consideration of the bill.

Mr. PITTMAN. I think that is a good idea.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Dill	Kean	Pope
Bachman	Duffy	Keyes	Reed
Bulkley	Erickson	La Follette	Reynolds
Bulow	Fess	Lewis	Schall
Byrd	Fletcher	Lonergan	Sheppard
Byrnes	Frazier	McCarran	Steiwer
Capper	George	McKellar	Thomas, Utah
Caraway	Gibson	McNary	Townsend
Carey	Glass	Metcalf	Trammell
Clark	Goldsborough	Murphy	Tydings
Connally	Hale	Neely	Vandenberg
Copeland	Harrison	Norris	Van Nuys
Couzens	Hatch	O'Mahoney	Walcott
Dickinson	Johnson	Pittman	White

The PRESIDING OFFICER. Fifty-six Senators have answered to their names. A quorum is present.

Mr. PITTMAN. I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House bill 7808.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, I objected a moment ago because of the absence of the senior Senator from Idaho [Mr. BORAH]. I have been informed by him that he will be unable to be present this afternoon, but that he has no objection to the present consideration of the measure.

There being no objection, the Senate proceeded to consider the bill (H.R. 7808) to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes, which had been reported from the Committee on Foreign Relations with an amendment.

Mr. PITTMAN. Mr. President, I send to the desk a letter from the Secretary of State, which I ask to have read.

The PRESIDING OFFICER. Without objection, the letter will be read.

The Chief Clerk read as follows:

DEPARTMENT OF STATE,
Washington, February 8, 1934.

The Honorable KEY PITTMAN,
Chairman Foreign Relations Committee,
United States Senate, Washington, D.C.

MY DEAR SENATOR PITTMAN: As you already know, the decline of the dollar in its relation to foreign currencies on the international exchanges has reduced its purchasing power in terms of foreign currency in many parts of the world by over 50 percent. For a time, the President, through the shipment of gold abroad and the conversion of salary checks and drafts of officers and employees abroad at approximately mint par, sought to remedy the situation, but the revaluation of the dollar on January 31, 1934, has made that impracticable. Since February 1 no officer or employee of the Government has been able to obtain any pay except by a loss of from 40 to 50 percent of the amount of foreign currency which his salary was intended by Congress to purchase. This situation came after Congress, by its economy legislation, had abolished the greater portion of all supplemental allowances of members of the Foreign Service. Obviously it will be impossible to prevent the complete disintegration of the Service at an early date unless Congress shall speedily provide ample appropriations which will permit the restoration of the former normal purchasing power of all salaries and allowances of officers and employees of the Government in foreign countries. This applies not only to ambassadors, ministers, consuls, Foreign Service officers, and other employees under the Department of State, but it applies equally to the officers and employees of the Departments of the Treasury, Navy, War, Commerce, Agriculture, and Labor, and of certain independent establishments which maintain employees in foreign countries. There is no question of increase of pay involved. The matter to be dealt with is the restoration to their former normal purchasing power of the salaries and allowances fixed by Congress or by lawful regulation.

I am transmitting herewith a draft of a bill authorizing appropriations for the purpose indicated. The bill is submitted in accordance with the desire of the President, and it has the approval of the Director of the Budget. I greatly hope that you will be able to secure the passage of this measure by the Senate at the earliest possible moment, in order that the deplorable conditions existing among the officers and employees of the Government in foreign countries may be remedied without delay.

I have addressed a like communication to the Honorable Sam D. MCREYNOLDS, chairman of the Committee on Foreign Affairs of the House of Representatives.

Sincerely yours,

CORDELL HULL.

Mr. PITTMAN. Mr. President, there are other letters here from ambassadors and consuls in support of the statements made in this letter. I consider it unnecessary to have them read, however, unless someone desires to have that done.

I ask to have the amendment of the committee stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, line 9, after the word "Government", it is proposed to strike out "except the Comptroller General of the United States", so as to make the bill read:

Be it enacted, etc., That there are authorized to be appropriated annually such sums as may be necessary to enable the President, in his discretion and under such regulations as he may prescribe and notwithstanding the provisions of any other act and upon recommendation of the Director of the Budget, to meet losses sustained on and after July 15, 1933, by officers and employees of the United States while in service in foreign countries due to the appreciation of foreign currencies in their relation to the American dollar, and to cover any deficiency in the accounts of the Treasurer of the United States, including interest, arising out of the arrangement approved by the President on July 27, 1933, for the conversion into foreign currencies of checks and drafts of officers and employees for salaries and expenses: *Provided*, That such action as the President may take shall be binding upon all executive officers of the Government: *Provided further*, That no payments authorized by this act shall be made to any officers or employees for periods during which their checks or drafts were converted into foreign currencies under the arrangement hereinbefore referred to: *Provided further*, That allowances and expenditures pursuant to this act shall not be subject to income taxes: *And provided further*, That the Director of the Budget shall report all expenditures made for this purpose to Congress annually with the Budget estimates.

Mr. FESS. Mr. President, all accounts of expenditures provided for by legislation, except where we make exceptions in cases like the Agricultural Adjustment Act, must pass under the eye of the Comptroller General. I thought provision for that ought to be included in this bill. The chairman of the committee stated in the committee, however, that the devaluation of the dollar was not uniform—that is, that it did not act uniformly in all countries—and not only that, but that it was not uniform over any particular period, and that if the Comptroller General had to approve every payment made from month to month the matter would be very complicated. I think probably that is true.

I dislike exceedingly to see any deviation from the usual rule made in legislation, so that payments may be made without being approved by the Comptroller General, as he is required to do under the law; but if the statement made is correct—and I am rather of the opinion that it is—we may be justified in not taking the view that the House took, which was that the Comptroller General should be required to approve these payments.

For that reason I shall not resist the amendment that has been reported by the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. PITTMAN. Mr. President, there is one other amendment. It is suggested here that on line 8, page 1, after the word "officers", the words "enlisted men" should be inserted.

The PRESIDING OFFICER. Without objection, the amendment will be agreed to.

Mr. FESS. Mr. President, before we vote on the bill I desire to repeat what I said in the committee, that while I thought the bill should pass, attention should be called to the reason why this situation exists.

It grows out of the policy of devaluing the dollar, or of depreciating the currency. I am convinced that the bill ought to pass, because I have communications from persons in the Consular Service who tell me that they positively cannot subsist under the present purchasing power of the dollar in the particular countries where they are stationed. For that reason I think it would be very unfair and unjust from every standpoint for us to work this injury upon our people who are serving in foreign countries. Therefore, the

policy of devaluation having been entered upon, there is nothing else left for us to do; but I raise the question of the unwisdom of that policy, which I tried to express at the time we enacted it.

The time will come when what we are doing now for Americans living in foreign countries will be demanded of us on behalf of those who live in this country, because if the devaluation of the dollar will have the effect, as it was supposed that it would, of halving the purchasing power of the dollar, or halving the measuring unit, it will result in doubling the cost of living, and we will face the same situation at home when that policy gets in perfect working order in this country.

I am calling attention to what I regard as the very unwise policy of undertaking to increase the wealth of the country by an overnight decree, as a result of which we go to bed with a record of the Treasury possessing $3,000,000,000 of gold, and get up in the morning and find a record of twice that value of gold in the Treasury, without a single red penny having been added to the actual wealth of the country.

I do not think we can continue on that basis. While I am not going to resist the passage of this bill—it must pass—I do think the policy that made it imperative was a very unwise one.

Mr. REED. Mr. President, when the Thomas amendment was agreed to a year ago, it was very generally prophesied on this side of the aisle, as well as by the senior Senator from Virginia [Mr. GLASS] that a resort to any of the methods of inflation provided in that amendment would produce a series of results such as that called to our attention today by the pending bill.

The experience of France and of Italy, and of the countries of central Europe, had all shown that the reduction of the gold content of their money units was followed by just such adjustments as this act typifies. The devaluation of the dollar as of those currencies was reflected immediately in foreign exchange rates, and immediately in the prices of commodities like tin, rubber, hemp, and the other things which we ourselves do not produce and which we must import. To that extent the cost of living in dollars rose the very moment President Roosevelt debased the currency of the United States.

Inevitably, the cost of living rose instantly in the case of all Americans living abroad on incomes derived from this country. We made their problem harder by the terms of the economy law a year ago. For example, the American Battle Monuments Commission had about a dozen officers working in France completing the work in the military cemeteries and on the battlefield monuments. Those young men found that the purchasing power of their American dollar went down 40 percent as a result of its debasement. They found that their salaries were affected by the cut provided in the economy law. Another 15 percent was taken away from them through that act.

The "pay freeze", as it was called in the Army, prevented their receiving the pay which was given them by the pay act of 1922, and, all told, those cumulative reductions in their pay amounted in some cases to approximately 60 percent of the compensation on which those men and their families were living. Some of them actually found that their American pay, after these reductions, was not sufficient even to pay the rent for their quarters abroad, not to mention the cost of subsistence and their families' expenses.

It is a safe prophecy, because the experience of other countries has proved it over and over again, that the conditions which we are trying to correct by the pending bill will, after a comparatively short lag, be reproduced in this country for everyone who is living on a fixed income. The pensioners of this Government will be forced to come to Congress for a 60-percent increase in the compensation they are receiving as a result of their disabilities. The employees of the Government will be forced to come to Congress for a 60- or 65-percent increase in their pay, so that they may be on even terms with their situation before the debasement of our money took place. The employees of every private citizen of the United States, the employees of every firm and of every factory, will, by the nature of the case, be forced to demand a similar increase.

France debased her currency 80 percent, and as a result, following as surely as day follows night, every working man and woman in France had to insist on a 5 to 1 pay increase. Their pay had to be multiplied by five to enable them to enjoy the same standard of living they had before France was driven off the gold standard. Inevitably that will happen here, but it happens with unequal rapidity.

The men for whom this bill has been introduced are having the situation corrected for them first of all. But how about others? How about the working people who are unorganized, who cannot bring any collective pressure to bear upon their employers? How long will the lag be before the situation is corrected for them? Until it is corrected, this debasement of our currency is stealing from them 40 cents out of the value of every dollar they are paid.

Mr. President, when we said all this a year ago, when the Thomas amendment was pending, and when we said it again in January last, when the administration's gold bill was pending, it was stated that we were crying "Wolf!", that we were picturing things which would not happen. But here they are. Here is exhibit no. 1 of the consequences of the Democratic administration's inability or unwillingness to keep the promises on which it got itself elected to power.

The Democratic Party promised us a sound currency, to be maintained at all hazards, and at the very first appearance of the tiniest hazard, down goes our American dollar. It is made unsound. The promise is ignored, or covered over by administration propaganda. The promise is forgotten except by a few of us who recur to the Democratic platform. Now the country is beginning to reap the whirlwind.

It is a sure prophecy that during the next 5 or 6 Congresses numberless bills like that now pending will be introduced, seeking to correct belatedly the injustice that is done to the working people, to the pensioners, and to other people in the United States who are living on fixed incomes, because all those people have been robbed by the breach of the campaign promise to which I have referred.

Mr. PITTMAN. Mr. President, there are two other amendments of a nature similar to the other, first, on page 2, line 11, after the word "officers", to insert the words "enlisted men."

The CHIEF CLERK. On page 2, line 11, after the word "officers", it is proposed to insert a comma and the words "enlisted men."

The amendment was agreed to.

Mr. PITTMAN. Also, on page 2, line 6, I propose the same amendment.

The CHIEF CLERK. On page 2, line 6, after the word "officers", to insert the words "enlisted men" and a comma.

The amendment was agreed to.

Mr. PITTMAN. Mr. President, I am debarred from the opportunity of attempting to answer my distinguished friend, the Senator from Pennsylvania.

Mr. REED. Is there an answer?

Mr. PITTMAN. Yes; but I cannot afford to filibuster against my own bill, and I would rather take another time to start a debate on that subject. The question of the depreciation of the currency is a very interesting subject, but I should like very much to have a vote on the pending bill.

Mr. REED. If the Senator will pardon me, I hope the time for the debate to which he refers will come soon, because I should welcome it. Perhaps we could arrange it for Monday.

Mr. PITTMAN. Not for Monday, because I want to speak on the treaty on Monday; and as we are to vote on the treaty on Wednesday, the time for debate is getting quite short.

But I should enjoy such a debate any time after Wednesday, because I always enjoy listening to the Senator speak.

The PRESIDING OFFICER. If there be no further amendments to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

CARRYING OF AIR MAIL BY THE ARMY

Mr. McKELLAR. Mr. President, if I may have the attention of the Senator from Oregon [Mr. McNARY] for just a moment, while we are not to have a vote this afternoon on House bill 7966, which is the unfinished business, and which it was agreed should go over until Monday, would the Senator be willing, since only one amendment was reported by the committee, to have that acted on, and then have the Vandenberg amendment considered, so that that can be acted on this afternoon?

Mr. McNARY. Mr. President, I obtained unanimous consent for the consideration of the bill on Monday. I have conferred with the Senator from Michigan, and he is willing to present his amendment today. If we may have an understanding that if these two amendments shall be acted upon, and any objection shall be raised on Monday, the votes by which the amendments were agreed to may be reconsidered, I shall have no objection.

Mr. McKELLER. That will be entirely satisfactory to me. I ask that the committee amendment be stated.

The CHIEF CLERK. On page 3, after line 10, it is proposed to insert a new section, as follows:

SEC. 6. The Postmaster General shall make a report to the Congress of every payment made by him under this act, including the cost of transporting the mail by the War Department, on the first day of the next session of the Congress.

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to insert at the proper place the following:

Provided, That this authority shall not be used unless and/or until such airplanes shall be fully equipped with the special equipment necessary by standard practice for safe night and day air-mail transport; and that pilots shall not be assigned to such airplanes unless and/or until fully and adequately trained in the use of such special equipment.

The amendment was agreed to.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. PITTMAN. Mr. President, I was under the impression that on yesterday I had given notice that on Monday I would discuss one phase of the problem of the Great Lakes-St. Lawrence Deep Waterway Treaty. I find that I have not done so, and I now announce that following those Senators who have heretofore given notice, I will seek an opportunity to address the Senate on that subject.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. BYRD in the chair), as in executive session, laid before the Senate messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

RECESS

Mr. McKELLAR. Mr. President, in conformity with the unanimous-consent agreement already entered into, I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 3 o'clock and 47 minutes p.m.) the Senate, in accordance with the order previously entered, took a recess until Monday, March 12, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate Saturday, March 10 (legislative day of Wednesday, Feb. 28), 1934

PUBLIC HEALTH SERVICE

The following-named officers in the United States Public Health Service, to rank as such from the dates set opposite their names:

TO BE MEDICAL DIRECTORS

Senior Surg. Harry J. Warner, April 4, 1934.
Senior Surg. Robert Oleson, April 9, 1934.
Senior Surg. Charles M. Fauntleroy, April 20, 1934.

TO BE SENIOR SURGEONS

Surg. Knox E. Miller, March 3, 1934.
Surg. Joseph G. Wilson, March 3, 1934.
Surg. Clifford E. Waller, March 4, 1934.
Surg. Charles V. Akin, March 4, 1934.
Surg. John H. Linson, March 5, 1934.
Surg. Newton E. Wayson, March 6, 1934.
Surg. Frank M. Faget, March 6, 1934.

The above-named officers have passed the examination required by law and the regulations of the Service.

APPOINTMENT AND PROMOTIONS IN THE NAVY

MARINE CORPS

Maj. John Dixon to be a lieutenant colonel in the Marine Corps from the 1st day of March 1934.

First Lt. James B. Hardie to be a captain in the Marine Corps from the 1st day of March 1934.

Second Lt. William R. Williams to be a first lieutenant in the Marine Corps from the 1st day of March 1934.

Second Lt. Roger T. Carleson to be a first lieutenant in the Marine Corps from the 1st day of March 1934.

Second Lt. Frank C. Dailey to be a first lieutenant in the Marine Corps from the 1st day of March 1934.

Douglas C. McDougal, Jr., a citizen of California, to be a second lieutenant in the Marine Corps, revocable for 2 years, from the 8th day of March 1934.

HOUSE OF REPRESENTATIVES

SATURDAY, MARCH 10, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Father in Heaven, as the sons of God, we rejoice in that Name which is above every name. The Name of wonder, uniting the sweetest virtues, the gentlest manners, the purest wisdom, and the truest love ever known to man. Blessed Lord God, we thank Thee. By Thy grace enable us to bear everything that will do us good, everything that will make us greater, and everything that will enlarge the landscape of our lives. O keep us from immoderation of desire and from all wrong motives. We most earnestly pray Thee that we may be spared from the saddest experience of earth, namely, in which aspirations are prostrate, in which splendid purposes have fallen like broken columns and hopes lie dead. Heavenly Father, be our light in the darkness, our friend in loneliness, our bread in hunger, and our guide in each critical emergency. In the name of Jesus Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

ACTING CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House:

HOUSE OF REPRESENTATIVES,
CLERK'S OFFICE,
Washington, D.C., March 9, 1934.

Hon. HENRY T. RAINEY,
House of Representatives, Washington, D.C.

DEAR SIR: Desiring to be temporarily absent from my office, I hereby designate Mr. H. Newlin Megill, an official in my office, to sign any and all papers for me which he would be authorized to sign by virtue of this designation and of clause 4, rule III, of the House.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

NEEDLESS SACRIFICE OF LIFE OF ARMY AVIATORS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED of New York. Mr. Speaker, the Nation again stands aghast. Ten Army aviators have paid the price of political incompetency with their lives. Ten young Army officers have now been killed, not because they lacked skill in the technique of aviation, but because they were called upon to discharge a service without the equipment necessary to meet the dangers and extraordinary hazards incident to the task assigned to them.

A review of the past record made by our air-mail pilots clearly demonstrates that men, if given a fair chance, need not be sacrificed in this ruthless manner. Let us examine the record. The total number of miles flown by the air-mail pilots during the fiscal year 1933 was 35,909,812. This, in the aggregate, is equal to 1,436 trips around the world. The daily schedule for the air mail was 27,062 miles. These routes are more hazardous as a whole than the daily routes flown in any other country in the world.

Years have been required for our mail pilots to master the difficulties of these dangerous routes, many of them over precipitous mountain ranges, over vast stretches of desert, inland lakes, and vast expanse of ocean. Yet, the air pilots, because of experience and the benefit of proper equipment, have surmounted all obstacles with a minimum loss of life. The best evidence of this is the record of 36,000,000 miles flown in 1 year with only 8 fatalities to pilots. The death of 1 pilot to each 4,488,726 miles flown is the official record.

The time for legislative action to have stopped the indefensible sacrifice of human lives was when the Postmaster General issued his arbitrary and unauthorized order. Further delay by Congress will not be tolerated by an outraged public.

Why is legislative action imperative at this time? It is because you who live in the South have little conception of the cold which aviators in open planes have to endure in the northern area. The most severe blizzards and the most intense cold are yet to come in the North. I warn you men who seek to defend the Postmaster General and to minimize his official blunder that if he is permitted to continue his inhuman program, the death toll per week will be far greater in the future than it has been in the past.

I opposed by my vote surrendering a branch of the national defense and placing it in the hands of the Postmaster General. I am opposed to the wanton sacrifice of human lives in an effort to prejudge and punish commercial enterprises for alleged irregularities.

We have courts to determine the guilt of those charged with fraud, if it can be proved. There is not one mitigating circumstance to justify the action taken by the Postmaster General, which has already caused the death of 10 men. These young Army officers who have been sacrificed deserve the highest praise of their countrymen. The official who sent them to their untimely death has no defense. He stands condemned before the bar of outraged public opinion.

These lives could have been saved had the timely advice of Col. Charles A. Lindbergh and Capt. Eddie Rickenbacker been heeded. Each of these distinguished and experienced aviators saw the danger and sought to prevent it. The officials of this administration treated their communications with contempt and ridicule. When Postmaster General Farley issued his dictatorial and arbitrary order canceling the air-mail contracts, Colonel Lindbergh promptly and courageously wrote to the President and urged that a safe policy be pursued to prevent this needless program of manslaughter. Because Colonel Lindbergh exercised the right of an American citizen by pointing out the danger of the policy which had been adopted, he was charged with seeking publicity. It might not be out of place at this time to call the attention of the House to the fact that not infrequently when suggestions have been made by citizens in an honest effort to be helpful to the administration, officials of the Government have often met these suggestions with volleys of abuse and threats of reprisal.

Public indignation over the recent wanton sacrifice of young lives has been aroused to so high a pitch that even the present-day machinery of political propaganda, powerful and far-reaching as it is, can neither smother nor subdue it. The gravity of the situation has now become a matter of national concern in which the Congress has a duty to perform. The outraged citizens of this country expect this legislative body to discharge this duty and do it now.

Many of the legislative powers of Congress have been abrogated and surrendered, but it has still sufficient power and, I believe, self-respect to stop immediately this sacrifice of human lives. There is no man or woman in this Nation so selfish or so unsympathetic as to expect his Government to put Army pilots into defective and unsuitable planes and then send these young men to their death in an effort to deliver air mail. The air mail ought to be suspended this very day by proper legislative action until arrangements can be made to provide planes properly equipped to meet the dangers and hazards of this particular field of public service.

ARMISTICE DAY

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my own remarks by including an address delivered by me on Armistice Day to the war veterans at Huntington Park, Calif.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. KRAMER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by me before American war veterans on the occasion of the hoisting of the American flag at the cities of Maywood and Huntington Park, Calif., November 11, 1933.

Fifteen years ago today an order went forth from behind the American and allied lines in France to cease firing. This was the command that was heard around the world. The words "cease firing" reverberated in every city, hamlet, and village in the world.

Never before in the history of civilization have words been spoken that brought so much joy and happiness to millions of people, old and young, throughout the world, as these two momentous words.

Nation after nation had been drawn into this terrific conflict between the forces of militarism and democracy. Millions of lives had been sacrificed and billions of dollars wasted—the world went wild, literally speaking, at the news that the armistice had been signed and the war was over.

Armistice Day is the most sacred of all days that have ever been set aside for remembering the things that have passed. Each passing year finds Armistice Day growing more sacred in the eyes of the world—each passing year finds all of us realizing more and more what we owe to our brave comrades who journeyed to France and the battlefields to fight for a great cause. Many of them gave their lives in order that their loved ones and these great United States might live and endure.

The one great duty that we all owe in this celebration of Armistice Day is to the soldiers and sailors who fought the fight that kept America "the land of the free and the home of the brave." When the call went forth for soldiers 16 years ago, there were no questions asked as to their political party or their creed—it made no difference then whether they were Democrats or Republicans, Jews or Gentiles, white or black.

Their marvelous enthusiasm resulted in an unsuspecting Nation later having prohibition foisted upon it, while the people were devoting their energies to taking care of and finding jobs for the soldiers and sailors who returned home, and who, in many instances, found other men and women doing their work.

Every ex-service man, soldier or sailor, is entitled to consideration in finding employment in order to take care of his family, to make an honest living, and to keep body and soul together;

every ex-service man who was disabled during the war and is unable to find employment now is entitled to a pension; and you may rest assured that I shall give my full cooperation in helping him secure it. I want to see every disabled ex-service man receive the compensation he so justly deserves, and I want everyone of you to know and realize that you can count on my support at any and all times.

We have a few veterans here from the Civil War, we have several from the Spanish-American War, and many from the World War. To me it is one of the most inspiring things in my life to feel that I am here, talking face to face with so many brave men on Armistice Day who on three separate occasions were willing to go forth and die that their country and democracy might live.

I felt happy a year ago that I was able, with the fine assistance and cooperation of a few splendid friends, to help secure food and living quarters for the remnants of the bonus army when they returned here after their march to Washington. We are now waging a fight equally as important to all of us—a fight on depression.

We have a wonderfully brave leader in President Roosevelt. He is working day and night in an effort to lead us to victory in this fight on depression. As Assistant Secretary of the Navy during the World War, he was a brave and tireless worker and rendered heroic services to his country at that time. He is now devoting his entire time to helping you and me. He must have our full cooperation in order to win. There should be no party lines in this fight; we should be just 100-percent Americans in this great battle of today. Our President needs the help and cooperation of each and every one of us to win; every red-blooded American should rally to his call. We are gradually winning this battle, but it will be easier to win if we all give our President our loyal and whole-hearted support.

Let's all get behind the national recovery program and make it a complete success. If there are a few things in it that you do not like, just stop a moment and realize that there are many other features in it that you do like—and that the one governing motive behind the entire movement is to make conditions better for us all. It is vitally essential that President Roosevelt have the full cooperation of all the American people. A nation divided against itself cannot stand.

Friends, I feel highly honored in being instrumental in presenting to you an American flag which has flown from the United States Capitol in Washington. It is a gift from Washington to the veterans and to the people of Huntington Park. I am happy in the thought that it forms an unbreakable connecting link between Washington and Huntington Park. I am sure the people of Huntington Park will feel closer to Washington than ever before.

I should like to add also that this flag bears a personal message from President Roosevelt to all of you assembled here today.

So let's all get busy and show our appreciation of this gift of Stars and Stripes, by helping our President rout old man depression; and let's all do our part for the N.R.A.

One of our greatest Americans, during the time of a national crisis, when pleading support and cooperation, said "Liberty and union, one and inseparable, now and forever."

To me, this is what the N.R.A. stands for.

MYTHICAL MOUNTAINS OF SILVER

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to insert in the RECORD a radio speech I made last evening on the subject of silver.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address delivered by myself over the system of the National Broadcasting Co., at Washington, D.C., Friday evening, March 9, 1934:

Fellow Citizens: Under what may strike you as the rather odd but nevertheless fitting title of "Mythical Mountains of Silver", I want to make a single and simple contribution to a very old issue, which has again come strongly into the foreground of national consideration, the question of the remonetization of silver.

The remonetization of silver, again adding silver to gold in the monetary system of the country, a place which it held for 80 years, is no longer, as it was in 1896, a largely sectional issue, with the West for it, and the East against it, and the South marking time. The demand for the remonetization of silver, at least for a greatly enlarged use of silver as primary money, is now Nation-wide, and with a greater display of zeal in these new fields of support than in some sections of the old battle fronts of the West, which made silver a national issue in the days of Silver Dick Bland and Bryan.

I am not going to discuss the theory or the mechanics of bimetallism. I am not going to argue for the remonetization of silver at the familiar ratio of 16 to 1 with gold, or at any other ratio. I am merely going to present some facts as to the quantity of available silver, with some comparative figures of gold supply, and allow you to draw your own conclusions.

It is the prevalent idea that there are such vast quantities of silver available, and produced so plentifully and cheaply, that to remonetize it would unloose upon the country such a flood of cheap and easy money as to dangerously inflate and debase the currency of the country and ultimately plunge it into economic disaster, if such a thing is possible atop the historic disaster that we are still in.

Silver is pictured in the national mind as lying in great white glaciers in the gulches of the mountains of the West. Demonetization of silver is the dam which protects the country from the inundating flood. It is the idea of those who want to do something for silver, to use the current phrase, to cut a sluiceway in this protecting dam, discharging a regulated quantity into the channels of the national currency, just enough to dilute it, not wash it away.

As illustrative of this viewpoint, I want to begin by quoting from a speech on the monetary system made in the House a few days ago, and then I want to tell one nearly as bad on myself. I want to quote the very able gentleman from Maryland, Mr. GOLDSBOROUGH, whose speech was an education on our monetary system, except silver, as embodying the prevailing view held by those who favor the use of silver in the metallic-money base but fear the creation of a silver Frankenstein which would ultimately destroy its creator.

The gentleman from Maryland said—and I read from the RECORD:

"I am not one of those who has any prejudice whatever against silver being used as a basis for the issuance of currency; but just as I would be afraid of issuing greenbacks without any sort of a metallic base, I think, in view of the fact that silver can be produced at a tremendous rate, probably we ought to use some caution in order to avoid an unhealthy inflation. I was about to suggest that it would be a perfectly wholesome thing to do for the Government to purchase at least a billion and a half dollars of silver at 75 cents an ounce and use that as the basis of an issue of a billion and a half dollars. Just whether I would be willing to start right off on a bimetallic basis at a given ratio of, say, 16 to 1, I am not prepared to say. But if I were not, it would only be for the reason that we are looking for social justice, and something might happen which would not be fair to the creditor class."

Noting particularly the statement of the gentleman from Maryland that the Government might purchase at least a billion and a half dollars of silver, at 75 cents an ounce, which would be 1,875,000,000 ounces, and use that as the basis of an issue of a billion and a half dollars, I want to relate something on myself that perhaps a Representative of a silver State, assuming at this time to be able to contribute anything of value on that subject to the knowledge of the country, might feel hesitant to admit.

Shortly after the election of 1932, while reflecting upon the question of the payment of the adjusted-service compensation, commonly known as "the bonus", the idea occurred to my mind that as part of the source of revenue necessary to be raised, the Government might purchase a billion ounces of silver at the then prevailing market price of about 28 cents an ounce and issue a billion dollars worth of silver certificates against it and pay out these certificates in exchange for that amount of adjusted compensation certificates. I happened to be in Denver at that time and it occurred to me as advisable before springing any such proposition to try it out on former United States Senator Frank J. Cannon, of Utah, who has since died, but who was at that time, and for many years prior, the head of a national bimetallic association at Denver and a recognized national authority on bimetallism. It was a very brief interview. As soon as I mentioned the billion ounces of silver, Senator Cannon cut me short with the question: "Where in heaven's name are you going to get a billion ounces of silver? Why, man, there isn't a billion ounces of silver available in the world."

I thought of that interview as I listened to the gentleman from Maryland and I wondered how many Members of Congress might be listening, with perhaps the thought in mind that the great quantity of silver mentioned, nearly 2,000,000,000 ounces, would make only a dent in the vast available mountains of the white metal; and it occurred to me that if I could marshal some facts going to show the fallacy of the wide-spread idea of such vast quantities of the white metal, it would be a worth-while contribution.

Now, let me quote you a contrary view as to the quantity and productivity of silver and let me quote it from the mouth of an opponent of silver and of remonetization, so you will have both sides of the picture before you. Perhaps when I say that this contrary view was published by a New York and Washington financial correspondent, it would be superfluous to add that he is not in favor of anything in the form of money which is not securely anchored to and based upon the sacred gold standard. His article, appearing a short while ago in a Washington paper, is headed "Silver Agitation Growing. The Claim That It Will Help Western Recovery Is Belied by Facts." And what are his facts? Briefly, that there will not be a sufficient silver production even to materially benefit the silver-mining industry, to say nothing of making any appreciable contribution to the volume of circulating medium in this country. After stating this proposition generally and much to the discredit of the western advocates of bimetallism, this writer says:

"Let me be more specific. In 1931 the silver production of the United States, according to the report of the Director of the Mint, was approximately 31,000,000 fine ounces. At 29 cents an ounce, the average price for the year, the total value of the product, therefore, was a little under $9,000,000. In 1930 we

produced some 50,000,000 fine ounces and the aggregate value was about $20,000,000. The greatest production we ever had was in 1915 with 75,000,000 ounces.

"It is evident that by no stretch of the imagination can an industry that has only this amount of output be considered a major factor in our economic system. Suppose the price of silver was driven up to a dollar an ounce. The total value of the output, granting we equaled our greatest former production, would be only $75,000,000—an utterly insignificant amount as we deal in funds in this country. It would, in fact, be substantially less than the deficit of the Federal Government for the first week of this month."

Now, fellow citizens, this Washington writer comes much nearer the truth as to the production and quantity of silver available for coinage than the opposite view that it can be taken out of the bowels of the mountains of the West with steam shovels and loaded on trains for the mint. He advances a proposition, to which I want to give assent, that in this dire monetary emergency, this money famine, for that is what it is, the remonetization of silver alone, the throwing of the mints of the United States open to every ounce of silver that can be brought in, would not operate with sufficient speed to supply the country with a sufficient volume of money to revive commerce, and would not appreciably swell the total volume of our currency for many years. We need bimetallism as a permanent, not an emergency, monetary policy.

Supposing the President had thrown the mints of this country open, not merely to 24,000,000 ounces of domestic silver a year, as he did a few weeks ago, but to 100,000,000 ounces a year, what would happen? In the first place, he would not get the 100,000,000 ounces, and in the second place, if he did, the country would not know that it had happened, any more than it would know if the Federal Reserve banks were to retire in one day $100,000,000 worth of bonds with $100,000,000 worth of Reserve bank notes. Did you know, for example, that the latest Treasury report shows that money in circulation in this country had shrunk $350,000,000 in February, or more than $5 per capita of population?

Now before dropping the silver article of the Washington correspondent, let me direct your attention to a singular statement it contains, the statement that "it is evident that by no stretch of the imagination can an industry that has only this (limited) amount of output be considered a major factor in our economic system." There is certainly a novel yardstick for you for the measurement of a monetary metal and its value as money in the national economy. Measured by that yardstick, we should stop the mining of gold. Colorado is among the few gold-producing States in the Union and one of the five largest producers, including Alaska, yet in Colorado the annual value of the gold output is less, far less, than that of agriculture, far below sugar beets, or livestock, or even hay. Why should we mine and coin a metal like gold, which is only a minor industry in a half dozen States of the Union?

It has taken 2,000 years for the entire world to accumulate less than $20,000,000,000 worth of these two metals. They represent not 1 percent of the wealth of the world in intrinsic value. Their need and value as a measuring stick of values and medium of exchange, are to be determined by no such test.

But let me be on with the quest for the big rock candy mountains of silver.

Now, having in mind the proposition of the gentleman from Maryland that the Government purchase a billion and a half dollars worth of silver, and my proposition that it purchase a billion ounces of silver, to say nothing of bills pending in Congress to purchase two billion ounces of silver, and I have seen such bills, let us turn to statistics as to the actual quantity of silver available.

I shall begin by quoting an outstanding authority on silver production, not only in this country, but in the world. I refer to Mr. F. H. Brownell, of Seattle, chairman of the board of the American Smelting & Refining Co., to whom, as the result of 30 years' experience as head of the greatest silver refineries and dealers in the world, the silver production of the world is a chart on the wall. Before the House Committee on Coinage, in February 1933, Mr. Brownell stated that doubling of the price of silver—it was then about 30 cents an ounce—could not possibly bring into the market in excess of 350,000,000 ounces as a maximum and that he did not believe it would bring that, because other countries would start purchasing at the same time, and that in his opinion it would require a period of 5 years for the Government to acquire 650,000,000 ounces.

I have not the time now to go into the details of Mr. Brownell's testimony, showing the sources and quantities of silver throughout the world, but I may give you a brief summary here, just a few of his more striking statements.

I quote (hearings, Feb. 1 to 10, 1933, p. 226):

"Now the total amount of silver in the world at the present time does not exceed 10,000,000,000 ounces (I have given it as 12,000,000,000); the total gold monetary stocks of the world, I will say, are $11,000,000,000. * * * Now if that silver was worth $1 an ounce, it would not be doubling the total monetary value of gold at the present time, and all that silver would not come out"—that is, out into the market.

"At the present time you could not get a billion ounces of silver to save your life—I say, to save your life."

Think of that, Members of the Congress, with your bills to buy up a billion ounces of silver, or a billion and a half, or two billions, that you could not buy a billion ounces to save your lives; and this statement comes from the executive head of a company which handles one third of the entire annual silver output of the world.

Mr. Brownell then goes into particulars as to where your silver will come from when you start out to buy a billion ounces. He reflected that if you put silver up to a dollar an ounce you might get a billion ounces. So the Committee on Coinage put him to fishing, and this was the haul in the way of silver for sale:

	Minimum	Maximum
	Ounces	*Ounces*
India	150,000,000	200,000,000
China	100,000,000	150,000,000
London	25,000,000	25,000,000
New York	25,000,000	25,000,000
San Francisco	25,000,000	25,000,000
In transit	25,000,000	25,000,000
Total	330,000,000	430,000,000

So he figured as available spot or speculative silver, a minimum of 330,000,000 and a maximum of only 430,000,000 ounces, for purchase by the United States, in the event the United States paid enough for it.

I might ask if this is not a remarkable showing for a precious metal which has been demonetized and discriminated against for more than a century, until this program now includes nearly every government on earth? One cannot help conjecturing what would be the position and value of silver in the money stocks of the world today had as much been done to preserve its historic status and value as has been done to kill it.

In addition to the foregoing figures, Mr. Brownell showed that above these limited quantities of silver for sale in the world, China would have left 150,000,000 ounces and India 180,000,000; total, 320,000,000 ounces; grand total 750,000,000. So taking all we can get and adding to it all we cannot get, we still have only three quarters of our first billion ounces.

And where, by that time, may we ask, would the price of silver be? We might get some light from the phenomenon that India, which is now throwing her demonetized silver away, demonetized by England, was paying up to $1.39 per ounce for it, or 10 cents above par, with gold at 16 to 1, in 1920–21.

The witness went into every phase of silver production. He showed that three fourths of it is a by-product of lead, copper, and zinc, which metals must double or treble in the market in order to bring out the silver; that only one fourth of production is from pure silver mines, located largely in Mexico; that these mines could not be suddenly exploited, gutted, to unload on a high silver market, because the new equipment required would eat up the profits, and in 10 years eat up the mines, thus furnishing a natural check on Mexican silver production. He also showed that no new fields are being found. He made this significant statement:

"There have been no new silver mines found of any consequence in the last 20 years. It is just like gold. There have been no new gold mines of any consequence found since the first part of this century."

He says elsewhere in his testimony that the earth has been combed for new fields, in which work of exploration, the automobile, the hydroplane, even the airplane, has been impressed. The geologist may read the earth from the sky.

Concluding with Mr. Brownell, I want to quote him exactly. After saying (hearings, p. 217):

"Let me say at the beginning I am a gold-standard man. In spite of all my advocacy of silver I believe nothing should be done that is going to essentially imperil the gold standard";

he continued—

"I do believe that the world is going to need silver as a primary monetary metal, and that a way will be found ultimately in which its further use will be employed by the nations of the world.

"To my mind, gold production is going to decrease in the next 10 or 15 years, and if the population of the world and its commercial enterprises increase, gold will not be sufficient to afford a sufficient monetary base and silver will have to be used." (Hearings, p. 217.)

Incidentally, since Mr. Brownell expressed his concern over the gold standard, some unprecedented things have happened to it. The gold has been separated from the standard, locked up in the vaults of the National Treasury, eliminated from all obligations, public and private, and devalued 40 percent; but the bond market flourishes as of yore and the Government at Washington still lives.

In the quest for hoards of silver, I next want to call your attention briefly to an elaborate brochure entitled "Silver: A Menace and a Racket", issued recently by a firm of economists and financial counsel known as "Wagel and Associates" in New York, copies of which were received by all Senators and Representatives. If the official head of the American Smelting & Refining Co. may be accused of a friendly interest in silver, as these economists charge, no such charge can be laid against the authors of this brochure. It is distinctly, bitterly, and uncompromisingly hostile to silver and its advocates, and it evidences painstaking adverse research and study of the silver question, both at home and abroad. One can finish the reading of this document without feeling that anything hostile to silver has been left unsaid.

In this brief against silver, as in many others, the world silver bugbear is India. India even blots out the silver glaciers of the West and the limitless deposits of Mexico. India has but to break

down her silver dikes and there will submerge the world a flood of silver comparable only to the flood of water which engulfed it 3,000 years ago.

Yet, all I can find in it in the way of figures to sustain this devastating indictment of silver, is the statement that in addition to the 175,000,000 ounces which India said she must dispose of, and which she is permitted to dispose of under the London agreement of last summer, at the rate of 35,000,000 ounces a year, which is only the rate at which she has been disposing of it since her silver money was destroyed by the British Government, is that—

"A conservative estimate of private holdings available for sale in the bazaars of India, as soon as prices advance"—

Mark that, as soon as prices advance—

"May be placed at five hundred to seven hundred fifty million ounces."

And that—

"Spain claimed that she had a surplus of 20,000,000 ounces which she must dispose of", and which she is permitted to do at the rate of 5,000,000 ounces a year under the London agreement.

This gives a minimum additional total of what the authors consider waste silver of 520,000,000 ounces, and a maximum of 780,000,000 ounces.

Adding this minimum of 520,000,000 ounces to Mr. Brownell's minimum of 330,000,000, we have a grand total of 850,000,000 ounces; and adding the maximum of 770,000,000 ounces to Mr. Brownell's maximum of 430,000,000, we have a grand total of twelve hundred million ounces.

Splitting the difference between the estimates of these two authorities, which is a fair method, we finally locate our 1,000,000,000 ounces—to be exact, 1,025,000,000 ounces of silver—available for purchase by the United States, assuming that India will forthwith or at any other time sell us or any other nation all her metal currency. I think the mere statement of any such proposition is its own refutation.

Thus far I have dealt almost entirely with the quantity of silver available in the event the United States launched out on a world silver-purchasing program, or to put it another way and state what is really in the minds of the opponents of such a program, the quantity of silver which might be dumped onto the United States in the event it threw the Treasury open to an unlimited silver-purchase program.

We have seen that the result was largely a water haul. We have been told and given the figures both by friends and enemies of silver that in all the world there are no such deposits or stores of the white metal, that it is a practical certainty that not 1,000,000,000 ounces could be procured, even though the Government paid a dollar an ounce for it. A different but corroborating field of facts may be developed, with both gold and silver in the picture, and these facts should be at least suggested, and this is all I will undertake, to enable you to determine the probable effect of the program involved in these various bills for the addition of a substantial quantity of silver to the metallic money base of the country.

Recent mint reports carry the statistics of both the gold and silver production in the world since the discovery of America. I shall give you only a few totals, using round numbers.

Gold in fine ounces, 1,084,000,000; silver in fine ounces, 15,170,000,000; production ratio, 14 to 1.

Gold production in the United States 1792 up to and including 1931, 224,000,000 fine ounces; silver production in the United States 1792, up to and including 1931, 3,200,000,000 fine ounces; production ratio, 14⅓ to 1.

You will note the close adherence between world production for 450 years and United States production for 140 years, being 14 to 1 in the first case and 14⅓ to 1 in the second case. Nature seems to be able to provide and maintain a ratio even if governments cannot. For 60 years a controversy has raged around silver, the claim being that if it were to be remonetized at the ratio of 16 to 1, the great quantity of silver that remonetization would produce, would inevitably drive gold out of the field and break down the double standard. Upon what facts is this conclusion based?

Another instructive sidelight on the story of silver is that throughout the 80 years of its place in the double standard of gold and silver, prior to its demonetization in 1873, it was at a premium over gold and was exported to European countries, much of it to France, where the ratio was 15½ to 1, with a resultant profit to American producers of silver of about 3 percent.

This was a singular and unexpected demonstration of the so-called "Gresham law", of the cheap driving out the dear dollar, because instead of silver driving out gold, we find gold driving out silver, driving it out because at the American ratio it was the dearer metal. Surely the demonetization of silver, whatever its cause and however accomplished, remains the mystery of American monetary legislation. The picture in the national mind is that of a cheap, debased, overabundant metal. Upon what reality is this picture based?

I have said I would not argue bimetallism and I shall not. I shall, however, permit myself to ask a few questions. The proponents of silver are asked questions and it is conceded that some of them are hard ones. One of the hard questions relates to China, with which we are unable to carry on commerce because of the dearness of our gold and the cheapness of her silver. That question is whether the doubling, to use that figure, of the value of China's silver, will not double the cost of her production, which low cost of production is now giving her an advantage in the markets of the world, and thus deprive her of this advantage, to the corresponding benefit of other nations, of the United States for example, having much higher production costs. In connection with our efforts to increase the value of silver, and therefore of China's silver money, it is pointed out that we are at the same time trying to cut the value of our own money in half. And we are asked how we can reconcile the cutting in two of our dollar with the doubling of China's dollar.

A simple answer occurs to my mind, perhaps because my mind is simple. That answer is that if the industry and commerce of a nation, both domestic and foreign, can suffer because its money is twice too dear, as our country has suffered, it can also suffer because its money is twice too cheap. Our dollar at the beginning of the President's monetary policy was worth four times the dollar of China. It should not require an economist to prove that with two such dollars we cannot do business. An approximation of money values must be brought about. Our dollars should be scaled down and China's should be scaled up, to the ultimate benefit and stability of the financial structures of both countries and interchange of trade. That is my answer for what it may be worth.

But coming now to the questions I should like to ask, and I ask them solely for information. They will be based on undisputed facts, and with an awareness that differing conclusions may be drawn from the same premise.

First. The United States adopted the bimetallic standard in 1792 and maintained it until 1873, about 80 years. At the time the United States demonetized silver, and for 40 years prior thereto, the ratio had been 16 to 1. At that ratio silver was worth more in the markets of the world than gold, and was shipped abroad by American producers for the profit. The question is, If silver is such a cheap and plentiful metal that it cannot be safely maintained in our metallic money base, what maintained the high price of silver for 80 years prior to demonetization?

Second. In 1920 India required 200,000,000 ounces of silver for coinage for the purpose of redeeming her silver paper currency or rupee. The British Government could find this quantity of silver only in the United States. It bought 200,000,000 ounces of melted-down silver coinage at the Treasury of the United States for the price of $1 an ounce and sold it to India for as high as $1.39 an ounce. The question is, If silver is such a cheap and plentiful metal, why could it be found only in the United States, and why did it command such high prices in 1920 and 1921?

Third. There are, in round numbers, $12,000,000,000 in gold in the world, and 12,000,000,000 ounces of silver, a singular and significant correspondence. The market price of this silver is now only $5,000,000,000. If all the silver were to be remonetized at the ratio of 16 to 1, it would exceed the value of the gold by $3,000,000,000. The question is, What factor besides world demonetization drove silver to this low level?

Fourth. The ratio of production of gold and silver, as shown by the record for 400 years, has been approximately 1 ounce of gold and 14 ounces of silver. This establishes what is known as a natural ratio. The question is, If silver were to be internationally remonetized at the ratio of 16 to 1, or even at the natural ratio, what factors would operate to break down the parity or drive gold out of circulation, as the gold people fear?

Fifth. Silver has been universally demonetized and gold made the sole monetary standard of the world. The question is, If the position of the two metals were to be reversed and gold demonetized and silver made the sole monetary standard, what would be the effect on the price of gold and on the price of silver?

Authentic answers to these questions would do much to determine the right of a question which has vexed the country almost continuously since the discovery that Congress, without knowing it, had demonetized silver, and which bids fair to continue to vex it until silver is definitely and finally in or out of the picture as a primary money metal.

In this talk I have given you the result of a quest for mythical mountains of silver. I could have cited other corroborating authorities and statistics, but the showing made sufficiently covers the field and is from authentic sources. These mountains of silver do not exist. The available supply would be swallowed up like rainfall on a thirsty land. There is only one sufficient argument against the remonetization of silver, if the argument be true, and that is that we do not need the money.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOWARD. Mr. Speaker, I ask unanimous consent to speak to the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska [Mr. HOWARD]?

Mrs. ROGERS of Massachusetts. Mr. Speaker, reserving the right to object——

Mr. O'CONNOR. Mr. Speaker, I object.

AIR MAIL

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution which I introduced yesterday, asking that the Army flyers stop flying the air mail. Two more pilots have been killed, making 4 in all killed yesterday and 2 injured.

Mr. BLANTON. Mr. Speaker, that resolution has not been to any committee, and I object. It is a matter of too

much importance to be passed by unanimous consent and not to go to a committee and be given due consideration.

The SPEAKER. Objection is heard.

Mr. FISH. Mr. Speaker, I offer a resolution and ask unanimous consent for its immediate consideration.

The SPEAKER. Will the gentleman let the Chair see the resolution?

Mr. FISH. It is a resolution in favor of——

The SPEAKER. The Chair cannot recognize the gentleman for that purpose.

SHALL SPECULATORS AND BANKERS CONTROL DESTINIES OF FARMERS?

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRUAX. Mr. Speaker, 5,000 years ago the old Chinese philosopher Confucius made this sage observation:

> The well-being of the people is like a tree. Agriculture is its root, manufacturing and commerce its branches and its life. When the root is injured, the leaves begin to fall, the branches break away, and the tree dies.

It would have been well for the sage to have added to his commentaries that labor, both organized and unorganized, is the lifeblood that pulses through that tree, keeping it ever young, thrifty, and hardy.

No doubt peoples of all countries have ever had this fundamental truism of the great Chinese oracle before them. They have been reminded of it throughout the centuries, throughout the decades, and throughout the years. All countries have sipped from these words of wisdom that flowed from the old Chinese philosopher's lips. All peoples have partaken of it. Yet, throughout all the ages, throughout all the centuries, and throughout all the years, no one has been wise enough as yet to heed and follow and act upon the subtle warnings found in those words uttered 5,000 years ago that have been handed down through the ages.

I myself, for the past 14 years, have uttered these words in many speeches that I have made, not alone in Ohio, but through the long fight for the McNary-Haugen bills, those same words were uttered by me in States of the Northwest, in the Middle West, in the Southwest, and in the magnolia-bedecked Southland.

We firmly believed when we elected Franklin D. Roosevelt the thirty-second President of the United States that this ancient warning was to be heeded, was to be taken cognizance of, and that far-reaching steps would be taken to cure the ill once and for all time. We cast our votes at the polls, feeling secure in the knowledge that Franklin D. Roosevelt would prove to be the Moses that we had been seeking for years to lead us out of the wilderness of bankruptcy, grief, and woe. We still believe in the sincerity of purpose, the honesty of conviction of Franklin D. Roosevelt to fulfill in the *n*th degree his own conceptions of this great agricultural problem, the cause thereof, the remedies therefor, but we doubt seriously the fitness, the sincerity, the experience, the ability, and the wisdom of some of the men he has chosen to administer his agricultural policies.

We feel sure that the present Secretary of Agriculture, Henry A. Wallace, is no doubt sincere in purpose and honest in conviction, but we also feel that a man whose farming experience is limited to a swivel chair in the publisher's office of a great farm paper, whose farming contacts are limited to field work throughout one State in behalf of the welfare of his own publication, one who has never known the toil and sweat of the furrow, of the hot harvest days, the scorching sun of the wheat field, the sizzling heat of the haymow, the oozing mud and slush of the hog lot, is in a position to diagnose the agrarian ills and prescribe the remedy.

The mere fact that Secretary Wallace turns out to be the most prolific visionary author and dreamer of the century for the magazines, newspapers, and other publications, does not prove his fitness to get down to the grass roots and relieve the farm peasants and slaves from their economic serfdom.

If the National Recovery Act is economically sound and right and just, then the Agricultural Adjustment Administration and its policies is unsound, uneconomic, and as wet as the young bull calf grazing in the morning dew of early June pasture. [Applause.]

The avowed purpose of the National Recovery Act is to promote and avoid the restriction of production, while the Agricultural Adjustment Administration fosters the fallacious theory that production must be reduced and restricted. In other words, when people are starving, kill the hogs. When people are shivering in their nakedness, plow under the cotton.

Mr. Speaker, the National Recovery Act seeks to conserve and maintain all of our great natural resources. The Agricultural Adjustment Administration endeavors to destroy the agricultural resources that spring up from the soil through the sweat and toil of the tiller of that soil. The very vitals of the National Recovery Act is to recognize and guarantee to producers the cost of production plus a reasonable profit. The Agricultural Adjustment Administration goes along serenly on the damnfool principle that the farmer must consign himself to that sacred old ox, commonly known as the law of supply and demand, not inquiring or caring whether or not he receives cost of production, plus taxes, interest, and upkeep on his farming plant.

Gen. Hugh S. Johnson, the "Ride 'em cowboy" of the Roosevelt administration, through the knowledge gained by his long experience as an industrialist and manufacturer, cracks down on every industry that does not recognize as the minimum price the cost of production, and rightly so.

But the sophists, theorists, Wall Street lawyers, and crackpots in the Department of Agriculture and the Agricultural Adjustment Administration, motivated by the illusive writings and utterances of Mr. Wallace, that great journalist farmer, and actuated by the pet theories of the educated jackasses commonly known as farm economists, have no concern whatsoever that the farmer receive cost of production and prices for his commodities on a parity with industrial commodities.

What care they that the poor tenant cotton farmer of the Southland consigns himself to charity or to C.W.A., so long as they get a chance to demonstrate their dogmatic doctrines? What care they if the dimpled babe loses his plumpness and cries in hunger and the outraged and faithful mother wears faded-out, patched ginghams and calicoes, so long as they can raid the pregnant sows and kill the suckling pigs?

If General Johnson is right—and we think he is—then Wallace is wrong. On the other hand, if Wallace is right, Johnson must be wrong, and we should dismantle N.R.A. and the uplift it has brought about in wage levels, which is the most commendatory feature of the whole act. The two theories of operation cannot be reconciled, cannot be harmonized, are as far apart as the poles; one to elevate wages, one to elevate the prices of commodities and to bring cost of production plus a reasonable profit to producer, processor, retailer, and handler. That is the Johnson plan. The other to restrict production, to destroy the natural resources produced by the toil of men and the bountiful gifts of the Creator, to plow under the cotton, to cut down the wheat, to kill the pigs. People are hungry because there is too much to eat; people are homeless because there are too many homes; people are shivering because there is too much to wear. This is the Wallace plan.

Of course, in justice to Mr. Wallace and his associates, we must admit that the farmer is being paid for reducing his production. This might be successfully defended and praised were it not for the undeniable fact that the small amount that is paid back to him represents only an infinitesimal part of what he has lost in direct income. The present plan of collecting process taxes on the selling prices of all of our farm commodities from all the farmers and handing part of them back to some of the farmers for certain specialized crops, for which they have signed agreements with Government agents to produce less, is the wolf masquerading in sheep's clothing. When we rip the mask off

we find it is the same old, inconsistent, and untenable program of the Harding-Coolidge-Hoover administrations, namely, to attribute all of our troubles to surpluses and overproduction and to cure the ill by cutting down the acreage instead of controlling the seasonable surpluses that invariably are produced.

These blustering cockahoops are still handing to the American people the same old humbugs and apple sauce. The manner of presentation has changed, but the substance and theory remain the same.

Mr. Speaker, the remedy I propose is the same one that I have advocated for 12 years. This remedy is sound, tenable, and consistent. It is based on the elementals which have made the National Recovery Administration a success with labor and with producers. It is predicated upon the conclusions reached by the illustrious Chinaman 5,000 years ago. It contains no bizarre frills, fanceries, fripperies, or gewgaws. It recognizes the indisputable fact that the root of this great American tree, namely, agriculture, is mortally injured. The leaves have fallen. The branches are breaking away, and unless the injury to the root is repaired, and that soon, this giant oak in the forest of nations, known as "the United States of America", will topple with a crash that will rock the universe.

To repair the root, agriculture, means that agriculture must be placed upon the same solid base that industry has been placed on by the National Recovery Administration. That is, to guarantee to the farmer cost of production plus a reasonable profit for every bushel of wheat that he produces, for every bushel of corn that he raises, for every pound of pork that he sells, for every pound of beef, of mutton, and of butter, milk, and poultry products that he sends to the market to feed the milling multitudes of the cities, and for every pound of cotton and wool that he sends to the cotton gins and into the textile factories to clothe the backs of the teeming millions in the urban centers.

This is not difficult. It is not complicated. It is not technical. It does not require the services of professors, doctors, and dreamers. It needs only the application of common horse sense, which can be best gained from the farmer and not from those who farm the farmer. It will take into consideration the undeniable fact that it costs the farmer $1.25 a bushel to raise wheat, that it costs him 8 cents a pound to produce hogs, that it costs him 10 cents a pound to produce cattle, and that it costs him 15 cents a pound to raise cotton.

It costs him whether he be located on the rolling prairies of the Middle West, in the semiarid regions of the Northwest and Southwest, or the rock-bound hills of the New England States, or in the white, cotton-bedecked plantations of the South, 25 cents a pound to produce butter fat and $2 per hundredweight of milk.

It would recognize the justice of fixing the prices of farm products on a basis of 8 hours per day, 5 days a week, 40 or 50 cents an hour for the farmer's labor, the same as we have done through the N.R.A. for the industrial laborer and craftsman.

Give the farmer an honest wage. Give him a decent living. Give him cost of production plus a reasonable profit, and he will pay his taxes then; he will pay his debts; he will buy the commodities of life; he will buy shoes; he will buy clothing; he will buy a radio; he will buy an automobile; he will buy furniture; and perhaps he will buy some of the rectified products of the post-prohibition era.

I understand that a speculative firm in New York owns 2,000,000 bales of cotton. This 2,000,000 bales is enough to control the market, enough to make the pendulum swing up or down as those speculators and gamblers desire. In the past it has been enough to prevent the passage of an equitable cotton bill. The gamblers who own it are loath to part with it—they hold it for a higher market.

Under the Bankhead cotton bill they will be forced to part with it at the same price that real growers and the farmers receive for their products. With the passage of these 2,000,000 bales of cotton into the processing mechanistics of the textile industry, the baneful influence will be removed from the market, and the price of cotton to the farmers will rise.

For years and for decades the speculators on the New York Cotton Exchange held in their slimy hands the destinies of the cotton farmers of the South big and little, high and low. With the passage of this bill, we relieve forever the cotton farmer of this country from the strangling clutches of these modern racketeers.

The Bankhead bill is sound in principle. It is based upon the elementals of the old McNary-Haugen bill, which I, as vice chairman of the committee of 22, helped to pass twice in the Congress of the United States, and which bill was twice vetoed by Calvin Coolidge.

It is based upon the truism that man cannot control production. He may control acreage, but God Almighty alone controls production. To those who disbelieve this statement, to those who are inclined to doubt it; to the sophists, theorists, Wall Street lawyers, and crackpots who do not subscribe to this doctrine, I will say to them, "Go out and commune with God Almighty. See how the great Creator warms and moistens the soil that causes the germ to sprout." Just a few days ago, grains of wheat were taken out of an ancient tomb in Egypt. These grains of wheat were 4,000 years old. Yet a great British farmer took those grains of wheat, sowed them in his land. They are sprouting and will grow now, and after 4,000 years of time, will bring forth food and bread to those people who need them most.

The Creator alone can, and does, regulate the amount of sunshine, the amount of rainfall—He it is who directs the withering hand of the killing frost, who dries up the heavens, who makes the sun to shine as of shimmering brass, and the earth to appear as a bed of ashes. [Applause.]

Mr. Speaker, simply because we raise more bushels of wheat than we can consume, merely because of the vagaries of nature, we produce 20 percent more pork in 1 year than we can consume, is no reason why the producer thereof should be penalized. It is no reason why he should reduce his acreage one fourth. It is no reason why he should sell off his brood sows, because in that event we might have a one-half crop or a one-fourth crop of wheat the following year. In the winter the wheat-production field might be such that practically no crop at all would be produced because of extremely cold temperature, without snow covering for protection and due to continued freezes and thaws, it heaves the wheat out of the ground. In the cases of the pig crop during February, March, and April, when sows farrow their young, it might be cold and blustery and the pigs would freeze to death. It might be that it would be rainy and sloppy outside and the sows and their litter would necessarily have to be kept indoors until the weather cleared up. The pigs would nestle in dry warm pens. They would nurse the sows and, through lack of exercise, get fatty degeneration of the heart, commonly known as "thumps." The farmer would see his little pigs stand up and pump like a bellows for breath, and the next morning he would find them dead in their nest. In certain seasons, too, his pigs when weaned, immediately become the victims of internal parasites, worms and vermin, which without proper treatment eventually kill them and even with proper treatment always stunt them; then as these pigs go along toward maturity they may get such contagious and infectious diseases as swine plague, cholera, hemorrhagic septicemia, commonly known as the "flu", all of which diseases have a high mortality rate and cut into the farmers' herds and production like a pestilence.

Oh, no, we cannot depend on plowing under the cotton or killing the pregnant brood sows or killing the little pigs, or cutting down the number of sows to be kept over the next year, or reducing the meat acreage, or cutting down the corn acreage, to control or regulate the production of cereal crops and livestock commodities.

We can and must control the amount of the crop that moves to market. In the past, our exportations have never averaged more than 15 percent of the whole crop. This 15 percent which is sold in foreign markets, in the open market, in the world market, in competition with the peasant labor

of Europe, in competition with the peasant labor of Russia, in competition with the peon and mexicano labor of South America, in competition with the coolie labor of China, India, and Japan, in competition with the bushwhacker labor of Australia, not only determines the price of that part of the farm commodity sold in those foreign markets, but it fixes as well the price of all that proportion of the same commodity that is consumed in the United States of America. Thus the farmers, being forced to follow such an inconsistent and sophistical policy, has caused their staples to topple and decline in value, has caused their morale to descend and gravitate to the low level of the foreign labor heretofore mentioned, and is responsible for the downfall and subversion of the basic industry, agriculture, in this, the most productive country the sun has ever shone upon.

The remedy is apparent. Even to the laymen the corrective is visible. Even to the most uninformed it is patent. We must permit only that portion of the crop which can be consumed by ourselves or which can be exported at profitable prices abroad, to move to the terminal markets. That is the fundamental laid down in this bill, that is the principle and the foundation that should apply to the sale of wheat. It should apply to the sale of corn, of hogs, of cattle, and of dairy products. It should apply to the sale of poultry products. It should apply to the sale of wool. Then and then only can the farmer be assured of cost of production from year to year. Then and then only can his purchasing power be restored. Then and then only can he pay his taxes and interest on his mortgage. Then and then only, when purchasing power and debt-paying power is fully restored to American agriculture, normally reported to be 40 percent of the Nation's purchasing power and debt-paying power, can the Nation be assured of a certain, permanent, durable prosperity for all. [Applause.]

Mr. Speaker, just as the farmer has been dominated, influenced, and economically strangled by the speculators in the sale of his goods, so has he been crucified and emasculated by the banker, the 36-percent loan sharks, and other money lenders. Not only have the rates of interest been extortionately high, not only have these money-lending swindlers and racketeers robbed the farmer of $50,000,000,000 in the decline of the values of his land, not only have they robbed him of another $50,000,000,000 in causing the selling prices of his products to decline year by year since 1921, but, like the Shylocks they are, they have followed him like gray wolves, grotesque specters of the night, trailing him, dogging him, waiting for the time when his vitality is at the lowest ebb, his morale down to zero, and his finances exhausted and wiped out, to pounce upon him with the money lenders' strangling cord and foreclose his farm, foreclose his home, foreclose his livestock, foreclose his farm machinery and equipment, and then foreclose the birthright of his posterity to enjoy peace, happiness, and freedom as our forefathers did and as the Constitution of the United States decreed.

We Members of Congress thought that we had written a new Declaration of Independence when we passed the Farm Mortgage Act of 1933. We believed that we had thrown away forever, into Stygian depths, this bloody, strangling cord of the Shylocks. We talked of a new deal for the farmer, when he might retire at night, free from worries, free from care, and free from fear of foreclosure and confiscation of his property. The President of the United States asked for the passage of this act, inspired by the same thoughts and beliefs that we Members in Congress had. The President of the United States, too, believed that a new and brighter day was dawning for these countless toilers who give us our daily bread to eat and clothes to wear.

Mr. Speaker, woe be to the day, however, when this magnificent law and the funds appropriated by Congress were turned over to the tender mercies of the Farm Credit Administration, which is made up not of farmers, not of men in sympathy with the farmers, not of men who understand the problems of the farmer, but of men from the State of New York, but of men who were only graduates from the schools of dreamers and crystal gazers, men who have deliberately violated the purpose, the intent, and the plain mandate of the Farm Mortgage Act of 1933. This act says in unmistakable terms that values shall be based upon the land valuations of 1909 to 1914. These mandates of Congress have been ignored and repudiated by officials, by subordinates, by understrappers, and by so-called "appraisers" of the Farm Credit Administration. The personnel of this Farm Credit Administration today is W. I. Myers, governor; W. Forbes Morgan, deputy governor; A. S. Goss, land-bank commissioner; P. L. Gaddis, chief of the appraisal division. These men are responsible for the acts of their subordinates; they are responsible for the appointments and for the continued services of men unfriendly to the administration, of men hostile to the administration and to the new deal. Of men who have no knowledge whatsoever of land values; of men who never farmed a day in all their lives; of men who would not recognize a good Ohio cornfield if they met one in the middle of the road.

I have, on previous occasions, on the floor of this House, pointed out in no uncertain language, the kind of men that are acting as appraisers in Ohio. I have given their names. Their names are in the CONGRESSIONAL RECORD, together with their ages, with their life history, with their disqualifications to hold these positions, with their discrimination and utter lack of sympathy with the farmers, whom the Congress commanded them to serve and serve speedily.

Hundreds of letters are in my files, not only from my own State of Ohio, but from many other States. There are letters in my files of complaints. There are letters of protests. There are letters that would turn a heart of stone to sympathy. There are letters that would bring tears to eyes that are as dry as the desert of Sahara. There are letters which would arouse human sympathy in the most hardened, the most cold-blooded individual who ever trampled underfoot human rights for the iron-shod heel of property rights. My office daily is the recipient of dozens of letters. Even to this day these letters prove conclusively that farms worth $100 an acre in 1929 are being refused loans of $25 an acre. It shows that these half-baked appraisers and crackpots are turning down loans of worthy hard-working farmers for $30 an acre. These letters cite cases of aged couples and white-haired fathers and broken-hearted widows who are having their farms legally stolen, taken away from them forever, and then they must consign themselves to relatives, to charity, or to the poorhouse because of the damnable conspiracy, inefficiency, and heartlessness of this so-called "Farm Credit Administration."

Mr. Speaker, in many of these pathetic cases, I have been able to obtain reappraisals and granting of loans where refusals have been made, through the courtesy, through the cooperation, through the knowledge, and through the sympathy and understanding of the former president of the Louisville Land Bank and of the general agent for the Farm Credit Administration, Mr. Ernest Rice. In other cases transmitted to the officials, usually replied to, usually answered by the first assistant, second assistant, third assistant, or some other underling in this aggregation of crystal gazers that blatantly and brazenly boast of their reasons for rejecting the loans of these distressed people, by saying that they are too old, that the farm is run down, that it is in bad repair, that the soil is depleted, that at present price levels the farm will not pay overhead, taxes, keep the family located thereon, and cannot pay off the loan; facts which are well known by every farm lad of school age, but which these misfits have just discovered after obtaining authoritative appointment and fat salaries with the Government.

Why, certainly, you and I and every other Member of this Congress know that there is not a farm from coast to coast and Gulf to Lake, but what is run down, but what is in the need of repairs, but what the soil is not depleted after 13 years of continued ruinous prices. Everybody knows that at prevailing prices—3-cent hogs, 4-cent cattle, 8-cent chickens, and 10-cent-a-dozen eggs, and other commodities in like proportion—that no farmer can pay taxes, interest on the mortgage, operating expenses, overhead, keep the family, and make money.

It was because of these very unprecedented and bankrupt conditions of the American farmer that Congress passed the Farm Mortgage Act of 1933 at the request of the President of the United States of America, Franklin D. Roosevelt. We passed this act to relieve these people, to take over their mortgages, give them the valuations of 1909–14 at low rates of interest, so they could then begin to pull themselves out of the slough of despond and the quagmires of bankruptcy.

EXTENSION OF REMARKS

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a letter from Mr. Graham.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

Mr. TABER. Mr. Speaker, I shall have to object to the letter.

PERMISSION TO ADDRESS THE HOUSE

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the lady from Massachusetts [Mrs. ROGERS] have 3 minutes in which to address the House. I shall object to passing by unanimous consent without due consideration any resolution the lady may offer, but I think she has a right to be heard as a Member of Congress. This is our forum. I think she ought to be allowed to speak.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. BLANTON]?

Mr. CARPENTER of Nebraska. Mr. Speaker, I object.

CONTESTED ELECTION—WILLIAM C. FOX v. WILLIAM L. HIGGINS

Mr. PERKINS, from the Committee on Elections No. 3, submitted the following privileged resolution (H.Res. 296) (Rept. No. 894), from that committee on the contested election of *William C. Fox* v. *William L. Higgins*, for printing under the rule:

House Resolution 296 (Rept. No. 894)

Resolved, That William C. Fox is not entitled to a seat in the House of Representatives of the Seventy-third Congress from the Second Congressional District of the State of Connecticut.

Resolved, That William L. Higgins is entitled to a seat in the House of Representatives of the Seventy-third Congress from the Second Congressional District of the State of Connecticut.

EXCISE TAX UPON COCONUT AND SESAME OILS

Mrs. JENCKES of Indiana. Mr. Speaker, I desire to extend my own remarks in the RECORD, and I ask unanimous consent for that purpose.

The SPEAKER. Is there objection to the request of the lady from Indiana?

There was no objection.

Mrs. JENCKES of Indiana. Mr. Speaker, when the revenue bill, H.R. 7835, was before the Ways and Means Committee of the House of Representatives, I submitted an amendment to section 602 thereof, the purpose of which was to confine the application of the 5 cents per pound excise tax on coconut oil and sesame oil to the usage of these oils in edible products. In connection with this amendment, I desire to set forth my views in general in relation to the matter of imported oils and fats which are used in competition with dairy products produced in the United States. I also desire to give something of the history of my association with activities designed to secure protection for the American producers of dairy products against the competition of foreign oils and fats.

Under date of November 29, 1933, I wrote to the President of the United States suggesting that he levy an embargo against the importation of all foreign oils and fats entering into the United States. The President received my communication and referred it to the Secretary of Agriculture for a report. Under date of January 5 a memorandum prepared by the Secretary of Agriculture was forwarded to me. This report pointed out that nearly two thirds of the coconut oil consumed in the United States was used for inedible purposes, chiefly for soap making, and that an embargo on coconut oil would work severe hardship on those industries consuming it in such cases. It was further pointed out that the Philippine Islands are an important export outlet for American products, including especially products of agricultural origin. In 1929, the report stated, our exports of cotton goods to the Philippines were valued at $15,848,000; of wheat flour, $4,348,000; of dairy products, $3,035,000; of tobacco products, $3,151,000; and of various other products of agricultural origin amounts of no inconsiderable value. For cotton cloth and for condensed and evaporated milk, the Philippines are our leading export market.

The Secretary of Agriculture further stated that to meet the situation confronting the dairymen it would not be necessary to impose an embargo upon coconut oil. In this connection we must all agree that while a 5 cents per pound excise tax on coconut oil could be absorbed by the oleomargarine manufacturer, there is no doubt whatever but that a tax of this size would be practically an embargo in the case of the soap manufacturer, the rubber-tire manufacturer, and the tanners of leather who are the chief industrial users of coconut oil. I would hardly consider it advisable to lower the tax on coconut oil when used in the manufacture of oleomargarine or other edible products, as our American buttermakers need this much protection against the competition of coconut oil when used in edible products.

When the excise tax of 5 cents per pound was proposed, I began to receive numerous complaints from my congressional district and from elsewhere in the State of Indiana as well as from hospitals, women's clubs, laundry owners, soap makers, housewives, and others. These complaints were made not because of the fact that the tax was being applied to coconut oil used for edible purposes, such as the manufacture of oleomargarine, but because it was applied to coconut oil for industrial purposes, chiefly in the manufacture of soap. The resultant burden, they stated, would be most injurious to the consumers of soap and, in the case of the small soap makers, absolutely ruinous.

From other Members of Congress I ascertained that there was an enormous wave of consumer protest arising against the excise tax on coconut oil. I came to the conclusion that the American dairyman and buttermaker stood every chance of losing his opportunity to secure the protection which he so ardently desires against coconut oil's going into oleomargarine, when the revenue bill reached the Senate, if the application of the tax applied to coconut oil for industrial purposes was not eliminated. Accordingly, I submitted my amendment which would exempt the coconut oil consumed in the United States, in the making of soap, rubber auto tires, and the tanning of leather, from the tax. These industries account for 70 percent of the total consumption. The remaining 30 percent which goes into edible products would bear the full burden of the 5 cents per pound tax.

It is well known in Congress that I have a very definite interest in all forms of agriculture. I have been a farmer for many years. I am especially interested in the welfare of the dairymen and the creameries. I know the problems of the housewife. I felt that I had an opportunity to help them all.

I held conferences with the leading soap manufacturers in America and also the leading creameries in the Indiana area. The soap manufacturers advised me that they were willing to have all the oils and fats which they imported denatured or rendered unfit for food. I submitted this idea to Mr. H. C. Glick, president of the Midwest Producers Creameries, Inc., a cooperative association composed of many thousands of producers of butter fat in the four principal dairy States in the Midwest. Mr. Glick advised me that in his opinion the proposal was possessed of a lot of merit.

On January 21 of this year I met with the officers and directors of Mr. Glick's association at the Hotel Claypool in Indianapolis. I discussed every angle of the situation with them. They agreed that they could see no reason why the American dairyman and buttermaker in his effort to secure protection against imported oleomargarine ingredients should cause an extra burden to be levied upon consumers of soap and other industrial products of which the farmer is one of the principal buyers. They stated to me that they did not want their soap bills increased; that soap was an essential in the maintenance of cleanliness and sanitation in a creamery and the dairymen's establishments. On my return to Washington from the conference in In-

dianapolis, I ascertained that it was impractical in connection with the impending revenue bill to offer an amendment that coconut oil be denatured. There is a denaturing provision in the Tariff Act of 1930. It is incorporated in paragraph 1732 thereof. This denaturing provision could not be made use of as it would have required an amendment of the 1930 Tariff Act, whereas the excise tax on coconut oil concerns only the revenue act. Accordingly, I reached the conclusion that the application of the proposed tax solely to the edible oils and fats would result almost in the same benefit to American dairymen and butter makers as though the coconut oil were denatured. At least, it was a practical and immediately available opportunity to help the American butter maker—one for which we would not be obliged to wait until tariff revision.

Still seeking to find if the American farmer butter maker has any concern in the coconut-oil matter from a point of view other than as a producer of butter fat, I examined into the matter of the production of tallow. I referred to the Packers' Encyclopedia, or the Blue Book of the American Meat Packing Industry. I found that from a 1,000-pound steer the meat packer secured only 5.36 pounds of inedible tallow. The balance, it appears, the packer leaves on the carcass in order that he may procure the meat price for it. Thus the farmer secures the meat price from the final consumer for every pound of tallow which he produces with the exception of this 5.36 pounds of inedible tallow which is unavoidably removed from the carcass in the packing house. This amount of tallow represents the sum total of the beef raiser's interest in the matter of inedible oils and fats. He has no interest in the tallow which is reclaimed from the garbage pails of the cities.

It is true that the garbage-pail-tallow processors have been endeavoring to inject themselves into the farm dairy and butter-making picture. They have presented their case to Congress. But there is no possible connection between this refuse material collected from the restaurants, boarding houses, hotels, and the men on the farm. On every pound of it the farmer has received the meat price from the consumer. Even the few meat scraps which the renderers of refuse fats collect from the butcher shops is cut off the meat after it has been weighed out and sold to the consumers.

I find, moreover, that coconut oil is not used in the manufacture of soap, rubber auto tires, or in the tanning of leather for any purpose for which tallow could be employed. Coconut oil is used in all these products, I am informed by chemists, because of its lauric-acid content, and I am further informed that there is not a vestige of lauric acid in tallow or any other domestically produced oil or fat. It is the lauric-acid content of coconut oil which gives soap its free-lathering properties. We women who use washing machines in the home, know that we could not wash clothes efficiently without free-lathering soap. If we gave up our coconut-oil soaps, we would have to go back to the washtub and scrubbing-board method of doing our own laundry work.

I find from the report of the United States Tariff Commission that the usage of coconut oil in soaps in the United States has not been at the expense of domestically produced oils and fats. In 1912, we used 600,000,000 pounds of domestic oils and fats in the manufacture of soap. In 1932, according to a report of the Bureau of the Census, we used practically 900,000,000 pounds, an increase of 50 percent. This shows that the coconut oil which soap makers use is carrying our domestic oils and fats into consumption rather than crowding them out of consumption in the soap kettle. These smaller soapmakers in the State of Indiana told me that coconut oil is the only raw material which they can purchase on a basis of equality with the larger soapmakers. If the tax is levied on coconut oil, they believe it will snuff out their existence. Since the tariff upon 90 percent of the soap produced in the United States is only 15 percent ad valorem, it is obvious that if my amendment is not accepted, Canadian and European soap manufacturers will dispossess our domestic soap manufacturers of their American market because the proposed tax on coconut oil is far higher than the existing tariffs on soap.

Representatives of the automobile-tire manufacturers and the tanner's oil producers tell me that if the tax is levied they will be forced to go into Canada and manufacture the products which they require from coconut oil and ship them to the United States for use in the manufacture of auto tires and leathers. There is, of course, no reason why American labor should not be allowed to continue to do this work in the United States. It is to our American dairymen and buttermakers' best interest that they be allowed to continue to do so. If they can work, they can buy the American dairymen's and butter makers' products.

I want to protect our American dairymen and creamerymen. I want to accord needed protection to all my farm constituents, but I know that they would not want me to inflict a grave injustice upon the consumer and other important branches of industry. In fact they have told me so. In the light of all this, I sincerely believe that the amendment which I have introduced will be a most happy solution to the present situation. The American dairyman and buttermaker will get protection against foreign oils and fats, which he might not be able to obtain unless an amendment such as mine is adopted. My amendment reads as follows:

To amend Sec. 602, Par. (a), line 15, as follows: Strike out the comma after the word sale and insert the following language: "as a food product intended for human consumption," so that the sentence reads: "For the purposes of this section, the term 'first domestic processing' means the first use in the United States, in the manufacture or production of an article intended for sale *as a food product for human consumption*, of the article with respect to which the tax is imposed." (Italics mine.)

I invite our dairymen, creamerymen, and buttermakers from the State of Indiana, and of the entire Nation, if they wish to do so, to write to me and advise me as to whether or not, in their belief, my method of approaching a solution of this manner of securing protection for them is correct and practical.

PERMISSION TO ADDRESS THE HOUSE

Mr. GRAY. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes on the proper place of the N.R.A. in the recovery program, to proceed without interruption to conclusion.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mrs. ROGERS of Massachusetts. Mr. Speaker, reserving the right to object, I shall not object if the House will grant me 5 minutes in which to discuss the air-mail situation. It is a very serious one.

Mr. BYRNS. Mr. Speaker, regular order.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. GRAY]?

Mr. TABER. Mr. Speaker, I object.

Mr. GRAY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GRAY. Is it the proper time for me to announce that I will enter the air-mail contest myself in order to gain a proper status for recognition as a belligerent and thereby safeguard myself from the dangers and hazard of a neutral or noncombatant?

The SPEAKER. That is not a parliamentary inquiry.

COTTON CONTROL ACT

Mr. DRIVER. Mr. Speaker, I call up House Resolution 292.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 8402, a bill to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 8 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill

for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. DRIVER. Mr. Speaker, pending the consideration of the resolution, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN], who will control the time for the minority.

Mr. Speaker, the purpose of this resolution is to make in order the consideration of H.R. 8402, introduced by the gentleman from Alabama [Mr. BANKHEAD], and known as the "cotton-control measure." The rule provides for open consideration with 8 hours of debate, to be confined to the bill, and the bill is subject to amendment. I make that explanation in order that the House may know that its consideration is subject to any change the judgment of the House may see proper to impose upon it.

The provisions of the Bankhead bill pertain to the cotton-producing area of our country.

While it is true that any control of farm products necessarily manifests itself on the business structure, the cotton producers find it is necessary to change the voluntary system which the Secretary of Agriculture originally contemplated placing on the reduction program in order to effectuate his purpose of stabilizing the prices of cotton commodities.

The conditions in the cotton area, Mr. Speaker, are peculiar as compared with conditions in other areas and with respect to other basic farm crops. If there is an overproduction of wheat, while that necessarily manifests itself immediately on the price structure however, through the operations of natural conditions the value of the product deteriorates rapidly; and there is some little hope to be held out to the producers through the natural elimination of the surplus. This is not true, however, with respect to cotton, for when properly baled and properly warehoused there is no deterioration of the cotton, either in the grade or in the staple, whether it remains there 1 year or 10. Hence, every bale of cotton produced in excess of the world's demand for American cotton is that much cotton that must be dealt with in the commerce of future years and influences the prices for such subsequent production.

From reports emanating from the Department of Agriculture we know that the consumption of American cotton has been reduced from 15,000,000 bales in the course of a 10-year period to 11,500,000 bales, with the result that we have today piled up at our ports and in the warehouses practically 10,000,000 bales of surplus cotton. This is tantamount to a world supply of American cotton for a full year, even though we failed to plant one single seed. The effect of the reduction campaign of the past year was to diminish the surplus to about 10,000,000 bales. At the beginning of that activity we had about 12,500,000 bales of surplus cotton. So we find it is necessary to make a drastic reduction in cotton production.

We started on the theory of voluntary action and, be it said to the credit of the rank and file of cotton producers, they patriotically joined in the program, and to the extent that they committed themselves, they religiously observe that committment; but, Mr. Speaker, there is an element engaged in the production of cotton that is independent of the sources of financing available to the average producer. We can use coercive means on the average cotton farmer, for it is necessary that he go to a governmental agency for financial help. We can employ coercive measures on these men; but the large element who own broad acres, who are independent of such sources of financial aid, unfortunately, through the urge of selfish interest, are inclined to disregard the voluntary agreements through which we were undertaking to effect the reductions inaugurated by our Department of Agriculture.

It is a known fact that fertilizer, to the extent of 100 percent over the use of the past year, has been contracted for largely for use in cotton production. Another factor that is worthy of mention is that the use of fertilizer, the use of narrow rows, and intensive cultivation may effect great increases in the production of cotton even on the reduced acreage; and, if the report be true that 100 percent additional fertilizer purchases have been made, then we are faced with a dangerous threat to our whole reduction campaign, without the employment of compulsory measures. The man who refuses to act in concert with his fellow man for mutual interest is not entitled to any consideration. It is for the salvation of the people producing cotton that this campaign be made a success, and production brought within limits so that the price of the product can be reasonably controlled.

It has been suggested that danger will result from the program through increasing values to an inordinate height. There is no such danger. We realize that when the value of products increase there is a natural incentive to competing countries to increase production. This in itself is a limitation on the amount of value that can be sustained and provides a self-executing governor on the price structure.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. I cannot yield at the present time. To give you an illustration, we have in our vast southern area a climate in many instances approximating that of the magnificent Golden State whence comes my friend who was just on his feet. We can produce the major crops of the Nation there, but we are not induced to do so because we realize that if we used our cotton acreage for the purpose of producing wheat or corn that we would destroy not only the market for our own corn but, as well, that of our neighbor who can produce nothing but corn.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. I yield.

Mr. RANKIN. That brings us down to the crux of the real difficulty with this bill. If it is passed in its present form, then the Government will have the right to say to a farmer who owns his own land: "You shall not raise more than a certain number of bales of cotton on this land, and on the land which you do not plant cotton you shall not raise corn, hay, or dairy feed", and so forth. In other words, it puts the farmer in a strait-jacket as to what he shall do with his own land not planted in cotton.

Mr. DRIVER. And he ought to be in a strait-jacket if, when he comes before this Congress appealing for regulations to give reasonable value to his product, he refuses to restrict or diminish the quantity of other basic commodities.

Mr. RANKIN. It would go so far as to not permit him to raise a field of corn or other crops necessary for his family and his cattle; it leaves him with vacant idle lands to pay taxes on and leaves him in a situation where he is worse off than he is now.

Mr. DRIVER. We have provided for a processing tax to pay the expense of this operation; and the man who is not permitted to utilize that land in competition with the other products of the country has received a rental value for his land and has no legitimate right to complain when he is restricted from using the land for the purpose of increasing the principal crops in competition with other areas that today are in exactly the same condition as the southern cotton farmer.

Mr. RANKIN. If this bill passes with that provision in it, it will destroy the value of farm land in the South.

Mr. DRIVER. I differ with the gentleman. If we can pass this bill and get a reasonable price for our cotton and reasonably stabilize the cotton industry by removing the surplus now smothering us, the utilization of the acreage for cotton permitted in this bill will enable the people to make more money and to place themselves in a better economic position than they are now or have been for the years in which they planted enormous acreage and failed to find a profitable market for their product.

Mr. RANKIN. Of course, the gentleman represents a different class of farmers from what I do. My farmers do not live by cotton alone. Whenever you say to a farmer that he shall only raise a certain number of bales of cotton on the land he has been planting in cotton and that he cannot

plant any corn, hay, and foodstuffs, you absolutely do that man more harm with the other provisions than could do him good. It will destroy his land value.

Mr. DRIVER. This program is based on cotton acreage. It will not affect the lands employed for hay and grain crops heretofore.

Mr. RANKIN. I did not say all of it.

Mr. DRIVER. This is based on future cotton acreage and does not include other than acreage planted in cotton. This means taking his production over an average number of years and allotting to him the amount of cotton that he may produce and place in commerce in proportion to his neighbor's, and he will still use his accustomed acreage for the growing of corn and other crops for his immediate consumption and for feed purposes. He may continue to use his acreage for hay, for garden crops, and so forth. This only reduces his cotton acreage.

Another requirement of the bill is that before it is placed in operation 66⅔ percent of those engaged in the industry must express approval of the plan.

Mr. HOEPPEL. Will the gentleman yield?

Mr. DRIVER. I yield to the gentleman from California.

Mr. HOEPPEL. I am inclined to follow the majority voice of the representatives of the South who are affected by this bill. For that reason I would like to know if the gentleman can give us some information as to what percentage of the southern representatives are inclined to favor this bill.

Mr. DRIVER. I am unable to answer the gentleman's question except by way of an indication. From the communications I have from the cotton growers in one of the largest producing cotton districts in the United States, 95 percent of the expressions are in favor of compulsory control as outlined in this bill.

Mr. HOEPPEL. I would be inclined to follow the representatives of the Southern States if the majority of them are in favor of the bill. Under those circumstances I would probably vote for the bill.

Mr. DRIVER. My home county is the largest cotton-producing unit in the United States. The district is largely in the alluvial valley of the Mississippi River and a large cotton producer. The people are intensely interested in the program. I may say on their behalf that during the campaign of last fall but few farmers in the district failed to join with their neighbors in making the campaign an effective one; yet we always find a few who stand out. It is very much the attitude we found when we undertook to readjust our debts in the reclamation areas. On account of the uncertainty of the value of the equities of the landowners in those districts and to get a basis for refinancing the property, it became necessary to appeal to this body for a measure for refinancing, and we secured the same, but now find we are up against a wall in connection with refinancing operations due to the fact that the 10 percent scattered over the face of the earth cannot be reached, and therefore the attitude of that small majority denied the home owners in these areas the benefits of the relief acts that Congress passed in good faith for them.

Mr. BLANTON. Will the gentleman yield?

Mr. DRIVER. I yield to the gentleman from Texas.

Mr. BLANTON. I notice the committee has tried to meet all conditions, but paragraph (c) of section 8 attempts to exempt counties where during the last 3 years there has been an unprecedented drought. It so happens that in about 60 counties of central west Texas in the years 1929 and 1930 there was an unprecedented drought when even the grass would not grow. Practically nothing was produced. I do not think this paragraph (c) of section 8 should stand. It ought to go back 5 years instead of 3, otherwise it would do a great injustice to 60 fine counties in west Texas.

Mr. DRIVER. There is no doubt that this bill could possibly be amended and some valuable additions made. I have no doubt that when the gentleman raises a plea for the benefit of those unfortunate farmers he will meet a ready response.

Mr. BLANTON. The West Texas Chamber of Commerce, which embraces the territory from Fort Worth nearly 700 miles west to El Paso, in behalf of these 60 counties, states that it will hurt materially the farmers in said 60 counties, and be unjust to them, if this bill goes into effect, with paragraph (c) of section 8 limited to only 3 years. It should be 5 years.

Mr. DRIVER. There is no doubt but what we will pass a measure which is fair and just to all. I have no doubt that in certain sections exceptional conditions exist, and while this is not the time to thoroughly present the particular provisions of the bill, I have examined the situation carefully and I may say to the gentleman from Texas that the committee has worked laboriously to ascertain the true situation. They have put in some liberalizing amendments which will fairly meet the demands of the cotton producers.

Mr. KELLER. Will the gentleman yield?

Mr. DRIVER. I yield to the gentleman from Illinois.

Mr. KELLER. Is it not true that exactly the same sort of regulations asked for in this bill have been applied to the other business of the country, or at least in the process of being applied?

Mr. DRIVER. Yes; and I hope the program will continue until we dispose of the surplus and stabilize values, which will make it profitable to continue in agricultural pursuits.

Mr. Speaker, I reserve the balance of my time, and yield 30 minutes to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. Mr. Speaker, it is not my purpose to oppose the adoption of this rule. There is no occasion for this. The rule is an open one, gives liberal debate, and presents the opportunity for amendment and recommittal. It is a new deal for the House, for which the minority is profoundly grateful, and hopes it will be adopted in the days that are to come. [Applause.]

I rise in opposition to the measure, because I am opposed to granting this subsidy by the methods to be employed. First, may I say that I appreciate the motives that prompted my good friend the gentleman from Alabama [Mr. BANKHEAD] in offering this measure. For 10 years I have been privileged to enjoy his friendship, and I know there is no finer, fairer, or able man sitting on either side of the aisle than the gentleman from Alabama. [Applause.] I know he is actuated in this measure by a genuine desire to serve his distressed people, and with that I am in thorough sympathy.

I regret I do not believe the proposal will accomplish what he seeks. While it may give temporary relief, eventually it will cause people to be thrown out of employment and will cause many heartaches in the Southland.

What is the question before the House today? I believe the question we are going to answer is this, Shall we take advantage of the distress of the American farmer and sell him into eternal bondage? Shall we put the American farmer into the hands of the arbitrary bureaucrats here in Washington?

If it were not for the distress he would not be here, and when you take advantage of that distress and put him under absolute control of the Washington bureaucracy you are jeopardizing his future and doing him a great injury. You are placing him in perpetual serfdom because unquestionably if you take full control of prices, that policy will be continued and in the long run will be most detrimental to the farmer.

If the Government can control the production of cotton down to each plot of land, then the Government can and will eventually control all the crop and livestock production on every foot of land. Cotton happens to be the first commodity singled out for the great adventure, but eventually it will be expanded to include every commodity. A bureaucracy greedy for power will take care of the growth of the system.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. MARTIN of Massachusetts. Not just now. If you deprive the farmer of the control of his land, he has lost title to the land. He will not be any better off than the peasant in Russia, who can control his soil but has no



ownership. Ownership to be of any value must convey the right to do with your land what you actually want to do. In this legislation you are going to remove the control of the farmer over his own land.

Is this not too big a price for the American farmer to pay for relief? Give him relief, by all means, but let not the price of relief be the depriving of the farmer of his independence and self-respect.

I believe ultimately the proposal will be tragic in its results. We are asked today to curtail production of cotton to 10,000,000 bales. I am inclined to believe this is not the end, that eventually we will be required to make further reductions. When we increase the taxes on one commodity and do not increase the taxes on the competing commodities, we lessen the demand for the taxed article. It has ever been thus, and it ever will be. The cotton industry has already suffered from the effects of competition. We have seen a great amount of the trade go into rayon, and even at this very moment manufacturers of certain cotton products are deeply concerned over inovations in the wood-pulp industry which threaten new and serious competition. We must be careful how we put taxes on one class of commodities, without making the taxes apply to their competing commodities. Let me show the severity of competition confronted by the cotton-spinning industry. The Philippine Islands were once a great market for the American textile manufacturers. These little islands in the Pacific gave to the American cotton industry sufficient business, if it were all placed in one city, to make a great mill city like the city of Fall River, which I am privileged to represent, operate at full capacity for the whole year. Lately we find Japan has been able to undersell us in that market. The market has been gradually slipping away until today we have only a small share of the business we enjoyed in the past. That is a situation which interests also you men of the South, because all of the American manufacturers naturally buy their cotton from the American cotton grower; but Japan is under no obligation to do that. She will buy her cotton in Egypt, in America, in India, or any other country where she can purchase to the best advantage.

The cotton industry must and expects to bear its just share of any national burden, but it should not be singled out to carry a burden greater than other industries.

The presence of this bill here is an admission of the failure of the so-called "processing taxes" which have been in effect during the past year. It might be well to here recall the tremendous burden that has been placed upon the consumers of this country through this so-called "processing tax", which should be known actually as a consumers' tax.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. BANKHEAD. If the theory of the sponsors of this bill is correct, that is one of the things we hope to absolutely eliminate by controlled production. We hope to get away from the necessity for these processing taxes and this other artificial stimulation.

Mr. MARTIN of Massachusetts. The gentleman does not mean to say to the House that this will do away with the processing tax on cotton, if it is adopted?

Mr. BANKHEAD. Not for this year.

Mr. MARTIN of Massachusetts. Or for any other year.

Mr. JOHNSON of Texas. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. JOHNSON of Texas. The gentleman comes from a State where no cotton is produced, but where there are large buyers of cotton for the mills.

Mr. MARTIN of Massachusetts. Yes; absolutely.

Mr. JOHNSON of Texas. This bill is limited to 2 years. It is not permanent legislation. If the bill is not a success, it will automatically die at the end of that time, and other industries about which the gentleman expresses fear, will not be affected, because unless the bill is a success, at the end of 2 years it will die.

Mr. MARTIN of Massachusetts. I shall answer that by asking another question. Does the gentleman ever expect that we can stop a subsidy once it is granted? Gentlemen have been talking about subsidies for the air mail, and subsidies for ocean mail. Those subsidies have been continuing for years; they keep on going, and so will this subsidy, if we grant it.

Mr. JOHNSON of Texas. The trouble is that we have never had any subsidies in the agricultural sections. The subsidies have been in the regions where the gentleman lives.

Mr. MARTIN of Massachusetts. I never had a subsidy in my district either.

Mr. DARDEN. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. DARDEN. Does not the gentleman think that due to the fact that 60 percent of the cotton crop is sold abroad, that will in itself prevent an unreasonable rise in prices, if this bill is enacted into law?

Mr. MARTIN of Massachusetts. I don't think there will be an unreasonable increase in prices at the present time, but I believe you are sounding the death knell of the American cotton industry by reducing the acreage. Last year we reduced our cotton production and it was an invitation for the rest of the world to increase theirs, and they did it, with the result they will eventually get your foreign markets.

Mr. DARDEN. There is some force to the gentleman's argument, but there is no doubt that in itself will check unreasonable rise in prices for a year.

Mr. MARTIN of Massachusetts. The unreasonable prices will probably be checked.

Mr. DARDEN. But the industry will not suffer.

Mr. MARTIN of Massachusetts. The cotton industry will suffer if it is taxed and these competing commodities do not have a similar tax. You might be forced to make your selling prices so high the American purchaser will not be able to buy cotton goods if the costs are too high.

Mr. JONES. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. JONES. The gentleman does not take the position that this bill will stop the export of cotton?

Mr. MARTIN of Massachusetts. Oh, no.

Mr. JONES. Under the reduction plan, we have been exporting more cotton than we have been exporting heretofore.

Mr. MARTIN of Massachusetts. I did not make that statement. What I meant to convey is that when you stimulate cotton production abroad, their costs will be lower than ours, and you will eventually lose the foreign market because of the production of cotton abroad.

Mr. JONES. The gentleman understands this does not interfere with the sale of the commodity in a foreign market or in the open market?

Mr. MARTIN of Massachusetts. I understand that perfectly.

Mr. RICH. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. RICH. The gentleman made the statement a few moments ago that this was only for 2 years. We have had a processing tax for 2 years. They want to do away with that. We will do away with this probably in 2 years. Is it not possible to get something that would be permanent for the cotton growers, because a colleague of mine in a cotton-growing State says the cotton farmer cannot exist without Government subsidy.

Mr. O'CONNOR. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. O'CONNOR. There has been a processing tax on cotton for a year. I understand that the cotton mills in the gentleman's district in New England have been especially busy, and have increased their employment, and have had a very exceptional year. Is that substantially the fact?

Mr. MARTIN of Massachusetts. That is true in comparison to recent years, but does the gentleman want to know the reason?

Mr. O'CONNOR. The processing tax has not interfered with it?

Mr. MARTIN of Massachusetts. Yes, the processing tax has interfered with it, and I will tell the gentleman it almost put out of business one factory that I have personal knowledge of, which employed 700 people. This tax must be paid by the manufacturer, and a great many men who are operating a manufacturing business have been in a position where capital and surplus have been very scarce recently. This tax must be paid before they can get their money, and men have been obliged to pay the processing tax long before they receive reimbursement, with the result that I know of one man not being able to get bank loans and, the Government failing to give him any consideration with regard to loans, was almost on the brink of closing the factory when someone came to his relief.

Mr. O'CONNOR. I can understand that ultimately it will fall on the consumer. I know very little about this, and I want to get some information. Has it in any way retarded the development of the textile industry in the North?

Mr. MARTIN of Massachusetts. The textile industry of the North has benefitted because of the uniformity of labor laws that have recently been adopted. Business which had normally gone South has gone to the northern factories, and they have enjoyed a good year.

Mr. O'CONNOR. In other words, the gentleman says they did that in spite of the processing tax?

Mr. MARTIN of Massachusetts. The business would have been greater if the processing tax had not been on.

Mr. O'CONNOR. Is it not a fact that the southern mills, too, have had a very prosperous year, in spite of this processing tax?

Mr. MARTIN of Massachusetts. I think the cotton industry as a whole has had a good year. I think it has put more people to work than any other industry.

Mr. BLANTON. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. BLANTON. The gentleman from Massachusetts stated that a mill employing 700 men was in a terrible situation until someone came to its relief. That was the situation all over the country with regard to everybody until Franklin D. Roosevelt came to their relief. He was the "someone."

Mr. MARTIN of Massachusetts. Franklin D. Roosevelt did not come to the relief of this man. He tried to borrow money from the Federal Government and could not get it. He was fortunate enough to have a friend to help him out.

Mr. BLANTON. But he did not get that help until we had Franklin D. Roosevelt in the White House.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. CARPENTER of Kansas. It has been stated that this measure is only to be in force for 2 years, and then if it is not a success it can be done away with. Would it not be almost the same argument to say that we will abandon the Constitution of the United States for 2 years, we will do away with it for 2 years, and if we can successfully run the Government without it, then we will proceed without it, and if we cannot run the Government without it, then we will revert to the Constitution?

Mr. MARTIN of Massachusetts. There is a great deal of force in what the gentleman says.

Mr. DRIVER. Will the gentleman yield for a statement?

Mr. MARTIN of Massachusetts. I yield.

Mr. DRIVER. Possibly the gentleman's suggestion might be somewhat apropos, were it not for the fact that in that 2 years we could get rid of the surplus that is now smothering the cotton industry. That was the purpose of providing for the 2-year alternative.

Mr. CARPENTER of Kansas. Will the gentleman yield again?

Mr. MARTIN of Massachusetts. I yield.

Mr. CARPENTER of Kansas. Has the constitutionality of this measure been considered?

Mr. DRIVER. No. It has not been considered so far as this measure is concerned.

Mr. JONES. Oh, yes. We have gone into that question very thoroughly with good lawyers and we have held considerable hearings on that subject.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. FITZPATRICK. If this bill is passed, will it be mandatory or optional with the President?

Mr. MARTIN of Massachusetts. It will be mandatory.

Mr. GLOVER. Will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. GLOVER. The gentleman stated a few moments ago that this was for 2 years. This is to be submitted to two thirds of the farmers this year, and they will try it out this year, and the same will be true next year, and if they do not like it the first year, it will not be put into operation the second year.

Mr. MARTIN of Massachusetts. How does the gentleman know what the Congress will do next year?

Mr. GLOVER. I say the act itself provides that the farmers themselves are to decide.

Mr. MARTIN of Massachusetts. Are we delegating our power to the farmers of the South in this respect?

Mr. GLOVER. We are setting up a machinery whereby the farmer may use it. That is all.

Mr. MARTIN of Massachusetts. If that be true, the bill is worse than I thought it was.

Mr. MAY. Will the gentleman yield?

Mr. MARTIN of Massachusetts. Surely.

Mr. MAY. The Congress has regulated practically everything except the law of supply and demand. What does the gentleman think will happen if we get this surplus out of the way and then we have a drought and do not produce but very little cotton?

Mr. MARTIN of Massachusetts. I shudder to think what would happen to the American people who use cotton goods. Now, let us review the voluntary reduction in cotton this past year which we are now being asked to make permanent. In 1932 the area planted for cotton was 36,000,000 acres; and in this same year we had the largest carry-over of cotton in the history of this country. Now, were I a manufacturer and in one year had not been able to sell half my goods, I certainly would not expect to increase production next year. But the Congress served notice it was going to pay for acreage reduction. Those in charge of the putting of the law in effect were a little tardy. I do not criticize their tardiness, but by the time they got around to reducing the acreage it was found that instead of 36,000,000 acres planted there were some 40,500,000 acres growing cotton. The problem was to start at 40,500,000 instead of 36,000,000 which should have been the case. When they took 27 percent off the acreage, we all said, "Well, that is fine. That means at least a 20-percent reduction in cotton production." For the last 20 years the average cotton yield per acre has been around 173 pounds, but for some mysterious reason in 1933 the average yield per acre was 206 pounds, with the result that, although the people paid $125,000,000 in processing taxes in order to reduce production, the total yield of our cotton crop was 125,000 bales greater than it was last year.

Mr. ALLGOOD. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. ALLGOOD. That is exactly what we are trying to do in this bill, limit the number of bales.

Mr. MARTIN of Massachusetts. I hope you will be more successful in that than you were last year.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. BLANCHARD. Does the gentleman insinuate that the proponents of this measure believe the voluntary crop reduction plan was a failure?

Mr. MARTIN of Massachusetts. That is admitted by the presence of this bill in the House. It has been a failure, else this bill would not be here; that is certain.

Mr. ALLGOOD. We are trying to get rid of 4,000,000 bales. We should have had 13,000,000 bales last year instead

of 17,000,000. This bill strikes at the fundamental difficulty. We are trying to get down to a yield of 9,000,000 or 10,000,000 bales; we are trying to reduce this 12,000,000-bale surplus.

Mr. CHRISTIANSON. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. CHRISTIANSON. To what does the gentleman attribute the increased production last year, to more favorable climatic conditions or to an increased use of commercial fertilizer?

Mr. MARTIN of Massachusetts. Personally I think it was due to intensive cultivation by the people who would be aided by the subsidy.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. WHITTINGTON. I should say that the cultivation of the cotton crop had been practically completed by the time the bill in question was passed; so, in my opinion, the increase last year was due to weather conditions and more favorable growing conditions.

Mr. MARTIN of Massachusetts. It is more probable somebody heard of what was contemplated.

It is idle to talk of the constitutionality of this act. That is something which apparently is considered old-fashioned, and I am not going to presume to do so here this afternoon. I am protesting against this bill because I believe it will make the farmer a vassal of the Washington bureaucracy; I believe while we give him temporary relief that ultimately we will bring disaster by restricting his future.

I protest against the bill because I believe it will be a hardship to the cotton-spinning industry.

I protest against the bill because it places upon the consumers of this country a great burden. Their income is diminishing. The masses of this country patriotically endured this tax last year in a hope it might aid recovery. Now that the experiment has proven to be a failure we should not take advantage of their patriotism any longer. We should relieve them of the burden. No part of our population have had less help than the poor working people, whose plight has been the worst.

Finally, I protest against the bill because I believe it is contrary to the American ideals.

As I review the world I do not conclude that everything which is distinctly American is now wrong. Neither do I believe that every experiment tried out in Russia must necessarily be right. The American people, even in these distressful days, are infinitely much better off than any other people in the world. There is hardly a person in any other country but would be glad to come to America.

There is a reason for this, and I believe that reason is the American ideals which we are being asked to sacrifice.

In closing, may I urge you not to lose courage in this trying period? Let us be true to the fundamentals which have made America a great country and we will hasten the return of recovery which we all anxiously seek.

Mr. DRIVER. Does the gentleman from Massachusetts wish to use any additional time?

Mr. MARTIN of Massachusetts. No.

Mr. DRIVER. Then, Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 8402, to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 8402, with Mr. HILL of Alabama in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection the first reading of the bill will be dispensed with.

There was no objection.

Mr. JONES. Mr. Chairman, I yield to the gentleman from Mississippi [Mr. DOXEY] such time as he may desire.

Mr. DOXEY. Mr. Chairman, when my distinguished chairman yielded me such time as I might desire to discuss this measure I feel I can show my appreciation no better than by discussing the measure itself and explaining to the Membership of the House what I know about the bill and its general provisions, being a member of the Committee on Agriculture, that reported the bill for your consideration.

At the outset I may say that I regret exceedingly that our distinguished chairman, the gentleman from Texas [Mr. JONES] is feeling so badly that he at this time does not feel like opening this discussion. In passing, I may further say that the distinguished author of this bill, the gentleman from Alabama [Mr. BANKHEAD], together with his distinguished brother who graces the Senate, have not only given great thought and consideration to the principles involved in this bill but they have carried their messages to the far reaches of the cotton-producing sections.

From the time this bill was first introduced and referred to the Committee on Agriculture, which was more than a month ago, that committee has, day and night, not only endeavored to improve the bill but has cooperated and worked in a way that we feel has resulted in some very practical changes being made in the bill H.R. 8402, which we are considering today. We have brought to you nothing in the nature of a gag rule or any other rule, except freedom of discussion and action. If you can help make this a better bill for the cotton-producing sections of this country, we want your assistance in doing just that thing. The bill is wide open for your consideration. [Applause.]

I am not going to talk to you about the acute economic situation throughout the cotton-producing States. I am not going to talk to you about the program that we have had under the Agricultural Adjustment Act. This has been a voluntary program. It has worked splendidly. I may say to you that we feel this bill is only supplemental to and aids and assists in the further carrying out of that program.

May I take a practical illustration of just how this bill will work out if it is enacted into law. We say that this bill is not a permanent measure. It is a temporary measure, and I will explain this later if I have time. We say that the production of cotton is limited to 10,000,000 bales for this year. A certain number of bales is allotted to each cotton-producing State in proportion to the ratio that that particular State raises to the total amount raised by all the cotton-producing States throughout the United States for the basic period of 5 years beginning with the year 1928 through and including 1932. Can anything be fairer? The various States are given their allotments and, for the purpose of illustration and as a concrete example, take my own State, Mississippi. Assume that we will be allotted a million bales this year. There are 82 counties in the State of Mississippi. Not all of them, but practically all of them produce cotton. Each county is allotted its proportionate share on the same ratio basis. Then in each county there are farmers who have to have their allotments.

These allotments are made under rules and regulations set out definitely and specifically in this bill. The allotment goes to the farmer, the owner, the renter, sharecropper, tenant, or whoever controls the farm. There is every effort made in this bill to take care of the little man, the man who by the sweat of his brow produces the cotton. When this allotment is made on a fair and equitable basis, the man who wants to raise his cotton applies for what is termed a "tax-exempt certificate." He knows, for instance, that he is permitted to raise 10 bales of cotton when this tax-exemption certificate is issued to him. It states that "Sam Smith" of such-and-such a farm in said county in the State of Mississippi, is allotted 10 bales of cotton, which

is tax exempt. He does not have to pay a nickel on this cotton when he produces it, gins it, and puts it into the market and trade. The allotment is based on the fairness of the situation, and will possibly cause some complications in the mechanics of the thing, but what can you do without trouble and complication if you are going to handle as technical and great an industry as the cotton industry in a fair, just, and equitable way?

As Members of this Congress, you want to know who pays the tax. There is no tax on any cotton other than the cotton raised over and above the allotment, whether it is to the individual farmer, whether it is to the county, to the State, or to the Nation.

If a bale of cotton above and beyond the allotment is raised there is a tax due on that bale. The purpose of this bill is not only to bring about more parity between production and consumption but is an effort to raise the price of cotton by limiting the production of cotton, and everyone who is a friend of the farmer will acknowledge this principle.

Mr. MAY. Will the gentleman yield?

Mr. DOXEY. I yield to the gentleman from Kentucky.

Mr. MAY. I would like to have the gentleman explain just what tax would be imposed on the cotton which is produced and marketed or attempted to be marketed in excess of the amount allotted, and whether or not he thinks the tax as provided in this bill is or is not in conflict with the constitutional requirement that taxes must be uniform?

Mr. DOXEY. My discussion would be incomplete if I did not endeavor to explain the tax situation which, of course, the gentleman knows I was going to do anyway. I may say to the gentleman from Kentucky that I am not going to engage in a discussion as to the constitutional question. I might ask the gentleman under the emergency situation and the conditions under which we live whether it would be fair at this time to discuss a question which is somewhat similar to my asking you the question: Who is the Unknown Soldier's widow? I say to the gentleman that it is not a field here that we should get into, and I do not propose to discuss it in the limited time I have. I will answer the gentleman's question with reference to the tax matter by saying that the amount of tax imposed on the nonexempt cotton is 50 percent of the central market price of the cotton in the 10 spot-cotton markets throughout the United States as fixed by the Secretary of Agriculture. In other words, if the central market value of cotton is 12 cents, then the tax would be 50 percent or 6 cents. The law says that it shall not be less than 5 cents per pound on lint cotton and further says that this tax will be the rate of tax fixed until the Secretary of Agriculture declares a different central market value.

Mr. MAY. Will the gentleman yield?

Mr. DOXEY. With pleasure.

Mr. MAY. I am afraid my friend misunderstood my motive. I am trying to relieve myself from a doubt about the constitutionality of the measure. I am trying to get to the point where I can support the bill.

Mr. BANKHEAD. Will the gentleman yield to me?

Mr. DOXEY. I will gladly yield to the gentleman from Alabama.

Mr. BANKHEAD. The gentleman from Kentucky is a good lawyer, and if he will read the brief incorporated in the RECORD in the Senate proceedings, I am sure he will be convinced of the constitutionality of this measure.

Mr. MAY. I am delighted to have that information. I am inclined to support the measure, but the imposition of a penalty by way of a tax I considered as an unconstitutional feature of the bill, but I can be mistaken, for I have been mistaken in times past. I hope my friend will understand my motive.

Mr. DOXEY. I appreciate the gentleman's motives. Our committee gave careful consideration to that, and if the gentleman will read the brief of the gentleman from Alabama in the RECORD, I know my friend, who is a good lawyer, will be convinced that it is constitutional.

Mr. MOTT. Will the gentleman yield?

Mr. DOXEY. I yield to the gentleman.

Mr. MOTT. Will the gentleman tell us approximately what is the cost of production of a pound of cotton?

Mr. DOXEY. I cannot answer that definitely, because the cost in one section is not the cost in another section, but the cost of production has no relative bearing on the legislation we are considering.

I will say that the cotton South has been in this depressed economic condition because we cannot sell the finished product for what it costs to produce it, and that has brought about a condition that I am sure the gentleman will agree with me is deplorable, and that every man interested in restoring prosperity will try to aid as best he can.

Mr. MOTT. If the gentleman will yield further, perhaps he can tell us approximately the cost of producing a pound of cotton in his own State?

Mr. DOXEY. I would not attempt to do that, because in one section they raise long-staple cotton and in other sections short staple; one farmer has one kind of machinery and another farmer has another, difference in land cultivated, labor used, and so forth, would make it impossible to even try to give the average cost with any degree of accuracy.

Mr. MOTT. Well, if the gentleman cannot tell us, of course, he cannot. I thought it would be helpful. The purpose of my question was to find out whether a tax of 50 percent imposed upon surplus cotton would be a confiscatory tax.

Mr. DOXEY. I think I can answer that in this way: The law specifically provides that the amount of tax shall not be less than 5 cents a pound. That is equivalent to saying that you will stabilize cotton at 10 cents a pound, and you might say that we are indirectly trying to do that in that way.

Mr. MOTT. The gentleman has answered, whether unconsciously or not, my question, that you have to have 10 cents a pound to make it profitable.

Mr. DOXEY. I do not want the gentleman to think that I was begging the question on the cost of production. It will cost more this year to produce cotton than it did last year. It may cost 12 cents per pound or 10 cents, but certainly we cannot sell our cotton for less than 12 cents per pound and have any money with which to pay our debts and buy your goods.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. Yes; gladly to the gentleman from New York.

Mr. WADSWORTH. What is the present price of cotton?

Mr. DOXEY. It is fluctuating; and what we want to do in this bill is to keep it from fluctuating as much as possible, but I may say it is so much higher now than it has been that we are much pleased. I do not know exactly what the market is today, but I know it is around 12 cents.

Mr. WADSWORTH. The gentleman does not mind when it fluctuates to 12 cents?

Mr. DOXEY. Not at all; and we hope that it will fluctuate to 15 cents. That is hope, and if we do not live in hopes, we may feel that we are dying in despair.

Mr. WADSWORTH. If the power is given to the Secretary of Agriculture to impose this tax, he has to impose it at 50 percent of the market price?

Mr. DOXEY. The central market price.

Mr. WADSWORTH. The market price upon any day that he selects.

Mr. DOXEY. Yes. We have looked at this thing in a practical way. Today he would say 12 cents a pound, and he could tomorrow, if the market justified, say 12.05 or 11.56.

Mr. WADSWORTH. He has the power to change the tax from day to day at his own discretion.

Mr. DOXEY. Not the tax, but the basis for the rate of tax.

Mr. WADSWORTH. That is the same thing.

Mr. DOXEY. And it remains stationary until he announces a change.

Mr. DARDEN. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. Yes.

Mr. DARDEN. If the crop this year is limited, as is designed by the bill, will not the carry-over of cotton now in sight guarantee the consumers of this country against an unreasonable rise in the price of cotton? Have we not enough cotton in sight to guarantee them that they will not have to pay an exorbitant price for finished cotton goods?

Mr. DOXEY. Certainly. If we can carry out the life of this bill in 3 years and absorb this enormous carry-over that is hanging like the sword of Damocles over the cotton producer and reduce the carry-over to 4,000,000 bales, we can eventually stabilize the cotton market at a point where the price would be fair and reasonable.

Mr. DARDEN. And with that price we can retain the foreign trade?

Mr. DOXEY. Yes; and we will retain our foreign trade because there is nothing in this law preventing us from negotiating and carrying on all the foreign trade that we can get with any foreign country.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. Yes; certainly to my Texas friend.

Mr. BAILEY. Can the gentleman direct me to any part of the hearings on this bill in which attention was directed as to the power of Congress to levy this direct tax?

Mr. DOXEY. We have a brief on that question but, for some reason or other, it was not printed in the hearings. We went into that in a general way, but more fully in executive session, where we did not have any hearings, and our proceedings were not reduced to writing.

Mr. BAILEY. What is the gentleman's opinion?

Mr. DOXEY. I feel that to discuss the power to tax, and the constitutionality of the law, I would be trespassing on the time of this House, because it would take too long, and I do not want to consume too much time.

Mr. JONES. Will the gentleman yield?

Mr. DOXEY. I yield to my chairman.

Mr. JONES. There are numerous instances of specific taxes, like the tax on ginning. We have levied a processing tax. The court has sustained a tax on bank note issues, a tax on oleomargarine, and on many other specific activities. These matters were gone into in the hearings. There is no question about the right to levy a tax. The only question that arose was whether we could go to the point at which the tax would become prohibitive, and that was the reason the committee cut the tax down from the point where it would probably have been prohibitive to the point where it would produce some revenue and thus be within the terms of the law.

Mr. BAILEY. I was not raising that in the form of an objection, but I wanted to have my attention directed to some authorities on the subject.

Mr. DOXEY. I know that the gentleman, in endeavoring to get that information, had only the loftiest motives in view, and I want to help in any way that I can.

Mr. JONES. In the brief which has been put into the RECORD of last Thursday, March 8, several of that type of taxes are cited, which have been upheld, and there is no question about that.

Mr. BAILEY. There may be some gentlemen who have the same question that I have. My attention has been called to the RECORD of Thursday, March 8, in which the author of this bill, Mr. BANKHEAD, has very thoroughly discussed that question.

Mr. DOXEY. I thank the gentleman for his contribution. I have tried to tell the Members about that very able discussion, in answer to the gentleman from Montana. I directed him to that very brief in the RECORD of March 8.

Mr. LANHAM. Will the gentleman yield?

Mr. DOXEY. I yield.

Mr. LANHAM. From the information before the committee, can the gentleman estimate to what extent the contemplated restriction of production in this country under the terms of this bill, will encourage foreign countries, which can grow cotton, to do so, and thereby restrict permanently our foreign market for our surplus cotton?

Mr. DOXEY. I will give my estimate, and one man's thought and guess is just as good as another's, but there would be no use to encourage them to increase their production unless they felt that the United States of America could not supply the world market. There is no danger, with a 10,000,000-bale limit, and with the great carry-over that we have, stored throughout this United States, but what we can fill all the orders we can get from any country anywhere on this globe. I do not think the argument as to the bugaboo about encouraging oriental and European countries to go in for a greater production of cotton should keep us from endeavoring to get a fair market price here at home, and endeavoring to raise the price of cotton by reasonably limiting our production. The only way we know how to raise the price is to reduce and restrict production. I do not know how to restrict production except by the voluntary method that we are using, and that has certainly been wonderfully successful, in my humble judgment.

Now, to supplement, aid, and assist that plan, we are limiting in this manner, for a brief period of time, our cotton production. I feel this method will be about as complete a program as we could hope to get under the circumstances, and I hope I am not wrong.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. DOXEY. I am delighted to yield to my colleague from Mississippi.

Mr. WHITTINGTON. If my colleague will permit me, I should like to offer this statement, with respect to the cost of production of cotton: Already the cost of producing cotton has increased in the last 6 or 8 months at least 30 or 35 percent. As a cotton grower, it is my thought that the present price of around 12 cents a pound is less than the present cost of production of cotton. Based upon the cost of the products that go into the production of cotton, I should say that the reasonable cost of production of cotton at present is around 15 cents.

Mr. DOXEY. I thank my colleague for his contribution. Of course, I announced at the beginning that I was not going to take up any conditions or discussions as to the general situation that most of us are familiar with, but contributions like that are very helpful. I appreciate it, and I am sure the Members do.

Mr. TAYLOR of South Carolina. Will the gentleman yield?

Mr. DOXEY. I yield.

Mr. TAYLOR of South Carolina. Does the gentleman think that under this bill the Secretary of Agriculture will arbitrarily fix rules to restrict the planting of other crops on the retired acreage that are to be used in home consumption?

Mr. DOXEY. Now, the gentleman has raised the same question that my distinguished colleague, Mr. RANKIN, from Mississippi, raised when they were discussing the legislative rule in regard to this legislation. I refer the Members to section 26, on the last page of this bill, which is a permissive and not a mandatory suggestion to the Secretary of Agriculture. I want to say that the cotton men of this House, and on my committee especially, out of a spirit of fairness, wanted to go along with the men who represented other agricultural commodities and basic commodities, because these men on our committee have always been generous and fine in going along with us; and when they in committee said, "Now, we do not feel it is fair for you to reduce your cotton acreage and plant it in corn, wheat, or something that will enter into competition with our products", we said, "Brothers, no; we do not think that is fair. We know that in order to reach an agreement there must be a willingness of give and take, and we cotton men have always demonstrated that position, and we appreciate the position you who live in sections other than the South take."

We said, "Now, you gentlemen suggest what you want to do with these so-called 'idle acres'"; you realize something had to be done; but this language says to the Secretary of Agriculture, "You are permitted to make these rules and regulations for the things to be planted that go into the marts of trade for sale."

Nothing in this bill prevents the man at home from raising anything he wants to for his home consumption.

You know legislation here is not always what you personally want, but in order to get a few things you want, it is necessary to compromise with the other fellow. For if you do not get his help, you do not get very far with any kind of legislation. There are 25 men on our Agriculture Committee from all sections of the United States and we as a Committee try to pull together for the common good of all.

But may I ask my friend from South Carolina, Do you not think it would be right to have some safeguard in this bill in order that our friends from other sections would know that we do not intended to go into serious competition with them? This, in brief, is the position of the Committee on this bill; you will find that is one of the purposes of section 26; you will find it is permissive. You have got to leave some discretion to the Secretary of Agriculture and his Department, in a measure of this kind.

Mr. TAYLOR of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. I yield.

Mr. TAYLOR of South Carolina. Does not the gentleman believe further that by specific limitation of this kind you cannot restrict crops that are to be consumed on the premises?

Mr. DOXEY. That language is in the bill.

Mr. TAYLOR of South Carolina. Where is the limitation?

Mr. DOXEY. It is permissive.

Mr. TAYLOR of South Carolina. It is permissive, yes; but how broad is the limitation?

Mr. DOXEY. I would ask the gentleman to read the language of the bill: To limit agricultural production, and so forth and so on, for sale. It does not apply to some little stuff the farmer may grow for his own use. We cannot go into too great detail in a bill of this kind.

Mr. ELLZEY of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. I yield gladly to my colleague from Mississippi.

Mr. ELLZEY of Mississippi. Is it not a fact that under the provisions of the present Agricultural Adjustment Act the Secretary of Agriculture has just as much authority to control the milk industry as he would have under this bill to control the cotton industry?

Mr. DOXEY. The Secretary of Agriculture under the Agricultural Adjustment Act necessarily has some authority in administering the broad provisions of the act, but we cannot carry out this program with respect to cotton or to any other commodity without enlarging that power; we must allow him to use some discretion, and use his best judgment in administering some of these measures.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. I yield.

Mr. WADSWORTH. Has the gentleman given any thought to this: As I understand it and as he has explained this bill, the cotton farmer is forbidden, or may be forbidden, by the Secretary of Agriculture to raise any other crop salable for cash on the acreage which is abandoned for the cultivation of cotton. Is not that right?

Mr. DOXEY. That he may not enter into serious competition with any other basic agricultural commodity.

Mr. WADSWORTH. That includes corn.

Mr. DOXEY. Certainly, and wheat also.

Mr. WADSWORTH. Would they raise wheat in your country anyway?

Mr. DOXEY. In our country we can raise most anything; but we will stick to cotton if you will help us, and if you do not help us, we shall be forced to go to something else.

Mr. WADSWORTH. Here is what I am getting at: If the principle formulated in this bill is to be carried out generally over the country, section by section, and the attempt made by the Congress and by the Department of Agriculture to allot the major production of a certain crop in this section and of another crop in another section, and a third crop in a third section, then we can say good-by to diversification in agriculture.

Mr. DOXEY. My good friend is entering the realm of prophecy, and into this realm I do not care to go.

Mr. TRUAX. Mr. Chairman, will the gentleman yield? I do not want to trespass upon his time, but I wish to clarify one point.

Mr. DOXEY. Yes; I yield to the gentleman from Ohio.

Mr. TRUAX. With the gentleman's permission, I would like to clarify one question that has been uppermost in the minds of several Members, namely, as to the probability of the cotton producers of the country losing the foreign markets by reducing production, or acreage. This instance is the case of one of the large foreign cotton-producing countries, and there are only four. I refer, however, to Egypt. In 1931 it seems that their cotton growers were having the same difficulty and experiencing the same ills as our cotton growers; so the Egyptian Government adopted a compulsory reduction plan.

Mr. DOXEY. Pardon me for interrupting, but I suggest if the gentleman wants to make a speech he can get time in his own right.

Mr. TRUAX. I am coming to the point right now and then I shall be through. As a result of this compulsory reduction plan in Egypt their cotton crop was reduced from 1,288,000 bales in 1932 to 950,000 bales in 1933, a reduction of 25 percent. So we will not feel competition from that source if we make this control effective.

Mr. DOXEY. I thank the gentleman for his contribution.

Full well do I realize the complications and complexities presented by the terms of this bill known as the "Bankhead bill" (H.R. 8402). I can readily agree that to administer the provisions of this measure in accordance with the language and intentions that the committee had in amending the bill is going to be extremely difficult. In any effort made to handle an industry such as cotton in a manner that will benefit the most people, necessarily some are helped and others suffer hardships.

The House Committee on Agriculture began hearings on this bill about a month ago. The hearings are now printed, and I am sure this House realizes that our committee has given this bill thoughtful and earnest consideration. I feel that my friend, the distinguished gentleman from Alabama [Mr. BANKHEAD], the original author of this bill, believes that the contributions made by our committee have strengthened and improved the bill.

Early in the hearings I felt that it might be better in some wise to amend the Agricultural Adjustment Act than to enact a bill of this type at this time, as I am sure most of us agree that it is a departure from the philosophy that most of us are schooled in. Furthermore, the principle of this Bankhead bill is compulsion; the acreage reduction program that is now being employed under the Agricultural Adjustment Act is voluntary. I was doubtful, should the principles embodied in the Bankhead bill become a law, whether the two could work side by side without one supplanting the other. Certainly I did not want and I do not feel that any of us want, the benefit payments that the cotton producer is now receiving and has contracted to receive for the years 1934 and 1935 to be discontinued.

With that in view, the questions I asked and the position that I took as disclosed by the hearings, indicate that I felt we should be extremely cautious before enacting a law of this kind. Therefore, in the executive session of our committee, I submitted various amendments to the Agriculture Adjustment Act which tended, in my judgment, to make more attractive the acreage reduction contract to the cotton producers who cooperated in the program, and at the same time endeavored to deny some privileges to those cotton producers who did not and have not cooperated with the Government's voluntary acreage reduction program. However, the committee and representatives of the Agriculture Department were of the opinion that to amend the Agriculture Adjustment Act so as to contain these provisions would be a most difficult proposition not only from the standpoint of constitutionality but from the standpoint of

administering same. Too, it was thought that such amendments would likely involve and complicate the workings of the act as it now exists with reference to some other agricultural basic commodities.

Some of the amendments submitted by me, and considered in executive session by the committee, had to do with the precessing tax on cotton, the tax to be fixed by a definite figure and left to the discretion of the Secretary of Agriculture to be administered within limits, and to be collected in the manner now prescribed by law and to be used by the Secretary of Agriculture in paying rentals and other benefits which the Secretary of Agriculture deemed proper to the producers of cotton who voluntarily signed contracts and complied with the Government's acreage reduction program.

The Secretary of Agriculture wrote a letter to the committee in which he pointed out the difficulties that would likely be encountered if such an amendment were enacted into a law. In fact, while he was before the committee testifying I asked him for an opinion on the question, If the Agriculture Adjustment Act were amended to permit higher processing tax rates than are now permitted, would it have the effect of controlling a noncooperating producer? He expressed the opinion in writing that it would not. Therefore, after the amendment feature was thoroughly considered by our committee, the committee rejected my proposals.

Then I submitted in executive session for the consideration of the committee a proposed measure which was prepared by my friend, the Honorable Oscar Johnston, of Mississippi:

Mr. Johnston made a very able and forceful statement before our committee, which appears in the printed hearings beginning on page 45. It will be observed that a great number of the objections raised in the testimony of Mr. Johnston to the original Bankhead bill have been eliminated by committee amendments placed in the bill as reported by our committee, which you are now considering.

The proposed emergency measure prepared by Mr. Johnston and submitted by me to the committee in executive session is as follows:

An act to relieve the existing national economic emergency affecting the marketing of cotton, cottonseed, and the manufactures thereof

Be it enacted, etc.—

DECLARATION OF EMERGENCY

SECTION 1

The free, unlimited, and unrestricted movement of cotton, cottonseed, and the manufactures thereof in interstate commerce and for export has brought into existence and caused the existence of a national economic emergency in reference to the marketing of these products which today seriously threatens the existence of the industry and which threatens to impair the balance of trade between the United States and other nations. This condition has also resulted in impairing the purchasing power of millions of persons residing in the cotton-producing States of the United States, thus contributing to the existence of the national economic emergency.

SECTION 2

It is hereby declared to be the policy of Congress to control and regulate the movement of cotton, cottonseed, and the manufactures thereof in interstate commerce and/or for export during the existence of the emergency declared in section 1 of this act, such control to be exercised until suspended by proclamation of the President of the United States.

SECTION 3

It is hereby made and declared to be unlawful for any person, firm, or corporation to ship, transport, or to move in any manner any cotton, cottonseed, and the manufactures thereof in interstate commerce or for export unless such cotton and/or cottonseed shall have been produced in accordance with regulations or conditions prescribed by the Secretary of Agriculture.

SECTION 4

By and with the consent of the approval of the President of the United States, the Secretary of Agriculture is hereby authorized and empowered to prescribe rules and regulations controlling the interstate and export movement of all cotton and/or cottonseed and the manufactures thereof produced in the United States of America from the crop of 1934, and such regulations, when so approved, shall have the force and effect of law.

SECTION 5

Any person who shall be convicted of violating any rule or regulation promulgated by the Secretary of Agriculture and approved by the President of the United States relating to the movement of cotton and/or cottonseed in interstate commerce, shall be subject to a fine of not exceeding $1,000 and imprisonment for not more than 1 year for each such violation. Any person who shall be convicted of moving in the stream of interstate commerce any cotton, cottonseed, and/or the manufactures thereof, in a manner contrary to any rule, regulation, or condition promulgated by the Secretary of Agriculture and approved by the President, shall be subject to a fine of not more than $1,000 or imprisonment for not more than 1 year, or both, for each such violation.

With regard to this emergency piece of legislation the question of constitutionality was raised. Also, we found that the Secretary of Agriculture and his Department, who were charged with the responsibilities of administering the act and any amendments that might be made thereto, were opposed to being invested with such wide powers and the responsibility of regulating the cotton-producing industry without a more specific and definite chart to guide them. Therefore, after serious consideration, the committee, in executive session, rejected this proposal and also all my proposed amendments to the Agriculture Adjustment Act. We then set about as a committee to amend as best we could the original Bankhead bill and yet retain most of its original principles. The bill before you today differs from the original Bankhead bill as referred to our committee in many very important phases.

The bill that we are considering today is designated as an emergency measure and is not a permanent program. If this bill is enacted, the life of the law is to be 2 years and continued an additional year upon proclamation of the President, who is also vested with the power and privilege to terminate this legislation at any time prior to the specified date if in his judgment the present acute economic emergency has ceased to exist.

The Secretary of Agriculture is given wide privileges and prerogatives under this bill and is to be governed by the will and wishes of those who produce cotton throughout the United States. He is to ascertain whether the owners, renters, share-croppers, or those who control two thirds of the land upon which the cotton is produced, favor a levy of a tax on the ginning of cotton in excess of the allotment made to meet the market requirements.

This bill provides that for the crop year 1934–35, 10,000,000 bales shall be fixed as the maximum amount of cotton that may be marketed exempt from the payment of the tax levied in said bill. The tax fixed to be paid on all cotton in excess of the 10,000,000 bales so allowed is to be at the rate of 50 percent of the average central market price per pound on lint cotton, but in no event less than 5 cents.

If the cotton is harvested during a crop year with respect to which the tax is in effect, the tax shall apply even though the ginning occurs after the expiration of the crop year. In other words, if the producer of cotton raises more than his allotment, he has to pay the tax on that year's surplus cotton, no matter when he gins it or markets it.

The average central market price per pound of lint cotton is to be the average price per pound of basis ⅞-inch middling spot cotton on the 10 spot-cotton markets, (designated by the Secretary of Agriculture) as determined and proclaimed from time to time by the Secretary of Agriculture. The average central market price determined and proclaimed shall be the base for determining the rate of the tax until a different average central market price for lint cotton is determined and proclaimed by the Secretary of Agriculture.

There are several exceptions where no tax shall be imposed under this act with respect to cotton; for instance:

First. Cotton harvested by any publicly owned experimental station or agricultural laboratory.

Second. An amount of cotton harvested in any crop year from each farm equal to its allotment.

Third. Cotton harvested prior to the crop year 1934–35.

The amount of cotton to be raised in the designated crop years is to be proclaimed by the Secretary of Agriculture, who shall apportion to the several cotton-producing States the number of bales the marketing of which may be exempt from the tax herein levied, which shall be determined by the ratio of the average number of bales produced in each State during the 5 crop years, 1928–32, inclusive, to the average number of bales produced in all the States during

the same period. It is prima facie presumed that all cotton and its processed products will move in interstate or foreign commerce.

The amount allotted to each State shall be apportioned by the Secretary of Agriculture to the several counties in such States on a basis and ratio applied to such counties similar to that set forth in subsection (a) of this bill.

After the State and county allotments are made as stated, the producer of cotton in the various counties is given his respective allotment and files an application for what is designated as a " tax-exemption certificate ", which is nothing more or less than a certificate exempting the allotted number of bales that the owner, renter, or share cropper or person who controls the land on which the cotton is produced is entitled to gin and market free from the tax imposed.

The producer of cotton before being awarded these tax-exempt certificates must comply with the rules and regulations and agree to cooperate and comply with the conditions and limitations as to the production of cotton as may be prescribed by the Secretary of Agriculture.

This bill is specific and lays down in no uncertain terms just how any such allotments are to be made and just how such tax-exempt certificates are to be issued and just what rules and regulations must be complied with, and further provides that when the allotment is made to each State, 10 percent of the number of bales so allotted to each State is to be held back for the purpose of aiding and assisting the producers of cotton on farms where for the preceding 3 years normal cotton production has been reduced by reason of drought, storms, floods, insect pests, or other uncontrollable natural cause and other conditions therein set forth that might hinder the issuance of tax-exemption certificates in excess of the bales under normal conditions allotted.

One of the purposes of this bill is to equalize existing inequalities; another is to safeguard a fair and just administration of its principles. It gives the Secretary of Agriculture wide discretion and broad powers in enforcing the program contained in this measure, as a supplement to the Agricultural Adjustment Act.

Every bale that is tax exempt is to be identified as well as every bale upon which a tax must be paid is also identified by special markings and tags. Whenever a bale tag is secured, the tax is due, if it is not exempt cotton. The ginner is held responsible for the tax. Who pays it is another question that remains to be seen when and if the measure is put into operation. We all have a right to our opinion.

Bale tags may be secured for any cotton at any time after ginning—

First. Upon the payment of the amount of tax which would have been payable at the time of ginning.

Second. Upon the surrender of certificates of exemption covering an amount of cotton not less than the amount of such cotton.

This bill definitely and specifically endeavors to protect the rights and interests of renters, tenants, and share-croppers and obligates the Secretary of Agriculture in administering this act to make such rules and regulations as will protect them so far as possible in securing the proper allotments as well as obtaining their proper share of the tax-exemption certificates and other proposed benefits.

It was also my purpose and at my suggestion that our committee wrote into this measure a provision that cannot be misunderstood with reference to the proceeds derived from the taxes made available by this act. This money is to be plainly earmarked and used for the purpose of carrying out the cotton program of the Agricultural Adjustment Act and the benefits to be paid thereunder to the cotton producer and for administrative expenses and refunds of taxes under this act.

The Secretary of Agriculture is further authorized to purchase cotton that may be produced in excess of the quantity allotted to producers at a price not to exceed 55 percent of the central market price to be used for charitable purposes and in other ways that will not seriously interfere with the normal marketing of cotton or cotton products. The cotton so purchased shall be exempt from the tax imposed by this act.

Our committee devoted much time and thought as to what provisions should be written into the bill permitting the cotton producers, who necessarily would have to reduce and limit their cotton acreage, to use the acreage not necessary for cotton production. The language used is permissive rather than mandatory.

This bill provides that just and fair regulations may be made by the Secretary of Agriculture with reference to these so-called " idle acres " wherein they should not be used to produce other agricultural commodities for the purpose of sale only to the extent of seriously competing on the market with other agricultural commodities, as well as of one or more basic agricultural commodities. The regulations are only to apply to sales of commodities and in nowise affect producing any commodities for home consumption.

With much care and caution our committee, by definitions and specific instructions, endeavored to make plain to those charged with the administration of this act just what is the intent of the bill and what those of us who helped to draft it had in mind.

Its purpose is to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, to relieve the present acute economic emergency devoted to cotton production, to more effectively balance production and consumption of cotton, to raise the price of cotton by limiting the production thereof, and for other purposes.

This bill is designed to supplement the cotton program of the Agricultural Adjustment Act and to make effective by preventing those who do not cooperate from destroying the present cotton program.

Regardless of what objections that may be raised to this bill, our committee felt, and you all know, that if we do not raise more than 10,000,000 bales of cotton for any one year during the life of this bill there will be no necessity for putting the machinery provided herein into operation. In that event, no harm will be done by enacting this bill into a law as an emergency measure only. Much good will be accomplished by having it, so to speak, as a safety valve in case the production of cotton exceeds the 10,000,000-bale mark and it is properly administered.

Then, again, should conditions become so improved or should there arise emergencies, such as war, when more cotton is needed, even if this law is on the statute books, it would be of no effect, for by proclamation the President can terminate it at any time he sees proper so to do.

This is just one of the many features wherein our committee changed the provisions of the original bill, known as " H.R. 7971 ", the original Bankhead bill.

By comparison of that bill with this bill (H.R. 8402) that we are now considering, as reported by the Agriculture Committee, you will readily agree with me that this is a much better bill. Therefore, if the country were in favor of the original Bankhead bill, if that were true, then certainly when the country understands the provisions of both bills those affected will be much more in favor of the bill you are soon to vote on.

Mr. RICHARDS. Will the gentleman state whether or not it is a fact that the cotton-growing States can grow corn, wheat, oats, and other basic products?

Mr. DOXEY. Well, there is hardly anything we cannot grow, but we do not want to go into active competition with these other lines of agriculture if we can put on a paying basis our present line of endeavor.

Mr. RICHARDS. Is it not a fact that unless something is done with this cotton we are going to have to go into real competition with the West?

Mr. DOXEY. I hope that we will be able to paddle our own boat and that they will do the same and both go on up the stream together until the depression is over, and all prosper in their own way.

Mr. RICHARDS. This will help them as well as the cotton producer?

Mr. DOXEY. It will help them and I think they will realize it by voting for this bill.

Mr. HASTINGS. Will the gentleman yield?

Mr. DOXEY. I yield to the gentleman from Oklahoma.

Mr. HASTINGS. May I emphasize and reemphasize that after this year the bill does not continue except with the consent of two thirds of the cotton producers?

Mr. DOXEY. I do not want to go into a detailed discussion of that at this time. I have heretofore touched upon it, generally.

Mr. HOLMES. Will the gentleman yield?

Mr. DOXEY. I yield to the gentleman from Massachusetts.

Mr. HOLMES. I know the gentleman is very much interested in this subject, and I am, too. May I ask the gentleman how it affects his own State, and how many cotton producers there are in the State of Mississippi? What is the acreage in Mississippi?

Mr. DOXEY. I believe my colleagues from Mississippi will make speeches on this bill and will touch on the specific conditions in our State. I should like to go into that, but I feel I have taken too much time already. Although I was given unlimited time and am pinch hitting for my chairman, nevertheless I feel that I should conclude now. I have consumed more than 40 minutes and realize that our time is limited and there are many others who desire to speak. I am sure they will answer your questions. I thank you. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. MARSHALL].

Mr. MARSHALL. Mr. Chairman, I have a very mixed feeling in regard to this proposed legislation. I would not want my position to be construed as in any way unfriendly to the great cotton industry. I am as much interested in the success of agriculture as any Member of this body, representing probably the largest agricultural district in the State of Ohio. I fully realize that the successful operation of the cotton industry in the Southland means everything to the citizenship of that part of the United States, and I also appreciate that it means very much indirectly, if not directly, to the success and welfare of the entire country; so I have endeavored to approach this subject in the same spirit and attitude that I would if this bill applied to the agricultural products of my own district.

The Committee on Agriculture held extensive hearings on this bill, and they approached it earnestly. I happen to be one of the members of that committee who saw fit to sign a report opposing the reporting of the bill to this body. My purpose in speaking briefly here today on this legislation is partly to explain why some of us were moved to file this minority report, and I am hopeful that something that I may say will be of interest and probably of some help to those Members of the Congress who have not had the benefit of the study of this measure in committee.

On the very first page of this bill under the declaration of policy it says:

> That in order to relieve the present acute economic emergency in that part of the agricultural industry devoted to cotton production and marketing by diminishing the disparity between prices paid to cotton producers—

And so forth.

In other words, we have done much in this Congress in the name of emergency and many of us have done many things that we would not have done in any other name.

Some of us in that committee differ, and I think there will be many on this floor who will differ, on the proposition as to whether or not there is an emergency existing as regards cotton. Some of us feel and have been informed that the southern farmer is in a better condition today than the farmers of the rest of the country.

I was led to believe, and it was only recently that I heard anything to the contrary, that the workings of the A.A.A. or the farm-relief measure had been an outstanding success so far as cotton was concerned. It was held out as the 100-percent proposition so far as the workings of the Agricultural Administration were concerned. I never heard anything to the contrary until the sponsors of this measure, by its introduction and the support of it, have made a frank, open confession that the A.A.A. has been a failure so far as the voluntary control of production is concerned. Due to perfect weather conditions and some other things, it is true that there was a larger crop of cotton raised in the South last year, but there are about 85 percent, so we were informed, of the cotton farmers who have signed up for another year under the voluntary control measure. I am willing, as I was last spring, to support any farm-relief measure, with the hope that it may do some good. I would be willing to go a long, long way with the voluntary program for the control of cotton, or any other industry, if I knew it would benefit that industry and thus the whole country, but I shall have to oppose the compulsory control of cotton production. I hope Congress will not take this step.

This bill, in effect, tells each individual farmer who raises cotton just exactly how many bales he may or may not raise. The fact of the matter is, it is a question in my mind whether under the workings of this bill a farmer down there, who for some reason probably sufficient unto himself, has not been engaged in raising cotton for the last 2 or 3 years, could raise any cotton during the life of this bill.

Now, that restriction is one that I do not want to support. If you will turn to section 8 of this measure, the sponsors of the bill there undertake to take care of this by a 10-percent proposition. Under section 8, 10 percent of the allotment to each State is set aside to be divided up in four ways. Here is what they say:

First, to producers of cotton on farms where for the preceding 3 years less than one third of the cultivated land on such farms has been planted to cotton.

Second, to producers of cotton on farms not previously in cotton production.

Third, to producers of cotton on farms where for the preceding 3 years normal cotton production has been reduced by reason of drought, storm, flood, insect pests, or other uncontrollable natural cause.

Fourth, to producers of cotton on farms where for the preceding 3 years acreage theretofore planted to cotton has been voluntarily reduced so that the amount of reduction in cotton production on such farms is greater than the amount which the Secretary finds would have been equitable reduction applicable to such farms in carrying out a reasonable reduction program.

That 10 percent is not going to go very far.

Now, I hesitate to mention this, but one of the main arguments made against prohibition was that it was a curtailment of individual liberty and individual rights. If it is unreasonable to curtail what a man shall drink, what do you say of this compulsory feature of the bill? I say it is very unsound. The word "freedom" is a word sacred to the people of America. It was freedom that caused them to come and carve out this country. In 1776 it was for freedom they fought the Revolutionary War, and in 1812 it was for freedom of the seas.

In my opinion, the farmers of the United States will rise up en masse and protest against the principle of this bill, that it is a complete regimentation of agriculture.

Now, this tax is, to my mind, absolutely a prohibitive tax. There will not be any revenue raised in taxes because of this law. There is no tax anticipated by the sponsors of the bill; there is no tax desired by the sponsors of the bill. If this bill in its operation should work out in that way to produce a tax, it will defeat the purpose of the bill. There will not be any tax, and the purpose of the bill is to control production of cotton.

I am not going to deal in detail with the constitutional features of the bill, but I think if any court is called upon to pass on its constitutionality it will decide that you cannot control the production of cotton in this manner. This bill attempts, under the guise of a tax, to prohibit or control production.

Now, Secretary Wallace was one who testified before the Agricultural Committee in regard to this measure, and at page 45 of the printed record he indicates plainly a lukewarm attitude toward the bill, and I want to read one or two statements.

He says:

> But, except for the fact that it is likely to cost quite a bit of money, as long as the South is willing to offer itself as an experimental economic laboratory, it would be very interesting to see the varied human reactions that would come out of trying such a program. I have told the Southern people at various times, that if they were willing to offer themselves for this experiment it was awfully nice of them to do so, that coming from the North, I thought it was very nice for them to make the offer.

My humble opinion is this, that if it had not been for the urge from the White House this bill, involving the principle of compulsory control, as it does, would not have come out of the Agricultural Committee, and would never have been here for your consideration today. On page 139 of the printed record appears a letter drafted by the President of the United States, in which he says:

> My study of the various methods suggested leads me to believe that the BANKHEAD bills in principle best cover the situation. I hope that in the continuing emergency your committee can take action.

In the name of emergency, the President of the United States is asking us to embark on this new and untried field, which is the first step toward complete compulsory regimentation of all farming activities, and the farmers of my part of the country are now writing to me in opposition to enacting such a principle into law. I honestly believe that if the Membership on the Democratic side of the aisle is left to vote their own conviction, they will vote against this bill, and I believe the time has come when the citizenship of the United States wants the Congress to assert itself to the extent that it legislate from now on according to its own best judgment.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. Yes.

Mr. ALLGOOD. Speaking about the emergency, and the improved conditions, that have come to the South through the A.A.A., I say that we have had improved conditions under the A.A.A., but there are millons of dollars of debts that were incurred not only in the South but throughout the Nation when commodity prices were high. We mortgaged our farms, and a large percentage of the farms in the South are mortgaged today, possibly 60 or 70 percent, mortgaged at a time when cotton was selling at $100 a bale, and then cotton went down to $25 or $30 a bale. During that period of depression there was an underconsumption of cotton, which piled up a surplus of 10,000,000 bales to 12,000,000 bales, and that is the surplus that is confronting us, and these mortgages are over our heads, and the emergency still exists.

Mr. MARSHALL. I yielded for a question. What is the question?

Mr. ALLGOOD. Will not the gentleman admit that there is an emergency if 80 or 90 percent of the people are living under mortgage?

Mr. MARSHALL. In Ohio there are farmers who bought land at $175 to $200 per acre and mortgaged it when wheat was selling for $2 to $2.50 a bushel, but you cannot expect the Government of the United States, by compulsory control of that crop, to assist them in paying that mortgage. In other words, I would not vote for this measure as a compulsory control of production if it applied to the products of my own district any more quickly than I would vote for it when it applies to the products of the South. I have been led to believe that the people of the South are in a much more prosperous condition than they were a year ago. I would have gone along here, and it was the hope of the Agricultural Committee that we could amend the Agricultural Act, and leave out this compulsory control, and yet make the proposition more attractive, so that all would come in. That is the program that many members of the committee would like to have adopted, and I would have gone along on a program like that.

Mr. ALLGOOD. But how about the chiselers?

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. TRUAX. I would like to remind my colleague from Ohio, for whom I have great respect—he has been my friend for years—that already in Ohio, during the past 10 years, we have gone through successful compulsory regulations of certain farm activities. For instance, there is the eradication of bovine tuberculosis, which was started in 1923, and was fought violently, but was carried to a successful conclusion about 1930. I know that my colleague will be tolerant with me on this observation.

Mr. MARSHALL. Let us get to the question.

Mr. TRUAX. The inference is expressed that Secretary Wallace is opposed to this bill, or at least supporting it halfheartedly. That would convince me that it is a good bill. On page 88 of the Senate hearing on this bill this statement is made by Secretary Wallace:

> I think the best slogan is larger yields on smaller fields. I think that is really the efficient way out.

That is the reason that they had bigger production per acre last year than the year before. He cannot, and I cannot reconcile the two theories of voluntary acreage reduction on the one hand, and intensive increased production per acre on the other hand. Therefore, I think that this method is the only practical way of controlling the part of the crop that moves to the market.

Mr. MARSHALL. The gentleman is not asking me to reconcile what the Secretary of Agriculture does in each instance? I could not do that this morning.

Mr. TRUAX. I would not ask anyone to do that.

Mr. TERRELL of Texas. Will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. TERRELL of Texas. It has been stated that the plan voluntarily adopted last year was a success, as far as cotton production was concerned. If so, why could not the same voluntary plan be carried out? If the people in the South that grow cotton—and I am a cotton grower—want to curtail the production of cotton, why can they not do it without the Federal Government stepping in and saying how much cotton they shall grow?

Mr. MARSHALL. In answer to the gentleman I will say I had hoped that they could do it; and I am willing to go along on a program that will enable them to do it.

Mr. TERRELL of Texas. If you will let them alone, they will do it.

Mr. MARSHALL. I am not bothering them.

Mr. TERRELL of Texas. I know it.

Mr. MARSHALL. For example, in Ohio, a man who does not go into the hog contract had better get out of the hog business, because he will get $5 a head less than the fellow who does go in. What I mean by that is whether a man signs that contract or not, he will take the same market price the next November for his hogs whether he is a party to the contract or not. If he is a party, he gets $5 a head more for each one. Now, it is still a question in my mind whether or not, when he adds his tax to what he gets, he will be any better off than he would have been if there had not been a tax, because the testimony before the Committee on Agriculture shows conclusively that the farmer is paying the tax. But that is a voluntary program, and so long as they want to use it, fine. I would go along with such a voluntary program, but I will not join in a compulsory control proposition.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. JENKINS of Ohio. I listened to the gentleman's speech, and I think he has made a wonderful address.

Mr. MARSHALL. I thank the gentleman.

Mr. JENKINS of Ohio. I want to say that the gentleman represents the largest agricultural district in the State of Ohio and is representing it well. There is some agriculture in my district, but I should like to ask the gentleman, because he is an expert and I am not, as to whether there is anything in this bill which, if it has any advantage at all, could be applied to the hog industry and the corn industry in our State?

Mr. MARSHALL. Answering the gentleman, I would say that is just what I am afraid might happen, that this is the first step toward complete regimentation of agriculture, to the extent that the Government of the United States will tell each and every farmer what he shall raise and how much he shall raise.

Mr. JENKINS of Ohio. Has the gentleman had any urgent demand from any of the great agricultural organizations in Ohio for any such legislation as this?

Mr. MARSHALL. All the communications I have received have been to the effect that the people back home object to the Government of the United States dictating complete management of the farming industry in Ohio.

(Here the gavel fell.)

Mr. HOPE. I yield the gentleman 10 additional minutes.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. CARPENTER of Kansas. The gentleman has just concluded a very fine speech, with which I am in agreement, especially with what he says about compulsory and voluntary relief of agriculture. The point has just been mentioned that, if we carry out the policy included in this proposed legislation to its final sequence, the Government will then tell every farmer how much wheat he can grow and how much corn he can grow, and how many hogs, and how many cattle he can raise. Then, carrying it a step further, we will have the Secretary of Agriculture or some other governmental official telling every married man how many children he can raise. Would that not be the natural sequence?

Mr. MARSHALL. I do not believe I care to answer that question. That is a little aside from farming. [Laughter.]

Mr. CARPENTER of Kansas. If they do, then we will have to go back to the time of Moses and have the soldiers go through and paint the lintels and say that each male child is to be slaughtered.

Mr. ELTSE of California. Will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. ELTSE of California. Is the gentleman prepared to give us an estimate of the number of people it would take to administer the survey of census required to be made under this act?

Mr. MARSHALL. I may say in answer to the gentleman from California that according to my recollection there was no discussion in the committee, and I have no figures to give or any prediction to make as to what the administration of this act would cost.

Mr. ELTSE of California. It would require a great number of people to administer it, would it not, in the field?

Mr. MARSHALL. I would think it would require a great number.

Mr. ELTSE of California. And it sets up a new bureau for that purpose.

Mr. MARSHALL. Yes.

Mr. BLANCHARD. Will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. BLANCHARD. Under a compulsory crop production proposal of this kind, the figures probably are available or were made available to the committee as to the probable acreage reduction in cotton. Can the gentleman tell me how much they propose to reduce the acreage of cotton?

Mr. MARSHALL. This is not an acreage control bill.

Mr. BLANCHARD. I understand that perfectly.

Mr. MARSHALL. It is a baleage control bill. In other words, you are given an allotment of five bales. No matter how many or how few acres you plant, that is all you can sell.

Mr. BLANCHARD. It is reasonable, however, to expect that will naturally follow acreage reduction in cotton.

Mr. MARSHALL. I presume there would be, because nobody is going to raise cotton and keep it if he cannot sell it.

Mr. BLANCHARD. Is there anything in the bill that prescribes that the abandoned land may not be used in competition with other agricultural commodities?

Mr. MARSHALL. There is a provision in the bill which prevents its being used in competition with other farm crops that are raised in continental United States.

Mr. TRUAX. Mr. Chairman, will the gentleman yield.

Mr. MARSHALL. Yes; I yield to the gentleman because he comes from Ohio. Then I must pass along.

Mr. TRUAX. The gentleman voices the opinion that he would object to the bill if it proposed to include corn and hogs in such regulations in Ohio. So would I. I think it is unfair, grossly unfair, to leave the inference, as was done by my good friend, Mr. CARPENTER, that this will be extended to the crops of the Corn Belt. I have read the hearings, and it seems that in the case of cotton three quarters of the cotton growers of the South are for this bill. They are for some plan that will force the men who did not cooperate in the voluntary reduction plan to do their part, to make some sacrifice if they are to receive the benefits; that they must cooperate with the plan.

It has been truthfully said that the gentleman from Ohio [Mr. MARSHALL] represents the greatest agricultural district in the State of Ohio. His distinguished predecessor, whom many of you know better than I, the Honorable Charles Brand, was one of the early advocates of the McNary-Haugen bill. In my humble judgment, the pending bill comes the nearest to containing one of the principles of the McNary-Haugen bill with respect to one of the staple crops of any bill we have had, because it proposes to control the surplus at the point of its distribution rather than to attempt the fallacious theory of controlling production through reduction in acreage. I thank the gentleman for yielding to me.

Mr. MARSHALL. Answering the gentleman's statement, it is not my impression, from what I learned at the committee hearings, that the majority of the people who raise cotton want this bill. You will find throughout the South the desire to bring in and force people who have been staying out to cooperate.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. ALLGOOD. I realize the gentleman is a friend of the farmer; I believe that sincerely.

Speaking of the regimentation of agriculture, if a great majority of the farmers in the gentleman's district were in favor of extending this to other farm products, such as corn and wheat, and they should let him know they were in favor of it, as the farmers of the South have notified the Representatives from the South, do you not think you would endorse a similar bill? Going further, I attended a farm meeting at Birmingham. There were some 6,000 farmers there from every county in the State. They called the roll and 6,000 farmers answered. They voted for this cotton-control plan. There was not a dissenting vote. Now, if this bill proves to be successful and helps our farmers and brings prosperity to them, does not the gentleman think the farmers in his district would want the same regimentation; would want the same prosperity?

Mr. MARSHALL. I will answer the gentleman by saying that I am not going to cross that bridge before I come to it. There are so many conditions to your question I cannot answer it.

Mr. CULKIN. Will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. CULKIN. Will the gentleman please inform me what effect this measure will have on the processing tax?

Mr. MARSHALL. No effect at all.

Mr. CULKIN. There is no change in the situation with reference to the processing tax?

Mr. MARSHALL. Not at all. This is supplementary to and in addition to the Agricultural Adjustment Act.

Mr. CULKIN. There is no mention of an extension of the processing tax either on rayon or any other substitute for cotton?

Mr. MARSHALL. No.

Mr. MOREHEAD. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. MOREHEAD. I never have to wait a great while when a measure is pending on the floor of the House before someone voices my sentiment much better than I am able to. I am glad, however, that the gentleman confined his wonderful agricultural district to the State of Ohio, for I represent in Nebraska the greatest and most resourceful agricultural district in the United States.

I disagree with the gentleman from Alabama that the farmers are at this time ready for compulsory limitation of production. My people are in a rebellious state of mind when they see the trend of legislation in Congress to place governmental supervision over them, for that means someone to take charge of their farms. Such measures cause them more concern than any other legislation during my 12 years in Congress.

The constitutionality of the measure was touched very lightly. I plead my ignorance as I have not been able to give this point close attention; but can the gentleman refer me to a case of any legislation that was sponsored by the President of the United States and became a law and had his unqualified endorsement, that was ever held unconstitutional by the United States Supreme Court?

Mr. MARSHALL. I have not the time in which to answer the gentleman's question.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 15 minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, during the last 10 days more attention and study has been given to the marketing of cotton than was ever given to it in the past by this Congress. The first bill on this subject was introduced in this session of Congress by Senator JOHN BANKHEAD, of Alabama. Hearings were had on his bill before the Senate committee and I attended as many of those hearings as I could.

It was found that inasmuch as the bill carried a revenue feature that under the Constitution of the United States the bill would have to originate in the House. Senator BANKHEAD's brother, Hon. WILLIAM B. BANKHEAD, introduced the bill in the House and it was referred to the Committee on Agriculture, of which I have the honor to be a member.

The two brothers appeared before our committee in advocacy of the bill and stated that they were not wedded to the language of the bill so much as they were to the principle of control of orderly marketing.

The President of the United States, Franklin D. Roosevelt, in a letter to our chairman, Hon. MARVIN JONES, stated that he was for the principle of the Bankhead bill. His letter reads as follows:

MY DEAR MR. CHAIRMAN: As you know, I have watched the cotton problem with the deepest attention during all these months. I believe that the gains which have been made—and they are very substantial—must be consolidated, and, insofar as possible, made permanent. To do this, however, reasonable assurance of crop limitation must be obtained.

In this objective the great majority of cotton farmers are in agreement. I am told that the present poll by the Department of Agriculture shows that at least 95 percent of the replies are in favor of some form of control.

My study of the various methods suggested leads me to believe that the Bankhead bills in principle best cover the situation. I hope that in the continuing emergency your committee can take action.

Sincerely yours,

FRANKLIN D. ROOSEVELT.

The committee heard many experts and also landowners who are growing cotton. In my opinion we get the best advice from the man who is actually producing cotton.

After getting all the information obtainable the committee has very materially amended the bill which was very acceptable to the author of the bill, and the bill was reintroduced by Mr. BANKHEAD on the 4th of March 1934, and with slight amendments adopted since it was last introduced.

The bill in its original form was believed by many eminent lawyers to be unconstitutional under the decisions of the Supreme Court of the United States. The committee amendments now in the bill in my opinion make it constitutional and I think the courts will so hold.

The real purpose of the bill is to, within the next 2 years, get rid of the surplus cotton which is now about 10,000,000 bales. The surplus should never be reduced under 3,000,000 bales, so if we get 7,000,000 bales of this surplus cotton out of the way, we can easily bring cotton back to 20 cents per pound and stabilize it there.

No finer spirit of cooperation was ever shown by any people than has been shown by the farmers growing cotton. At least 85 percent of them have for this year voluntarily signed up with the Department of Agriculture to reduce the crop for 1934 about 40 percent.

The Department believes that this voluntary reduction plan will reduce this year's crop to about 9,500,000 bales, and this bill is intended to protect those who have so willingly agreed to reduce the acreage to get rid for once, and we hope, for all, a great carry-over surplus that has cost the South multiplied millions of dollars and will continue to do so until it is disposed of.

I am informed that many of those in my State could not qualify to sign up for acreage reduction because of the fact they had not been producing cotton, or for other causes. This other 15 percent in my State can sign up under this bill and make it 100 percent perfect control.

It is only when one grows more than his allotment that this will effect at all. It simply insures and protects those that have so willingly accepted the Government plan.

We now have a President and a Secretary of Agriculture that are each trying to pull agriculture out of the mire and this Congress has nobly cooperated and set up the legislative machinery to accomplish something for agriculture.

The legislation passed by this Congress saved last year to the cotton farmer $317,000,000. We found cotton down to 5 cents per pound. We have raised it until it is now worth more than 12 cents per pound, and if this bill is passed it will be 15 cents per pound within less than 60 days.

The processing fee is 4.3 per pound on cotton used in the United States. We use more than 6,000,000 bales each year. This fee is now bringing in about $127,000,000. The pay for acreage kept out of cotton by the farmer is paid out of this fund and not out of the general Treasury, as some think.

The title of this bill is "A bill to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes."

The declaration of policy in this bill is declared to be that in order to relieve the present acute economic emergency in that part of agricultural industry devoted to cotton production and marketing by diminishing the disparity between prices paid to cotton producers and persons engaged in cotton marketing and prices of other commodities and by restoring purchasing power to such producers and persons so that the restoration of the normal exchange in interstate and foreign commerce of all commodities may be fostered, and to raise revenue to enable the payment of additional benefits to cotton producers under the Agricultural Adjustment Act—

It is hereby declared to be the policy of Congress to promote the orderly marketing of cotton in interstate and foreign commerce, to enable producers of such commodity to stabilize their markets against undue and excessive fluctuations, and to preserve advantageous markets for such commodity, and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, and to more effectively balance production and consumption of cotton.

This bill is intended only as an emergency measure and is applicable for 2 years only, unless at that time an emergency exists and the President orders by proclamation to continue it for 1 more year. Within that time all of the surplus will be used and we will not be bothered by that again.

The Bankhead bill as originally drawn provided that when the Secretary of Agriculture found that a majority of the landowners wanted the principle of this bill applied that he might put it into force. The bill was amended by the committee to provide that—

When the Secretary of Agriculture finds that the persons who own, rent, share crop, or control two thirds of the land in the United States on which cotton is produced favor this plan of control that he may then put in force the provisions of this act.

In other words, this leaves it in the hands of the farmers themselves who grow cotton to determine when and how long they desire to use this act.

If this act is passed, which we feel sure that it will be, it is then the intention, as we understand it, that the Department of Agriculture will submit the proposition back to the farmers by questionnaire, and, if two thirds of them favor this provision, it will then be put into force and effect by the Secretary of Agriculture. This sets up the machinery for the control of the marketing of the crop by the farmers themselves.

The original bill provided for an allotment for the 2 years 9,500,000 bales of cotton and the committee amendment raised that to 10,000,000 bales. Ten million bales is not subject to any penalty provided for under this act, nor to any tax of any kind or character. It is only intended to keep any cotton over the 10,000,000-bale allotment from entering into the market, but it can be stored either in lint or bale, and held over until the next year and put in the second year's allotment. It is not expected that a single bale of cotton will ever pay the tax provided in this bill. It is believed that this provision will provide for the marketing for that which can be marketed at a price of at least 15 cents per pound.

Cotton should never sell for less than 20 cents per pound and within 2 years' time there is no question but what the acreage reduction made effective by this bill will place it to at least 20 cents per pound and stabilize it there.

The farmers, after trying out this plan for 1 year, will, I hope, have the same privilege of stating the second year whether or not they desire the continuance of the plan of control as provided for in this bill. In other words, as stated a moment ago, it leaves it absolutely in the hands of the farmer to control it and we feel sure he will do so.

The bill does not apply to cotton already ginned, but only to that which is produced hereafter and for the next 2 years.

Section 8 of the bill as amended provides that whenever an allotment is made pursuant to section 3, not to exceed 10 percent of the number of bales allotted to each State shall be deducted from the number of bales allotted to such State, and allotted in such State—

First. To producers of cotton on farms where for the preceding 3 years less than one third of the cultivated land on such farms has been planted to cotton;

Second. To producers of cotton on farms not previously used in cotton production;

Third. To producers of cotton on farms where, for the preceding 3 years, normal cotton production has been reduced by reason of drought, storm, flood, insect pests, or other uncontrollable natural causes; and

Fourth. To producers of cotton on farms where, for the preceding 3 years, acreage theretofore planted to cotton has been voluntarily reduced so that the amount of reduction in cotton production on such farms is greater than the amount which the Secretary finds would have been an equitable reduction applicable to such farms in carrying out a reasonable reduction program.

It is further provided that the allotments provided for as mentioned above shall be in addition to the amounts apportioned to the counties under section 5 (b).

Section 23 of this bill provides as follows:

The President is authorized to enter into agreements with foreign countries to fix the amount of cotton that may be exported by the respective countries entering into said agreements, and to make all rules and regulations necessary for carrying out said agreements.

Very little cotton has ever come into the United States from other countries and none except the exceedingly long staple used for certain purposes, and we believe that can be grown in this country as well as elsewhere, and we hope to encourage the growth of it.

The Department is hoping to have reduction acreage in all the countries of the world growing cotton, and to cooperate in this plan for this period of time in order that the world's supply of cotton can be brought to where it can be maintained at a fair price to the growers.

The real reason for our surplus of cotton in the United States now is the overproduction of a short-lint cotton in India, China, and other places. Prior to the last war the foreign countries were growing about half the cotton they are now. India, for instance, grows four and a half million bales. This condition was brought about by reason of the fact that we were on the gold standard and they were on a silver basis of money, and the money in their silver dollar under our standard of gold was only worth a fraction over 25 cents on the dollar. In other words, when they bought our cotton, which was selling here for 5 cents per pound, under our gold standard they paid in their money practically 20 cents per pound for it, and the farmers got only 5 cents. That condition has now been changed, and we hope that the increased use of silver money and our going off the gold standard will decrease the production of this short-line cotton in foreign countries, and they will again buy our cotton as they once did. Then we will have no cause for ever worrying about an overproduction of cotton in the United States.

The normal average cotton crop in the United States is about 14,000,000 bales. It is thought by the Department of Agriculture that within 2 years' time we can go back to the production of fourteen or fifteen million bales of cotton and not be troubled about a market.

There is one other provision in the bill that provides that in case of an emergency for the use of cotton that the President, by Executive order, could terminate the provisions of this act.

The committee has tried to work out all the objectional features that were in this bill in the beginning and tried to make it just as acceptable to the man growing cotton as it is possible, to make it effective.

The results of the cotton-reduction program under the Agricultural Adjustment Administration is the most wonderful achievement that has ever been accomplished.

The 1933 cotton crop was the most valuable of all since 1929, owing entirely to the stimulation of the market by cutting production and to the plow-up checks paid to the farmers by the Government for destroying a part of the cotton acreage.

The December farm price of cotton in 1932 is given by the Government as being 5.7 cents. The value of the 13,000,000-bale crop of 1932, exclusive of seed, is listed at $571,861,000. The value of the 1933 crop of 13,177,000 bales is listed at $617,716,000. The December price, 1933, is given as being 9.4 cents. Add to the value of the 1933 crop the $112,148,000 covering plow-up checks and the $48,000,000 covering cotton options and the total value of the 1933 crop stands at $777,864,000, and becomes the most valuable crop since 1929, when the price was 16.8 cents.

It is the general consensus of opinion that had there been no plow-up campaign and had we gone to harvest with the 17,600,000-bale crop, the price would have ranged around 5 cents, with perhaps little or no market at all. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, in the early part of my remarks I shall discuss this bill in the light of the underlying principle involved in the Agricultural Adjustment Act as it is being administered. Let there be no mistake, the real underlying purpose of the Agricultural Adjustment Act, as it is being administered, is not to give emergency relief to the cotton raiser, the wheat raiser, or any other farmer. When that bill was passed, it was the view of Congress that it was just what the title of the act indicated, namely, an adjustment act, an act which would adjust the present economic maladjustments in agriculture growing out of this depression. We all thought that by a mere adjustment, possibly reducing the production for a year or two, that then the American farmer would be left to proceed in a truly American manner. I think that was the intention of the Congress; but once that bill was passed by the Congress and was turned

over to the Agricultural Department for administration, the destiny of American agriculture was largely in the hands of Mr. Rexford G. Tugwell, whose fundamental ideas are not American, whose fundamental ideas are not shared by 1 Member in 10 of this House of Representatives on either side of the aisle, whose fundamental ideas above all are not shared by any Democrat who has any right to profess to be a follower of any principle ever propounded by Jefferson. Let me read what Mr. Tugwell has said, not before this act was enacted, but let us see what he says now is the purpose of the Agricultural Adjustment Act. He said:

> We are now engaged in a drastic program of controlling agricultural products for the emergency. This in itself means that we are trying to control the entire utilization of all agricultural lands.

When we passed that bill, you and I fully realized that we were placing in the hands of Government the power to control the utilization of the land for an emergency, but that power was based on the farmer's voluntarily going into it. We were firm in the conviction that it was for the purpose of meeting the emergency. I do not believe there was a Member of this House who voted for the Agricultural Adjustment Act who believes that the purpose of that act was for Government to try to control the entire utilization of all agricultural lands. Why, the act provided for only three or four basic commodities; yet Mr. Tugwell himself says that the control of all agricultural lands is the program. You and I might have been excused for voting for the Agricultural Adjustment Act in the first instance, but today we are not to be excused if we vote to give one iota more of power to the Agricultural Department unless we are ready and willing to join the philosophy of Mr. Tugwell and say that the purpose of the program is primarily to control the entire utilization of all the land in this country. That is a Soviet program, and I will not join with that program. The truth is that he who today votes for this bill or any other bill which gives one bit more power to the Agricultural Department, so long as it is dominated by Mr. Tugwell, must stand in the position of saying that he approves of the socialistic program of the Government's controlling the entire utilization of all lands.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. I cannot yet. I shall later. So that there may be absolutely no mistake about it, let me read to you what Mr. Tugwell says in the concluding words of his Philadelphia speech. I quote:

> Private control has failed to use wisely its control of lands. For the first time the Government is interested in the land as a whole. For the first time we are preparing to build a land program which will control the use of that greatest of all natural resources, not merely for the benefit of those who happen to hold title to it, but for the greater welfare of all the citizens of the country.

Those are the words of Mr. Tugwell. When we passed the Agricultural Adjustment Act, you and I thought that we were passing an act which would undertake to take care of the surpluses of wheat, cotton, tobacco, and possibly one or two other basic commodities. We did not understand that we were passing a land program, the purpose of which was to control land, not for the benefit of the man who happens to own it, but for the benefit of the greater welfare.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Not now. But what do we find? This Congress has passed no land bill. It has passed nothing except an Agricultural Adjustment Act. Yet Mr. Tugwell does not say that we are engaged in a program of trying to take care of the surpluses of a few basic farm commodities. Not at all. He says that we are engaged for the first time in building a land program which will control the use of that greatest of all natural resources, not for the benefit of the man who happens to own title, but for the benefit of the greater welfare of all the citizens of the country.

Who is going to determine what is the greater welfare of all the citizens? Why, Mr. Tugwell and the Agricultural Department, of course; and when you get it down to that point, it is verbatim the Russian policy. The Soviet is controlling all the land of Russia, not for the benefit of the man who happens to hold title, but for what the Soviet thinks is for the greater benefit of the Russian people. I am not yet ready to join in that program of collectivism.

Now, let us come to this bill. Whereas in the beginning it was a voluntary program, and the individual, free-born, God-fearing cotton raiser of America could join such program if he wished to do so voluntarily—but when you pass this bill, what is the position of the cotton grower? He will either join and let the Government dictate and control the use of his land or the Government will tax him out of existence. Boil it down and it is nothing less than legalized racketeering on the part of the Government to undertake to do indirectly what it has no right to do under the Constitution directly. Under the Constitution, the Congress of the United States has no more interest in a farm down in Texas than it has in a farm in England, but by this act, indirectly, Congress will exercise control over that farm in Texas, by using the power of taxation and saying to the man who operates that farm, "You will produce what the Government at Washington tells you to produce; and if you produce more, we will tax it and take it away from you." That is an artful way of the Government of the United States exercising control and domination over real estate within the borders of the respective States.

Mr. BANKHEAD. Will the gentleman yield?

Mr. McGUGIN. No; I cannot yield now. I must finish.

That is a power which is reserved to the States. My heart goes out to you southern Representatives from the Cotton Belt. I know the cotton producer is in distress, and he has been led to believe that this bill is going to give him a ray of hope. I do not believe that down in the bottom of his heart 1 Democratic Congressman in the South out of 10 really believes in the principles and precepts of this bill. I still believe that you Representatives from the great and gallant South still believe in the fundamental principles of the sovereignty of the States. I do not believe that you want to come here and make your States subservient to the Federal Government; however, in the political exigencies growing out of the depression, probably some of you think you must vote for this bill, but you will live to rue the day when you place the Southland under the domination of a Washington bureau.

Mr. MAY. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. MAY. According to the quotation from Mr. Tugwell's speech, he has already planned the idea of building up a bureauracy and ignoring land titles. Is that so?

Mr. McGUGIN. Certainly, and he is just using these bills to give him a greater opportunity to do it. This bill is a means to an end.

Mr. KLEBERG. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. KLEBERG. Of course, I hesitate to ask the gentleman to yield, being from the outlaw State of Texas, which the Constitution and Congress of the United States ignores; but I should like to ask this question, and only for the purpose of easing my friend's frame of mind. The gentleman seems to be very, very much afraid that the piece of legislation which we are now considering, which provides, first of all——

Mr. McGUGIN. Well, just a moment. I cannot yield further. If the gentleman desires to ask a question, he should ask it.

Mr. KLEBERG. This is a question.

Mr. McGUGIN. I yield to the gentleman to ask a question, but not to make a speech.

Mr. KLEBERG. The gentleman is worried over a piece of legislation which provides, first of all, for a referendum by those directly affected, and only those.

Mr. McGUGIN. I am coming to that in a minute.

Mr. KLEBERG. I hope the gentleman will discuss that phase of it.

Mr. McGUGIN. I will when I get to it.

Now, in considering this bill, if I did not have a single interest in the bill other than the social welfare of a given

section of the country, my interest in the future of the Southland would preclude me from supporting this piece of legislation. You are taking away 40 percent of the cotton production. Very well. When you take away 40 percent of the cotton production, what are you going to do with 40 percent of your cotton producers? This cotton program being forced upon the South, I fear, will bring to that land a woe and distress which it has not suffered since the days of reconstruction. You are not going to be able to drive from the plantations of the South 40 percent of your share croppers, black and white, and cast them upon the highways without bringing social despair to your fair land; and yet that is exactly what the Agricultural Adjustment Act, as applied to cotton, is doing today.

Mr. JONES. Will the gentleman yield?

Mr. McGUGIN. No; I cannot yield further. I must finish my remarks. I want to go into that in a little greater detail. In a goodly part of the South your cotton is produced on large plantations. Large planters own the land and rent it out to small croppers. When it was reduced 20 percent this summer, what happened was this: If the planter had 1,000 acres, he did not reduce the acreage of each of his tenants 20 percent, but in many instances he dismissed 20 percent of his tenants.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. McGUGIN. Mr. Chairman, I hold in my hand Harper's Magazine, the February issue; and he who will read the article Tightening the Cotton Belt, beginning on page 308, will realize that the hope of a better day for the Southland is not to be found in reducing its cotton acreage 40 percent, and thereby driving 40 percent of the tenants out of business. Human selfishness enters into it. In the granting of the allotment checks, in great sections of the South, the tenants did not get their share of the checks. They were held out for debt, and now they are cast into unemployment and distress. When you drive 40 percent of those tenants from the plantations of the South, you are not going to drive them into the cities. They cannot go to the cities. There is no place in the cities for them. There is no place for them to remain, save back in their own neighborhood.

With thousands of these dismissed tenants in distress and despair, trouble is bound to come upon the Cotton Belt; and what is more, those who will suffer that hunger and want will be an uneducated class of people and, therefore, poorly disciplined socially to withstand their hunger and their want. Bloodshed on a wide scale may be the result.

It is said this bill is justified upon the ground that the tax cannot be applied unless there is a favorable referendum. I challenge the vote. It is not an honest vote. They tell us the Secretary of Agriculture has taken a referendum. All right; that is not an honest vote; it is not a fair vote. Why, one of the Democratic members of the Committee on Agriculture said it was a vote taken of 22,000 planters and that there were more than 22,000 cotton producers in his own district. There never will be an honest vote. This bill does not set up any machinery providing for an honest vote—just send out a mail-order referendum. If the time has come that we are going to operate government in the United States on the basis that the elected Representatives under the Constitution will abdicate, delegate their authority to the Secretary of Agriculture and tell him to act upon a mail-order referendum, then the time has come when the dignity of the great democracy of the United States has sunk far lower than our forefathers ever expected it to sink. If you believe in this, stand up here like legislators under the Constitution and vote today for the tax that you want to levy. The idea of transferring the taxing functions of the Government from the Congress to the Secretary of Agriculture, with him instructed to exercise it upon a mail-order referendum! That kind of government does not rise to the dignity of idiocy, to say nothing about the dignity of common sense.

So all this talk about a referendum is just so much smoke screen to shield those Members of Congress who are about to vote for this piece of legislation which they cannot in good conscience vote for open and aboveboard. So much for the referendum. I shall now turn my attention to other portions of the bill.

There are certain inalienable rights which should be preserved for the individual, and the founders of this Government thought they had preserved them. They never foresaw a time when a Congress would meet and pass legislation delegating the taxing power to some Cabinet officer with the provision that he should exercise it based upon a mail-order referendum. The next thing is when the referendum is taken, it will not be taken down to the poor illiterate white or black share cropper; it will be taken from the few large planters. That is the trouble with the agricultural program today in wheat, cotton, or hogs; it is playing into the hands of the large producer; it is monopolizing agriculture and denying a fair chance to the poor, lowly, struggling American citizen to make an honest living following that ancient and honorable occupation of producing food.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. No; my time is limited.

Mr. BANKHEAD. The gentleman has made a very unfair statement.

Mr. McGUGIN. If I have, then the gentleman can get time in his own right and answer it. I cannot yield to the gentleman from Alabama.

Every move that has been suggested plays into the hands of the man who has been strong enough financially to produce even under unfavorable prices during the last few years, and that means that the man who has not been strong enough to produce during the last few years is left out. Whatever may be said, my friends, there is no answer to the agricultural problem which will prove to be for the general welfare of America, which answer penalizes the small individual farmer.

The primary purpose of the land is to make a livelihood for those who live upon the land; the secondary purpose is to make profits from the products thus produced. Instead of enacting legislation which protects the financial welfare of the large producer at the expense of the small producer, we had better enact legislation which will secure the rights and the opportunities of the small producer. Take the wheat bill, for instance; it played into the hands of Tom Campbell, the man who farms 75,000 acres of wheat a year. Proportionately as it has paid him a bonus, it has taken money away from the small individual who could hardly make a livelihood.

Now I want to discuss a provision or two in the bill itself. When you get down to subsections 1 and 2 of section 7 of the pending bill, it really looks as though you are legislating and providing something by law. But then you turn to subsection 3:

> Or upon such basis as the Secretary of Agriculture deems fair and just that will apply to all farms to which the allotment is made under this paragraph uniformly, within the county, on the basis or classification adopted.

Reduced to its last analysis, here is what this section of the bill is: You give to the Secretary of Agriculture the power to grant these allotments to individuals under such basis as he by regulation may prescribe. The only real, honest-to-God law provided in the bill is the manner in which the allotments are divided as between the different States and as between the counties within a given State. When it comes to the question of dividing the allotments as between individuals, you dodge that point and do not legislate but leave it to a pure matter of regulation by the Secretary of Agriculture.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 5 additional minutes to the gentleman from Kansas.

Mr. McGUGIN. In closing let me say there is not a universal demand in the South for this legislation, because there are a lot of people down there who do not want it. I shall read a letter I received from a lady in La Grange, N.C.:

LA GRANGE, N.C., *March 6, 1934.*

Hon. HAROLD MCGUGIN,
House of Representatives.

DEAR MR. MCGUGIN: I am writing to ask you to tell Congress that I hardly think there are a majority of farmers of the South that want the Bankhead bill, or any other bill that is plunging us American farmers into Russian socialism, as the so-called "A.A.A." is doing. There are a large majority of farmers in this section that have signed the tobacco and cotton contracts (my husband did) not because they wanted to, but because it seems as if they were forced to do so, in order to sell what they make. And I want to say here that we had rather have the whole act repealed at the earliest possible moment than have the Bankhead bill passed.

So I am asking you, and all others in the House to stop such bills as the Bankhead bill.

We are asking for a check and balance between the President and Congress. We are asking that the administration go back to the promises of 1932 and let us be the free people that we should be. There may be some who have been asleep and haven't yet awakened, who think this will only last 2 years, that are in accord with it. But we who know that dictatorship, socialism, communism and such have been forced on other nations by so-called "emergency relief programs", know what is really being forced on us now. I wish you would read this to the House so they may know that everybody is not in accord with things like the Bankhead bill. We want to be able to own our homes and farms and to work those farms as we see fit and pay our just taxes, instead of being servants of a socialistic government.

When I speak my own convictions, I know that I speak the convictions of thousands of others.

I am, yours, with best wishes.

MRS. NANNIE STALLINGS.

There is a lady, the wife of a small farmer in North Carolina; but, none the less, from the language of her letter, one knows she is an educated woman; one knows she still loves and reveres the America of yesterday. She prefers the America of yesterday to an America built on the Tugwellian theory. What is more, she is yet a Democrat of the Jeffersonian school, and her thoughts are not controlled by any future elections; she is not reelection-conscious. She still stands in defense of America, in defense of her home, and in defense of the Southland, if you please. I thank you. [Applause.]

Mr. GILCHRIST. Did the lady date her letter?

Mr. MCGUGIN. It is dated March 6 of this year.

Mr. DOXEY. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

BANKHEAD COTTON CONTROL ACT

Mr. WHITTINGTON. Mr. Chairman, the remarks of the gentleman from Kansas [Mr. MCGUGIN] are an excellent illustration of the accepted statement that it is much easier to criticize than it is to construct. The gentleman speaks of his interest in the people of the South. He admits the difficulties of cotton production. He has emphasized the problems of cotton growing. I dismiss his criticism by calling attention to the significant fact that he has offered no solution. For my part I prefer to follow the leadership of Franklin D. Roosevelt, who understands the problems of the South as well as the problems of the Nation, and who has demonstrated his ability not only to understand but to solve. [Applause.]

The pending bill is materially different from the so-called "Bankhead bill" as originally introduced in the Senate. That bill undertook to tax production. It is far different from the bill introduced by my colleague, Representative BANKHEAD, of Alabama. He undertook to tax the sale of cotton. The measure has been liberalized. At first it limited production in 1934 to 9,000,000 bales. Ten million bales are permitted under the pending bill.

The defects in administration have been remedied and many of the faults of the original bills have been eliminated. While not altogether free from difficulties of administration or from constitutional questions, I believe that the bill, as an emergency measure, is constitutional. Many of the defects pointed out by my able friend, Hon. Oscar Johnston, in the hearings before the committees in the Senate and House have been eliminated. The sharp practices of which tenants complain are prohibited. The bill will do justice to both the landlord and tenant.

I advocate the passage of the bill because I believe there must be compulsory control. The committee has done its best to report a fair and just control measure.

An alternative measure was suggested by my friend Oscar Johnson, whose opinions I value highly. He advocated conferring upon the Secretary of Agriculture the power to prescribe rules and regulations controlling the interstate and export movement of cotton, and providing penalties for those who violated any such rules and regulations. I have given careful consideration to the proposed alternative. I believe that it would be a delegation of legislative power that would be unconstitutional. There is no such delegation in the pending bill. A formula or standard is prescribed. The details of execution and the ascertainment of facts are to be exercised by the Secretary of Agriculture.

I favor the voluntary principle. I oppose compulsion. I oppose bureaucracy. The act is to supplement the Agricultural Adjustment Act. It will involve no substantial expenditure of public funds except in the collection of taxes, which is to be under the jurisdiction of the Commissioner of Internal Revenue. The machinery of the cotton-reduction program in the Agricultural Adjustment Act will be utilized in allotments and in the execution of the pending measure. Like the Agricultural Adjustment Act, it is emergency legislation. It is for the duration of 1 year, with 2 additional years, within the discretion of the cotton growers, the Secretary of Agriculture, and the President of the United States.

CONSTITUTIONAL

The bill imposes an excise tax on the ginning of cotton. It is to be uniform. The due-process clauses of the Constitution are not a limitation upon the taxing power. Congress has the power to lay and collect taxes, duties, imposts, and excises. The purpose is to reduce production. In the case of the *United States* v. *Doremus* (249 U.S. 86), the purpose was to suppress dealing in drugs. In *McCray* v. *United States* (195 U.S. 27, 61), the Supreme Court upheld the validity of the statute taxing oleomargarine. The intent was not to provide revenue but to prevent the selling of oleomargarine. The motive is immaterial. Congress passed an act levying a 10-percent tax on bank notes in 1866. The purpose was not to tax, but it was to prevent the issuance of bank notes by States. It was held constitutional. *Veasie Bank* v. *Fenno* (8 Wall. 533).

The so-called "*Child Labor cases*" may be cited in opposition. In the Child Labor case (259 U.S. 21), the court decided that the purpose was to regulate intrastate business and not to raise revenue. In the Board of Trade case, *Hill* v. *Wallace* (259 U.S. 44), the same doctrine was announced. The purpose was to regulate intrastate business. The Supreme Court of the United States will follow the oleomargarine case in passing upon the constitutionality of the pending bill. Both are interstate products and cotton oil finds its way into commerce.

NO DELEGATION OF LEGISLATIVE POWER

The bill prescribes the principle or formula. It stipulates the facts. The Secretary of Agriculture is vested with the execution of the act. From the days of Washington, Jefferson, and Madison, Congress has passed laws containing a general principle leaving the execution to executive officers. Much is left to the discretion of executive officials. The principles are summarized in *Mutual Film Corporation* v. *Ohio Industrial Commission* (236 U.S. 230–245). The flexible provisions of the Tariff Act of September 2, 1922, authorizing the President, within prescribed limits, to increase tariffs was upheld in the case of *Hampton & Co.* v. *United States* (276 U.S. 394).

SUPPLY AND DEMAND

The price of cotton depends upon the supply and the demand. While cotton is a world product, inasmuch as the United States produces the larger part of the world supply of cotton, the American price determines the world price. The supply is determined by the annual carry-over and the annual production. A large crop brings less in the aggregate than a small crop, as I shall undertake to show.

The pre-war production from 1909 to 1913 was about 13,000,000 bales annually, with an average carry-over of 3,132,000 bales, and with an average acreage of 32,153,000 acres. From 1925 to 1930, there was an increased carry-over and

the acreage jumped from 32,000,000 to 45,000,000. The carry-over in 1928 was 5,206,000 bales; in 1929, 4,507,000 bales, and in 1932, 13,228,000 bales. The average production for 1929, 1930, and 1931 was 15,155,000 bales. The carry-over has been reduced from 1932 and will likely be about 10,000,000 bales in 1934, but it is still excessive. It hangs like the sword of Damocles over the cotton growers of the South.

Cotton, of all agricultural products, is the most sensitive to the mandates of the law of supply and demand. The world price follows the American price.

THE GROWERS ARE ENTITLED TO THE COST OF PRODUCTION

The pre-war parity price 1909–13 was around 12½ cents per pound. The parity price is approximately 15 cents per pound today. Recovery means increased prices for cotton and all other agricultural products. The costs of cotton production have already increased 30 to 35 percent over what they were a year ago, and before the crop is harvested the costs will be at least 60 percent more in 1934 than they were in 1933.

AGRICULTURAL ADJUSTMENT ACT BENEFICIAL

The reduction program in 1933 under the Agricultural Adjustment Act was beneficial. The surplus of 1932 was reduced by a million and a half bales. The cotton acreage in 1933 was reduced by 25 percent. There was a reduction of at least four and a half million bales in production. The program was both successful and beneficial. It was a part of the general program for recovery. The currency legislation and other emergency legislation was helpful, but the reduction program of 1933, coupled with the reduction program for 1934, supplemented by the pegging of the price of cotton at 10 cents, has been the salvation of the cotton growers of the South, but it has not gone far enough. I hazard to think of the plight of the cotton farmers if there had been no reduction program in 1933. Cotton increased from 5½ to 10 cents per pound. With ideal weather conditions there was a production of 13,000,000 bales and if there had been no reduction there would have been 17,500,000 bales with 5-cent cotton.

It is asserted that the cotton growers of the South favor the compulsory plan. I believe that the cotton growers advocate legislation that will force cooperation by all. I think there is a prevalent idea that compulsory legislation will only apply to those who refuse to cooperate. Such would be class legislation. It would violate the Constitution. There would be no uniformity. All must be embraced. If there is to be compulsion, it must be for all or none. In practice, compulsion in 1934 will mean that those who have cooperated will be allotted the average yield of their lands for the years 1928 to 1932, inclusive. At the same time, those who have refused to cooperate will be compelled to join in the program without rental benefits. Such will be the practical effect.

It is said that 85 to 90 percent of the growers have signed the program for 1934. Owners of 5 acres or less are exempt. All the States, except North Carolina and Texas, have substantially cooperated. Those cultivating 5 acres and less in North Carolina and the great number in Texas largely account for the failure of full cooperation in these two States.

The program for 1933 took 10,000,000 acres out of cultivation. The program for 1934 will take 16,000,000 acres out of cultivation. The bill under consideration, I repeat, will supplement and not take the place of the 1934 program. It will really compel all to cooperate in the program by preventing the sales of those who do not reduce their acreage and thus reduce their bales.

VOLUNTARY PROGRAM NOT ENOUGH

If all cooperated in the voluntary program, the problem would not be solved. Intensive cultivation and increased use of fertilizers will increase production, thus increasing the carry-over and reducing the price. Acreage reduction has been tried. While it has been of great benefit, it has not completely solved the problem. Bales, after all, determine the price. The pending bill contemplates a maximum fixed production. If nature is unusually indulgent, if the weather is ideal, there is no prohibition against harvesting the excess, but it must be carried forward into the succeeding year or be subjected to the prescribed tax. The prohibition is against sales. The average 5-year period is the yardstick. The remedy is to provide for a definite production with the least possible injury to the grower. A man may grow as much cotton as he desires, under the bill, but he cannot market more than his allotment. The manufacturer is dependent upon the farmer for the sale of his product. I maintain that for the common good of our common country, the farmer should not market in any year in which it is grown more than the amount of cotton allotted to him.

I wish we might avoid limitations. There are similar limitations upon the manufacturer, but we have tried the voluntary method in the South for 25 years. I know of no efficient solution that does not involve compulsion. All legislation is more or less compulsion. The greatest good to the greatest number is to be considered.

[Here the gavel fell.]

Mr. WHITTINGTON. May I have a little more time?

Mr. HOPE. I will yield the gentleman 10 minutes more. I want to ask the gentleman a question. Is it not the opinion of the gentleman that the voluntary plan has broken down?

Mr. WHITTINGTON. I do not think it has. No voluntary plan that was as wide-spread as the voluntary plan of 1933 is a failure, when you take out of the production four and a half to five million bales of cotton, that resulted in the price of cotton being increased from 5½ to 12 cents a pound. I challenge the statement that there was failure in the voluntary reduction of 1933. It was general and the most wide-spread ever known.

Mr. HOPE. Is it not a fact that 85 percent of the cotton acres were signed up for the voluntary plan?

Mr. WHITTINGTON. Yes; except in two States—Texas and North Carolina—and I say it without criticism. North Carolina, because they do not recognize any farmer with less than 5 acres, and Texas because of its large area and great number of growers. I repeat, that if 100 percent of the cotton growers signed up, by the use of fertilizer and intensive cultivation, in my judgment, there would be no guaranty of definite production.

Mr. HOPE. Does the gentleman think the cotton growers of the South are going to violate the spirit of the law by using more fertilizer and more intensive cultivation?

Mr. WHITTINGTON. Well, they are just as human as the wheat growers of Kansas.

Mr. HOPE. I do not think the farmers of my State would knowingly violate the spirit of the law, and I do not think they intend to do it.

Mr. WHITTINGTON. I want the cotton growers of the South to raise the best crop they can. I do not want to deprive them of the initiative for their individual success or rewards. The excess production can be stored without paying the tax.

Mr. HOPE. In the gentleman's opinion, will this bill result in any revenue being collected?

Mr. WHITTINGTON. Well, the compulsory feature of the bill is a fundamental part of it, and I doubt if there will be a large amount of taxes collected.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. CHRISTIANSON. I would be interested in having the gentleman explain, if he can, the difference in principle between this bill and the child labor bill, which was declared unconstitutional by the Supreme Court of the United States a few years ago, on the ground that it was an improper exercise of the power regulating interstate commerce?

Mr. WHITTINGTON. I am glad to answer the question. I do not want to evade, and I wish I had the time to discuss, the legal phases of the legislation. I would be glad to discuss the constitutional provisions, as I say, if I had the time, but

I make this statement with respect to the so-called "*Child Labor cases.*" There were two of them. One was declared to be unconstitutional by the Supreme Court of the United States because it undertook to regulate the intrastate business of manufacturing concerns employing child labor (247 U.S. 251). The other was declared to be unconstitutional because the Supreme Court of the United States held that the tax was prohibitive; that it was a penalty in the name of a tax, and thus void (259 U.S. 39). There was no emergency. Probably the most important phase of the legal feature involved in this act is that we are in the midst of an emergency—an emergency that has provoked the N.R.A. Oh, yes, gentlemen on the Republican side may smile, but in my judgment we are in a lot better condition now than we were in 1930–32. We may have made failures, but to err is human. We are in an emergency, I repeat. This legislation is limited to the period of the emergency, and in and of itself it does not involve the expenditure of very much Federal funds because the taxes are to be collected by existing agencies, and if there be no large amount of taxes collected, there will be no material additional expenditures from the Public Treasury, inasmuch as, under the terms of this act, practically all expenditures would be in the collection of taxes.

Mr. CHRISTIANSON. Then, as I understand the gentleman, he does not seek to harmonize this with the holding of the Supreme Court of the United States.

Mr. WHITTINGTON. I undertake to say that those two cases were held unconstitutional for the reasons stated, but cotton is not only an article of interstate commerce; it is the most important of all articles of international commerce. We are dealing not only with the most extensive article of interstate commerce in the United States but in the world, for millions, not only in the South, not in the United States but in England, France, Germany, and the other civilized countries of the world, are dependent for their daily bread upon cotton and the manufacture of cotton.

Mr. CHRISTIANSON. I do not think the gentleman has answered the question, because it is conceivable, of course, that the manufacture of cotton and the employment of child labor in the manufacture of cotton are intrastate to the extent that those acts occur within the State, but so is the growing of cotton, and I do not see how the gentleman can distinguish between the right to apply the power of taxes to control the growing of cotton, when the Supreme Court has distinctly said it cannot use it for the purpose of preventing child labor in the manufacture of cotton.

Mr. WHITTINGTON. I value the opinion of the gentleman, but I insist that he must distinguish between intrastate and interstate commerce. I have undertaken to distinguish the *Child Labor cases* from the pending measure by pointing out that we are dealing here, as is declared in the policy of the act, with cotton in its interstate relation.

Mr. CHRISTIANSON. It was intrastate, so long as it is being grown, but nevertheless it passes into interstate commerce. The cotton cloth that is being manufactured with child labor is intrastate so long as it is being manufactured, but it becomes interstate. I do not think there is any validity in the distinction of the gentleman.

Mr. WHITTINGTON. While personally I think the decisions sound, I am inclined to believe that if the *Child Labor cases* were before the Supreme Court at the present time, or at least one of them, instead of our having a 5-to-4 decision against their constitutionality, we would have a 5-to-4 decision in favor of their constitutionality.

Mr. CHRISTIANSON. The gentleman has finally made the argument that I expected him to make.

Mr. WHITTINGTON. Control is not without legal and practical difficulties, of course, but no forward movement, no legislation to meet modern conditions can be.

Mr. Chairman, I say that voluntary limitation or reduction is not enough. It has been tried. It has been helpful. I have undertaken to point out why there cannot be a perfect permanent solution. It is difficult to ascertain the sentiment of the farmers in the South as well as it is elsewhere. This one thing I do know. The farmers of the South advocate legislation that will require all to cooperate, and they favor cooperation today as they have never favored it before, because they have seen the beneficial results. It is impossible to force cooperation by all unless all classes are included in the legislation.

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. HOPE. Mr. Chairman, I yield 2 minutes more to the gentleman from Mississippi.

1926 COMMODITY PRICE

Mr. WHITTINGTON. Mr. Chairman, the purpose of much remedial legislation in both currency and agriculture was to restore the 1926 price level, but it would be a sad day for cotton if the price of 1926 obtained. There was a maximum crop that year. It was the largest in history—18,000,000 bales were produced. The price per pound December 1, 1926, was $0.109. The aggregate value of the crop, based on December 1 price, was $982,736,000. In 1927, with 5,000,000 bales less, the price was $0.196 and the aggregate value was $1,269,885,000. In other words 5,000,000 bales less brought twice as much per pound and $287,885,000 more for the crop. It is the irony of fate that prosperity to the farmer really means adversity—a good crop always means a lower price. There is something wrong with our economic system when the success of the farmer really spells his doom.

Again, in 1923 there was a production of 10,000,000 bales, with a price of 31 cents per pound, and an aggregate price of $1,571,829,000; whereas, as I have pointed out, in 1926, with 8,000,000 bales more, the average price was 10 cents and the aggregate value $600,000,000 less. The following table gives the price per pound received by the producer and the total amount received for the years 1923 to 1929, inclusive:

Year	Production (bales)	Price per pound received by producers, Dec. 1	Farm value, basis Dec. 1 farm price
1923	10,140,000	$0.310	$1,571,829,000
1924	13,628,000	.226	1,540,884,000
1925	16,104,000	.182	1,464,032,000
1926	17,977,000	.109	982,736,000
1927	12,955,000	.196	1,269,885,000
1928	14,478,000	.180	1,301,796,000
1929	14,828,000	.164	1,217,729,000

THE BILL

The bill is intended to limit production in 1934 to 10,000,000 bales. If more than the allotment is produced, it may be stored without the payment of the tax. Such storing will result in a reduction in the following year.

Production is apportioned among the States under standards prescribed. I should like to see the allotments liberalized among the States, in the event of failure in some or overproduction in others. A tax is levied against the ginning of cotton, to be paid at the time of sale.

The State of Mississippi produced approximately 11 percent of the average cotton crop, 1928 to 1932. Mississippi will thus be allotted 1,100,000 bales. The Agricultural Adjustment machinery will be used in making the allotment. The bill will be applicable in 1935 if the owners of two thirds of the cotton lands favor the allotment plan. The President may, by proclamation, declare the emergency passed and proclaim that the act shall no longer be applicable.

AMOUNT OF THE TAX

The yardstick for ascertaining the amount of the tax is fixed—it is 50 percent of the central-market price. Such a price is not without difficulties, but the decision of the Secretary of Agriculture in ascertaining the facts will control. The method has been tried. He fixed the amount of the processing tax. The Secretary is required to proclaim the national allotment at least 60 days prior to the beginning of the cotton year.

10-PERCENT TOLERANCE ALLOTMENT

Many good farmers have not raised cotton to a considerable extent in the past few years. They desire to cooperate

in the program. There is a provision for an allotment not to exceed 10 percent of the total lands in the States to those who could have produced cotton if they had cultivated their lands to cotton. In other areas there were droughts, storms, and floods that prevented normal production. The 10 percent will enable the Secretary, within these States, to adjust production so that all may be considered.

COMPULSORY CONTROL

The independence of the farmer has been his handicap. I oppose compulsion, but it is essential that laws promote the greatest good to the greatest number. I wish that the farmers might cooperate without compulsion. It would be ideal if society could exist without laws. It is necessary for some to yield for the common good. The patriotic citizen will not complain and the citizen who refuses to cooperate without valid excuse will be compelled.

Compulsory control will not completely solve our problems. Cotton is a world product. There must be tariff adjustments if the cotton grower is to prosper. World cooperation is necessary. We cannot sell unless we buy. In tariff adjustments the manufacturer and the grower must be considered. There must be concessions that will enable the collection of our foreign debts, both public and private, and the sale of our surplus agricultural products.

There are difficulties in compulsion. The way of progress is the way of difficulty. We have tried inaction. We have been content to criticize. We know the difficulties. We must look to the future.

It is said that with the reduction of cotton acreage, tenants will be without employment. I believe that the cotton growers will be better off with reduction. Home ownership will be encouraged. The farmer will raise feed and food. He will become self-sustaining. There will be a satisfied and satisfactory farm life.

EXPENSE AND SUBSIDY

The material expense under the act will be in the collection of the ginning tax. It is not contemplated that this collection expense will be large and the probability is the expenses of the legislation will be negligible. It must always be kept in mind that the organization and machinery of the reduction program will be utilized in the compulsory program. The processing tax has enabled the cotton-reduction program to be substantially self-sustaining. Any expenditures of administration and tax collecting, under the bill, would be justified if the bill results in a fair price to the cotton growers of the South. They will thus be enabled to purchase from the manufacturers. A prosperous agriculture means a prosperous industry.

COOPERATION

I deplore the regimentation of agriculture and industry. I appreciate the difficulties in administration and execution in the pending act. In the program for national recovery, President Franklin D. Roosevelt advocated aid to agriculture as fundamental. He now advocates the principle of control in cotton reduction. He is given authority to discontinue that control in the pending act. He has demonstrated that if the measure fails, he will be among the first to acknowledge failure and advocate another solution.

I know that the President is the friend of the South. He knows the problems of the Nation. Without any loss to the Federal Treasury he brought salvation to the cotton growers of the South by advocating the Agricultural Adjustment Act and by subsequently pegging the price of cotton at 10 cents per pound. I am persuaded that the President will continue to advocate a square deal for the South and for my part, I shall continue to cooperate with him. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. TERRELL].

Mr. TERRELL of Texas. Mr. Chairman, I want to advert to another subject for just a few moments. I want to get away from the humiliating discussion we have had about "legalized murder" and talk a little bit about "unlegalized bank robbing."

I want to relate a little incident I saw just a day or two ago where a bank in Greenville, S.C., had been robbed of $50,000 and another in Richmond, Va., where a messenger was robbed of $60,000, and one man killed. Just a few days ago 2 bank robbers in my little town of Alto, Tex., a town of only 1,000 population with 2 banks, undertook to rob 1 of those banks. While they were looking around to see how they could approach that bank, the president of the bank became suspicious, so he secreted himself with a shotgun in the bank, and when the two robbers came in with guns in their hands and held up the cashier and two or three customers, lining them up against the wall, the man from the secreted spot turned loose a shotgun fire on the robbers, and this frightened them so that they ran out of the bank to their car, with the bank officials shooting at them. The city marshal heard the guns outside, and he began shooting at the robbers and killed one before he could get into his car. He and the bank employees gave chase to the other robber and captured him before he could get away.

One of them is dead, and the other is in jail. That is the way they handle bank robbers in my town. [Applause.]

Now, Mr. Chairman, in my limited time I cannot discuss the merits of this bill, and for the further reason that it has no merit. [Laughter and applause.] One gentleman said a while ago he would be glad to accept perfecting amendments to perfect the bill. There is only one amendment that could be offered that would perfect this bill, and that is to strike out the enacting clause. I wish I had time to discuss the provisions of this bill.

Mr. KENNY. Will the gentleman yield?

Mr. TERRELL of Texas. I yield.

Mr. KENNEY. Does not the gentleman believe that it is about time we struck out some of the taxes?

Mr. TERRELL of Texas. Yes, sir; I do.

Now, Mr. Chairman, unless my time is extended I cannot answer any questions. I regret that very much, for you could not please me any more than to allow me to stand here for an hour and answer questions for you. I want you to understand that this bill proposes to regulate the marketing of cotton in interstate and foreign commerce, when its sole object is to control production. It undertakes to do that by a tax on cotton. The advocates of the bill frankly say there will be no tax collected. They do not intend to collect any tax, but they intend to control the production of cotton in the States.

The Federal Government has no right to control the production of cotton in any State in the Union. If it can control the production of cotton, it can control the production of all other products.

North Carolina, for instance, manufactures more cotton than she produces. Do you think that, if North Carolina wants to manufacture her cotton in her factories, the Federal Government can go in there and put a tax on cotton in order to limit production? If they cannot tax cotton in North Carolina, how can they tax it in any other States?

The gentleman from Minnesota [Mr. CHRISTIANSON] a while ago, asked a question about the decision of the Supreme Court in the child-labor case. The question was not answered, except in an evasive manner. The fact is the court held in that decision that the Congress could not do indirectly that which it could not do directly, and that the tax was a subterfuge, and they rightfully declared it unconstitutional.

This tax is a subterfuge and a scheme to get around the plain letter of the Constitution. Let me show you how they are trying to get around it in another way. Realizing the weakness of the argument they make, this is what they write into the bill: "It is prima facie presumed that all cotton, and its processed products, will move in interstate or foreign commerce."

They are going to write that into the bill to make it legal. Prima facie they presume it is moved in interstate

and foreign commerce, when they know it is not all going that way. Every State in the Union has some factories, one or more, and they will manufacture some of that cotton. The cotton manufactured in the State where it is grown will not go into interstate or foreign commerce. Men who sell directly to the cotton mills in their State, could double, or quadruple, their production, and a Federal law could not legally reach them. Thousands of tons of cottonseed and cottonseed meal are fed to livestock in the State where it is produced, and do not go into interstate commerce. Therefore, a Federal law could not legally control these products. This is nothing in the world but a subterfuge to try to violate the Constitution and control individual rights, just because we have a little surplus cotton now.

I want to show you the cause of that surplus. Before I come to that, I want to state that a few years ago there was a great hue and cry throughout the South to limit the cotton acreage by law, and several States passed such laws. My State passed a law. We produce over 5,000,000 bales of cotton. We are the largest producer of cotton in the United States. I told the advocates of the law that it would not be legal; that it could not stand the test of courts even in my State, but they passed the law because there was a clamor for it; and as soon as it went to the courts, it was stricken down by the District Court. Then it went to the Court of Civil Appeals, and that court struck it down, and they dared not carry it any further—to the Supreme Court of the State of Texas.

I do not want to see this law passed; but I believe if it is enacted, we can yet depend on the Supreme Court of the United States to strike down a law of this kind, even though they have upheld some laws the constitutionality of which was very doubtful.

The surplus cotton we now have in this country is not caused by overproduction. It is caused by underconsumption. There has never been overproduction in this country since cotton was first grown. We never destroyed cotton until last year, and that was done voluntarily; and if that was a success, as claimed by the advocates of this bill, we ought to continue the voluntary plan. There have always been lean years when there was a short crop to take up the surplus. We had a big crop in 1920, and in 1921 we had a short crop and only made about 8,000,000 bales and we took up all the surplus. In 1926 we had a large crop of more than 17,000,000 bales, and the price of cotton dropped down again. The next year we had a short crop and the market went right back up again. There has never been a permanent surplus. The only reason there is a surplus now is because the people of this country, and of foreign countries, have not had the money with which to buy the cotton. They can use every pound of it now for the manufacture of clothing, if they had the money with which to buy it. That is what is the matter; it is not overproduction of cotton; it is underconsumption.

I shall insert a short table, showing the world cotton production and the production of cotton in the United States, with the average United States prices covering the years from 1925 to 1932, inclusive. Also showing the production and price of wheat in the United States for the 8-year period from 1925 to 1932, inclusive.

World cotton production (bales)

1926	27,900,000
1927	28,400,000
1928	24,000,000
1929	36,900,000
Total	107,200,000
Average	26,800,000
1930	26,500,000
1931	25,800,000
1932	27,500,000
1933	24,000,000
Total	103,800,000
Average	25,950,000

United States production

1925	16,000,000
1926	17,977,000
1927	12,955,000
1928	14,477,000
Total	61,409,000
Average	15,352,500
1929	14,825,000
1930	13,932,000
1931	17,096,000
1932	12,737,000
Total	58,590,000
Average	14,647,500

United States price

1925	24.21
1926	19.71
1927	14.74
1928	19.98
Total	78.64
Average	19.66
1929	18.98
1930	16.16
1931	10.08
1932	6.20
Total	51.42
Average	12.35

United States production of wheat (bushels)

1925	668,982,000
1926	833,554,000
1927	874,633,000
1928	926,130,000
Total	3,303,299,000
Average	825,824,750

Average, 825,824,750.

1929	812,573,000
1930	857,427,000
1931	900,219,000
1932	726,831,000
Total	3,297,050,000
Average	824,262,500

United States price per bushel

1925	$1.40
1926	1.20
1927	1.11
1928	.98
Total	4.69
Average	1.17
1929	1.03
1930	.67
1931	.39
1932	.35
Total	2.44
Average	0.61

These figures show that the difference in the average price of cotton for the 4-year period from 1925 to 1928, inclusive, and the average price for the years 1929 to 1932, inclusive, is 7.31 cents per pound. This means a loss to the cotton grower on the 58,590,000 bales grown during the last 4-year period, compared with the previous 4 years, of $2,050,650,000.

They also show that the difference in price of wheat for the same 4-year period is 56 cents per bushel, and this means a loss to the wheat growers in the past 4 years on the 3,297,050,000 bushels grown of $1,846,348,000. No wonder the farmers have no purchasing power. The same loss can be shown on corn and all other farm products and livestock. Restore this purchasing power to the farmers and there will be an immediate demand for manufactured goods and the wheels of industry will begin to turn and idle labor will be employed to supply the increased demand for factory products.

During the years from 1929 to 1932, the average price of cotton was 12.35 cents, compared with the price of 19.66 cents, for the period from 1926 to 1929, inclusive. Why? Because, during the latter period the people had not the

purchasing power to buy the cotton or its products. They could use it all, if they had the money to buy it.

The trouble has been the maldistribution of money. The money has been hoarded and idle, in the hands of a few, who put it into interest-bearing, tax-exempt bonds, when it ought to be at work employing labor and making goods for the people, and making purchasing power, so the people could buy the goods. Get this money back into the hands of the people by paying them a better price for their products and give them purchasing power, and prices of farm products will take care of themselves. [Applause.]

The table, presented above, shows that there was more cotton produced during the 4-year period when the price was 19.66 cents, than there was during the years the price was 12.35 cents; and more wheat was grown during the years when the price was $1.17 per bushel than during the years when it was 61 cents per bushel. The population was also greater during the last 4 years when we had shorter production and lower prices of both cotton and wheat, which would seem to indicate that we should consume more, at lower prices. This paradox cannot be accounted for on the theory of overproduction. It is underconsumption. The demand is here, but money, the medium of exchange, is lacking.

Some seemingly intelligent people look upon this panic as though it were a curse sent by God Almighty, upon the people. It is sacrilegious to charge God with this panic. It is a man-made panic, and man will have to work out of it.

You cannot get out of it by curbing the productive capacity of the people, and by issuing interest-bearing, tax-free bonds, and taxing the people for 40 years to pay the bonds. You cannot borrow this country out of debt or borrow it into prosperity. We must produce something and sell it at a profit before prosperity can be restored. [Applause.]

It will require a better distribution of the money supply to restore prosperity; and the sooner we get back to basic principles of money supply and control, the quicker we will restore prosperity. We cannot do this by coercing the people, and limiting production, or by shackling industry in a strait-jacket, as the N.R.A. is doing, or by controlling hours of labor and wages, and running private industry by Federal bureaucrats, in Washington. Threats are now made that this control of agriculture and industry must be made permanent. If so, it must be done as it is being done in Italy and Russia, by a Mussolini or a Stalin, with an army to enforce it, and we are rapidly approaching the Soviet system.

The Government must exercise its constitutional function to coin money and regulate its value and distribution to meet the business needs of the country, before prosperity can ever be restored.

I should like to call the attention of the Members who do not live in cotton-growing States to the effect this bill will have on them in case it becomes a law. More than half of all farmers in the South are tenants, or share croppers; and if cotton production is reduced 30 or 40 percent, this land taken out of cotton will be devoted to the cultivation of other crops that will compete with farmers in other States and increase the surplus of the crops you grow and lower the prices of your products.

We must raise other crops to take the place of cotton, or 30 or 40 percent of our tenant farmers will have no homes and no land to work. You should seriously consider this very grave problem before you vote for a bill like this, which is sure to dislocate our proper agricultural equilibrium and the present system of exchanging our surplus farm products with our neighbors in other States; and if it should temporarily help us by raising the price of cotton, it would hurt you, because we would grow the very products you have been selling us.

I speak from experience as a practical farmer, as I have worked in all phases of farm life from hired hand, where I received 25 cents per day, 50 cents per day, and $1 per day; worked as a tenant farmer and as a landowner. I have paid for my farm and no one holds a mortgage against it, and I am not asking any assistance from the Government, except that it take the tax-eaters off my back and not try to run my business. [Applause.]

Texas produces 5,000,000 bales of cotton annually, and can easily produce 10,000,000 bales, which is all that is allowed for the cotton-producing States under this bill. She produces 50,000,000 bushels of wheat, and can, and will, produce 100,000,000 bushels, or one eighth of the entire crop, if cotton production is curtailed by law. It will then require another law to curtail the production of wheat, and there will be no end to Government regulation of the farmers' business. I earnestly urge the Members from the States not producing cotton to consider the seriousness of this measure before casting their votes for it. You need not think that because a few men have been in Congress 15 or 20 years and lost touch with the people, they know more about the sentiment of the people than those who are fresh from the ranks of the people.

As commissioner of agriculture of my State for 10 years, I became thoroughly familiar with agricultural conditions in all parts of my State, and I know the conditions and sentiments of the people, and I believe that a vast majority of them do not favor having the Government control their farming operations.

If the Government will stop the fixing of prices of farm products by the gambling exchanges, and permit the natural laws of supply and demand to operate, and perform its functions in the issuance, regulation, and control of the money, as provided in the Constitution, and stop issuing interest-bearing, tax-free bonds, and lessen our tax burdens, we will ask nothing more. [Applause.]

Mr. JONES. To save time, I may state to the members of the Committee that when we go back into the House I shall ask unanimous consent that all Members may have the privilege of revising and extending their remarks on the bill.

Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. MILLER].

Mr. MILLER. Mr. Chairman, I am just as much interested in preserving the individual rights of the American people as anybody can be. We may make beautiful speeches based on theory, but in this country today we are faced with a condition which demands action if a great industry is to be preserved and if the people engaged in it are to obtain the relief they have the right to expect.

Certain facts we all may concede as being true; one is that world consumption of American cotton is around 12,000,000 bales per year. The average production of American cotton not only supplies the domestic needs but exceeds the export requirements by approximately 3,500,000 to 4,000,000 bales a year. This condition has prevailed for years. As a result, the accumulated surplus today is around 13,000,000 bales. This surplus is a menace to the welfare of the cotton grower. He cannot hope to obtain the cost of production, to say nothing of a profit, until this menace is removed, and this can only be done by controlling the future production until this surplus has been exhausted and has ceased to exist. It matters not what the cause of the existence of the surplus may be, the fact is that it exists and must be removed before the cotton farmer will be guaranteed that the price of his product will be governed by supply and demand. No commodity within my knowledge is so susceptible to the law of supply and demand as is cotton, and if this bill is enacted it will mean to the farmers of the South that they will receive a fair price for their labor, and the farmer who is using that crop as a producer of cash will have the assurance that his labor will not be in vain. There is no question of individual liberties involved herein. It is a question of saying to those men who are unwilling to cooperate that you must conduct your business along and upon such a scale that you will not impoverish your neighbor.

Another fact we must admit is that we cannot impoverish millions of people in this country who are engaged in cotton production and still expect a well-balanced prosperity to return, or long remain if it should return. Therefore we

are faced with the necessity of doing something to regulate the supply of cotton. The States cannot do it. We have discussed it in the South for years. The States cannot do it, because Arkansas will not reduce her acreage 50 percent for fear Tennessee will not do it; Tennessee will not do it for fear Mississippi will not; and so on. Thus has been brought about the necessity for action.

Last year we undertook to reduce the production of cotton by restricting the acreage by the plow-up campaign; and I ask you gentlemen who have not had first-hand experience in the South not to be misled into believing that that campaign was a failure. It was everything but a failure; it was a success. We cannot, however, control the production of cotton by a reduction in acreage, because, by the use of fertilizer and through the practice of intensive cultivation, 60 acres can be made to produce as much cotton as 100 acres without this intensive cultivation and use of fertilizer; so the only sensible control is a baleage control. This is the reason this legislation is presented; and the basis of this legislation is baleage control.

Some of the Members are very solicitous about the South. We appreciate your solicitude, but no man is more solicitous of the South than we who live there. We want to see the agriculture of the South prosperous as you gentlemen claim you want to see it; we want to be able to buy the things the Northern States produce; we want to be able to afford the Northern States a market for the things they produce. But unless we can sell the things we produce at above the cost of production the North cannot have this market, and we cannot buy.

Prosperity, Mr. Chairman, cannot exist in unbalanced proportions. It must be well rounded; and you people who do not produce cotton are just as much interested in cotton-production control, from an economic standpoint, as we are.

Some Members have said they would be glad to support this bill if its provisions were not compulsory, and point to the success of the reduction program last year which was not a compulsory program. Let me tell you the reason why this must be compulsory. Unfortunately in the South, as elsewhere, are a few men—we called them cotton hogs for a long time; you have them in the North; they may be wheat hogs, corn hogs, or some other kind of a hog—we have men everywhere who seek to profit at the expense of their neighbors.

We have men there who will not cooperate in the voluntary reduction program; but by far the greater majority of the people do realize the absolute necessity of reducing the production of cotton, and they want it. Therefore, make it uniform. This bill provides that the program will be put into force when and only when two thirds of the parties in interest indicate that it should be. It is just; it is fair and equitable, and all producers of cotton will be treated alike. The same rule and same proportion of reduction will apply to one that applies to another. No fair-minded man will object if all are treated alike and the chances for obtaining an unfair advantage are removed. The man who is unwilling to cooperate for the benefit of all in these times is not entitled to much consideration and it is only that man who can or will complain.

Mr. HOPE. Will the gentleman yield?

Mr. MILLER. I yield to the gentleman from Kansas.

Mr. HOPE. That does not apply, however, to this year?

Mr. MILLER. No; I may say to the gentleman the reason why it does not apply this year is because it is not necessary to invoke the referendum to obtain the thought and desires of the people of the South. About 85 percent have signed up on the voluntary plan, indicating they favor control of production.

Mr. BLANCHARD. Will the gentleman yield?

Mr. MILLER. I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. Does the gentleman think it is necessary to extend the compulsory feature to all agricultural products now subject to the A.A.A. program?

Mr. MILLER. I may say that the condition of the surplus of each particular commodity would largely control the answer to that question; in other words, the amount of the surplus would be the controlling factor.

Mr. BLANCHARD. Let us assume that in a given field—for instance, wheat—there is a surplus. Does the gentleman believe it is necessary to extend the compulsory feature to wheat in order to control that surplus?

Mr. MILLER. If 66⅔ percent of the bona-fide wheat producers of the country want to reduce their acreage or want to reduce their production, the recalcitrant one third should be compelled to join hands with them for the benefit of all.

Mr. KLEBERG. Will the gentleman yield?

Mr. MILLER. I yield to the gentleman from Texas.

Mr. KLEBERG. In connection with the referendum on this bill and the figures contained in the hearing, is the gentleman acquainted with the fact that the replies generally covered all of the committees that had to do with the voluntary-reduction campaign in cotton acreage in the United States, and in reality expressed the opinion of the cotton raisers contacted by committees as directly as if an all-inclusive individual referendum had been conducted?

Mr. DONDERO. Will the gentleman yield?

Mr. MILLER. I yield to the gentleman from Michigan.

Mr. DONDERO. Will the gentleman touch on the phase of what is to become of the 40 percent taken out of the cotton industry and whether it will be used in competition with other agricultural products?

Mr. MILLER. No; it will not be used in competition with the other agricultural products included in the Agricultural Act, but the curse of the South—and I may say the curse of agriculture in general and every agricultural community—has been the one-crop system.

Mr. HOPE. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. MILLER. Whenever any district, be it North, South, East, or West, follows exclusively the one-crop system as a cash proposition, that district is not going to be prosperous very long at a time.

There is one other thing to which I call your attention. This refers to section 8 of the bill. No one need fear that the little cotton producer is going to be harmed by this bill. Section 8 takes care of this proposition.

Section 8 reserves 10 percent of the allotment to the States for the purpose of taking care of the man that goes out on his 40-acre farm and desires to plant 5, 7, 8, or 10 acres in cotton.

I have discussed the matter with the cotton section of the Agricultural Adjustment Administration. They felt that 5 percent would be all that would be necessary. I doubt whether 10 percent is enough, and unless I am convinced that 10 percent is sufficient I am going to propose an amendment that that reservation be made 15 percent in order to take care of the little man and the man who has heretofore been cooperating. The big cotton producer does not need anyone to look after his interests. He is looking after himself. He is the man largely responsible for the condition in this country today, so far as the cotton industry is concerned. He is the man that must be dealt with. He is the recalcitrant man who has insisted on producing from year to year this enormous surplus; and, therefore, he is the man who has brought about the condition that exists in the South today.

May I call attention to another section? The original section 3, as written, I think was right. The consent was based upon two thirds of the persons who own, rent, share-crop or control the land. That is just. I am not criticizing the committee, but they in their wisdom thought that they were doing the right thing to have this changed to the persons who own, rent, share-crop, or control two thirds of the land. It is my present opinion that the bill as reported by the committee should be amended so that two thirds of the persons will control the question as to whether control shall be undertaken, rather than to provide that two thirds of the land used in the production should control. In other words, in ascertaining what the desires of the people in interest are, I am not willing that 1 man who controls 640 acres of

cotton land should by his vote nullify the vote of 16 men with families who control only 40 acres each; and it is my purpose, if the committee does not, to offer an amendment for that purpose. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, I think no thoughtful person in America, much less any Member of this House, will deny that step by step, with extraordinary rapidity, we are approaching a great battle in this country; a battle that will rage from one end of the land to the other, and as it rages will claim the interest and attention of practically all of our citizens.

That battle will rage around a fundamental question which is difficult to describe in one brief sentence. As I see it, under our present trend the constitutional liberties of the American people are to be threatened within a 2-year period. As I see it, under the present trend an effort is being made and will be made with ever increasing intensity to change the whole picture of American life socially, industrially, and politically—to transform America and set up here within our borders a kind of government that scarce anyone dreamed of 5 years ago.

I remember very well when the National Industrial Recovery Act was before the House in the extra session. I think most of you will remember especially that remarkable speech of the gentleman from Pennsylvania [Mr. BECK] in which he endeavored to portray the philosophy underlying that measure.

I think it fair to say that at that time a majority of the persons in the country regarded that measure as temporary. In fact, by its own provisions, it expires 2 years after the date of its enactment.

I was not one of those, however, to regard it as temporary. I took the liberty of stating on the floor at that time that under the leadership of the present administration and with its open encouragement, a school of thought was being built up in the United States teaching its people that all that has gone before was error, and that a new philosophy of government and society must be set up to take the place of the old.

I ventured the prophecy that so soon as the N.R.A. got into full operation determined preparations would be made to convert it into a permanent political and industrial system.

I confess that I was surprised at how quickly its sponsors, including the President of the United States, justified my prophecy. Now we know, through the utterance of the President himself, that the N.R.A., transforming all of our theories of government in a fundamental way, if its sponsors have their way about it, shall become the permanent policy of the United States. At the same time they are proceeding along parallel lines in the control of agriculture seeking to attain the same goal.

This bill before us today is but a preliminary skirmish, in my judgment, in advance of the great battle that will come when A.A.A. expires by limitation in accordance with the provisions of that particular act. So in May or April of 1935, when these two measures are about to expire, we know that the President of the United States will attempt to lead this country into the adoption of both of them and the philosophies underlying them, as the permanent policy of the United States.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. BLANCHARD. This measure here provides for extension into 1936.

Mr. WADSWORTH. Oh, yes. Emphasis has been placed by some of the supporters of this bill, on the contention that it is merely temporary in character. I hope we shall not delude ourselves into having any confidence in that assertion. That assurance was given us with respect to the National Industrial Recovery Act. It was given us with respect to the Agricultural Adjustment Act. This is not intended to be temporary. The men who believe in this kind of thing are in control of the Government of the United States in its executive departments, and scarce a day goes by but they endeavor to persuade the people that their philosophy is to be the saving of this country, and that it must be adopted permanently. Step by step we have seen them making progress. Here a temporary measure, there a permanent one. Then again a temporary measure, with assurance that it will expire after a little time; but we must judge these things in accordance with the trend, and in accordance with the well-known convictions of the men who are running the executive branches of the Government supported as they have been up to this point by an overwhelming majority of the members of the Democratic Party in both Houses of Congress.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. BANKHEAD. It is admitted, of course, that the so-called "experiment" or new venture of the National Recovery Act has not had a full opportunity to demonstrate whether it is a wise system or not. It is being criticized and taxed from many angles.

Mr. WADSWORTH. The President has decided that it is wise and must be permanent.

Mr. BANKHEAD. I want to approach it from a broad standpoint. If it should demonstrate by a fair test over a period of 2 or 3 years that in the principles involved in the control of industry and the social life of the country, as governed by the principles of the N.R.A., are successful and promote the general welfare and happiness of the people, their financial and economic prosperity, would not the gentleman advocate acontinuance of it, if it demonstrated its worth by trial?

Mr. WADSWORTH. If the gentleman will be certain to include within the term "happiness and welfare" the preservation of liberty to our people, I am with him, but if the element of liberty is left out, I am against him. [Applause.]

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I prefer to proceed, if I may. My time is limited.

Mr. JOHNSON of Minnesota. Does not the gentleman think that if the political leaders of his party and the captains of industry of this country had followed along and pushed instead of pulling the other way and chiseling, that we would have been on a good deal better road to recovery than we are today?

Mr. WADSWORTH. Lots of things could have happened, if and when.

Mr. JOHNSON of Minnesota. But I want an answer to that question.

Mr. WADSWORTH. It is impossible to answer it now, because it would carry me into a discussion that would take us far from this bill. What I am trying to portray is what is coming to this country.

Mr. JOHNSON of Minnesota. But I want to have an answer.

Mr. WADSWORTH. I have asked to be excused from answering because it would take me far afield from a discussion of this trend and this bill. I am willing at some other time, and, if necessary, in another place, to discuss that with the gentleman.

Mr. JOHNSON of Minnesota. You come up to Minnesota and we will debate it there.

Mr. WADSWORTH. Mr. Chairman, let us go back a little way and see if we can trace and estimate the efforts of the Government of the United States to restrict the productive capacity of a great people. I doubt if the attempt has ever been made on so large a scale as is now going on in the United States. It is a determined attempt to reduce production, to keep the people, either by persuasion or by force, from producing those things which they are able to produce, with the resources at hand, and the major portion of the attempt is being made in the field of agriculture.

We started in under the A.A.A. last summer by the promulgation of a wheat-control program under which the Department of Agriculture invited the wheat farmers of

the country to sign a contract agreeing to reduce their acreage for 1934 by 15 percent, and assuring them that if they signed such a contract they would give them a bonus, I think, of 28 cents per bushel on the amount of wheat which they were raising or were about to harvest in 1933. They were to be paid in advance, as it were, for not raising so much wheat the following year. The money to pay them is being raised by a processing tax on all those concerns in the country, great and small, which do anything to wheat in the way of changing it into a more edible substance. The contract provided, however, that when the 15 percent of acreage was abandoned in the production of wheat, that acreage should not be used or planted for the production of any other crop which could be sold for cash.

I saw the contracts in my part of the country. Many of my neighbors brought them to me. They asked me what I was going to do as a wheat producer. I told them I could not do anything, because there is a law upon the statute books which prohibits a Member of Congress entering into a contract with the Government; so that let me out. [Applause.]

Comparatively few east of the Mississippi signed those contracts, but the complaint I heard was not so much that the farmers were asked to reduce their production of wheat, but that having signed the contract, they would be forbidden to put that 15-percent acreage into producing something else. They said, "That interferes with my liberty." They said, "Does the Government mean to say that I cannot plant oats, or corn, or beans, or peas, or sweet corn, or tomatoes on my own land if I sign this contract?" Being reminded that that was the nature of the contract, hundreds and hundreds of them said, "I will never sign such a contract." In other words, the attempt, in large areas of the country, to restrict the natural productive capacity of a people, failed to that extent.

Then we went into the famous hog program, and in order to create a shortage of hogs the Department of Agriculture, under the A.A.A., decided that it would buy from the farmers, the hog producers, 4,000,000 little pigs. They had to weigh less than 100 pounds. Little ones, with no immediate commercial value, for a 100-pound hog is not a commercially valuable hog. He is not a complete product at that weight. They would buy them ranging from 9¾ cents a pound for the 25-pound pig—think of it, a little 25-pound pig, down to 6½ cents per pound for a 100-pound pig. The lighter the hog the higher the price. The heavier the hog the lower the price, the idea being, of course, to get as many little pigs sent in as possible. And they came in there by the million. Seventy thousand a day came into the Chicago stockyards alone. They were clubbed to death, 4,000,000 of them. I ventured to say, when the A.A.A. bill was before the House at the extra session, that some of its provisions were fantastic. Has there been anything as fantastic in all the history of Government as that "slaughter of the innocent" last summer?

Mr. ALLGOOD. Will the gentleman yield?

Mr. WADSWORTH. I prefer not to.

What to do with the little bodies? They loaded them into coal cars by the trainload and took them out of Chicago, and finally, after much protest, found a burial place for them down in the soutnern part of Illinois. The destruction of property, in order to bring back prosperity, in the first instance, and to control or restrict the productive capacity of a people!

Then the Department also invited the farmers of the country to send in 1,000,000 pregnant sows and have them killed off, in order, once more, to control production. There, however, the Department ran straight up against the prejudice of the livestock man, and if my information is correct, they did not get one fifth the number of those sows they were seeking to destroy.

Livestock men do not like to be parties to that kind of business.

The price of hogs, within 1 month, if I recall correctly, after this indiscriminate slaughter, instead of going up, went down by almost a cent a pound. They went down to $3.20 per hundred pounds, if I remember correctly. They have gone up since to $4.25 or $4.20 in recent months, not as the result of any law of supply and demand. The Department went into the open market and bought hogs of suitable size and weight and the price went up somewhat.

Now, the men who put those things into effect were perfectly sincere. They really wanted to accomplish the purpose which they had in view. I mention these things to try to indicate the impossibility of any government on the face of the earth successfully controlling or restricting for any length of time the productive capacity of its people, for the simple reason that the effort runs contrary to human nature. Today with this hog program, voluntary, of course, in full effect, there are bootleg hogs being bought and sold right and left all over the country. Many a truck load of bootleg hogs goes along the highways at night, evading the processing tax.

The CHAIRMAN. The time of the gentleman from New York [Mr. WADSWORTH] has expired.

Mr. HOPE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. PIERCE. Will the gentleman yield for a question?

Mr. WADSWORTH. I must finish. I would rather not. We are running up against the same kind of thing in this effort to control and regiment people as we ran up against in the matter of the eighteenth amendment. This bill will bring that same kind of thing, only this goes further, because this is not voluntary. This is compulsion. I am not surprised at the introduction of this bill. Compulsion must inevitably be resorted to by a government that attempts such a thing as this administration or any other government attempts along these same lines. First, the invitation to volunteer. Then if it is not successful there is compulsion, confiscatory taxation, and, finally, criminal prosecution and jail sentences. The N.R.A. has already come to that. The voluntary day of the N.R.A. has gone. The President himself says that from now on the penalties of the law are going to be imposed, and General Johnson stands ready to crack down on any man who ventures to disobey a code, which has the force of United States law.

Now, if these acts in the field of agriculture or in the field of industry bore with them any taint or element of moral turpitude, then the forbidding of them and the infliction of suitable penalties could be successfully carried out.

The trouble is there is no moral turpitude connected with the act of killing a pig and selling its carcass to a friend without paying the tax; you cannot persuade the average man that that act involves moral turpitude; hence the bootleg pigs; and you will have it all through industry. You will have it all through agriculture. People in increasing numbers will insist that the Government has no right to control the progress of their daily innocent lives. They will resent these restrictions; and the harder the Government works to force them down the throats of the people the greater will be the resistance. Then the administration—it may not be this one, but the next one—will come to Congress and ask for more teeth in the law and we will have a "five and ten" law just as we did under the eighteenth amendment. After that juries will begin to refuse to convict; resistance will increase, protests will increase, and eventually a great issue will be placed squarely before the people: Shall liberty cease in America or shall we consent to become a regimented people obedient to the bureaucracy at the Capital?

This bill is but one step; there will be others, if not in this session in the next session. This parade has started. It is under the command of the President. Do not charge all the responsibility to Professor Tugwell, to Professor Moley, or to Professor Mordecai Ezekiel, or to any of the so-called "brain trust"; the leader of the movement is the President of the United States. He believes in it sincerely and deeply; it is his program; he supports this bill by his own letter.

My attempt upon this occasion is to portray to you, if I can, the significance and the philosophy of this whole movement. It seeks the abandonment of the American conception of liberty under a Constitution. It challenges the tenth

amendment by putting the Federal Government in the possession of complete authority over those matters which that amendment reserves to the States and the people. It spells the end of the Federal Union of States. It sets up a Government imperial in character, ruled by a huge bureaucracy. Our children will exist as subjects in a land where their forefathers have lived as masters. Yes; pass this bill, drive in nail after nail, clamp the lid down permanently, my friends, but do not shut your eyes to the consequences.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield to the gentleman from Georgia [Mr. PARKER], such time as he may desire.

Mr. PARKER. Mr. Chairman——

Mr. KOPPLEMANN. Mr. Chairman, will the gentleman yield?

Mr. PARKER. For a brief request; yes.

Mr. KOPPLEMANN. I was going to ask that the gentleman in charge of the time on either side give to the gentleman from New York [Mr. WADSWORTH], an additional 5 minutes that he may give us his program to take care of the conditions we found on March 4 of last year. [Applause.]

Mr. PARKER. Mr. Chairman, I am in favor of the passage of this bill. I advocate it because I believe it to be an emergency measure and because I know the legislation is going to be temporary only. If this were permanent legislation I doubt that I could support it. I am of the opinion that as permanent legislation it would be uneconomic and destructive of the main industry in which are engaged a great majority of the people who live in my congressional district. The congressional district I represent is one of the largest cotton-producing districts in the United States. The county that produces more cotton than any other county in Georgia is located within the confines of the First Congressional District. There are 4 counties in my congressional district that were among the first 6 or 7 of the cotton-producing counties of Georgia in the year 1933.

It goes without saying that the cotton farmers in Georgia as well as those in the other Southern States have not been engaged in a profitable business for the last 2 or 3 years. When a farmer is required to sell the commodity he produces at a price less than the cost of production he is not engaged in a profitable undertaking. The trouble encountered by the cotton farmer in America today is the result of the great surplus of cotton. The purpose of this bill is to rid the American farmer of this surplus of cotton.

I want the bill to be a temporary measure; and the more temporary it is made the better I shall like it.

There is one other feature of the bill that concerns me. Let us have its language made plain and clear. I want it to be written in unmistakable terms showing it to be the intention of Congress that when the seasons are unusually good and when nature smiles abundantly on the cotton farmer and he makes a bale or two more of cotton than is allotted to him, that it will be understood by every one that such farmer can hold this surplus cotton in the seed, or if it has been ginned and baled, in his barns, and that it will be possible for him to sell it the next year or in succeeding years as a part of his allotment. I do not want him to be required to pay a tax on one or two bales of surplus cotton that he may produce just because the seasons may have been unusually good with the result that he produced more cotton than was allotted to him.

I should like for the Chairman of the Committee on Agriculture before the debate is concluded to explain to the Membership of the House exactly what is meant by certain language in the bill. I refer particularly to page 4, lines 13 to 16, inclusive, under section 4, the subject of which is tax and exemptions. I read:

> If the cotton was harvested during the crop year with respect of which the tax is in effect, the tax shall apply even if the ginning occurs after the expiration of such crop year.

Then, on page 6, lines 12 to 14, inclusive, I read again:

> In such cases the payment of the tax shall be postponed, but shall be paid at the time when bale tags are secured for such cotton.

Mr. DOXEY. Mr. Chairman, if the gentleman will yield, I will answer him.

Mr. PARKER. I yield.

Mr. DOXEY. It means simply this:

If a farmer harvests his crop this year, when this law is in effect, and says, "I want to store it and I will wait and have it ginned at the expiration of the 2 years, or 3 years", this law says that you cannot defeat the purpose of the law by waiting, because you have to pay the tax when you gin it. Does not the gentleman think that is fair and right?

Mr. PARKER. Suppose the law is in effect the next year, will he be permitted to gin his cotton?

Mr. DOXEY. He will be permitted to gin his cotton as tax-exempt cotton if he considers it a part of the allotment he is entitled to under the law. This bill is for the purpose of keeping certain interests from evading the provisions and from keeping the cotton, which is not perishable, stored in this country or even sending it abroad in an effort to evade payment of the tax.

Mr. PARKER. Of course, I do not advocate that, but I do want it made plain that the farmer who produces one or two bales more than his allotment may sell it in his next year's allotment without paying the tax.

Mr. DOXEY. There is nothing to prohibit that. This is for the individual who will hold the cotton in an effort to avoid paying the tax.

Mr. SNELL. Will the gentleman yield?

Mr. PARKER. I yield to the gentleman from New York.

Mr. SNELL. I understood the gentleman to say that he would not support this bill if it was to be permanent legislation, or had any indication of being permanent. When this bill was originally written and sent to the House it provided for permanent legislation. When the President of the United States, on February 16, recommended the bill to the committee and said he favored it, the statement was made by him, "The gains to be made must be permanent." At that time the President, in my judgment, endorsed it as permanent legislation, and I believe it is the policy of the present administration to make this permanent.

Mr. PARKER. I do not believe the gentleman is correct in that assumption.

Mr. SNELL. Then I should like to ask the chairman of the committee this question: When this bill was sent up here originally did it not provide for permanent legislation?

Mr. PARKER. I will answer the gentleman's question. The purpose of the bill is to rid the farmers of this surplus cotton that is now in existence.

Mr. SNELL. That is all right, but I asked a definite question. Am I right or am I wrong when I make the statement that when this first was sent up here it provided permanent legislation?

Mr. PARKER. I do not know. I have not seen the bill except in its present form.

Mr. SNELL. I will ask the chairman of the committee the question.

Mr. JONES. When this was sent up in the form the gentleman states it was first introduced, it provided for permanent legislation, but no consideration was given by the committee to that feature.

Mr. SNELL. When it came here with the President's endorsement, it was permanent legislation?

Mr. JONES. No. The gentleman is wrong. This was after the committee had determined to write the temporary feature into the bill. I had talked with various members of the committee and with Congressman BANKHEAD, and it was generally understood the measure would be made a temporary one. What the President stated, and to which the gentleman refers, was that the benefits to be derived should not be frittered away by allowing a great surplus to come back. He evidently wanted to make the benefits permanent by getting rid of the abnormally large surplus, and the consequent danger to the recovery program.

Mr. SNELL. Every effort has been to make this permanent legislation.

Mr. JONES. May I say to the gentleman that the question whether anything is later made permanent is purely

academic. By the very specific terms of this legislation as it is written it is temporary. If it proves to be the best thing that can be done under the circumstances, then I would want to make it permanent. If it does not, I would want to leave it temporary, and end with the emergency.

Mr. SNELL. Every step that has been taken so far is to make this permanent legislation. The gentlemen on the other side have overworked the term "emergency."

Mr. JONES. That will be determined when we reach it. This is not made permanent by its terms. That is not what we are passing. If the gentleman votes for this bill as it is presented, he will vote for temporary legislation. Anything that is started may be made permanent later.

Mr. SNELL. If I am not misinformed, at the time that the President wrote this letter on February 16 it had not been determined to make this bill temporary legislation.

Mr. JONES. The question of making this temporary legislation was determined practically before we ever began the hearings. We had discussed this matter with each other.

Mr. SNELL. Before the bill was introduced?

Mr. JONES. No; before the hearings were begun. It was understood, as a matter of fact, that that change would be made. The letter to which the gentleman refers was not written until the hearings were nearly completed.

Mr. SNELL. Does the gentleman mean that?

Mr. JONES. The hearings had been going on several days when the letter was written.

Mr. MOTT. Will the gentleman yield?

Mr. PARKER. I did not yield to the gentleman from New York to make a speech. I will ask the gentleman to make the speech on his own time. I yield to the gentleman from Oregon.

Mr. MOTT. Does the gentleman subscribe to the explantation of the gentleman from Texas as to the permanent status of this legislation, and is he satisfied with the explanation just given?

Mr. PARKER. Absolutely! I may say to the gentleman that every farmer in the congressional district I represent, and with whom I have had occasion to communicate on the subject, is in favor of the passage of this bill.

Mr. MOTT. If this legislation is good as temporary legislation to serve the purpose that the gentleman has indicated, why would it not be good permanent legislation?

Mr. PARKER. When we get rid of the 10,000,000 bales of surplus cotton we will not need this legislation.

Mr. MOTT. If this legislation should remove the surplus of cotton, and the legislation were repealed or should automatically come to an end, may I ask the gentleman if he does not think the suspension of this law would again result in an oversupply of cotton?

Mr. PARKER. Time alone can tell. If another surplus is created, the Congress might have to take steps to eliminate that surplus.

Mr. MOTT. From whatever cause the surplus should arise?

Mr. PARKER. Regardless of that. If we produce another surplus we might want to enact legislation to get rid of it.

Mr. McGUGIN. Will the gentleman yield?

Mr. PARKER. No; the gentleman from Kansas refused to yield to me and I must decline to yield to him.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, the report of the minority states that this is the first time in the history of the Nation that compulsory control of production has been initiated. I think that there are a great many farmers' cooperative associations throughout the country that would be very glad to have the Federal Government attempt to compel the independents which refuse to join them to do so.

I desire to place in the RECORD a little of the political doctrine of that popular economist to whom millions listen at about 5 o'clock every Sunday afternoon and whose presence before certain legislative committees has recently been sought. He claims much credit for the devaluation of the dollar and has often informed his listeners that this would lessen the debtor's burden, although thus far it is rather difficult to see that this result has occurred.

The Representative from New York [Mr. WADSWORTH], in his very able address has expressed the thought of the conservative element in this Nation. One would ordinarily expect that the views of Father Coughlin, who is considered as rather radical in his political philosophies, would be contrary. Yet in this instance the two seem to be somewhat in accord. I quote from Father Coughlin's pamphlet.

Mr. O'CONNOR. Mr. Chairman, I make the point of order that the gentleman cannot read from any paper without unanimous consent.

Mr. GIFFORD. Mr. Chairman, I ask unanimous consent to read this article.

Mr. O'CONNOR. I object.

Mr. GIFFORD. Mr. Chairman, I am sorry that I did not try to commit this article to memory, but I think that every Member of the House has had the book from which these excerpts are taken. I assume that it was sent to each of us. If you care to see what the Reverend Father says regarding the killing of hogs, and his quotations of Biblical injunctions concerning the destruction of foodstuff, you can do so. I regret, however, that I am not to be permitted to read it.

Mr. Chairman, I am wondering, as a matter of parliamentary procedure, whether under permission to revise and extend my remarks I would be allowed to incorporate the matter to which the gentleman from New York objects. Does the gentleman still object?

Mr. O'CONNOR. Mr. Chairman, the parliamentary rules are one thing and the gentleman from Massachusetts would not be entitled to incorporate it, and I have no need to object.

The CHAIRMAN. The Chair would say that unless the gentleman from Massachusetts obtains consent to incorporate the article, he would not be permitted to incorporate it.

Mr. GIFFORD. Then I ask unanimous consent that I may be permitted to incorporate these words of advice in the extension of my remarks.

The CHAIRMAN. Is there objection?

Mr. O'CONNOR. I object.

Mr. GIFFORD. Mr. Chairman, I have already called attention to the fact that Members may read this if they desire, and so I shall merely close my remarks by expressing my great surprise that a BANKHEAD from the State of Alabama and the gentlemen from other Southern States, which have heretofore produced the leading champions of the doctrine of State rights, should now in this day come forward with a bill like this one. It will be the first time that the Federal Government will have been permitted to enter the gentleman's State with police power and dictate to the farmers what and how much they may produce. The boll weevil and the weather man should now be placed under control, so that they may at least grow the amount permitted under this law. Coming from this source particularly, the measure is indeed a startling one.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Permission having been later granted, the quotation to which reference has above been made is here inserted:

Now, if our Treasury Department is determined to borrow this Nation out of debt, our Agricultural Department has invented a new theory of starving us into prosperity. We have too much cotton. We are surfeited with wheat. There is more pork than we can eat. Therefore, plow up the cotton. Destroy the wheat and slaughter the pigs without even "dehairing" them so that 6,000,000 or more of their carcasses will be used not for food but for fertilizer.

When did we discover that there was too much cotton when other millions of children, of women, and of unemployed men will be tramping through the snows of this winter half clad?

From Malthus to Wallace is a far cry. In the year 1798 this Anglican clergyman feared that England and Europe would be overrun with population. Therefore, he suggested birth control to avert starvation.

But in the year 1933 his disciple in the Agricultural Department has advocated pig control and bread control because there is too much production.

How counter to the teachings of Almighty God is this destructive, deflationary policy.

"Increase and multiply" spoke the Creator to our first parents as opposed to the Malthusian concept of decrease and decimate. Destructionism as a suitable policy for agriculture stands indicted before God and before man.

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman and members of the Committee, I intended to talk strictly of cotton. First, I want to say to the gentleman from Massachusetts [Mr. GIFFORD], who has just preceded me, in respect to his observations on the issues advocated by the fighting radio priest, Father Coughlin—and I presume that is the personage to whom the gentleman refers—that were this Congress to adopt all of the issues and policies that Father Coughlin has advocated, we would at least take away a debt burden of $1,000,000,000 every year, interest charges, paid now to the bond grabbers of Wall Street, because this distinguished radio priest has advocated the payment of $13,000,000 000 in war bonds and the payment of the soldiers' bonus with new currency, and I am heartily in accord with these policies.

I think a perfectly fair and frank discussion of this bill that we are considering can be best obtained by Members who have no sectional, no district, or financial interest in the subject involved. This is nothing new that these gentlemen are proposing. Eleven years ago, in 1923, in the great wheat conference held in Chicago, called by eight Governors of the Wheat Belt, this very same principle was proposed, to control the production and the price of wheat, and wheat was then selling for $1.25 a bushel.

I, as well as other gentlemen on this side, sometimes caustically criticize the policies of the Secretary of Agriculture, Mr. Wallace, and of his various administrators. I was glad to know, as I said awhile ago, that this bill did not have the entire approval of Mr. Wallace. This bill proposes the very fundamentals and elements that many of us in the Middle West and Northwest have fought strenuously for for the past 10 years.

We recognized long ago that no one but the great Creator can control the production of farm commodities. You may reduce your acreage a fourth or a half, but if nature smiles upon you, you will have an abundance of bountiful crops. The only mechanism that can ever be devised to control that surplus, which is a natural, normal surplus, is to control it at its source of distribution, and not down at the grass roots of production. That is exactly what this bill seeks to do. Government does not seek to tell the cotton farmer how many acres he may seed, how many acres he may harvest. Government merely seeks to tell him how many bales he may move into interstate and world commerce.

The problem of cotton is dissimilar to the problem that we in the Corn Belt have. In the case of our wheat and our corn, through hogs, we seldom export more than 15 percent of our crop. In the case of cotton the normal export is 55 percent.

As a matter of course and of common sense, it naturally follows that the foreign trade, the world trade must be kept open. This bill does not seek to reduce or restrict that foreign market. We are faced with a condition and not a theory. I think every gentleman will agree with me that in the case of wheat, if we had a carry-over every year of 800,000,000 bushels of wheat, then we might as well cease all of our efforts to attempt to stabilize and raise the price of that wheat. That is what is true of the cotton situation today. There is a carry-over of 11 or 12 million bales, as much as a normal crop.

Some apprehension has been expressed by Members as to the regimentation of farmers. I prefer to use a much more fitting, a much more appropriate word, and I would use the word "coordination." Freedom and liberty, it is true, have been the proud boast for decades. The so-called "freedom and sovereignty" of the American farmer as compared with the peasant farmer of Europe has been the vaunted hope of this country, but where is this freedom taking him, my friends? Today he has freedom to starve and he has liberty to let the sheriff sell out his home and his farm.

Someone has said if this bill is adopted the farmers will be in revolution. I say that unless you give the farmers decent prices, and that soon, you will have armed revolution, and not in the cotton-producing South, but in the great Corn Belt, of which I am a part and of which my colleague from Ohio is a part.

Mr. MARSHALL. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. MARSHALL. The gentleman represents the great State of Ohio at large, which includes the farmers of Ohio, and I know the gentleman's record as having favored all legislation that he feels is beneficial to the farmers of Ohio, and I give him credit, and I know he is sincere in that. The question I want to ask is whether the gentleman is willing to try to sell the people of Ohio, and the farmers of Ohio, an the idea of compulsory control of wheat and corn and hogs?

Mr. TRUAX. I will reply to the gentleman by asking him a question. If I were willing to do that, would my friend be willing to sell the farmers of his district on the merits of the Frazier bill for refinancing mortgages?

Mr. MARSHALL. Now, Mr. Chairman, in answer to that question, I do not know that the Frazier bill is under discussion today. That may lead us too far afield.

Mr. TRUAX. The gentleman does not answer my question.

Mr. MARSHALL. And the gentleman did not answer mine.

Mr. TRUAX. I will answer it now. I will say that in southwestern Ohio we have tobacco growers who have benefited by the plan that is in effect now. We have no cotton growers, but I want to tell my friend in this Congress that back in the prosperous days when the cotton growers were getting 30 and 35 cents a pound for cotton the purebred livestock breeders in every section of the great Corn Belt found the most profitable and the most lucrative market for their purebred horses and cattle and hogs in the South. Again I would say I would not be an advocate of sectionalism in farming or in anything else.

[Here the gavel fell.]

Mr. JONES. I yield the gentleman, Mr. Chairman, 2 additional minutes.

Mr. MARSHALL. Will the gentleman yield?

Mr. TRUAX. Not now.

Mr. MARSHALL. I am still waiting for the gentleman to answer my question.

Mr. TRUAX. Will the gentleman get me time from his side to answer the question?

Mr. MARSHALL. I am not controlling the time. I yielded about one third of my time to the gentleman because he was from the State of Ohio.

Mr. TRUAX. The gentleman had about 25 minutes as against my 10 minutes.

Mr. MARSHALL. The gentleman refuses to answer the question?

Mr. TRUAX. I will answer the question. I should say that in the case of wheat it will work just as well as with this plan, provided 75 percent or 95 percent of our farmers ask for such a plan. If a farmer has on his farm 1,000 bushels of wheat, and you pay him $750 under this plan for 750 bushels and leave 250 bushels on his farm for him to feed to his livestock, he will be 100 percent for such a plan. If you give the farmers, by any means whatsoever, a price that means the difference between bankruptcy and prosperity, you can regiment him, you can command him just the same as you are doing with industry today. I should say that I am not alone for the farmer in the Corn Belt, who goes out in the winter blasts and feeds the livestock that the cities may have meat; I am not alone for the farmer in the Northwest, who harvests grain that fills the bread baskets of this country; but I am as well for all of our great farming population, including those splendid planters in the magnolia-bedecked Southland of ours. [Applause.]

I should say in answer to the question of the gentleman from Ohio that the large majority of cotton producers them-

selves are advocating this plan, that they are determined on some method of control that will be effective.

Many meetings were held in practically all of the cotton-growing States. They were held in cooperation with farm organizations such as the State farm bureau federations. The consensus of opinion in practically all of these meetings was for a compulsory control system that would compel the non-cooperators under the present plan and the chiselers to observe the rules of the game, and cut down their production instead of increasing it to the highest point possible by the installation of new equipment, a more liberal use of fertilizers, and the bringing into production of thousands of acres that have been out of cotton production for the past several years.

If Members will read the testimony before the Committee on Agriculture in the House of Representatives and the Committee on Agriculture and Forestry in the Senate, they will be forced to the conclusion that from 75 to 95 percent of the producers in the cotton-growing States want this kind of legislation, are willing to try it at least as an experiment, and willing to abide by the consequences thereof.

For the first time in a number of years these cotton growers are now selling cotton at a price that enables them to at least live and pay their taxes, an unheard-of phenomenon for the past 4 years. They are willing to concede that the present plan of voluntary reduction, together with loans of 10 cents a pound on cotton, has established that desirable price level, which now ranges from 10 to 12 cents a pound.

Unfortunately, however, because of the liberal policy of the Department of Agriculture in permitting cotton farmers, even though they reduced their acreage, to go ahead and use more liberal applications of fertilizer, to use better grades of fertilizer, and to more intensively cultivate and till the growing crop, the total combined yield in 1930 to 1933 was little lower than any over the preceding year.

They are not condemning the acreage-reduction plan. They want to fortify and strengthen that plan with the Bankhead bill, which controls the distribution of the surplus at the fountainhead of distribution—the cotton gin.

So, further answering the question of my colleague from Ohio, I would say this: If the voluntary reduction plan in wheat and in hogs had been as successful in Ohio as the cotton plan has been in the South, if we had elevated the price of our wheat to $1.25, our hogs to 7½ cents a pound, and corn to 75 cents a bushel, then I should unhesitatingly go into the gentleman's district and into every agricultural county in Ohio and advocate such measures as would hold those price levels to the living basis that had been established, and particularly so if from 75 to 95 percent of the farmers in the gentleman's district, in my own district, and in the entire State of Ohio had voluntarily given their endorsement to the proposed plan.

From 1923 to 1929 it was my privilege to serve as the Director of Agriculture for the State of Ohio. During this term of office it was my pleasure to meet once each year, either in Chicago or here in Washington, with the National Association of Commissioners, Secretaries, and Directors of Agriculture of the various States. At each of these meetings the discussion of the agricultural problem, which was then in its infancy, occupied a considerable portion of the time. I found that those officials from the cotton-growing States were not as much interested in legislative proposals for the price stabilizing of agricultural commodities as were we officials from the Corn Belt, because cotton was still selling at prices ranging from 18 to 23 cents a pound.

But in the year 1926 the price received by cotton producers dropped to less than 11 cents a pound. Then it was that cotton producers of the South became vitally interested in proposed legislation that would enhance the selling prices of agricultural commodities, including cotton. The majority of these officials supported the McNary-Haugen bill in 1926, when it was first passed by Congress and vetoed by Coolidge. They again supported it in 1927, when it was again passed by Congress and vetoed by Coolidge.

Knowing their experience and difficulties with attempting to combat a constantly increasing reduction in price levels of their basic commodity, and considering their sincerity and honesty of purpose as well, I feel that the repetition of the testimony of some of these gentlemen might be informative and illuminative at this time.

The record of the hearings before the Committee on Agriculture and Forestry in the United States Senate discloses that such prominent agricultural officials as Harry D. Wilson, State Commissioner of Agriculture for the State of Louisiana, said that "90 percent of the real producers of cotton want an honest-to-goodness control of production of cotton and want something other than the acreage-control plan"; I for one shall believe that statement.

When the honorable C. C. Adams, commissioner of agriculture for the State of Georgia, says that, "the consensus of opinion of farmers from all over the State is the only safe way to control cotton production to the extent of giving prestige to the reductions is to make reduction by bales instead of acres", I shall not contest his statement.

When Commissioner of Agriculture the Honorable J. D. Holton, of the State of Mississippi, declares that, "in Mississippi about 26 percent of the cotton acreage was taken out of production, yet 23 percent of the farmers failed to cooperate, and that the Bankhead bill is the only measure that will force cooperation and restore parity prices of cotton", I have no inclination to question the accuracy of his statement.

When the commissioner of agriculture for the State of North Carolina, Mr. William B. Graham, whom I have known intimately for a number of years, asserts that heretofore he "was opposed to this bill" because he thought "production could be regulated by education and by diversification" but he has found "that such measures have failed miserably", and he now is "heartily in favor of the Bankhead bill" and is behind the sponsors of this measure, I know, because of his long experience, his unquestioned integrity and honesty, that he is reflecting the views of the cotton growers of the State of North Carolina.

When the officials of the Alabama State Department of Agriculture come before the committee and recite that 8,000 farmers met at Birmingham and passed a resolution endorsing the principles of this bill; that the Alabama Farm Bureau Federation, with a membership of 6,000 farmers, is on record favoring the gin or compulsory control method; the Alabama Farm Bureau Cotton Association, which has a membership of about 46,000, are for the compulsory control principles embodied in this bill; and when we hear the statements of the Members of this House who are most familiar with the cotton problem—the Honorable WILLIAM BANKHEAD, Acting Chairman of the Committee on Rules; the Honorable MARVIN JONES, our distinguished Chairman of the Committee on Agriculture; the Honorable WILLIAM J. DRIVER, of Arkansas; the Honorable MILES C. ALLGOOD; the Honorable WALL DOXEY, of Mississippi—and many others who have most capably explained the features and principles of this bill today; and since the President of the United States, Franklin D. Roosevelt, has given his approval to the bill, there can be no doubt in my mind but that the bill should be passed. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio [Mr. TRUAX] has again expired.

Mr. GIFFORD. Mr. Chairman, I ask unanimous consent that I may revise and extend my remarks and insert the matter that was objected to earlier this afternoon. I understand the objection has been withdrawn.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts [Mr. GIFFORD]?

There was no objection.

Mr. JONES. Mr. Chairman, I yield 2 minutes to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Chairman, I realize that if my answer to the distinguished gentleman from New York were based upon experience in this body or upon years, that I should not rise to speak.

I believe, however, that when a Member of this House declares upon this floor, as did the distinguished gentleman from New York this afternoon, that the present administra-

tion has destroyed the liberties of the American people, that I, as a Representative of some 290,000 people, should reply.

I do not believe that the present administration has destroyed the liberties of the common man during its year in power. But I do believe that some liberties have been taken away from certain people in these United States, which liberties should have been taken away. I refer particularly to the liberty of certain gentlemen to foist worthless securities off upon the American public as they have done throughout the years. This liberty has been taken away by this administration.

I believe also that the liberty has been taken away from certain gentlemen to exploit in sweatshops child labor. The boys and girls of America have been forever liberated from sweatshop conditions in industry. This is a liberty that should have been taken away from unscrupulous manufacturers years ago.

I believe the man who now is President of the United States has been kind to the American people. I do not believe they look upon him as a dictator in any sense of the word. He has done his best to lighten the burdens of the American people. Millions of citizens in this country regard Franklin D. Roosevelt, President of the United States, in the guise of a saviour and not that of a dictator. [Applause.]

Mr. JONES. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HILL of Alabama, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill H.R. 8402, the cotton-control bill, had come to no resolution thereon.

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the pending bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MESSAGE FROM THE PRESIDENT—CONSOLIDATION OF EXECUTIVE AGENCIES ENGAGED IN ENFORCEMENT OF INTERNAL-REVENUE LAWS (H.DOC. NO. 281)

The SPEAKER laid before the House the following communication from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Expenditures in the Executive Departments and ordered to be printed.

To the Congress of the United States:

Pursuant to the provisions of section 1 of title III of the act of March 20, 1933 (ch. 3, 48 Stat. 8, 16), I am transmitting herewith an Executive order consolidating the executive agencies which are engaged in the enforcement of the internal-revenue laws.

The need for such a consolidation at this time springs primarily from the repeal of the eighteenth amendment. The tax and enforcement agencies of the Government should be reorganized in harmony with the changes which have occurred in the laws relating to the manufacture, transportation, and sale of intoxicating liquors. The changes made by this order will permit a more efficient administration of the internal-revenue laws as well as the laws carrying out the protective features of the twenty-first amendment.

Because of the obvious desirability of accomplishing the proposed changes at the earliest possible moment, I recommend that the order be given consideration by Congress with a view to the enactment of a joint resolution making its provisions immediately effective.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 10, 1934.*

1934—A NATIONAL PARK YEAR

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the National Parks.

Mr. Speaker, a large number of public-spirited citizens throughout the entire country are joining in a Nation-wide movement to make 1934 a national park year. It is a most laudable and patriotic effort to attract the attention of the American people to our wonderful national parks and to encourage the sentiment of "See America First", to inculcate and encourage the disposition of our own people to see and learn about the marvelous and sublime grandeur of the scenery of our own country. There is no country or place on this planet where the scenery equals that under our flag. I trust all good citizens will join in this splendid American sentiment of inducing our people to visit our American attractions and learn of the wonders that are within our borders. I hope to have something further to say on this subject hereafter.

I ask to include in my remarks the most admirable address of Hon. Harold L. Ickes, the Secretary of the Interior, on the 3d of this month. This is the first of a series of nine weekly radio addresses on national park subjects. This address was broadcast by N.B.C. and the others will likewise be broadcast throughout the country.

Mr. MOTT. Mr. Speaker, reserving the right to object, will not the gentleman in preparing his statement include what the Secretary of the Interior left out of his speech last Saturday? He failed to mention Crater Lake National Park in Oregon.

Mr. TAYLOR of Colorado. I shall be very glad to see that Crater Lake is suitably mentioned hereafter, because it is a wonderful park. The Secretary expressly said that he could not possibly mention all the parks. I can well appreciate the feeling of the gentleman from Oregon. The Secretary did not mention the Rocky Mountain National Park, which next to the Yosemite, has more visitors each year than any other park on this hemisphere. That park has always been my special pride. It took me 2 years to pass through the House the bill creating it, and President Wilson personally presented me the pen he used in signing it, in January 1915. It is on the very crest of this continent and is the highest of any of the parks.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a radio address of Hon. Harold L. Ickes, Secretary of the Interior, broadcast throughout the United States, March 3, 1934, on the subject of Our National Parks. It is a patriotic and inspiring address that I feel should be preserved in permanent form for the instruction and edification of the American people.

Our national parks are Uncle Sam's great outdoor recreation playgrounds. They are peculiar to our country. They have grown enormously in popularity during recent years. It was only a few years ago when the number of visitors to our national parks was only twenty-five or thirty thousand a year. Today it is between three and four million. Our people meet in these parks from every State in the Union, and become better acquainted. The parks are great Americanizers. People go away from them reinvigorated in health and better and prouder American citizens. There is no possibility of estimating the value and far-reaching benefit that these parks render to our people.

It was eloquently said by former Secretary of the Interior, Ray Lyman Wilbur, that future generations will not revere this generation so much for our marvelous industrial development, or mass production of goods, or many other things that we now look upon as our most prominent achievements; but will take supreme pride in the fact that this generation had the foresight, patriotism, and the inspiration to set aside and preserve these marvelous wonderlands, the most beautiful areas in the world, in their primitive prehistoric condition for the enjoyment and edification of all future generations. Secretary Ickes has inaugurated a great movement to call the attention of the American people to our parks, and to popularize them, and to urge

our citizens to visit our own sublime scenery, rather than travel abroad every summer to see the less attractive beauties of nature in foreign countries. I hope it may be possible for the American people to have the opportunity of reading not only his address, but the succeeding eight weekly radio broadcasts upon this subject by other prominent citizens.

The Secretary's address is as follows:

We are all acquainted with those boastful Americans who, happily, seem to be growing fewer, who love to wander over foreign lands, chiefly, it would seem, for the pleasure of satisfying themselves how superior their own homeland is. They find fault with the food, they rail at the plumbing, they turn up their noses at the railroad trains, they laugh, none too politely, at manners and customs that have survived a thousand years. Beautiful and historic buildings cannot compare with those back home. Cologne Cathedral is all right in its way but it isn't in it with the Empire State Building. The House of Parliament may be historic but it didn't cost nearly as much as the State capitol at Harrisburg. And as for the Colosseum, that is an old ruin occupying a site that would be valuable for apartment buildings.

Curiously enough those Americans who regard with a jaundiced eye the historic monuments of Europe and who find only amusement in the manners and customs of Europeans stand spellbound before the Alps and exclaim enthusiastically that there is nothing so wonderful anywhere in the world. Scotland, with its lochs and burns, and Norway and Sweden, with their mountains and fjords, attract thousands of American visitors year after year who come home feeling that their time and money have after all been well spent.

The simple truth is that, without in any way attempting to detract from the charming and picturesque scenery of Europe, that continent cannot begin to compare with America in this matter. Take, for example, our national parks. Year after year many folk who have already visited the parks turn as naturally to them during their vacation periods as others embark for Europe. These park enthusiasts love the parks with the love of knowledge. They know from experience that no American who delights in the great outdoors, who would climb precipitous mountains, who glories in tumbling waterfalls or in the shades of blue in alpine lakes, needs to go outside of the confines of his own country to indulge himself.

National parks are a typical American institution. No other country has set aside in perpetuity such areas of great natural beauty, of archeological or historical interest. Always man has reverenced the beautiful in nature. He has stood in superstitious awe of the unusual. In the Middle Ages the ruling classes appropriated to themselves great groves of trees and wide expanses of sylvan glade. One of the reasons for the strong stand of the English barons when they forced King John to sign Magna Carta was because the King had disregarded one of their most cherished prerogatives—that of establishing great forests in order to enjoy the pleasures of the chase. In the old times kings or nobles or churchmen might set apart for their own enjoyment areas of natural beauty. It was left to the United States to consecrate to the use and enjoyment of the people thousands of acres of the most beautiful and awe-inspiring scenery that, in the aggregate, can be found anywhere in the world.

In 1916 I had a letter from a friend in Boston suggesting that if I was going West again that summer, he would like to join me on a trip to Glacier Park. This friend had never been west of Chicago. Year after year he had taken a ship for Europe, but the Great War was on, and his thoughts turned to his own hinterland. This proposed expedition into the uncharted wilderness west of the Mississippi River was a matter of deep concern to my friend's family. His dear old mother wrote that she had never worried about her son's journeys abroad but she was concerned about his proposed trip to Glacier Park. She expressed anxiety lest her son should encounter unfriendly Indians. She was assured that on previous occasions I had ventured into the West and had always returned with my scalp intact.

So to Glacier Park my friend and I went. There we hired horses, engaged a guide, and the three of us on horseback, with an extra horse to carry our gear, spent 15 days of as wonderful a trip as I have ever had. I love nature. I love it in practically every form—flowers, birds, wild animals, running streams, gem-like lakes, and towering snow-clad mountains. All of these Glacier Park has and much more besides.

Imagine a great valley literally massed with lovely flowers in full bloom. A riot of color. No formal garden this, meticulously planted with an iris here, a phlox there, and a peony yonder, but such a planting as only nature itself could plan or afford. As we went higher and higher into the mountains, the flowers, while of the same variety as those in the valleys, became smaller and smaller until way above the tree line, where bitter winds blew constantly even in the bright sun and frost formed every night, we found some of these same flowers blooming on plants of alpine size. But the coloring! The higher up on the mountains the flowers grew the more vivid and deeply colored were the flowers, until one drew one's breath at their marvelous beauty.

And those lakes in Glacier Park! They are incapable of word description. I doubt if the most consummate artist in the world could reproduce them on canvas. All shades of blue, depending upon altitude, location, and proximity to glaciers. The mountains themselves were marvelous, beautifully wooded at their bases and gently sloping, becoming steeper, more precipitous and rugged as we climbed higher until well above the line beyond which trees could no longer grow, we came across glaciers whose ice resisted the warmth of the hottest summer sun.

But I have almost forgotten the point of my story. I have said that my friend had made many trips to Europe. Summer after summer he had journeyed to Switzerland to see the Alps. Then one day he said to me: "The Alps do not compare in beauty and grandeur with the scenery that I have seen in Glacier Park and I shall never go to the Alps again." And he never did.

If you prefer a different type of out-door interest than that offered by Glacier you have a wide choice. Our national-park system is coextensive with the United States itself. Acadia National Park, in Maine, offers a combination of mountain and rugged, picturesque seacoast. Farther south in New Jersey is a park that came into the system less than a year ago, Morristown National Historical Park, a stretch of beautiful woods where Washington and his troops during the Revolutionary War spent much of their time. Down in Virginia is the Shenandoah National Park which will be transferred to the Government by the State of Virginia within a few weeks. This park lies along the beautiful and historic Blue Ridge Mountains.

Farther south the Great Smoky Mountains National Park will, within a short time, be dedicated to the Government. This park will be joined by a broad scenic highway to the Shenandoah National Park, a highway 400 miles long and 200 feet wide, running along the mountains. This road is already being surveyed and work will start as soon as the route has been decided upon. I may say also that there is every reasonable prospect that within a comparatively few years this same highway will be extended north to sweep across intervening States, through the Adirondacks and White Mountains, to the Vermont-Canadian line.

I will not attempt to catalog all of the national parks. Yellowstone, created in 1872 by act of Congress "as a pleasuring ground for the benefit and enjoyment of the people", is perhaps the best known of all of our great playgrounds because it is the oldest and has been visited by more people. It is the natural phenomena here, not equaled in any other area in the world, that constitute one of its chief attractions. But to me the waterfalls of the Yellowstone River, the canyon through which it runs, the charming bits of water and woods and mountains everywhere, are more satisfying even than the play of Old Faithful. Yosemite has its outstanding charm. This park gives pleasure and spiritual uplift to thousands of people every year. North of Yosemite is beautiful Mount Rainier, whose towering head, covered with snow, reflects the rays of the sun and is visible from great distances in all directions. Not far from the Yosemite, also in California, are found the Sequoia and General Grant National Parks, where one may see the big trees, the largest and oldest of living things. A scientific study of one old giant, which had finally fallen, disclosed that it was over 3,000 years old when it died. It is estimated that several of the living ancients are more than 3,500 years, perhaps even 4,000 years, old. In Sequoia Park there are 22 distinct groves of big trees, from sapling to patriarch of the forest.

Well at the head of any list of our national parks stands that of the Grand Canyon of the Colorado. I have heard visitors from foreign lands who had traveled widely in every part of the globe declare that the Grand Canyon was the most wonderful natural object they had ever seen. There is nothing like it anywhere in the world. Imagine if you can a great gash in the earth, 13 miles across at Bright Angel Trail and a mile straight down, requiring 8 or 9 miles of circuitous, breath-taking travel on muleback to reach the bottom where the turbulent, rushing Colorado River goes on with its self-imposed task of cutting deeper and deeper into the crust of the earth. Here is an example of what running water can do. The busy Colorado River, for no one knows how many years, has been industriously working at its self-imposed task. Never has it ceased in its toil. It is estimated that the river carries on an average of 700,000 tons of silt each day to the sea. Serving as both architect and builder of this project, the Colorado River, has erected a masterpiece of nature, one of the most breath-taking, awe-inspiring, and stimulating works to be found in the world anywhere.

If you still are of the opinion that beautiful and glorious scenery cannot be found except by going down to the sea in ships, I direct your attention to Alaska, where Mount McKinley rises more than 20,000 feet into the air in another national park. This mountain looms higher above its immediate base than any other in the world. When I say this I have not overlooked the Himalayas. The mighty Himalayas tower higher above sea level than any other mountains, but Mount McKinley holds the record for height above its base. Then there are the Hawaiian Islands where great mountains lie within the boundaries of the Hawaiian National Park. Here you may have an opportunity to see other snow-covered mountains as well as some promising volcanic upheavals of a spectacular but harmless type.

I have not nearly begun to enumerate all of the park attractions offered in this country of ours. If your bent is archeology and prehistoric life I direct your attention to the Southwest, where, in Canyon de Chelly, in northeastern Arizona, and in the Mesa Verde National Park, on the extreme southern edge of Colorado, you may investigate great community houses, long antedating our modern apartments, carved into the cliffs, where the predecessors of the aborigines found on this continent when our ancestors landed, lived centuries ago. These have stood unused now for hundreds of years. Only within a comparatively recent period of time have they been rediscovered. One such dwelling, abandoned approxi-

mately a thousand years ago, is believed at one time to have housed 1,200 people. Also of historic interest are such objects as Monument Rock, in southwestern New Mexico, where the adventurous Spanish conquistadors, pushing their way north from Mexico City in 1606 across the burning desert in search of gold, carved their names.

Historical objects connected with our own American history are being preserved on the eastern edge of the continent for the benefit of ourselves and of our children. The site of Jamestown, where, in 1607 the first English settlement on these shores was effected, is now within the guardianship of the United States Government. A few miles east, Mr. John D. Rockefeller, Jr., by restoring Williamsburg, the first capital of Virginia, is indelibly etching out an outstanding feature of early American history, while incidentally erecting an everlasting monument to his own vision and generosity. A short distance away is a new national park, Yorktown, where the defeat of Cornwallis assured American independence. Farther north lies Wakefield, the restored birthplace of George Washington. Then, there is Monticello, the interesting home of Thomas Jefferson, the great humanitarian and philosopher. North and east is found Mount Vernon, a shrine offering inspiration to every American patriot.

I am not a salesman. I am not trying to sell national parks to the people of the United States. I think the word "sell" is overworked. I am not even urging you to "see Americe first." Generally speaking, I do not care for slogans. They connote too much the idea of beating the will to a pulp by constant and unreasoning repetition. I am talking to you about the national parks and monuments because I love nature and the great outdoors, and because the national parks and monuments contain the loveliest and most inspiring scenery that this country possesses. Nothing in the world excels this scenery. Not only do I personally love the national parks, I am officially interested because they are within the jurisdiction of the Department of the Interior. It would give me a feeling of great picasure and satisfaction if larger numbers of the people of the United States would visit their parks. They were established and are being maintained for the people, and it would be an encouragement to the Department of the Interior if there were greater appreciation and use of the parks by the people.

So we have made this year of 1934 a national park year. It is our purpose, in a series of talks over the radio, to tell you about the parks, leaving it to you to decide whether you shall visit any of them this next summer. I hope you will. Of one thing I am certain and that is that if you start to visit the national parks you will want to visit more of them and see them oftener. They are within the reach of all. Good roads lead to and through them. The railroads this year will offer attractive rates. There is another consideration. The foreign exchange situation is an encouragment to spend your money at home. It bids fair to cost you relatively more to go to Europe this summer. You can make your money go further in the United States. And by spending your money in the United States you will be making a very real contribution toward the success of President Roosevelt's recovery program.

The parks are yours for your enjoyment and inspiration.

COINAGE COMMITTEE ACTS TO RESTORE MONETARY CONTROL TO UNITED STATES GOVERNMENT

Mr. FIESINGER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the action of the Committee on Coinage, Weights, and Measures to restore monetary control to the United States.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FIESINGER. Mr. Speaker, this statement is made concerning H.R. 1577, which was reported favorably today by the Committee on Coinage, Weights, and Measures.

This bill is designed to restore monetary control to the United States Government. This is the most important forward step ever taken in our monetary legislation because it offers assurance that the United States is interested in permanent prosperity and stable conditions for business activities. In this law we are correcting conditions which in the past have led to depressions.

Under the monetary laws which have existed in the United States in the past, this power of control has been left in the hands of Europe, and European governments have not used this power in the interest of stability. This Committee of Congress in its study of depressions has ascertained their cause. We have found depressions always associated with a certain type of legislation. This legislation has had its effect upon silver. Silver has been used as a weapon of greatest economic force of all known to civilized nations.

For example, in 1928 and 1929 the Bank of India took the responsibility of destroying over $3,000,000,000 in the value of the world's monetary metals. This placed an additional strain on the remaining 14 billions. This they did under the recommendations of the Hilton-Young Commission, which sat in London in 1926. Just as was predicted by Montagu Norman, the then Governor of the Bank of England, this resulted in the inflation of gold values. This rise in gold values was sufficient to create an effect in both Europe and America, seriously lowering securities and all property values, which values were expressed in gold equivalents. This upset the credit structure in Europe and America.

Had the United States Government taken appropriate action at that time in accordance with the provisions of this bill, this primary cause of this depression could have been obviated. This abnormal demand for gold equivalents which came from Asia was an undeniable factor in upsetting the monetary reserve in European countries and the consequent collapse of credits and destruction of property values. This took four steps; first, the demonetization and sale of India's silver; second, the melting and sale of silver coins in England, France, and Germany; third, the speculations from China and Japan, where silver was converted into gold equivalents, and fourth, the crash of stock markets in Europe and America, following the necessary forced liquidation.

The effect of this was the withdrawal of credits, the destruction of foreign trade, the accumulation of surpluses of production, the closing down of factories, the slump in real estate, withdrawal of bank deposits, and a general cessation of business activities, due to the lack of capital and absence of markets.

Wherever property could be converted into money it became profitable to do so because of the continued increase in money values and the corresponding decrease in property values.

This bill, by providing a method for the correction of these ills, stands as the first declaration of economic independence ever made by the United States Congress. This is an ambitious claim, but it will be abundantly justified when the bill is debated.

AMERICAN MONETARY POLICY

This bill formulates a monetary policy by Congress under the provisions of the Constitution that Congress shall "coin money and regulate the value thereof." This bill represents the supreme effort of this committee of Congress which holds jurisdiction over the subject of regulating money values and other standards. It is the first bill this committee has ever recommended to the American Congress which provides a way to regulate the purchasing power of gold. It takes into account the fact that the value of gold is represented by the purchasing power of gold, and not by the weight in coins. The value of gold is not determined by how many fractional parts an ounce of gold is divided into in making a franc, or a dollar, or other monetary unit.

We speak then of the value of gold in the sense of the amount which a given weight of gold will buy. The value of gold is a matter of great importance to the people of gold-standard countries. A given weight of gold being the yardstick of measure of values, its value must be held constant, or else all the property in the Nation which is measured by it must contract or expand. In this sense the value of gold is little understood. Its stability is the cause of world happiness and contentment and brings wide-spread prosperity. Sorrow and depression always follow whenever its buying power increases. Boom periods, with stock-exchange gambling and wild speculation always follow whenever gold-buying power continues to be steadily lessened.

By this small silver purchase we can prove that America acting alone can regulate the buying power of gold so as to control these things, and such a demonstration of our power of control is the purpose of this bill.

FORMER SILVER PROPOSALS

This bill must not be confused with the various silver proposals that have been before the American people which have failed to deal with this question from the standpoint of curing depressions. Generally they have been advocated from the standpoint of helping silver, and they have been a source of confusion. It has been assumed that by helping

silver we would help business. A definite reason, therefore, has generally been denied. But no one before this committee has denied that this bill will help business.

This bill is not a measure that has been advocated by the silver miners. It was first fostered by Congressmen from nonsilver States and until recently has been opposed by western mining interests.

This bill is to aid business by maintaining a stable-money system and to aid world commerce. This bill aims to establish a sound basis for the reserves of central banks of the world which will make possible a world-wide distribution of world goods. It thus will reinstate a world-wide demand for all kinds of commodities, to restore business to a basis where capital and credits are available to meet the requirements for increasing business activities. It aims to reinstate a basis for higher wages flowing out of increased profits and hence increase buying power.

This act will open the banks of all gold-standard countries to a normal and healthy expansion of credits, which invariably happens whenever property gradually rises to normal price levels.

FIXED RATIO, 16 TO 1

This bill does not use silver at a fixed ratio nor at any artificial price. The value of silver is not fixed by law. Silver is used for what it is worth in the markets of the world—no more, no less. The agitation of silver at a fixed ratio, which was the use formerly employed for silver in the monetary system of the United States, has led to a great deal of confusion. This bill recognizes the impracticability of maintaining a fixed ratio, but it goes further and employs a use for silver which does away with the objections urged against the fixed ratio.

This bill adopts the recommendation made to the committee in April in 1932 by John Janney, of the American Society of Practical Economists. Silver is placed in circulation by a certificate of deposit, exactly the equivalent of the gold certificate. Silver is the metal of ultimate redemption, but it is paid out by value in gold equivalents. This obviates the need of maintaining a fixed ratio or a fixed value in gold for any given weight of silver. Under the use of silver it is assured that the face value of this form of silver certificate cannot depreciate or appreciate. Its value will be the same at all times, regardless of the price of any given weight of silver. This method of circulating silver values has been used by certain of the leading European countries since the World War. It is a tried and accepted method.

PRESENT SILVER MONEY

The silver money now in circulation in the United States, including the silver certificates in common use, is an artificial form of money. It is maintained at its face value by a law which calls upon the Secretary of the Treasury to redeem the silver with gold. The silver dollar had as well be a lead dollar or a tin dollar, as its value is based upon its gold redemption and not upon the value of the silver. This bill relieves the strain upon gold by giving silver a basic use as money. The value is in the silver, and it carries full value, of equal value as if it were gold money. It follows, therefore, that this bill gives to the United States Government the power to control the demand upon gold and, therefore, the purchasing power of gold in compliance with the direction of mandate given to Congress under the Constitution to regulate the value of coined money.

This bill places silver in actual competition with gold as a part of the monetary system of the United States. This gives to us the control of the gold value of the world's monetary basic metals, which constitute the total current wealth of the world. This has always determined price levels and is the key to control of stable prosperity. Our committee is convinced that this is a mathematical fact, demonstrated by past experiences, and not a theory.

KEY TO THE PROGRESS OF CIVILIZATION

This committee in its study of depressions has considered evidence tending to show that all the great collapses of former civilizations involve this vital problem, a solution for which is provided in this bill.

The history of the decline and fall of former civilization is a history of those nations' losing control over the value of their money base. Judea had lost the gold and silver of the Tribes of Israel to Egypt and Babylon, and the power of their empire had immediately faded.

The destruction of Egyptian civilization had followed the loss of this money supply through importation of silks and other luxuries from Asia. Babylon, Persia, and Greece have a similar history. In the reign of Justinian the Roman Empire had lost its money base down to $600,000,000 by a similar process of so increasing money value that farm lands went out of cultivation, taxes could not be collected, and armies could no longer be maintained. Stable money values would no doubt have progressively continued these periods of civilization.

It is doubtful if our present civilization can be continued unless the American Congress takes control of this important matter. There is no other power on earth free to perform, and at the same time capable of performing this service to the world. America's vital interest is involved, and America has the power to do this thing.

This committee has already waited too long in bringing out this bill, but it had to wait until the public was in some small measure prepared to receive it. We have been deterred by propaganda in the United States which has confused the public's mind almost hopelessly on this simple matter.

Civilization cannot function without business. The one indispensable instrument of business is basic money, in the form of current wealth. This money must be of world-recognized soundness in value, and its quantity must be under control. This gives a way to demonstrate beyond doubt how that control may be exercised. It costs nothing to make this demonstration; it cannot possibly do any harm to any constructive and legitimate business. No sound or plausible argument has been advanced to this committee against it; and we believe Congress should at once enact this bill into law, and by seting up a control of full-value money, obviate the necessity of any further monetary artifices, the dangers of which are apparent and the benefits of which are doubtful.

ST. LAWRENCE SEAWAY—VAST WASTE OF PUBLIC FUNDS

Mr. BEITER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks with reference to the St. Lawrence Waterway.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEITER. Mr. Speaker, I wish to speak about the controversial question of the St. Lawrence waterway which, according to a recent news release, will be voted on in the Senate on March 14. I recognize that there are two sides to the question, and certainly every Member of Congress has a right to take any position which his judgment causes him to assume.

I have been an opponent of the proposed waterway, and, of course, what I shall have to say will be in opposition to the treaty.

I am informed through articles published in the press within the past few weeks that the Presidential support of the treaty obviously comes from his agreement with Chairman WALSH of the power authority, an agreement probably dating back to the days when he was governor of my own great State, the State of New York, that only through the treaty can New York State get its chance to develop a great power project on the St. Lawrence.

Franklin D. Roosevelt, the man, has achieved an extraordinary popularity; he holds a high place in the affections of his countrymen. His courage and earnestness, his sincerity and sympathy for the common man are unexampled; and he has, insofar as the large powers of his office are concerned, displayed these admirable traits in matters of public interest, but in spite of his deserved popularity the treaty should not be ratified by the Senate. The waterway project is, to a certain extent, in the line of progress,



but it must be considered that it will be controlled by Canada where the St. Lawrence empties itself into the sea. At any moment, if any crisis should arise between the two countries, the canal could be closed to American shipping.

Most of the construction work will be done in Canada. All the construction work on the national section will, of course, be done there, but there is more than that. Though the United States is to provide the $54,718,000 for works situated on the Canadian side in the International Rapids section, Canadian engineers, Canadian labor, and Canadian materials are to be used. All the labor and materials employed in the Canadian power development at Chrysler Island and Barnhart Island power plants are to be paid for by the Ontario government and will, of course, be Canadian. As indicated by the maps published in connection with the treaty, the international section, which reaches from a little below Prescott to a little below Cornwall, is 115 miles in length. Most of the development occurs in Canadian waters.

There are national programs which for a similar expenditure of money will give many more Americans work and will result in far more benefits to northwestern farmers and lake manufacturers than the St. Lawrence seaway.

Why should our Government appropriate $543,429,000 to destroy the business and break down their value?

More particularly, why should this Government appropriate $543,429,000 to divert commerce by way of the St. Lawrence River from lines established throughout the length of the United States?

Is there any reason why we should invest $543,429,000 to build up Montreal, Quebec, or some other Canadian port at the expense of Buffalo, New York City, Philadelphia, Baltimore, Detroit, and Chicago?

Certainly, the project, which at earliest will not bring in a return until 1942, will not facilitate our already difficult fiscal task. And this for two reasons: First, the direct costs will be a drain on the Treasury; and if the Panama Canal and Muscle Shoals are any precedent, the actual costs will be $903,829,000, or more than double the estimates. Second, the threatened Government competition with private transportation and power may seriously affect the return of investor confidence so essential to new private financing which alone can relieve the Treasury of emergency-relief expenditures.

Never has there been a survey to steady the economic effects of this project on American trade nor a study as to the ability of New York State to absorb the power created. Without this knowledge it would be folly to plunge into a costly experiment with an international canal, and one of the most dangerous elements that enters into the improvement of this canal is the great volume of electricity that it is intended to generate by water power by that enterprise. That will take business from the coal mines and employment from the needy.

According to James D. Francis, president of the Island Creek Coal Co., the construction of this waterway would permit European coal to be shipped into the Great Lakes territory and sold at prices under the present level. The Department of Commerce reports there is about a half million men employed in the bituminous-coal industry in Pennsylvania, Illinois, Virginia, West Virginia, and many other States throughout the Union. A large proportion of this half million men work part time, and it would be a very fine thing for all these bituminous-coal localities if their labor, both skilled and unskilled, could be put on a more uniform time basis. Such uniformity or continuity, let me say, if achieved, would reduce the unit price of mining coal, increase the annual earnings of the laborers and operators alike, and benefit everyone who is directly or indirectly affected by the bituminous-coal industry.

It is to be remembered also that wheat is only one item where empire preference is operating to the detriment of the United States. There are dozens of other items where the export trade from this country to Great Britain has also been virtually extinguished by the action of the Ottawa conference. Great Britain, of course, and her Dominions are clearly within their rights in establishing the preferences referred to; but when it comes to opening a waterway for ocean steamships extending all the way to Duluth and having the United States itself pay for a large part of the cost, there ought to be insistence that the United States and Canada be once more placed upon equal terms in competing in the British market.

Opposition to the St. Lawrence project by economists is well typified by a report published in 1929 by the Brookings Institution of Washington, D.C. The Brookings report held that the larger and more modern ocean-going steamers would not use the St. Lawrence route because it was open for less than one half the year. It would be difficult for such vessels to find profitable employment elsewhere for the remainder of the year. Also studies indicated that export traff of grain from the Great Lakes area was economically destined to disappear.

When the Duluth boosters first got together in 1919 and decided to be salt-water sailors, the Middle West was fast in the grip of the delusion that the European market for wheat, which the war had created, was to be a permanent thing. So they wanted a seaway from the Lakes to the Atlantic in order that ocean freighters might sail inland to the great wheat elevators and load with grain for Liverpool. It was obvious, of course, to all who wished to see, that Europe's market for wheat would dwindle as soon as Russia and Central Europe returned to normal activity in their wheat fields. The wheat quotas under the London wheat agreement of 1933 show that the foresight of such observers was clear. In virtually all shipments except wheat lake traffic increased last year, but in wheat it decreased. Outside the circles of seaway boosters, students of wheat and shipping say it will continue to decrease.

In 1910 Canada planted 8,000,000 acres to wheat and exported 56,000,000 bushels. By 1928 she planted 25,000,000 acres and exported 422,000,000 bushels. In 1931 she exported 50 percent more wheat than the United States. She is rapidly outstripping us in wheat growing and exportation. The Dominion has 80,000,000 acres of the best wheat land on earth ready for wheat when there is a demand for it. She now has 27,000,000 acres of wheat against our 55,000,000. In spite of our increase in population, there has been a steady decline in our acreage of wheat, while at the same time there has been a trebling of the production of wheat and the number of acres in wheat in Canada. With cheaper lands and labor and greater productivity in Canada, we are in real danger.

Contrast the figures I have given with conditions in the United States. In 1910 we had 45,000,000 acres in wheat, jumped to 75,000,000 in the one year 1919, and have settled back year by year, until at present we have only about 55,000,000 in wheat acreage.

In short, our increase in wheat production is practically nil, in spite of the great increase in population, while Canada has trebled her acreage and products in less than 20 years.

With the increasing production of wheat in Russia, the Argentine, and Australia, as well as in Canada, how can we hope to maintain our former position as an exporter of wheat? Long before the St. Lawrence project could be finished we will have found other uses for our land and for the wheat we produce. Australia has doubled her production in 10 years, South America is increasing rapidly, and nobody knows what Russia may produce. The domestic market must be depended on for the absorption of our wheat crop.

With the well-known fact that we never lost a war and never won a conference with Canada, they are gracious enough to tell us that this treaty is more in their favor than any other that they have ever had before. Mr. Speaker, permit me to read from an editorial appearing in the Toronto Mail and Empire of July 19, 1932.

COST TO CANADIAN TREASURY ONLY $38,000,000

No feature of the treaty is more surprising or more satisfactory than the low cost to Canada at which the undertaking is to be carried out. Because of want of information, the press has carried

all sorts of extravagant statements as to the heavy financial burden with which the taxpayers were to be saddled in a time of depression. As late as last Saturday a Montreal newspaper estimated that the Canadian people would be mulcted to the tune of $570,000,000. All such erratic predictions have been relegated to the realm of the absurd and sublimely ridiculous. The treaty provides that the cost of the deep waterways to the Dominion Treasury will be $38,071,000. This total is reached by adding the $22,320,000 to be spent in the International Rapids section for property damages, rehabilitation work, and the Chrysler Island canal to the $82,954,000 to be spent for locks and canals on the Canadian section, and by subtracting from the total $67,202,500 to be paid by Ontario to the Dominion on account of power works in the international section. This total cost of $38,071,000 may be cut to $33,638,500 if a proposed guard lock at Beauharnois is found unnecessary, which is altogether probable.

These figures are based upon the 1926 estimates made by the International Board of Engineers on the project and since revised by that board. It is not to be forgotten that general construction costs are now down about 30 percent. The reasonableness of this remark is based on the fact that the Livingston Channel in the Detroit River was estimated to cost $7,000,000 and is now actually being built under contract for $3,400,000. If the cost of construction were to remain as low as it is today during the years of construction, the outlay by the Dominion Treasury might not amount to more than $25,000,000. Canada is given credit for $128,000,000 spent on the new Welland Canal and for other construction work.

Senate endorsement of the venture has been asked on a basis of national judgment, with sectional objections put aside. If the project is to be considered from that angle alone, one prime point on which to judge it is the question of whether the Nation with its present debt load and the Nation's people with the burden they are going to carry for a generation to come in paying off that debt, can afford any half-billion-dollar venture such as this, or one costing even half that sum.

If there are at present a sufficient number of votes in the Senate to prevent that ratification of this treaty, it cannot be submitted too soon. Knowledge that this vast waste of public funds had been prevented would be encouraging to the overburdened taxpayers of the State and of the Nation.

In commenting on the January 31 issue of the Ogdensburg Journal, which is devoted primarily to the St. Lawrence question, the whole second section of the edition being given up to that subject, and also about a half of the front page of the first section, I will be as brief as possible.

The cartoons and drawings can be dismissed in a few words. Aside from the maps on pages 1 and 24, the other drawings are cartoons, and the artist has taken a cartoonist's attitude in all respects.

In regard to the text: Congressman BERTRAND H. SNELL, whose home is in Potsdam, St. Lawrence County, must be for this project; former Mayor Julius Frank, of Ogdensburg, and Franklin R. Little, president of the Ogdensburg Chamber of Commerce, are naturally proponents of this work which would bring the expenditure of hundreds of millions of dollars almost to the doorstep of their city. Every man loves his home town and neighbors, and these gentlemen cannot do otherwise than see the benefits far outweighing the disadvantages in this proposed scheme.

Aside from the three gentlemen above mentioned who contributed to the said issue of the Journal, I find Mayor Daniel Hoan, of Milwaukee, Senator George W. Norris, former Governor William N. Brucker, of Michigan, Senator Arthur H. Vandenberg, Senator Pittman, of Nevada, Congressman Culkins, of Oswego, and Senator Robert M. La Follette, of Wisconsin.

These gentlemen have not the reasons for advocating the St. Lawrence improvement that those gentlemen have who live in the immediate district. Therefore we must look for other reasons for their support of this project. Senator NORRIS is from Nebraska. Aside from the fact that the Senator may have a desire to see a tremendous Public Works project instituted, I cannot understand his attitude excepting on the basis that he has been sold, as have so many others, by the false propaganda put out, primarily, by the Great Lakes-St. Lawrence Tidewater Association.

I have before me a copy of Seaway News, dated Washington, D.C., April 18, 1931, and issued by the Great Lakes-St. Lawrence Tidewater Association, Hon. J. Allen, president, and Charles P. Craig, executive director. This copy of the News contains a map of the United States, entitled "An Ocean Base for the Midwest." Upon this map is a line drawn from the northerly boundary of the State of New York southerly, westerly, and northerly to the northerly boundary of the eastern portion of the State of Washington. This line is called "Outlining the marooned area." A note on the map states that the "territory within this line stands today demoted because of the Panama Canal and remoteness from any sea base." Within this area is included, wholly or in part, 25 States of the Union; and undoubtedly the idea in drawing this map with this line upon it was to convince the people that the opening of the St. Lawrence River to ocean-going vessels would benefit, through ocean transportation, all the areas included within this line; but like other propaganda which has been put forward, no such condition could arise.

The said line extends west of the main range of the Rocky Mountains and south into the States of Oklahoma and Arkansas, and to assume that these localities would send freight to any lake port for ocean transportation is perfectly absurd. The value of such freight would be destroyed by the railroad rate necessary to pay thereon before it had reached any lake port; moreover, it could be shipped to other ocean ports for much less than to any lake port.

Senator VANDENBERG seems to think only of the automobile industry of Michigan in his desire for treaty ratification, regardless of what such ratification might do, if they did have ocean transportation, to the other industries of his State, and regardless of what it would cost the rest of the country. Unless Senator VANDENBERG believes thoroughly in a tariff for protection and also believes that such tariff could be quickly placed upon articles affected by foreign competition, he would, undoubtedly, find his State affected adversely by the laying-down of foreign products directly at the Michigan ports.

It is difficult to approach the arguments of Senator LA FOLLETTE calmly. He is so unfair and so biased that one naturally would seem biased in opposing his statements; moreover, I am further handicapped, possibly, in analyzing his statements. He brings up the old bogy of J. P. Morgan and what he calls the "Power Trust monopoly." The question in my mind is, Does he know anything first-hand about the Power Trust monopoly, and, if so, what? Aside from his waving of the black flag of monopoly, there is nothing in his statements which are not included in the statements of the others.

Mayor Hoan, of Milwaukee, is in the same class for benefits as the mayor of any other city along the upper Great Lakes. At the present time Chicago, Milwaukee, and Duluth-Superior are in the same category, so far as the grain trade on the Lakes is concerned, namely, they do such shipping as can reach their ports either because of preferential freight rates or because of the selling ability of their agents. As has been frequently pointed out to them, the farmers in the hinterland which supply the grain trade are not penalized because of the lack of a developed St. Lawrence, but because of subsidized railroads in their competitive territory, namely, northwestern Canada. Although this truth relative to freight rates on the railroads has been frequently brought to the attention of proponents of the St. Lawrence residing in the West and Middle West, they seem to be deaf thereto and determined to chase the will-o'-the-wisp down the St. Lawrence River rather than reality along their own railroad lines.

Congressman CULKIN, of Oswego, is quoted as follows:

> The fiction persists that we will pay a greater portion of this construction than is our due share and that American construction is done with Canadian labor and Canadian materials. This is simply false, irresponsible, and founded on baseless propaganda. * * *
>
> The naked fact is that the American portion of this canal will be built by American labor and American material. The Canadian end of it will be done by our Canadian neighbors. The treaty mirrors on both sides international good will and international accommodation. The attempt to create international ill will in connection with this discussion and to twist the lion's tail is an attempt to befog the issues. It is unfair and irrelevant.

If Mr. CULKIN believes what he is above quoted as saying, then he should either again read the treaty or have it explained to him. It is one of the most unfair statements that has been published about the treaty. The treaty does not say, and so far I have never seen it stated, that American construction would be done with Canadian labor and Canadian materials. What the treaty provides is that Canadian labor and Canadian materials will be paid for by United States money for work done on Canadian soil. It is a "naked fact" that the American portion will be built by American labor and American materials, and it is also a further fact that a large portion of the Canadian part will be built by American money. There has been no attempt to create international ill will between the United States and Canada, but the Canadians are wondering what is the nigger in the woodpile in this treaty, and so are many of us wondering the same thing. The Canadians cannot understand why we should be willing to spend $60,000,000 or $80,000,000 in their territory unless we have some ulterior motive therefor; not only spending it in their territory but spending it upon a project 90 percent belonging to Canada, which will carry 90 percent of Canadian products and which will produce power, 80 percent of which goes to Canada. Can we blame our Canadian neighbors for wondering what it is all about? Can we wonder that when this treaty was signed in Washington, the Canadian newspapers said that Premier Bennett had consummated one of the greatest deals that was ever consummated for the Dominion? Mr. CULKIN should study the treaty.

In regard to the question of power which is mentioned several times in the articles contained in the Ogdensburg Journal of January 31, little need be said at this time, except that in my recent statements before Congress, as published in the CONGRESSIONAL RECORD, I have answered them. The power portion of this project occupies a peculiar position, with particular reference to the State of New York. As long as the question of the ownership of this power was in doubt, New York was responsible for its share of the total cost of this project only insofar as its portion of Federal taxation is concerned. After Congress passed a resolution that they would sell the power generated on our side of the international section to the State of New York for $80,500,000, more or less, it put New York State in the position of being the sugar daddy to the rest of the United States. It simply means that in order to provide problematical navigation benefits to the Great Lakes, the State of New York, through taxation and direct payments, will pay about one half the total cost of the job. With the mental attitude which now seems to be extant, namely, soak the other fellow, it can readily be assumed that this whole project has developed into a Donnybrook Fair.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DEEN, for 1 week, on account of illness.

To Mr. WILLIAMS, indefinitely, on account of illness.

BILLS PRESENTED TO THE PRESIDENT

Mr. Parsons, from the Committee on Enrolled Bills, reported that that committee did on March 9, 1934, present to the President, for his approval, bills of the House of the following titles:

H.R. 5632. An act to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes.

H.R. 7295. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes.

ADJOURNMENT

Mr. JONES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 43 minutes p.m.) the House adjourned until Monday, March 12, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Monday, Mar. 12, 10 a.m.)

Air-mail hearings on H.R. 8578.

COMMITTEE ON THE PUBLIC LANDS

(Monday, Mar. 12, 10:30 a.m.)

Room 328, House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

377. A letter from the Chairman of the Reconstruction Finance Corporation, transmitting report of its activities and expenditures for December 1933, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case (H.Doc. No. 280); to the Committee on Banking and Currency, and ordered to be printed.

378. A letter from the Secretary of State, transmitting copy of a despatch from the American Embassy at Brussels and its enclosure, a letter from the Secretary General of the International Parliamentary Conference on Commerce extending to the Congress of the United States an invitation to be represented at the Nineteenth Plenary Assembly of said organization to convene at Belgrade on September 16, 1934; to the Committee on Foreign Affairs.

379. A letter from the Secretary of the American Academy of Arts and Letters, transmitting the official report of the academy for the year 1933; to the Committee on the Library.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. PERKINS: Committee on Elections No 3. House Resolution 296. Resolution declaring that William C. Fox is not entitled to a seat in the House of Representatives; without amendment (Rept. No. 894). Referred to the House Calender.

Mr. PALMISANO: Committee on the District of Columbia. S. 194. An act to change the name of B Street SW., in the District of Columbia; without amendment (Rept. No. 895). Referred to the House Calendar.

Mr. PALMISANO: Committee on the District of Columbia. S. 2509. An act to readjust the boundaries of Whitehaven Parkway at Huidekoper Place in the District of Columbia, provide for an exchange of land, and for other purposes; without amendment (Rept. No. 896). Referred to the House Calendar.

Mr. PALMISANO: Committee on the District of Columbia. H.R. 1607. A bill to prevent professional prize fighting and to authorize amateur boxing in the District of Columbia, and for other purposes; with amendment (Rept. No. 897). Referred to the House Calendar.

Mr. PALMISANO: Committee on the District of Columbia. H.R. 4942. A bill to establish an athletic commission to regulate boxing, sparring, and wrestling exhibitions; without amendment (Rept. No. 898). Referred to the Committee of the Whole House on the state of the Union.

Mr. PALMISANO: Committee on the District of Columbia. H.R. 8472. A bill to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes; without amendment (Rept. No. 899). Referred to the House Calendar.

Mr. WEIDEMAN: Committee on Immigration and Naturalization. H.R. 3675. A bill to clarify the application of the contract-labor provisions of the immigration laws to singers and choristers; without amendment (Rept. No. 902). Referred to the House Calendar.

Mr. DEROUEN: Committee on the Public Lands. H.R. 6462. A bill to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes; with amendment (Rept. No. 903). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEN: Committee on the Territories. H.R. 3843. A bill to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes", approved August 1, 1912; with amendment (Rept. No. 904). Referred to the House Calendar.

Mr. GREEN: Committee on the Territories. S. 2728. An act to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii; with amendment (Rept. No. 905). Referred to the House Calendar.

Mr. GREEN: Committee on the Territories. S. 2729. An act to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes; with amendment (Rept. No. 906). Referred to the House Calendar.

Mr. MALONEY of Louisiana: Committee on Interstate and Foreign Commerce. S. 2445. An act to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.; without amendment (Rept. No. 917). Referred to the House Calendar.

Mr. MALONEY of Louisiana: Committee on Interstate and Foreign Commerce. H.R. 29. A bill authorizing the Secretary of Commerce to dispose of certain lighthouse reservations, and for other purposes; without amendment (Rept. No. 918). Referred to the Committee of the Whole House on the state of the Union.

Mr. MALONEY of Louisiana: Committee on Interstate and Foreign Commerce. H.R. 7551. A bill authorizing the Secretary of Commerce to dispose of the Pass A'Loutre Lighthouse Reservation, La.; without amendment (Rept. No. 920). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. PALMISANO: Committee on the District of Columbia. S. 2006. An act for the relief of Della D. Ledendecker; without amendment (Rept. No. 900). Referred to the Committee of the Whole House.

Mr. PALMISANO: Committee on the District of Columbia. H.R. 2035. A bill for the relief of Jennie Bruce Gallahan; without amendment (Rept. No. 901). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. S. 1192. An act for the relief of the Union Shipping & Trading Co., Ltd.; without amendment (Rept. No. 907). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 3595. A bill for the relief of St. Ludgers Catholic Church of Germantown, Henry County, Mo.; without amendment (Rept. No. 908). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 4175. A bill for the relief of Oscar C. Olson; without amendment (Rept. No. 909). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 4180. A bill for the relief of Guy Goodin; without amendment (Rept. No. 910). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 6245. A bill conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co.; without amendment (Rept. No. 911). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 6349. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Velie Motors Corporation; without amendment (Rept. No. 912). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 7389. A bill granting jurisdiction to the Court of Claims to hear the case of David A. Wright; without amendment (Rept. No. 913). Referred to the Committee of the Whole House.

Mr. THOMASON: Committee on Military Affairs. H.R. 387. A bill donating bronze trophy guns to the Cohoes Historical Society, Cohoes, N.Y.; without amendment (Rept. No. 914). Referred to the Committee of the Whole House.

Mr. MALONEY of Louisiana: Committee on Interstate and Foreign Commerce. H.R. 5312. A bill to provide for the conveyance of the abandoned lighthouse reservation and buildings, including detached tower, situate within the city limits of Erie, Pa., to the city for public-park purposes; without amendment (Rept. No. 915). Referred to the Committee of the Whole House.

Mr. MERRITT: Committee on Interstate and Foreign Commerce. H.R. 7744. A bill to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light-station reservation; without amendment (Rept. No. 916). Referred to the Committee of the Whole House.

Mr. MALONEY of Louisiana: Committee on Interstate and Foreign Commerce. H.R. 2828. A bill to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation; without amendment (Rept. No. 919). Referred to the Committee of the Whole House.

Mr. MALONEY of Louisiana: Committee on Interstate and Foreign Commerce. H.R. 7863. A bill authorizing the Secretary of Commerce to dispose of part of the Grosse Point Lighthouse Reservation, Ill.; without amendment (Rept. No. 921). Referred to the Committee of the Whole House.

Mr. PLUMLEY: Committee on Military Affairs. H.R. 6497. A bill for the relief of James Henry Green; without amendment (Rept. No. 923). Referred to the Committee of the Whole House.

Mr. HARLAN: Committee on the District of Columbia. H.R. 7090. A bill to amend an act to incorporate the Mutual Fire Insurance Co. of the District of Columbia, as amended; with amendment (Rept. No. 924). Referred to the Committee of the Whole House.

ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. PLUMLEY: Committee on Military Affairs. H.R. 2924. A bill for the relief of Caleb Kase (Rept. No. 922). Laid on the table.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on World War Veterans' Legislation was discharged from the consideration of the bill (H.R. 8547) for the relief of Florence Byvank, and the same was referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SPENCE: A bill (H.R. 8567) to amend the laws relating to the length of tours of duty in the Tropics and certain foreign stations in the case of officers and enlisted men of the Army, Navy, and Marine Corps, and for other purposes; to the Committee on Military Affairs.

By Mr. DIRKSEN: A bill (H.R. 8568) to amend section 11 (i) of the District of Columbia Alcoholic Beverage Act (Public, 85, 73d Cong.); to the Committee on the District of Columbia.

By Mrs. JENCKES of Indiana: A bill (H.R. 8569) to provide for the establishment of a fire department trial board in

the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

Also, a bill (H.R. 8570) to amend sections 552, 558, and 559 of title 20 of the Code of the District of Columbia; to the Committee on the District of Columbia.

By Mrs. NORTON: A bill (H.R. 8571) to authorize the widening of Thirteenth Street NW., in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. STRONG of Texas: A bill (H.R. 8572) to amend paragraph (8) of section 1 of the Interstate Commerce Act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. McDUFFIE: A bill (H.R. 8573) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes; to the Committee on Insular Affairs.

By Mr. McSWAIN: A bill (H.R. 8574) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government"; to the Committee on World War Veterans' Legislation.

By Mr. BULWINKLE: A bill (H.R. 8575) to establish a Federal Stock Exchange Commission, to provide for the licensing of stock exchanges, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. STRONG of Texas: A bill (H.R. 8576) to amend section 18 of chapter 1 of title 15 (Committee and Trade) of the United States Code; to the Committee on the Judiciary.

By Mr. WOLCOTT: A bill (H.R. 8577) to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.; to the Committee on Interstate and Foreign Commerce.

By Mr. MEAD: A bill (H.R. 8578) to revise air-mail laws; to the Committee on the Post Office and Post Roads.

By Mr. ELLENBOGEN: A bill (H.R. 8579) to release veterans from the liability to pay interest on loans secured by adjusted-service certificates, and for other purposes; to the Committee on Ways and Means.

By Mr. MARTIN of Oregon: A bill (H.R. 8580) for the relief of contract veterans of the Spanish-American War, including the Philippine insurrection and the Chinese Boxer rebellion; to the Comittee on Military Affairs.

Also, a bill (H.R. 8581) establishing a fund for the propagation of salmon in the Columbia River district; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. BLOOM: A bill (H.R. 8582) to amend the naturalization laws in respect of residence requirements, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. MARTIN of Oregon: A bill (H.R. 8583) authorizing an appropriation for the further development of the submarine and destroyer base at Tongue Point, Oreg.; to the Committee on Naval Affairs.

By Mrs. NORTON: A bill (H.R. 8584) to extend certain benefits of the Public Health Service to certain seamen, and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, a bill (H.R. 8585) to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia; to the Committee on the District of Columbia.

By Mr. FISH: Resolution (H.Res. 297) authorizing the appointment of a committee of five Members of the House of Representatives to investigate the Army Air Corps operations; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Illinois, memorializing Congress to reopen the Great Lakes Naval Training Station near Waukegan, Ill.; to the Committee on Naval Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEITER: A bill (H.R. 8586) granting an increase of pension to Harry E. Pangborn; to the Committee on Pensions.

By Mr. BURKE of Nebraska: A bill (H.R. 8587) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to William Thomas; to the Committee on Claims.

By Mr. BYRNS: A bill (H.R. 8588) for the relief of the George R. Jones Co., a corporation organized under the laws of the State of New Hampshire; to the Committee on Claims.

By Mr. CASTELLOW: A bill (H.R. 8589) for the relief of Lucy Stewart; to the Committee on Foreign Affairs.

By Mr. CUMMINGS: A bill (H.R. 8590) for the relief of William F. Lively; to the Committee on Claims.

By Mr. DIRKSEN: A bill (H.R. 8591) for the relief of Herbert E. Zook; to the Committee on Claims.

Also, a bill (H.R. 8592) for the relief of Clyde W. Zuckweiler; to the Committee on Naval Affairs.

By Mr. LUNDEEN: A bill (H.R. 8593) granting additional war-risk insurance to Anna Christine Jones; to the Committee on War Claims.

By Mr. McLEOD: A bill (H.R. 8594) for the relief of the Otto Misch Co.; to the Committee on Claims.

By Mr. TRAEGER: A bill (H.R. 8595) for the relief of Nicholas Luke Leutza; to the Committee on Naval Affairs.

Also, a bill (H.R. 8596) for the relief of Frank A. Pauley, deceased; to the Committee on Military Affairs.

By Mr. UTTERBACK: A bill (H.R. 8597) for the relief of Nellie R. Farley; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2876. By Mr. ARENS: Petition regarding the removal of the territory specified in the treaty of 1855 from the present Indian reservation; to the Committee on Indian Affairs.

2877. Also, petition of the Minnesota Council for National Defense, requesting the adoption of a resolution to add sufficient amounts to the War Department appropriations; to the Committee on Appropriations.

2878. Also, petition of the Cooperative Council of Becker County, opposing the importation of foreign fats and oils; to the Committee on Ways and Means.

2879. Also, petition of the Minnesota Council for National Defense, opposing the passage of the Griffin bill; to the Committee on Immigration and Naturalization.

2880. Also, petition regarding the construction of power dams on sites located on the Pigeon River; to the Committee on Military Affairs.

2881. By Mr. BEAM: Resolution of the General Assembly of the State of Illinois, memorializing Congress to enact necessary legislation to make possible loans to school districts now in distress; to the Committee on Education.

2882. By Mr. CADY: Petition signed by Ray Dehoff, Fenton, Mich., and some 2,700 other residents of the Sixth District of Michigan, urging restoration of all benefits as of March 19, 1933, to disabled veterans with service-connected disabilities; to the Committee on World War Veterans' Legislation.

2883. By Mr. EDMONDS: Petition of the Philadelphia Board of Trade, regarding establishment of foreign trade zones; to the Committee on Ways and Means.

2884. By Mr. HOWARD: Petition by the Pender Woman's Club, of Pender, Nebr., urging passage of House bill 6098, and requesting the enactment of legislation to correct the evils of book blocking of films in sale to small theaters; to the Committee on Education.

2885. By Mr. JAMES: Resolution from Emil Formala, secretary of Lake Superior Fisherman's Association of Chassell, Mich., approving House bill 6973; to the Committee on Rivers and Harbors.

2886. By Mr. KENNEY: Petition in the nature of a resolution of Big Six Post, No. 1522, Veterans of Foreign Wars, Post Headquarters 143 West Forty-fourth Street, New York City, that we, Big Six Post, No. 1522, Veterans of Foreign Wars, go on record in favor of bill 7316, sponsored by Congressman EDWARD A. KENNEY, of New Jersey, which provides for the conduct of a national lottery under auspices of the Federal Government; to the Committee on Ways and Means.

2887. By Mr. KVALE: Resolution adopted at the regular meeting of the Independent Union of All Workers of Albert Lea, Minn., urging support of President Roosevelt's monetary policy; to the Committee on Coinage, Weights, and Measures.

2888. Also, petition of numerous taxpayers and voters of Freeborn County, Minn., urging support of President Roosevelt's monetary policy; to the Committee on Coinage, Weights, and Measures.

2889. Also, resolution of the Central Council of District Clubs, St. Paul, Minn., relating to the curbing of the present system of private control of money and credits; to the Committee on Banking and Currency.

2890. Also, petition of certain citizens of St. Paul, Minn., urging adequate issuance of currency, restoration of silver, and suggestions for use of new currency; to the Committee on Coinage, Weights, and Measures.

2891. Also, petition of members of Zenith Branch, No. 114, National Association of Letter Carriers of Duluth, Minn., urging restoration of salaries reduced under the Economy Act; to the Committee on Appropriations.

2892. Also, petition of numerous citizens of Minneapolis, Minn., urging support of President Roosevelt's monetary policy; to the Committee on Coinage, Weights, and Measures.

2893. Also, resolution adopted by the Journeymen Plumbers Local Union, No. 34, of St. Paul, Minn., urging support of President Roosevelt's monetary policy; to the Committee on Coinage, Weights, and Measures.

2894. Also, petition of sugar-beet growers of Lake Lillian, Minn., urging that protection be given them to raise sugar beets under the crop contract reduction plan; to the Committee on Agriculture.

2895. Also, petition of group of farmers and unemployed citizens of Becker County, Minn., urging extension of the Civil Works Administration projects in northwestern Minnesota to provide work in drought-stricken areas; to the Committee on Appropriations.

2896. Also, petition of numerous citizens of St. Paul, Minn., urging support of President Roosevelt's monetary policy; to the Committee on Coinage, Weights, and Measures.

2897. Also, petition of the Voters Protective League of Minneapolis, Minn., urging support of President Roosevelt's program for stabilizing the currency; to the Committee on Coinage, Weights, and Measures.

2898. Also, petition of Minnesota Council for National Defense, urging increase in appropriations for national defense; to the Committee on Appropriations.

2899. Also, petition of the Civic and Commerce Association, Montevideo, Minn., urging continuation of the Civil Works Administration work in the drought-stricken area until harvest time; to the Committee on Appropriations.

2900. By Mr. LEHR: Petition of the Senate and House of Representatives of the State of Michigan to the Hon. Franklin D. Roosevelt, President of the United States of America, not to place any limit whatsoever on the acreage for sugar-beet production and beet-sugar production in the State of Michigan; to the Committee on Agriculture.

2901. By Mr. LINDSAY: Petition of the National Woman's Party, New York City committee, urging the passage of House bill 3673; to the Committee on Immigration and Naturalization.

2902. By Mr. LUCE: Resolution of the Boston Central Labor Union, calling attention to the failure of the Civil Works Administration, urging its discontinuance; to the Committee on Appropriations.

2903. By Mr. MEAD: Petition of the Brotherhood of Railway Carmen of America, New Deal Lodge, No. 380, Buffalo, N.Y., urging favorable action on railroad legislation; to the Committee on Interstate and Foreign Commerce.

2904. Also, petition of the Railway Labor Executives Association, Buffalo, N.Y., urging favorable action on railroad-labor legislation; to the Committee on Labor.

2905. Also, petition of the Buffalo Chamber of Commerce, Buffalo, N.Y., expressing opposition to sections of Senate bill 2693; to the Committee on Interstate and Foreign Commerce.

2906. By Mr. KVALE: Petition of the Minnesota Council for National Defense, opposing the Griffin bill, giving privileges of citizenship to aliens who refuse to bear arms in defense of the United States in time of emergency; to the Committee on Immigration and Naturalization.

2907. By Mr. MEAD: Petition of the Brotherhood of Railroad Trainmen, Niagara Frontier Lodge, No. 220, Buffalo, N.Y., urging favorable action on House bill 7401; to the Committee on Interstate and Foreign Commerce.

2908. By Mr. MILLARD: Petition signed by members of the James Daley Post of the Veterans of Foreign Wars, urging immediate payment of the veterans' adjusted-compensation certificates; to the Committee on World War Veterans' Legislation.

2909. Also (by request), petition signed by members of the James Daley Post, Veterans of Foreign Wars, Hastings-on-Hudson, N.Y., urging immediate payment of the bonus; to the Committee on World War Veterans' Legislation.

2910. By Mr. SABATH: Petition of the Eighty-eighth General Assembly of the State of Illinois, urging the passage of legislation by the Congress of the United States to make possible Federal loans to school districts situate in the State of Illinois; to the Committee on Banking and Currency.

2911. By Mr. SADOWSKI: Petition of the West Side Democratic Club, No. 1, endorsing the 30-hour week bill; to the Committee on Labor.

2912. Also, petition by an unemployed council of 50 men in Detroit, Mich., endorsing and demanding the immediate enactment of the workers unemployment and social insurance bill (H.R. 7598); to the Committee on Labor.

2913. Also, petition of the common council, city of Detroit, Mich.; to the Committee on the Judiciary.

2914. By Mr. SUTPHIN: Petition of the Monmouth County Branch, American Association of University Women, opposing block booking and blind selling in the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

2915. Also, petition of the New Jersey State Senate, urging the discontinuance of the Federal tax on gasoline; to the Committee on Ways and Means.

2916. By Mr. WOLVERTON: Petition of Charles Cushing Post, No. 14, Veterans of Foreign Wars, requesting favorable Consideration of House bill 1, providing for immediate payment of adjusted-service certificates; to the Committee on World War Veterans' Legislation.

2917. By the SPEAKER: Petition of W. J. Dearth, Washington representative, National Live Stock Exchange; to the Committee on Agriculture.

2918. Also, petition of the Wyoming & Southern Railroad Co., regarding the price of coal; to the Committee on Ways and Means.

2919. Also, petition of the United Mine Workers of America, Local No. 498, regarding the competition by laborless fuels with the coal industry; to the Committee on Ways and Means.

2920. Also, petition of the World Trade League of the United States, urging passage of House bill 8430; to the Committee on Ways and Means.

2921. Also, petition of the borough of Little Ferry, N.J., approving passage of National Lottery Act; to the Committee on Ways and Means.

SENATE

MONDAY, MARCH 12, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day Saturday, March 10, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	King	Robinson, Ark.
Ashurst	Davis	La Follette	Robinson, Ind.
Austin	Dickinson	Lewis	Russell
Bailey	Dieterich	Logan	Schall
Bankhead	Dill	Lonergan	Sheppard
Barbour	Duffy	Long	Shipstead
Barkley	Erickson	McAdoo	Smith
Black	Fess	McCarran	Steiwer
Bone	Fletcher	McGill	Stephens
Borah	Frazier	McKellar	Thomas, Okla.
Bulkley	George	McNary	Thomas, Utah
Byrd	Gibson	Metcalf	Thompson
Byrnes	Glass	Neely	Townsend
Capper	Goldsborough	Norris	Trammell
Caraway	Gore	Nye	Tydings
Carey	Hale	O'Mahoney	Vandenberg
Clark	Harrison	Overton	Van Nuys
Connally	Hatch	Patterson	Wagner
Coolidge	Hayden	Pittman	Walcott
Copeland	Johnson	Pope	Walsh
Costigan	Kean	Reed	Wheeler
Couzens	Keyes	Reynolds	White

Mr. LEWIS. I beg to announce that the Senator from Tennessee [Mr. BACHMAN], the Senator from South Dakota [Mr. BULOW], and the Senator from New Hampshire [Mr. BROWN] are unavoidably detained from the Senate, and that the Senator from Iowa [Mr. MURPHY] is absent on account of a severe cold.

Mr. FESS. I desire to announce that the Senator from Delaware [Mr. HASTINGS], the Senator from West Virginia [Mr. HATFIELD], the Senator from Rhode Island [Mr. HEBERT], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Appropriations:

STATE OF NEW YORK,
IN SENATE,
Albany, March 6, 1934.

By Mr. Kernan

Whereas many citizens of the State of New York in the region of the Mohawk River and its various tributaries and in the area of the Hudson River Valley, north of the Federal lock at Troy, N.Y., are in grave danger of suffering from the increasing high water due to incessant rains and the seasonal spring thaws; and

Whereas a large number of our citizens in such regions are not receiving proper protection to their homes and property because of a lack of adequate flood control and river regulation; and

Whereas a part of the waterways aforesaid is included in the barge canal system through which pass many cargoes of interstate commerce; and

Whereas the adequate protection to these waterways and the citizens residing in the areas adjacent to them should be a matter of deep concern to the Federal Government as well as to the government of New York State: Now, therefore, be it

Resolved (if the assembly concur), That the Congress of the United States be, and it is hereby, respectfully memorialized to provide funds of the Federal Government to supplement the appropriations of the State of New York for the proper river regulation and flood control of the waterways as aforesaid and enact the necessary legislation in carrying into effect such work; and be it further

Resolved (if the assembly concur), That a copy of this resolution be transmitted to the Clerk of the House of Representatives, the Secretary of the United States Senate, and to each Member of Congress elected from the State of New York.

By order of the senate.

MARGUERITE O'CONNELL, *Clerk.*

IN ASSEMBLY,
March 7, 1934.

Concurred in without amendment. By order of the assembly.

FRED W. HAMMOND, *Clerk.*

The VICE PRESIDENT also laid before the Senate a letter in the nature of a petition from Mrs. Robert G. Donecker, of McCracken, Kans., praying for the passage of old-age pension legislation, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the municipal council of Sarrat, Province of Ilocos Norte, P.I., favoring the passage of the so-called "King Philippine independence bill", which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the municipal council of Nasugbu, Province of Batangas, P.I., favoring the passage of the so-called "King Philippine independence bill", which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the municipal council of Nasugbu, Province of Batangas, P.I., protesting against the passage of the so-called "Tydings Philippine independence bill", providing, among other things, an extension of time for the acceptance of Philippine independence, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a telegram from W. Ingle Leitch, of Cleveland, Ohio, calling attention to certain aspects of article 8 of the proposed treaty between the United States and Canada on the Great Lakes-St. Lawrence deep waterway project, and favoring the taking of additional time to consider all phases of the matter, which was ordered to lie on the table.

PRODUCTION OF SUGAR BEETS

Mr. O'MAHONEY presented a telegram from H. H. Graham, president of the Huntley Project Development Association, which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

WORDEN, MONT., *March 12, 1934.*

Senator O'MAHONEY,
United States Senate.

DEAR SIR: We, the farmers of the Huntley Project Development Association, are opposed to any curtailment in production of sugar beets on our Huntley project and we are opposed to any quotas set for our beet industry in the United States. We are with you 100 percent in the amendments you are offering to the sugar question. We, the farmers on the Huntley project, came here in good faith, with the understanding that our major crop would be sugar beets, which has proved to be a fact. Without sugar beets raised on our farms here we would have to move out. We have spent approximately 25 years of our lives and all of our earnings on the Huntley project. We have built up our farms, our homes, and made improvements, improved the value of the land, paid taxes, and built our schools. Our business men have built their business houses around the beet industry with the idea that our future business would be sugar beets. Our children have been reared here, grown up, and have become permanent fixtures and adapted to the sugar-beet raising. There is no other industry that has offered so much for the benefit of our land and country in general, especially the laboring class. When we located on this western project we did so with the idea that the Government would be back of us in any curtailing that might show up in the production of sugar beets, especially surrendering our sugar-beet industry to some foreign nation. We, the farmers of the Huntley project, do urge that you do all within your power to keep such curtailment out of the sugar legislation.

H. H. GRAHAM, *President.*

REPORTS OF COMMITTEES

Mr. GLASS, from the Committee on Banking and Currency, to which was referred the bill (S. 2788) to amend section 5219 of the Revised Statutes, as amended (relating to State taxation of national banking associations), reported it without amendment.

Mr. BULKLEY, from the Committee on Banking and Currency, to which was referred the bill (S. 2999) to guarantee

the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, reported it without amendment and submitted a report (No. 466) thereon.

Mr. CONNALLY, from the Committee on Public Buildings and Grounds, to which was referred the bill (H.R. 5745) granting abandoned public buildings and grounds at Sitka, Alaska, to the Territory of Alaska, and for other purposes, reported it without amendment and submitted a report (No. 465) thereon.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters, which were ordered to be placed on the calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GLASS:

A bill (S. 3025) to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes; to the Committee on Banking and Currency.

By Mr. GEORGE:

A bill (S. 3026) for the relief of Lucy Cobb Stewart; to the Committee on Foreign Relations.

A bill (S. 3027) granting an increase of pension to James A. Walker; to the Committee on Pensions.

By Mr. STEIWER:

A bill (S. 3028) for the relief of Walter S. Chiene and Annie H. Chiene (widow, guardian of minors, and administratrix of estate of Lyon Playfair Chiene); to the Committee on Claims.

By Mr. DAVIS:

A bill (S. 3029) for the relief of Albert A. Taney; to the Committee on Military Affairs.

A bill (S. 3030) granting a pension to Samuel Johnson; and

A bill (S. 3031) granting a pension to Henrietta V. W. Owen; to the Committee on Pensions.

By Mr. McCARRAN (by request):

A bill (S. 3032) to require financial responsibility of owners and operators of vehicles for hire in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

A bill (S. 3033) to reserve certain public-domain lands in Nevada and Oregon as a grazing reserve for Indians of Fort McDermitt, Nev.; to the Committee on Public Lands and Surveys.

By Mr. NEELY:

A bill (S. 3034) granting a pension to Rebecca Swisher Boyd; to the Committee on Pensions.

By Mr. HATCH:

A bill (S. 3035) granting compensation to Reuben R. Hunter; to the Committee on Claims.

By Mr. McKELLAR:

A bill (S. 3036) for the relief of the George R. Jones Co., a corporation, organized under the laws of the State of New Hampshire; to the Committee on Claims.

A bill (S. 3037) granting a pension to Ben Harrison Martin; to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 3038) to amend sections 116 and 22 of the Revenue Act of 1932; to the Committee on Finance.

(Mr. WHEELER introduced Senate bill 3039, which appears under a separate heading.)

By Mr. ASHURST (by request):

A bill (S. 3040) to give the Supreme Court of the United States authority to make and publish rules in actions at law; to the Committee on the Judiciary.

By Mr. COPELAND, Mr. VANDENBERG, and Mr. MURPHY:

A bill (S. 3041) to effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes; to the Committee on the Judiciary.

By Mr. BLACK:

A bill (S. 3042) for the relief of Warren F. Avery; to the Committee on Military Affairs.

A bill (S. 3043) to amend section 25 (b) of the Federal Reserve Act, as amended (relating to jurisdiction of Federal courts over suits involving Federal Reserve banks); to the Committee on Banking and Currency.

By Mr. FRAZIER:

A joint resolution (S.J.Res. 86) for the adjustment and settlement of losses sustained by the cooperative marketing associations; to the Committee on Agriculture and Forestry.

PURCHASE OF SILVER

Mr. WHEELER introduced a bill (S. 3039) for the relief of agriculture, the producers of livestock, and the producers of raw materials generally, and for other purposes, which was read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That in order to provide necessary relief for agriculture, the producers of livestock, and the producers of raw materials generally, it is herein declared to be necessary:

(a) To raise the general price level sufficiently to enable such producers to secure the cost of production plus a reasonable profit.

(b) In order to raise the general price level it is further declared to be necessary to increase the number of monetary units in circulation.

(c) In order to secure a sound and controlled increase in the number of monetary units in circulation it is herein declared to be necessary to make a wider use of silver as money and as the base for the issuance of money.

SEC. 2. The Secretary of the Treasury is hereby authorized and directed to purchase silver bullion at the rate of not less than 50,000,000 ounces per month, until there shall be added to the monetary resources of the United States 1,000,000,000 ounces of silver, except that whenever 371¼ grains of pure silver equals in purchasing power 23.22 grains of pure gold the purchase of silver under this section shall be suspended. Such silver shall be purchased at home or abroad, wherever silver shall be procurable at or under the value specified above, with any direct obligations, coin, or currency of the United States authorized by law, or with any funds in the Treasury not otherwise appropriated, at such rates and upon such terms and conditions as the Secretary of the Treasury may deem most advantageous to the public interest; and the silver so purchased shall be held in reserve in the Treasury against the issue of certificates of deposit payable to bearer on demand in silver bullion as hereinafter provided. Such silver certificates shall be issued by the Treasury in an amount which, in the aggregate, shall equal the cost of such silver to the Treasury. Upon presentation of any such silver certificates the Treasurer of the United States shall redeem the same by the delivery of the face value thereof in silver bullion of the gold equivalent value at the time of demand, to the end that the silver delivered shall be measured by value rather than by weight. The silver certificates issued under the provisions of this section shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues.

SEC. 3. All acts and parts of acts in conflict herewith are hereby repealed.

USE OF PULPWOOD, PULP, AND PAPER

Mr. HALE submitted a resolution (S.Res. 205), which was ordered to lie over under the rule, as follows:

Resolved, That the Secretary of Agriculture be, and he is hereby, requested to submit to the Senate at his early convenience a report based on information already available covering—

(a) The extent to which the United States now depends upon imports of pulpwood, pulp, and paper to meet national requirements.

(b) Whether and the extent to which it is now possible with known pulp and paper processes to supply from the forest lands of the United States all of the pulpwood needed to meet the national pulp and paper requirements.

(c) What adjustments are feasible and necessary and what program of forest conservation is recommended for the immediate and more distant future by the Federal Government, the States, the pulp and paper industry, and private owners of forest lands to make the United States self-supporting in its pulpwood, pulp, and paper requirements.

(d) Whether it would advance or retard the program of forest conservation to make the United States self-supporting as to pulpwood, pulp, and paper requirements from American forests.

MANUFACTURE OF MUNITIONS OF WAR

Mr. NYE. Mr. President, early in February two resolutions bearing upon the subject of the manufacture of munitions of war were submitted—Senate Resolution 179, by

myself, and Senate Concurrent Resolution 9 by the junior Senator from Michigan [Mr. VANDENBERG].

These resolutions have now been referred to the Committee on Military Affairs. A subcommittee has been appointed to consider them. The chairman of that subcommittee has indicated a desire that the authors of the two resolutions be heard upon a resolution that would accomplish the purposes both were seeking. To that end the Senator from Michigan and I have prepared a resolution which we believe does accomplish what each of us is seeking.

I ask unanimous consent at this time, on behalf of the Senator from Michigan and myself, to submit this resolution and have it referred to the Committee on Military Affairs; also, that it may be printed in the RECORD.

There being no objection, the resolution (S.Res. 206) was received, referred to the Committee on Military Affairs, and ordered to be printed in the RECORD, as follows:

Whereas the influence of the commercial motive is an inevitable factor in considerations involving the maintenance of the national defense; and

Whereas the influence of the commercial motive is one of the inevitable factors often believed to stimulate and sustain wars; and

Whereas the Seventy-first Congress, by Public Resolution No. 98, approved June 17, 1930, responding to the long-standing demands of American war veterans, speaking through the American Legion, for legislation to take the profit out of war, created a War Policies Commission, which reported recommendations on December 7, 1931, and on March 7, 1932, to decommercialize war and to equalize the burdens thereof; and

Whereas these recommendations never have been translated into the statutes: Therefore be it

Resolved, That a special committee of the Senate shall be appointed by the Vice President to consist of five Senators, and that said committee be, and is hereby, authorized and directed—

(a) To investigate the activities of individuals and of corporations in the United States engaged in the manufacture, sale, distribution, import, or export of arms, munitions, or other implements of war; the nature of the industrial and commercial organizations engaged in the manufacture of or traffic in arms, munitions, or other implements of war; the methods used in promoting or effecting the sale of arms, munitions, or other implements of war; the quantities of arms, munitions, or other implements of war imported into the United States and the countries of origin thereof, and the quantities exported from the United States and the countries of destination thereof; and

(b) To investigate and report upon the adequacy or inadequacy of existing legislation, and of the treaties to which the United States is a party for the regulation and control of the manufacture of and traffic in arms, munitions, or other implements of war within the United States, and of the traffic therein between the United States and other countries; and

(c) To review the findings of the War Policies Commission and to recommend such specific legislation as may be deemed desirable to accomplish the purposes set forth in such findings and in the preamble to this resolution; and

(d) To inquire into the desirability of creating a Government monopoly in respect to the manufacture of armaments and munitions and other implements of war, and to submit recommendations thereon.

For the purposes of this resolution the committee is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Congress until the final report is submitted, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the Commission, which shall not exceed $50,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

CARRIAGE OF AIR MAIL BY THE ARMY—AMENDMENT

Mr. McADOO submitted an amendment intended to be proposed by him to the bill (H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes, which was ordered to lie on the table and to be printed.

EXTENSION OF TEMPORARY PLAN FOR DEPOSIT INSURANCE

Mr. GLASS. Mr. President, I ask unanimous consent to report back from the Committee on Banking and Currency, without amendment, the bill (S. 3025) to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes. I also ask unanimous consent for the immediate consideration of the bill.

The PRESIDING OFFICER (Mr. GEORGE in the chair). Is there objection?

Mr. McNARY. Mr. President, the request is rather unusual, and it has been my practice to request that reported bills go over for a day. However, in view of the emergency situation, being somewhat familiar with this proposed legislation and its importance, and knowing that the bill is unanimously reported from the committee, I shall offer no objection.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 12B of the Federal Reserve Act is amended—

(1) By striking out "July 1, 1934" wherever it appears in subsections (e), (l), and (y) and inserting in lieu thereof "July 1, 1935";

(2) By striking out "June 15, 1934" where it appears in the last sentence of the third paragraph of subsection (y) and inserting in lieu thereof "December 15, 1934";

(3) By striking out "June 30, 1934" where it appears in the first sentence of the fifth paragraph of subsection (y) and inserting in lieu thereof "June 30, 1935";

(4) By amending the second sentence of the fifth paragraph of subsection (y) to comprise two sentences reading as follows: "The provisions of such subsection (l) relating to State member banks shall be extended for the purposes of this subsection to members of the fund which are not members of the Federal Reserve System, and the provisions of such subsection (l) relating to the appointment of the Corporation as receiver shall be applicable to all the members of the fund. The provisions of this subsection shall apply only to deposits of members of the fund which have been made available since March 10, 1933, for withdrawal in the usual course of the banking business."; and

(5) By adding at the end of the sixth paragraph of subsection (y) the following new sentences: "The Corporation shall prescribe by regulations the manner of exercise of the right of termination of membership in the fund on July 1, 1934, and may require members of the fund to give 30 days' notice prior to July 1, 1934, of election as a condition to withdrawal. Banks which withdraw from the fund on July 1, 1934, shall be entitled to a refund of their proportionate share of any estimated balance in the fund on the same basis as if the fund had terminated on July 1, 1934."

SEC. 2. The first paragraph of section 9 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 321), is amended by adding after the second sentence thereof a new sentence to read as follows: "For the purposes of membership of any such bank the terms 'capital' and 'capital stock' shall include the amount of outstanding capital notes and debentures legally issued by the applying bank and purchased by the Reconstruction Finance Corporation."

COMPANY UNIONS—ARTICLE BY SENATOR WAGNER

Mr. COPELAND. Mr. President, I ask unanimous consent that an article by my colleague [Mr. WAGNER] on company unions, appearing in the New York Times of Sunday, March 11, may be included in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Mar. 11, 1934]

COMPANY UNIONS: A VAST INDUSTRIAL ISSUE—SENATOR WAGNER SETS FORTH THE GROWTH OF EMPLOYER-DOMINATED ORGANIZATIONS, TELLS OF THEIR EFFECT ON COLLECTIVE BARGAINING, AND DISCUSSES HIS BILL, WHICH IS DESIGNED TO PREVENT ECONOMIC WARFARE

(The company union has become a focal point in the industrial-relations problem that confronts the Nation. It was under vigorous debate during the N.R.A. hearings last week and it is dealt with in a bill designed to eliminate strife between labor and industry, introduced in Congress by Senator WAGNER, who has served as Chairman of the National Labor Board since that body came into existence. The subject, together with other phases of the problem, is discussed in the following article.)

By ROBERT F. WAGNER, Senator from New York

Despite the emergency language in which it is cloaked, the recovery program embodies principles of reform as well as revival. The statistical indicia of revival are not to be denied, but the need for reform is still acute. And there is substantial agreement as to the path that reform must take if we are to achieve any approximation to social justice and avoid the recurrence of cataclysmic depressions. The fruits of industry must be distributed more bounteously among the masses of wage earners, who create the bulk of consumer demand.

This central problem has been envisaged broadly by the National Recovery Administration, led by General Johnson and ever subject to the dynamic personality and brilliant intelligence of President Roosevelt. But, despite their best efforts, the major portion of the problem remains unsolved. While reemployment has swelled the total volume of wage payments, the real earnings of the individual working full time are slightly less than they were last March.

Some of the minimum-wage provisions under the codes are lower than the standards actually prevailing in industry and in most of the upper wage brackets there have been reductions in hours without corresponding rises in hourly rates of pay. Despite the ameliorative features of a share-the-work movement, it is hardly the road to prosperity.

NEED OF EQUALITY

The reasons for the present difficulty are not hidden. The constant readjustments necessary to strike a fair balance between industry and labor cannot be accomplished simply by code revisions or by general exhortations. They can be accomplished only by cooperation between employers and employees, which rests upon equality of bargaining power and the freedom of either party from restraints imposed by the other.

Congress recognized this when it enacted section 7 (a) of the Recovery Act, restating the right of employees to deal collectively through representatives of their own choosing. But ambiguities of language and the absence of enforcement powers have enabled a minority of employers to deviate from the clear intent of the law and to threaten our entire program with destruction. Therefore I have introduced a bill to clarify and fortify the provisions of section 7 (a), and I am sure that it will meet with the support of the vast majority of people interested in economic welfare.

COMPANY UNIONS

At the present time genuine collective bargaining is being thwarted immeasurably by the proliferation of company unions. Let me state at the outset that by the term "company union" I do not refer to all independent labor organizations whose membership lists embrace only the employees of a single employer. I allude rather to the employer-dominated union, generally initiated by the employer, which arbitrarily restricts employee cooperation to a single employer unit, and which habitually allows workers to deal with their employer only through representatives chosen from among his employees.

In the fall of 1933 a thoroughly reliable study was made which covered more than one fourth of the total number of wage earners engaged in mining and manufacturing. An inquiry of this magnitude may be accepted as a fair sample of conditions in industry at large. It showed that only 9.3 percent of employees are dealing with employers through trade-unions, while 45.7 percent are bargaining on an individual basis and 45 percent are enlisted in company unions. Less than 14 percent of the employers embraced by the study are recognized trade-unions.

HAMPERING CONDITIONS

It is worthy of note that company unions are most prevalent in the largest plants. This means that in the very cases where the bargaining power of the employer is strongest the worker is least free to improve his own position by unhampered affiliation with others of his kind.

It is also true that these unions have multiplied most rapidly since the enactment of the law which was intended to guarantee to the worker the fullest freedom of organization. The number of employees covered by company unions rose from 432,000 in 1932 to 1,164,000 in 1933, representing a gain of 169 percent. More than 69 percent of the company-union schemes now in existence have been inaugurated in the brief period since the passage of the Recovery Act.

The company union, as I have defined it, runs antithetical to the very core of the new-deal philosophy. Business men are being allowed to pool their information and experience in vast trade associations in order to make a concerted drive against the evil features of modern industrialism. They have been permitted to recognize the values of unity and the destructive tendencies of discrete activities and to act accordingly. If employees are denied similar privileges, they not only are unable to uphold their end of the labor bargain; in addition they cannot cope with any problems that transcend the boundaries of a single business.

BENEFITS AND FAILINGS

The company union has improved personal relations, group-welfare activities, discipline, and the other matters which may be handled on a local basis. But it has failed dismally to standardize or improve wage levels, for the wage question is a general one whose sweep embraces whole industries, or States, or even the Nation. Without wider areas of cooperation among employees there can be no protection against the nibbling tactics of the unfair employer or of the worker who is willing to degrade standards by serving for a pittance.

The inability of employees to unite in larger groups has not only limited their efforts to secure a just share of the national wealth. It has interfered with their attempts to provide insurance against sickness and old age and to exert an effective influence upon salutary labor legislation. It has hampered the efforts of labor to preserve order within its own ranks or to restrain the untimely and wayward acts of irresponsible groups. In this latter aspect its unfavorable effect upon employers as well as workers stands clearly forth.

Even when dealing with problems that may without injury be delimited to the single company, the worker under company unionism suffers two fatal handicaps. In the first place, he has only slight knowledge of the labor market or of general business conditions. His trade is tending a machine. If forbidden to hire an expert in industrial relationships, he is entirely ineffectual in his attempts to take advantage of legitimate opportunities.

Secondly, only representatives who are not subservient to the employer with whom they deal can act freely in the interest of employees. Simple common sense tells us that a man does not possess this freedom when he bargains with those who control his source of livelihood.

I am well aware that many employer-dominated organizations now permit their employees to choose outside representatives, and the National Labor Board has affirmed this policy in a recent case. But this right is a mockery when the presence of a company union firmly entrenched in a plant enables an employer to exercise a compelling force over the collective activities of his workers. Freedom must begin with the removal of obstacles to its exercise.

MAJOR QUESTIONS INVOLVED

Major questions of self-expression and democracy are involved. At a time when politics is becoming impersonalized and when the average worker is remote from the processes of government, it is more imperative than ever before that industry should afford him real opportunities to participate in the determination of economic issues.

The company union is generally initiated by the employer; it exists by his sufferance; its decisions are subject to his unimpeachable veto. Most impartial students of industrial problems agree that the highest degree of cooperation between industry and labor is possible only when either side is free to act or to withdraw, and that the best records of mutual respect and mutual accomplishment have been made by employers dealing with independent labor organizations.

THE COMPANY'S CASE

The principal argument advanced by the proponents of company unionism is that it promotes industrial harmony and peace without subjecting the individual company to the intrusion of outside labor groups who have no interest in the company's practices. Of course, in our complicated economy the interests of all employers and all employees are inextricably intertwined, and the assumption that outside workers have no valid interest in the labor standards prevailing within a plant is demonstrably false. Besides, a tranquil relationship between employer and employee, while eminently desirable, is not a sole desideratum. It all depends upon the basis of tranquillity. The slave system of the old South was as tranquil as a summer's day, but that is no reason for perpetuating in modern industry any of the aspects of a master-servant relationship.

As a matter of fact, the company union cannot sustain even the claim that it tends to insure industrial peace. Men versed in the tenets of freedom become restive when not allowed to be free. The sharp outbreaks of economic warfare in various parts of the country at the present time have been caused more by the failure of employers to observe the spirit of section 7 (a) of the Recovery Act than by any other single factor. It has been my observation that industrial strife is most violent when company unionism enters into the situation, and that the company union line of organization is least likely to bring forth the restraint of irresponsible employees by others of their own group.

The implications of what I have just said are clear. If the employer-dominated union is not checked, there are only two likely results. One is that the employer will have to maintain his dominance by force, and thus swing us directly into industrial fascism and the destruction of our most-cherished American ideals; the other is that employees will revolt, with wide-spread violence and unpredictable conclusions.

The final argument advanced for company unionism is that it should be allowed to compete against trade unionism in an open field. If by company unionism one means simply the right of employees to confine their activities to a single employer unit when they wish to do so, I do not object to that principle in the slightest, and there is nothing contrary to it in the bill which I have introduced. But if by company unionism one includes the right of employers to obstruct the development of a more wide-spread employee cooperation, such a policy cannot be allowed to continue if we intend to pursue the philosophy of the new era.

THE NEW BILL

The new bill forbids any employer to influence any organization which deals with problems such as wages, grievances, and hours. They should be covered by a genuine labor union. At the same time, the bill does not prevent employers from forming or assisting associations which exist to promote the health and general welfare of workers or to provide group insurance, or for similar purposes. Employer-controlled organizations should be allowed to serve their proper functions of supplementing trade unionism, but they should not be allowed to supplant or destroy it.

Failure to meet the company-union challenge has not been the only defect of section 7 (a) of the Recovery Act. This section provides that employees shall be free to choose their own representatives. It has been interpreted repeatedly to mean that any employee at any time may elect to deal individually with his employer, even if the overwhelming majority of his coworkers desire a collective agreement covering all. Such an interpretation is detrimental to the practice and contrary to the theory of collective bargaining. It permits an unscrupulous employer to divide his employees against themselves by dealing with innumerable small groups or with individuals.

In my opinion, Congress certainly did not intend that the law should operate to place employees in a more unfavorable position than they were before the Recovery Act was passed.

The proposed legislation does not resolve the question of the closed-union shop. Such issues should be worked out by labor and industry in the course of experience. But the bill, if enacted, would make it clear that Congress has not intended to foreclose

the issue by illegalizing the closed-union shop or by placing any other obstacles in the way of making collective bargaining a working reality.

QUESTION OF RECOGNITION

The third major defect of section 7 (a) is that while it guarantees to employees the right to organize, it does not state explicitly the right to receive recognition through their representatives. This explains why company unionism has increased so rapidly despite the fact that other labor organizations have added 2,000,000 to their membership during the past year. Employees have been assured of their right to join whatever unions they prefer, but they have been forced to bargain either individually or through company unions.

This refusal of employers to deal with properly chosen representatives has been the cause of more than 70 percent of the disputes coming before the National Labor Board. The new bill is designed to remedy this evil. It is modeled upon the successful experience of the Railway Labor Act, which provides that employers shall actually recognize duly chosen representatives and make a reasonable effort to deal with them and to reach satisfactory collective agreements.

ATTITUDE OF EMPLOYERS

When the factual situation that confronts us is analyzed carefully and comprehended fully, I am sure that employers as well as employees will favor the proposed measure. Fair-minded employers who are now allowed to band together in huge trade associations do not desire to deny analogous rights to their workers. Fair-minded employers do not relish the pretense that industry and labor are upon an equal footing, when, in fact, industry controls both sides by dominating the strategic points in the areas of controversy.

Most important of all, far-sighted and broad-visioned employers who recognize the certainty of economic discord and the threat to our entire economic program that is implicit in the present status of labor relations will join whole-heartedly in this proposal for improvement.

There always will be an unfair minority who are amenable only to coercion. For this reason the National Labor Board, under the new bill, would be vested with statutory sanctions and given actual powers of investigation and restraint similar to those exercised by the Federal Trade Commission in cases of unfair competition. It would be composed of 7 members, including 2 representatives of employers, 2 of employees, and 3 of the general public, and it would be empowered to set up regional or local boards.

FUNCTIONS OF THE BOARD

The present National Labor Board, set up by Executive order, has carried on its activities for half a year. In that short time it has helped 650,000 employees, who were engaged in disputes, to return to work or to remain at work, upon terms satisfactory to all interested parties and promising durable peace. The chief function of the new board would not be to act as policeman or judge but to mediate and conciliate industrial disputes and to offer its services as arbitrator when the parties so desired. Aside from its power to prevent the specific unfair practices that would be forbidden by the law, it would not have the slightest flavor of compulsion. It would have no kinship to compulsory arbitration. It would continue to promote peace rather than strife and to appeal to the better judgment and good intentions of industry and labor.

When this board is established and bolstered by adequate sanctions and a clarification of the substantive law, it will help to solve the thorniest problem confronting us today and be one of the chief bulwarks of our future economic prosperity and social justice.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. NORRIS obtained the floor.

Mr. LEWIS. Mr. President, will the Senator yield to me to make an announcement?

Mr. NORRIS. I yield to the Senator.

Mr. LEWIS. With the kindness of the Senator, I should like to state the program as it seems to be understood. The Senator from Nebraska [Mr. NORRIS] will speak first. I take the liberty to say I will follow him, and after I shall have concluded and speakers on the other side of the Chamber shall also have concluded, then the Senator from Missouri [Mr. CLARK] and the Senator from New York [Mr. WAGNER] ask to be heard for the remainder of the day, if there shall be time, and also the Senator from Rhode Island [Mr. METCALF]. I thank the Senator from Nebraska.

Mr. NORRIS. Mr. President, in the few remarks I shall offer upon the pending treaty I wish to express myself, to begin with, as being satisfied that those who oppose the treaty are moved by the same high conscientious motives that move those who favor it. I say this because I cannot understand, from my viewpoint of the situation, how any American citizen can be against the treaty.

For a great many years the great Middle West has looked forward to the time when the St. Lawrence River would be made navigable for ocean-carrying vessels. In that great Mississippi Valley there are millions of people who for years have, by the sweat of their faces, produced the food that fed the Nation. We have seen many millions of public money appropriated and used in the improvement of harbors along the Atlantic coast and along the Pacific coast. We have seen other millions expended in the building and improvement of the Panama Canal, knowing that the benefits would in the main go to the coast States of our country, and that to some extent it might hamper the activities and the prosperity of the people of the great Mississippi Valley.

I have taken for granted, as I think most of the people in that section of the country have, that the time would come when we would improve the St. Lawrence River. I had assumed, perhaps wrongly, but I had assumed nevertheless, that there would be little or no opposition to a treaty such as we have before us now. I think most of the people in my section of the country have felt that way.

I have been dumbfounded at the opposition, not because the opposition has done anything wrong but I have been dumbfounded to see the strength of the opposition that has developed to the treaty on the part of honest people who do not look upon the question from the same viewpoint that I do. I am somewhat embarrassed to know how to solve the question in the face of that opposition sentiment when I see how it has grown and spread.

As I have said, I think it has been the universal sentiment of the great Middle West that the St. Lawrence River would be developed as a matter of course. To us in the Middle West it means a great deal. To the farmers of the great Mississippi Valley and the Missouri River Valley it is an important question upon which, so far as I know, there is no division of sentiment. I supposed all the people in that great valley were unanimous in favor of this development. For years we have been helping other sections of the country, doing it without any complaint because we believed it was our duty.

The question now presented, it seems to me, is national in its scope. I do not believe that the citizens of the great Middle West are moved by any jealous motives. I have lived nearly all of my adult life in that great valley. It will be only a few years until my bones will be laid to eternal rest in that soil. I approach this subject from the viewpoint of one who believes from the bottom of his heart that it is only justice to the people of the Middle West that the treaty be ratified. I am not asking for mercy; I am pleading for justice.

One of the great drawbacks to the great Middle West is the high cost of transportation. The farmers of that great agricultural section of the country, bread basket of the Nation, which produces much of what we eat and much of what we wear, are handicapped by the high cost of transportation, a handicap that does not affect the Pacific coast and does not affect the Atlantic coast. We in the Middle West lack water transportation. Cheaper transportation than we now have is necessary if we are to be prosperous and be happy. We have lived for years with the idea that the time would come when such a treaty as the one now pending would be made and ratified.

The men who pay transportation both ways, one way on what they sell and one way on what they buy, the men who pay the freight on everything they buy and have the freight deducted from what they receive for everything they sell, are asking nothing but justice at the hands of the United States Senate. We have stood by while the Congress built up the harbors and improved the rivers and built canals; and we have paid our share of the expense and subjected ourselves in some cases to a great handicap on account of it. We are now asking not as a matter of mercy but as a matter of right and as a matter of justice that we be given in a national way relief and help such as we have aided in giving to the rest of the Nation.

The question is national. It ought not to be decided on the basis of some local objection. It ought not to be decided on the basis of some trivial consideration even though there may be some justice in the viewpoint of those interested from such a standpoint. The question ought to be

decided on the broad ground of what is good for the Nation as a whole.

Cost of transportation enters into everything we eat and wear and use from the cradle forward to the coffin. It enters into everything connected with our civilization. This great treaty will lower the cost of transportation for those people who are overburdened because they are producing at a financial loss much of the food we eat and much of that which we wear. Transportation is one of the chief items of cost involved in those products. Now the Senate has an opportunity to lower the cost of transportation.

By ratifying this treaty we would bring the Atlantic Ocean a thousand or so miles nearer the Mississippi Valley. We would increase the prices the farmer would get for practically all the farm products of the Nation. We would by this treaty do what we have been trying to do for several years by various acts of Congress, most of which have at least partially failed. As a nation in this civilized day are we not entitled, not only the farmer, but everybody else, to the lowest possible cost of transportation that enters into the cost of living, that enters into everything with which we have to do?

Are we going to say that the world shall stand still? Are we going to say that we will not take this step in advance? Are we going to deny to the farmers of the West the cheapening of their transportation to the seaboard, and the cheapening of the freight from the seaboard to the interior of the country? Are we going to turn our backs upon the sun of civilization and go backward? Are we going to say that improvement must end? Are we going to continue to increase the burdens of these millions of people simply because of some selfish objection or because of some local interest or local prejudice that exists somewhere?

It does not seem to me possible. It does not seem to me that the Senate can turn its back upon the demand of these people, who for so many years have been crying aloud for the right to live, the right to get cost for what they produce, that we must have in order to live.

What are some of the objections to this treaty, Mr. President?

It is said that the construction of this seaway will injure men who are employed upon our railroads. It is objected to by the coal men because some water power will be developed. It is objected to by some men on railroads—short-sighted men, I think—because they say it will interfere with transportation from the Great Lakes to the Atlantic Ocean. After all, I think that is a narrow, narrow viewpoint. The world never would have taken a step in advance if our forefathers had always adhered to that rule. We would have been cutting wheat today with a sickle, as they did in the days of Abraham. The history of civilization is the story, in the main, of improved machinery and improved methods of transportation.

If our forefathers had adhered to that rule years ago there would have been no railroads. You can go back and look up history and you will find that many men condemned the advent of the railroad. There would not have been any roads; there would not have been any wagons; there would not have been any automobiles, because somewhere someone said, "I am going to be thrown out of employment if this new thing goes into operation."

I wish I could say to every laboring man in the United States, "If you take the view that we must not improve our transportation system because it is going to throw somebody out of a job, you take a position that not only will prevent advancement but that in the end will kill every labor organization in existence." Labor cannot afford to stand against the advance of civilization. It cannot afford to condemn new types of machinery or improved methods of transportation.

But, Mr. President, the construction of this seaway will not injure men on the railroads. This great improvement will not be completed, if it is commenced, for 10 years. Every man who loses a job, if there be any, will probably find a better one in its stead. I cannot tell what it is going to be, or when it is going to be; but God in His wisdom, in the development of our advancing civilization, has found a niche somewhere for every man who has had to give way when, for the public good, some improvement went into operation. Things will adjust themselves before the 10 years are up if we advance as everybody has a reasonable right to anticipate we will. There will be a necessity for additional railroads over what we have now in order to do the business of the country.

Everything of that kind always has righted itself in the past. It will in the future. In other words, we must not try to prevent, in the name of labor, the introduction of improved machinery and the advance of civilization. We can dam up a river if we want to, and hold back the flood waters for a while; but, if we continue, the time will come when the embankment made by man will be unable to withstand nature's demands, and the damage will be all the greater, the flood all the more destructive, on account of the artificial obstruction.

If I may be permitted to refer to a personal incident, I remember, when I was a grown boy, working out by the day on the farms of our neighbors, that the time in the year when we received greater pay than any other was during the wheat harvest, when it was necessary to have men to bind the wheat. I remember when the self-binder came in, and when I had a job, with other boys like me, binding wheat in the neighborhood it was noised about that Jim Mook, a wealthy farmer, had bought a self-binder, and that it would bind by machinery. Generally it was not believed among men who were doing the work that I was doing. We thought it was impossible for a machine to be invented that would ever tie a knot; but it did work, and I remember the field where it was first put in operation, the largest wheat field in that community, the largest one that I had ever known at that time—40 acres. The self-binder worked 1 day, and that night somebody took some of the sheaves of wheat and piled them around the binder and set fire to them, and Jim Mook's binder disappeared.

When I went home that Saturday night I knew that sitting by a tallow candle, either reading the Bible or knitting a stocking, would be an aged mother waiting for her only living son's return; and I will never forget, when I entered, the first word that mother said was, "William, have you heard about Jim Mook's self-binder?" I said, "Yes, mother; I have heard about it." As quick as a flash came the next question: "Wasn't that awful?" I said, "Yes; I think it was awful." Then, as quickly as one thought could follow another, came the next question: "But what are we poor people going to do?"

There it was in a nutshell. We saw our jobs disappearing because of the self-binder. "What are we going to do?" We could not see into the future.

That, however, was all taken care of. The self-binder has come. It has given way in many parts of the country to still further improved wheat machinery; and the men who bound wheat with me in those days, years ago, all found other jobs. They all found the niche where they would fit. Nature has made no mistake in that respect. The argument I desire to make, however, is that, even if there were no other jobs, no man can justify himself in standing in the way of human advancement. As I look at it, no man can justify his position in being against this treaty.

I know it is said by some along the Mississippi River that the construction of this waterway will interfere with the development of that country; that it will interfere with the development of the Mississippi River.

Mr. President, I have lived in the Mississippi Valley nearly all my life. One of the last things I should ever want to do would be to hinder or interfere with the development of that great valley. The people who live in that valley and who want this treaty ratified are in no sense, under no circumstances, against the development of the Mississippi River. We want to have it developed to its highest extent. But, Mr. President, if there are two ways of shipping the produce of that great country to market, we want them both. The ratification of this treaty will in no way interfere with the development of the Mississippi River.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. THOMPSON in the chair). Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. BARKLEY. Looking at this matter from a long-view standpoint, assuming that some day the Mississippi River will be connected with Lake Michigan, which has been a project under discussion for many years, I wonder whether the Senator would be willing or is prepared to discuss the possibility that the St. Lawrence Canal might ultimately contribute to the further development of the Mississippi River as a navigable stream, and as giving an outlet, both north and south, to the products of the Mississippi Valley.

Mr. NORRIS. I think it will contribute to that possibility. If we crawl into a hole out there and say we want all the produce of that great section of the country to go down the Mississippi River, and none of it to go through the St. Lawrence Canal, we will only be standing in the way of progress, we will only be blocking the road; we will be in the way. One development will help the other.

Mr. President, I desire to discuss briefly some of the contentions made about taking water out of the Lakes. If some of the contentions made by those against this treaty are well founded, we have a right to drain the Great Lakes, we have a right to take the waters of Lake Michigan, Lake Huron, and Lake Superior, and turn them all into the Mississippi River. I cannot agree with that.

First, there is an international question. We could not do that because such action would be a violation of international law. We have no right, under international law, to take any water out of Lake Michigan. We have no right to take that water out because such action would not only violate international law, but it would violate the rights and the privileges of those using the harbors of Lake Michigan, Lake Erie, Lake Huron, and Lake Superior.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. LONG. I have understood the proponents of the treaty, particularly the Senator from Wisconsin and others, not to question that America could do what she wanted to do with Lake Michigan.

Mr. NORRIS. I question it. I will say to the Senator, the leader of the opposition to the ratification of the treaty, that I believe if he will consider the matter fairly he will be compelled to reach the conclusion that we have no lawful right and have no moral right to take the waters out of Lake Michigan and put them into the Mississippi River.

Mr. LEWIS. Mr. President, if I may interrupt, if the Senator referred to me as the leader of the opposition, both by national law and international law we have the right to the American waters and the right to deny the privilege of other countries under any law to take these waters to a foreign country in opposition to American sovereign rights.

Mr. NORRIS. Mr. President, I do not expect all the Senators will agree with me in this matter; but if we can take 15,000 cubic feet of water per second out of Lake Michigan, we can take 30,000. If we have a right to take 30,000, we can take it all out. If we did have a right, under international law, to do that, I would not be in favor of doing it. I think it would be morally wrong, even if not legally wrong.

Mr. LONG. Mr. President, cannot the Senator concede, inasmuch as there is such a difference of opinion, that there will come a time when we will need the water of Lake Michigan, or some of it?

Mr. NORRIS. No; I do not think the time will ever come, I will say to the leader of the opposition. But I would have to admit that we could not do it even if I believed that time was coming. If it is wrong to take that water out, if it is illegal, no matter how badly we wanted it, we would not have any legal right to take it.

Mr. LONG. What are we to do about the amount they are taking there now?

Mr. NORRIS. We have an agreement about taking it.

Mr. LONG. With whom?

Mr. NORRIS. There is a Supreme Court decree about what they shall take. We have given Canada some additional power in order to compensate for her loss at the Chicago diversion.

Mr. LONG. I will not ask the Senator any further questions in regard to that. I had understood that there was no question whatever about our owning Lake Michigan and having the power to do whatever we wanted to do with Lake Michigan.

Mr. NORRIS. We cannot take the water out of Lake Michigan without taking it out of Lake Superior and Lake Huron.

Mr. LONG. It might be said we cannot take it out of that lake without taking it out of the Arctic Ocean.

Mr. NORRIS. In the first place, I think it would be illegal. If it were not illegal, it would be wrong morally and we would not want to do it. All the cities located along the lake shore on the American side would have a moral right to object. I think it is as old as the common law that, under the law, we could not do that. Whether we could or whether we could not, we would not want to do it, as I look at it, and even if we wanted to do it we could not because it would be illegal.

For the various reasons I have stated I cannot agree that there will be a time in the future when we will want to take such action. But even if my vision were as great as that of the eminent leader of the opposition, I would have to admit that it would be wrong, that we would have no right to take that viewpoint. It seems to me I would be compelled to admit that. If there were no law applicable whatever, would anybody say that we should drain the Great Lakes without Wisconsin and Michigan and Ohio and the other States as well as Canada being taken into consideration and consulted? Would we have a right to do it if there were no law on the subject?

In the first place, in a general way, as I understand the treaty, it provides for the payment of the expenses incident to the construction of the waterway, one half by the United States and one half by Canada. Is there anything wrong about that? Is not that fair?

Mr. LEWIS. Mr. President, since the able Senator asks the question for reply, I must say there is something wrong about it. It is that Canada would pay about one fourth or one third, and we would pay about three fourths or two thirds.

Mr. NORRIS. I will say there is something wrong about the answer. One half is charged to Canada, one half is charged to the United States. If there were to be any difference in the costs to the two countries one could make a very good argument to the effect that the United States should pay the greater part of the cost. I think we will get much more benefit out of the waterway than will Canada. While Canada has a few cities along the Canadian shores of these Lakes which would be benefited, we have dozens of them. We have 10 or 12 times as many people living in the vicinity of the shores on this side as live on the other side.

I anticipate that if this treaty shall be approved, and shall go to the Canadian Parliament, there will be those there who will argue that it is unfair to Canada because Canada is to pay one half of the expense and the United States is to get more than one half of the benefit.

Mr. BONE. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BONE. Is it not a rather interesting fact that Canada, which is to pay one half, as the Senator indicates, is a country with only 10,000,000 population, as against 123,000,000 in this country?

Mr. NORRIS. I think that is a very good point. Yet it is argued that we are going to employ Canadian labor and use Canadian materials at a certain place. Do the Senators so contending realize that something of that kind is necessary where we are building a canal or building a dam along the border? We have our laws in reference to labor; we have our tariff laws in reference to materials. We could not concede that Canada should come over here and bring

Canadian laborers or Canadian materials into this country. Nor could we go over there. The work is to be done by an international commission the treaty sets up. When the work takes us to the Canadian side, the commission will necessarily have to use Canadian material. Our tariff laws do not apply in Canada. When they are on our side, it will be different. Is not that right? Could we do anything different in drawing a treaty? Could it be said that our people were unfair when they conceded that such a thing could be possible?

It is claimed that those who negotiated the treaty in our behalf were fooled all the way through. I have heard that so much that to me it is almost nauseating. We know who our representatives were. Have we any reason to question their honesty? Do we not all admit their ability? Is there any question about these negotiations from beginning to end that makes it look as though our representatives were fools and the Canadian representatives were wise men?

I take it that each side was moved by the incentive to be fair to the other side. We did not want any advantage of Canada, and Canada did not want any advantage of us. So far as I am able to see, when one looks at it candidly, he will find that there is nothing unfair, that there is nothing unnatural, connected with this treaty from its beginning to its ending.

Mr. President, so much has been said during the debate about the politics involved in connection with the treaty that I desire to discuss the matter just a little from the party standpoint.

Let me say to the Senators who do me the honor of listening that I am now going to discuss the question from the viewpoint of the party man, not from my viewpoint. I concede that I am entirely moved in my vote upon the treaty by my own convictions, and not in any degree by the platform of any political party, and I think such conviction ought to decide the question. But there are many men more able than I, and just as honest, who do not agree with me as to that, but who believe in the party system of settling such questions as this.

Let me read from the Democratic platform. As I am discussing this question now, as I said before, I am not discussing it with the idea that the views of the people who want to follow party in a matter like this are correct. I think the only thing in the Democratic platform pertaining to this question, by any possible construction, is the following:

> We advocate the extension of Federal credit to the States to provide unemployment relief wherever the diminishing resources of the States make it impossible for them to provide for the needy; expansion of the Federal program of necessary and useful construction affected with a public interest such as adequate flood control and waterways.

I am not finding fault with any Democrat who says that he is not bound by his party platform to support the treaty. A Senator can easily bind himself by reading into the platform something that he says is implied, if he wants to be bound by it, and excluding it if he does not want to be bound by it.

This quotation from the Democratic platform will let Senators in or let them out, just as they want to be. It covers everything and it does not touch anything. They can give it as a defense for their vote for the treaty, and they can give it as an excuse for their vote against the treaty.

Whatever may be said about the Democratic platform, nothing of that kind can be said about the Democratic candidate for President. He announced his construction of the platform. He announced his support of the treaty early in the campaign. He deceived nobody. He took an advanced position in favor of the treaty, he held it during the campaign, and he let everybody know the position he took. There was not anyone who wanted to know how the Democratic candidate stood but could easily have found out where he stood on the proposition. While I do not believe the position taken by the candidate binds a man to vote for the treaty in the Senate, it did put everybody on notice that the Democratic candidate for President was in favor of the treaty. It put everybody on notice that he believed that a conclusion justifying such a position could be drawn from the Democratic platform. He was for it. So that no complaint could be made by the voter on account of any equivocation or lack of decision on the part of the Democratic candidate for President.

Let us see about the Republican platform. The Republican national platform said:

> The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. Under the direction of President Hoover negotiations of a treaty with Canada for its development is now at a favorable point. Recognizing the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base, the party reaffirms allegiance to this great project and pledges its best efforts to secure its early completion.

There is nothing deceptive about that platform. There is nothing about that language that can be misunderstood. Every man who can read must reach the conclusion that the Republican platform made a pledge in favor of the treaty.

But it might be said by some Republicans that the treaty at that time had not been completed. It had been completed, as a matter of fact, but had not been published. It was completed by the Republican candidate for President, Mr. Hoover. There was not any doubt where he stood on it. He negotiated the treaty. The Republican platform endorsed it.

Are Republican Senators bound to support the treaty? From my viewpoint I concede they would not have to be for it. From a party viewpoint, if there ever was a provision in a platform that bound anyone, this one does so. If there ever was a platform that undertook to bind its party adherents this one does it.

I will read a little more from the Republican platform, showing how the makers of that platform felt it ought to be construed:

> The delays and differences which recently hampered efforts to obtain legislation imperatively demanded by prevailing critical conditions strikingly illustrate the menace to self-government brought about by the weakening of party ties and party fealty.

That is in the Republican platform. Those are grave words. They mean that it is the duty of a member of the party to stand by the platform to the end. Says this platform:

> Experience has demonstrated that coherent political parties are indispensable agencies for the prompt and effective operation of the functions of our Government under the Constitution. Only by united party action can consistent, well-planned, and wholesome legislative programs be enacted.

How do the Republicans like that? It says—and this is the Republican platform—that this is the only way in which we can get action for the benefit of our common country.

Let me read it again:

> Only by united party action can consistent, well-planned, and wholesome legislative programs be enacted.

Further on it says:

> We earnestly request that Republicans through the Union demand that their representatives in the Congress pledge themselves to these principles, to the end that the insidious influences of party disintegration may not undermine the very foundations of the Republic.

What does that mean? How can a Republican, a party man, excuse himself for not writing to Senators and asking them to back up the treaty that was agreed to in the Republican platform?—

> We earnestly request that Republicans through the Union demand that their representatives in Congress pledge themselves to these principles—

What are they? The building of the St. Lawrence Seaway Canal is one of the principles to which Republican Senators are pledged.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. Who is pledged? All the Republicans? Does that mean that everybody in the Republican Party, some of whom did not go to the Republican convention, are pledged to that platform?

Mr. NORRIS. Mr. President, will the Senator repeat his question?

Mr. LONG. Does that mean, Mr. President, that all Republicans are pledged to the Republican platform?

Mr. NORRIS. I said from the viewpoint of the party man every Senator on the Republican side is pledged to vote for the ratification of the treaty.

Mr. LONG. I do not exactly understand, Mr. President. I thought the Senator and myself had been telling the people to throw off the party pledge.

Mr. NORRIS. That is what I said a while ago.

Mr. LONG. I did not hear that.

Mr. NORRIS. Yes; that is what I said a while ago. I am arguing now from the standpoint of the party man, calling attention to the viewpoint that he has to take to be consistent. There is no escape from it.

Mr. LONG. This might be one of the times when it is well to see the wisdom of following the course of the Senator from Nebraska in not always following the party platform.

Mr. NORRIS. This is one of the times when the Senator from Nebraska is pleading that the party observe its promise. This is one of the times when he is pleading with those who make platforms and those who swear by them to stand by them; in other words, to do what they agreed to do, to keep their word.

I do not know how much effect this plea of mine is going to have. I have become an outcast in the main because I have refused to let party platforms and party men control me. That is what party men have against me. So far as I know, that is all they have against me. I want to see how many Republicans on this side of the aisle are going to be in my class, and how many are going to stand by their platform, as I am advocating they should do.

Mr. LONG. Mr. President, may I ask the Senator how long he has been in Congress refusing to be bound by the party platform?

Mr. NORRIS. Oh, so long that the memory of man runneth not to the contrary. [Laughter.]

Mr. LONG. Would it not be a good thing for those who wish to stay in the Senate to follow the course of the Senator from Nebraska and refuse to be bound by party platforms?

Mr. NORRIS. I do not know. They will have to decide that question for themselves. I am not arguing that point. I am making the argument that they ought to keep their word. I do not know whether they want to stay in Congress, but whether they stay or not, I ask them to keep their word. I ask them not to violate their pledge. They have pledged their honor to be for the treaty, and they ought, from my standpoint, to vote for its ratification. There is no escape from that conclusion. Some of the men like me in the Senate are condemned, and if the question is asked as to why we are condemned the answer is because we do not abide by our caucus rule, we do not support candidates sometimes, we do not stand by platforms sometimes. The very reasons that such men as I have been condemned make it imperative now to keep the record straight, in order that Republican Senators may now vote for ratification of this treaty.

I have here a copy of a speech delivered over the radio by the Senator from Iowa [Mr. DICKINSON]. He delivered it on the 30th day of July 1932. That was after both conventions had been held. He delivered it in the afternoon—remember that, because I am going to refer to another speech delivered on the evening of the same day over the radio—and the principal object of this speech, I think, was to convince the hearers that the Republican Party had stood by the farmer; and he did a very nice job of it, as will be seen by anyone who reads the speech. For my purposes I want to quote one portion of the speech. After he had enumerated a number of things the Republican Party had done for the farmer, the Senator from Iowa said:

> Another subject of vast concern to American agriculture, and particularly to this industry in the great Northwestern States, is the Great Lakes-St. Lawrence Seaway. Favoring this route from the first, President Hoover has succeeded in negotiating a treaty with Canada by which this waterway will be built and a cheap transportation outlet to the Atlantic will be given to the farmers of the Middle Western and Northwestern States.
>
> Just where the Democratic Party stands on this seaway is questionable. It failed to make any mention of it in the party platform. The story goes that a declaration in favor of it was proposed and rejected. Upon learning this, Senator Walsh, of Montana, permanent Chairman of the Democratic Convention, raised a fog, but without success in having a declaration written into the platform.

That was on the 30th day of July. He was at Chicago when he delivered that speech at 1 o'clock in the afternoon. On the same evening——

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. I yield.

Mr. VANDENBERG. I wish the Senator would call attention to the fact that the speech to which he has referred was delivered 2 weeks after the treaty was published, so that there is no question about any generalities in the endorsement.

Mr. NORRIS. I thank the Senator for the suggestion. The treaty was published on the 18th of July and the speech was delivered on the 30th.

That same evening the Democratic candidate for President made a speech over the radio, and in that speech he stated that he was for this great seaway. Mr. Roosevelt, at that time candidate on the Democratic ticket, undertook to say that, as he looked at it, the St. Lawrence project was included in the public improvement or the unemployment plank of the Democratic platform; at least, he was for it and advocated it. The next morning the Senator from Iowa [Mr. DICKINSON] sent a telegram to the Democratic candidate for the Presidency, Mr. Roosevelt, from which letter I desire to read an extract:

> FRANKLIN D. ROOSEVELT,
> *Executive Mansion, Albany, N.Y.:*
>
> In your radio address last night while reading what you informed your national audience to be the Democratic platform you made use of the phrase, "including the St. Lawrence-Great Lakes deep waterways", in what you called the Democratic unemployment plank. I am constrained to believe that in so doing you have, knowingly or otherwise, committed an amazing deceit upon the American people. It is unfortunate that you should begin your campaign for the Presidency so inauspiciously.
>
> I have before me the official copy of the Democratic platform, issued at Washington following the Democratic convention by the Democratic National Committee, in which there is no reference to the Great Lakes-St. Lawrence deep waterway.

He discusses several questions, and finally says:

> Can it be the intention of your managers to foist this rewritten platform, together with your comments thereon, upon the American people as the original and genuine article? If so, it is significant that it will be done only after President Hoover had successfully concluded the St. Lawrence Seaway Treaty, and after you undoubtedly had learned of the immense popularity of that project with the farmers of the Middle West.
>
> I have taken it upon myself to direct this inquiry to you because only a few hours prior to your speech I addressed myself over the radio to the American farmer on this very subject. I stated:
>
> "Just where the Democratic Party stands on this seaway is questionable. It failed to make any mention of it in the party platform."

Going to show, Mr. President, that the leaders of the Republican Party were making a claim, which I think they were justified in making, that the Republican Party stood for this seaway and that the Democratic Party had not stated whether it was for it or not, and criticizing Candidate Roosevelt because he was for it and because he was trying to convince his hearers that he could be for it under the Democratic platform, criticizing him in language hardly courteous, and in the same breath saying to the farmers of America, "Here is this great seaway that we are going to build. The Republican platform is for it; the Republican President is for it." Now, however, some of the Republican Senators are against it. It is more than I can understand.

Mr. President, I had expected to discuss the question of power, but, on account of my physical condition, I will not be able to do that today. Perhaps sometime during the consideration of the treaty, in connection with some of the

amendments which may be proposed to it, I shall offer some remarks on that subject.

Mr. LEWIS. Mr. President, may I ask the Senator from Nebraska if he has yielded the floor?

Mr. NORRIS. I have.

Mr. LEWIS. I ask to be recognized.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. LEWIS. Mr. President, may I say that one of the Senators asked me if I would yield to him for some matter he desires to present. I inquire if that Senator is on the floor. [A pause.] I understand the Senator who made the request has been called to one of the departments.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Oklahoma?

Mr. LEWIS. I yield.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	King	Robinson, Ark.
Ashurst	Davis	La Follette	Robinson, Ind.
Austin	Dickinson	Lewis	Russell
Bailey	Dieterich	Logan	Schall
Bankhead	Dill	Lonergan	Sheppard
Barbour	Duffy	Long	Shipstead
Barkley	Erickson	McAdoo	Smith
Black	Fess	McCarran	Steiwer
Bone	Fletcher	McGill	Stephens
Borah	Frazier	McKellar	Thomas, Okla.
Bulkley	George	McNary	Thomas, Utah
Byrd	Gibson	Metcalf	Thompson
Byrnes	Glass	Neely	Townsend
Capper	Goldsborough	Norris	Trammell
Caraway	Gore	Nye	Tydings
Carey	Hale	O'Mahoney	Vandenberg
Clark	Harrison	Overton	Van Nuys
Connally	Hatch	Patterson	Wagner
Coolidge	Hayden	Pittman	Walcott
Copeland	Johnson	Pope	Walsh
Costigan	Kean	Reed	Wheeler
Couzens	Keyes	Reynolds	White

Mr. LEWIS. I beg to repeat the announcement that the Senator from Tennessee [Mr. BACHMAN], the Senator from South Dakota [Mr. BULOW], and the Senator from New Hampshire [Mr. BROWN] are unavoidably detained from the Senate, and that the Senator from Iowa [Mr. MURPHY] is absent on account of a severe cold. I ask that this announcement may stand for the day.

The PRESIDING OFFICER. Eighty-eight Senators have answered to their names. A quorum is present.

IN OPPOSITION TO RATIFICATION OF ST. LAWRENCE TREATY

Mr. LEWIS. Mr. President, I desire the indulgence of the Senate by recalling to them that on all occasions at any time when I have been honored with the floor and their attention I have never declined to yield for interruption at the request of one of my colleagues on either side of the Chamber. Today, sir, in view of the fact that I, as leader, so termed, of debates in opposition to the treaty, have assigned Senators for and opposed, on both sides of the aisle, time for their addresses today, I regard it would be most unfair on my part if, yielding to interruptions of interrogatories and answering them as their merits would call for, I would consume such length of time as would practically cut away the opportunities and privileges of others on both sides of the aisle who expect to speak today.

It is for that reason that I ask my eminent colleagues on either side of the Chamber to defer interruptions until at such point in my address as I may be permitted to yield to them without embarrassment to other Senators awaiting their opportunity to deliver their views.

Mr. President, obeying directions of my colleagues, I open the debate against the treaty at this time. Here I make brave to touch upon a subject of a delicate nature. Information has drifted to this honorable body intimating that the President of the United States has interested himself in soliciting support for ratification of the treaty at the hands of Senators, and these solicitations of the President being by him based on personal sentiment or some prospective political favor. It is also intimated and brought into this Chamber that members of the Cabinet of the President have assumed to address Senators individually, demanding of them the support of the ratification of the treaty as something of an obligation or duty they owe to the President of the United States.

Mr. President, in behalf of the President of the United States I must challenge the accusation, and, knowing him as I do, I must denounce the intimation that he, scholar of the Constitution, faithful public servant of America, would assume to influence his co-colleague body to separate itself from its constitutional duty either as a consideration of sentiment or as compensation for political reward. I deny that any member of his Cabinet would assume to control or intimate influence based on patronage to secure votes of a Senator.

It is a thing to which the distinguished President would not descend, and I here inform my able colleagues that I know no man in all the political life of America or of the world who would hold in contempt more completely the man who would surrender his duty owed to his constituents or constitutional oath as Senator for any form of sentiment or favor than this President of the United States, Franklin D. Roosevelt.

Sirs, it is this President who says to his colleagues of the Senate, "I could not love you so, did I not love honor more."

Mr. President, under the Constitution of the United States the Senate of the United States is the maker of a treaty. Let us have no misunderstanding or misconstruction on this constitutional duty. When a person is named for office—and I am speaking now of constitutional offices—that person is subject to confirmation by the Senate; but if not confirmed by being not acted upon by the Senate he may still take his office and perform its duties. Subsequently the action of the Senate may change his position.

But when it comes to a treaty the Constitution of the United States, by the designation of the people in the creation of the Government, has prescribed and described that it is the States who, with the President, make a treaty; that before such proposed treaty can be said to have been made and executed it shall have had two thirds of the States of the Union in some voice approving it; thus the provision of the Constitution requiring the approving votes of two thirds of this body. Therefore, Mr. President, the Senators and the President are conjunctive forces through which a treaty is made.

If a Senator should abrogate his duty as a Senator and violate his conscience or surrender the rights of his constituents in consideration for any form of favor, political or personal, such a one would violate his oath, he would violate the Constitution, he would desecrate the office, he would pollute the Chamber, and would be unworthy of the name of Senator, and must go out in the air branded by all of honor as a traitor to his trust.

I cannot conceive that any Member now of this body could ever come within that pale or ever be subject to that category. This more I add before concluding this phase: That the history of this body will restore to the mind of any Senator of memory that certain Senators of both political parties in the past—I refer now specifically to the treaty known as the "Hay-Pauncefote Treaty", negotiated between England and the United States, and that other treaty designated as the treaty for the Panama Canal, previously known as the "Nicaragua Treaty"—Senators who for mere accommodation sacrificed a principle and abandoned their constituents or in cowardice shrunk from duty due interests as constitutional officers of this Government—far from being rewarded by the Presidents then in power for this contumely—not only were ignored, but, as they ran for office afterward, not one word of approval, far less of advocacy, of either one of these certain-remembered Senators ever came from the then President of the United States.

So little did he hold such servants as worthy, and so greatly within his heart must he have held them as unworthy, that they not only failed to receive reward, if it had been expected, but they received the silent condemnation of an honorable official serving as President of the United States. We have the fulfillment of the Tarquin text, in the

days the Romans, after the surrender by an officer of his post for reward. Turning in disgust from his presence, the commander hissed, "Oh, ye gods, how we love the traitor while betraying—but, oh, how we hate him when he has betrayed."

Mr. President, I make this allusion that it may not be forgotten that there is a very high sense of honor on the part of the American public, and it is that public to which every Senator at some time or other will be called on to respond for his action, and there he will be met and adjudged, based on how he discharged his duty.

I now, Mr. President, proceed upon the prerogative of an independent Senator, and as a compatriot of my distinguished colleague [Mr. DIETERICH], representing the State of Illinois, we present the reasons for our opposition to the ratification of this treaty and, speaking on my own right, tender to the Senate justification, pledged, sir, not upon a mere local demand of either the waters of the Lakes, or that of a prospective waterway, or that of transportation in behalf of railroads, or that of what is called hydroelectric power, but upon the larger and greater basis of the national preservation, of the sovereignty of the United States, and the dignity and honor of the Republic of the United States of America.

Mr. President, what is that we are asked to ratify? It is a treaty which assumes in its spirit to deliver a part of the sovereignty of the United States, a portion of its land, and much of the sovereignty of its water and land to a foreign country. It is land in part of 3 States; it is land and water in 1 State. I have asked this honorable body in a previous speech to consider the opinion of the Supreme Court of the United States which I read to this body in One Hundred and Thirty-third United States Reports, where the Supreme Court has decided that it is not within the power of the Federal Government to bargain away under treaty the sovereign right of a State, neither as to its property or the rights, privileges, or sovereignty. At the time I read that opinion I had not in investigation revealed a subsequent opinion of the Supreme Court of the United States which I beg now to invite the Senate to consider. It is the concurring opinion of Mr. Justice White as a member of the Supreme Court of the United States in what are known as the Insular Cases, found in One Hundred and Eighty-second United States Reports. There the Supreme Court of the United States again announces that while "in a great war crisis", or as the result of one, or where "a new boundary has been provided for in some new adjustment", the Federal Government may dispose by treaty of certain sections of a State that lie necessarily along the boundary or within the territory of this new adjustment, but that territory forming part of the United States cannot for the object of transfer be alienated by the treaty-making power. In the language of Mr. Justice White, it can only be done—I may read the exact expression—

> From the exigency of a calamitous war or the necessity of a settlement of boundaries.

Mr. President, this treaty has no consent of any State whose property, land or water, is ceded by it or through it.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. LEWIS. In a moment.

I beseech you to note that so cautious on this theme was Britain that under the Ashburton Treaty in 1842 she, recognizing what was essential when she sought a favor of transfer of United States territory looking toward her own interest, forced this Government to adopt that point of view I define. Certain territories from the States of Maine and Massachusetts had been by our Government ceded by an arrangement to New Brunswick, a Province, later a section of the Dominion of Canada. Britain, before she would accept the arrangement as completed, had a provision inserted in the treaty of 1842, known as the "Ashburton-Webster Treaty", calling upon the States to ratify the privilege of Canada to occupy this territory passed to New Brunswick. I describe the portion ceded that had been previously the property of the State of Maine and the State of Massachusetts.

I therefore, sir, invite the attention of the Senate to this situation—the parallel that when Canada sought to obtain possession for her benefit of territory that was American she saw that it was necessary to have the consent of the States involved, and obtained it. This, if you please, sir, was under the conception of our Constitution and the right of the States. But now, sir, she has gradually grown to where she finds it agreeable to accept the surrender by this Government of the privilege of the States and their sovereign rights without seeking from them their consent and to pursue the course of appropriating both the water and the territory of the United States from the different sovereign States of the Union without seeking either their consent or approval or consulting them in conference.

I yield at this moment to the Senator from Louisiana.

Mr. LONG. I did not know the Senator was going to explain the matter so clearly. I was just wondering what the difference would be between giving this water power and this waterway, this part of Illinois and part of other States, to another country, and giving them a part of the territory of the State itself—some of the land. I am just wondering, if this thing can go through, why they could not be given a piece of Louisiana or a piece of Illinois, and let us ratify it here in the Senate.

Mr. LEWIS. The pertinent query of the Senator awakens that interest which would arise from any Senator: If a part, why not the whole? And I may here pay tribute to an excellent treatise upon this very question of international law, where may be found a chapter addressing itself to the query of the Senator from Louisiana. The treatise I allude to is by Prof. Quincy Wright, an eminent author and commentator on international law, now a professor and director of that particular branch of learning in the University of Chicago.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Kentucky?

Mr. LEWIS. I yield to my able friend from Kentucky.

Mr. LOGAN. I always grow a little suspicious of an answer when, instead of a distinguished lawyer such as the Senator from Illinois answering himself, he quotes from some other authority without approval.

Does the Senator from Illinois undertake to state to this body that there is no distinction between the rights in water and in land under the laws of all nations and all States, so far as I know?

Mr. LEWIS. I answer my able friend by saying that subject has not been touched by me. I will, however, assume it and answer this:

The rights to land, if ceded within a State or from a State, in my opinion cannot be had without that State assenting. The right to water is not to the water as a title, but to the mere use of the water for the purpose either of navigation or sometimes for sanitation. The difference arises in this, that one may grant the privilege of the uses without granting the right of title to water, and thus by that arrangement may carry with it the privilege of enjoying it.

That is my answer.

Mr. LOGAN. That is a correct answer.

Mr. LEWIS. Then, having the approval of my eminent friend, lately distinguished chief justice of the Kentucky Supreme Court, I find a great consolation in his reply.

Mr. LONG. Does that mean that we get his vote, too? [Laughter.]

Mr. LEWIS. I am not so much interested in votes by voice as I am in conviction of the mind.

I must proceed. I have asked the able Senators to defer interruption of me, not because I would not be glad to yield but because there are many Senators whom we have pledged the time today in which they may address themselves to the Senate; and I do not feel that it is exactly fair to consume

that time by the amount that I should have to take in responding to many interrogatories that would be addressed.

Now, sir, having projected the proposition, as I insist I have, I assert that there is no legal treaty before this body for ratification. I come then to what is the situation and what is that which is offered. It is the gift by the United States to Britain of the privileges granted under this treaty.

My eminent friend the Senator from Nebraska [Mr. NORRIS], together with the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senators from both the Dakotas, have called attention to what they feel is a justification for this treaty in what they term "cheap transportation by water."

Cheap transportation? Pardon me; let me ask a question. Cheap to whom? It is intimated that it will be 10 years before this project, if it could be entered upon at once, could be completed. Add to that 10 years the time we know always follows in point of general change of events, and we must reflect that hardly will anyone serving here today survive to enjoy the privilege of using the canal, and if there should be anyone—where are those who assume that in a new era, 10 and 20 years from now, considering the events which have so changed the world in the last 10 years—in our own country, and the events of the world business conditions will be the same as now?

Upon what basis is it assumed that transportation at that time will have a capacity to meet the demands of the generation then living?

Transportation! What is meant by these honorable gentlemen? I call the attention of my able friend from Michigan [Mr. VANDENBERG], who referred to the matter in previous discussions, to the fact that in my previous speech I charged that there will be such regulations along the St. Lawrence, either a municipal regulation fixed by Montreal or a regulation by Canada as a dominion, that will so enhance the costs to any American ship going through the waters and docking at the ports as will make it impossible for an American ship to pass through the waters with American cargoes in such manner as to compete with a British ship in British waters on the way to Liverpool to dispose of a cargo to the profit of the American shipper or the shipment.

My friend from Michigan, and his colleagues speaking with him for the treaty, said I must be wholly in error, that it was not conceivable that such would be or could be done by Canada.

I now answer that it is not for Canada to say. I here assert that out of that prudence that was ever the motivating action of Britain she has provided that when it comes to navigable waters, conscious that it may be used at any time as an agency of self-defense, it shall not be in the privilege of any local government to make contracts or arrangements concerning such that may take from Britain the sole privilege of adjusting it according to the lines of future conflict or commerce that she may find necessary.

I shall read an extract taken from the political science proceedings at Philadelphia, from a speech by the president of the Melbourne University, of Australia, when, speaking of this situation, he produced a copy of the constitution of the Dominion of Canada. I read the quotation:

> The river and harbor questions of the Dominion of Canada are referable to the Imperial Traffic Board of London.

Surely Senators must see what that means. It means that Britain, with a fine sense of self-preservation and due regard of her interest as it may arise in the future, has denied to the local governments the privileges of the control of water which has a connecting relation to the sea, and might at any time be used for defense or for military preparation or for commercial preservation. Therefore, sir, these different burdens upon the transportation passing from America through American territory into Canadian waters, from the Canadian waters to the sea, and from the sea to the ports of Britain, would be controlled by London, and be controlled by London by her traffic board, which is a part, as every Senator here knows, of what England calls her board of trade.

Therefore will it be conceived for a moment that Canada, out of due regard for herself and Britain in the preservation of her natural interests, is going to allow America to come into her waters with an American ship and take such course of privilege as will send it to Liverpool with an advantage over a Canadian ship, the competitor, carrying Canadian wheat from the northwest competing with the wheat from the United States from our Northwest?

Where is the study on the part of these honorable gentlemen who have confided so much and reposed such confidence in the theme that in the hereafter, somewhere, after the generation of the present has passed away, in some new performance upon the theater of life, they will obtain benefits from a competing land that will give to America a superior advantage, when there is vested in the rival the constitutional right, within the treaty, to defeat us at any point and anywhere that suits advantage to do so?

Senators will again gather what was the meaning of these gentlemen, the mayors of the cities, who visited the President of the United States but a short while ago, looking to giving their approval to this canal, leading into the St. Lawrence, and therefore to the waterway. These eminent mayors of the cities were merely conceiving the hope, as they had read from the papers and public prints, that some advantage could come somewhere at sometime. With little knowledge of the facts, they were seeking what? They were presenting, in behalf of their cities, an opportunity for a British ship to come from Britain territory and the Dominion of Canada waters into the United States, to the ports of Chicago, Detroit, Milwaukee, all, anywhere, and unload the merchandise they would bring from the foreign land at the doors of the American interests, and overcome the factories and the merchandise of America by their competition in such manner as to completely bankrupt the hopes and the prospects of American mills and American industry.

Again, sir, these eminent gentlemen, the mayors of the cities, seemed to be unconscious of the fact that they were likewise asking to have that done which would make impossible the building of American ships. There would be the lack of reward or compensation to construct them—their whole business being taken by the foreign ships which, carrying cargo to Europe, would bring foreign goods to the very doors of our great cities, and, unloading them, undo the prospect of an American merchant marine. Even more than that, it would make unnecessary the building of an American waterway in American territory, for that Canadian waterway would supply the necessity by converting the waterway to Canadian uses and surrendering it to Britain, the opponent of America. That is the fate these mayors of cities would have brought to America in their commendation of the project, as it was given us by the press report. It was these city mayors who were quoted by Senators from the western grain States as being the voice of the interests of these States. I make mention of it that we may see what little opportunity these eminent leaders of civic development—the mayors—have had to examine this subject, and how little information they have on such a vital question, which, had they had it, would have converted every mind in an opposite direction from that which it seems to have taken.

Let us say that there is such a thing as these eminent Senators contend, a prospect of cheap water transportation to be born of the project, I, sir, in presenting my opposition to this treaty, would have it known that I present the opposition on the basis that I concede every premise which every Senator advocating the treaty presents as reason and profit. I adopt every theory he suggests as a premise, and, adopting it for this argument, I assume and present the disadvantages to his country, the loss to his countrymen, the destruction of the sovereignty of his own Nation, which he would reap as a result of that which demands.

Where is this extra cost or expense for transportation which he says will be saved? I will concede that the railroads may charge more than may be charged today by certain ships upon certain waters. I am not acquainted, in completeness, with the relative charges either makes, but if the grain is to come from the far Northwest, it must be brought, as I have asserted, by the railroads down to the point where it touches the water. The railroad must then

be paid for that particular haul, or there must be paid the cost of railroad motor transportation. There is no way to overcome that. Then, when it gets to the water of the canal, it must be transferred to some small vessel and be taken to the larger area, where it is to be transferred again to a larger vessel, the larger vessel moving out, let us assume, to the Atlantic. The amount of cost to the owner of that grain for movement has already consumed all of his profits, all that he would hope for.

Now, Mr. President, one other word upon this question of transportation rates. I wonder whether my eminent colleagues have paused to consider that we, the United States, have loaned to the railroads what within a very short while will approximate $4,000,000,000. Will my brother Senators not realize that none of us living by the grace of God and the saving statute of divine limitation can ever hope to see that debt paid? Is it not plain to view that in the meantime that which came to us in the news yesterday, Mr. President, from the Coordinator of Transportation, Mr. Eastman—that it is to be essential for this Government to take possession of the railroads? That this is inevitable?

Is it not plain, sirs, that we take the possession in two ways? In the temporary hour we take the possession of the control of the railroads by either direct or indirect action, in order that we might preserve the security from which we hope some payment of the loan, or later it may be, as seems to be on the road of eventualities, that we become the possessor and owner by foreclosing the debt.

Is it not plain to Senators that between now and then all the shipments on the railroads of the grain of the West will be at the price the farmer himself directs? The railroads will not seek profit from the farmer. The Government controlling the roads will seek just enough to pay the expense, for they are anxious to keep their roads going. If profit at all there be, it will be exceedingly insignificant. And since the public now owns the roads, it is the votes of that farmer and his fellow shipper that will direct the amount of rates. It is his voice that will direct the rates.

If the farmer then will pause he will realize, and if the honorable Senators who represent him will consider they will realize, that there never was a time in all the history of the Republic, nor of the Government, where the farmer has written his own rates in the way he will now, as the result of which he will have the cheapest rates that could possibly be given him, because the railroads, owing the Government so much money, will have been taken possession of by the Government, as they must be, the Government must arrange the rates to take that farmer's product at the very cheapest form and phase to whatever market he can reach, national or international; and he, being in control by votes, will be able to name himself the rates on the railroads, because they are then the property of the people—the Government.

Shall we hope to collect this debt by any other form? The railroads cannot pay it. We will be in possession of the railroads, as was on yesterday announced by the Public Coordinator of Transportation that we shall take possession of them. Therefore, far from benefiting the farmer in this presumed canal, the farmer will have done—what? First, he will have paid $500,000,000 up to a billion dollars which must be paid as the expense. When he has paid this, by taxes, and then whatever rate may be given him, he stands—how? He is out of pocket an overwhelming sum of money levied upon his land and his property as the taxation necessary to maintain the expense of the waterway construction.

Then to find, if in the meantime we begin funding—if the treaty shall be passed—the money necessary to carry on this undertaking, he not only pays the $500,000,000 as the lowest estimate, running up to $1,000,000,000, but in the meantime he confronts an indebtedness in the Treasury of his own country, as said by able Senators from the floor of the Senate, of from thirty billion to forty billion dollars. With the Treasury in that condition, with the heavy taxation yet to be levied upon our people to meet the needs of the Treasury and the conditions of the country, we add to that this extra burden to be put upon all the taxpayers of the land in behalf of this undertaking, a burden that none of the present generation, I sadly assert, will ever live to see lifted.

Mr. President, note that under this treaty not one dollar—I speak literally, eminent Senators; not figuratively—not one dollar is provided to be paid the United States by Canada. The vast millions and hundreds of millions we are to give Canada is the one thing, but not 100 cents of Canada's is to be given to the United States. Therefore, when we contemplate this expense to be put on the taxpayer, and see the burdens that are to be levied upon the shipper, and add to that the heavy extra burden of taxes to meet the deficits which we now understand are imminent, is it any wonder we have from the Saturday Evening Post, that very conservative and safe journal, the following editorial that this morning I am able to present, headed:

DUBIOUS ECONOMICS

This is from an editorial in the Post, published in Philadelphia:

DUBIOUS ECONOMICS

No one denies that in the course of time some such development as the St. Lawrence seaway and power project may become desirable. But whatever merit it may have in the distant future, there is the utmost haziness regarding any present necessity for undertaking an expenditure the exact total of which is in dispute, but which is certain to prove impressively large, for a purpose that is so indefinite.

Unfortunately this project has been urged and opposed with equal vehemence by those whose interests are local and sectional. The ability of politicians to keep on making promises, which they cannot possibly deliver, to wheat farmers, the ambition of certain lake ports to welcome ocean-going steamers, and the fear of certain Atlantic ports that they might lose freight—all these considerations seem less important to us than sound principles of planning and expenditures.

To a large extent the St. Lawrence project has been sold on the theory that it would mean a great saving to the wheat farmer. It is by no means certain that such a large proportion of the wheat would be shipped this way, and there are authorities who hold that the saving on the portion so shipped would be exceedingly small indeed. But aside from this, the whole effort of the present administration is to reduce the production of wheat and other staples to the limits of domestic use. But even beyond the effect of depression and the resulting reduction in acreage program, the whole long-term tendency in this country is toward a reduction in wheat exports. We fail to see the point of making a huge expenditure to effect a questionable saving on a type of commerce which is dwindling away.

Of course, there is much other tonnage whose movement might conceivably be affected by such a development.

But when the origin, destination, and seasonal character of every commodity are analyzed it is a very complicated question how substantial a portion of the total commerce within the possible sphere of influence will actually be affected and with what results in economies realized.

Since the St. Lawrence project was first suggested there has been a steady increase in efficiency and decline in cost of steam-generated power. How the huge new block of power could be absorbed at all except by local St. Lawrence Valley metallurgical and other industrial developments on an extremely extensive scale has not been explained. All this may come in time, but it will take time. No reason for a forced and artificially costly project of the sort has been shown.

It may engage the imagination to look at a map of North America and indulge in large, rosy visions of vague and uncertain improvements. But it might be well to remember also that all pocketbooks have a limit and that this country is going to have plenty of trouble to pay its pressing, its absolutely necessary bills for a great many years to come.

Mr. President, I have read this in order that Senators may have the views of a very conservative journal for a safe course.

Mr. President, I behold my friend the Senator from Michigan [Mr. VANDENBERG], to whom I alluded, has returned to his chair. He has been quite the leading voice on one feature of the advocacy of the treaty, and that in such power of presentation as fright us who are the opponents of his reasoning.

I now come to the point of bringing to the attention of the Senate the question of power, having pointed out how, as I see it, that all the hope of transportation is but a dream, and if it shall be fulfilled in the years hereafter, in coming days, it is offset in such a way as to leave bankrupt every emotion that it could present in the hope of the realization.

It is said by my learned friend from Nebraska, Senator NORRIS, that there is to this waterway a great prospect of

power. Yes; there is such a question. We will take that up now, and in a few words we will link it to the question of transportation. Under the provision of the treaty concerning power the United States is supposed to get one quota and that of Canada four times the amount. The United States is to pay for it four times more than Canada, and when we have paid for it, it is provided in the treaty that Canada shall do the work with Canadian workmen, by Canadian engineers. All of that shall be done, and it is specifically to be done by Canadian engineers and Canadian workmen—then all owned by Canada completely.

Mr. President, what do we think was the object of writing such words in a treaty as work to be done only by Canadian workmen? What do the Senators think was the purpose of placing those phrases in the treaty? I answer it was to give Canada the right to denounce an attempt on the part of American workmen who might cross over from Detroit by the way of Windsor, from New York by the way of the north end of the State, or from the western country into British Columbia, by raising the point that Canada had the right to eject them, remove them, decline them, resist them, because under the treaty it provided that none but Canadians should have the right to enjoy the American money.

Without that provision in the treaty the United States could have insisted that her people would have had as much right to pass into Canada and enjoy the right of labor as the Canadian now enjoys, upon the permission by which he crosses every morning into the State of Michigan and the neighboring State of New York and enjoys the right of earning American money in different forms of American undertaking.

I admire the very shrewd adjustment by Canada, I express my approbation of its ingeniousness, I approve of the capacity of intellect that can so befuddle the mind of an American who would yield himself to such a surrender as has been cajoled into this treaty.

We are at loss to understand how an American, representing this country, which country is to pay hundreds and hundreds of millions of dollars to Canada, could have deliberately allowed himself to be written down as being unworthy of enjoying a dollar of the money of his own people, and write out a contract in a sovereign treaty that prohibited an American from crossing the line of the other country, and by toil enjoying the benefits of the very money his people were paying to this land across the border and over the rivulet.

Mr. President, I then come to the question after we pay this vast sum of money, and started this power undertaking to ask, do you realize what it means? I answer for you. The power may be projected, but the lines of transmission and the construction that will communicate the power to the States along New England and the border of America are owned by private companies. They will have a right to contract with Canada for the power. The transmission lines and all the construction being built, already, sir, by private owners, they it is who will have the right to dispense it; but since the power is owned by Canada, I beseech you, sir, to turn to my eminent comrades of the Senate who cry forth for Government ownership of power. Where is that American Government ownership of power when Canada is the Government that owns it by our consent, paid for with our money? Such is the position of our honorable friends who have been the advocates of Government ownership. In this particular project they would turn this great undertaking into the hands of a government, friendly it may be, but which has no interest in turning over to us the control of their property for our uses and for our dispensation for our profit.

But, Mr. President, let us say the treaty, as proposed, is in existence—and, Senators from New England, the able Senator from Maine [Mr. HALE] and the able Senator from New Hampshire [Mr. KEYES], I beseech you that you heed me, note in all attention—let us assume that a power construction in Canada will be created and that the New England States, as is presented, would get some benefit by it, however high the price they pay to the private companies who own the transmission, and however just a price, will it be assumed when this treaty is made that Canada will equally divide the power and its privilege merely because it is stated in the treaty?

I invite Senators from New England to remember what happened to their section under the treaty of 1871, when there was provided in the exact clause that is now injected into this treaty the right of our people to enjoy the waters by our ships in shipments. In that treaty there were also certain other privileges. I invite you that from 1871 to 1887 Canada found it agreeable, under the order from London I have just read, because of the power of Britain to control Canadian waters under the constitution of Canada, to decline to allow American ships to enjoy those waters unless the American ships were carrying the products of Canada.

It was then, sir, under that treaty, when this wrong to States of New England became so manifest, that the eminent statesmen who represented those States made complaint of the wrong being done in the construction and operation of the treaty and the methods of the Governments of Great Britain and Canada in violating it by refusing to give the American ships the same privileges for American goods, by insisting on the qualification that though American ships had a right by treaty to come into that land and into those waters upon equal privileges this could only be enjoyed provided they were carrying Canadian goods. Of course, under this provision we would never have American goods compete with those of Britain.

I invite the attention of my eminent friends, the distinguished Senators from New England, who must have heard something of this matter, and, being learned men, probably will recall the incident that then it was that Mr. Cleveland, as President of the United States, on August 23, 1888, sent a message to this body in which he advised retaliatory legislation against the governments that had produced this wrong and committed this unfair adjustment and this proposed division based only upon the proviso of American ships carrying Canadian produce. There in that message it is that President Cleveland says:

> To promise equality and then in practice make it conditional upon our vessels doing "Canadian business" instead of their own, is to fulfill a promise with but a shadow of performance.

I acknowledge this treaty copy and message of President Cleveland as coming to me from that eminent New York statesman—officer of government—Hon. Lewis Nixon, of New York.

Will my able friends from New England not realize that there will be the exact repetition under this treaty with the exact clause? What manner under this treaty, I beseech you, have you of enforcing this treaty. You cannot proceed against Canada for the treaty is made by Great Britain; you cannot proceed against Great Britain, because Great Britain will announce, "While I am a party to the treaty the provisions of it, gentlemen of the United States, are your own making." Mr. President, I am calling attention to these provisions that you may realize, sir, that this promise on which the honorable advocates for the treaty dwell and rely, has for performance, to use the words of President Cleveland, "a mere shadow upon which to rest."

Mr. President, I then call attention that, under this peculiar treaty, there is no provision of penalty. My distinguished friend from North Dakota [Mr. FRAZIER] than whom there is no more diligent or abler representative of the farmers in any legislative body advocated this treaty as a boon to the Dakota farmers, I beseech him and you all to see for the first time of legislative experience a treaty proposed that does not contain one single phrase of forfeiture.

In this treaty only can be found the absence of any statement authorizing the forfeiture or the ending of the clauses in the event of their disobedience or evading. How skillful were these eminent advocates of the British Empire! How splendidly guardful they were of their interests as against American welfare! Mr. President, if the plain and profane prayers of a Senator of the United States could be heard in the great celestial portals of the Divine, I would register mine that American representatives at some time could dis-

close the same form of patriotism and devotion to the interests of their country that the eminent representatives of Great Britain always display to theirs.

Now, Mr. President, if it be—the eminent Senator from Nebraska [Mr. NORRIS] and the Senator from Wisconsin [Mr. LA FOLLETTE] are interested in the question of power—on this phase they base their insistence upon the treaty, may I not say to those able Senators and also to my eminent friend the Senator from Michigan [Mr. VANDENBERG], whose treatises upon this treaty generally will not be excelled by any speech, however complete, which may be delivered by any Senator, I recall to all Senators intrigued by the word "power" that I asserted when the Senator from Michigan and I were exchanging views upon this question in previous debates that if this were a power question and one wherein our distinguished President's interest lay, then, sir, I asserted that it was not necessary there be a treaty as a treaty, but in preserving what he feels his locality should enjoy in the distribution of power from the water which is the mutual water of their geography. All could be assured by a contract agreement.

I assert now that if this power privilege were the only interest, that could be arranged by an ordinary agreement between Ontario and New York. But, sir, here I invite you to attend that while my able friend from Michigan, the able Senator from Wisconsin, and others have asserted that a treaty was necessary, and that it had to be brought about by a treaty, I respond and rejoin that the reason of the sovereign treaty was for other reasons and not the question of power. Why? Because there was something more serious, more sovereign of which Britain had to be assured in the protection of an ultimate interest she saw likely to arise by which in this profound document she creates a responsibility of my country that sacrifices her sovereignty to the uses and benefits that will come to the British Empire of the things she dreams upon.

Now, sir, to demonstrate that I am justified that these measures of power could have been brought about if it were mere power as issue by a mere agreement, I call your attention, sir, that this is what Canada did herself, and this is what Britain did herself when Britain reversed the situation, sir, and gave to the United States a portion of the land in the Niagara River and conceded it to the United States for the purpose of commerce and the construction of a lighthouse. In that instance did Britain demand a treaty, sir, when she was obtaining a benefit from us?

Not at all. She promptly proceeded by a protocol of 1850 and thus by that ordinary contract she ceded the Niagara River and the island locations to the United States, and made a condition that the United States when in possession should build a lighthouse in the form as described. It was recognized by this Government that such conduct should only call for a mere ordinary agreement, and Congress proceeded to make an appropriation carrying out the agreement between Canada and Ontario, and the United States and New York. Therefore, by this precedent of Canada and Great Britain herself, it is sufficient to see that if it was only an arrangement of power, an ordinary agreement between the parties, long adhered to as a custom, could have been but duplicated.

The present President of the United States well understood that to be the custom and saw that to be the custom, for he wrote a letter while Governor of the State of New York to the then distinguished President of the United States touching this advance treaty. He wrote a letter to the then President of the United States, Herbert Hoover, in which he said, on July 11, 1931:

> MY DEAR MR. PRESIDENT: While I have no official advices, I hear that you have assumed to appoint the American plenipotentiaries, etc., to negotiate with Canada a St. Lawrence Waterway Treaty.

I beseech you to note that the now President of the United States said "I note you are about to negotiate a treaty." The then Governor of New York called attention to the suggestion of the waterways and the potentiality of power. Then he said in this letter, though he had previously called attention of the then President, that he knew he was on the eve of negotiating a treaty, and does he ask to have in the treaty a provision respecting this power? Does he ask to have such written into this sovereign document as if it were a consideration of great eternity in the sublime creation of God? No; the then Governor, conscious of what had transpired between New York and Canada often, and between Canada and this neighboring country frequently, said:

> I am certain that there are no problems relating to the development of this great project in the interest of commerce and domestic welfare which cannot easily be solved by the mutual cooperation of the Governments of the United States and of the State of New York working in conjunction with our Canadian neighbors.

Does our distinguished official see a new treaty to be provided? Does he intimate it need go in a treaty? With the Empire of Great Britain? Not a word to that effect. To the contrary he concludes by calling attention that there are no problems on this question that cannot be settled by mere mutual cooperation and adjustment—between whom? The Empire of Great Britain? Not at all. Between the Governments of the United States and the State of New York and the Canadian neighbor, not the British Empire.

When, sir, has it become necessary that a sovereign treaty, with all the implications of a grave and serious document, fraught with undescribed possibilities and possible imagined dangers, should be necessary merely to divide the respective power running along a transmission line, so many kilowatts to one and so many kilowatts to another?

Therefore, I repeat, had there been only power it could have been done by arrangement; but there were beneath all of this maneuver for treaty obligation some serious, undisclosed design harbored in the brain and in the heart and in the hope of our honorable rivals; it was for something other than electric power that our rivals could enjoy, as I have heretofore pointed out.

Am I not right in this conclusion, I ask our able friend from North Dakota [Mr. NYE]? I ask him to recall that in a speech he delivered, unconscious of its effect as he was, he quoted from what I have cited that this whole adjustment could be done by an arrangement, and while he quoted in his very able speech he in some manner surrendered all contention of necessity of treaty as the needed method of compact for power or transportation.

I now come to ask the question, Why all the peculiar superimposed gravity of this treaty, and why is it written in such terms that it cannot be corrected, as if there were some necessity that exacted it? We remember that text in Hamlet, do we not, when the eminent one said to Horatio:

> There are more things in heaven and earth, Horatio,
> Than are dreamt of in your philosophy.

I therefore bring the discussion of the eminent Senator of Canada, Senator Casgrain. As the eminent Senator from Michigan [Mr. VANDENBERG] correctly stated the other day, he had heretofore opposed the treaty in the Canadian Senate. He is now, at this later date, making a speech to the Kiwanis Club at Montreal, and proceeds to urge ratification of the treaty, and proceeds to give his reasons why now he is supporting a treaty which heretofore he denounced while on the floor as a Canadian Senator. He was addressing himself, mark you, sir, to that which we were discussing in the American Senate at the same time, the ratification of the treaty. Keep in mind, Senators, that Canada has never ratified this treaty. With that shrewdness that ever accompanies a movement of the masters of the British Empire, Canada does not approve the treaty. She postpones its consideration. She is conscious of the possibility of this body refusing to ratify, and she is prepared, by her situation, to submit, of course, a substitute treaty, as was done seven times in the Hay-Pauncefote discussion in this body. So Canada does not approve the treaty. If she had, and we then disapproved it by withholding our approval, it would be the end; by withholding her approval she leaves it open for her, when we had defeated it because of its injustice to us, that she may, by eliminating one or two phrases which were

made the basis of our repudiation, submit it again as another treaty.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. DAVIS in the chair). Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. LEWIS. I yield.

Mr. LONG. I hope the Senator from Illinois will not suggest the possibility or feasibility, that through a defeat of this treaty the emissaries of Great Britain and Canada will come back to negotiate another treaty with us, because if they do they will probably get the better of Chicago. Every time they come back they get more.

I invite the attention of the Senator from Illinois to the fact that when they came here to negotiate this treaty we were given no consideration—and my friend, the junior Senator from Illinois [Mr. DIETERICH], will bear me out. They were not expected to get anything like as much as they got as the result of the negotiations; but when they went back home, as the Senator from Missouri [Mr. CLARK] read the other day, they were heralded through the Canadian and British press as having received many times more than they were sent to get, and it was said that they had "brought home the bacon." I hope the senior Senator from Illinois will not suggest the possibility of them ever coming back again, because there is no telling what they might get on another occasion.

Mr. LEWIS. Mr. President, I am anxious to yield to my eminent colleagues on both sides of the Chamber, but I am in honor bound, in faith to my friends who are for the treaty, not to consume all the time of the allotted day and since I must yield to others if I yield to one, though I would welcome interruptions gladly otherwise and would give them the proper attention they deserve, yet I fear it would consume so much time that I would be most unfair in my arrangement that I myself proposed to our honorable opponents in discussion of the pending treaty.

I now read, and ask the attention of the Senator from Louisiana. I reply to him that it is not at all unlikely that Canada or the British Empire will produce and present some other treaty; but I wish to say that in my opinion there is very little hope that, under the present administration, a treaty containing such provisions as sacrifice the sovereignty of this our Republic of America as was agreed upon by previous administration will ever be adopted by a successive one.

But, I now return and make connection of this speech of the eminent Senator delivering this address at Canada; and I hope the Senator from Louisiana will find it agreeable to listen attentively. I have some information for him.

Mr. LONG. I will.

Mr. LEWIS. Senator Casgrain, who has made his address in the Canadian Senate opposing this treaty, is delivering this address I refer to at noontime in Canada. While we are debating this treaty here in the Senate, he delivers this address, in which he says:

> The St. Lawrence seaway project is not only an economic absurdity, but also cloaks, under the terms of the treaty now awaiting ratification by Canadian and United States governing bodies, suspected hidden motives on the part of Uncle Sam, which may have as the end in view, ultimate exercise of American jurisdiction over the Canadian territory through which the planned waterway would run.

Then, continuing, the Senator from Canada added:

> I have always been opposed to this international waterway, but now I must confess I am somewhat in a quandary, for, after reading the almost incredible terms of the treaty, I ask myself: Would I be justified in continuing my opposition to it, seeing that under this treaty, Uncle Sam actually obligates himself——

Obligates himself—

> to the spending of hundreds of millions of his good dollars on works in Canadian territory, in which Canadian labor and Canadian materials are to be solely employed.

Mr. LONG. Mr. President, may we have the attention of the Senator from Michigan? I am going to ask my colleague to reread that statement to the Senator from Michigan [Mr. VANDENBERG].

Mr. VANDENBERG. Mr. President, it will be entirely unnecessary. I have heard it; and if, between the two Senators on the other side, the entire afternoon is used up, I shall not even be able to answer.

Mr. LEWIS. I have sought, myself, to prevent that consumption.

Mr. VANDENBERG. The Senator is correct; he has; but he has had no cooperation.

Mr. LEWIS. I may say to the Senator from Louisiana that a few days ago I called the attention of the able Senator from Michigan to the fact that there was something of this kind that I intended to present to the Senate; and, knowing his assiduity, his diligence, and his industry on this great question, he no doubt sought the information and acquainted himself with the contents.

I, however, desire to read one further feature.

Says this Canadian Senator:

> I do not know, but I say frankly I cannot understand why he (Uncle Sam) is so ready to shovel dollars by the hundreds of millions into Canada, as is now proposed, if he is not planning to hold possession in some way of the works those dollars will represent.

And then, after speaking of the vast sum we are giving away to Canada, and of the reasons for changing his opinion, he says the St. Lawrence River seaway is a much greater proposition than the Panama Canal.

Ask any shipowner—

He says—

> if it would be worth while for sea-going vessels to ply inland. They have far less accommodation and far greater weight than lake vessels, and, as competent shipping authorities estimated that it would take 52 days for a ship to come over from any European port, steam up the waterway and through inland waters to Chicago, or Duluth, and to go back to the European port again, it is easy to see that it could never pay. * * * The idea might go over all right with a public body or with a government, but it never could with any sane people.

This, sir, is the expression of the Senator from Canada.

My able friend, the Senator from Michigan, whose leadership in behalf of this treaty has in many respects led the discussion, called attention the other day to the fact that the Premier of Canada, Premier Bennett, had remarked upon the disadvantages of this treaty as a reason why he was not quite sure whether he was quite for it. I beg to call attention to what the eminent Premier of Canada really did say. I depart to say "eminent", as Premier Bennett is the peer and superior to his predecessors in all statesmanship. I read a part of his speech.

First he calls attention, sir, to the fact that we are to pay all these funds for the International Rapids section, that the joint board of our Army engineers pledges $215,492,000, and, then, sir, that the treaty provides further—and, hark you, sir, listen to this, the gleeful speech of the conquering Canadian Premier, through his astute representative, Minister Herridge:

> Insofar as is possible in respect to the works to be constructed by the Commission, the parts thereof within Canadian territory, or an equivalent portion of the total of the works, shall be executed by Canadian engineers and Canadian labor and with Canadian material.

And then, sir, may I read to you what the eminent Premier Bennett has further to say upon the subject. I quote his speech:

On July 18, 1932, this eminent representative speaks of the subject, and says:

> The United States will meet the entire cost of these river works. But in respect to the river works lying on the Canadian side of the boundary Canadian engineers, Canadian workmen, and Canadian materials alone will be employed.
>
> Upon completion—

Says he—

> all river works on the Canadian side of the international boundary will be owned, maintained, and controlled by Canada.

First, sir, behold, he calls attention to the fact that we pay for everything, and then everything is to be owned by Canada. Then, continues the eminent Premier:

> Compatible with the paramount obligation to safeguard our (Canada's) sovereign rights, the treaty insures a minimum of

financial outlay by Canada. The estimated net cost to the Dominion arising out of new capital expenditure will be less than $40,000,000.

How we could cry out, "Oh, that we had had American diplomats in that contest—who remembered, as the Canadian statesmen remembered, the 'paramount obligation to safeguard our sovereign rights.'"

Get that, sir: All of Canada, $40,000,000. We pay $215,500,000 in one item, and it is estimated, sir, from three hundred and fifty to five hundred million in another; and all that Canada is to pay, according to her eminent premier, altogether, if she pays any cent anywhere at any time for her own interest and profit of hundreds of millions will be $40,000,000, to which she is in no wise obligated under the treaty, as her payment is altogether contingent and dependent upon the State of New York paying a certain sum, if she will ever agree to do so. And this compact of America's undoing is the treaty brought to you to be ratified in the name of America!

Mr. President, I must move rapidly on, because I am conscious of the fact that much time has been taken; but it was necessary that I might make clear the position which we take and the reasons for it, apart from all of the questions, I may say, in respect of the lesser matter of the hope of some reduced cost of transportation, the hope of some matter of power in the future that is yet unborn, of generations not yet come to life.

Mr. President, I refer you for a moment, sir, to the home where I live, and its interests. I beseech the Senators to indulge me while I say my eminent colleague [Mr. DIETERICH] has so thoroughly, fully, and wholly presented the whole interests of the drainage district, the waterway, and of Chicago, that it is not necessary for anyone to make further allusion; but I must explain why I have not alluded to the subject. Chicago is my home. The city and State has often honored me beyond all my deserts.

I was one of the counsel for the State and the drainage district before the Supreme Court of the United States in the litigation alluded to by the able Senator from New Hampshire [Mr. BROWN] and the Senator from Wisconsin [Mr. LA FOLLETTE]. Part of that opinion I regard as adverse to my contention and opposed to justice. It is contrary to my arguments and, like any other defeated lawyer, I do not take it easily; yet I would not leave the impression upon my honorable colleagues that I was still contesting for my own legal position, and warring against the treaty as something of resentment against a defeat in court, and that I am still arguing my lawsuit here in this body, and seeking to have it repair my wrong and heal my wound by defeating a treaty that reenacts the legal court opinion part of which was adverse to my contention.

It was for that reason that I would refuse to allude to the subject; and therefore at this time I only make this observation—I do not refer to the opinion other than this: It specifically provides that it only decides the question of the diversion under the circumstances presented. It refuses to pass upon the question of the amount of water necessary to go forward for the purpose of making the American waterway by way of the Mississippi. It calls attention to that question as one for Congress, and it does not assume to pass upon it.

But, sir, there is a phase about the matter that ought not to be overlooked. The city of Chicago is not petitioning this honorable body to give it some special advantage in allowing it an extra volume of water for the drainage of its own lawful uses. It presents to this body that which it presented to history. If its waters should be so contaminated that typhoid fever will result, as has been shown in the past, it is not only in the great city of approaching 5,000,000 people where lives are desolated, babies strangled in their birth, and mankind strewn throughout the sidewalks in a plague; but passenger trains passing through that part of the continent from coast to coast—motors of travel and private touring cars passing through and over—become infected, necessarily, and become carriers of the typhoid. Through the very water they drink, the very life they lead, the food they feed upon, from coast to coast of our country, our citizens become subject to the transmission of this dire malady.

It cannot be said to be, as eminent Senators have alluded to it, "purely local", any more than cholera at the Pacific coast, or yellow fever in the home of our friend from Louisiana [Senator LONG], or on the Atlantic coast, could be said to be wholly local, when transmitted, as we know, by every method understood by science. It is to avoid this result, and to secure the protection of the whole land and the whole people, that our people are asking consideration in behalf of this water temporarily, while the other greater matters are under consideration, and we hope construction. I make that allusion at this time so that it may be seen that it is not upon that that we rest.

I now ask my fellow Senators from the agricultural States to hear me. If the construction of the treaty by the able Senators from the wheat States be the correct one, it would provide an outlet for three States described by my able friend from Nebraska, but for all of these States bordering the Lakes, the intermediate States, those producing corn and wheat and rye, the States manufacturing production—where would they be? So very far away that they would have no recourse at all. These particular States would have as their outlet the American waterway, which we insist must be built from the Great Lakes to the sea, but which this enterprise of Canada now proposed would completely choke to its end and slay to its eternal death.

I then call attention to the other fact. I come to that which was hidden beneath all this discussion. The American route sends all of these benefits sought under the Canadian treaty to all our people, and all through the continent of America. We do not touch any foreign country or awaken to ourselves the danger of a conflict arising, first, from disputed construction and then, sir, from conflict leading to enmity.

Nothing is so dangerous to this land as a conflict over a boundary or concerning a boundary or between those who live on the boundary. What do we mean by this daring we approach? We see nations go to war, sacrifice their children in millions, their treasure in billions, over the mere matter of a line that divides one nation from the other, and we are on the eve again of projecting a dispute between our Nation and the British Empire over a boundary when we build a waterway in Canada and Canada is allowed to take sovereignty over our property in the United States. Have we forgotten? Is our memory so short? Do we not recall how near to war we were over the boundary of Maine? That is not without the memory of the eminent Senators from New England. I say to those from the far West, can they forget how near to conflict we were over the mere boundary line of Oregon? Are we going to permit this situation now before us to drive us into the torturing uncertainty of a conflict every time any question arises as to the construction and application or enforcement of this treaty?

I could show that with previous treaties we had a similar situation. But I may come nearer home. If Senators will pardon a personal reference, I participated, in an insignificant way, let us say, when there was the boundary dispute between Alaska and Great Britain, when I participated in an incidental place with the eminent men who were the commissioners; but we came very near to conflict, and with great difficulty composed that dispute in the commission at London, after danger was lighting the horizon. I invite the attention of Senators to these matters in order that they may realize how unnecessary it is for us to duplicate this course in a process of a treaty swelling with the portent of just such similar dangers.

Mr. President, as I bring this phase of the discussion to a conclusion, I ask, what is the reason why these eminent interests are seeking to possess the canal, and from the canal down to the Lakes, and to own the Lakes? I invite attention to the fact that the University of Toronto has, through its eminent dean of the law, been sending out communications to the different heads of governments and heads of people and heads of institutions of the United States, pointing out how Lake Michigan, while, it is true, an American lake now, is, nevertheless, connected with and is a part of a

general waterway which makes it as much the property of Canada as of the United States; and for that reason, as submitted by the Senator from Nebraska [Mr. NORRIS], that it draws its water from a watershed which may be connected, one way or another, by Lake Huron and Lake Erie and other lakes, out into the St. Lawrence and different districts of rain precipitation.

Therefore, by this interlocking connection in some form or other, either by the waters beneath or the waters above or the atmosphere surrounding it all, Canada should own the Lakes. I ask why not the Mississippi River; also, by that same bewildering logic, and why not the Atlantic Ocean?

Therefore, Mr. President, I will have the argument of the learned officer of the Canadian law institute printed—along the arguments on the reservation proposed as to Lake Michigan—as an American water, solely American.

Mr. President, there must be some reason for this great interest in Lake Michigan, as contended for by the advocates of British procedure. Therefore, I come to the final thing which has excited so much interest. The Senator from North Dakota and the Senator from Nebraska, and some Senators on my side of the Chamber, have gurgled gutturals of amusement in the intimation that I in a previous speech offered attacking this treaty, pointed out how the fact our honorable rivals when they own land in America, and own the streams by which we claim the ownership of the lake, in the event of trouble between our country and any other country would result in our being in the serious position of having the commercial ships of Britain, lying in American waters, quickly converted into war vessels which could stay the power of America as a neutral and prevent her shipment of her products to any one of the conflicting powers, or any one of the contesting combatants, whoever they might be. We could at once be blockaded from the full shipment of American commerce, providing Britain should happen to be an ally of one of those in conflict, or in sympathy with them.

Is this unusual? Does this strike my friends as being remarkable? Where is their history? Is that not what Britain absolutely did when we undertook to send out American vessels from New York during the World War? Did they not, our ships, have to be piloted and convoyed by British vessels and examined, and did it not bring this country very near to war with England before we had declared any war with Germany? It was because of that that we were in war with Germany, for when these ships were taken in this position, they were then treated as being English ships carrying supplies, and Germany regarded it as a violation of the laws of neutrality, and a direct violation of her rights. Germany's action toward our ships was because of the action Great Britain took—which she could take again within what she felt were her rights—particularly equipped to do so if she has the privilege on our soil—she has pledged for in this treaty.

Eminent Senators regarded that observation of mine as drawing on an imagined prospect—impossible of experience. They forgot that in the days before we entered the war a few of us, if I may include myself, stood on the floor of this body advising this body that we were drifting to war by doing just such things casually, without considering the seriousness of our undertaking.

I invite my opponents to consider what was the final result of this conduct which led us to war—a result that only regret and sympathy can condone. A short while ago, while we were debating here on this floor, my eminent compatriots found it amusing that I should have suggested that there was danger in our allowing an enemy, not of us, but of some other country that is at war with us, or with some other country with which they had connection, to embarrass us by having possession of our waters, with our consent. Since our fellow Senators did not note that they would have their ships within our waters, as within their rights; whereas as to these others who might approach American waters through American streams could be regarded as opponents, and we could withhold them from entering the United States from the Atlantic.

While we are discussing this question, the admirals of Britain met over in Britain, and we gather from a special bit of information that the British admirals on March 4, conferring with Australian and New Zealand naval authorities, have remapped their complete naval strategy. Of course, Mr. President, it will be remember that this was intimated now and then to be because of our new naval construction bill. I will not charge that against Britain. I will charge that her officers were merely looking to the preservation of their own.

The Reynolds' Weekly, a Sunday newspaper, speaks of the conference of the British admirals conferring with Australian and New Zealand naval authorities at the Singapore naval base. It asserts the British Admiralty expects a conflict between the United States and Japan, and asserts that Britain could not be a neutral in view of her alliance and commercial understandings with Japan. She will have to maintain a fleet in the Pacific to protect her interests. As the Panama Canal would be closed, Britain must establish a half-way house.

I ask, sirs, Where is the half-way house? Where is the half-way house if this treaty is ratified by America? I answer, It is Lake Michigan of the United States of America!

The Reynolds' Weekly further says that a British squadron could not be regarded as a menace; that it would only be in a position to rush either to Australia or to Hawaii, or whatever course would be necessary as their interests would dictate.

Ah, Mr. President, is it not Job, of the Holy Scriptures, who says?—

> The thing which I greatly feared is come upon me.

Here, Mr. President, I beg to say that Sir Frederick Whyte, of the Foreign Service of Britain, in a speech in Boston, Mass., of late calls attention to the conflict which is inevitable between the United States and certain other lands. He draws a deduction and warns this country of giving up the Philippines, telling us we are bound to be in a conflict, and invites our attention to the position that Britain will have to take in the event of conflict between this country and one of her friends wherein she will be compelled to be a neutral.

Where are the eminent Senators, Mr. President; where are the scholarly gentlemen, with some precedent in the past to guide their minds, with some affection and love for their country, who do not realize what all this means? It may be said by some that these are fears which are not well founded. My honored colleague, Senator DIETERICH, called attention in a masterly address on this floor how our recent officers of the Government, the representatives of the War Department, in early and later day pointed out why they devised the scheme of interconnecting the waterways of the United States, and proclaimed that such would be necessary for the defense of the United States in the future surely in the event of conflict which they say would be inevitable. But here I ask attention for a moment to what is more inviting as complete proof of their far-sighted vision.

Senators will have before them in a few days, as I read in the press, a proposition from our distinguished President looking to some arrangement as to the reciprocity of treaties respecting the import of goods from foreign countries and the export of our goods to some of those countries. We are informed that the measure is to be brought before us, and we will be called upon for very deep consideration of it.

In the meantime, while we are debating the adoption of this treaty giving to Canada great privileges and the vast sums of billions of money of the United States, territory and sovereignty of America, and while we are doing so there is met in London the representatives who are called the conservative force. I must call the Senate's attention to what it is they proceed to do with more definiteness. They meet in London and prepare a bill which is directed against the United States, and possibly against Japan. This is sponsored by reactionary Tories, those who are not in close sympathy with us. It is significant, because it suggests the policy which the Government may adopt as a protective measure. It is a measure against the currency of the United States.

My eminent friend the able Senator, the Chairman of the Foreign Relations Committee [Mr. PITTMAN], on Saturday before we adjourned was compelled to expose a situation as to our currency in the form which was embarrassing to some of our officials in foreign lands. I invite attention to the proposition that is made, and I read from the editorial section of the New York Times of Sunday, January 21, 1934, under the heading "Tory Dumping Bill Is Aimed at United States", as follows:

It was indicated a month ago that Britain would use the tariff rather than her foreign-exchange machinery if action of any sort became necessary because of the devalued dollar. President Roosevelt's latest announcement concerning the dollar and the setting up of an American stabilization fund has not caused—

Then we will omit the statement as to what it has caused.

But it is quite evident the British fear some sort of economic tussle with the United States and are devising ways of meeting it. Hints to that affect have come this week both from Prime Minister MacDonald and from Minister of Agriculture Maj. Walter Elliott. In the course of a speech at Seaham Harbour, to his constituency, Mr. MacDonald said: "External troubles may still arise."

Yes! And my eminent colleagues here find it difficult to understand when I point out the dangers of allowing them to give away that which they have a duty to hold, and how the very eminent representatives of the Admiralty of England point out the necessity of Britain having a middle ground, a halfway house, which, as I say, would be Lake Michigan, and when I state to your honorable body, quoting the line familiar to us all, when Horatio addresses Hamlet:

There are more things in heaven and earth, Horatio,
Than are dreamt of in your philosophy.

You see what I meant as the real reason for this imperial sovereign treaty, pledging the soil and sovereignty of America to a foreign foe, and that it was a mere pretense to make of power running along a transmission line, while it sputters its little spark of possibility in behalf of New England homes to be lighted and that this light process was the object of a great treaty between the King of Great Britain, Ireland, and so forth, and the United States of America.

Mr. President, the Senate has been very indulgent with me. I have presented reasons why we have opposed the treaty, upon ground other than a mere local consideration.

I have no purpose now of proceeding farther along the lines of merely extending further the premises and conclusions which I have presented here. I propound, as I conclude this discussion, the single inquiry: Where is the reason for this treaty now? Where is the justification for it in the present time? Where is the demand for it?

We are cutting off the volume of production of the American farmers. Reducing them one half. We own the transportation of our own country, and it is by vote that the citizen dictates his own terms of shipment. We have power all over the land by water that comes from every direction. We have everything in the world that could be suggested by this treaty and those who profess to prophesy of benefit in their imagination and dream.

What is the reason for the expenditures under the treaty when there is and will be a Treasury indebtedness of $30,000,000,000 to $40,000,000,000, where heavy taxes are to be laid upon our people, more crushing than the shoulders of mortality can bear, that we should add $500,000,000 more of a burden to our people for a gift to another people, however well we wish them, to whom we owe nothing in the world for which to make such a grant? And in connection with it, to open the portals of our own land to the entrance of those who in an hour of serious embarrassment could involve our whole Nation in its destruction. Yet this sort of thing to be undertaken without reason, without excuse, and hasten as if the very empire of one land was dictating to the republic of another for its salvation instead of its destruction.

Mr. President, this is our country; this is our Republic. This, your country, today as government is the model of all nations of the earth. Her example is the symbol of hope to discouraged government. As friend she guides the perplexed nations of the confused world. She has risen to her splendor by deeds of immortality. This your Nation has repeated the miracle of the Master—from the granary of our generous heart we have fed the hungry of the world lined upon the shores of time. We are the one people of all the earth who sent the children of their land to die that the children of other lands might live.

This Nation has fulfilled every mission demanded of her by all mankind. Then, sir, we ask what is the meaning of our official sons in effort to sacrifice their own Nation and surrender it to what would reduce its power, then destroy its eminence? The issue here is the single question: Are you for your country or against it?

Mr. President, this America is our homeland. We seek to take no rights from any people. We deny the right of any people to take our rights from us. On this we stand. I summon my fellow citizens when I demand:

Breathes there the man with soul so dead
Who never to himself hath said,
This is my own, my native land!

Sirs, in the consideration of this treaty in this fateful hour, we salute the colors of our country and turn to our Nation with a prayer, "God save the State" and guide this honorable United States Senate.

I thank the Senate for its courtesy to me.

Mr. VANDENBERG obtained the floor.

Mr. DICKINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Iowa?

Mr. VANDENBERG. I yield.

Mr. DICKINSON. I suggest the absence of a quorum.

Mr. VANDENBERG. Mr. President, I ask the Senator from Iowa if he will delay making the suggestion.

Mr. DICKINSON. I withdraw the point.

Mr. VANDENBERG. Mr. President, it would be very unfair for me to take anything more than a few moments of the time of the Senate, because I have heretofore spoken at considerable length on the question of the pending treaty, so I rise only for one or two specific purposes, and I shall speak very briefly.

I wish to say, Mr. President, to the able Senator from Illinois [Mr. LEWIS] that I could conceive of no more complete presentation of the treaty opposition than has been made by my eloquent friend the senior Senator from Illinois. By no further stretch of the imagination could the case be more strongly presented. I say "by no further stretch of the imagination" because it seems to me that my eloquent friend has already stretched imagination to a point where there is no resiliency left.

Mr. President, I rise primarily to present a series of petitions, semi-official in character, more than semi-official in their persuasiveness. I present contemporary petitions in behalf of the pending treaty signed on behalf of the State of California by Hon. James Rolph, Jr., Governor of California; signed on behalf of the State of Colorado by Gov. Edwin C. Johnson, and ex-Gov. Oliver H. Shoup; signed on behalf of the State of Idaho by Gov. C. Ben Ross and former Gov. H. C. Baldridge; signed on behalf of the State of Illinois by former Gov. L. L. Emmerson; signed on behalf of the State of Indiana by former Gov. James P. Goodrich; signed on behalf of the State of Iowa by former Gov. John Hammill; signed on behalf of the State of Kansas by the present Governor, Alf. M. Landon, and by former Govs. Clyde M. Reed and Henry J. Allen; signed on behalf of the State of Michigan by the present Governor, William A. Comstock, and by former Govs. Wilber M. Brucker and Alexander Groesbeck; signed on behalf of the State of Minnesota by Gov. Floyd B. Olson and former Gov. Theodore Christianson; signed on behalf of the State of Montana by Gov. F. H. Cooney; signed on behalf of the State of Nebraska by Gov. Charles W. Bryan and former Gov. Arthur J. Weaver; signed on behalf of the State of North Dakota by Gov. William Langer and former Govs. George F. Shafer and R. A. Nestos; signed on behalf of the State of Ohio by the present Governor, George White, and by former Gov. Harry L. Davis; signed on behalf of the State of South Dakota by former Gov. Warren Green; signed on behalf of the State of Wisconsin by Gov. A. G. Schmedeman and former Gov. Philip La Follette; and signed on behalf of the State

of Wyoming by acting and former Gov. A. M. Clark. There could not be a more important or authoritative spokesmanship in behalf of the people of these Commonwealths.

Mr. President, I ask that these petitions, which are in the form of letters from these executives may be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. McCARRAN in the chair). Without objection, the petitions will be received, lie on the table, and be printed in the RECORD at the conclusion of the remarks of the Senator from Michigan.

Mr. VANDENBERG. Mr. President, I should like to say that, in addition to the Governors who have been listed in this roll call, the Congress has been similarly petitioned by Hon. Clyde L. Herring, Governor of the State of Iowa; Hon. Paul V. McNutt, Governor of the State of Indiana; Hon. I. C. Blackwood, Governor of the State of South Carolina; and by Hon. H. C. Kump, Governor of the State of West Virginia, in the same behalf.

I doubt whether any more formidable challenge ever was laid at the bar of the Senate in behalf of the interest of so large a section of the American Union, and officially in behalf of so many States of the Union. It is a direct expression of the extent and depth of the feeling which exists respecting this great adventure, which, I think it is fair to say, is the greatest adventure which has challenged the imagination and the activity of the American people since another Roosevelt bisected Panama.

Now, Mr. President, I reply only to two suggestions which were submitted by my eloquent friend from Illinois. I reply to those as being typical of the general argument. I reply to them with the feeling that in each of these two instances the case submitted by my able friend from Illinois is so utterly without foundation, so completely without justification, so typical of the entire fallacious argument in opposition to the treaty that it is unnecessary to trespass upon the limited time remaining in this debate to pursue the matter beyond these two exhibits. All of these fictitious objections have been heretofore canvassed at great length and in my view wholly exploded by their impact with truth and fact.

The first exhibit: My able friend says that we are giving billions of our money to Canada. Then he amplifies that general text repeatedly, discussing this project in minimum terms of an American investment of $500,000,000 and in maximum terms of one or more billion dollars; whereas in reality, when we come back to the authenticated facts as they lie at the bar of the Senate—facts authenticated, first, by the Board of Engineers for Rivers and Harbors of the War Department; facts authenticated, in the second place, by the President of the United States, whose word I decline to reject in testimony upon this proposition—we know from these official sources that the net cost over a term of years to the United States in respect to this enterprise will be a maximum of $150,000,000. The grand total of the cost of the entire enterprise will be less than $600,000,000; it will be in the neighborhood of $540,000,000. It seems to me almost futile to repeat and reiterate the arithmetic which has been laid down so frequently. Our share is half; Canada's share is half. Against those halved costs are credited the investments which already have been made by each of these great peoples in respect to this enterprise; for, let it be remembered by the Senate, we are not talking about digging any new canal; we are talking solely about removing the last 40 impassable miles of 1,500 miles of waterway already open except for those 40 miles; and the credit which belongs to Canada, on the one hand, and the credit which belongs to the United States, on the other hand, in respect to the investment which has been made in the remainder of this great 1,500-mile stretch all stand to the credit of each; and our credit, when taken to our advantage, plus our credit for power, reduces the cost to us to $150,000,000 over a term of 7 or 8 years which is required for construction. The President of the United States submits a prospectus. I stand upon the President's prospectus, even though gentlemen of his own party across the aisle may decline to do so. His prospectus says that this proposition has been laid out upon a long-range plan which involves an American expenditure of $9,000,000 a year for every conceivable expense involved in connection with it.

Why should Senators stand upon the floor and still talk about giving Canada half a billion dollars, one billion dollars, two billion dollars of American money, when the President's prospectus is—and I stand by it—that we are committing ourselves to a long-range program involving $9,000,000 a year for the purpose of—what? For the purpose of unleashing 40,000,000 land-locked middle westerners.

The Senator from Illinois says that the condition of the Budget should "give us pause" before we commit ourselves to any such expenditure. Give us pause in respect to an expenditure of $9,000,000 for a great undertaking of this nature, when on last Saturday the Senate never hesitated to appropriate $350,000,000 for a dubious experiment in behalf of cattle and cows in the United States! Fear of throwing the Budget out of balance! Who is responsible for the Budget, Mr. President, primarily? Not the Senator from Illinois or I. The President is primarily responsible for the Budget, and the President of the United States has expressed no fear respecting the final tragedy which may occur if he gets his way and is permitted to proceed to build this great seaway. I yield to none in my fidelity to sound Federal finance. But I decline to permit it to be used as an excuse to stop a great and profitable enterprise which will help to build a new prosperity out of which we can better pay our prodigal bills in other directions.

Now I come to the other point to which I wish to advert. The Senator from Illinois says that we are not only giving our billions to Canada—which I submit we are not doing at all—but he also said we are giving the sovereignty and the soil of our Nation to a foreign foe. Mr. President, in the first place, I do not think when we are dealing with Canada that we are dealing with a foreign foe, by any vagary of the human mind, because anybody who can anticipate a martial conflict involving Canada and the United States can conceive the very end of civilization. However, I do not rest the proposition upon any such metaphysical basis as that. I submit that under the Rush-Bagot agreement, which is 115 years old, neither Canada nor the United States can invade the Great Lakes with a battleship or a cruiser or any other naval craft beyond the narrow limitations of that agreement. Furthermore, I submit that since that agreement has withstood the assault of every vicissitude, even of a world war, for a century and more, it is, indeed, a late moment to begin worrying about whether or not the King of the British Empire is going to take Chicago.

Under the treaty of 1909 every right in Lake Michigan which Canada and Great Britain would acquire under this new treaty exists today as the result of the terms of the treaty of 1909, and the only difference between those rights is that, in the one instance, they are revocable upon a year's notice, while in the other instance they are irrevocable; and the rights which they possess on Lake Michigan are matched by our equally valuable reciprocal rights in the Welland Canal. Every hazard which is conjured here against this treaty for tomorrow and the day after exists at this moment, if there is any hazard at all, because the terminology in respect to navigation and British rights in Lake Michigan pertaining thereto is precisely the same under the pending treaty as it is under the treaty of 1909. With great respect, I brand this type of criticism as sheer self-serving hysteria.

Mr. President, if there is any agency in this country—speaking now in terms of journalism—which has applied the microscope to every proposition submitted to the Congress which might in any remote degree endanger the sovereignty of the United States, particularly its sovereignty in respect to the British Empire, it is the Hearst press, and when the Hearst press in a great and courageous broadside says what I now read, I submit it confirms the absence of any legitimate fear upon this basis. I am reading from the New York American:

> The St. Lawrence waterway is a noble conception. Its appreciation requires vision—the vision to see not only its immediate advantages, which are sufficient to justify it, but its immeasurable significance to the future greatness of the country and the business of its people.

The President has the right to ask for the ratification of this treaty. He is seconded by intelligent opinion throughout the country.

Mr. President, I want now to submit a brief summary in a comparatively few sentences to bring together into a total the general situation as it appeals to me after 10 years of intensive study and after 10 years of intensive loyalty to this great undertaking.

Mr. President, the Senate's impending decision is of vital importance to 40,000,000 American citizens in the land-locked Middle West.

They ask for the privilege of reaching the sea. They ask for equality of access to the oceans and the markets of the world.

I submit to Senators from the seaboard—Senators from States whose port facilities we of the Midwest have ungrudgingly taxed ourselves to help sustain and develop—that we have earned and that we deserve a parity of opportunity in these respects.

Why do they protect their ocean heritage so jealously? Do they not thereby concede the paramount importance of this facility?

And will they say to 40,000,000 of us in the fertile Great Lakes Basin—we who have cheerfully paid out our unselfish millions to serve their needs—will they say to us that we must never be unleashed to reach the sea?

Do they demand of us that we shall forever be confined in this respect behind some 40 impassable miles of the St. Lawrence River out of 1,500 miles of navigable seaway, which already is developed by the gift of nature and the genius of man?

It is unthinkable!

The farmers of the midcontinent, for whom we solicitously pour out prodigal millions; yes, billions, in dubious relief adventures, speak through the united voice of all the major agricultural organizations of the Nation. In the name of their own intimate knowledge of their own best welfare, they demand this boon.

Shall the Senate keep the word of promise to their ear and break it to their hope?

Twenty-three great States of the Union, voluntarily joining and sustaining an official council of States, and 5 other States, speaking through past or present Governors, 28 in all, petition us in the name of their common welfare to give them justice in this matter of internal developments. They beg of us to give them their maritime rights. They ask for this seaway. They pray for this treaty.

Shall we embrace excuses—excuses as differentiated from reasons—for declining to heed their prayer and to serve their need?

Shall we decline an equal partnership with friendly Canada in the culmination of this greatest adventure since a former Roosevelt bisected Panama? The partnership puts us on even terms with Canada in the joint use of this common benediction. If we spurn the partnership, Canada can build a seaway of her own along this route—as unanswerably pointed out by the present President of the United States. A seaway of her own!

Is it possible that the Senate of the United States intends to leave its own midcontinent to the mercy of this added handicap and hazard? Must we not only be denied justice at the hands of our own statesmanship but also suffer relative jeopardy at the hands of wiser statesmanship elsewhere? I cannot accept prophesies of such an amazing Senate attitude.

Shall Republican Senators desert the treaty in the face of a specific commitment to it in the Republican platform of 1932, a commitment which involves a moral obligation upon every Republican Senator who did not specifically repudiate it, a commitment which was emphasized by the campaign activities of the Republican National Committee in the Middle West, a commitment which has back of it the hearty approval of three Republican Presidents?

Shall Democratic Senators desert the treaty in the face of a specific commitment to it in the campaign pledges of its own present President, and the persistently courageous support which he gives to the project in the precise form in which it now impends?

Is it rational to believe that we have been treacherously delivered to a bad bargain by these high authorities, that we have been flung to the innumerable dangers conjured by hostile domestic interests which know exactly what they want and why?

It seems to me that any such beliefs would overtax credulity.

Have we menaced the essential sovereignty of the Great Lakes and opened the heart of the Nation to alien attack?

It is officially denied by the Department of State under two administrations and by counsels of elementary common sense.

Have we accepted unreliable estimates and thus exposed posterity to the burden of untold debt?

It is officially denied by the Board of Rivers and Harbors Engineers who are no less competent to speak with finality upon this subject than upon all the other kindred matters in which the Senate accepts them as the last and most dependable word.

Does the seaway promise economic utility and justification? Will it be used?

Every official survey ever made in the last 20 years, plus the well-nigh universal testimony of experienced industrialists and agriculturists in the midcontinent, answers in the unequivocal affirmative. Only those respond in the negative who simultaneously answer themselves by the expression of a parallel fear that their seaboard ports will seriously suffer from the vast amount of traffic which this new route will bear.

Is railroad labor entitled to fear this competition after 1942 when the seaway will be completed?

It is not. The Interstate Commerce Commission tells us, upon its high responsibility, that the seaway will take up but a fraction of the increased demand for transportation facilities which will develop in the next 8 years. Meanwhile it is an axiom that any contribution to the economic welfare of any great sector of the Nation is a contribution to the welfare of the whole—and the railroads are the first and ever-present partners in all enhanced prosperity.

Is the power development inimical to the mass advantage of those American citizens in the immediate area concerned?

Let every power authority in the great Empire State reply. From the Governor down, the chorus is unanimous; and even the Senators from New York who oppose this treaty for other reasons join in repudiating the implications raised against this section of the treaty.

Mr. President, the accumulated force of all these contemplations brings an exceedingly solemn challenge to the Senate in this final hour. With great respect I submit that it is a desperately important decision which shall now be made.

America's greatest single natural resource is the stake—and along with it the welfare of 40,000,000 people.

I beg of Senators to respond affirmatively, and to be honored for their courage and their vision.

Mr. President, the midcontinent must reach the sea!

(The letters in the nature of petitions submitted by Mr. VANDENBERG and ordered to lie on the table are as follows:)

STATE OF CALIFORNIA,
GOVERNOR'S OFFICE,
Sacramento, March 2, 1934.

To the President and Members of the United States Senate, greeting:

As Governor of the State of California, it is my pleasure and privilege to join with Governors of other States in earnestly petitioning that the seaway treaty with the Dominion of Canada, now pending ratification of the Senate, be accepted and that the necessary enabling legislation thereunder be enacted, to facilitate the early completion of the waterway between the Great Lakes and the Atlantic Ocean.

The above-mentioned undertaking has been generally accepted for some considerable period of time as a means for transportation of industrial and agricultural products, thereby benefiting both nations.

I have been advised that this project has been accepted and mutually agreed upon by the United States of America and the Dominion of Canada, and is now ready for ratification as a non-

partisan project of national and international benefit, and an early ratification will fill a long-felt need in industrial and agricultural pursuits.

With my compliments and every good wish,

Very sincerely yours,

JAMES ROLPH, JR.,
Governor of California.

To the President and Members of the United States Senate, greeting:

I, Governor of the sovereign State of California, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

JAMES ROLPH, JR.,
Governor of the State of California.

Signed at Sacramento, Calif., 1934.

DENVER, COLO., *March 8, 1934.*

CHARLES P. CRAIG,
Executive Director Great Lakes-St. Lawrence Association,
Meridian Mansion:

Joining with others for immediate ratification St. Lawrence Treaty.

ED C. JOHNSON, *Governor.*

To the President and Members of the United States Senate, greeting:

I, Governor of the sovereign State of Colorado, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

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ED C. JOHNSON,
Governor of the State of Colorado.

Signed at Denver, Colo., 1934.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Colorado, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

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I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

OLIVER H. SHARP,
Former Governor of the State of Colorado.

Signed at Colorado Springs, Colo., March 8, 1934.

BOISE, IDAHO, *March 9, 1934.*

CHARLES P. CRAIG,
Executive Director Seaway Treaty, Washington, D.C.:

Convey my endorsement of seaway treaty to United States Senate and President.

C. BEN ROSS, *Governor.*

To the President and Members of the United States Senate, greeting:

I, Governor of the sovereign State of Idaho, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

C. BEN ROSS,
Governor of the State of Idaho.

Signed at Boise, Idaho, 1934.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Idaho, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

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H. C. BALDRIDGE,
Former Governor of the State of Idaho.

Signed at Parma, Idaho, February 27, 1934.

N.B.—By all means let us have the passage of the seaway treaty with Canada. It is most important to all our people—now is the time.—H. C. B.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Illinois, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

LOUIS L. EMMERSON,
Former Governor of the State of Illinois.

Signed at Mount Vernon, Ill., March 1, 1934.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Indiana, unite in earnest petition that the seaway treaty with Canada now pending ratification in the Senate be immediately accepted, and also that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift of the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

JAMES P. GOODRICH,
Ex-Governor of the State of Indiana.

Signed at Winchester, February 26, 1934.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Iowa, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift of the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

JOHN HAMMILL,
Former Governor of the State of Iowa.

Signed at Britt, Iowa, February 26, 1934.

To the President and Members of the United States Senate, greeting:

I, Governor of the sovereign State of Kansas, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

ALF M. LANDON,
Governor of the State of Kansas.

Signed at Topeka, Kans., February 26, 1934.

PARSONS, KANS., *March 7, 1934.*

CHARLES P. CRAIG,
Great Lakes-St. Lawrence Tidewater Association,
Washington, D.C.:

The St. Lawrence River International Treaty should be ratified without further delay. This is most important waterway project ever considered by American people, not excepting the Panama Canal except as to defense feature latter. No progressive nation should fail to open its interior to deep-water vessels. Failure unthinkable.

CLYDE M. REED.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Kansas unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

CLYDE M. REED,
Former Governor of the State of Kansas.

Signed at Parsons, Kans., 1934.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Kansas, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent

industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

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HENRY J. ALLEN,
Ex-Governor of the State of Kansas.

Signed at Wichita, Kans., March 2, 1934.

LANSING, MICH., *March 7, 1934.*

CHARLES P. CRAIG,
Executive Director Great Lakes Tidewater Association, Washington, D.C.:

Add my name to list of governors endorsing petition for immediate ratification of seaway treaty.

WILLIAM A. COMSTOCK,
Governor of Michigan.

To the President and Members of the United States Senate, greeting:

I, Governor of the sovereign State of Michigan, unite in earnest petition that the seaway treaty with Canada, now pending ratification of the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

WILLIAM A. COMSTOCK,
Governor of the State of Michigan.

Signed at Lansing, Mich., 1934.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Michigan, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

WILBER M. BRUCKER,
Ex-Governor of the State of Michigan.

Signed at Detroit, Mich., February 26, 1934.

DETROIT, MICH., *March 7, 1934.*

CHARLES P. CRAIG,
Executive Director Great Lakes-St. Lawrence Tidewater Association, Washington, D.C.:

It has been my observation that people of this State have been unanimously in favor of the St. Lawrence Tidewater project ever since its inception. Legislature after legislature has appropriated liberally to the promotion of the enterprise by the different States. When in office I gave it my support, and other governors, including the present one, have done the same. It has always been a conundrum to me why the actual construction of the improvement was not begun; why it took so long to negotiate a treaty acceptable to this country. I do not understand there is any opposition from the Michigan Senators, and cannot conceive why either of them should require any urging, and do not believe that they do. On the contrary, I think that they will assist and promote the ratification of the treaty. You can therefore count on Michigan's support to the limit.

ALEX. J. GROESBECK.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Michigan, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted; and, also, that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

ALEX. J. GROESBECK,
Former Governor of the State of Michigan.

Signed at Detroit, Mich., 1934.

To the President and Members of the United States Senate, greeting:

I, Governor of the sovereign State of Minnesota, earnestly petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to their agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportations opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Signed at St. Paul, Minn., March 6, 1934.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Minnesota, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

THEODORE CHRISTIANSON,
Former Governor of the State of Minnesota.

Signed at Washington, D.C., February 25, 1934.

HELENA, MONT., *March 10, 1934.*

CHARLES P. CRAIG,
St. Lawrence Waterway Offices, Washington, D.C.:

You are authorized to add my name to governors' memorial to Senate on seaway treaty.

F. H. COONEY, *Governor.*

To the President and Members of the United States Senate, greeting:

I, Governor of the sovereign State of Montana, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studies and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

F. H. COONEY,
Governor of the State of Montana.

Signed at Helena, Mont., 1934.

LINCOLN, NEBR., *March 8, 1934.*

CHARLES P. CRAIG,
Director Great Lakes-St. Lawrence Tidewater Association:

You are authorized to sign my name to petition of governors urging the ratification of the Great Lakes-St. Lawrence Treaty. I believe both Nebraska Senators will support it.

CHARLES W. BRYAN,
Governor of Nebraska.

To the President and Members of the United States Senate, greeting:

I, Governor of the sovereign State of Nebraska, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

CHARLES W. BRYAN,
Governor of the State of Nebraska.

Signed at Lincoln, Nebr., 1934.

FALLS CITY, NEBR., *March 10, 1934.*

CHAS. P. CRAIG,
Executive Vice President Great Lakes-St. Lawrence Tidewater Association, Munsey Building, Washington, D.C.:

I endorse governors' petition ratification St. Lawrence Treaty this session. I regard analysis of whole question of water sufficiency by General Markham as sound. I approve leadership President Roosevelt in seeking completion America's two great inland waterway systems. The Great Lakes and Mississippi Valley systems both are indispensable to equality of opportunity for Mississippi Valley. Mississippi River system is now assured and Senate should give us seaway without delay.

ARTHUR J. WEAVER.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Nebraska, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

ARTHUR J. WEAVER,
Former Governor of State of Nebraska.

Signed at Falls City, Nebr., 1934.

To the President and Members of the United States Senate, greeting:

I, Governor of the sovereign State of North Dakota, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

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I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need

of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

WILLIAM LANGER,
Governor of the State of North Dakota.

Signed at Bismarck, N.Dak., 1934.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of North Dakota, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting-aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

GEO. F. SHAFER,
Former Governor of the State of North Dakota.

Signed at Bismarck, N.Dak., February 27, 1934.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of North Dakota, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

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R. A. NESTOR,
Former Governor of the State of North Dakota.

Signed at Minot, N.Dak., February 27, 1934.

To the President and Members of the United States Senate, greeting:

I, Governor of the sovereign State of Ohio, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depresison but emphasizes that need.

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GEORGE WHITE,
Governor of the State of Ohio.

Signed at Columbus, Ohio, 1934.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Ohio, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

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HARRY L. DAVIS,
Ex-Governor of the State of Ohio.

Signed at Cleveland, Ohio, 1934.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of South Dakota, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and, also, that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and finally written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

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WARREN GREEN,
Former Governor of the State of South Dakota.

Signed at Hazel, S.Dak., March 5, 1934.

To the President and Members of the United States Senate, greeting:

I, Governor of the sovereign State of Wisconsin, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic-reconstruction scope, instituted in a

nonpartisan spirit, studied and accepted without thought of partisanship, and, finally, written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

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A. G. SCHMEDEMAN,
Governor of the State of Wisconsin.

Signed at Madison, Wis., February 27, 1934.

To the President and Members of the United States Senate, greeting:

I, former Governor of the sovereign State of Wisconsin, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

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PHILIP F. LA FOLLETTE,
Former Governor of the State of Wisconsin.

Signed at Madison, Wis., 1934.

To the President and Members of the United States Senate, greeting:

I, acting Governor and former Governor of the sovereign State of Wyoming, unite in earnest petition that the seaway treaty with Canada, now pending ratification in the Senate, be immediately accepted, and also that the necessary enabling legislation be thereafter enacted, to make possible the early completion of an ocean road between the Great Lakes and the Atlantic.

For the past 15 years this undertaking has been visualized, discussed, and generally accepted as a major means for permanent industrial and agricultural uplift to the entire Nation. The State represented in this petition has earnestly and officially demanded the seaway as necessary to its agricultural and industrial health and prosperity. The need remains urgent. The now-existing depression but emphasizes that need.

I subscribe to the principle that an undertaking of national and international economic reconstruction scope, instituted in a nonpartisan spirit, studied and accepted without thought of partisanship, and, finally, written into a mutually fair agreement between two friendly nations, should now be ratified in the same wholesome, nonpartisan manner as a matter of national and international benefit.

I demand the setting aside of special privilege and sectionalism in the consideration of this great national and international undertaking, and in voicing that demand I speak for the homes, for the industries, for the agriculture, for the united common need of a great body of the American electorate, impelled by one great desire—that the doors of transportation opportunity shall be opened to the widest possible extent by bringing the sea base into the heart of the North American Continent.

A. M. CLARK,
Acting and Former Governor of the State of Wyoming.

Signed at Cheyenne, Wyo., February 22, 1934.

Mr. WAGNER. Mr. President, it is with great hesitancy and after long deliberation that I have listed myself in opposition to the St. Lawrence Waterway Treaty.

This treaty has been stamped with the approval of President Roosevelt. No President was ever confronted with more serious or difficult problems upon taking office. He has met issues with prompt action, clear vision, and the most generous feeling for the interests of the whole country. The superb statesmanship which he has shown in guiding us from the brink of ruin to the paths leading to prosperity has won our boundless respect.

The other nations of the world, struggling against a world depression, look to our President as their guide in international affairs. With civilization at a crisis, he is the acknowledged counselor. My deep regret over differing with President Roosevelt on the St. Lawrence matter is happily tempered by the feeling that the bone of contention is in no way connected with the sweep of his great recovery program.

Mr. President, in listening to the speeches of many of the advocates of the treaty, I have been reminded constantly of Mr. Justice Holmes' famous warning that "general propositions do not decide concrete cases." These advocates seem to think they have advanced a decisive argument in favor of the treaty when they say that it should be considered on a broad national basis. Everyone in the Senate wants to consider it in that way; but the mere recitation of this truism does not tell where the national interest lies, or whether it would be advanced by the consummation of this project.

Equally fruitless are the charges that the treaty is being opposed by the railroads, the New York Chamber of Commerce, the Mississippi River enthusiasts, or other designated groups. Most of the sentiment either for or against any proposal can be analyzed in terms of various group interests. I should be very glad to hear convincing evidence that some groups would be benefited by the St. Lawrence project as much as they might be helped in some more practical way. Such evidence would incline me toward the treaty. I should also want to know about the particular groups that would be affected adversely by the treaty. Such disclosures would incline me against it.

Our task as legislators, as I see it, is to weigh whether the benefits to certain groups would outweigh the burdens imposed upon others. When we do this candidly and carefully we are considering the treaty as a question of national welfare. But we cannot make any headway by dealing in free assumptions that the treaty must be good because the railways are alleged to oppose it, or that something must be fine for the United States because it is alleged to be bad for New York.

The unwillingness to distinguish between selfish bias and nationally minded opposition is closely paralleled by the confusion of the power with the navigation project. Those who do not see the need for a costly seaway from Duluth-Superior to Montreal are accused of opposition to the public development of water power. I am in favor of such development, as is shown by every vote that I have cast in the Senate or in the State legislature whenever the issue was presented clearly. I am entirely in accord with that part of the intergovernmental report submitted by President Roosevelt on January 10 which dealt with the benefits to be derived from public power. The able Senator from Wisconsin has said that power cannot be developed without a treaty. He has read a letter from the vigorous mayor of New York stating the same position and that New York would benefit by the power development. This letter begs the whole question. Power can be developed without this particular treaty. Power is not worth developing at the cost of an extravagant navigation project which would more than offset the power benefits.

In the minority report which I filed on January 10 I set forth in considerable detail the grounds for my opposition to the waterway program, and therefore to the treaty which embodies it. My intent now is simply to present for the convenience of the Senate the high spots of this report and to discuss the extent to which my conclusions have been affected by the President's subsequent report and by arguments advanced on this floor.

It will be found that a single unifying thesis runs through my entire argument. The St. Lawrence Treaty is founded upon economic conditions and proposals for relief that have become outmoded with the passage of time. It is neither responsive to present-day facts nor in accord with the poli-

cies of the recovery program. Its advocates cite the approval of Presidents Wilson, Harding, and Coolidge, and the only effect of such citation is to remind us that sentiment for the treaty developed during an era quite dissimilar to our own.

The first inquiry that must be made in determining the advisability of the St. Lawrence waterway involves the amount of traffic that would be available for movement over the improved channel. The proponents of the treaty rely largely upon the estimate of from 18,000,000 to 23,000,000 long tons, made by the Department of Commerce in 1927. This study never pretended to be more than a statement of the flow of goods over the waterway if it succeeded in capturing all of the traffic, with a few unsubstantial exceptions, exported from the tributary areas. No effort was made to determine what commodities would continue to move over the railroads, whether because designed for destinations that could not be served effectively by the waterway or because composed of types of traffic not adaptable to water transportation.

Anyone who examines the Department of Commerce book will be convinced of its indefinite and inconclusive nature; and this conviction will be confirmed by the words of the Secretary of Commerce, who wrote:

> No attempt has been made to determine the amount of potential traffic that actually might move by any of the routes, nor has an estimate been made of the total possible saving.

Quite aside from the inadequacies of this survey when made, it took no cognizance of the long-time trends affecting our position in the international grain trade. Disregarding the recent depression, our total exports of wheat declined from 260,996,000 bushels in 1920 to 168,307,000 bushels in 1927. During the years 1919–21 we captured 41 percent of the world trade in wheat, and from 1923 to 1930 we secured only 21 percent. Many countries at the present time have embarked upon domestic preferences, and the competition from other wheat areas is likely to be more serious than it has been in the past. Furthermore, the whole area tributary to the Great Lakes has long been of declining importance as an export area. Its wheat acreage figure declined from 57.7 millions in 1919 to 45.9 millions in 1928.

The new studies, embodied in the report of the Government departments submitted by the President on January 10, and ably presented by the Senator from Nevada 2 days later, in no way correct the errors or the agedness of the Department of Commerce's 1926 estimate. The new report reads—and I now read from this report, which has been presented as a present-day estimate:

> The possible export and import commerce over the proposed St. Lawrence waterway, based on 1929 conditions, is estimated at 23,000,000 tons. Certain corrections, arbitrarily made in an effort to be conservative, reduce the estimate to a more probable figure of 13,000,000 tons.

It is astounding to note that this new report, without attempting to answer the criticisms that have long been leveled against the haphazard nature of the old commerce survey, and without allowing for the changes in our economic life and policies since then, arrives at a total just as high as the one set in 1926. It is not a new estimate at all, in any real sense. While the study may have just been made, it is based upon the old conditions before 1929. Its only novel feature is that it makes an indefinite estimate even more vague by subjecting it to an arbitrary correction. The Senator from Wisconsin has extolled this up-to-date report of January 1934. But his quotation from this very report contains the admission that it is based on conditions in 1929. I refer Senators to the CONGRESSIONAL RECORD, January 31, page 1659.

Several Senators have made earnest pleas that, instead of viewing the treaty in the light of present conditions, we should project our vision ahead to 1942. Yet they have been content to rely upon the intergovernmental report which admittedly based its estimates upon conditions in 1929.

The Senator from Wisconsin has said that my minority report is out of date because I based my conclusion of the economic undesirability of the treaty upon traffic estimates made in 1926 and 1927 (CONGRESSIONAL RECORD, p. 1659, Jan. 31). Surely the Senator realizes that if traffic estimates made during the boom years did not justify the project, it cannot be justified today. Surely my arguments have even more force since I made a concession to the proponents of the treaty by dealing with the years when our foreign trade was at its peak. How can the Senator object to my considering the estimates of 1926 and 1927 when these were as high as those contained in the new report upon which he relies so heavily?

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. WAGNER. Will not the Senator permit me to finish? Then I will be very glad to yield.

Mr. BAILEY. I was merely going to undertake to aid the Senator's argument with another quotation from the very remarkable McNinch report, which the President has submitted. But I will not trouble the Senator; I will do it in my own time.

Mr. WAGNER. Perhaps I myself may refer to it a little later.

Mr. BAILEY. I merely desired to call attention to the fact that the report makes an estimate of railroad traffic in 1929. The report is submitted in January 1934 and says there has been no sign of diminution in railroad traffic in the United States, notwithstanding the events in the intervening years. That is in the message before us.

Mr. WAGNER. I thank the Senator very much.

The new report, and the speeches of the able Senators from Nevada and Montana, are filled with impressive figures concerning the population and the productive capacity of the tributary areas. The able Senator from Wisconsin goes even further. He attaches importance to the statement made in the intergovernmental report of January 10 to the effect that by 1950 the increases in our total national traffic will be 30 times as great as the traffic which he claims will move over the seaway. He quotes the figures of the report showing the increase in railroad tonnage between 1901 and 1930.

I do not question the grandeur and wealth of the great tributary region. Still less do I deny the future progress of the United States. But the potential traffic of the waterway is not determined solely by the population or production, or even by the exports of the tributary area. It is certainly not determined by increases in our total national traffic. It is determined by the capacity of the waterway, by the navigation season, by the types of traffic suitable for waterway carriage, by the routing of goods, and by the quality of service rendered by other agencies. The proponents of the treaty have sought to dazzle the opposition by reciting tremendous totals that have little relevance to the question under consideration, or by creating inferences that closer analysis will not support.

For example, it is claimed that there will be a tremendous flow of domestic commerce over the St. Lawrence because 92 percent of the Great Lakes' tonnage and 82 percent of the Atlantic ports' tonnage is domestic. The mayor of New York, in his letter of February 26 to the Senator from Wisconsin, has taken this position. Analogy of this sort has no validity. In my report I have demonstrated that most of the domestic tonnage moves between areas that could not be served by the waterway.

The agitation for the waterway, as a matter of fact, has been founded less upon figures than upon the fantastic theories of foreign trade that prevailed during the 1920's. During those years it was believed that farm difficulties could be obviated by developing a huge export market and financing the purchase of our own products. In the pursuit of this notion no proposal pretending to increase export facilities was too fanciful for acceptance. Today, on the other hand, we are striving to reduce our wheat acreage by at least 15 percent and to rationalize the production and consumption of farm products upon a national basis. It is difficult

to understand why the proponents of the treaty overlook this new direction of policy and blindly pursue the ancient cure-all for the solution of the agricultural problem.

In my report I have made a careful accounting of the amount of traffic that would be likely to flow over the waterway upon the restoration of normal economic conditions, and the total United States traffic comes to about five and one half million tons. To what extent would the shipper benefit if this traffic might be moved over the St. Lawrence waterway rather than over some facility which is now available, and how much would the American public have to pay for these benefits?

The claims that the waterway would improve our transportation facilities have become as antiquated as the original estimates of available traffic. The project was designed to remedy the congestion of 1920. It has not been reexamined in the light of our experience from 1922 to 1929, when an unparalleled volume of traffic was handled with complete ease. The project was intended to compete with the railroads. There has been no careful consideration of the very limited amount of competition which could be supplied by a waterway that would be open only 7 months every year, that would be available for only limited classes of traffic, and that would not provide a real inducement to the entry of ocean-going vessels.

Even if it could be shown that the waterway might compete effectively with the railroads, the expenditure of public money simply to provide private competition cannot be justified. For many years we clung to the dogma that services could be improved and costs reduced by perpetuating competition in the public-utility field. As a result facilities were duplicated, costs rose, and the railroads were brought to the verge of disaster. Today we have commenced a great undertaking to unify and coordinate our transportation facilities, and to translate efficiency into public service by a sound rate-making policy. Unless we intend to abandon this promising policy and return to practices that experience has discredited, there can be no valid argument advanced for the St. Lawrence waterway unless it is fundamentally a more economical way of carrying goods than land transportation.

I have not heard a single Senator favoring the treaty deal adequately with this basic question. Instead the whole problem of the relationship between the waterway and the railways has been beclouded by false issues or unwarranted assumptions. The able Senator from Minnesota sought at some length to prove that the railways are opposed to the waterway. Even if we assume this opposition to be purely selfish, it means only that the railroads do not want to be faced with the competitive rates of ships that do not have to bear the cost of the seaway. But such opposition sheds no light upon whether the saving in freight rates to shippers would be great enough to justify the original outlay or annual upkeep charged against the American people. Secondly, the Senator from Minnesota essays to prove that the railways, if they only knew it, would benefit greatly by the improvement in our national system of transportation. Likewise the letter from the mayor of New York states the truism that New York and the east coast would benefit by increasing domestic commerce and the economic revival of the Middle West. These arguments beg the whole question of whether such improvements would follow from the development of the waterway, and whether greater improvements might not be effected in some less costly way.

The Senator from Wisconsin has proved beyond question that all important western railway executives favored the waterway in the 10 years preceding 1931. If the Senator did not place any reliance upon the judgment of these men, he would not quote them in his favor. If he does give weight to their views, the fact that they were for the treaty before 1931 and oppose it today bears out my contention that the permanent trends in our economic development run counter to the waterway.

What would be the actual freight saving on goods that would move over the St. Lawrence waterway? The strongest evidence of the failure to view the treaty in the light of the present is the continued adherence to the claim of an 8-cent freight reduction on each bushel of grain shipped from the tributary area to Europe despite the fact that the total cost of such transportation is now less than 8 cents.

The able Senator from Minnesota is not annoyed by the fact that the claims of freight saving exceed the actual total transportation costs at present. He suggests that the proper yardstick is not the present cost on routes that would compete with the one under consideration, but the costs from the Gulf ports to Europe (CONGRESSIONAL RECORD, p. 923, Jan. 19). I do not catch the significance of this argument. Even if the rate on the new waterway from Duluth to Liverpool could be the same as the rate from the Gulf to Liverpool, it could not be 8 cents cheaper than the present rate from Duluth, when that present rate is as low as 8 cents.

Furthermore, the able Senator from Minnesota says that the total rate from Duluth to Liverpool will be only an extension of the Montreal-Liverpool rate, "made in proportion to the extension of the distance in total sea-miles." This would not be the case. As I have demonstrated in my report, traffic and navigation conditions between the Great Lakes and Liverpool would not permit carriage as cheap as that existing on trans-Atlantic shipments.

Even under normal economic conditions, as I have shown in my report, the case for an 8-cent reduction cannot be established, and the most likely figure is around 4½ cents. To what extent would this benefit the American grain grower? The advocates of the treaty claim that the freight reduction would be translated into enhanced prices for exported grain and that the benefits would extend also to all grain grown for domestic use because all prices are fixed on the world market at Liverpool.

Our attempts during the past decade to solve the agricultural problem have exposed the complete fallacy of the notion that the price of all our foodstuffs is fixed on the European markets, and that we can increase the revenue on all our farm products simply by artificial stimulation to the price of exported goods. We have set forth upon a diametrically opposed policy, to wit, the realinement of agricultural prices on the domestic market by a system of internal control. It is indeed surprising that the proponents of the St. Lawrence project today pay unqualified tribute to a theory of farm aid that was exploded as early as 1927 and completely abandoned in 1933.

As a matter of fact, there is grave doubt as to whether even the American shipper of grain would benefit by the reduced rates. More than 50 percent of the freight saving would very likely serve to reduce prices to consumers abroad, and in addition the wheat farmers outside the tributary areas would find their prices adversely affected by the new competitive conditions.

Now that we have properly delimited the areas to which the benefits of the waterway would extend, let us survey its costs. According to the estimate of the Board of Engineers, who met finally in 1932, the total cost to the United States would be $272,453,000. The Senator from Wisconsin has stated that I ignored the estimate of the Corps of Engineers, submitted with the new report last month. The fact is that this estimate is identical with the 1932 estimate treated in my minority report.

I did not ignore this estimate. Only an engineering expert should dare to question it insofar as it goes. But one need be a specialist to read the report of the engineers and notice the omission of elements of cost which common sense and good business and governmental practice should force one to include. Interest charges during the contemplated 8 years of construction, the likelihood of unanticipated delays which have been the unvarying rule in previous projects of this kind, and the cost of harbor and port improvements to meet the needs of ocean-going vessels have all been neglected. When these necessary items are included, we find that the total cost to the United States would be $573,136,000. Making allowance for the $89,726,000 which the State of New York undertakes to pay to the United States for the water-power development, the cost of the navigation project alone would be $483,410,000, or

$30,170,500 per year. This means a charge of $5.48 for each ton moved, or about 15 cents for every bushel of wheat.

On January 16 the able Senator from Michigan presented figures submitted by General Markham in defense of the cost estimate made by the Board of Engineers. General Markham calls to our attention the fact that the War Department in 1920 estimated the cost of improving the New York Harbor Channel at $10,400,000 and that in 1932 the work was completed at a cost of only $9,696,487. (CONGRESSIONAL RECORD, p. 716.) But we must realize that the index of prices was 154 in 1920, when the estimate was made, and averaged less than 100 during the period of construction. When this correction is made we find that the actual real cost in terms of 1920 prices was over fourteen and one half million dollars, or almost 40 percent more than the estimate. When we make the same necessary corrections in General Markham's other figures, and when we note that most of the Public Works projects which he cites are not as subject as the waterway to unusual difficulties, we realize that the very figures of the Department justify my claim that at least 20 percent should be allowed for unexpected costs.

The Senator from Wisconsin has censured my claim of a 20-percent allowance in "the teeth of the testimony that work on the connecting channels of the Great Lakes has been going forward for more than a year at an actual cost of about 50 cents on the dollar of the original estimate." The Senator, too, has failed to take account of the difference between price levels at the time of the estimate and at the time of the work. Nor has he noted that the difficult, problematical part of the project is not in the connecting channels, but in the International Rapids section.

But that is not the most important thing. My chief criticism of the engineers is not that they miscalculated the costs which they attempted to estimate, but that they deliberately neglected interest charges and harbor improvements. The Senator from Michigan cannot justify this granted omission by introducing figures which are intended to show only that the estimates of the War Department are generally correct as to the items which they do not neglect to consider. Nor can the Senator from Wisconsin justify it by citing the fine records of the Army engineers. Probably the Board could make an estimate of the cost of harbor improvements more accurate than the one I submitted in my report. But no advocate of the treaty has claimed that an attempt was made to do so.

The Senator from Wisconsin objects to my inclusion of harbor costs. He says that I have:

> Completely ignored the fact that * * * much of the expense of developing the harbors will be borne by the local communities. (CONGRESSIONAL RECORD, p. 1660, Jan. 31.)

Of course, I have ignored it. My interest is not limited to the cost to the Federal Government. I am considering the total cost to the taxpayers of the United States, however imposed, in relation to the benefits which they will receive. For this reason the Senator's citation of General Markham's estimate that harbor improvements would cost the Federal Government $7,500,000 is irrelevant.

I have heard the argument that the project could be completed for a far smaller sum than the one stated, because prices are much lower than they were during the 1920's, when the basic estimate of the Board of Engineers was made. But in considering a governmental expenditure for the benefit of the public and paid for by the public, we must deal with real costs in labor and materials. These remain constant despite fluctuations in the purchasing power of money. Any change in price levels which decreases the monetary cost of a project brings a corresponding decrease in benefits to be derived therefrom when measured in monetary terms.

The question, then, is, Should a public expenditure amounting to 15 cents for every bushel of wheat moved over the waterway be undertaken in order to effect a saving to the American shipper, or the European buyer, that would amount to 2 cents today and only 4½ cents with the return of normal price levels? Even if our foreign trade should become twice as great as it was during the 1920's, which is certainly a fanciful expectation, the cost to the American people would be 7½ cents per bushel in order to effectuate a saving to the shipper of a far lesser amount.

In my search for an up-to-date estimate of freight savings, I have reread the exposition of the Senator from Nevada, and I find that he regards the matter as self-evident. If I do not misquote him, he says:

> No one denies that freight can be shipped cheaper through the canal than by rail, because if it could not be shipped cheaper the railroads would not worry about it. I do not need to prove that. (CONGRESSIONAL RECORD, p. 537, Jan. 12.)

Mr. President, am I too critical in asking some proof to rebut the evidence regarding rate reductions that I have presented in my report? Furthermore, need I repeat that the issue is not simply whether freight rates on the waterway would be cheaper than by rail? Everyone admits that they would be somewhat cheaper. But the saving to the shipper would not be great enough to cover the portion of the cost of the waterway that would be borne by the public generally. Thus the total undertaking would involve a loss.

As a last resort, the Panama Canal has been brought forth in support of the St. Lawrence project. The two are transparently different. The waterway would cost two and a half times as much as the canal. It would have 16 or 17 locks, compared with 6 at Panama. It would be open 7 months every year instead of 12. The Panama Canal was cut through a narrow isthmus to connect two oceans, which touch every port, handling every type of goods, going to every destination. The completed waterway would be over 2,000 miles long and would prove advantageous only for the limited trade between the tributary areas and Europe. The advocates of the treaty do not dare to make a careful comparison between the two projects. They are content to say that the opponents of the St. Lawrence must be wicked because the opponents of the Panama Canal were mistaken. If anyone is impressed by their logic, I shall not attempt to dissuade him.

The proponents of the treaty, when confronted with the fact that all their older arguments have been washed away by the current of events, advocate the project as a great public-works undertaking. Certainly, I have not been delinquent in my advocacy of public works. But I am not in favor of a public-works undertaking that is extravagant in conception and foredoomed to constitute an annual drain upon the resources of the country.

I am not in favor of a public-works project designed to employ Canadian workmen with United States money. The treaty provides that although the United States is to supply the funds for most of the work in the International Rapids section of the St. Lawrence River, the portion of this work on the Canadian side of the section is to be performed by Canadian workmen using Canadian materials.

This means that out of the $573,136,000 spent by the United States, $104,200,000, or almost one fifth, will be devoted to Canadian use. Are the American people, straining every nerve and fiber to remedy domestic unemployment, prepared to sanction a proposal which contemplates that for every $5 of American money spent, $1 should be devoted to the employment of Canadian men and the purchase of Canadian materials?

The common belief that Canada and the United States are to spend equal amounts upon the St. Lawrence project cannot be sustained. Proper account should be taken of the fact that Canada has received full credit for over $128,000,000 which she has already expended, while the United States has undertaken work based upon untested estimates subject to all the contingencies of the future. Allowance should also be made for the American money to be spent on Canadian soil to employ Canadian workmen. The actual cost to the United States, as I demonstrated in my report, would be about two and one half times as great as the cost to Canda.

Despite this amazing disparity in costs, the potential Canadian grain traffic for the waterway is over twice as great as that of the United States. Reductions in freight rates would afford the greatest benefits to Canadian farmers,

as the Canadian price of grain is much more delicately adjusted to the export market than is our own. Forty million bushels of grain annually would be diverted from United States ports in their passage from Canada to Europe.

Of the 5,000,000 horsepower, which are the total potential capacity of the St. Lawrence, almost 4,000,000 will eventually devolve upon Canada, including her 50-percent share of the 2,200,000-horsepower development in the St. Lawrence Rapids section and her exclusive rights to the deferred development in the Soulange and Lachine sections.

Finally, I think that serious consideration should be given to the advisability of directing part of our commerce through Montreal. It is inconceivable to me that anything but the most friendly relations should exist between the people of Canada and the people of the United States; but in the eventuality of war between the British Empire and some third power there would be great difficulties involved if American goods were consigned to powers unfriendly to Great Britain and were attempted to be moved through a Canadian port. In view of the ceaseless efforts of land-locked nations to gain access to the sea, it seems strangely ironical that our country, with thousands of miles of seacoast, should seek an outlet to the ocean through a foreign port.

Viewed simply as an isolated economic undertaking, the St. Lawrence project entails costs that are unlikely to be regained. Surely, this in itself should be a serious drawback at a time when public agencies are being strained to the limit by the demands of relief and reconstruction. But the defects of the treaty go even deeper. The treaty embodies a program for agricultural relief that has been found wanting and that has been superseded by a totally different course of action. It seeks to promote a new competitive factor at the very moment when we are attempting to unify and coordinate our transportation facilities and to raise them above the wreckage that unchecked competition has produced in the past. It promulgates a doctrine of foreign trade that we have repudiated by every pertinent act of the new deal.

For these reasons I hope that the Senate will vote against the ratification of the St. Lawrence Treaty with Canada.

Mr. COPELAND. Mr. President, may I call attention to the petitions I hold in my hand, which were sent to my colleague and to me from 4,970 citizens of our State? These petitions have just been signed, the signatures were obtained within a period of 3 days, and all the signers are in opposition to the St. Lawrence Waterway Treaty.

I merely want to call the attention of the Senate to the, so far as I know, almost unanimous opposition in the State of New York to the St. Lawrence Waterway Treaty.

The PRESIDING OFFICER. Without objection, the petitions will be received, noted, and lie on the table.

Mr. PITTMAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The Senator will propound his parliamentary inquiry.

Mr. PITTMAN. I should like to ask whether the request was to publish the petitions in the RECORD?

Mr. COPELAND. No; I did not ask that they be published in the RECORD, but that there be noted in the RECORD the fact that my colleague and I had received these petitions, signed by nearly 5,000 citizens of our State, in opposition to the treaty. I do not wish to cumber the RECORD. I have already done that more than I should.

Mr. GIBSON. Mr. President, I shall occupy only a few moments of the time of the Senate. It is not my purpose to discuss the merits of the St. Lawrence project; that I leave to my abler colleagues; but it is my desire to call attention briefly to a supplementary development that I believe will be necessary if the proposed seaway under the pending treaty becomes an accomplished fact. It is a plan in which the people of eastern New York and western Vermont, living in the Champlain Valley—in fact, the people of New England generally—are directly interested. It is not necessary at the present time to discuss this matter to its final analysis or complete explanation. It is not inappropriate, however, that reference should be made to it at this time.

One outstanding criticism of the St. Lawrence ship canal project is the long haul necessary to reach the Atlantic coastal cities, the West Indies, Central and South America. It is fully as important to serve the commercial needs of American countries as it is to get our exports to European markets.

The distance from Montreal to New York by the proposed sea route is between 1,200 and 1,300 miles, through a dangerous sea area in the region of the St. Lawrence Gulf, and one that is closed to navigation at least 4 months of each year.

It has often been stated truly that transportation is the key that controls our future development. The highways, the railways, the water-carrying facilities must expand in order to accommodate an increase of 40,000,000 in our population in the next 20 years. The annual ton-mileage of our railroads at the present time is something like 400,000,000,000. With the increase we may reasonably expect the ton-mileage will reach 800,000,000,000 by 1950.

It is reasonable to assume that our railroads will be wholly unable to absorb this increase, and so the development of waterways becomes a necessity. Railways will carry high-tonnage values over long distances; the highways will carry high-tonnage values over short distances; and the waterways will carry low-tonnage values over long distances.

Coordination of these facilities will be worked out through the demands of transportation in the commercial development of the future.

How can the long haul by way of the Gulf of St. Lawrence be avoided? The answer is obvious. Take a map of lower Canada, northern New York, and Vermont, and it will be seen that the distance from Lake St. Francis, a completed section of the seaway, to the northeast of the site of the contemplated St. Lawrence power development, to Lake Champlain is around 35 miles. Lake Champlain, with its navigable waters, stretches a distance about 140 miles between New York and Vermont. A canal can be constructed from Lake St. Francis to Lake Champlain. The elevation at the height of land between these bodies of water is only 218 feet above mean tide at New York City and 66 feet above low-water stage of Lake St. Francis. If the level of Lake Champlain should be maintained at 100 feet above mean tide at New York City, it would leave a lockage of only 52.4 feet to be taken care of, either by one lock or by two locks. When Lake Champlain is reached there is available a free waterway of 120 miles south to Whitehall, N.Y.

Thence navigation can proceed by an improved canal to Fort Edward, a distance of 23.4 miles; then a canalized river to the mouth of Norman's Kill, 49.6 miles, where tidewater is reached. These existing partial developments can be widened and deepened and the way to New York City opened to ocean-going vessels.

The engineering problem has been studied by private engineers, who report that this route is feasible and that it could be constructed without difficulty, could be used for 9 months of the year, and would reduce the distance from Montreal to New York City from about 1,300 miles to 450 miles. The project has also been given careful study by Army engineers. Their report is set forth in House Document No. 149, Fifty-sixth Congress.

The benefits to New York would be beyond estimate. The three great shipping ports of the Empire State, in the order of their importance, are New York City, Buffalo, and Port Henry. These would be connected by this waterway.

I have stated that this route has been studied by engineers. I quote from an address by Francis C. Shennehon, an eminent engineer and an authority, at a meeting of American engineers held in 1924, in which he said:

> The preferred route from the Great Lake system to the port of New York for deep drafts, ocean-going vessels now appears to be the St. Lawrence-Lake Champlain route; and the aspirations of the citizens of New York for a deep waterway, entering salt water through the Hudson River portal, appears to be in parallel with the aspirations of those seeking a deep waterway following the St. Lawrence River to the Atlantic.

New York City is the great shipping center of the Nation; its port must be protected. This can be done by develop-

ing the Champlain route and a waterway provided for the products of the West quickly to reach the ports of the East, of Central and South America.

Much has been made of the claim that the St. Lawrence seaway would shorten the route from the Middle West to the Old World. If it is worth while to shorten the route to Europe why not shorten the route to the Atlantic seaboard?

If, as the distinguished Senator from Michigan [Mr. VANDENBERG] said, the Midwest must reach the ocean it should be able to reach it by a reasonably short route.

It is obvious that a saving in time and cost would result. Of course, the building of the Champlain Canal must wait on the completion of the St. Lawrence waterway, but I commend the project now to the attention of the Congress as worthy of early consideration.

Mayor LaGuardia in his recent letter to the senior Senator from Wisconsin [Mr. LA FOLLETTE] makes the statement that 80 percent of the water-bound commerce of the United States is domestic rather than foreign trade, and that the extension of our seacoast into the Middle West will inevitably increase the profitable exchange of goods between New York and the other great American cities of the littoral of the Great Lakes.

If the able and forceful mayor of our greatest American city is correct, then how much more advantageous will be the position of the port of New York and the East with a short-cut approach through the Champlain Valley? Then the East will truly benefit from the economic recovery and development of the Middle West.

Three ways of outlet from the Great Lakes to the sea have been proposed. One is the St. Lawrence ship canal project now under consideration; the second is the Oswego-Mohawk Canal by way of Lake Oneida to the Hudson, and the third is the Lake Champlain route.

The Oswego-Mohawk route and the St. Lawrence seaway project are both independent schemes, while the Champlain route is necessarily a supplement to the St. Lawrence seaway. At the beginning it is well to compare the Oswego-Mohawk route with the proposed Champlain route. The St. Lawrence waterway would not be necessary for American commerce if we should develop the Oswego-Mohawk route. The Oswego-Mohawk Canal would not be supplementary to the St. Lawrence route.

The distance from the foot of Lake Ontario to New York by way of Lake Champlain is 414 miles. From Oswego, on Lake Ontario, to New York it is 313 miles, involving the passage of 31 ship locks, while the St. Lawrence-Champlain route, from the division point at the foot of Lake St. Francis, the distance to New York is 363 miles, involving the descent through only 12 ship locks. Engineers estimate that the cost of the Oswego-Mohawk route would be $66,000,000 more than the Champlain route.

Mr. President, my purpose in speaking at this time is not to discuss the treaty, but to call the attention of the Congress and the Nation to the obvious fact that after the St. Lawrence route shall be completed it will be of great benefit to supplement it with another canal way in order for the products of the West to reach the Atlantic coast without traversing an extra 1,500 miles to reach the port of New York.

Mr. DICKINSON. Mr. President, I shall detain the Senate for only a few minutes with reference to my position on the St. Lawrence Treaty. I noted that the distinguished Senator from Nebraska [Mr. NORRIS] referred to a statement I had made over the radio in 1932, in which I said:

> Favoring this route from the first, President Hoover has succeeded in negotiating a treaty with Canada by which this waterway will be built and a cheap transportation outlet to the Atlantic will be given to the farmers of the Middle Western and Northwestern States.

I stand by that proposal now, if the treaty had been as we expected it would be and had provided for connecting up the Missouri and Mississippi Valleys with the St. Lawrence waterway. As stated heretofore, my sole objection to the treaty has been and is that if we bring the benefits of the treaty to the Great Lakes and then cut off the benefits from there to the Mississippi Valley, the Mississippi Valley is being treated just as it was treated by the construction of the Panama Canal. The Panama Canal has been referred to here. Let me refer to the RECORD for a moment with reference to the Panama Canal.

No greater calamity ever was imposed upon the Mississippi Valley than by the passage of the measure providing for the construction of the Panama Canal. Why? Because it permitted a cutting of freight rates so that shipments could be made through the canal to the eastern section of the United States and to the far West at rates lower than applied on shipments from the Mississippi Valley to the far West or to the far East, either way. What happened? It practically destroyed the economic position of the Mississippi Valley with respect to the industries located there.

When that bill was before the House at the time, being H.R. 3110, only two Members of the House voted against it. Who were they? They were Fletcher, of Minnesota, and Lassiter, of Virginia. The full Iowa delegation voted for it. The full Illinois delegation voted for it. We did not know that we were going to have imposed upon us a handicap of that kind, but now we find that, regardless of the good intentions of the men representing our State at that time, it has worked adversely to our economic interest, just as ratification of this treaty will operate adversely unless some assurance shall be provided that the Great Lakes and the Mississippi Valley are to be connected by this waterway.

I know it will be said, in view of this statement, that we are interfering with a great principle. I do not believe anyone of 15 years' service in the Congress has been more faithful to the cause of the inland waterways than have I. I have been one of those who have always insisted that adequate appropriations be provided for them. We have been working for a barge system on the Mississippi River. We have worked to improve the Missouri River. All the great tonnage of the Mississippi Valley comes naturally into the city of Chicago. It is produced in that area. We are not so much interested in wheat. We are not so much interested in some of the other products about which Senators talk, but we are interested in having low rates that will permit us to get our tremendous production of farm produce to market.

The big tonnage from Iowa, the big tonnage from Nebraska, the big tonnage from Missouri all comes to the city of Chicago. The northern tonnage represents wheat, and almost wheat alone. That will come into the Great Lakes at Duluth. But as we go further south we find that we must have access to this whole route, otherwise it will be a handicap rather than a help.

Why a handicap? Just as I have suggested with reference to the Panama Canal, which raised the rates of all our freight from the Missisippi Valley east, and from the Mississippi Valley west.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. LONG. I catch from the Senator's point what I see in the future. If we keep making treaties of this kind we cannot ship from the middle sections of the country to the East, nor from the middle sections to the West. We cannot ship from those sections to the North, nor to the South. We shall just have to rim the coast, or near the coast, with practically everything we have, and create almost a vacuum and a desert in the middle region of this country if we continue to neglect the Mississippi Valley and build up the other projects the Senator is talking about.

Mr. DICKINSON. I agree with the Senator, except that it would not be possible to make a desert out of Iowa. We have too much rain.

Mr. LONG. I meant a desert for trade.

Mr. DICKINSON. The Senator means an economic desert, not a production desert?

Mr. LONG. An economic desert. For instance, as the Senator has demonstrated, from San Francisco to New York, going through the Panama Canal is cheaper than going from Waterloo, Iowa, to either point.

Mr. DICKINSON. That is exactly right.

What will happen if the diversion at Chicago is not sufficient to maintain the Hennepin Canal, and if the flow of the Illinois River cannot be maintained, either by reason of lack of water or by reason of lack of sufficient water for sanitation—because if the water is there but is polluted to a point where it cannot be used, it is useless as a canal. If we do not have that connection, if the connection is not absolutely provided in this treaty, then we are in a position where the freight rates will be lowered from Chicago east, but they will be increased from Chicago west, and the great grain-trade area of the city of Chicago will suffer accordingly. That is the reason why I am intensely interested in this proposal.

Not only that; but I find that public men become interested in these proposals on account of pressure. We find that the idea of the Panama Canal was sold to this country, and, as I have heretofore suggested, in the Senate of the United States at that time there were only 6 votes against it—1 vote from Tennessee, 2 from Missouri, 1 from Virginia, 1 from Idaho, and 1 from Alabama. No one dreamed at that time that the construction of the Panama Canal was going to have an adverse effect upon the economic condition of the Mississippi Valley; but no one who knows anything about our experience under that treaty will for a minute hesitate in giving evidence that the Mississippi Valley has lost industry after industry by reason of the handicap the Panama Canal has imposed upon the Mississippi Valley.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Illinois?

Mr. DICKINSON. I yield.

Mr. LEWIS. Does not my able friend from Iowa concur with me in the thought that if those former representatives from the Mississippi Valley, which he and I and our colleagues now represent, were today called on to vote, with the information they now have, since casting their first vote, they would vote directly adverse to the way they then voted?

Mr. DICKINSON. I think without any question every one of them would vote adversely.

Now, the advocates of the treaty come in here and say, "The treaty has been recommended by the different parties." Oh, yes; but who had examined these treaties with a microscope then to find out whether or not there was any agreement with reference to the diversion, and whether or not we were making Lake Michigan an international lake, and whether or not we were properly protected so far as the future is concerned?

The advocates of the treaty say, "We have written into the treaty the very provision of the Supreme Court decision."

Mr. LONG. Mr. President, in connection with what the Senator is saying, the distinguished Prime Minister of Canada and the Canadian Senator from whom the Senator from Illinois [Mr. LEWIS] quoted this afternoon said they were opposed to the treaty from a Canadian standpoint and had announced against it even after it was signed, perhaps not dreaming that it could have any such things as it has in it; and that was just the viewpoint of some of us here in the United States. We did not know but that this treaty was all right, never once dreaming that there were such provisions in it as these gentlemen from Canada found to be in it, which caused them to turn and favor it, and which consequently would cause us to know that we could not vote for it.

Mr. DICKINSON. That is exactly correct.

The friends of the treaty say that the documents provide ample diversion. Under the diversion rights in the treaty of 1909 Canada, as I understand, would consent to have a diversion of 10,000 cubic second-feet; but at that time our representative, the distinguished Mr. Root, said that he would under no circumstances give Canada the right to control the diversion of our water within our own borders. That principle is still involved here, but on account of the Supreme Court decision Canada negotiated for the purpose of writing into the treaty the terms of that decision.

Mr. President, I try to be law-abiding. I believe that we can settle our own difficulties; and if we find there is not sufficient diversion there in the future, I am willing to see our people take it up with anyone in the United States who is interested in it. I do not, however, want somebody representing a foreign country sitting on that board of diversion; and that is what I object to in this treaty. I do not want to have to go over in Canada and negotiate with someone who has some other interest than the interest I represent; but I am perfectly willing to deal with every American citizen in the United States in working out an adjustment along those lines.

Mr. LONG. I beg the Senator's pardon, but he would not have to go over in Canada. He would have to go to England to deal with His Britannic Majesty. This treaty is made by Great Britain, through the King of England, King George V.

Mr. DICKINSON. I hope they would at least extend us the courtesy of sending someone over here to negotiate with us somewhere near our own border.

Mr. LONG. It is dangerous to let them come over here, because every time they come they get more than they asked for before they came.

Mr. DICKINSON. There is a great deal of truth in that suggestion.

I know it is said here that the diversion at Chicago is sufficient, and the supporters of the treaty talk about lake levels. It is a peculiar thing to me that they talk about lake levels and how much water we have taken from the lakes, and yet, as I understand, there was one of the highest lake levels in Lake Michigan and in the other Great Lakes within the last year or two that there has been in a great many years. All that time we have been taking out more water than it was said we ought to take, and the claim is made that we have been depriving others of their water rights.

Mr. LEWIS. Mr. President, if I may be pardoned——

Mr. DICKINSON. I yield.

Mr. LEWIS. As the question is not unfamiliar to me, as I previously remarked in addressing the Senate, having taken part in the litigation, it may interest the Senator to know that the history of the development discloses that 6 inches to and fro, up and down, however the matter has gone, has been the limit of the change in the lake levels. It has never exceeded 6 inches, regardless of what the diversion was. Something protected it and always restored it.

Mr. DICKINSON. That is my understanding, that regardless of the diversion the minimum has been 4 inches, and that there never has been a maximum of more than 6 inches in the variation of the lake level. The rest of it is what may be called the seasonal variation that comes and goes with excessive rainfall and slack rainfall; and those periods run in cycles of some 7 years, perhaps after the old 7-year cycle of the Bible.

I want to go a little bit further. It is unfortunate for us that there happened to be a Supreme Court decision just about the same time the negotiation of this treaty was begun. That Supreme Court decision was unfortunate; but, growing out of that decision, we ought not to permit to be written into a treaty a hidebound agreement that may absolutely bar any particular benefits, if there are any benefits to be gained from this treaty, accruing to the section from Chicago west.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. LONG. This Supreme Court decree was between two different provinces or sovereignties of the United States.

Mr. DICKINSON. That is correct.

Mr. LONG. To say that because I sue you for something some third party has a right to come in and have himself made a party to that decree is ridiculous. Because the United States says it is going to allow Chicago so much water, Canada has no right to come in and say, "Now, since the United States has decided that it is going to allow Chi-

cago so much water, we will just take the remainder of the water that Chicago does not get."

At New Orleans the Mississippi River flowing down there floods us at one season, while we have not enough water to navigate the river at other seasons. Canada has not any business taking away from us the water we have because Chicago had a lawsuit with the United States. It is a ridiculous proposition to make all parties bound by it.

Mr. DICKINSON. That is my contention.

One of the best arguments against the diversion provision of this treaty is the fact that heretofore, for a great many years, there has been diversion in excess of 7,000 cubic second-feet, and as high as 12,000 cubic second-feet. I never heard anyone say that there was a surplusage of water by reason of that diversion's going down the Hennepin Canal. I do not believe that the Hennepin Canal was ever bothered by any excessive diversion. As a matter of fact, it is on account of the diversion, and the prospect of its being continued, that the whole water supply of the Mississippi Valley was developed. It is an extensive system, but I do not believe we ought to run any danger of its being imperiled on the morrow for lack of water or for lack of sanitation, either one; and, if I read the engineers' reports aright, the point they dwell on is that this whole matter is at least experimental; that it cannot be definitely determined until 1936, and probably until 1942, when the new sanitation works are to be completed.

I do not know how long it will take, but I do know that if we cannot be sure until that time, certainly we ought to try to see that there is sufficient diversion written into this treaty so that we will not run the risk of imperiling the whole Mississippi River improvement system, because Chicago is the natural market for practically all our products in that section.

What we want to do is to have the freight rates from Chicago west influenced by water transportation just the same as all freight rates have been influenced by water transportation in the past. That is what is involved in this whole program so far as the Mississippi River is concerned.

I do not yield to any man in my sincere effort here to protect the interests of the farming population of my State. The farmers are the support, the lifeblood of the whole economic system in that area of the country, and I would not think of casting a vote here that would in any way imperil their rights. But suppose I do unwittingly cast such a vote, and on the morrow, instead of its being for their interest, it should turn out, as was the case in connection with the Panama Canal, to be against their interest. Therefore, I must have this definite assurance before I am going to cast my vote in favor of a treaty of this kind; and we find growing out of this report the conclusion right along that this question cannot be definitely decided until these experimental stages shall have been passed.

Here is the report of the Chief of Engineers to the Secretary of War, dated December 6, 1933, for transmission to Congress under the provisions of the act of July 30, 1930:

> While the district engineer finds that an annual diversion of 1,500 cubic feet per second, increased by domestic pumpage is ample to provide an adequate flow to meet all requirements of lockage, seepage, leakage and evaporation on the waterway, he concludes that the determination whether this flow will provide a flow suitable from a sanitary standpoint for a commercially useful waterway can be made only by experience after the sewage-treatment plants at Chicago are completed.

What is the difference whether there is not enough water or whether there is water that is so contaminated that it cannot be used? There is no reason why we ought to deadlock ourselves, bring the benefits to a certain point and then bar them from the great farming producing area to the west of Chicago, which is to be benefited only in case this canal can be taken to the Mississippi and to its tributaries.

Further he points out that the weight of expert testimony is to the effect that the effluent from the sewage-treatment plants will be inoffensive, but that "the program is on such an unprecedented scale that such predictions must contain an element of uncertainty"; it is that element of uncertainty that enters into this thing—

> And that no reliable process of calculation can predict the effect of raw sewage in storm-water run-off and of accumulated sludge deposits.
>
> These reports have been referred, in accordance with law, to the Board of Engineers for Rivers and Harbors. Attention is invited to its report herewith concurring in general with the views and recommendations of the reporting officers.

This is from the Board of Engineers. The Board report states:

> The indirect needs of such a waterway in the matter of securing satisfactory sanitary conditions for those aboard vessels or employed at terminals cannot be determined until the waterway has been fully completed and the diversion limited to 1,500 cubic feet per second for a sufficient period of time to observe the conditions that may then exist.

Suppose the conditions shall then exist, and shall prove unsatisfactory. We will then have arranged with Canada, will have completed this treaty, and barred the benefits from all of the Mississippi Valley.

As a matter of fact, I do not think we can afford to adopt any such program, and that is why, if there shall not be a reservation attached to this treaty with reference to diversion, I shall vote against its ratification. The Senator from Missouri has presented a diversion reservation, and I shall vote for that reservation. I hope it will be agreed to by the Senate. If it shall be agreed to, then this treaty will, to some extent, protect the interests of the Mississippi Valley.

Mr. President, here is a further reference. These reports, I think, have practically all been put in the RECORD, but I want to call special attention to this point: In another report signed by General Markham he says:

> It does not appear possible to arrive at a conclusive determination whether this flow will afford suitable sanitary conditions on the waterway after the sewage purification plants at Chicago have been completed and placed in operation.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. LONG. I understand that there is a good deal of argument to the effect that they are going to ship automobiles through this canal over to England, and I am reminded of the fact that they are already shipping them from English provinces back over here. That would make it a little simpler to get them to Detroit from Ireland, rather than to build them in Detroit.

Mr. DICKINSON. When we get through with the delegation of tariff power, we will not know whether commodities will be shipped in or are to be shipped out. It is my impression that they will be shipped in most of the time.

Mr. LONG. I was not present when the Senator from New York [Mr. WAGNER] spoke, but I had a part in trying to assemble some figures on the matter, and I have been told that the Senator from New York has pretty well demonstrated that it will cost about 15 cents a bushel of the taxpayers' money to ship wheat through this supposed-to-be canal 6 or 7 months of the year, and they will save 3 or 4 cents. We had better give them a dime a bushel and call the project off, for then we would not have to give away Lake Michigan, and give away our money, and go over to England and trade with them.

Mr. DICKINSON. Let me suggest this with reference to Iowa products. Our principal products are not wheat, they are usually meats, and meats cannot be put on slow, long-time routes. They usually have to be transported quite promptly. Chase & Sanborn may have dated coffee; and if we get these cheap routes, we may have to have dated hams, so that purchasers will know when they were cured; otherwise they may go by slow transportation on water and might not be very good when they reach their destination.

I think there is sufficient uncertainty in this whole program to warrant us in hesitating. It is said that if we adopt a reservation, Canada will not accept it. If we cannot protect our own interests, then let Canada do as she wants to do as to whether or not she should accept it.

I happen to know that this was the most controversial feature of the entire treaty. It was the feature which delayed the negotiations the longest. It was the feature they worked over for months and months, and finally the Canadian representatives took advantage of the fact that there was a decision of our Supreme Court and they wrote that decision into the treaty, and expect us to ratify the treaty because the Supreme Court of our own country rendered that decision.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. CLARK. Does the Senator have any information as to whether any time was consumed in the consideration of article VI of the treaty, the article which authorizes an alternative route north to the Ottawa River and thence to the St. Lawrence?

Mr. DICKINSON. My understanding is that there is nothing in the treaty which prevents their doing that.

Mr. CLARK. There is a specific authorization in article VI which would permit Canada to do that very thing.

Mr. DICKINSON. Oh, yes. They say the reason why they will not do it is that they will have to dig through some stone. I do not know how hard the stone is, but they say it is impossible because they would have to dig through a bank of stone. We know, however, that we can dig through stone with electric drills.

Mr. CLARK. The President's message contains the prediction that if this treaty shall not be ratified, an all-Canadian route will be established, and that is specifically the all-Canadian route which has always been discussed in Canada.

Mr. DICKINSON. That is correct.

Mr. LONG. Mr. President, that does not mean anything except that America is going to help Canada construct a canal up there. The principle is the same, whatever we do; America is going to contribute six or seven or eight hundred million dollars to build Canada a canal, so it is as broad as it is long. We have just decided that we will have to give Canada six or seven hundred million dollars of American money to build something in Canada with Canadian labor and with Canadian materials and with Canadian engineers, so that it makes no difference. If that is not in the treaty, all they have to do is to come down and get it in.

Mr. DICKINSON. The Senator thinks we are in a frame of mind of absolute surrender?

Mr. LONG. Oh, no; not of absolute surrender. That is not the case. We have been looking for some way to give England something ever since we had the World War and even before that, on the heels of the fact that they came here and told us they were not going to pay the money they borrowed during the war, after we had all the fanfare and big headlines that they owed us several billion dollars. They quit paying; and just about the time they quit paying, we decided that if they would not pay us, we would give them five or six hundred million dollars more of American money in order to show that we were not angry.

Mr. DICKINSON. In other words, the Senator thinks we have gotten into a frame of mind where we are almost ready to admit we owe them something.

Mr. LONG. Absolutely, when they come here and tell us they are not going to pay something back. The fact that they have not paid one debt is why we ought to go in and pledge more money. The next thing will be that they will want a landing site on the Potomac River.

Mr. DICKINSON. Continuing to read from the report of General Markham, the engineer, I quote as follows:

> The situation is one which unquestionably demands a remedy, but the remedy should, in my opinion, be afforded first by the purification of the sewage, and second, if that proves inadequate, by a moderate and reasonable draft of water from Lake Michigan.

Mr. President, that being the case, there is an uncertainty here which involves the whole Mississippi Valley. It is an uncertainty that is very far-reaching. It is an uncertainty that will impose the same type of handicap on us that was imposed on us in the case of the Panama Canal; and I wish to say that I do not believe those of us from the Mississippi Valley can afford to vote to ratify this treaty so long as that uncertainty exists, as it does exist, by the terms of the treaty. They have written it into the treaty. They have said that they want control, that they want to be on the board of arbitration if we ever need any more water. If an emergency exists, we cannot decide it alone—we have to call into conference the authorities from the other countries. That being the case, I believe I should run the same danger in voting to ratify this treaty as did the splendid men in Congress from Iowa when they voted for the Panama Canal.

We had able men in Congress at that time—G. N. Haugen, of the Fourth District, who was here for so many years; Robert G. Cousins; John A. T. Hull; William P. Hepburn; Walter I. Smith; Lot Thomas; David B. Henderson, who was Speaker of the House of Representatives. Those men were just as sincere in their service as anyone could possibly be, but they were deceived as to the benefits of that canal accruing to the Mississippi Valley. As a matter of fact, I believe we would be deceived if we voted for the ratification of this treaty without some definite reservation as to diversion; and therefore it is my hope either that the treaty will be defeated, or, if it shall not be defeated, that the diversion reservation will be agreed to by a vote of the Senate and attached to the treaty.

Mr. President, I have said all I desire to say by way of comment on the treaty at this time.

Mr. LEWIS. Mr. President, before he takes his seat, may I invite my able friend from Iowa to note that under the terms of the treaty the board, the source to which we go for appeal respecting any question of the treaty, is to be comprised of three representing Canada and three of the United States, giving Canada a veto, three against three, with nothing done as far as the United States is concerned, if the decision be adverse to the United States, with no privilege provided as against this tie for the protection of the United States.

Mr. DICKINSON. I am very glad to have the Senator make that statement. I wish to say that it is offensive to me that matters which should be within our own family, matters that may affect the diversified interests of our representative States, matters over which we should not have to consult anyone except those who compose the machinery of our own Government, are by this treaty put into the hands of the body the Senator from Illinois [Mr. LEWIS] has so ably described; and therefore we must, with these divergent interests, consult an outside party, and, as the Senator says, give them equal representation with our representation in the settlement of our own dispute.

Mr. LEWIS. Mr. President, that is why I assert that the able Senator from Iowa and myself, and, I am sure, the other Senators who are discussing the question on the floor, find ourselves greatly mystified as to how any American could ever have voted to send such a paper to the Senate as a representative of American interests.

Mr. PITTMAN. Mr. President, I wish to make a few remarks, but first I will ask if other Senators are desirous of speaking at this moment.

Mr. CLARK. Mr. President, I have a few remarks, but I will make them after the Chairman of the Committee on Foreign Relations shall have concluded his remarks.

Mr. PITTMAN. Mr. President, the matters I am going to discuss now are, I will say, undoubtedly more for the RECORD than they are for the immediate benefit of the Senate. It is possible, however, that some of the Senators who have not studied the question may desire to study it. There has been a vast amount of information furnished to the Senate by the President. Possibly the reason it has not been studied more earnestly is because of its being so voluminous.

I wish to say, however, that the work done in the preparation of the reports that accompanied the President's messages reflect great credit, in my opinion, upon those who have prepared the data. Every question that has ever been

asked on the floor of the Senate, or through the press, or otherwise, is certainly answered somewhere in some of these reports. I make that statement whether or not Senators agree with the answers given. I have attempted to have some of the statistics which are contained in the reports, and which undoubtedly are official, brought together in the form of exhibits, which I have before me, and which can be reviewed very quickly by any Senator who desires to obtain specific information.

The first proposition I shall take up is the effect that the construction of the seaway will have on the railroads of the United States. It was admitted by practically all the presidents of the western railroads in the hearings in 1930, before the subcommittee of the Committee on Foreign Relations that the construction of the St. Lawrence seaway would be of benefit to the western sections of the country. I will place these data in the RECORD when I come to identifying them.

On the other hand, the railroads in the eastern zone of the United States have always opposed the treaty. Their opposition has been natural. They have contended that it would divert from them to the waterway a certain amount of traffic. They have been supported in their opposition by the large ports on the Atlantic seaboard, particularly New York, Boston, Philadelphia, and Baltimore. Those ports have opposed the building of the St. Lawrence seaway on the ground that it would divert from them traffic which now moves in export trade.

The question is, Do the statistics sustain their opposition and their belief? I sincerely say to the Senators that my study of the statistics, of the movement of trade, of the volume of trade, the points of origin, and the points of destination, convinces me that the railroads of the eastern zone are in error.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Massachusetts?

Mr. PITTMAN. I yield.

Mr. WALSH. Does it not depend upon how much trade is diverted from the railroads through the waterway?

Mr. PITTMAN. It does; and also where it is diverted.

Mr. WALSH. And is it not claimed that the volume of trade that will be carried through the waterway will be very large?

Mr. PITTMAN: Yes; it is so claimed. The volume of trade that will be diverted through the proposed waterway may be 8,000,000 or 10,000,000 tons over what is now carried through the present waterway.

Mr. WALSH. Is that to be taken away from the railroads?

Mr. PITTMAN. In some cases part of that will be taken away from the railroads.

Mr. WALSH. And does the Senator contend that we ought not to be concerned if it means a lowered volume of transport to the railroads?

Mr. PITTMAN. I think it should fairly be said that a part of it will be taken away from the railroads, but the record discloses that 80 percent of the traffic now moving over that waterway, where it has only a 14-foot channel through the canal, moved to the big ports I have just named.

Mr. WALSH. Mostly New York.

Mr. PITTMAN. Naturally, New York being the largest port. It moves to those big ports, and from those big ports it is redistributed throughout the country, only 20 percent of it going into foreign trade. If that trade goes to those ports, then, so far as the ports are concerned, they would only lose 20 percent of the trade. So far as the railroads are concerned, in the redistribution of that trade from Boston, New York, Philadelphia, and Norfolk toward the interior, the line of demarcation as to how far it would go is plainly marked by reason of the freight rates, we will say, from Chicago and St. Louis to the ports. The line of demarcation, as to how far it would be shipped back into the interior of Massachusetts and Maine and New Hampshire and Vermont, and even parts of Pennsylvania, parts of West Virginia and Virginia, is well marked, and I have statements in the exhibits before me showing that if 4 percent of the traffic, for instance, that is now carried all-rail to Boston, New York, Philadelphia, Baltimore, and Norfolk, were taken away from the railroads and carried through the seaway, 80 percent of that which was taken away from the railroads would come back into the seaports and would be carried by the railroads for distribution back to the interior.

Mr. WALSH. Eighty percent of that 4 percent?

Mr. PITTMAN. No; 80 percent of the entire traffic. Eighty percent of the 4 percent means the same thing. Eighty percent of the 4 percent would go by water to the ports, and then from the ports would be distributed by rail to the country in the interior. I have all the statistics in actual tonnage figures so Senators can make their own estimates therefrom. Anyone interested in the matter may find the figures useful.

Mr. WALSH. The Senator will put them in the RECORD, of course?

Mr. PITTMAN. I will put them in the RECORD later, so that they may be examined.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield the Senator from Missouri?

Mr. PITTMAN. I yield.

Mr. CLARK. I should like to suggest that the treaty has now been before the Senate for almost 3 months. The Engineers' report has been before the Senate for some 6 or 8 weeks. While I shall be glad to read the Senator's summary which has been prepared, it seems to me to be very late in the day to put in a summary calculated to influence the votes of Senators on the question.

Mr. PITTMAN. I realize that the Senators have been extremely busy during this session, having been engaged in work on committees and otherwise, and the fact that they did not read the reports themselves was not due to the fact that they were lazy, but realizing how busy they have been I simply had the statistics prepared for their benefit.

Mr. CLARK. I will undertake to say that I have read as much of the report as has the Senator from Nevada, and I also read something in the report which seemed to me to be entirely at variance with the version that the Senator gave thereof the other day.

Mr. PITTMAN. I will admit that the Senator from Missouri has been very active and industrious in his study of the question. Of course, there are a great many other Senators who apparently have not had the time to do so, and for their benefit I am trying in my humble way to abbreviate this big record. Whether I have what the Senator wants——

Mr. CLARK. I am sure that will be very helpful to all Senators, but I regret the Senator did not do it in time to be of more importance in connection with the arguments and the votes to be cast.

Mr. PITTMAN. I am really sorry that I did not realize that Senators would not have time to read the report in full.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Louisiana?

Mr. PITTMAN. I yield.

Mr. LONG. As I understand, the Senator is undertaking to put it in language that Senators can understand?

Mr. PITTMAN. Most Senators can understand it, but I am really asking to place it in the RECORD for the benefit of those who will not try to understand it.

Mr. President, I want to hasten to a conclusion because I know the Senator from Missouri [Mr. CLARK], is going to follow me. I realize that there is not a sufficient number of Senators present at this time for the information to have any effect upon the vote. However, it will be in the RECORD, and I consider it of great value to anyone who may desire to read it.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Massachusetts?

Mr. PITTMAN. I yield.

Mr. WALSH. I think it is important for the opponents of the treaty to know where they can obtain the informa-

tion as to the large volume of freight to be conveyed through the proposed waterway. If the volume is not to be large, then the alternative is that there will be such a small volume that the expense will not be justified.

Mr. PITTMAN. I think there is no question that a large volume will go through the waterway and that a large portion of it will be diverted from the eastern zone railroads. We might as well be frank about it. That argument has been made against the treaty. I believe, however, that it has not been taken into consideration that 80 percent of the shipments coming through in that way will go to the same ports, and the railroads will still have an opportunity to distribute a great portion of them inland.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Illinois?

Mr. PITTMAN. I yield.

Mr. LEWIS. With the Senator's consent, I must say that the last statement of my able friend the Chairman of the Committee on Foreign Relations rather mystifies me. Does my able friend contend that it is his belief that the interior of our country will ship its material out of the waterway by way of Montreal and Canadian waters, down the Atlantic to the Atlantic ports; there to be taken up again by the railroads and brought back into the very territory from which it was brought forth?

Mr. PITTMAN. That may sound mysterious to the Senator, but there is a certain portion of the shipments that will be handled in just that way.

Mr. LEWIS. Upon that theory, why not ship direct by railroad to the interior points instead of shipping to the Port of New York and then inland again?

Mr. PITTMAN. Because it happens to be cheaper to go by water to the eastern ports and then ship back a certain distance by rail, perhaps 100 or 200 miles.

Mr. LEWIS. The Senator bases it upon the theory that it will be less expensive to go the more circuitous route by water than to go the direct route by rail?

Mr. PITTMAN. Yes.

Mr. WALSH. In other words, it will develop our coastwise trade?

Mr. PITTMAN. Yes.

Mr. WALSH. That trade is now apparently forgotten. I am glad to have the Senator bring out that point.

Mr. PITTMAN. Mr. President, I have had this report prepared by traffic experts, and everything I have presented is taken from the report.

There are eight prominent ports from Maine to Virginia, inclusive, which might be affected. They are, in the order of their geographical location, Portland, Maine; Boston, Mass.; Providence, R.I.; New York, N.Y.; Philadelphia, Pa.; Baltimore, Md.; Norfolk, Va.; Newport News, Va.

At this point I ask unanimous consent to insert in the RECORD a tabulation marked "Exhibit A", which shows the total tonnage, the foreign tonnage, the intercoastal tonnage, and the coastwise tonnage that has moved to and from these North Atlantic ports for the 10-year period, from 1923 to 1932, inclusive.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. PITTMAN. The authority for these figures is the latest commerce report on the Great Lakes-St. Lawrence project, submitted by the President of the United States, and now printed as a Senate document.

The total business to, from, and through these ports, for the years 1923 to 1932, inclusive, amounted to 1,211,000 tons, in round figures. This tonnage classifies as follows, over the 10-year period:

	Thousand tons
Coastwise commerce	699
Intercoastal commerce	78
Foreign commerce (and by foreign commerce is meant export and import traffic)	422

This shows an annual average foreign tonnage for the 8 ports of approximately 42,000,000 tons, or if divided equally amongst the ports, would be an average annual tonnage per port of approximately 5,000,000 tons, in round figures.

Now these figures are very enlightening and they show without question that if these ports lost all of their foreign business that the loss would be ample to justify the unified opposition of their Senators to the ratification of the existing St. Lawrence Treaty. No one has claimed that shippers in this section will lose all of their foreign commerce, but even assuming that they lost half of their foreign commerce, they would still have sufficient cause for anxiety. One half of the foreign commerce of these ports would mean an annual loss of 21,000,000 tons for the eight ports as a group and a loss of approximately two and one half million tons per port. This is a considerable loss, and unless the St. Lawrence project demonstrated that it would afford a compensating gain, no one could criticize these Senators for their opposition.

What is the compensating gain?

In the first place, the completion of the St. Lawrence project, by the ratification of the existing treaty, will open up 3,576 miles of new coastline to the United States. The existing coast shore line of the United States is divided as follows:

	Statute miles
Atlantic Coast	5,565
Gulf Coast	3,641
Pacific Coast	2,730
Total	11,936

Authority for the figures: United States Coastal and Geodetic Survey, Department of Commerce.

Opening up the St. Lawrence project will add at once an additional shore line of 3,576 miles, or increase the present shore line by approximately 30 percent.

The domestic coastwise business of these eight ports on the North Atlantic coast, as shown by the tabulation which I have heretofore inserted in the RECORD, amounts to an average annual tonnage of almost 70,000,000 tons. The intercoastal business amounts to an average annual movement of approximately 8,000,000 tons, an average annual total for the two of 78,000,000 tons.

Now, no one seriously doubts that the controlling reason for this tremendous domestic coastwise and intercoastal tonnage is the fact that the tonnage is handled by water at a low transportation cost. By adding 3,576 miles of additional coastline, is it not reasonable to assume that these cities might possibly gain 30 percent in their domestic water-borne traffic? This would mean a gain in that class of business of 23,000,000 tons. If this was a fact, could not these port cities easily afford to sacrifice somewhat on export and import business? It is a matter of common knowledge that the American market of the United States is the most active and pays the highest price per unit for merchandise of any country on the face of the globe. Is it not perfectly clear that a gain of such an amount in domestic trade would more than offset the most pessimistic prophesy of loss in the foreign trade for these eight cities?

In the second place, the completion of the St. Lawrence project will open up 30 American cities and 30 domestic markets which may be served by the ports of the North Atlantic at much more favorable transportation costs than now exist.

The consuming population of 25 of these cities in 1930 was in excess of 8,000,000 people; the value of the manufactured products of 25 of those cities was in excess of $10,000,000,000.

This compares with 21 ports on the Atlantic coast, Maine to Florida, which in 1930 boasted of 13,000,000 people and almost $12,000,000,000 of manufactured products.

With the Gulf group and its 11 ports, with a population in 1930 of 1,120,000, and a value of manufactured products of $411,000,000.

With the Pacific coast cities, boasting 15 ports, a population of 3,000,000, and a value of manufactured products of $2,000,000,000.

The authority for these figures is the latest commerce report heretofore referred to.

From the foregoing, it can be seen that this new trade territory, which will be opened up by the completion of the St. Lawrence project, is placed under the very nose of these North Atlantic ports, by lower transportation costs, which I will hereinafter show. It opens up a trade territory for the North Atlantic group that is almost as large as the North Atlantic group itself. It is a trade territory that produces 20 times the manufactured products of the Gulf group and 5 times the manufactured products of the Pacific coast group.

These two great areas of production and consumption, the North Atlantic group and the interior Middle West, are today widely separated because of ever-increasing freight rates. To illustrate this point, in 1918 the first-class rate from Boston to Duluth and the Twin Cities, all rail, was $1.15. That rate today is $2.17, an increase of 88 percent. The rate in 1918 from Boston to Chicago and Milwaukee was 75 cents, all rail. That rate today is $1.54, an increase of 105 percent. The rate from New York, in 1918, to Duluth and the Twin Cities, was $1.15. That first-class, all-rail rate today is $2.12, an increase of 84 percent. The rate in 1918 from New York to Chicago was 75 cents, all rail, first class. That rate today is $1.52, an increase of 102 percent. The authority for the rates quoted will be shown on an exhibit which I will hereinafter introduce into the RECORD. Boston and New York are shown as typical of the advances throughout the entire eastern territory. The first-class rate is used because it is the base rate. All other rates carrying manufactured products move on a percentage relation of this base rate and represent the same or larger percents of advance.

With the ratification of the existing treaty, and the completion of the seaway, these two great areas may serve each other—if the existing coast-to-coast rates are to be taken as a criterion—at a transportation cost less than 50 percent of the existing rail transportation cost.

In the third place, in the St. Lawrence tributary area, in excess of 42,000,000 people reside, actual American consumers, the most prolific users of products of every character known on the face of the globe. I say again, in excess of 42,000,000 consumers, 34.6 percent of all the population of the United States, made immediately available to the north Atlantic coast with the completion of the seaway project. Why, in the Atlantic trade area, the oldest section in the United States, there are only 50,000,000 people, or approximately 41 percent of the population.

The value of the manufactured products of the St. Lawrence area is almost $28,000,000,000, or 39.7 percent of the value of all the manufactured products of the United States. Even the Atlantic coast area only boasts of $33,000,000,000 of manufactured products, or approximately 46.9 percent of the total of the United States.

Now, here are these two great areas, boasting of 34.6 and 41 percent, respectively, of the population, and boasting, further, of 39.7 and 46.9 percent, respectively, of all the manufactured products of the United States. I say again, here are these two great areas, that under existing conditions are largely divorced one from the other, which can be wedded to each other industrially with the completion of the St. Lawrence project.

You Senators along the Atlantic coast, by voting against ratification of this treaty, are saying, in fact and in truth, that there shall be a complete divorce of these two great areas in perpetuity. You, by your action, are denying to your constitutents access to the greatest manufacturing area on earth, the right to serve 34.6 percent of the population of this country. To say that your action is astounding is putting it mildly.

The authority for the figures quoted is the same commerce report hereinbefore referred to.

At this time, Mr. President, I should like unanimous consent to insert in the RECORD a tabulation marked "Exhibit B."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B.)

Mr. PITTMAN. This is a tabulation showing the first-class all-rail rates at the present time which apply between these 8 North Atlantic ports and 8 interior ports, as follows: Cleveland, Ohio; Toledo, Ohio; Detroit, Mich.; Chicago, Ill.; Milwaukee, Wis.; Ashland, Wis.; Superior, Wis.; and Duluth, Minn. The average of the all-rail first-class rate from the 8 ports on the Atlantic seaboard to the 8 interior ports located on the Great Lakes is $1.66, or $33.20 per ton. As I have stated before, first class has been used because it is the base rate. All other rates moving manufactured products move on a percentage relation of this base rate, and had any of the other classes been used the same relative picture would have been developed.

At this point, Mr. President, I should like to ask unanimous consent to insert in the RECORD a traffic memorandum which shows the extent of territory along the Atlantic seaboard which may use the St. Lawrence project at a lesser transportation cost than now exists via all-rail transportation.

The PRESIDING OFFICER. Without objection, it is so ordered.

The memorandum is as follows:

Traffic memorandum showing extent of territory along Atlantic coast which may utilize St. Lawrence route to and from Middle West at a lesser freight cost than now exists via rail transportation.

Comparative rates, first class, all rail against St. Lawrence

Between Duluth and representative interior points	First-class (per hundredweight)		Port	Saving per hundredweight
	All rail	Via St. Lawrence (estimated)		
Bangor, Maine	235	164	Portland	71
Calais, Maine	245	184	do	61
Manchester, N.H.	217	146	Boston	71
Montpelier, Vt.	217	175	do	42
Worcester, Mass.	217	142	do	75
Providence, R.I.	217	142	do	75
New London, Conn.	217	158	do	59
Utica, N.Y.	191	179	New York	12
Harrisburg, Pa.	203	153	Baltimore	50
Trenton, N.J.	212	139	Philadelphia	73
Frederick, Md.	205	146	Baltimore	59
Washington, D.C.	210	143	do	67
Richmond, Va.	218	153	Norfolk	65
Grafton, W.Va.	187	187	Baltimore	----

Authority for rates: I.C.C. Docket 15879, 164 (I.C.C. 314); I.C.C. Docket 17000-2, (164 I.C.C. 1).

Comparison of first-class rates all rail versus St. Lawrence rates between Duluth, Chicago, and eastern ports

Between—	And Duluth, Minn. (first class)			And Chicago, Ill. (first class)		
	All rail	St. Lawrence (estimated)	Saving	All rail	St. Lawrence (estimated)	Saving
Portland, Maine	$2.22	$1.00	$1.22	$1.59	$1.00	$0.59
Boston, Mass.	2.17	1.00	1.17	1.54	1.00	.54
New York, N.Y.	2.12	1.00	1.12	1.52	1.00	.52
Philadelphia, Pa.	2.12	1.00	1.12	1.45	1.00	.45
Baltimore, Md.	2.10	1.00	1.10	1.40	1.00	.40
Norfolk, Va.	2.26	1.00	1.26	1.51	1.00	.51

The first-class saving range shown above is from Duluth, $1.10 to $1.26; from Chicago, $1.40 to $1.59.

Referring to eastern rail distance, scale shows that these figures permit a range of rail haul as follows:

Distance freight may be hauled under east rail scale (miles):

From Duluth:	*First-class saving*
480	$1.10
500	1.12
540	1.17
580	1.22
620	1.26

Distance freight may be hauled under east rail scale (miles):

From Chicago:	First-class saving
40	$0.40
55	.45
75	.51
80	.52
90	.54
110	.59

(Authority: Rates prescribed by I.C.C. in Docket 17000–2; 164 I.C.C. 1; Docket 15879; 164 I.C.C. 314.)

Statement showing distances in statute miles

TABLE A

Between—	And Portland, Maine	And Boston, Mass.	And New York, N.Y.	And Philadelphia, Pa.	And Baltimore, Md.	And Norfolk, Va.	Total
Seattle	7,201	7,164	6,953	6,921	6,869	6,734	41,842
San Francisco	6,314	6,271	6,059	6,027	5,975	5,847	36,493
Los Angeles	5,932	5,888	5,677	5,645	5,593	5,365	34,100
Total	19,447	19,323	18,689	18,593	18,437	17,946	112,435
Average	6,482	6,441	6,229	6,198	6,145	5,982	6,246

TABLE B

Duluth	2,725	2,773	3,017	3,189	3,380	3,237	18,321
Chicago	2,631	2,680	2,924	3,096	3,287	3,143	17,761
Cleveland	1,915	1,964	2,178	2,380	2,571	2,427	13,435
Detroit	1,999	2,048	2,292	2,464	2,655	2,511	13,969
Total	9,270	9,465	10,411	11,129	11,893	11,318	63,486
Average	2,317	2,366	2,603	2,782	2,973	2,829	2,645

Average rate representative, fifth class. Commodities moving between points in table A: *Hundredweight*

Average rate, 1927, 1928, 1929	50
Rate as of 1932	45.5

Authority for rates: Thackeray Min. Rate Tariff Nos. 4 and 5. Authority for distances: U.S. Hydrographic Office.

Below is illustrated and translated into a comparative class scale water-transportation rates on the order of package freighters now operating on the Great Lakes on the assumption that joint rates water-rail may be published.

No joint rates have been published intercoastal. These rates are fluctuating contract rates, the measure of which is entirely dependent upon the conditions at the time the contract is made.

The result has been that freight has moved intercoastal at a much lower level than figures herein would indicate. By the same token, if rates via St. Lawrence are made on fluctuating-contract basis, the general level of those rates will be lower on the average than the constructed scale herein indicates, with a wider expanse of territory involved than the maps indicate.

Constructed class-rate scale using 50-cent average fifth-class rate as a base and constructing other classes on class relationship used by Interstate Commerce Commission (164 I.C.C. 1)

	Class 1	Class 2	Class 3	Class 4	Class 5	Class A
Class relationship percentage	100	85	70	55	37.5	45

Constructed scale using 50 cents as fifth class

	Class 1	Class 2	Class 3	Class 4	Class 5	Class A
Rates applying between points in table A	132	112	92	73	50	59

The foregoing translation is for an average distance of 6,246 miles. Average sailing time 22 days.

Obviously with that scale as representative of hauls intercoastal, then for the water service between upper Lakes ports and Atlantic coast points, Portland, Maine, to Norfolk, Va., inclusive (table B) contemplating an average haul of 2,645 miles and 10 days sailing time, a scale not in excess of the following would be a conservative estimate:

	Class 1	Class 2	Class 3	Class 4	Class 5	Class A	Dairy products
Between upper Lakes and Atlantic coast (per hundredweight)	100	85	70	55	37.5	45	*Percent* 60

Authority: Rates, Thackeray Minimum Rate Tariffs Nos. 4 and 5. Distances, Hydrographic Office, U.S. Navy. Class relationships, 164 I.C.C. 1, Docket 17000–2.

Mr. PITTMAN. Only the balance of the memorandum is an estimated scale that I have had prepared, translating into a so-called "railroad-rate scale" the best estimates that can be made of the charges that will become applicable between these eight North Atlantic ports, on the one hand, and the ports on Lake Erie, Lake Huron, Lake Michigan, and Lake Superior.

I direct the attention of the Senate to the fact that the average all-rail rate between the ports of these two great areas today is $1.66 per hundred pounds, first-class, and further to the fact that the best estimates of a water rate, first-class, that might apply between these ports would be $1 per hundred pounds.

I have gone to some pains to verify whether the estimate of $1 per hundred pounds, first-class, ranging to 37.5 cents for fifth-class, is a reasonable estimate; and every test which I have been able to make indicates that the estimates are high, rather than low. To illustrate: Sugar moved in volume, all-water, during the year 1932 from Philadelphia and New York to Lake Michigan and Lake Superior ports. Some of it moved in small-draft boats through the St. Lawrence River. Some of it moved by barge and was transferred to lake boats at Oswego, N.Y. But in any event it was all-water movement and the rate paid for this movement, which involved 133,588 tons in 1932, was 26.5 cents per hundred pounds. Sugar is a fifth-class commodity, and this actual movement, hampered, as it was, either by slight-draft boats or incurring a complete transfer en route, moved at a charge 11 cents per hundred pounds cheaper than the estimates which I am here presenting as to what might be a reasonable charge for the movement of fifth-class commodities between Atlantic coast ports and the Lake ports. There are other tests which I have made which prove to me, beyond all question of doubt, that the estimates herein submitted for a water rate to apply between Atlantic coast ports and the Lakes ports, via the seaway, are high, rather than low, for the service to be performed, in the event the St. Lawrence project is completed.

This reflects an average saving of 66 cents per 100 pounds, first class, or $13.20 a ton less than the existing all-rail rates, a reduction in transportation costs approximately 40 percent in existing rail-transportation charges.

I do not think there is a single business man in the country who would contend that with this reduction in transportation costs as between these two great areas that there would not result immediately a very active interchange of business relations.

I ask hard-headed eastern business men whether it is good business acumen to close their eyes to this new market, involving 42,000,000 people with $32,000,000,000 of manufacturing, using raw materials in manufacturing of $18,000,000,000, paying three and one half million workmen over $11,000,000,000 in salaries in 1929; a section that in 1929 had net sales in the wholesale trade in excess of $23,000,000,000, sales in the retail trade of almost $20,000,000,000; a section showing a construction business in 1930 of $2,000,000,000; a section with assessed property valuation in 1930 of $165,000,000,000; a section boasting of 25.3 percent of all United States minerals, 11.8 percent of all United States copper, 39.9 percent of all United States stone, 9.5 percent of all United States petroleum, 85 percent of all iron ore, 46.3 percent of all United States pig iron shipped, 36.5 percent of all coal mined, 9.4 percent of all natural gas products, 30 percent of all cement shipped, 44.8 percent of all clay products manufactured, 51.7 percent of all crop land in the United States.

I ask the Senators representing Atlantic Seaboard States again whether they can divorce themselves from a section which produced livestock in 1930 in excess of $3,000,000,000, or over 50 percent of the entire production of the United States. Can they divorce themselves from a section that produces 72 percent of all hogs, 65 percent of all butter, 49 percent of all eggs, 75 percent of all corn, 64 percent of all wheat, 83 percent of all oats.

Can it be possible that the Atlantic seaboard Senators will refuse to recognize these facts which are so easily available for them to see?

Suppose their section lost 50 percent of their foreign trade. Do they not recognize that the new avenues and new markets absolutely insure a new domestic trade 10 times more than any possible loss they might incur in export trade? Every figure which I have quoted is available to Senators from the latest reports of the highest and most authentic authority. They are all now printed as a Senate document.

Consider for a moment. Suppose the North Atlantic ports lost 50 percent of their foreign commerce; how much would it amount to? In 10 years those eight ports would have lost 211,000,000 tons. In the same period, the water-borne traffic carried on the Great Lakes, hampered as the shippers are by 14- or 20-foot depths, was almost 2,000,000,000 tons.

Gentlemen do not realize the momentous decision they are required to make. They do not realize that by opening the St. Lawrence project they would be opening up these interior ports to trade at cheaper transportation costs than apply all rail from Chicago to the same territory. To illustrate this, the first-class rate from Chicago to Duluth, all rail, is $1.33. I have shown that the water rate will not exceed $1. Today all kinds of manufactures invade this territory against Chicago competition by absorbing the transportation cost. This absorption comes out of profits. This naturally restricts the invasion of that territory. The ratification of this treaty would mean that the entire picture would be changed. Chicago, St. Louis, Indianapolis, Columbus, would be absorbing carriage costs out of their profits to meet competition for the supply of the largest consuming area in the United States.

Suppose you lost 50 percent of your foreign trade; suppose you lost all of it; it is just a drop in the bucket compared with the possibilities of the new domestic trade at transportation costs the most favorable ever existing between two great trade areas.

Where is all that far-famed business acumen of the Yankee trader? Is it possible that they are permitting the penny at the end of their nose to obscure the vision of the dollar an inch away?

There is not a manufactured unit used in all of this western area that now comes from Illinois, Indiana, and Ohio that is not produced in your section. Do you think, with your reduced transportation costs, coincident with the completion of the St. Lawrence project, that these supplies will not come from your section? Let me hasten to reassure you that the margin of profit in business now is such as to force its transaction with those people and in those sections that can lay equal merchandise down at the lowest delivered cost.

I say, without the slightest qualification, that in my opinion the eastern Senators are making the most egregious blunder. This deep waterway will be built. President Roosevelt has pointed that out in his message. If we do not participate, Canada will build it. And they undoubtedly will assess tolls against our traffic and as a result, the business of your constituents is forever barred from serving this tremendous territory at reasonable rates. I pity you when your business interests wake up to the fact that by your action they are forever excluded from this great consuming territory.

Blind indeed are those who will not see. No longer can any Senator hide behind the screen called lack of information. I challenge every Senator from along the Atlantic seaboard to even casually look at the interdepartmental reports submitted by the President in support of ratification. If they examine those reports, I cannot see how they can vote against the ratification of the treaty.

Mr. LEWIS. Mr. President, may I be pardoned for asking my able friend, if Canada should assume to build a canal along this route as a distinctive Canadian canal, would that not all the more stimulate America to build her own canal, through American country, right from the center to the coast? Where would there be any chance to lose anything if we should take the course Canada would take, building a canal through our own country, controlled by ourselves?

Mr. PITTMAN. Mr. President, there is no doubt that we could build one; there is no question about that at all. There is no doubt that it would cost us as much as if we cooperated with Canada, if not more. There is no question that we would get no power benefits out of it, and that would be quite pleasing to the Power Trust. But, even so, we must not forget that we are not an enemy of the Canadian people. We must not forget that we are on the most friendly terms with them, more friendly than the relations that exist between any other adjoining peoples in the world, so far as my knowledge goes. I do not think there is anything on earth that could disturb the amicable relationship between us, except an egregious error on our own part. I do not believe there are a sufficient number of Senators in this body, or a sufficient number of Members of Congress, or a sufficient number of members of any party, who so fear or so hate Canada that they would disrupt the friendship which has existed for so long a time.

Mr. President, the St. Lawrence River, from the point to be seen on the map on this wall, from the international boundary between Canada and the State of New York, moves entirely through Canadian territory. The Canadians have absolute sovereignty over that river in that territory. Under that absolute sovereignty they would have a right to close it to us, or to charge us reasonable tolls for the use of it. However, by this treaty they have forever given us the use of the St. Lawrence River through that territory under the same conditions and terms applicable to themselves. Was that a surrender of sovereignty? Did Canada surrender her sovereignty when, by treaty, she agreed that we should forever be allowed to use the St. Lawrence River? Certainly she did not surrender her sovereignty, because she reserves the right to enact laws to regulate that district, and laws to enforce the police powers of the country in regard to it.

We have not surrendered our sovereignty over Lake Michigan. Our sovereignty over Lake Michigan is expressly asserted. What we have done is simply to state that the Canadians may utilize Lake Michigan on the same terms on which they have permitted us to utilize the St. Lawrence River. We have reserved every right to pass laws governing the use of Lake Michigan and to enforce those laws. We have granted privileges under our sovereignty to the Canadians, to let them utilize for transportation our waters to Lake Michigan. They have granted privileges under their sovereignty to permit us to use the St. Lawrence River. But both Governments reserved their sovereignty, which meant the power to enact any laws they see fit controlling those privileges and to enforce those laws equally with regard to each side.

True, we could build a separate canal and they could build a separate canal, but when they built their separate canal they could get to the ocean, and when we built our separate canal we could not get to the ocean.

Mr. LONG. Mr. President, the Senator is in error. If he will look at the map he will see there would be no trouble in our building a canal through New York State and reaching the Atlantic Ocean at much less cost than the cost of the proposed canal.

Mr. PITTMAN. The statements of the Senator from Louisiana with regard to costs have not appealed to me very much, at least not as much as the opinions of the experts with regard to that question. I do not want to get into an argument as to whether the cost would be $500,000,000 or $1,500,000,000 for one canal, but I will state once more, as I have stated again and again, that the engineers' figures show that it would be very much more expensive to build what is called the all-American canal.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Missouri?

Mr. PITTMAN. I yield.

Mr. CLARK. I should like to ask the Senator how much it would cost to build the all-Canadian canal through the Ottawa River and down the St. Lawrence.

Mr. PITTMAN. Which canal?

Mr. CLARK. The all-Canadian canal.

Mr. PITTMAN. The all-Canadian waterway, does the Senator mean?

Mr. CLARK. Yes; the all-Canadian waterway.

Mr. PITTMAN. Under the treaty?

Mr. CLARK. No; I mean the all-Canadian waterway. The President said in his message that if we failed to ratify the treaty there would unquestionably be built an all-Canadian waterway. The only project that has ever been proposed is the project from the Georgian Bay to the Ottawa River, and thence to the St. Lawrence.

Mr. PITTMAN. Yes.

Mr. CLARK. What would be the cost to Canada of that project compared with the cost of the all-American canal to the United States?

Mr. PITTMAN. I do not think there is any estimate on it, there is none I have possession of, but I would say at the start that it would be more costly, from what I have heard regarding it. I do not know that there are any figures on it.

Mr. CLARK. The only question on the point, with regard to which I was asking the Senator from Nevada, is this: The Senator stated that the cost of an all-American canal would be prohibitive. At the same time the Canadians have always cherished the thought of an all-Canadian seaway. I was wondering what the comparative cost as between the all-American and the all-Canadian seaways would be.

Mr. LONG. Mr. President, if the Senator will pardon me, I was given to understand that it would cost perhaps as much as $100 per capita for every inhabitant of Canada to build that canal, and I desire to say to the Senator, if he will permit me to do so, that the figures I have received—figures supposed to be from experts—show that the all-American canal would be very much cheaper than the all-Canadian waterway. Of course, we all have experts. I do not know what the Senator calls his experts.

Mr. PITTMAN. I take the Board of Army Engineers as experts.

Mr. LONG. For the Senator's information, they have been proven to be wrong more times than right in their estimates on the Mississippi.

Mr. PITTMAN. I simply will not argue figures with the Senator from Louisiana.

I desire now to say a few words with respect to the opposition of the eastern railroads. I have been dealing with the opposition of the ports. I have attempted to show by the figures that the opposition of the eastern ports was groundless; that 80 percent of the trade will go to those ports, even though the seaway shall be built, and that the railroads will distribute it toward the interior.

With respect to the opposition by the railroads, all the railroad opposition dates from November 1930. At that time all the railroads, acting as a unit, through an association known as the Association of Railway Executives, issued a pamphlet which was called "A Declaration of Policy."

Mr. President, I ask at this time for permission to insert as a part of the RECORD the "Declaration of Policy."

The PRESIDING OFFICER (Mr. CONNALLY in the chair). Without objection it is so ordered.

The matter referred to is as follows:

DECLARATION OF POLICY DEEMED NECESSARY TO THE CONTINUANCE OF ADEQUATE TRANSPORTATION SERVICE TO THE PUBLIC ADOPTED AT A MEETING OF THE ASSOCIATION OF RAILWAY EXECUTIVES HELD AT NEW YORK CITY, NOVEMBER 20, 1930

At a joint meeting of the executive committee and member roads of the Association of Railway Executives, held in New York November 20, 1930, a report of the advisory committee was received in the form of a resolution reading as follows:

"Resolved, That the advisory committee recommends to the joint meeting of the executive committee and member roads the adoption of the program set forth in the attached report, with the qualification that it is not to interfere with the position taken in respect to the bill now pending for regulation of bus lines."

This report was unanimously approved and adopted by the executive committee and member roads as a declaration of their policy.

It is as follows:

Without referring to or including in any way the results of the business depression of 1930, and basing the statement entirely on the period ended with December 31, 1929, the following picture presents itself:

Growth in railway traffic

Years	Revenue ton-miles increased	Passenger-miles increased
	Percent	*Percent*
From 1890 to 1900	85.8	35.4
From 1900 to 1910	80.1	101.6
From 1910 to 1920	62.2	46.5
From 1920 to 1929	8.8	[1] 34.2

[1] Decrease.

WHAT ARE THE CAUSES LEADING TO THIS EXTREME DECLINE IN RAILWAY TRAFFIC IN THE PAST 9 YEARS?

1. Motor vehicles, coupled with improved highways.

Motor-vehicle registrations

Year	Passenger cars (includes motor busses)	Motor trucks	Total motor vehicles
1920	8,225,859	1,006,082	9,231,941
1921	9,346,195	1,118,520	10,464,715
1922	10,864,128	1,375,725	12,239,853
1923	13,479,608	1,612,569	15,092,177
1924	15,460,649	2,134,724	17,595,373
1925	17,512,638	2,441,709	19,954,347
1926	19,237,171	2,764,222	22,001,393
1927	20,219,224	2,914,019	23,133,243
1928	21,379,125	3,113,999	24,493,124
1929	23,121,589	3,379,854	26,501,443
Percent increase 1929 over 1920	181.1	235.9	187.1

Approximate number of busses

1920	10,000
1929	92,500

Percent increase, 1929 over 1920, 825.

2. Transcontinental tonnage handled through the Panama Canal:

Fiscal year:	*Intercoastal tons of cargo*
1921	1,372,388
1922	2,562,527
1923	8,068,553
1924	13,527,378
1925	9,496,259
1926	10,069,604
1927	10,560,505
1928	10,067,392
1929	10,119,028

Percent increase, 1929 over 1921, 637.3.

3. Traffic handled over the inland waterways, excluding the Great Lakes:

Year:	*Tons*
1920	83,150,182
1921	79,901,753
1922	77,872,724
1923	108,026,159
1924	121,713,097
1925	136,372,752
1926	146,907,027
1927	154,575,002
1928	160,927,905

Percent increase, 1928 over 1920, 93.5.

4. Contributing factors to this decline in rail traffic are the pipe lines, high-power electric lines, and the newest development of the piping of natural gas from the wells to large centers, which is going to reduce still further the coal traffic.

Insofar as any form of the above service is legitimate and a natural economic development, the railroads have no right to complain. The public is entitled to the best transportation at the lowest reasonable cost. However, where the rail carriers are prevented through legislation or regulation from fairly competing with new or old forms of transportation, or where the service rendered by the competitor is a subsidized one, such unfair handicaps should be removed.

It is suggested:

(a) That the present lack of adequate regulation of motor bus and truck operation should be remedied by the enactment of appropriate legislation, with no discriminatory provision against the railroads operating in the same field.

(b) That the restrictions on the railroads from competing with the Panama Canal by refusal to grant them fourth-section relief be removed.

(c) That the Government of the United States discontinue competing with the railroads or any other form of transportation either directly or by subsidy.

(d) That pipe-line common carriers be subjected to the same restrictions in respect to the transportation of commodities in which they are interested, directly or indirectly, as the railroads now are.

The above refers to loss of traffic through competitive reasons.

Traffic that remains has produced the following results:

1. The average receipts per ton-mile have been as follows:

Year	Average receipts per ton-mile (cents)	Reduction in freight revenue due to declining average receipts per ton-mile compared with 1921
1921	1.275	
1922	1.177	$332,500,000
1923	1.116	656,236,000
1924	1.116	617,580,000
1925	1.097	736,589,000
1926	1.081	860,868,000
1927	1.080	836,037,000
1928	1.081	839,855,000
1929	1.076	890,170,000
Total reduction in revenue		5,769,835,000
Percent of decline 1929 under 1921		15.6

Figures for average receipts per ton-mile, it is fair to say, represent many factors, such as changes in commodities, distances hauled, and other items, and cannot be taken as a precise guide to rate reductions; but they are conclusive as showing the trend.

2. During this same period the operating expenses have indicated the application of great economy and efficiency, as shown by the following figures:

Operating expenses and traffic units,[1] class I steam roads, United States

	Total operating expenses	Traffic units (millions)	Expenses per 1,000 traffic units
1920	$5,827,591,146	550,852	$10.58
1921	4,562,668,302	418,778	10.90
1922	4,414,522,334	445,695	9.90
1923	4,895,166,819	526,597	9.30
1924	4,507,885,037	496,688	9.08
1925	4,536,880,291	521,665	8.70
1926	4,669,336,736	550,179	8.49
1927	4,574,177,821	529,686	8.64
1928	4,427,995,036	527,719	8.39
1929	4,506,056,262	540,544	8.34
Decreases 1929 under 1920:			
Amount	1,321,534,884	10,308	2.24
Percent	22.7	1.9	21.2

[1] Revenue ton-miles plus equated revenue passenger-miles.

This has been accomplished largely through the expenditure for capital improvements in the 9-year period amounting to $6,855,416,000, which provided improved locomotives and equipment, improvement in the physical structure, improvement in methods, and done in conformity with the program of the railroads entered into in 1923 which, as announced at that time, was based "on an abiding faith in the fairness of the American people and reliance on the continuance of the policy announced in the Transportation Act, 1920, as a measure of reasonable protection to investment in railroad property."

During this same period the decline in the average receipts per ton mile has shown an accumulative amount closely approximating what has been spent for capital expenditure—$5,769,835,000.

3. Notwithstanding this economy and efficiency, rates have never produced the return on property investment contemplated in the Transportation Act, viz, 5¾ percent, for the railroads as a whole.

Rate of return on property investment, class I steam roads, United States

Year:	Rate
1921	2.87
1922	3.59
1923	4.33
1924	4.23
1925	4.74
1926	4.99
1927	4.30
1928	4.65
1929	4.84
8 months ended Aug. 31, 1929	5.43
8 months ended Aug. 31, 1930	3.59

Rate based on property investment of carriers as shown by their books, including material and supplies and cash.

WHAT ARE THE REASONS?

Reductions in rates, beginning with the year 1921, have continued up to the present moment. These reductions were brought about:

First. By action of the Interstate Commerce Commission.

Second. Through reductions made voluntarily by the carriers to meet competition including that of unregulated or subsidized transportation.

Third. Through reductions made voluntarily by the carriers for the development of industrial enterprise and communities.

This is the situation in which the railroads of the country find themselves today.

What the railroads are asking is a new spirit and attitude on the part of legislative and regulative authorities—

(a) Through a recognition that the railroads are engaged in a business subject, as other business is, to the operation of economic laws and should accordingly be permitted to adapt themselves quickly to changes in economic conditions which confront them; and

(b) Through a recognition that railroad operation is a fundamental public necessity and that the maintaining at all times of an efficient national system of transportation, adequate to the business needs of the public, is necessary, if we are to progress as a nation.

The railroads at this time make the following recommendations:

First. A respite from rate reductions and suspensions by regulating bodies, both intra and interstate, and from action that will increase the expenses of the carriers.

Second. A respite from legislative efforts of either the National or the State Legislatures that would adversely affect rates or increase the expenses of the carriers.

Third. A withdrawal of governmental competition both through direct operation of transportation facilities, as well as indirectly through subsidies.

Fourth. A fairly comparable system of regulation for competing transportation service by water and on the highways, involving affirmative legislative action as follows:

As regards water transportation, legislation should cover—

(a) Extending jurisdiction of the Interstate Commerce Commission over port to port rates, to include—

(b) Determination of just and reasonable rates, and prohibition of discriminatory and unduly prejudicial rates.

(c) Publication of and adherence to rate schedules.

(d) Proper service requirements.

(e) Certificates of public convenience and necessity after proper showing.

(f) An opportunity for the railroads to enter this field of transportation under proper supervision, but without handicap as compared with other transportation agencies. The Panama Canal Act should be modified so as to permit railroad operation of waterway service in conjunction with rail service.

(g) And, in addition to affirmative legislative action, the retention of the flexible character of section 4, Interstate Commerce Act, sympathetically administered, with fair opportunity on the part of rail carriers to obtain relief after proper showing and including transcontinental traffic.

As regards commercial highway transportation, by bus or truck, legislation should cover—

(a) Extending jurisdiction of the regulatory authorities over commerce carried by such agencies.

(b) Certificates of public convenience and necessity, after proper showing.

(c) Proper protective requirements for financial responsibility and surety bonds or insurance.

(d) Adequate requirements for just and reasonable rates, both maximum and minimum, with provision for publication thereof and adherence thereto and proper inhibition against undue and unjust discrimination.

(e) Proper service requirements.

(f) Adequate authority for rail carriers to operate such facilities, without discrimination in favor of other transportation agencies in the same field.

(g) Adequate provision for privilege or license fee imposed on all motor vehicles for hire or profit using highways, so as to properly participate in construction and maintenance costs of highways.

As regards pipe-line transportation—

That pipe-line common carriers be subjected to the same restrictions as to the transportation of commodities in which they are interested, directly or indirectly, as the railroads now are.

All basic figures given in this statement are derived from the reports of the Interstate Commerce Commission or from other governmental sources and are open for inspection and verification.

For the policies recommended herein by the Association of Railway Executives they bespeak the earnest and thoughtful consideration of the public, from the standpoint of the national interest, in maintaining in the highest degree adequate and efficient transportation in every modern form, with equal opportunity for all.

Mr. PITTMAN. I call attention to the fact that in this declaration of policy, decided opposition is indicated against all classes of water transportation, which includes not only the St. Lawrence project but the Mississippi River project, the Illinois River project, the Warrior River project, and the Hudson River project. In fact, the unified declaration of policy of the railroads is against the spending of any public moneys in waterway or port development.

Prior to this declaration of policy on the part of the railroads, acting as a unit, through the Association of Railway Executives, practically all of the western railroads were openly on record in favor of the St. Lawrence project.

Mr. President, to save time, I ask unanimous consent to have printed in the RECORD letters from Fred W. Sargent,

president of the Chicago & North Western Railway; Charles Donnelly, president of the Northern Pacific Railroad; Ralph Budd, formerly president of the Great Northern Railroad, now president of the Chicago, Burlington & Quincy Railroad, and Hale Holden, at one time president of the Chicago, Burlington & Quincy Railroad.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letters referred to are as follows:

CHICAGO & NORTH WESTERN RAILWAY CO.,
Chicago, September 17, 1925.

MR. CHARLES P. CRAIG,
Vice President and Executive Director,
Great Lakes-St. Lawrence Tidewater Association,
521 Munsey Building, Washington, D.C.

MY DEAR MR. CRAIG: If you desire to do so, you may quote me as follows with relation to the Panama Canal-Great Lakes-St. Lawrence Waterway competition:

The people of the Middle West are unfairly discriminated against as the result of the Panama Canal. The Middle West is paying directly for the Canal, not only because of its competition with the railroads, but also because the Canal is not paying its own way, if return on capital investment and loss of taxes are given consideration, as they should be.

The Panama Canal does not serve the Middle West, but affords uncontrolled, unrestricted, and unrestrained competition through means of public subsidy for the purpose of taking industries out of the Middle West and planting them on either coast.

The country as a whole, in the end, will not prosper by this discrimination against the Middle West. There may be a temporary advantage. In the end, however, any such sectional preferential treatment will not succeed. The Middle West right now is entitled to have tolls through the Panama Canal placed on such a basis as to make the Canal self-supporting, not only as to operating costs but with reference to a fair return on capital investment plus an allowance for taxes equal to the average taxes on equal capital invested paid by the railroads.

The people of the Middle West are also entitled to have boat lines operating through the Canal subject to the jurisdiction of the Interstate Commerce Commission, just as the railroads are, and required to file and publish tariffs so that the transcontinental railroads may know what all rates, including tramp-steamer rates, are through the Canal. At the present time the boat lines know the rates of the railroads and can underbid them at will. The railroads have no way of knowing what any fixed form of competitive water rates are or will be.

The Great Lakes-St. Lawrence waterway will help the Middle West. Anything that will help promote the prosperity of the inland empire lying between the Alleghenies and the Rockies will help the railroads and will be of inestimable value to the entire country.

Very truly yours,

FRED W. SARGENT, *President.*

NORTHERN PACIFIC RAILWAY CO.,
St. Paul, Minn., May 15, 1925.

MR. CHARLES P. CRAIG,
Executive Director Great Lakes-
St. Lawrence Tidewater Association,
Duluth, Minn.

DEAR MR. CRAIG: You have asked me to describe, with particular reference to railroads, the changes which would follow the proposed St. Lawrence Waterway improvement, permitting continuous transport by vessel from Duluth to the ocean. It is impossible to anticipate and correctly measure these changes, but without any question they would be extensive and important, and it is also certain that the Northwestern States served by our railroad would largely share in the benefits.

It is a peculiarity of our situation that most of our surplus products find their best, if not their only market on the seaboard or in foreign countries. This is particularly true of wheat, our most important product, which, generally speaking, is sold on basis of the Liverpool price. The prices for lead, copper, and other mine products are subject to the same measure and because of these conditions it may be said that the people served by this railroad are peculiarly interested in anything which will lessen the cost of transportation to the eastern centers of population and to foreign countries, particularly the European countries who are large buyers of our products.

The northwestern railroads have always recognized the advantage of transportation via the Lakes in connection with the eastbound movement of grain, lumber, copper, and other products of their territory. The necessary breaking of bulk at the Lake port permits prompt release and return of cars to loading points and to the extent the Lake route is utilized we have an independent railroad operation and thus scape the losses which often attend the delayed return of cars by connecting railroads.

It seems to me that you have fully described these benefits in the statements which you have already issued.

Yours very truly,

CHARLES DONNELLY, *President.*

GREAT NORTHERN RAILWAY CO.,
St. Paul, Minn., December 7, 1920.

MR. CHARLES P. CRAIG,
Executive Director Great Lakes-
St. Lawrence Tidewater Association,
Duluth, Minn.

DEAR SIR: Your letter November 26, enclosing statements regarding the Great Lakes-St. Lawrence Tidewater project, is received.

The benefits accruing to the middle and northwestern sections of the United States as a result of the Great Lakes-St. Lawrence Tidewater project cannot help being apparent to anyone who has given the subject consideration.

The success with which lake-and-rail movement of ore and coal is carried on serves as a splendid illustration of what could be done in a larger way with the tidewater project carried out so that exporting could be carried on freely from this great middle and northwestern territory directly from the termini of the rail lines which serve the territory. It would mean much for an improved car supply in times such as those recently experienced in that cars, instead of being lost to the western lines and in that way to the shippers of the Northwest, would be unloaded at lake ports and returned immediately to the territory for other loads.

I cannot express anything but best wishes for the success of the undertaking.

Yours very truly,

RALPH BUDD.

ON LINE, *November 18, 1920.*

MR. CHAS. P. CRAIG,
Director Great Lakes-St. Lawrence Tidewater Association,
Duluth, Minn.

DEAR SIR: I am in receipt of your letter of the 15th instant. I have no hesitation in again saying, as I have in several ways already, that I view the Great Lakes-St. Lawrence tidewater project as a matter of the highest interest and importance to the development of the middle and northwestern territory, comparable only to the Panama Canal in its widespread and beneficial results.

To make the project successful, the engineering plans must be and I understand are commensurate with the object in view; with plans adequate for present and future expansion, direct deep-water access to the Atlantic Ocean must necessarily operate as a great spur to the growth of the territory, furnishing as well an important and needed ally to the existing rail transportation facilities. Past experience with rail and Lakes movement offers a guide and encouragement to this greater development toward rail, lake, and tidewater movement and not the least important result will be the increased protection in times of heavy demand to the equipment of the large grain-carrying roads in western territory. This will save many car days and insure better continuity of car supply to the farmers and producers of bulk and manufactured products in this growing territory.

With best wishes for the success of the association, I am,

Yours very truly,

HALE HOLDEN,
President of Chicago, Burlington & Quincy Railroad Co.

Mr. PITTMAN. Mr. President, all these letters endorse the project as being of great benefit to the western section of the country.

I call attention to the fact that all these gentlemen, prior to the declaration of policy as of November 1930, openly and without qualification advocated the completion of the St. Lawrence project, claiming that it would be of material benefit not only to the railroads of the West but to industry of the West, and mention is made of the fact that it would go a long way toward neutralizing the advantages afforded the east and west coasts over the interior by the completion of the Panama Canal.

It seems to me that the Senator from Iowa did not understand that. He realized the fact that the very section of the country from which he comes was put to a disadvantage by the Panama Canal, but he could not, apparently, see that this very seaway neutralizes that disadvantage.

The letters which I have introduced are representative of letters in testimony from any number of large western railroads, notably the Chicago, Milwaukee, St. Paul & Pacific, the Soo Line, the Union Pacific, and others.

Since November 1930, however, not a single railroad east or west has uttered one word in favor of any water development. On the contrary, this country has been flooded with misleading propaganda against all waterway projects. Every avenue possible has been utilized for the dissemination of this propaganda.

Mr. President, I ask permission to have printed in the RECORD at this time copies of page 109 of the annual re-

ports of the following companies to the Interstate Commerce Commission for the year 1932:

The Atchison, Topeka & Santa Fe Railway Co.
Baltimore & Ohio Railroad Co.
Chesapeake & Ohio Railway Co.
Chicago & North Western Railway Co.
Chicago, Burlington & Quincy Railroad Co.
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.
Chicago, Rock Island & Pacific Railway Co.
Great Northern Railway Co.
New York Central Railroad Co.
New York, Chicago & St. Louis Railroad Co.
Northern Pacific Railway Co.
Pennsylvania Railroad Co.
Union Pacific Railroad Co.
Wabash Railway Co.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit D.)

Mr. PITTMAN. Mr. President, these pages cover, in part, a list of the largest stockholders of the respective railroad companies. To illustrate: These reports show that the largest single stockholder of the Baltimore & Ohio Railroad Co. is the Union Pacific Railroad Co. The largest single stockholder of the Chicago & North Western Railway is the Oregon Short Line Railroad Co., which is part of the Union Pacific system. This same railroad is a large shareholder of the Chicago, Milwaukee, St. Paul & Pacific Railway Co. The largest single stockholder of the Chicago, Rock Island & Pacific Railway is the St. Louis-San Francisco Railway Co. The largest single stockholder of the Pennsylvania Railroad Co. is the Union Pacific Railroad Co., holding 100,000 shares. One of the largest single stockholders of the Union Pacific Railroad Co. is the Chicago & North Western Railway Co. The largest single stockholder of the Wabash Railway Co. is the Pennsylvania. The Burlington Railroad is owned more than 95 percent by the Great Northern and Northern Pacific, equally and jointly.

Mr. President, I ask at this time unanimous consent to file a short statement showing the interlocking stock ownership as between these railroads. The figures are taken from the pages of their annual reports hereinbefore introduced. This statement will constitute "Exhibit E."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit E.)

Mr. PITTMAN. Mr. President, I submit, in view of the closely woven interlocking of stock ownershinps between there railroads that it would be absolutely impossible for one road to take individual action on any problem without almost unanimous consent.

In addition to this, these reports furnish evidence of interlocking ownerships of stock in large amounts by private interests, which would absolutely preclude, in my opinion, any road taking individual action or exercising its individual right on projects that might be beneficial to it.

For example, Sigler Co., New York, own large blocks of stock in the following railroads: Santa Fe, Baltimore & Ohio, Burlington, Rock Island, Great Northern, Northern Pacific, Pennsylvania, and Union Pacific. Morgan, Turner Co., New York, own large blocks of stock in the following railroads: Santa Fe, New York Central, Pennsylvania, Union Pacific. The Curtiss Southwestern Co., New York, own the largest block of stock in the Great Northern and Northern Pacific. Barnes & Co., New York, own large blocks of stock in the Santa Fe and Baltimore & Ohio.

In other words, on an examination of this proposition, it will be found that the control of these railroads all goes back to a few bankers in Wall Street, and they decided for the western roads and for the southern roads what they thought about this waterway after they had already favored it. Since that time they have not been able to say anything.

Mr. LEWIS. Mr. President, at this point let me say I have been laboring under the impression, and I think I have freely charged, that the dominating power in the railroads, which really controls the railroads, is the insurance companies which hold their securities, not the banks.

Mr. PITTMAN. Then I shall go a little further and trace back——

Mr. LEWIS. Mr. President, does the Senator agree with me that that can be so?

Mr. PITTMAN. I think that is largely true, and I think the insurance companies are in turn controlled by a great group in Wall Street. In fact, I remember that at one time some great Wall Street manipulators paid about ten times the value of certain insurance stock so as to control the insurance companies. But I must hurry through. The reports from these railroads clearly show that the control of all of them is in only one place, and I do not need to mention it. It only illustrates what I mean that when the western railroad presidents came out in favor of this project and said it would be a great benefit to the West and to the western railroads, they were shut up instantly. We have never heard a peep out of them since. When Mr. Thom came before the committee after that he said he represented all the railroads, and so he did, because all the railroads were represented by not more than three or four men.

Now, as to the eastern railroads, I have checked this information very carefully, and, in the light of past experience, I am firmly of the opinion that these railroads who, by the direction of Wall Street, are opposing the completion of this project by the dissemination of vicious propaganda, as I have heretofore shown, will be benefited rather than harmed by the completion of the project. Fortunately for the United States Senate this very question has been thoroughly investigated by the various agencies of the Government and their reports are incorporated, for the ready reference of the Senate, in Senate Document No. 116 of the Seventy-third Congress, second session. To anyone reading carefully this detailed analysis, it is perfectly clear that the completion of the St. Lawrence project will so rehabilitate industry in the Middle West and so reinfuse the veins of manufacturing in that section as to afford a much larger compensating tonnage and tonnage of a higher grade for these eastern railroads that their net result will be beneficial rather than harmful.

We have distinct precedents from which to judge whether the opening up of the natural waterways is detrimental or helpful to competing railroads. One distinct instance of this was the opening up of the Panama Canal. The completion of this project was opposed by the western railroads on exactly the same grounds as the St. Lawrence project is now being opposed by the railroads as a unit. The project was authorized and completed in spite of the opposition of the railroads.

Mr. President, at this time I would like to have permission to insert in the RECORD an exhibit marked "Exhibit B–1." This is a statement of tonnage in cargo tons handled through the Panama Canal from the years 1915 to 1929, inclusive. It shows a growth in total tonnage of from 4,888,000 tons in 1915 to 30,663,000 tons in 1929. An increase in 15 years of almost 26,000,000 tons. This was tonnage which in large part might have gone to the railroads had not the Panama Canal been completed.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B–1.)

Mr. PITTMAN. Now, what were the western railroads doing while this tonnage was being diverted from them through the Panama Canal? At this point I would like to submit for the RECORD exhibit B–2. This is a statement showing the revenue-tons transported for the same period, i.e., 1915 to 1929, inclusive, by class I railroads in the western district. I ask that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B–2.)

Mr. PITTMAN. From this exhibit it will be seen that the revenue-tons transported by the western carriers in 1915 were, in round figures, 449 million tons, and in 1929 this had grown (in spite of the Panama Canal and the tonnage that

it carried) to 727 million tons, or an increase of 278 million tons.

Please note that in the 15 years, 1915 to 1929, the traffic of the Panama Canal increased 26 million tons. The tonnage of the competing railroads in the western district increased more than 10 times as much during the same period—278,000,000 tons.

The conclusion is obvious that while the Panama Canal has taken some traffic which might have ordinarily gone to the railroads, in so doing it rehabilitated industry on the east and west coasts of the United States to such an extent as to furnish a compensating tonnage to the competing western railroads far in excess of the total tonnage handled by the Panama Canal.

Now we have an illustration closer home, which I would like to draw to the attention of the Senate, and that is the competition afforded by the Great Lakes and the St. Lawrence River, with its limited draft at the present time, with the eastern railroads. It is a matter of common knowledge that a tremendous volume of tonnage is handled annually down the Great Lakes. This has been a fact since the Government has deepened the channels on the Great Lakes. Now, has this tonnage been the means of stifling traffic for the railroads and putting the eastern railroads out of business?

Mr. President, I would like at this time to have permission to make a part of the RECORD exhibit B–3, which is a statement showing the water-borne traffic handled on the Great Lakes from the years 1920 to 1929.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit B–3.)

Mr. PITTMAN. This exhibit shows that in 1920 the tonnage handled on the Great Lakes amounted, in round figures, to 99 million tons; that in 1929, 10 years later, it had increased to 141 million tons, in round figures, an increase in 10 years of 42 million tons.

Now what were the competing eastern railroads doing during that period, and how much business do their reports show that they lost?

At this point, Mr. President, I would like to introduce and make a part of the RECORD, exhibit B–4, which shows the revenue tons transported by the class I railroads in the eastern district from 1920 to 1929, inclusive.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit B–4.)

Mr. PITTMAN. From this exhibit it will be seen that the eastern railroads carried 1,253,468,027 revenues tons in 1920; that this increased to 1,294,927,000 in 1929. Thus it can be seen that the eastern railroads, in spite of the heavy tonnage on the Great Lakes, show a growth in tonnage during this period of an amount almost equal to the growth of tonnage on the Great Lakes.

Further analysis, as shown by the report which is now identified as Senate Document No. 116, discloses that the tonnage carried by the eastern railroads is of a higher grade and pays a greater ton-mile earning than was earned prior to 1920. I quote in full a paragraph from page 308 of Senate Document No. 116.

> As has already been pointed out, the consummation of the proposed St. Lawrence waterway would only serve to accelerate this tendency. Low-grade, bulk commodities—the products of mines, farms, and forests—would naturally gravitate towards the waterway where rates would be cheaper, and there were no elements of time or perishability involved in their transportation, but, on the other hand, the products existing from expansion of existing industrial undertakings, or from the newly created factories and mills promoted by cheaper raw materials and power, would constitute a new and profitable source of railway tonnage. The new result would be a financial gain to the railroads arising from the construction of the proposed waterway. As time went on, and the industrial and commercial activities of the tributary area of the waterway increased, the railroads would profit commensurately, and would find the proposed waterway an advantage rather than a source of loss.

To correct the misimpression that the eastern railroads are in such bad financial condition, Mr. President, at this time I desire to submit exhibit B–5. This exhibit shows the dividends declared by railroads in classes I, II, and III, in the eastern district, from 1920 to 1929.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B–5.)

Mr. PITTMAN. It will be seen from this exhibit that the railroads in the eastern district paid dividends in 1920 of almost 129 million dollars, in 1929 almost 274 million dollars, a total dividend in the 10 years of almost 2 billion dollars, an average annual dividend of 192 million dollars.

From this it can be seen that it is fairly presumptive that up until the depression commenced in 1930 there was nothing to be alarmed about in the financial condition of the railroads.

From the foregoing, it is perfectly clear that past experience does not indicate that the opening up of any legitimate waterway has had anything but a helpful effect upon the railroads generally, and even upon the railroads that are directly competing with such waterway.

Then, too, it should not be lost sight of that this seaway, if built, cannot possibly be in operation before 1940–43, approximately 7 to 10 years from now. If the traffic of the United States in the next 10 years shall increase in the same ratio that it increased for the 10 years prior to the depression, there will be more business to be handled than can possibly be handled with the waterway operating at full blast and the competing railroads carrying capacity tonnage. This is amply demonstrated by the reports which the President submitted in support of the completion of this project, and which are easily available to the Senators because they are now in the process of printing as Senate documents.

There is no Member of the Senate who recognizes any more clearly than I do the necessity for the railroads in our economic life. There is no man in the Senate who will go any farther than I will to see them in a healthy condition, and I should be the last man to advocate the completion of any project that would have the effect of demoralizing our railroads.

While I concede the necessity of the railroads, I am opposed to the idea that they shall dominate the economic life of the United States, and I am opposed to their domination of the policy of our Government.

At this point, Mr. President, I ask unanimous consent to introduce a tabulation, marked "Exhibit C", of a few representative first-class rates, all rail, as of 1918, compared with these rates at the present time. There are only a few presented, but they are typical of the general situation. The tabulation shows beyond any question that the rates of these railroads have gone far beyond the point at which business may be freely transacted.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit C.)

Mr. PITTMAN. I say again, are the railroads going to be permitted so to dominate this body as to be able to use taxpayers' money to defeat the completion of projects which contemplate cheaper and more flexible avenues of transportation, which can only result in benefits to the consumers and producers of this country?

Are the railroads so omnipotent as to be allowed to maintain in perpetuity the monopoly which has permitted the development of an organization which I have heretofore characterized as the most antiquated business organization in the United States?

Let me say without qualification, and with all the power at my command, that when the railroads put their own house in order I am for them. When the banks and the security holders can demonstrate to our satisfaction their ability to manage their own business, then, and then only, will be time enough for them to attempt to run the railroad business.

I say in conclusion that the opposition of the eastern railroads is not because they fear a diversion of traffic. It is not particularly directed against the St. Lawrence Treaty. The opposition of the eastern railroads, and the western railroads as well, comes from their master's voice, which barks its orders from a little street in New York called "Wall."

Mr. President, as a part of my remarks I wish to have printed in the RECORD a list of allotments to the Mississippi River and its tributaries under the Public Works Administration; also a statement prepared by the State Department, which has been approved by them, dealing with the Great Lakes-St. Lawrence Deep Waterway Treaty. It is more of an analysis of each section of the treaty than anything else, and it will save time to put it in as a part of my remarks.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

List of allotments to Mississippi River and tributaries under Public Works Administration

NAVIGATION

Project	Allotment	Additional amount to complete
Mississippi River between Illinois River and Minneapolis	$33,500,000	$92,000,000
Missouri River between Kansas City and Sioux City	14,153,108	45,000,000
Missouri River between Kansas City and the mouth	4,960,000	3,184,000
Missouri River—Fort Peck	25,000,000	41,500,000
Wolf River, Tenn.	603,000	
Mississippi River between Ohio River and Illinois River	3,000,000	1,690,000
Ohio River:		
Lock and dam construction	3,150,000	1,289,000
Open channel work	930,000	1,708,500
Cumberland River, Tenn. and Ky.	868,000	0
Green and Barren Rivers	60,000	0
Kanawha River, W.Va.	6,015,000	8,200,000
Allegheny River, Pa.	900,000	580,000
Illinois River, Ill.	910,000	4,087,000
Total	94,049,108	199,238,500

FLOOD CONTROL

Mississippi River	$44,000,000	$96,846,576
Tygart Reservoir	3,000,000	9,000,000
Muskingum Reservoirs	22,590,000	0
Total	69,590,000	105,846,576
Cost of improvement of St. Lawrence under treaty		33,085,152
Total United States cost	257,992,000	
Less agreed amount to be paid for power by New York Power Authority	89,726,250	
Net Federal expenditures	168,265,750	

THE GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The Great Lakes-St. Lawrence Deep Waterway Treaty, signed in Washington on July 18, 1932, was the culmination of many years of nonpartisan activity in the United States and in Canada to extend ocean navigation into the heart of this continent. The St. Lawrence project has for many years had supporters, as well as opponents, in both of our political parties. The first official step of an American Government looking toward a St. Lawrence development was taken by President Wilson's administration when on January 21, 1920, in association with the Government of Canada, the International Joint Committee was requested to investigate the project and to submit a report to the two Governments on its feasibility and practicability. The present treaty was negotiated and signed during the preceding administration.

The salient facts in regard to the treaty, the various investigations of the project, and the history of the negotiations are fully set forth in the hearings before a subcommittee of the Committee on Foreign Relations of the Senate (72d Cong., 2d sess.) and in the report of the Committee on Foreign Relations (Executive Rept. No. 1, 72d Cong., 2d sess.).

It seems desirable, however, at this point briefly to describe the treaty and to explain the meaning and significance of the various sections of it.

The treaty consists of a preamble, 10 articles, and a separate schedule, the last named relating to the St. Lawrence International Rapids Section Commission, provided for under article 3. The preamble of the treaty notes the declaration of the Canadian Government of its intention to provide, not later than the date of the completion of the deep waterway in the international section of the St. Lawrence, for the completion of the New Welland Ship Canal and of canals in the Soulanges and Lachine areas of the Canadian section of the St. Lawrence River, which will provide essential links in the deep waterway to the sea; the preamble also notes the declaration of the Government of the United States of its intention to provide, not later than the date of the completion of the works in the international section, for the completion of the recommended works in the Great Lakes system above Lake Erie.

Under article I Canada agrees, in accordance with the project described in the final report of the joint board of engineers, to construct, operate, and maintain the works in the Thousand Islands section of the St. Lawrence River below Oak Point; to construct, operate, and maintain a side canal with lock opposite Crysler Island; and to construct the works required for rehabilitation on the Canadian side of the international boundary.

In article II the United States similarly agrees to construct, operate, and maintain the works in the Thousand Islands section above Oak Point; to construct, operate, and maintain a side canal, with locks, opposite Barnhart Island; and to construct the rehabilitation works on the United States side of the international boundary. Practically all of the works, both in the American and in the Canadian section of the Thousand Islands sector, have already been completed.

Article III provides for the establishment and maintenance of a temporary St. Lawrence International Rapids Section Commission consisting of 10 members, five to be appointed by each country, to construct the works in the International Rapids section of the river included in the project described in the final report of the joint board of engineers, not included in the works provided for in articles I and II and excluding power-house superstructures, machinery, and equipment. The two Governments expressly reserve the right to modify the plans by mutual agreement. In this article, the United States agrees to provide the funds for the construction of the works in the International Rapids section by the Commission estimated to cost about $150,000,000. Article III stipulates that the parts of the works within Canadian territory, or an equivalent proportion of the total of the works, shall, insofar as is possible, be executed by Canadian engineers and Canadian labor and with Canadian material; and insofar as is possible the remaining works shall be executed by American engineers and American labor, and with American material. Approximately two thirds of the works to be constructed by the Commission are in United States territory and one third in Canadian territory. Article III also provides that the parties may arrange for construction in their own territory of such power-house superstructures, machinery, and equipment as may be desired for the development of power. This provision, of course, leaves each of the Governments free to settle the purely domestic question of the utilization of water power.

Article IV provides for the equal division as between the United States and Canada of the water utilized for power purposes in the International Rapids section of the St. Lawrence River and for the regulation of the flow of the river to protect the down-river shipping facilities.

Article V stipulates that the construction of works under the treaty shall not confer upon either of the parties thereto proprietary rights or legislative, administrative, or other jurisdiction in the territory of the other, and that the works constructed shall constitute a part of the territory of the country in which they are situated.

Article VI provides that either country may, within its own territory, proceed at any time to construct alternative canal and channel facilities for navigation in the international section of the St. Lawrence River or in waters connecting the Great Lakes.

Article VII stipulates that the rights of navigation accorded under the provisions of existing treaties between the two countries shall be maintained notwithstanding the provisions for termination contained in any of such treaties. This provision will make perpetual our right to use the Welland Canal and other Canadian canals, which could now be terminated on a year's notice.

Article VIII relates to the preservation of the levels of the Great Lakes system. This article provides that the diversion of water from the Great Lakes system through the Chicago Drainage Canal shall conform to the quantity provided under the decree of the Supreme Court of the United States of April 21, 1930. The article further provides that in the event of the Government of the United States proposing, in order to meet an emergency, an increase in the permitted diversion, and in the event of the Government of Canada taking exception to the proposed increase, the matter shall be submitted for final decision to an arbitral tribunal which shall be empowered to authorize, for such time and to such an extent as is necessary to meet the emergency, an increase in the diversion of water beyond the limits of the above-mentioned decree and to stipulate such compensatory provisions as the tribunal shall deem just and equitable. The arbitral tribunal, it is provided, shall consist of 3 members, 1 to be appointed by each of the Governments and the third, who will be the chairman, to be selected by the two Governments jointly.

The United States Army Engineers have formally reported to Congress that the quantity of water which the Supreme Court decree authorizes the Chicago Sanitary District to divert from the Great Lakes Watershed is sufficient for the 9-foot canal from Chicago to the Mississippi River through the Illinois River and adequate for a commercially useful waterway.

Article VIII also provides that no diversion of water, other than that referred to in the preceding paragraph, from the Great Lakes system or from the international section of the St. Lawrence River to another watershed shall hereafter be made except by authorization of the International Joint Commission, on which the United States and Canada have equal representation.

Under article IX, both countries are released from responsibility for any damage or injury to persons or property in the territory of the other which may be caused by any action authorized or provided for by the treaty. This article also stipulates that the two countries will severally assume responsibility and expenses for the acquisition of any lands or interests in land in their respective territories which may be necessary to give effect to the provisions of the treaty.

Article X is the usual article relating to ratification and exchange of ratifications.

Schedule A provides details in regard to the organization, capacities, powers, and liabilities of the St. Lawrence International Rapids Section Commission.

The Joint Board of Engineers estimates that the entire waterway from the Great Lakes to Montreal will cost a total of $543,429,000, including fully installed power works in the international section of the St. Lawrence River. Of this amount it is estimated that the United States will spend $272,453,000 and that Canada will spend $270,976,000, a considerable portion of both of which sums have already been expended by the two countries. In approaching the question of the division of the cost of a great joint undertaking of this sort as between the United States and Canada, there are, of course, various factors which might be taken into consideration. Many people in Canada have felt that since the United States has a much greater population in its territory immediately tributary to the Great Lakes system than has Canada in her territory, the United States should pay a very much larger share of the cost of the project than should Canada. It has been alleged that since the United States has a number of large cities on the Great Lakes and a more highly developed industry in the Great Lakes territory, the waterway and power development in connection therewith will be of more benefit to the United States than to Canada, and that we should pay the bulk of the cost. In the negotiations with Canada which led to the signing of the treaty, it was agreed that the United States and Canada should share the cost of this project equally and insofar as possible an equal division as between the two countries was determined upon in allotting costs for the various sections of the waterway. Insofar as past expenditures are concerned, the formula was adopted of including in the balance sheet only those expenditures which would not have been made except in contemplation of the completed deep waterway. The American expenditures include $56,500,000 for deepening channels in the upper Lakes, providing a new lock in the St. Marys River, and constructing the compensation works which the United States has agreed to build. Of this sum approximately $14,000,000 has been appropriated and expended, and $42,500,000 of new funds will be required. The cost to the United States in the Thousand Islands section of the river is $461,000, which has been appropriated and the work has been completed. The expenditures of the United States in the International Rapids section of the St. Lawrence will reach a total of $215,492,000, all of which will be new funds. The total amount of new funds which the United States will be called upon to spend is $257,992,000 for navigation and power works. From this total should be deducted the sum which may be realized from the disposal of the American share of water power. During the special session of Congress last spring, the House passed a resolution under the terms of which the American share of the power would be turned over to the State of New York upon the payment by that State of $89,726,000. An identical resolution was introduced in the Senate but was not finally acted upon during the special session. The passage of this resolution, which has the President's support, would bring the net cost of the waterway to the Federal Government down to a total of $168,266,000.

The foregoing estimates are based on the report of the joint board of engineers of November 16, 1926, and include unit prices as of that time. Should contracts for the recommended works be let at lower price levels than those of 1926, the engineers are of the opinion that an appreciable saving in construction costs would result.

Certain specific objections which have been raised to the treaty will now be dealt with.

It has been asserted that under article 8 the sovereignty of the United States over Lake Michigan has been surrendered to Canada and Great Britain. This charge is utterly and completely without foundation. Lake Michigan lies entirely within the territorial limits of the United States and our sovereignty over it is fully maintained. Under article VIII we do agree to limit the diversion of water through the Chicago Drainage Canal to the quantity permitted as of that date by the decree of the Supreme Court of the United States of April 21, 1930, namely, 1,500 cubic feet per second, plus domestic pumpage. By this action we recognize the well-known fact that since Lake Michigan forms a part of the St. Lawrence Drainage Basin, and since abstractions from that drainage system to a completely different watershed cause losses in Canada the Canadian Government has an interest in the extent of abstractions from a purely American lake. Sovereignty does not, and should not, include the right to use a nation's property in such a manner as to constitute an invasion of the vested rights of another country. The net result of article VIII is to establish for the diversion of water of Lake Michigan at Chicago restrictions similar in effect to those already provided for in the boundary waters treaty of 1909 in the case of future diversions from Lake Michigan.

It has been asserted that the permitted diversion is insufficient to meet the needs of a commercially useful waterway through the sanitary drainage canal and the Illinois River to the Mississippi River. It has been maintained that there would be foreclosed the right of the Secretary of War to report in accordance with the River and Harbor Act of July 3, 1930, following the completion of the Illinois waterway, on the minimum amount of water which would have to be abstracted from Lake Michigan in order to maintain a commercially useful channel 9 feet in depth. The Secretary of War has transmitted to the Congress, in compliance with the above-mentioned act of July 3, 1930, a report of the Chief of Engineers dated December 6, 1933, which completely disposes of this objection.

It has been asserted that, notwithstanding the fact that the Supreme Court decree of April 21, 1930, provides sufficient water for navigation purposes in the Illinois waterway, a reduction of the diversion from Lake Michigan to the quantity permitted by that decree would bring about an unsanitary condition in the water which might become a menace to public health. General Markham's report, which has already been referred to, deals with this and makes it clear that the weight of evidence is to the effect that there is nothing to be feared on this point. Our engineers are definitely of the opinion that by budgeting the amount of diversion permitted under the Supreme Court decree and making intelligent use of the water diverted, any situation which might arise in connection with the sanitary condition of the water can adequately be dealt with. If, in spite of this, due to circumstances which cannot now be predicted, additional water should be required for sanitary purposes, this need would definitely be an emergency within the meaning of article 8 (a) 2. This emergency clause was carefully drafted to meet precisely that possibility. In such an event, if the Supreme Court should recognize that additional water was needed, the Government of the United States would propose an increase in the permitted diversion to meet this emergency. If the Government of Canada took no exception to the proposed increase—and it is inconceivable that the Canadian Government would object in such circumstances—the additional diversion would take place without further formality. Should the Canadian Government for some reason object, the matter would be arbitrated before a board on which a neutral would sit along with representatives of the United States and Canada. The United States as a world leader in the settlement of international disputes by arbitration can scarcely find fault with such simple, direct machinery to assist in removing an ancient source of irritation between us and our nearest neighbor. The long, unbroken record of friendly intercourse between this country and the Dominion of Canada impels us to hope that such an arbitral tribunal, while a useful safeguard to both countries in a treaty of this kind, would never be called upon to adjudicate any disagreement over the diversion of water from Lake Michigan.

The St. Lawrence waterway has been referred to as "an all-British canal." I am constrained to believe that such references are merely an illustration of loose speaking, to which most of us are occasionally prone. Surely no one is so ignorant of geography as not to know that three fourths of the Great Lakes-St. Lawrence seaway route (from the head of Lake Superior to the high seas) lies in international waters.

It has been asserted that the St. Lawrence waterway, upon its completion, would result in a loss of traffic to ports along our Atlantic seaboard because of the fact that ocean shipping could go direct to our ports on the Great Lakes. We cannot believe that such a consideration should be allowed to prevent the carrying out of a great national project. The ports along our Atlantic seaboard have been developed by the expenditure of more than $200,000,000 of Federal funds, and surely this should weigh against the sectional argument. And the great impetus to coastwise navigation which would benefit all American ports that must reasonably be expected to follow the St. Lawrence development should not be overlooked. Little need be said about the objection which the railway interests are supposed to urge. The railroads have an unbroken history of objection to any waterway project. They opposed the construction of the Panama Canal and they have fought every inland-waterway improvement in the United States. But the construction of the St. Lawrence waterway cannot properly be termed an inland-waterway improvement in that it involves extending effectively an arm of the ocean into the heart of our country. It is a well-known fact that every dollar unnecessarily spent on transportation is an economic loss to the producer. Improving the economic status of our producers in the area adjacent to the Great Lakes will unquestionably result in the development of rail traffic which will far more than compensate the railroads in the eastern part of the United States for any traffic losses they may sustain. The railroads in the Middle West have frankly admitted in the past that the construction of the seaway would be of great benefit to them.

The Government of the United States has well under way a vast public-construction program, the funds for which were appropriated during the recent special session of Congress. The primary purpose of this program is to provide employment for a large number of workmen and thus to start cycles of activity which it is hoped and believed will immediately be reflected in wide-spread economic improvement throughout the country. In these circumstances, it is pertinent to consider the effect which the St. Lawrence project will have upon the unemployment situation when this treaty is ratified. General Markham, Chief of Engineers of the War Department, has submitted the following information in this regard:

"The statement of American labor which follows is founded upon records, texts, and direct information from manufacturers, superposed by judgments pertinent to the character and volume of construction work concerned, and to the classes and capabilities of machines likely to be employed.

"It is thus reckoned that the prosecution of the St. Lawrence River project, including excavations and construction in the channels of the upper Lakes, under the treaty proposed, will require American labor of something like 30,000,000 man-days.

"Neglecting engineering, clerical, supervisory, and incidental employment over the ice period of the St. Lawrence and the upper Lakes, and assuming that labor would be applied for 200 days per year over a construction period of 7 years, there would be employed on the average day about 21,000 men.

"If it were found possible to prosecute the work more rapidly than applies to a 7-year construction period, the average number

of laborers might be somewhat increased. It is thought to be a fair statement, however, for instant considerations, that under a vigorous prosecution of the treaty project there could be, and should be, employed something like twenty-odd thousand men for 200 workdays per year for 7 years."

It is to be noted that General Markham's estimate that the project will provide employment for 21,000 men 200 days per year over a construction period of 7 years includes only direct employment on the project itself and on the manufacture of the necessary machinery and equipment, and does not include the vast amount of indirect employment which will necessarily follow.

The waterway project upon its completion will provide a 27-foot channel from the Great Lakes to Montreal. A channel of 30 feet in depth is available from Montreal to the sea. Its completion will therefore admit ocean shipping from the Atlantic Ocean to the Great Lakes and will permit vessels drawing 25 feet to reach our ports on the Great Lakes. This will lessen the economic handicaps of adverse transportation costs to a vast area in the interior of the United States. This area produces a great surplus, both from agriculture and manufacturers, much of which requires long transportation and has for many years been under great transportation advantages in the shipment of commodities. In times of abnormally low commodity prices, the necessity of transporting products to consuming centers at the lowest cost possible becomes a matter of vital importance. Lower transportation costs to consuming centers should be reflected in higher price levels to producers. This increased purchasing power as a result of readjustment in price levels, would be of great benefit to the entire country. The tremendous economic advantage which will accrue to the State of New York and adjacent territory from the development of 1,100,000 horsepower of low-cost hydroelectric energy is clearly apparent.

It seems unnecessary at this time again to refer to the large number of specific instances of great savings in transportation costs which will result from the construction of this waterway as brought out by traffic experts in the hearings before the Senate subcommittee. The record fairly bristles with detailed and fully documented cases of this kind and if there are those who are skeptical on this point, it is earnestly suggested that they read some of these statements in the hearings before the subcommittee.

EXHIBIT A

Statement showing foreign, intercoastal, and coastwise commerce to, from, and through North Atlantic coast ports for 10-year period 1923 to 1932, inclusive

[Commerce in gross tons of 2,240 pounds per ton]

Port	Foreign	Domestic		Total (including United States dependencies)
		Intercoastal	Coastwise	
Portland, Maine	7,155,453	490,773	18,743,929	26,391,814
Boston, Mass	25,437,073	5,611,686	101,849,530	133,706,243
Providence, R.I	5,363,264	1,671,383	35,951,491	42,990,722
New York, N.Y	227,158,255	40,258,753	279,187,370	553,564,144
Philadelphia, Pa	53,516,833	14,284,459	90,381,782	159,507,330
Baltimore, Md	63,092,535	14,191,194	25,074,960	104,376,325
Norfolk, Va	26,643,453	1,346,329	92,259,248	120,729,879
Newport News, Va	13,775,903	212,490	55,788,821	70,021,976
Total	422,142,769	78,066,897	699,234,631	1,211,288,437
Annual average	42,214,276	7,806,689	69,923,463	121,128,843
Annual average per port	5,276,784	975,843	8,740,433	15,141,105
Percent of total	34	0.06	58	100

Authority: Special Report of Department of Commerce submitted to Senate in support of President's message urging treaty ratification.

EXHIBIT B

Statement showing current all-rail rates (first class) between North Atlantic coast ports and ports on Lakes Erie, Huron, Michigan, and Superior

[First-class rates, in cents per hundredweight]

Between	And Cleveland, Ohio	And Toledo, Ohio	And Detroit, Mich.	And Chicago, Ill.	And Milwaukee, Wis.	And Ashland, Wis.	And Superior, Wis.	And Duluth, Minn.
Portland, Maine	$1.31	$1.38	$1.38	$1.59	$1.59	$2.18	$2.22	$2.22
Boston, Mass	1.22	1.30	1.30	1.54	1.54	2.13	2.17	2.17
Providence, R.I	1.22	1.30	1.30	1.54	1.54	2.13	2.17	2.17
New York, N.Y	1.16	1.23	1.23	1.52	1.52	2.11	2.12	2.12
Philadelphia, Pa	1.07	1.23	1.23	1.45	1.45	2.11	2.12	2.12
Baltimore, Md	1.02	1.20	1.20	1.40	1.40	2.09	2.10	2.10
Norfolk, Va	1.23	1.39	1.39	1.51	1.51	2.25	2.26	2.26
Newport News, Va	1.23	1.39	1.39	1.51	1.51	2.25	2.26	2.26
Average	1.18	1.30	1.30	1.50	1.50	2.15	2.18	2.13

Grand average, first class, equals $1.66 per hundredweight.

Authority: Rates ordered in by Interstate Commerce Commission in Dockets 15879—(164 I.C.C. 314), and in Docket 17000—2 (164 I.C.C. 1).

EXHIBIT B–1

Panama Canal

COMMERCIAL TRAFFIC, ALL COMMODITIES FOR THE FISCAL YEARS ENDED JUNE 30, 1915 TO 1929, INCLUSIVE, IN CARGO TONS

Year	Total cargo through Canal		
	Total tons	Atlantic to Pacific	Pacific to Atlantic
1915	4,888,454	2,070,993	2,817,461
1916	3,094,114	1,369,019	1,725,095
1917	7,058,563	2,929,260	4,129,303
1918	7,532,031	2,639,300	4,892,731
1919	6,916,621	2,740,254	4,176,367
1920	9,374,499	4,092,516	5,281,983
1921	11,599,214	5,892,078	5,707,136
1922	10,884,910	5,495,934	5,388,976
1923	19,567,875	7,086,259	12,481,616
1924	26,994,710	7,860,100	19,134,610
1925	23,958,836	7,398,397	16,560,439
1926	26,037,448	8,037,097	18,000,351
1927	27,748,215	8,583,327	19,164,888
1928	29,630,709	8,310,134	21,320,575
1929	30,653,006	9,882,520	20,780,486

Source: Panama Canal record.
From: S.Doc. No. 116, 73d Cong., 2d sess., p. 338.

EXHIBIT B–2

Class I railroads, freight-traffic statistics, western district, years 1915 to 1929

Year:	Total revenue tons transported
1915	449,329,900
1916	597,922,728
1917	641,821,656
1918	618,013,310
1919	581,748,203
1920	657,982,457
1921	489,655,851
1922	550,893,389
1923	657,112,479
1924	642,062,002
1925	672,210,065
1926	694,863,595
1927	676,217,393
1928	695,989,671
1929	727,098,737

Source: 1915 to 1921, inclusive, from Bureau of Railway Economics' Statistical Summary No. 1, November 1922; 1922 to 1929 inclusive, from Interstate Commerce Commission annual reports.
From: S.Doc. No. 116, p. 343, 73d Cong., 2d sess.

EXHIBIT B–3

Domestic water-borne commerce on Great Lakes, 1920–29

Year:	Tons
1920	93,750,979
1921	53,947,310
1922	81,032,958
1923	110,857,646
1924	93,702,753
1925	113,644,259
1926	120,794,460
1927	119,775,832
1928	125,779,900
1929	141,185,669

Source: Report of Chief of Engineers, United States of America.
From: S.Doc. No. 116, p. 285, 73d Cong., 2d sess.

EXHIBIT B–4

Statement showing revenue tons transported by class I carriers, eastern district, 1920 to 1929, inclusive

Year:	Revenue tons transported
1920	1,253,468,027
1921	934,694,000
1922	975,691,000
1923	1,295,112,000
1924	1,146,945,000
1925	1,208,296,000
1926	1,309,242,000
1927	1,237,668,000
1928	1,238,607,000
1929	1,294,927,000

Authority: Annual reports of Interstate Commerce Commission, years, 1920 to 1929, inclusive.

EXHIBIT B–5

Class I, II, and III railroads and their nonoperating subsidiaries—dividends—eastern district, 1920–29

Year:	Dividends declared (amount)
1920	$129,396,000
1921	162,229,000
1922	137,656,000
1923	153,999,000
1924	163,870,000
1925	176,259,000
1926	201,823,000
1927	298,525,000
1928	225,656,000
1929	273,954,000
Total	1,923,387,000
Annual average	192,338,700

Source: Data submitted by Hon. Joseph B. Eastman, then member of the Interstate Commerce Commission and now Coordinator of Railroads, to the House Committee on Interstate and Foreign Commerce, hearings on H.R. 7116 and 7117, p. 357–437. (72d Cong., 1st sess., January-February 1932.)

From: S.Doc. No. 116, p. 324, 73d Cong., 2d sess.

EXHIBIT C

Statement of all-rail rates (first class) as of 1918 compared with present rates, between representative points, showing percent of advance in the present rates over rates of 1918

From—	To—	First-class rate		Percent advance
		1918	1934	
Boston, Mass.	Chicago, Ill.	75	154	105
Do.	Milwaukee, Wis.	75	154	105
Do.	Minneapolis, Minn.	115	217	88
Do.	Duluth, Minn.	115	217	88
New York, N.Y.	Chicago, Ill.	75	152	102
Do.	Milwaukee, Wis.	75	152	102
Do.	Minneapolis, Minn.	115	212	84
Do.	Duluth, Minn.	115	212	84
Chicago, Ill.	Minneapolis, Minn.	60	128	113
Do.	Duluth, Minn.	63	133	111

Authority for old rates: I.C.C. files.
Authority for new rates: prescribed by I.C.C. in docket 15879, 164 I.C.C. 314 and in docket 17000-2, 164 I.C.C. 1.

EXHIBIT D

THE ATCHISON, TOPEKA & SANTA FE RAILWAY CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, $100 per share; first preferred, $100 per share; second preferred, $— per share; debenture stock, $— per share.

2. State whether or not each share of stock has the right to 1 vote; if not, give full particulars in a footnote. Each share has a right to 1 vote.

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and, if contingent, showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purposes of such closing. March 28, 1932; for annual meeting of the stockholders held at Topeka, Kans., April 28, 1932.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year: 3,668,788 votes, as of December 31, 1932.

8. State the total number of stockholders of record, corresponding to the answer to inquiry no. 7: 59,630 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

Name of security holder (a)	Address of security holder (b)	Number of votes to which security holder was entitled (c)	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power (g)
			Common (d)	Preferred		
				Second (e)	First (f)	
Barnes & Co.	New York, N.Y.	39,165	21,345		17,821	
The Equitable Life Assurance Society of the United States	do	35,080	11,680		23,400	
Maatschappij tot Beheer van het Administratiekantoor opgericht door, Hubrecht, Van Harencarspel & Vas Visser, N.V.	Amsterdam, Holland	34,120	34,120			
Morgan, Turner & Co.	New York, N.Y.	33,615	33,010		605	
Sigler & Co.	do	28,570	16,026		12,544	
The Home Insurance Co.	do	28,500	17,800		10,700	
The Rockefeller Foundation	do	26,944	21,944		5,000	
Metropolitan Life Insurance Co.	do	25,000			25,000	
The Prudential Insurance Co. of America	Newark, N.J.	24,500			24,500	
New York Life Insurance Co.	New York, N.Y.	19,200			19,200	
Eddy & Co.	do	19,147	14,398		4,749	
Elisabeth Mills Reid	do	17,245	11,995		5,250	
Atwell & Co.	do	16,849	10,469		6,380	
A. Iselin & Co.	do	15,721	13,314		2,407	
C. A. England & Co.	do	14,570	9,585		4,985	
Acly Co.	Pittsburgh, Pa.	13,416	13,416			
Nats Disco	New York, N.Y.	11,739	11,739			
James Capel & Co.	London, England	11,047	9,539		1,508	
Blass & Co.	New York, N.Y.	10,973	9,508		1,465	
Nats Cumco	do	10,898	10,898			

The above is a transcript from our records, but as a matter of fact, the holdings of a number of the registered holders above really cover holdings of many individuals and firms.

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 2,153,219 votes cast.

11. Give the date and place of such meeting: April 28, 1932, Topeka, Kans.

BALTIMORE & OHIO RAILROAD CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, $100 per share; preferred, $100 per share; second preferred, $— per share; debenture stock, $— per share.

2. State whether or not each share of stock has the right to 1 vote; if not, give full particulars in a footnote. Yes.

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent; and if contingent, showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing. Record date, October 15, 1932. Books do not close.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year: 3,151,585 votes, as of October 15, 1932.

8. State the total number of stockholders of record corresponding to the answer to inquiry no. 7: 48,064 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

Name of security holder	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Union Pacific R.R. Co	New York, N.Y	80,731	62,671	18,060		
Swiss Bank Corporation	Basel, Switzerland	51,195	51,137	58		
Maatschappij tot Beheer	Amsterdam, Holland	32,728	32,728			
Dyer, Hudson & Co	New York, N.Y	31,351	31,329	22		
Marie F. Jacobs	Baltimore, Md	17,130	8,440	8,690		
Estate of P. A. B. Widener	Philadelphia, Pa	16,520	16,520			
Credit Suisse	Zurich, Switzerland	16,024	16,021	3		
A. Iselin & Co	New York, N.Y	15,118	12,088	3,030		
Barnes & Co	do	14,156	9,902	4,254		
J. W. Davis & Co	do	12,736	12,708	28		
Lee & Co	do	12,205	10,885	1,320		
Hurley & Co. (a partnership)	do	11,615	11,418	134		
Fidelity-Phenix Fire Insurance Co	do	11,000	8,000	3,000		
Shelmerdine Securities Co	Philadelphia, Pa	10,750	10,750			
William M. Potts	Wyebrook, Pa	10,700	10,000			
H. Rodney Sharp [1]	Wilmington, Del	10,000	10,000			
Wonham Albert & Co	New York, N.Y	9,532	9,381	151		
Sigler & Co	do	9,116	7,593	1,523		
C. A. England & Co	do	8,801	4,958	3,843		
The Commonwealth Fund	do	8,750	2,750	6,000		
Total		390,158	340,042	50,116		

[1] Trustee under agreement with Pierre S. du Pont, dated Apr. 2, 1930.

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 1,511,617 votes cast.

11. Give the date and place of such meeting: November 21, 1932, Baltimore, Md.

THE CHESAPEAKE & OHIO RAILWAY CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, $25 per share; first preferred, $100 per share; second preferred, $100 per share; debenture stock, none; 6½-percent cumulative convertible preferred, series A, $100 per share. (See note 1.)

2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote. Yes. (See note 2.)

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing. (See note 3.)

7. State the total voting power of all security holders of the respondent at the date of such closing if within 1 year of the date of such filing; if not, state as of the close of the year: 7,654,077 votes as of December 31, 1932.

8. State the total number of stockholders of record, corresponding to the answer to inquiry no. 7: 18,432 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

Guaranty Trust Co. of New York as trustee under collateral trust indenture dated May 15, 1927, made by—	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
The Chesapeake Corporation	New York City	2,449,300	2,449,300			
F. K. Gibbons	do	123,520	123,520			
F. W. Martin	do	115,522	115,522			
M. P. Nugent	do	108,500	108,500			

Guaranty Trust Co. of New York as trustee under collateral trust indenture dated May 15, 1927, made by—	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Shaw & Co.	New York City	100,935	100,935			
Salkeld & Co.	do	87,920	87,920			
Frank Rhodes	do	85,000	85,000			
I. A. Ackerman	do	80,000	80,000			
R. N. Bergen	do	80,000	80,000			
C. M. Bleller	do	80,000	80,000			
A. J. Dunn	do	80,000	80,000			
A. Elliott	do	80,000	80,000			
R. H. Gaunt, Jr	do	80,000	80,000			
C. S. Hawkins	do	80,000	80,000			
W. C. Horn	do	80,000	80,000			
A. C. Lange	do	80,000	80,000			
J. G. Sullivan	do	80,000	80,000			
F. Timothy	do	80,000	80,000			
C. F. Anderson	do	78,388	78,388			
George F. Baker, Jr	do	60,000	60,000			

NOTE 1.—During 1930 the par value of this company's common stock was changed from $100 per share to $25 per share. As of Dec. 31, 1932, there were certificates representing 19,594 shares of $100 par value common stock still outstanding and not exchanged.

NOTE 2.—Shares of common stock of the par value of $100 each were changed into four shares of the par value of $25 each, and by stockholders' and directors' actions, shares evidenced by certificates representing $100 par common stock are not entitled to vote until exchanged for certificates representing the equivalent number of shares of common stock of the par value of $25.

NOTE 3.—Stock books were not closed during 1932, but a list was compiled of the stockholders of record at the close of business Dec. 8, 1932, for dividends on 6½-percent cumulative convertible preferred stock, series A, and on common stock, both payable Jan. 1, 1933.

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 5,898,160 votes cast.

11. Give the date and place of such meeting: April 19, 1932, at Richmond, Va.

CHICAGO & NORTH WESTERN RAILWAY CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, $100 per share; first preferred, $100 per share; second preferred, none; debenture stock, none.

2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote. Each share has right to one vote.

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent showing the contingency.

5. Has any class of issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing: March 9, 1933, for the purpose of annual meeting of stockholders, April 11, 1933.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year: 1,808,347 votes, as of March 9, 1933.

8. State the total number of stockholders of record, corresponding to the answer to inquiry no. 7: 18,527 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

Name of security holder	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Oregon Short Line R.R.Co.	New York, N.Y.	44,206	44,206			
Thomson & McKinnon	do	23,381	22,375		1,006	
Hayden, Stone & Co.	do	23,305	23,295		10	
Vanderbilt, F. W.	do	22,000	12,000		10,000	
Vanderbilt, H. S.	do	20,250	12,000		8,250	
Atwell & Co.	do	14,751	10,196		4,555	
United States Trust Co. of New York	do	14,420	10,020		4,400	
King & Co.	do	13,741	12,362		1,379	
Green Estate, Inc.	do	10,911	10,911			
Paine, Webber & Co.	do	10,545	10,460		85	
Hornblower & Weeks	do	10,365	10,090		275	
Davis, J. W. & Co.	do	9,290	9,290			
Continental Illinois Bank & Trust Co., Marshall Field and George Richardson, trustees under last will of Marshall Field, deceased	Chicago, Ill.	9,200	7,100		2,100	
Lee & Co.	New York, N.Y.	8,855	8,835		20	
Moore & Co., D. T.	do	8,166	6,966		1,200	
Hutton & Co., E. F.	do	7,696	7,456		240	
Dominick & Dominick	do	7,348	6,063		1,285	
Slade & Co.	do	6,803	6,803			
Vanderbilt, William K.	do	6,750	2,500		4,250	
Union Trust Co., The, of Pittsburgh, trustee for the Massachusetts Institute of Technology, et al., under agreement dated June 1, 1925	Pittsburgh, Pa.	6,633	6,633			

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 1,125,806 votes cast.

11. Give the date and place of such meeting: April 12, 1932, Chicago, Ill.

CHICAGO, BURLINGTON & QUINCY RAILROAD CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, $100 per share; first preferred, $— per share; second preferred, $— per share; debenture stock, $— per share.

2. State whether or not each share of stock has the right to 1 vote; if not, give full particulars in a footnote. One vote per share.

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing. April 2, 1932. For annual meeting of stockholders, May 4, 1932.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year: 1,708,387 votes as of April 2, 1932.

8. State the total number of stockholders of record, corresponding to the answer to inquiry no. 7: 429 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

Name of security holder	Address of security holder	Number of votes to which security-holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
First National Bank of the City of New York, trustee	New York, N.Y.	829,337	829,337			
Guaranty Trust Co., trustee	do	829,337	829,337			
Morton H. Niles	do	11,670	11,670			
Nicholas Steckhammer	do	11,393	11,393			
Merrick & Co	do	1,272	1,272			
Arthur Curtiss James	do	2,093	2,093			
Salkeld & Co	do	887	887			
Rachel Hill Boeckmann	St. Paul, Minn	886	886			
Gertrude Hill Gavin	New York, N.Y	886	886			
Mary Hill Hill	do	886	886			
Fort Benton Co	St. Paul, Minn	886	886			
Clara Hill Lindley	New York, N.Y	809	809			
E. A. Gay	do	774	774			
Juliette Leither [1]	Chicago, Ill	770	770			
Harry F. Smith	New York, N.Y	621	621			
King & Co	do	544	544			
George T. Slade	do	505	505			
Merchants Fire Assurance Corporation of New York	do	500	500			
Edward G. Miner	Rochester, N.Y	464	464			
Sigler & Co	New York, N.Y	462	462			

[1] Et al., trustees under last will and testament of Joseph Leither, deceased.

NOTE.—Majority of capital stock held by the First National Bank of the City of New York and the Guaranty Trust Co. of New York for the Great Northern and Northern Pacific Ry. Cos.

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 1,693,391 votes cast.

11. Give the date and place of such meeting: May 4, 1932, Chicago, Ill.

CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC RAILROAD CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, no par; first preferred, $100 per share; second preferred, ——— per share; debenture stock, ——— per share.

2. State whether or not each share of stock has the right to 1 vote; if not, give full particulars in a footnote. Yes.

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent, showing the contingency: Not applicable.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges. Not applicable.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing: Closed April 9, 1932, for annual meeting of stockholders held May 10, 1932.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year: 2,366,999 votes, as of April 9, 1932.

8. State the total number of stockholders of record, corresponding to the answer to inquiry no. 7: 16,021 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

Name of security holder	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
The voting trustees under agreement dated Dec. 31, 1927 by and between the owners of preferred stock and common stock of Chicago, Milwaukee, St. Paul and Pacific R.R. Co. and Elihu Root, Frederick H. Ecker, Henry S. Pritchett, Harry E. Byram and Henry A. Scandrett voting trustees.	New York, N.Y.	307,100	190,460		116,640	
Director General of Railroads	Washington, D.C.	32,070			32,070	
Roosevelt & Co.	New York, N.Y.	26,589	18,769		7,820	
Hurley & Co.	do	23,856	2,647		21,209	
Thomson & McKinnon	do	22,212	2,560		19,652	
Jas. H. Oliphant & Co.	do	22,205	3,075		19,130	
Arthur Lipper & Co.	do	21,725	10,465		11,260	
Eric & Drevers	do	21,600	20,900		700	
Harrigan & Co.	do	19,100			19,100	
Oregon Short Line R.R. Co.	do	18,450			18,450	
Abraham & Co.	do	18,400	1,350		17,050	
Charles Otis	do	16,500	13,500		3,000	
Post & Flagg	do	14,524	6,289		8,235	
E. F. Hutton & Co.	do	13,855	7,580		6,275	
Winthrop, Mitchell & Co.	do	13,215	8,698		4,517	
Joseph R. Warner	Newark, N.J.	13,200	10,700		2,500	
C. A. England & Co.	New York, N.Y.	12,914	7,911		5,003	
Shippee & Rawson	do	12,830	4,460		8,370	
Earle Krapp	do	11,200	1,200		10,000	
Chas. Pratt & Co.	do	10,200	3,600		6,600	

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 1,302,831 votes cast.

11. Give the date and place of such meeting: May 10, 1932, at Milwaukee, Wis.

CHICAGO, ROCK ISLAND & PACIFIC RAILWAY CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, $100 per share; 7-percent preferred, $100 per share; 6-percent preferred, $100 per share; debenture stock, none.

2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote. Yes.

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent, showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report and state the purpose of such closing: April 5, 1932, annual stockholders' meeting.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year: 1,289,074 votes, as of April 5, 1932.

8. State the total number of stockholders of record, corresponding to the answer to inquiry no. 7: 15,112 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being clasified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

Name of security holder	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				6 percent	7 percent	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
St. Louis-San Francisco Ry. Co.	120 Broadway, New York City	183,333	183,333			
Blass & Co.	214 Broadway, New York City	46,670	45,100	220	1,320	
Hayden Stone & Co.	25 Broad Street, New York City	25,127	22,532	1,930	665	
Blake Bros., account of Maatschappij, etc.	5 Nassau Street, New York City	21,572	10,548		11,024	
Joseph R. Warner	Essex Fells, N.J.	9,600	9,600			
Frederick T. Fisher	17 Battery Place, New York City	9,300	5,000	2,200	2,100	
Sigler & Co.	70 Broadway, New York City	8,923	5,655	2,452	816	
Wonham, Albert & Co.	64 Wall Street, New York City	8,696	3,950	500	4,246	
Roosevelt & Son	30 Pine Street, New York City	7,590	6,925	515	150	
E. H. H. Simmons & Co.	52 Broadway, New York City	7,200	7,200			
Thomas L. Manson & Co.	120 Broadway, New York City	6,400	6,400			
Edward N. Brown	do	5,000	5,000			
Schmitz & Co.	Care of Guaranty Trust Co., New York City.	4,719	2,549	700	1,470	
Munds & Winslow	25 Broad Street, New York City	4,100	4,100			
Rheinhart & Bennett	52 Broadway, New York City	4,000	4,000			
Walter J. Laird	Care of Wilmington Trust Co., Wilmington, Del.	4,000	4,000			
Edmonds & Pentz	26 Broadway, New York City	3,900	3,900			
N. V. Hollandsche, etc.	Care of J. P. Morgan & Co., New York City.	3,850	3,850			
E. A. Pierce & Co.	40 Wall Street, New York City	3,776	2,967	201	608	
Arthur J. Harrison	Care of Speyer & Co., New York City	3,738	2,900	838		

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 920,936 votes cast.

11. Give the date and place of such meeting: May 5, 1932, Chicago, Ill.

GREAT NORTHERN RAILWAY CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, none; first preferred, $100 per share; second preferred, none; debenture stock, none.

2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote. Yes.

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If, so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent; and if contingent, showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing. Books closed April 15, 1932, for annual meeting May 12, 1932; reopened May 13, 1932.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year: 2,488,695 votes, as of April 15, 1932.

8. State the total number of stockholders of record, corresponding to the answer to inquiry no. 7: 39,401 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

Name of security holder	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Astor, Vincent	23 West 26th Street, New York City.	7,000			7,000	
Baffin Investment Co., Ltd	Care of Royal Trust Co., 105 St. James Street, Montreal, Quebec.	10,000			10,000	
Baker, Stephen, et al., executors	40 Wall Street, New York City	21,147			21,147	
Blass & Co	Care of Trust Department, Chase National Bank, New York City.	6,649			6,649	
Brown & Ives	P. O. Box 1436, Providence, R.I.	6,700			6,700	
Capel, James & Co	10 Old Bond Street, London, England.	8,090			8,090	
George H. Church and John Garver, joint tenants	55 Wall Street, New York City	15,000			15,000	
Clark Dodge & Co	61 Wall Street, New York City	6,711			6,711	
Continental Insurance Co	80 Maiden Lane, New York City	6,500			6,500	
Curtiss Southwestern Co	40 Wall Street, New York City	52,850			52,850	
Dummer & Co	51 Pine Street, New York City	10,000			10,000	
Gaunt, R. H., Jr	Care of J. P. Morgan Co., 23 Wall Street, New York City.	7,385			7,385	
Hank & Co	51 Pine Street, New York City	25,600			25,600	
Hurley & Co	55 Wall Street, New York City	7,939			7,939	
King & Co	Care of City Bank-Farmers Trust Co., 22 William Street, New York City.	17,732			17,732	
Meighen, Frank S., et al., Trustees[1]	Box 8, Montreal, Quebec	10,656			10,656	
National Liberty Insurance Co. of America	59 Maiden Lane, New York City	6,500			6,500	
Schmidt & Co	Care of Guaranty Trust Co., 140 Broadway, New York City	6,719			6,719	
Sigler & Co	Care of Central-Hanover Bank & Trust Co., 70 Broadway, New York City.	16,057			16,057	
Wonham, Albert & Co	Care of Agents Bank of Montreal, New York City.	9,416			9,416	

[1] This company has no particulars of the trust under which Frank S. Meighen et al. hold stock as trustees except that our records show the names of the beneficiaries under the trust.

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 1,433,963 votes cast.

11. Give the date and place of such meeting: St. Paul, Minn., May 12, 1932.

THE NEW YORK CENTRAL RAILROAD CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, $100 per share; first preferred, none; second preferred, none; debenture stock, none.

2. State whether or not each share of stock has the right to 1 vote; if not, give full particulars in a footnote. Yes.

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing. December 27, 1932, for annual meeting of stockholders.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year: 4,992,576.95 votes, as of December 27, 1932.

8. State the total number of stockholders of record, corresponding to the answer to inquiry no. 7: 63,725 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

Name of security holder	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Atwell & Co	New York, N.Y.	19,357	19,357			
George F. Baker, Jr	do	20,000	20,000			
George F. Baker, Jr., executor estate George F. Baker	do	50,000	50,000			
Cobb & Co	do	19,947	19,947			
J. W. Davis & Co	do	27,075	27,075			
Dominick & Dominick	do	18,998	18,998			
Eddy & Co	do	21,504	21,504			
Gerdes & Co	do	104,864	104,864			
Hank & Co	do	20,988	20,988			
Edward S. Harkness	do	52,090	52,090			
A. Iselin & Co	do	20,548	20,548			
Kordula & Co	do	25,879	25,879			
Morgan Turner & Co	do	36,977	36,977			
James H. Oliphant & Co	do	27,729	27,729			
Oregon Short Line Railroad Co	do	200,000	200,000			
Salkeld & Co	do	24,590	24,590			
Frederick W. Vanderbilt	do	25,000	25,000			
Harold S. Vanderbilt	do	148,648	148,648			
William K. Vanderbilt	do	46,185	46,185			
The Rockefeller Foundation	do	52,635	52,635			

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 2,668,714 votes cast.

11. Give the date and place of such meeting: January 25, 1933, at Albany, N.Y.

THE NEW YORK, CHICAGO, AND ST. LOUIS RAILROAD CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, $100 per share; cumulative preferred, $100 per share; second preferred, $— per share; debenture stock, $— per share.

2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote. See note.

3. Are voting rights proportional to holdings? See note. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? See note. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing. Stock books not closed.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year: 337,410 votes as of December 31, 1932.

8. State the total number of stockholders of record, corresponding to the answer to inquiry no. 7: 1,758 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities, if any. If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

NOTE.—Except with respect to the creation of stock having preference as to dividends or assets over the cumulative preferred stock, holders thereof are not entitled to voting power, but if 4 quarterly dividends upon their stock shall be in arrears, or if the company shall have allowed a continuous period of 2 years to elapse, during the course of which it shall at no time have fully paid up all dividends, due on the cumulative preferred stock, the holders shall be entitled to elect 3 of the directors of the company until all dividends due thereon shall have been paid.

Name of security holder	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Wilson & Co	New York, N.Y., care of New York Trust Co.	167,300	167,300			
A. Elliot	New York, N.Y.	12,800	12,800			
Paine, Webber & Co	do	8,815	8,815			
Marquette Corporation	Wilmington, Del.	6,888	6,888			
Miami Corporation	Chicago, Ill.	5,000	5,000			
Travelers Insurance Co	Hartford, Conn.	4,000	4,000			
The Home Insurance Co	New York, N.Y.	3,000	3,000			
Harrigan & Co	do	2,800	2,800			
Perkins & Co	Jersey City, N.J.	2,777	2,777			
F. K. Gibbons	New York, N.Y.	2,600	2,600			
Charles W. Prescott	Erie, Pa.	1,989	1,989			
Hornblower & Weeks	New York, N.Y.	1,931	1,931			
Wenham Albert & Co	do	1,825	1,825			
Ward, Gruver & Co	do	1,600	1,600			
Virginia Transportation Corporation	Cleveland, Ohio	1,400	1,400			
Hurley & Co	New York, N.Y.	1,305	1,305			
Miss Julia C. Fish	Cleveland, Ohio	1,300	1,300			
Millett, Roe & Co	New York, N.Y.	1,300	1,300			
Henderson & Co	do	1,200	1,200			
J. W. Davis & Co	do	1,170	1,170			

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 257,867 votes cast.

11. Give the date and place of such meeting: May 4, 1932, Cleveland, Ohio.

NORTHERN PACIFIC RAILWAY CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, $100 per share; first preferred, none; second preferred, none; debenture stock, none.

2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote. Yes.

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing. March 11, 1932; for annual meeting of stockholders, April 12, 1932.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year. 2,479,934 votes, as of December 31, 1932.

8. State the total number of stockholders of record, corresponding to the answer to inquiry no. 7. 36,409 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

Name of security holder	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Curtiss Southwestern Corporation	49 Wall Street, New York	52,716	52,716			
Baker, Stephen and F. Leonard Kellogg, executors of the last will and testament of Emma B. Kennedy, deceased.	do	29,737	29,737			
Kordula & Co	22 William Street, New York	23,664	23,664			
Baker, Jr., George F	2 Wall Street, New York	21,000	21,000			
Northwestern Improvement Co	34 Nassau Street, New York	19,291	19,291			
Hurley & Co	55 Wall Street, New York	15,936	15,936			
Baffin Investment Co., Ltd	105 St. James Street, Montreal, Canada	15,000	15,000			
Sigler & Co	70 Broadway, New York	14,588	14,588			
Moore, D. T. & Co	50 Broad Street, New York	12,895	12,895			
Schmidt & Co	140 Broadway, New York	12,592	12,592			
Gaunt, Jr., R. H	23 Wall Street, New York	11,997	11,997			
Meighen, Frank S., Geo. H. Smithers, Geo. S. Cantlie, trustees under the Lord Mount Stephen settlement of Oct. 15, 1898.[1]	P.O. box 8, Montreal, Canada	11,054	11,054			
The Board of National Missions of the Presbyterian Church in the United States of America.	156 Fifth Avenue, New York	10,000	10,000			
Dummer & Co	51 Pine Street, New York	10,000	10,000			
Griswold, Evelyn Sloane	5th Avenue and 47th Street, New York	10,000	10,000			
Baring Bros. & Co., Ltd	London, E.C., England	9,970	9,970			
Jesup & Lamont	26 Broadway, New York	9,326	9,326			
Messrs. James Capel & Co	London, E.C., England	9,094	9,094			
Wonham, Albert & Co	64 Wall Street, New York	9,024	9,024			
Rhodes, Frank	23 Wall Street, New York	8,928	8,928			

[1] No particulars of the trust under which F. S. Meighen et al., trustees, hold stock, are available.

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 1,387,669 votes cast.

11. Give the date and place of such meeting: April 12, 1932; 34 Nassau Street, New York City.

THE PENNSYLVANIA RAILROAD CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, $50 per share; first preferred, $ x per share; second preferred, $ x per share; debenture stock, $ x per share.

2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote. Yes.

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent, showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing. Never close.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year: 13,167,696 votes, as of December 31, 1932.

8. State the total number of stockholders of record, corresponding to the answer to inquiry no. 7: 250,506 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year show such 20 security holders as of the close of the year.

Name of security holder	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Union Pacific R.R. Co.	120 Broadway, New York	100,000	100,000			
Morgan Turner & Co.	Care of Chase National Bank, New York.	46,247	46,247			
Harrigan & Co.	70 Broadway, New York	42,588	42,588			
Hurley & Co.	55 Wall Street, New York	26,247	26,247			
J. Marshall Lockhart	1512 Union Bank Building, Pittsburgh, Pa.	25,500	25,500			
Blass & Co.	Care of Chase National Bank, New York.	25,460	25,460			
Kordula & Co.	Care of Farmers Loan & Trust Co., 22 William Street, New York.	23,378	23,378			
Hayden Stone & Co.	25 Broad Street, New York	20,972	20,972			
William M. Potts	Wyebrook, Pa.	20,300	20,300			
Wonham Albert & Co.	64 Wall Street, New York	18,411	18,411			
General Education Board	Room 2602, 61 Broadway, New York	17,867	17,867			
The Home Insurance Co.	59 Maiden Lane, New York	17,600	17,600			
Maatschappij, etc.[1]	Care of Kuhn, Loeb & Co., New York	17,318	17,318			
Fahnestock & Co.	1 Wall Street, New York	16,698	16,698			
Real Estate Trust Co., etc.[2]	Philadelphia, Pa.	16,600	16,600			
Salkeld & Co.	16 Wall Street, New York	15,357	15,357			
Bank of New York & Trust Co.	52 Wall Street, New York	15,350	15,350			
Sigler & Co.	Care of Central Hanover Bank & Trust Co., New York.	15,273	15,273			
Travelers Insurance Co.	Hartford, Conn.	15,200	15,200			
James Capel & Co.	Care of J. P. Morgan & Co., P.O. box 1266, New York.	14,412	14,412			

[1] Maatschappij tot Beheer van het Administratiekantoor van Amerikaansche Spoor wegwaarden Opgericht door Wertheim and Gompertz, Westendorp & Co. en F. W. Oewel, N. V. Translated in English to be: Limited company for the management of the Administration Office of American Railroad Securities, established by Wertheim and Gompertz, Westendorp & Co. and F. W. Oewel.

[2] Real Estate Trust Co. of Philadelphia. Sallie S. Houston, S. F. Houston, George B. Bonnell, Edgar Dudley Faries, trustees of estate of Henry H. Houston.

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 7,105,300 votes cast.

11. Give the date and place of such meeting: April 26, 1932, Philadelphia, Pa.

UNION PACIFIC RAILROAD CO.

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, $100 per share; first preferred, $100 per share; second preferred, $— per share; debenture stock, $— per share.

2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote. Yes.

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent, showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing. April 11, 1932, for annual meeting of stockholders.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year. 3,218,341 votes as of April 11, 1932.

8. State the total number of stockholders of record corresponding to the answer to inquiry no. 7. 46,103 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

Name of security holder	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Atwell & Co.	New York, N.Y.	11,425	5,988		5,438	
Brown Bros., Harriman & Co.	do	16,029	10,770		5,259	
Chicago & North Western Ry. Co.	do	41,715			41,715	
J. W. Davis & Co.	do	11,993	11,723		270	
C. A. England & Co.	do	15,321	8,246		7,075	
Equitable Life Assurance Society	do	21,182			21,182	
Edward S. Harkness	do	12,800	12,800			
E. R. N. Harriman	do	17,531	15,508		2,023	
William Averell Harriman	do	14,008	14,008			
The Home Insurance Co.	do	18,300	7,800		10,500	
A. Iselin & Co.	do	21,183	18,667		2,516	
Kenney-Kennedy Realty Co., Inc.	Boston, Mass.	12,500	12,500			
Kugler & Co.	New York, N.Y.	15,274	15,274			
Kuhn, Loeb & Co.	do	19,120	15,710		3,410	
Maatschappij, Broes & Gosman	Amsterdam, Holland	81,286	52,350		28,936	
Morgan, Turner & Co.	New York, N.Y.	43,963	41,896		2,067	
New York Life Insurance Co.	do	21,970			21,970	
J. & W. Seligman & Co.	do	11,762	11,064		698	
Sigler & Co.	do	26,313	20,963		5,350	
Weber & Co.	do	25,413	12,439		12,974	

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 2,295,391 votes cast.

11. Give the date and place of such meeting: May 10, 1932, Salt Lake City, Utah.

WABASH RAILWAY CO.—WALTER S. FRANKLIN AND FRANK C. NICODEMUS, JR., RECEIVERS

(Report for the year ended Dec. 31, 1932)

109. Voting powers and elections

1. State the par value of each share of stock: Common, $100 per share; first preferred, none; second preferred, none; debenture stock, none.

2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote. Yes.

3. Are voting rights proportional to holdings? Yes. If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No. If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No. If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing: April 16, 1932, annual meeting of stockholders.

7. State the total voting power of all security holders of the respondent at the date of such closing, if within 1 year of the date of such filing; if not, state as of the close of the year: 1,384,925 votes, as of April 16, 1932.

8. State the total number of stockholders of record, corresponding to the answer to inquiry no. 7: 4,983 stockholders.

9. Give the names of the 20 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such 20 security holders as of the close of the year.

Name of security holder	Address of security holder	Number of votes to which security holder was entitled	Number of votes, classified with respect to securities on which based			
			Stocks			Other securities with voting power
			Common	Preferred		
				Second	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Pennsylvania Co	Philadelphia, Pa	675,800	362,900		212,900	
Union Pacific R.R. Co	New York, N.Y	58,300			58,300	
(1)	Amsterdam, Holland	37,972	32,993	129	4,850	
Gray & Wilmerding	New York, N.Y	31,420	9,400	100	21,920	
Joseph R. Warner	do	16,300	15,500		800	
F. B. Koech & Co	do	12,135	750	1,500	9,885	
Chas. D. Barney & Co	do	8,740	8,440		300	
Thomson & McKinnon	do	8,110	4,260		3,850	
Ladenburg, Thalmann & Co	do	8,070	5,550	700	1,820	
Emory, Freed & Co	Philadelphia, Pa	7,255	5,220		2,035	
Robert Goelet	New York, N.Y	7,000			7,000	
Newborg & Co	do	6,161	2,400	615	3,146	
Lehman Bros	do	5,826	3,713		2,113	
Loew & Co	do	5,800	600		5,200	
Harrigan & Co	do	5,260	4,700		560	
Hank & Co	do	4,800	4,800			
Whitehouse & Co	do	4,377	4,327		50	
William F. Dickson	do	4,300	2,800		1,500	
Alfred T. Stanley	do	4,100	3,100		1,000	
H. Content & Co	do	3,800	3,000		800	

[1] 5 percent convertible preferred stock B, $100 per share.
[2] 5 percent profit-sharing preferred stock A, $100 per share.
[3] Administratiekantoor van Aandeelen der Wabash Railway Co., N.V.

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent: 1,057,743 votes cast.

11. Give the date and place of such meeting: May 16, 1932, Fort Wayne, Ind.

EXHIBIT E.—*Statement showing "interlocking-stock ownership" of certain "Eastern and western railroads"*

Column A	Amount of stock ownership and voting rights held by—			
	Stock		Voting right	Owning railroad
	Common	Preferred		
Baltimore & Ohio	62,671	18,060	80,731	Union Pacific.
Chicago & North Western Ry.	44,206		44,206	Oregon Short Line R.R. (Union Pacific system.)
Chicago, Milwaukee, St. Paul & Pacific.	18,450		18,450	Do.
Chicago Rock Island & Pacific Ry.	183,333		183,333	St. Louis & San Francisco Ry.
Chicago, Burlington & Quincy Ry.	(1)			
New York Central Ry	200,000		200,000	Oregon Short Line R.R. (Union Pacific system.)
Pennsylvania R.R	100,000		100,000	Union Pacific Ry.
Union Pacific Ry		41,715	41,715	Chicago & North Western Ry.
Wabash Ry	362,000	312,900	675,800	Pennsylvania Co.
Do		58,300	58,300	Union Pacific Ry.

[1] Over 95 percent owned equally by Great Northern Ry. and Northern Pacific Ry.

Authority: Page 109 to RRs. individual reports of railroads shown in column A to Interstate Commerce Commission for 1932.

Mr. CLARK obtained the floor.

Mr. PITTMAN. Mr. President, does the Senator from Missouri desire to proceed tonight?

Mr. CLARK. I prefer not to go on tonight, but I shall be glad to do so unless it is planned to take a recess or an adjournment at this time.

ADJUSTED COMPENSATION OF WORLD WAR VETERANS

Mr. LONG. Mr. President, will the Senator from Missouri yield to me for a moment?

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Does the Senator from Missouri yield to the Senator from Louisiana?

Mr. CLARK. I yield to the Senator from Louisiana.

Mr. LONG. The House has this afternoon passed the bill providing for the immediate payment of the soldiers' bonus. A number of Senators have indicated their desire to vote for the bonus this time who did not vote for it as an amendment when I offered it the other day.

In order that the record may show just what our financial status would be if the bonus were paid at this time, and how sound and solvent it would leave the Treasury, and how much better it would make the financial condition of the country, I desire to place in the RECORD the following figures:

When Mr. Hoover was President we had at one time a circulating currency of around $7,000,000,000. We had a gold

reserve at the most of something around $4,000,000,000 as against that circulating currency of seven billion. We have in gold in the United States Treasury today $7,654,000,000, and we have outstanding as against that only $5,000,000,000 of currency. If the bonus should cost the estimated amount of around $2,000,000,000, or the high figure which was given of $2,400,000,000, we should have a circulating currency of only approximately $7,000,000,000, the same amount of currency we had when Mr. Hoover was President, whereas we should have in gold to back up that currency $7,654,000,000, while Mr. Hoover had to back up the same amount of currency something around $4,000,000,000.

In other words, Mr. President, we should have $3,000,000,000 more in gold in the Treasury of the United States to back up the same amount of currency under the present administration than we had under the Hoover administration, the only difference being that there would be $7,000,000,000 in currency outstanding under the Roosevelt administration, and there was $7,000,000,000 outstanding under the Hoover administration, whereas under the Roosevelt administration the $7,000,000,000 would have back of it $7,654,000,000 in gold, while the $7,000,000,000 under Mr. Hoover had back of it something around $4,000,000,000 of gold.

The soundness of the proposal is so apparent that to my mind it is inconceivable that we who are trying to provide sufficient money in this country, a sound money, a money backed up by the gold reserve of the country, should fail to do it. We who are trying to bring back prosperity now have the opportunity to spread $2,000,000,000 among the soldiers to pay an obligation that the Government is going to have to pay anyway, rather than to venture upon expedients some of which are less than half baked, some of which are untried, many of which have proved unsuccessful, and some have even proved harmful.

So, Mr. President, I am placing these figures in the RECORD knowing that there are many Senators who have expressed themselves as intending to vote for the bonus bill when it comes up here, believing that upon verifying the calculations I have given there should be given sufficient votes in the Senate to enact this bonus bill, and I hope it will secure the favorable action of the Executive; or, if it shall not be favorably acted on by him, that even then it may become the law.

BUSINESS AND THE N.R.A.

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address by William Randolph Hearst on Saturday evening.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Our honored President and General Johnson, his able assistant, declare with the deepest sincerity and the highest purpose that industry ought to put 1,000,000 more men to work at once and pay higher wages and give shorter hours.

This is unquestionably what industry ought to do if it can.

Industrialists are exceedingly anxious to do everything possible to end the depression.

But the administration must not forget that the economic situation has been very largely an industrial depression.

The reason that there has been so much unemployment has not been because industry was unwilling to employ, but because it was unable to employ.

As industry gradually emerges from the depression it will be able to employ more, and will proceed, even without urging and in the natural course of development, to employ more and pay more.

Industry always has done exactly this on previous similar occasions. And there have been a number of such occasions.

This is not the first panic the United States has had.

There have been several of them, and industry has always employed more men and paid higher wages after it came out of these depressions than before it went into them.

It has done this even without Government suggestion or solicitation or compulsion.

It has done it even without alleged altruistic motive.

It has done it in obedience to basic economic laws.

It has done it in response to the human, if not humanitarian, impulse to make greater product and greater profit through mass production.

There is strong possibility that no government domination and dictation over business could ever equal in force and effect these urgent economic laws.

There is an absolute certainty that industry and the whole country have in the past positively recovered from previous panics without the operation of an N.R.A. or any similar method of dominating and dragooning business.

In plain fact, there is much and convincing evidence that the country has recovered from previous depressions more speedily than it is recovering from the present one.

And there is an increasing probability that the disturbing interference with business by the N.R.A. and consequent uncertainty and lack of confidence which this frequently unscientific interference creates, has positively delayed recovery instead of hastening it.

This opinion is not confined to the industrialists, who believe, as Henry Ford has so well expressed it—

"That anyone who assumes to say how a business should be run ought to know something about it."

It is shared by many scientific economists.

Columbia University's assemblage of economic experts made the following definite declaration in regard to the activities of the N.R.A.:

"Insofar as they are designed to prevent undercutting in wages and prices, and other competitive practices incompatible with a decent minimum standard of living for the worker, they have a humanitarian justification. But they should be viewed in that regard.

"There should be no attempt to impose such regulations on a broader scale with the idea that they are measures of recovery.

"There should be no illusion with regard to the fact that a general rise in prices through such measures is not a sign of increasing prosperity."

And recently a survey made by the National Industrial Conference Board indicates that the recovery process during 1933 was more effective before the N.R.A. got under way than afterward.

The board reported:

"After March 1933" (when Mr. Roosevelt became President) "production increased sharply until July.

"After July" [when the N.R.A. went into effect] "production fell off abruptly.

"The high-wage rates imposed by Government policy increased labor cost per man-hour. Curtailment of hours lessened the efficiency of plant operation, and introduction of new employees lowered the average efficiency of the working force."

These are the scientific aspects of the situation.

There is in addition a very serious practical difficulty in trying to force additional burdens on industry when industry as a whole is not in a condition to bear them.

It is like requiring an individual to carry heavy loads when he is just recovering from a severe illness and has not the strength to carry them.

The spirit may be willing but the flesh is weak.

Consequently, the insistence by Government on greater employment and shorter hours and higher wages often definitely defeats its own object, and by creating less prosperity in industry, creates conditions which compel less employment.

It would appear indeed that whenever business in the present emergency has succeeded in getting its head above water, the N.R.A., with the best intentions in the world, has alertly thrown it a millstone or a coil of lead pipe as a life preserver, and has promptly sunk it again.

Indeed the plight of business has been not unlike that of the young woman in the comedy act of Savoy and Brennan.

Said Brennan:

"Sam took his sweetheart out in a rowboat and they quarreled, and Sam threw her overboard, and every time she came up he hit her on the head with an oar. Wasn't it awful?"

"Sure", said Savoy. "But wasn't she the fool to come up?"

Every time business gets its head above water the Government whacks it and down it goes again.

Perhaps after awhile business will not be fool enough to come up.

Mr. Roosevelt, in his very admirable speech before the N.R.A. code authorities, further says:

"As between profits first and humanity afterward and humanity first and profits afterward, we have no room for hesitation."

This is indubitably true; but the question with industry is not always between humanity and prosperity. It is frequently a matter of humanity and bankruptcy.

With that I believe that the average fine, honest, patriotic American business man would often run the risk of bankruptcy in the cause of humanity and civic loyalty.

He would do this notwithstanding the fact that he is abused like a pickpocket for daring to be in a constructive and productive occupation.

Notwithstanding the fact that it is considered criminal these days to make a decent profit on an honest investment.

Notwithstanding the fact that if he should make a profit, the political bureaucracy of tax collectors and tax caters will immediately descend upon him like harpies and gleefully take it away from him.

Notwithstanding the fact that he could, with much less risk and effort, get a safe and substantial income from tax-exempt securities which the Government has thoughtfully provided for the benefit of tax dodgers.

Notwithstanding the fact that if he should become such a tax dodger, he would not only escape heavy taxation but escape the odium and contumely which apparently now attach to the once

honorable occupation of building the wealth of the Nation and creating the employment of the Nation.

Honest business is always anxious to be humanitarian, eager to be patriotic.

Barring a few conspicuous rascals, it always has been patriotic—and the percentage of rascality is certainly not greater in business than it always is in politics.

But let us remember that industry, with all the willingness in the world, cannot spend when it cannot pay.

A man who spends more than his income goes broke, and is unceremoniously told that "a fool and his money are soon parted."

A business which spends more than its income goes broke, and is treated with the same brutal lack of consideration.

Many businesses have been harassed into insolvency, burdened into bankruptcy by Government impositions.

Many businesses like the great air-mail industry have been recklessly wrecked by Government strong-arm interference.

But if the Government will only let business get safely on its feet, business on its own account, and for its own account will spend and will hire and will grow and will build and will make this Nation the greatest and the richest and the strongest and the happiest in the world.

There are some of us who do not believe that the years of 1919 to 1929 were crazy years.

There are some of us who believe that prosperity is normalcy in the United States, and that the prosperity of 1919 to 1929 can be made permanent and typical.

There are some of us who believe that this high degree of prosperity can be achieved, and permanently preserved for our people, not by the swindlers and speculators of high finance, but by the conscientious, conservative, constructive business men of our Nation.

The main duty, the immediate duty of government is not to restrict business, but to restore business confidence and stimulate business creativeness.

There is no need for government to interfere with business except to protect the 99 percent of honest business men in the United States from the 1 percent of wreckers and racketeers.

This is a business Nation—a business-built Nation.

In the fur trade of the Nation's founders—

In the cotton gins of the South—

In the Yankee notions of New England, which our clipper ships carried 'round the world—

In the engines and machines of transportation and communication—

In the fisheries and canneries—

In the oil wells and refineries—

In the mines, and mills, and factories throughout the broad land—

In the impounded power of the torrent and the electric current—

In the whir of the press and the flicker of the film, and even in the vibration of the tenuous ether—

The genius of American business men has developed the wealth of the Nation and created the highest standard of employment in the world.

All that need be done now by government is to protect business from the plunderers and from the parasites and from the politicians, and business will again take care of itself and of the Nation, too.

CROP CONTROL BY A.A.A.

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the New York Herald Tribune today by Mark Sullivan, entitled "Crop Control Feature of A.A.A. Held Failing in Desired Results."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, Mar. 12, 1834]

CROP-CONTROL FEATURE OF A.A.A. HELD FAILING IN DESIRED RESULTS—MARK SULLIVAN SHOWS HOW ORIGINAL BASIC CROPS HAVE BEEN ADDED TO UNTIL AMERICA IS NOW FACING TRANSITION TO A NEW ORDER

By Mark Sullivan

WASHINGTON, March 11.—On Saturday the Senate passed a measure adding peanuts, cattle, and some other farm crops to the list of basic commodities. The incident, esoteric to the public generally, and apparently trivial, is in fact a landmark. It illustrates the inherent rule by which revolution, once started, goes on to complete overturn of the former social and economic system.

One dislikes to use the term "revolution" because it sounds provocative, but no other term describes the process accurately. The word is used habitually and with pride by the radicals within the administration. Whatever it be called, the fundamental rule of it is that the first step away from any established system makes the second inevitable, the second compels the third, and so on until the overturn is complete and a new social and economic order arrives. This is under way in America. If not arrested soon, the transition to a new order is certain.

PEANUTS ILLUSTRATES OPERATION

The peanut incident is comparatively trivial yet fully illustrative. At the beginning of A.A.A. nearly a year ago, Secretary of Agriculture Henry A. Wallace designated certain farm crops as "basic." At first the basic crops were to be wheat and cotton only. Through operation of the familiar rule and also through political pressure, several others were added, including tobacco.

Mr. Wallace undertook to limit production of these crops and to bring about higher prices to farmers producing them. The method adopted was to levy a processing tax on purchasers of these crops—millers of wheat, spinners of cotton, manufacturers of tobacco, and so on. The money thus collected by the Government is turned over as a bonus to farmers raising these crops. The farmers are required to sign contracts with the Government agreeing to reduce the number of acres upon which they plant these crops.

INCLUDE SPINACH, LONG SUGGESTS

Under this system, farmers in North Carolina reduced the acreage they had been planting in cotton and tobacco. But the acreage thus released they at once planted in peanuts. The peanut producing area of North Carolina, normally 17 counties, expanded to 58. Thereupon, as it is put by Senator BAILEY, "the farmer-producers of peanuts are under the necessity of self-preservation to demand of the Government that it shall throw around them the same protection it throws around farmers producing other crops."

The North Carolina Senator is joined by Senator BYRD on behalf of the peanut raisers of Virginia and Senator GEORGE, of Georgia. What they ask must logically be done. For similar reasons, similar demands are made in behalf of rye, flax, cattle, and some other farm commodities. Ultimately every farm crop must be taken in. The facetious suggestion of Senator HUEY LONG, of Louisiana, about including sassafras roots and spinach is not too extreme.

HOW TAX WAS EXTENDED TO CORN

The same rule of revolution has worked in an additional way. A processing tax was put on wheat. Necessarily, that made wheat flour dearer. Thereupon the State purchasing agents of Illinois and Kansas, for example, directed the wardens of State institutions to use corn meal as a partial substitute. Countless private purchasers did the same. Consequently, to protect wheat it became necessary to put a processing tax on corn, and this was done. Corn led to hogs, hogs led to beef cattle, and so on.

The same rule is operating in a broader way. The present method of crop reduction is voluntary. That is, the administration pays the farmer to reduce his acreage. No farmer needs to make the contract unless he chooses. This voluntary method is just now breaking down. Some farmers see that the purpose of reducing acreage is to increase prices. They therefore prefer to increase their acreage so as to get advantage of the higher prices. Other farmers sign the contracts and reduce their acreage, but put added fertilizer and cultivation on the remaining acreage. The net of all is that the total country-wide crop is not decreased, but rather increased. This means that the system which is the very heart of A.A.A. voluntary agreements by farmers in return for payments by the Government is a failure.

COMPULSION IS NEXT STEP

Thereupon the second step, legal compulsion upon the farmer, is brought forward. Right now Congress is enacting a compulsory measure, endorsed by President Roosevelt. Under this the Government dictates to each cotton farmer a quota, tells each farmer how much cotton he is permitted to raise and penalizes the raising of more by a confiscatory tax. (In the first draft of the measure the recalcitrant farmer was made punishable by fine and imprisonment.)

It is fully understood that the compulsory method will be extended to wheat, corn, and other crops. Senator SIMEON D. FESS, of Ohio, is, of course, a Republican, but there need be nothing partisan in his prediction that "if we proceed along this line the time will arrive when no farmer will put a plow in his field without first getting permission from a bureau here in Washington. * * * The American people will not stand for it 24 hours when they realize what it involves."

HOPED-FOR RESULTS NOT ATTAINED

It is not only a rule of nature that the first step leads to the second. It is a rule of human nature also. When President Roosevelt sent to Congress the bill creating A.A.A. March 16, last year, he said:

"If a fair administrative trial of it is made and it does not produce the hoped-for results, I shall be the first to acknowledge it and advise you."

If Mr. Roosevelt desires literally to be the first to acknowledge that A.A.A. has not produced the hoped-for results, he will need to speak soon. The hoped-for results were set out in the preamble of the bill. They were to raise prices of farm crops to "a level * * * equivalent to the period of 1909–14." That this result has not been attained everyone knows. In other respects, not feasible to describe here, A.A.A. as a whole is breaking down. It will be contrary to human nature, however, for Mr. Roosevelt to say this. The rule is that the first step leads never to abandonment of the course but always to the second step.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

The PRESIDING OFFICER. The Senator from Missouri [Mr. CLARK] is entitled to the floor.

RECESS

Mr. ROBINSON of Arkansas. Mr. President——

Mr. CLARK. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 6 o'clock p.m.) the Senate took a recess until tomorrow, Tuesday, March 13, 1934, at 11 o'clock a.m.

HOUSE OF REPRESENTATIVES

MONDAY, MARCH 12, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

All the paths of the Lord are mercy and truth unto such as keep his covenant and his testimonies. For Thy name's sake, our Father, pardon our iniquities and remember them against us no more forever. In the circumstances of difficulty, of arduous duty and severe temptation, give us strength to fulfill our obligations, revealing mastery, action, and sympathy. Heavenly Father, redeem all perverted things—life distorted, pleasure beguiled, time wasted. These are so vital to the efficiency of character. O bring them back as they were in the golden age when God walked in the garden. Because we are what we are, because we love Thee and are enraptured by the thought of Thy glory, O may we just be good in ten thousand ways. We pray that all our public acts may be penetrated by one spirit, connected by one aim, and ruled by one reigning purpose, namely, love for our country and our fellow men, and praises be unto Thee forever. Amen.

The Journal of the proceedings of Saturday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 13, 18, and 23 to the foregoing bill.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, the bill (H.R. 7478) entitled "An act to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes."

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. SMITH, Mr. THOMAS of Oklahoma, Mr. MCGILL, Mr. NORRIS, and Mr. MCNARY to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 7513. An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes; and

H.R. 7808. An act to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes.

VETERANS' ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Mr. Speaker, on behalf of the gentleman from Minnesota [Mr. LUNDEEN] and myself, I move to discharge the Committee on Ways and Means from further consideration of the bill (H.R. 1) to provide for controlled expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates.

The Clerk read the title of the bill.

Mr. BLANTON. Mr. Speaker, the bill should be reported in full so that it will be printed in the RECORD.

The SPEAKER. The rule provides that the bill shall be reported by title only.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the bill be printed in full in the RECORD at this point, so that the 120,000,000 people of the United States will know what is it about and know all of its provisions.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

H.R. 1

A bill to provide for controlled expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates

Be it enacted, etc., That title V of the World War Adjusted Compensation Act, as amended, is amended by adding at the end thereof three new sections, to read as follows:

"PAYMENT OF CERTIFICATES BEFORE MATURITY

"SEC. 509. (a) The Administrator of Veterans' Affairs is authorized and directed to pay to any veteran to whom an adjusted-service certificate has been issued, upon application by him and surrender of the certificate and all rights thereunder (with or without the consent of the beneficiary thereof), the amount of the face value of the certificate as computed in accordance with section 501.

"(b) No payment shall be made under this section until the certificate is in the possession of the Veterans' Administration, nor until all obligations for which the certificate was held as security have been paid or otherwise discharged.

"(c) If at the time of application to the Administrator of Veterans' Affairs for payment under this section the principal and interest on or in respect of any loan upon the certificate have not been paid in full by the veterans (whether or not the loan has matured), then, on request of the veteran, the Administrator shall (1) pay or otherwise discharge such unpaid principal and and so much of such unpaid interest (accrued or to accrue) as is necessary to make the certificate available for payment under this section, and (2) deduct from the amount of the face value of the certificate the amount of such principal and so much of such interest, if any, as accrued prior to October 1, 1931.

"(d) Upon payment under this section the certificate and all rights thereunder shall be canceled.

"(e) A veteran may receive the benefits of this section by application therefor, filed with the Administrator of Veterans' Affairs. Such application may be made and filed at any time before the maturity of the certificate, (1) personally by the veteran, or (2) in case physical or mental incapacity prevents the making or filing of a personal application, then by such representative of the veteran and in such manner as may be by regulations prescribed. An application made by a person other than a representative authorized by such regulations, or not filed on or before the maturity of the certificate, shall be held void.

"(f) If the veteran dies after the application is made and before it is filed it may be filed by any person. If the veteran dies after the application is made it shall be valid if the Administrator of Veterans' Affairs finds that it bears the bona fide signature of the applicant, discloses an intention to claim the benefit of this section on behalf of the veteran, and is filed before the maturity of the certificate, whether or not the veteran is alive at the time it is filed. If the death occurs after the application is made but before the negotiation of the check in payment, payment shall be made to the estate of the veteran irrespective of any beneficiary designation, if the application is filed (1) before the death occurs, or (2) after the death occurs, but before the mailing of the check in payment to the beneficiary under section 501.

"(g) Where the records of the Veterans' Administration show that an application, disclosing an intention to claim the benefits of this section, has been filed before the maturity of the certificate, and the application cannot be found, such application shall be presumed, in the absence of affirmative evidence to the contrary, to have been valid when originally filed.

"SEC. 510. If, at the time this section takes effect, a veteran entitled to receive an adjusted-service certificate has not made application therefor he shall be entitled, upon application made under section 302, to receive at his option either the certificate under section 501 or payment of the amount of the face value thereof under section 509.

"SEC. 511. The Administrator of Veterans' Affairs, in the exercise of his powers to make regulations for payment under section 509 shall to the fullest extent practicable provide a method by which veterans may present their applications and receive payment in close proximity to the places of their residence."

SEC. 2. (a) Payment of the face value of adjusted-service certificates under section 509 or 510 of the World War Adjusted Compensation Act, as amended, shall be made in United States

notes not bearing interest. The Secretary of the Treasury is hereby authorized and directed to issue such notes in such amount as may be required to make such payment, and of the same wording, form, size, and denominations as United States notes issued under existing law, except that the wording thereon shall conform to the provisions of this act. The Administrator of Veterans' Affairs and the Secretary of the Treasury are hereby authorized and directed jointly to prescribe rules and regulations for the delivery of such notes in payment under section 509 or 510 of the World War Adjusted Compensation Act, as amended.

(b) United States notes issued pursuant to the provisions of this act shall be lawful money of the United States and shall be maintained at a parity of value with the standard unit of value fixed by law. Such notes shall be legal tender in payment of all debts and dues, public and private, and shall be receivable for customs, taxes, and all public dues, and when so received shall be reissued. Such notes, when held by any national banking association or Federal Reserve bank, may be counted as a part of its lawful reserve. The provisions of sections 1 and 2 of the act of March 14, 1900, as amended (U.S.C., title 31, secs. 314 and 408), and section 26 of the Federal Reserve Act, as amended (U.S.C., title 31, sec. 409), are hereby made applicable to such notes in the same manner and to the same extent as such provisions apply to United States notes.

SEC. 3 (a) Whenever the index number of the wholesale all-commodity prices rise above the index number of such prices for the years 1921 to 1929, as computed by the Bureau of Labor Statistics of the Department of Labor, notwithstanding any provisions of law to the contrary, the following methods for contracting the issues of currency in the United States shall be in force and effect, in the manner and to the extent prescribed in subsection (b) of this section:

(1) Abolishment of the circulation privilege extended to certain bonds of the United States under the provisions of section 29 of the Federal Home Loan Bank Act, and retirement of such bonds as security for circulating notes as rapidly as practicable.

(2) Termination of the issuance and reissuance of national-bank circulating notes, and the retirement of such notes from circulation as rapidly as practicable.

(3) Termination of the issuance and reissuance of Federal Reserve notes secured by direct obligations of the United States.

(4) Termination of the issuance and reissuance of Federal Reserve notes secured only by gold or gold certificates.

(5) Termination of the issuance and reissuance of Federal Reserve notes secured by notes, drafts, bills of exchange, acceptances, or bankers' acceptances which are not issued in direct benefit of commerce, industry, or agriculture.

(b) Any such method of contracting currency issues shall be applicable when the Secretary of the Treasury finds that its application is necessary in order to maintain the index number of wholesale all commodity prices at the approximate level of the index number of such prices for the years 1921 to 1929 and issues an order setting forth such finding. Each such order shall prescribe such rules and regulations as are necessary and appropriate to carry out the provisions of this section with respect to the method of contraction made applicable in the order. The Secretary shall make such methods applicable only in the order in which they are set forth in subsection (a) of this section, but he shall make such methods applicable as rapidly as may be necessary to carry out the purposes of this section. When any such order is issued with respect to Federal Reserve notes, the Federal Reserve Board shall take such action as may be necessary to facilitate the enforcement of the order.

SEC. 4. Section 505 (authorizing annual appropriations ending with the year 1946 for the payment of adjusted-service certificates of the World War Adjusted Compensation Act, as amended, except the first sentence thereof, is hereby repealed. Amounts in the adjusted-service certificate fund are hereby authorized to be made available for the expenses of printing and engraving United States notes issued under this act, for paying fractional parts of a dollar which cannot be paid in United States notes issued under the provisions of this act, and for paying the principal and interest on or in respect of loans pursuant to the provisions of subsection (c) of section 509 of the World War Adjusted Compensation Act, as amended.

SEC. 5. This act may be cited as the "Controlled Expansion Act, 1933."

Mr. PATMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

MR. PATMAN. I understand I have 10 minutes. Who will be recognized on behalf of the opposition?

The SPEAKER. Any member of the Committee on Ways and Means, preferably a Republican.

Mr. DOUGHTON. Mr. Speaker, I have control of the time.

The SPEAKER. The chairman of the committee has the prior right. Is the gentleman from North Carolina opposed to the motion?

Mr. DOUGHTON. I am not.

Mr. TREADWAY. Mr. Speaker, I have assumed that the chairman of the committee would use this time in opposition to the motion to discharge the Ways and Means Committee from further consideration of this measure. If the chairman of the committee does not wish to assume the responsibility of opposing the motion, I will take the time.

Mr. DOUGHTON. Mr. Speaker, I will only explain the position of the Ways and Means Committee. I will not assume the responsibility of opposing the motion.

The SPEAKER. Is the gentleman from Massachusetts opposed to the bill?

Mr. TREADWAY. I am.

CONSIDERATION OF H.R. 1 ASKED

Mr. PATMAN. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, we are asking now for a vote on this motion to discharge the Committee on Ways and Means from further consideration of H.R. 1, which is a bill to pay 3,550,000 World War veterans the remainder due them on their adjusted-service certificates. We feel that we are right in asking that this committee be discharged, since the bill is well known to all the Members of the House. They are familiar with this bill. The committee had extensive hearings on it in 1932, and I do not know that much would be gained by having additional hearings at this time. We ask that you vote to discharge the committee and bring the bill before the House today for consideration.

PAYMENT NOT TO BE MADE WITH BANKERS' MONEY

This bill carries out the constitutional mandate that Congress shall coin money and regulate its value. If this bill becomes a law we will pay these veterans in Government money; we will use the Government's credit to do it, and not bankers' money to pay the veterans.

BANKS I REFER TO

Banks should be encouraged. They are indispensable. Bankers are usually the leading men in every community. What I shall say about banks and bankers applies particularly to the large banks that have gone out of their way to crush the small banks, deny proper credit, and enrich themselves.

The House has passed all but two of the supply bills, and we are at least a month ahead of the Senate. Furthermore, if this bill is taken up we will be able to convince anyone that the full amount of each service certificate is due and that we should carry out the intent of Congress that was expressed at the time.

MELLON FIGURED VETERANS OUT OF 7 YEARS' INTEREST

It so happens that Mr. Andrew Mellon, former Secretary of the Treasury, in making the calculation, overlooked 7 years' interest for each veteran in determining the amount due on his adjusted-service certificate; so if you will take into consideration the 7 years' interest and pay the veterans in the same way, and interest, that everyone else was paid in connection with war contracts, the full amount is due, and this debt we will be able to show can be paid without a bond issue, without an increase in taxes, and without additional interest payments.

CAN SAVE BILLION DOLLARS

We will also be able to show you that we will save the Government more than one and one quarter billion dollars between now and 1945, in addition to more than $10,000,000 it will cost to administer the act if it remains on the statute books as it is today. No new principle of issuing money is involved in this bill. Therefore I ask you to vote to discharge the committee and allow us to bring this legislation before the House at this time. [Applause.]

GOVERNMENT'S MONEY PLANT

We have in Washington, D.C., a modern, up-to-date manufacturing plant employing 4,500 people. That is the Bureau of Engraving and Printing. Each day the Bureau of Engraving and Printing turns out about 3,000,000 new bills—paper money, the same kind of money you are using. Eighty percent of all the money is paper money. The Bureau of Engraving and Printing turns out each year between three and five billion dollars of new, crisp greenback money.

It is true that a large amount of this money is for replacement, to replace old worn-out bills, but a substantial part of it is new additional money that is being printed

for the national banks when they deposit Government bonds with which to get that money.

Now allow me to explain the difference between the two plans—the payment of the certificates and the plan that the bankers have to get money from the United States.

HOW NATIONAL BANKS GET MONEY

The last night that Congress was in session in July 1932 we passed the home loan bank bill. It said that the national banks of this country in purchasing stock could deposit with the Secretary of the Treasury Government bonds, Government obligations drawing 3⅜-percent interest, and that the Secretary of the Treasury would return to those banks new money in return for those obligations. The banks use the money, except 5 percent kept on deposit as a reserve and in addition the banks pay interest on the bonds placed on deposit to secure this money that the banks have received.

I wish somebody in this House would explain to me how it is safe and sound, and you are not jeopardizing the gold standard or the sound-money system for the banks to take Government bonds, deposit them with the Secretary of the Treasury and get money in return for them, and yet it would be unsound and unsafe for other people holding Government obligations to do the same thing.

Let us compare the two plans. In each case the bonds due in 1945, or later than 1945, are deposited by the banks to get this money. In each case the Government's non-circulating obligations are converted into circulating obligations without increasing the national indebtedness one penny. The Gold Standard Act of 1900 requires that all money shall be on a parity with gold.

Therefore, all the gold in the Treasury is back of this money, and we have sufficient idle gold today to back up at least $8,000,000,000 more of currency. By backing it up I mean that we will have at least 40 percent of gold reserve behind every dollar that is issued.

QUESTIONS AND ANSWERS WHICH I HAVE PREPARED ON THE PAYMENT OF THE ADJUSTED-SERVICE CERTIFICATES

1. Q. What is an adjusted-service certificate?—A. It is a Government bond payable to an honorably discharged veteran of the World War, who served longer than 110 days, payable in 1945, or 20 years from date of issuance, in return for services rendered.

2. Q. Why did the veterans who served less than 110 days not receive such a certificate?—A. When each veteran was discharged he received $60 cash bonus to purchase civilian clothing, shoes, etc. The veteran had given his civilian outfit to the Red Cross when he entered the service. All veterans entitled to receive $50 or less were paid in cash and not given a certificate. In arriving at the amount of an adjusted-service certificate, the first 60 days were deducted on account of the $60 payment.

3. Q. How did the Government arrive at the amount of an adjusted-service certificate?—A. Each veteran was allowed $1 a day extra for each day he served in the United States, and $1.25 a day extra for each day he served overseas. John Doe, a veteran, was entitled to a credit of $460; $210 for 210 days' home service and $250 for 200 days' service overseas. The first $60 was deducted, reducing his credit to $400. Since he was being given a certificate due in the future, 20 years from date, the Government increased the amount of his credit by 25 percent for waiting, making the credit $500. He was then given a certificate for an amount equal to the $500 credit with 4-percent interest, compounded annually, for the 20 years, which amounted to $1,000. His certificate was dated January 1, 1925, and made payable January 1, 1945, or at death.

4. Q. Why did Congress agree to give the veterans this extra amount?—A. When the Selective Service Act and other various legislative proposals were pending in Congress, relating to induction and enlistment of soldiers, sailors, and marines, the question of pay was very much debated. It was understood then that the pay agreed upon by Congress could be adjusted after the emergency in the event an adjustment was due. Many Members of Congress insisted on a $3 a day minimum pay. The war cost the United States more than $36,000,000,000; all the man power in uniform received less than $4,500,000,000 of this amount, or less than one eighth of the cost of the war.

5. Q. Did others receive adjusted pay from the Government for their services after the war?—A. Seven thousand war contractors received adjusted pay amounting to billions, directly and indirectly, after the war was over; many of them had invalid and illegal contracts which were validated by Congress. They were paid in cash. The railroad owners received a guaranteed return during the war equal to the average return 3 years prior to America's entrance into the war, which was the most prosperous period of railroading in the United States; in addition, they were given $3,000,000 a day extra pay for the next 6 months after being released from Government operation. Their adjustments in pay amounted to between one and two billion dollars; they were paid in cash. There were about 500,000 Federal civilian employees during the war, all of them receiving $2,500 a year or less had their pay adjusted, and the average received $1,000 extra pay. It was paid in cash. Many soldiers worked on the public roads in America during the war, side by side with civilians who were receiving $8 a day; these soldiers received an adjustment of $7 a day representing the difference between their soldier pay of $1 a day and the $8 a day drawn by the civilians. They were paid in cash after the war. Foreign countries, our allies during the war, were loaned billions of dollars by our Government after the war was over. They used a part of this money to pay their own veterans adjusted compensation and bonuses aggregating as high in some instances as $7,290 each.

6. Q. Are the veterans asking for the payment of a debt that is not due until 1945?—A. The debt is really past due now, although payable in 1945. The adjusted-service certificate gives the veteran the $1 a day for home service and the $1.25 a day for service overseas as of January 1, 1925, thereby depriving the holder of approximately 7 years' interest. If one is entitled to a certain amount daily or monthly over a period of time, the interest should be computed by allowing full interest from a date representing a time halfway between the beginning and ending of the period.

7. Q. If the veterans are allowed interest from the time the services were rendered instead of from 1925, will they be receiving special favors from the Government?—A. No; it has always been the policy of the Government to deal with others in that manner. For instance, when the war was over, applications for tax refunds were filed by individuals and corporations, many of them claiming that they had paid too much income taxes during the war and others claiming that they failed to deduct a sufficient amount for depreciation of their facilities used in war services. The Secretary of the Treasury has refunded to large income-tax payers more than two thousand million or $2,000,000,000 from the year 1922 to the year 1929, inclusive—an amount sufficient to pay the remainder of the adjusted-service certificates in full. Much of this money was refunded or given back to them on the theory that the taxpayers did not charge off a sufficient amount for depreciation in value of their properties during the war from 1917–19. A large part of it was refunded in plain violation of the law. A large number of the beneficiaries of these large gifts were war profiteers and should have been convicted of treason for dissipating and plundering our resources during the war. When each refund was paid, the Treasury also paid the one receiving it 6-percent interest from the year it was claimed the deduction should have been made. On one refund to the United States Steel Corporation of $15,736,595.72, interest amounting to more than $10,099,765 was paid. Mr. Mellon has made large refunds to himself and to his companies, and in each case allowed 6-percent interest—not from 1925, the date of the adjusted-service certificates, or 7 years later—but from the year he claims the credits should have been given. Those who are so loud in their denunciation of the proposal to pay the veterans this honest debt have been just as silent as the tomb while these war profiteers were wrongfully getting billions of dollars from the Treasury.

8. Q. Why do you say that the certificates are past due?—A. If a holder of an adjusted-service certificate is paid the extra pay Congress has acknowledged and confessed was due him with 6-percent interest, compounded annually, from the time the services were rendered, he was entitled to an amount equal to the face or maturity value of his certificate October 1, 1931.

9. Q. Is the interest rate suggested too high?—A. No. The veterans for many years were required to pay the Government 6-, 7-, and 8-percent interest, compounded annually, for their own money, when they borrowed on their certificates. The amount charged on these high interest rates is now a part of the loans and compound interest is being paid on the amount annually. If it was fair for the veterans to pay 6-, 7-, and 8-percent interest compounded annually, for their own money, and then receive it in small dribs, certainly it is not unfair for the Government to pay the veterans the minimum amount they were charged.

10. Q. What did the veterans receive for their services during the war?—A. An enlisted man, private, received $1 a day, except for overseas service, when he received 10 percent extra, or $1.10 a day. They were permitted and in many cases required to make allotments of a certain amount of their pay monthly to their dependents; the amounts varied from $5 to $25 a month and were deducted from the amount due them. They also paid for altering and mending their clothing and shoes, barber bills, laundry bills, and other incidental expenses. In addition, the average veteran had deducted from his pay $6.60 a month for insurance; if he had anything remaining after these deductions were made, he usually subscribed for a Liberty bond on the installment plan.

11. Q. How many of these certificates are there outstanding; what is their average value, and so forth?—A. October 31, 1932, there were 3,555,058 adjusted-service certificates in force, of the face value of $3,517,857,285; 2,735,323 of these certificates have been pledged to the Government for loans. It is not known how many have been pledged to the banks; they range in value from $126 to $1,590 each, and their average value is $989.92, or approximately $1,000.

12. Q. Have the veterans obtained loans on their certificates?—A. Yes; the average veteran holding a $1,000 certificate obtained a loan of $87.99 in 1927; $26.79 in 1928; $26.33 in 1929; $24.59 in 1930; $23.50 in 1931; and the last loan in 1931 when the 50 percent loan bill passed, and the only one he will be able to get for many years, of $271.99. They have borrowed the accumulated interest on the amount due them; the principal remains intact,

if settled within same way Government settled with all others connected with the war.

13. Q. Would it not be better for the veterans to keep their certificates as a nest egg to be used in 1945?—A. If the remainder is not paid now, practically all of the remainder due will be consumed by compound interest required to be paid on prior loans. The veterans will be benefited more by substantial payments than they will be by receiving their money in dribs; it will benefit the country more.

14. Q. If the veterans are not paid now, how much will be received in future by those who have borrowed the limit allowed by law, and will continue to borrow the limit on their certificates?—A. The following statement will answer for the average veteran holding a certificate of the average value:

Tabulation to show average adjusted-service credit, average amount of certificate, and amounts of principal and interest on loans, and amounts of cash to veteran as loans and at maturity. Assuming loans by a bank in the eleventh (Texas) Federal Reserve district at the maximum interest rate chargeable from 1927 to 1931, inclusive, then a loan on Mar. 1, 1931, for the 50-percent loan value and redemption of the note by the Government in 6 months

Certificate dated Jan. 1, 1925—made payable Jan. 1, 1945, average adjusted-service credit ($1 per day home service, $1.25 overseas, and after deducting $60)	$400.00
Amount of additional 25 percent added for deferred payment from 1925 to 1945	100.00
Total amount applied to purchase certificate (no interest allowed from 1918 to 1925)	500.00
Amount of certificate issued for the above amount at 4 percent compounded annually from Jan. 1, 1925	1,000.00

Year	Loan value	Outstanding indebtedness	Interest rate	Interest due beginning of period	Cash to veteran
			Percent		
1927	$87.99	$87.99	6		$87.99
1928	120.06	93.27	6	$5.28	26.79
1929	153.59	127.26	[1] 7	7.20	26.33
1930	188.67	164.08	7	10.49	24.59
1931	225.38	201.88	7	13.21	23.50
Emergency Loan Act, Mar. 1, 1931	500.00	228.01	4½	2.63	271.99
Redemption by the Government:					
Sept. 1, 1931	500.00	511.25	4½	11.25	
1932	500.00		4½		
July 21, 1932		533.68	3½	22.43	
Sept. 1, 1933	500.00	552.36	3½	18.68	
1934	500.00	571.69	3½	19.33	
1935	500.00	591.70	3½	20.01	
1936	500.00	612.41	3½	20.71	
1937	500.00	633.84	3½	21.43	
1938	535.73	656.02	3½	22.18	
1939	589.05	678.98	3½	22.96	
1940	645.06	702.74	3½	23.76	
1941	703.92	727.34	3½	24.60	
Jan. 1, 1942	765.86	735.82	3½	8.48	30.04
1943	831.12	792.67	3½	26.81	38.45
1944	900.00	860.21	3½	29.09	39.79
Jan. 1, 1945	1,000.00	931.50		31.50	68.50
Total				362.03	637.97

[1] Mar. 2, 1929.

15. Q. How much money will be required to pay the remainder due?—A. About $2,200,000,000. All except about 500,000 veterans have borrowed the limit allowed by law on their certificates.

16. Q. If this amount of money is needed in circulation, would it not be better for the country to provide that amount for public buildings or highway construction?—A. No; because it would not be so well distributed in that way; it would go to certain localities and certain cities and only to people engaged in that kind of work. If it is paid to the veterans, it will go into every nook and corner of America—possibly enough to replace the money now withdrawn for hoarding—will raise the per capita circulation of money about $18, can be paid immediately without waiting for blueprints, and will place purchasing power in the hands of consumers who will put it in circulation.

17. Q. You are asking that money be distributed to one class, are you not?—A. No; every class, race, and creed; every occupation, avocation, trade, and business will get a share. It is the only plan yet suggested that will cause such a wide distribution of money to such a large number of consumers without payment of a dole.

18. Q. Are you asking for a revision of the contract?—A. Yes; in order that another part of the contract, the legislative intent, may be carried out. Congress contemplated that the veterans should be paid the adjusted pay as of the time the services were rendered and not 7 years later without interest. The report of the Committee on Ways and Means of the House reporting the adjusted-compensation legislation in the year 1924 states two objects they had in mind, as follows: "That it should represent an amount approximately equal to the difference between what the soldier received and what he should have received. That it should confer substantial benefits upon the soldiers." The first object is not carried out by paying the veterans the amount representing that difference 7 years later. The second object is not carried out if the money is paid in dribs and a large part of the principal consumed by the payment of compound interest on loans.

19. Q. Have others ever asked the Government for a revision of contracts?—A. Yes; the foreign countries that borrowed billions from us asked for a revision of their contracts. In the revision that was granted them they were given more than $10,000,000,000 by our Government. Hundreds of thousands of income-tax payers have asked the Government to revise their income-tax returns and allow them credits, refunds, and abatements. This has been done and more than 3½ billion dollars refunded in that manner. The income-tax returns were prepared wholly by the ones wanting the refunds. The foreign countries asking for a revision of their contracts have been a party to the contracts and had a voice in their making. The veteran had no other alternative than to accept the adjusted-service certificate in the form in which it was offered to him.

20. Q. Didn't the veterans agree to accept payment in 1945?—A. No. They were told what would be given them and were never asked to enter into any agreement at all.

21. Q. While a mechanic enlisted as a soldier, what was received by mechanics who stayed at home?—A. As everyone knows, they received America's all-time high wages for mechanics. Laborers were paid as much as $6 and $8 a day, and the soldier, through service, probably lost from $5 to $10 a day as compared with what he could have made had he not served with the armed forces. The adjustment that was made of his compensation was only a partial adjustment. During the war some laborers in shipyards, doing piecework, are reported to have made as high as $70 a day. Of course, such cases were exceptional.

22. Q. Did the United States pay her soldiers more than any other country engaged in the war?—A. The United States paid a private $30, while Canada paid her privates $33, New Zealand $36.80, and Australia $43.50 a month. When the corporal in the United States Army was receiving $36 a month, the Australian corporal was receiving $72.90. While the sergeant in the United States Army was receiving $38 a month, the Australian sergeant was receiving $76.50 a month.

23. Q. Is it not a fact that the 25-percent increase that the Government allowed the veteran in addition to his $1 and $1.25 a day was intended to compensate him for the loss of interest from 1917–18 to 1925?—A. No; it is not a fact, although a former national commander of the American Legion, Mr. Spafford, made this contention before the delegates at the Portland convention. He was mistaken. The CONGRESSIONAL RECORD and the reports of the committees reporting the legislation in Congress clearly disclose that there was no such intent. Congress intended, as disclosed by these records, that the 25 percent would compensate the veteran for waiting from 1925 to 1945 for his money. As positive and convincing evidence that the 25-percent increase was not to compensate the veterans for waiting until 1945 from the time the services were rendered, the ones receiving $50 or less in case he did not receive the 25-percent increase, neither did the beneficiaries of the ones who had died prior to the passage of the act receive the 25-percent increase.

24. Q. Would it not be better to permit this amount of money to be loaned to big business institutions in order that they may employ labor and get the money in circulation in that way?—A. Labor has already produced more than can be sold. Owing to the lack of purchasing power among the masses, we have underconsumption, not overproduction. Business institutions will not employ labor to produce an additional surplus. The next move toward prosperity will have to be made by the consumers. The farmers and wage earners are the principal consumers. The additional money we propose to place in circulation will cause commodity prices to rise which will enable farmers to purchase what they need, thereby creating an incentive for manufacturing industries to employ labor and produce more. The large manufacturing industries can get all the credit they want from the banking institutions when they have a real demand for goods, and unless there is a demand they will not use the credit, except to bolster up the financial position of the industry or to pay dividends.

25. Q. Will it wreck the country to make the payment now?—A. The payment can be made without a bond issue, without increasing taxes, without increasing our national indebtedness, and without unbalancing the Budget.

26. Q. What is your plan?—A. It is to have the Government convert the veterans' adjusted-service certificates—which are noncirculating Government obligations—into United States notes—Government circulating obligations.

27. Q. Will not that plan involve the issuance of fiat or printing-press money, and is it not likely to throw us off the gold standard?—A. No. Fiat money is money not redeemable or at parity with gold. It will no more be fiat or printing-press money than the United States notes, Federal Reserve notes, or national currency now outstanding, which, together, represent about 90 percent of our circulating medium at this time. We have in this country today more than 100-percent gold to back up all paper money outstanding, much more than any other country on earth. A gold reserve of 40 percent is considered ample. Bank deposits are backed by less than a 2-percent reserve. The 40-percent gold standard is not retarding our country; it is the treble-gold standard forced upon us contrary to the policy of our Government. Since we have three times as much gold as we need to back our paper money, we can safely issue the amount of money necessary to pay the veterans in cash without affecting the gold standard. The Gold Standard Act of November 14, 1900, directs the Secretary

of the Treasury to keep all forms of money at parity with gold and authorizes him to issue 3-percent gold bonds for this purpose.

23. Q. Is there a precedent for issuing such money?—A. Yes; the last night Congress was in session, July 16, 1932, a law was enacted, which was approved by the President, allowing national banks to deposit with the Secretary of the Treasury Government bonds to the amount of $1,000,000,000, drawing 3½-percent interest, and receive in return therefor currency equal to the value of the bonds so deposited. The banks will get the use of the currency and also receive interest on the bonds deposited to secure the currency. The banks have been getting money from the Government in this way for the last 68 years—since 1864. The Glass-Steagall bill contains the same principle we are endeavoring to invoke.

29. Q. Compare your plan with the plan used by the national banks to obtain money from the Government on Government obligations under the law passed on July 16, 1932.—A. In each case a Government obligation, payable in 1945 or in the future, is deposited with the Secretary of the Treasury to authorize the issuance of money—a circulating Government obligation. In neither case will the total indebtedness of the Nation be increased. In neither case will there be a specific gold reserve set aside as a fractional coverage to redeem the paper money. We have, however, sufficient idle gold to establish such a coverage and the gold-parity act of March 14, 1900, in itself provides that all money issued is legally redeemable in gold. The Bureau of Engraving and Printing is running every working day and often overtime in order to print money to replace worn-out bills and new money for the national banks. The Bureau of Engraving and Printing has 4,500 employees and prints a billion new bills a year. The money to be issued to the veterans will be the same kind of money. If it is a fact that the paper money printed for the national banks is sound because it is secured by Government obligations, then the paper money to be issued to the veterans will be sound for the same reason. An unlimited amount of paper money cannot be so issued on the security of Government obligations, but we know that an amount sufficient to pay the veterans' certificates can be safely issued on the security of bonds based on these certificates without the setting aside of a specific fractional coverage of gold with which to redeem it. So far as redemption in gold is concerned the paper money to be issued for the veterans is on a par with that which is now being issued in large amounts for the national banks. It costs the Government tens of millions of dollars a year to pay interest on the Government bonds which the national banks deposit to secure the paper money they obtain from the Government. The Government will not be required to pay any interest on the bonds deposited to secure the paper money which is to be issued for the veterans. This will save the Government millions of dollars annually. In addition, the people will have the use, in a circulating medium, of nearly $2,000,000,000 upon which they will not be obliged to pay interest. Three hundred and forty-six million dollars and more of the paper money which was issued during the War between the States is still outstanding, and no one has been paying interest on it. The fact that the people do not have to pay interest on that paper money has saved them an outlay through the years of over half a billion dollars.

30. Q. Why do banks object to the payment of the adjusted-service certificates in full now?—A. The reason is obvious. At this time the banks are receiving interest from the veterans on their adjusted-service certificates. There is one bank in St. Paul, Minn., that has loaned an enormous sum of money on adjusted-service certificates. In fact, it has loaned a sufficient amount to enable the bank to construct two 30-story office buildings and pay for them with the annual interest installments that the veterans must make on their adjusted-service certificates, which the bank holds, between now and 1945. Many other banks are also profiting through these loans. Further, the banks do not want money put into circulation upon which no interest is being paid while it is outstanding. If the $2,200,000,000 are put into circulation like we propose, no one will be drawing interest on that money while it is outstanding. Whereas if the banks get new money from the Government in exchange for Government obligations and lend it to the people, someone is paying interest on every dollar of that money all the time that it is outstanding.

31. Q. Would paying the certificates in full now with new money help balance the Budget by eliminating the amount set aside annually to retire the certificates in 1945?—A. The country really needs this additional money in circulation, and I do not believe that it will ever have to be retired. As the country increases in wealth, population, and national income, the money should increase per capita. The country's wealth, population, and national income have increased the last 1 or 2 decades to the extent that more than $2,000,000,000 is needed in circulation, and it will not have to be retired. That being true, Congress can eliminate from its annual Budget the $112,000,000 payment each year, which now goes into a sinking fund to retire these certificates by 1945. However, if it is desired to continue this sinking fund and retire the certificates in 1945, the Government will not be required to expend one penny more between now and 1945, if the certificates are converted into new money as we propose. The only difference, after the conversion, will be that the money will be retired in 1945 and not continued as a part of the circulating medium.

32. Q. Texas is an average State. What is the per capita circulation of actual money in Texas at this time?—A. The latest State comptroller's report shows that all of the 1,200 State and national banks of Texas have in their vaults less than $28,000,000, which represents all the money in circulation in Texas except the amount in the tills and pockets of the people, which has been estimated by Mr. George W. Armstrong, of Fort Worth, to be about $3,000,000 or 50 cents per capita. Therefore, there is only about $5 of money per capita in circulation in the State of Texas. It is less than any civilized country in the world ever had before. This same per capital ratio prevails in practically all of the other States in the Union. It is absolutely impossible to restore prosperity without increasing the volume of money in circulation, and the bill to pay the veterans is the best measure yet proposed for that purpose.

33. Q. If the certificates are paid now, can the Government be saved annual expenses in administration of the act?—A. Yes; it is now costing the Government from a half million to three-quarters million dollars a year to administer the Adjusted Compensation Act. If the certificates are paid now, this expense can be abolished, thereby saving the Government many millions of dollars between now and 1945.

34. Q. Is the Government now making a profit on the interest charged on adjusted-service certificate loans?—A. Yes; the Government is borrowing all the money it wants for 13 to 20 cents per hundred dollars a year. The veterans are being charged compound interest at the rate of $3.50 per hundred dollars a year. They have been charged as high as 6- and 8-percent interest, compounded annually.

35. Q. Were the veterans given free war-risk insurance?—A. No; but they carried war-risk insurance with the Government by paying premiums monthly out of their pay. The average premium was $6.60 a month, which was deducted from the soldier's $30 a month. Much of the Government's cost of veterans' relief at this time is on account of insurance benefits paid to veterans; a benefit that they are entitled to receive because they paid for it with their own money.

36. Q. Is it likely that $2,200,000,000 will be too much money to add to the circulating medium at this time?—A. President Hoover, in his speech of acceptance, stated that $1,000,000,000 in gold had been withdrawn in the preceding year by Europe, and $1,600,000,000 of currency had been hoarded. The money to pay the soldiers would not fully replace this sum or put our circulation to normal. The people owe debts aggregating $203,000,000,000; these debts will be made easier to pay.

37. Q. The charge is made that your proposal represents uncontrolled inflation. The argument is made that if the money is issued under your plan that there will be no way to control it in the event of inflation or danger of inflation. What is your answer to that charge?—A. The original bill, H.R. 1, as amended by H.R. 7726, did not contain a provision for controlling the expansion of the currency in the event the extra money placed into circulation should cause a fear of inflation. However, former United States Senator Robert L. Owen, a former national banker and coauthor of the Federal Reserve Act, drafted an amendment for the Committee on Ways and Means, which was adopted by the House of Representatives, which provided that in the event there should be in the minds of the Federal Reserve Board danger of inflation at any time after the veterans' money was placed into circulation, that the Federal Reserve Board should have the right and authority to exchange Government bonds for any part of this money for the purpose of withdrawing and canceling it. This Owen proposal converted the bill into what was known as a "controlled-expansion measure" and answered every objection urged by the anti-inflationists. It is not thought that the Federal Reserve Board will ever have occasion to exercise this power, but it is given to it in order that it may be exercised if needed.

38. Q. Where does the responsibility for the issuance of money rest?—A. Under our Federal Constitution sole authority and responsibility rests with the Congress; section 8, article I, devoted to the duties of the Congress, reads in part: "To coin money and regulate the value thereof and of foreign coin."

39. Q. In what respect has the Congress departed from the above?—A. Under the Federal Reserve laws the issuance of currency is delegated to privately owned and, with the exception of governmental supervision, privately controlled banks.

40. Q. Is such private ownership and control objectionable?—A. Yes; in violating both the letter and the spirit of the Constitution in creating an agency whose interests and profit incentives are at variance with the public's; in the unwarranted expansion of credit banks are permitted to create under the law, the chief source of all inflation and resulting deflation. This has been frequently pointed out by J. S. Cullinan, of Houston, Tex.

41. Q. Why is such expansion of credit undesirable?—A. In the unjustifiable amount of interest collected by the member banks, the law permitting them to extend credit and collect interest on $10 or more for each dollar of gold deposited with the reserve banks. In their control over the property or the securities placed with the member banks as security or collateral by borrowers, and the impossibility of all borrowers meeting their obligations or protecting such property or securities when, through lack of confidence or other causes, deflation of credit occurs.

42. Q. How can such conditions be prevented?—A. By restoring the control of the issuance of money, its expansion or contraction, to the Government, where, under our Constitution, it properly belongs.

43. Q. Should the basis of issuing money be changed?—A. Yes; the volume of money should be regulated to conform with national wealth which it represents and national income which as the medium of exchange it is designed to facilitate, in addition to the existing basis—population.

44. Q. Should the volume of credit that may now be issued by member banks under the law continue while the volume of currency is being increased?—A. No; as non-interest-bearing currency is being expanded to meet governmental and individual requirements, the privilege extended by Government to banks of issuing interest-bearing credit should be contracted.

WORLD'S GREATEST RACKET

The greatest racket in the world today is the abuse of Government credit by powerful bankers for the benefit of themselves, common swindlers, and foreign countries, to the detriment and impoverishment of the American people, who build our country in time of peace and who save it in time of war.

Our country is being reduced to barter. Wooden money is even being used. A sufficient medium of exchange must be provided for the convenience of the people.

We need $2,200,000,000 more money in circulation. It cannot be distributed in a better way than by means of the plan offered to pay the debt due the veterans.

HOW MUCH WILL EACH STATE RECEIVE AND HOW MUCH WILL IT COST THE TAXPAYERS OF EACH STATE?

The following table in connection with the footnotes is self-explanatory:

(1) Residence of veterans	(2) Number holding certificates	(3) Remainder due on certificates	(4) Per capita payment to each State
Alabama	49,391	$29,876,840	$12.00
Arizona	10,555	7,411,302	17.00
Arkansas	42,576	25,373,098	13.68
California	194,607	136,500,005	17.50
Colorado	33,265	21,514,464	20.77
Connecticut	42,765	29,902,203	18.61
Delaware	4,743	3,918,525	16.44
District of Columbia	27,460	18,198,085	37.38
Florida	38,260	24,469,835	16.59
Georgia	56,882	35,151,645	12.10
Idaho	13,138	8,248,500	18.53
Illinois	245,990	157,543,750	20.60
Indiana	92,813	59,254,650	18.29
Iowa	77,498	46,574,480	18.85
Kansas	55,456	34,934,250	18.57
Kentucky	61,848	38,064,000	14.56
Louisiana	52,321	31,168,150	14.83
Maine	20,791	13,446,550	16.89
Maryland	46,918	31,140,525	19.09
Massachusetts	133,133	92,376,144	19.38
Michigan	130,120	85,407,400	17.64
Minnesota	83,049	53,105,200	20.67
Mississippi	35,736	21,456,974	10.68
Missouri	108,464	67,608,904	18.62
Montana	17,580	11,424,128	21.25
Nebraska	39,016	24,227,271	17.58
Nevada	2,978	1,988,889	21.84
New Hampshire	12,011	8,084,753	17.38
New Jersey	113,024	77,317,513	19.13
New Mexico	9,809	6,257,550	14.78
New York	366,236	245,948,177	19.10
North Carolina	62,106	38,784,117	12.24
North Dakota	15,705	9,738,745	14.30
Ohio	177,390	117,878,406	17.73
Oklahoma	65,231	39,815,376	16.62
Oregon	34,349	22,978,122	24.09
Pennsylvania	252,388	172,888,542	17.95
Rhode Island	20,186	13,731,012	19.97
South Carolina	34,710	21,349,617	12.28
South Dakota	22,654	13,974,391	18.87
Tennessee	57,231	36,318,844	13.80
Texas	144,453	95,655,800	16.42
Utah	13,969	8,930,767	17.58
Vermont	8,004	5,604,408	15.58
Virginia	61,300	41,006,200	16.93
Washington	54,666	37,874,647	24.22
West Virginia	42,004	25,976,846	15.02
Wisconsin	85,481	52,438,873	17.50
Wyoming	10,794	7,144,348	31.23

Column 1. Residence by States of all veterans holding adjusted-service certificates.
Column 2. Number of veterans in each State holding certificates.
Column 3. After deducting all prior loans, the amount remaining due veterans of each State if full payment bill is passed by Congress.
Column 4. Full payment will average per person, or for every man, woman, and child, in the State according to the 1930 census. The approximate amount of money that will be put into circulation in any city, county, or locality may be arrived at by multiplying the population by the per capita payment for that State.

I compiled this table from information received from Government departments.

Mr. Speaker, I reserve the balance of my time.

Mr. TREADWAY. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. DOUGHTON].

Mr. DOUGHTON. The bill which the pending motion seeks to bring before the House was the first bill introduced in the Seventy-third Congress, having been introduced on the opening day of the special session, on March 9, 1933.

As you will recall, Congress was called into special session for the purpose of enacting emergency legislation asked for by President Roosevelt.

Congress remained in session for this purpose until June 16, 1933, or a total of 84 legislative days. During this period there were a total of 166 bills referred to the Committee on Ways and Means, as also 24 joint and concurrent resolutions.

The committee immediately began work, and on March 14, 1933, reported H.R. 3341 to the House, to provide revenue by the taxation of certain nonintoxicating liquors, better known as the "beer bill", and by reason of which the Treasury received, from March 22 until the end of the year, more than $112,000,000.

On April 18, 1933, the committee reported H.R. 5040, a bill to extend the gasoline tax and to modify postage rates.

On May 18, 1933, hearings were begun on the national industrial recovery bill. This bill was reported to the House on May 23 and passed on May 26, 1933.

On June 6, 1933, another administration bill was reported to the House by our committee, to validate collection of certain internal-revenue taxes.

The committee also reported a bill relating to extension of time within which American claimants might make application for payment under the Settlement of War Claims Act of 1928.

These bills were before the House 12 of the 84 legislative days of the session and, of course, were before the committee many additional days.

Hearings were also conducted by the committee on June 1 and 2 on the conservation of petroleum.

From the above it will be seen that the committee's time was completely occupied during the special session, and in addition it must be recognized that other committees of the House were likewise engaged on matters of an emergency nature, and the time of the House was almost completely occupied with emergency bills, and, as a matter of fact, the work of the special session was almost entirely confined to the enactment of the emergency program of the administration.

Prior to the convening of this session, as you all know, the Committee on Ways and Means met and conducted hearings on H.R. 6131, to raise revenue by the taxation of liquors. This was likewise a most important bill, and its speedy enactment saved the Treasury many millions of dollars revenue.

Hearings were also conducted prior to the convening of this session on H.R. 7835, the revenue bill of 1934. This was likewise a most important bill and was under consideration by the committee almost daily from December 15, 1933, until its passage on February 21, 1934.

On February 20, 1934, one day prior to the passage of the revenue bill, the motion now before the House was entered on the Journal and referred to the Calendar of Motions to discharge the Committee on Ways and Means from the further consideration of H.R. 1, to provide for immediate payment of the veterans' adjusted-service certificates.

I submit to the Membership of this House, and especially the proponents of this measure, that the Committee on Ways and Means in no way merits the slightest criticism, especially in view of the fact that at no time during this session has any proponent of this bill filed any request for a hearing on the same. In my opinion, the Committee on Ways and Means would have been remiss in their duty, and would have merited just criticism from Congress and the country had they failed to give attention and consideration to the matters I have previously referred to. So far as I am concerned, speaking for myself alone, I have no objection to the bill being considered by the House.

Mr. PATMAN. Mr. Speaker, I yield 5 minutes of my time to the gentleman from Minnesota [Mr. LUNDEEN], to yield to anyone he desires to yield to.

Mr. LUNDEEN. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts, the able Chairman of the Labor Committee [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, we have paid the railroads, we have paid the war contractors, we have paid the draft dodgers, we have paid the profiteers, we have paid the stay-at-homes, and now let us pay the veterans their long-overdue just debt—these veterans who saved the country in time of war, and who now, in time of peace, are the bulwark of the American Nation against fascism, against communism, against naziism, and all the other isms that menace the foundations of our democratic form of government. [Applause.]

Let us pay this long-overdue debt and put $2,400,000,000 in circulation in 48 States of the Union, not in the hands of the bankers, not in the hands of the money changers, but in the hands of the people, the people who need the money, and thereby bring real prosperity to the Nation. [Applause.]

Mr. LUNDEEN. Mr. Speaker, I yield to the gentleman from Wisconsin [Mr. WITHROW].

Mr. WITHROW. Mr. Speaker, the immediate cash payment of the adjusted compensation is a question of vital importance. I am confident that the bill now being considered by this body will be passed by an overwhelming majority. I believe that it will also be passed by the Senate and I am hopeful that it will be signed by the President. To date our President has been hopelessly misinformed and ill-advised regarding veterans' legislation.

NATION NEEDS PURCHASING POWER

The chief obstacle now hindering our national recovery is the lack of purchasing power. The great majority of our citizens have no money with which to buy the many things they need.

In order to overcome this difficulty the administration has taken two major steps. The first was the C.W.A. While many injustices arose in the administrative details of the C.W.A., still it has been the most hopeful thing developed thus far. The C.W.A. put cash money directly in the hands of thousands of people who had an immediate need for the money and who immediately returned it to circulation.

The second step adopted by the administration was the liquidation of bank credits. The administration has "pumped" hundreds of millions of dollars into the banks on the theory that by placing money in the banks it would be available to the people. This policy has been a colossal failure. The banks got the money all right, but there the money stays. Anyone who believes that money is available in the banks should go to any bank and try to secure a substantial loan. The money supplied to the banks is still locked up in the bank vaults. The people of the country have received no benefit from this money and it has not helped to place our Nation on the road to recovery.

C.W.A. PROGRAM NEARING END

We find, then, that the C.W.A. program aided recovery by placing money directly in the hands of the people. The liquidation of banks has not helped because it did not place the money directly in the hands of the people.

We have definitely embarked upon a program of currency expansion. The object of this program is to make our monetary system the servant of the people rather than the people servants of the monetary system.

The program of currency expansion will not be successful unless we place the new money directly in the hands of the people. Our recent experience has proved that if the money is given to the banks the people never see it again. But if we place it directly in the hands of the people, the purchasing power thus created helps the entire country.

We are now nearing the end of the C.W.A. program. We need something that will take its place. The adjusted-compensation payment will take its place and will be a long step toward recovery.

IF THE ADJUSTED COMPENSATION IS PAID

First. More than $2,200,000,000 in cash will be distributed throughout the entire country. This money represents purchasing power. Every dollar of it will change hands many times, so that it will result in from twenty to fifty billion dollars' worth of business in the United States. This is enough to place us far on the road to recovery.

Second. It will require no increase in taxes and no bond issue of any kind. In fact, it will save the Government more than a billion dollars, or $112,000,000 per year for 12 years until 1945, when this debt to the veterans would normally have to be met.

Third. It will save the Government more than $10,000,000 in administrative expenses between now and 1945.

Fourth. It will pay a just, honest, and acknowledged debt of this Government to its veterans.

Fifth. It will save thousands of veterans from losing one half of the value of their adjusted-compensation certificates. Most veterans have borrowed one half of the face value of their certificates. The majority of these men have been unable to pay the interest on this loan. The result is that by 1945 the interest charges on these loans will have eaten up the remainder of the certificates.

Sixth. The immediate payment of the adjusted compensation will reduce the public debt. The money owed to veterans is a part of the public debt of this country and by paying the adjusted compensation the public debt is reduced by a like amount.

Seventh. The money used to pay the adjusted compensation would be sound money. The Treasury now holds enough gold to issue $8,000,000,000 in new currency with adequate backing of 40 percent in gold. Only $2,200,000,000 is required to pay the adjusted compensation.

EVERYONE WILL BENEFIT

The payment of the adjusted compensation will benefit not only the veteran but the entire Nation. The veteran and his family will receive the benefit of the money first, but this is as it should be, as each veteran earned his share of the adjusted compensation at the risk of his own life in the highest service of his country. Each veteran has a family and dependents. The money will do him no good if he keeps it in his pocket. He will use it to pay debts and buy goods. He will buy food and every farmer will benefit. He will buy other goods and every merchant will benefit. When goods are consumed new goods must be manufactured and men will be reemployed.

WIDE DISTRIBUTION

There are veterans in every nook and corner of the country. To be exact, there are 3,545,284 holders of adjusted-compensation certificates. Of these, 3,019,382 have already borrowed half of the face value of their certificates. The balance due to veterans, after deducting the amount of loans, is approximately $2,200,000,000.

BENEFIT TO OUR DISTRICT

Here is what the cash payment of the adjusted compensation will mean to the Third Congressional District of Wisconsin, which I represent. The following amounts of cash will go into the counties of the Third District: Crawford County, $299,373.04; Grant County, $686,286.96; Iowa County, $357,495.76; Juneau County, $307,989.76; LaCrosse County, $971,477.20; LaFayette County, $332,698.16; Monroe County, $512,703.76; Richland County, $348,326.00; Sauk County, $571,415.20; Vernon County, $509,100.08.

Remember that this money changes hands at least 10 times in each community and in each county. It is conservative to multiply these figures by 10 to determine the total benefit each county would receive by the payment of the adjusted compensation.

PAY DEBTS, BUY GOODS, GET NEW START

The distribution of purchasing power effected by the C.W.A. had a very beneficial effect to the entire Nation. The C.W.A. paid small weekly wages which were sufficient only to pay living expenses. The payment of the adjusted compensation will place several hundred dollars in cash into the hands of each veteran. The amount is determined by the length of time each veteran served at home and abroad.

This bill would pay the adjusted-compensation certificates in a lump sum—a sum sufficient so that most veterans could pay their debts, buy the many things they need, and get a new start. The amount of business created would give em-

ployment to hundreds of men in every locality so that millions of people through the entire Nation would also be given a new start.

NOT A NEW PROPOSITION

Gentlemen, this is not a new proposition. I and other Members of this House have been urging the payment of the adjusted compensation for the past 3 years. We have given it mature study and consideration.

In former years all manner of arguments were used against the payment of the adjusted compensation. None of those arguments now hold good. We have embarked upon a program of national recovery. The payment of the adjusted compensation is the most important step in that program. It must not fail.

NO LOGICAL REASON FOR FAILING TO PAY THE ADJUSTED COMPENSATION AT THIS TIME

No one can logically justify the failure to pay the adjusted compensation at this time. The Government has plenty of money. The veteran needs the money, and the Government owes it to him. The country needs purchasing power, and the Government is in position to supply adequate purchasing power through the payment of the adjusted compensation.

NO RED TAPE OR FAVORITISM

In the payment of the adjusted compensation there will be no red tape or favoritism. In this bill we are distributing purchasing power by paying a debt for service rendered. There is no question as to who shall receive the money. It is a program which can be put into effect immediately. The money could be placed into the hands of every veteran within a week after enactment, and each community would immediately begin to feel the effects of that purchasing power.

VETERAN HAS BEEN POORLY TREATED

I resent the kind of treatment which has been accorded to the veteran. He has rarely received even justice from his Government, and what small benefits he has received have largely been taken from him by the enactment of the so-called "Economy Act."

We now have the opportunity of paying our debt to the veteran. We have the opportunity of paying this debt in a manner which will prove to be the salvation of our country. By the payment of the adjusted compensation the veteran will again go "over the top" to save his country from economic ruin, just as he went "over the top" to save it from physical ruin in 1918.

This is not a measure for the relief of veterans alone. It is a measure for the relief of our entire Nation. It is a sure road to recovery. [Applause.]

Mr. TREADWAY. Mr. Speaker, first I wish to speak about the Committee on Ways and Means. The chairman, the gentleman from North Carolina [Mr. DOUGHTON], has explained that situation quite in detail, but possibly I might add a word to it. The bill which you are asked to discharge the committee from considering is H.R. 1, introduced March 9, 1933. The special session of Congress which opened on March 9, 1933, was called for the purpose of putting into effect the program of the new President, Mr. Roosevelt, who was inaugurated 5 days previous to that date. Included in the large amount of business that the President of the United States put before the Congress for consideration were measures that were referred to the Committee on Ways and Means. We worked diligently upon the bills that he sent us, and brought in reports on his measures. Other committees did the same thing. When the special program of the President of the United States was completed he authorized the Congress to adjourn. That is what he called the special session of the Seventy-third Congress for, namely, to write into law his new requests. No reference whatever to H.R. No. 1 was included in that program. That is the picture so far as the special session is concerned.

On the first day of the regular session, January 3, the gentleman from Minnesota [Mr. LUNDEEN] rose in his place and stated that there was a petition on the Speaker's desk for the discharge of the Committee on Ways and Means from the consideration of H.R. 1. Bear in mind, that was the first day of the session. I might inform that gentleman and others that the Committee on Ways and Means, through a subcommittee, as well as through the full membership of the committee, had been diligently at work day and night from the middle of October in preparing a new tax bill, at the request of the President of the United States. Whatever your views on this measure may be, I submit in all fairness to that committee at least it should have an opportunity to consider such an important measure, a measure that will make new currency in some way or other, I do not know how, for $2,400,000,000. Should not your financial committee at least be given an opportunity to consider it?

Mr. Speaker, I did not suppose it would ever be encumbent upon me to uphold the actions of a Democratic President, but it becomes encumbent upon me to read to this House the following, with the permission of our distinguished Speaker.

THE WHITE HOUSE.
Washington, February 26, 1934.

Memorandum for the Speaker.

DEAR HENRY: Mac has shown me your letter of February 21. Naturally when I suggested to you that I could not approve the bill for the payment of the bonus certificates I did not mean that I might let it become law without my signature. I don't do things that way. What I meant was that I would veto the bill, and I don't care to whom you tell this.

Let me know your thought on the next step.

F. D. R.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. No; I cannot yield.

There is all the testimony I need. I have voted with the President, the President of our United States, although he does not belong to my party, in a good many instances, and I intend to do so on this measure. I hope the good sense of the House, particularly with such a majority as he has of his own political following, will follow his good advice as presented to the House in this memorandum to Mr. Speaker RAINEY.

The Ways and Means Committee should not be discharged from consideration of this bill, and the message from the President should be heeded.

I yield back the remainder of my time and ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUNDEEN. Mr. Speaker, I yield such time as he may deem necessary to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Speaker, the Democratic Party of the State of Michigan in convention assembled pledged that it and its Representatives in this House would support a bill for the immediate payment of the adjusted-service certificates as provided for in the Patman bill, as did the Democratic convention in Wayne County, and I propose to keep faith with the people who sent me here, and also to do that which is stated in our party platform of 1932:

We believe that a party platform is a covenant with the people to be faithfully kept by the party when intrusted with power.

A PARTY PLATFORM IS A COVENANT WITH THE PEOPLE

The Democratic platform adopted at the convention at Chicago condemns the indefensible expansion and contraction of credit for private profit at the expense of the public. At the present time it is well nigh impossible for legitimate business and industry to secure commercial loans of any kind to enable business to carry on. The pocket money of the people has been withdrawn from free circulation and we are in the midst of a money panic, because the expansion or contraction of money is entirely in the hands of the private bankers, local, State, and international, all bending to the superwill of the Federal Reserve monster, a private-banking institution, owned and controlled by the Money Trust.

The owners of the Federal Reserve System can contract or expand the currencies and moneys of the United States at will, thereby causing feast or famine.

After every panic or depression the rich get richer and the poor get poorer. If you do not agree with this I ask

how many of you lost your homes during the last 4 years; how many of you citizens of this country lost your furniture because you could not keep up the payments? How many of you farmers have lost your farms through foreclosure? How many of you have lost your life savings through the closing of the banks? How many of you have lost your businesses? How many of you had to sell your diamonds and other security to get enough cash so you could feed and clothe your family? How many of you are using automobiles 6 and 7 years old because you cannot make enough money to feed and clothe yourselves, let alone buy a new car?

And was it someone who was poorer than you who foreclosed on your home or farm, who repossessed your automobile or furniture? Of course not. The money lords called in their notes and mortgages and loans; and your local banker was forced to call in his loans and mortgages of various sorts.

And you men who were formerly independent merchants and driven out of business, were you driven out of business by another small merchant? Of course not. The chain stores, which are all controlled from Wall Street, drove you out of business, and subjected our people to an absentee ownership of business places. The more small farmers who lose their farms the greater the concentration of land in the hands of the absentee landlords. This alienation of the farmer from his land is developing a dangerous situation in the United States as witnessed by the riots and bloodshed in the Middle West and the Northwest, caused by farmers, the backbone of this country, seeking to keep their hold on that land which they had for years tried to maintain and develop. A condition is not natural which gives hundreds of thousands of acres of the most fertile land in our country over to the ownership of bankers and insurance companies. The concentration of the ownership of land must be stopped in the same manner as the concentration of money and industry must be stopped.

The Congress of the United States has been most liberal to the bankers of this country. It allows them to draw interest of 4¼ percent on Government bonds and then again deposit the same bonds with the Government and secure Federal Reserve notes at a cost of one thirtieth of 1 percent, to again loan out to the people at an interest cost, for which the private banker may charge what he desires. The Congress has given the Money Trust such laws as it wanted, hoping that it would turn that money that it received in pursuance to those laws back to the use of legitimate industry. The bankers have absolutely prevented the return to prosperity. In the Dallas Bank of the Federal Reserve we find that there is outstanding in bills discounted the total of $241,000, while the same bank has total reserves of $38,535,000.

Now, just what has this to do with the passage of H.R. 1, the payment of the adjusted-service certificate? If the adjusted-service certificates are paid out as provided in H.R. 1, there will be distributed throughout the country the sum of about $2,200,000,000. Every nook and corner of every county in the United States will receive some of this money. My own county in Michigan will receive $33,321,007.44. This money, under the provisions of the Patman bill, will be backed by the gold reserve of the United States. Under the present condition of the Treasury it will not be backed by a 40-percent gold reserve, as all our sound-money advocates demanded, but will be backed by approximately a 100-percent gold reserve. There is approximately five and one half billion dollars of money in circulation in the United States now, and there is approximately seven and one half billion dollars in gold in the Treasury of the United States or under its control, according to the official report dated January 31, 1934, issued by the Federal Reserve bank and the Treasury of the United States. These United States notes to be issued by the Government of the United States will be noninterest bearing, giving to the veteran the same privilege of securing money on his United States bond as is enjoyed by the private bankers and the Money Trust.

IT WILL BE SAME MONEY AS YOU NOW USE

The money paid to the veteran will be the same kind, wording, color, size, form, and denomination as the money you use every day. It will form part of the circulating medium of the country, and will be lawful money of the United States and maintained at a parity value with the standard value fixed by law. Such notes held by any national banking association or Federal Reserve bank may be counted as part of its lawful reserve.

PATMAN BILL PROVIDES FOR ABSOLUTE CONTROL OF EXPANSION OF CURRENCY

The bill provides that when the index number of the wholesale all-commodity prices rises above the index average of 1926 the Secretary of the Treasury may contract the currency in five ways:

First. Abolish circulation privilege extended to certain bonds under section 29 of the Federal Home Loan Bank Act, and retirement of such bonds as security for circulating notes.

Second. Termination of the issuance and reissuance of national bank circulating notes, and retirement of such notes from circulation.

Third. Termination of the issuance and reissuance of Federal Reserve notes secured by direct obligations of the United States—interest-bearing bonds.

Fourth. Termination of the issuance and reissuance of Federal Reserve notes secured only by gold or gold certificates.

Fifth. Termination of the issuance and reissuance of Federal Reserve notes secured by notes, drafts, bills of exchange acceptances, or bankers' acceptances which are not issued in direct benefit to commerce, industry, and agriculture.

THE VETERAN GETS HIS CASH NOW

The passage of this bill and its enactment into law will give the veteran the amount due in cash now. It will only give him the same privilege as enjoyed by the bankers; it will give him the same kind of money as he now has; it will buy just as much goods as the money he now has in his pocket—if any; it will buy just as much of the same kind of goods that the money we now have; it will not be fiat or printing-press money as it will be backed up by the gold reserves of the United States of America, and on the basis of the official Treasury reports and the reports of the Federal Reserve banks it will be backed up by not only the usual gold backing of 40 percent but it will be backed up by approximately 100 percent gold according to the reports of the United States Government.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES A REAL ECONOMY FOR THE GOVERNMENT

The payment of the adjusted-service certificate will be a real economy for the people of the United States and not an economy bill for the bankers. The people will not be forced to pay interest on the money used to pay the certificates; we will issue the money to the people on the same terms we issue it to the bankers.

It will save the Government $112,000,000 a year for 12 years; it will save the Government more than $10,000,000 in administration expenses between now and 1945; it will pay the debt heretofore confessed due to the veteran; it will save the equity of the veteran who borrowed on his bond, as the piling up of compound interest on those certificates on which loans were made will eat up the balance due which will go to the international bankers who finance nations for their own private gain.

NO INCREASE IN TAXES NECESSARY

Under the provisions of the Patman bill there will be no necessity of any increase of taxes; there will be no necessity for a bond issue upon which the people would have to pay enormous interest charges.

There is 7½ billion dollars in gold in the general fund of the United States Treasury. This is sufficient to issue $15,000,000 of currency without reducing the gold reserve

to below 40 percent; the accepted standard of safety accepted by all the nations of the earth, and even the hard-shelled gold-standard advocates.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES WILL HELP PRESIDENT PUT OVER RECOVERY PROGRAM

The payment of the adjusted-service certificates will help put over the recovery program because it will put purchasing power into the hands of citizens in every nook and corner of the country. It will put it in the hands of men who will not hoard it but will use it to help empty the shelves of the butcher, the baker, and the candlestick maker. Debts will be paid, taxes will be paid, and this money remaining in circulation will pump the lifeblood of a people—money—back into their economic system.

It is the patriotic duty of every Member of the House and Senate to extend the same privilege to the veteran as he has extended to the banker. You help the veteran and he will help his fellow man. The veteran is not selfish. He is not the creator of panics. He has been the ways and means through which the war millionaire, who is now trying to keep the veteran down, was able in the name of patriotism to accumulate his war-time fortune. The war contractors received their adjustment of pay in 1925 in cash, and now they would deny it to the veteran.

How the propagandists built up the glories of war in 1917. How they cheered and clapped with their silk-gloved hands as the boys marched. They were heroes then. They were heroes as long as they were fighting amid the slime, filth, and vermin of the trenches. They were heroes then, when they were on the receiving end of bombs, shells, shrapnel, and poison gas. They were heroes, those boys in the prime of life who gave sturdy, clean, active bodies to their country and are now wasting away in veterans' hospitals with racked and ruined bodies, suffering the tortures of hell. They were heroes then, the same boys who are now shrinking and wasting away in the West with tuberculosis. They were heroes then, those boys who faced fire and flame, shot and shell, and poison and gas, those boys who now as men are manacled and chained in the hospitals for the insane.

And yet some men will not give the veteran what Uncle Sam said was due to him in 1925. Industrialists and bankers were paid their accounts in full in 1925, 7 years after the war, but they say the soldier debt is not due yet; he must wait until 1945, when the interest will have eaten up the whole of the balance due. Give the soldier the same break you gave the banker; the 7 years are up—pay now.

The time has now come for our confessions. I am ready to make mine now and vote for the immediate payment in cash now, and put my shoulder to the wheel of recovery and pass on to our heroes a little of the sunshine that they have been so long deprived of, and they will do a better job of helping their fellow man than those who would keep some of our veterans in starvation when the veteran has an earned pay check that can be cashed now.

There is no glory in war. The power of propaganda is mighty, but I hope that the rising generation will remember the lesson of the World War when the flower of the land, the youth, thought they were fighting to save the world for democracy, and woke to find out that they fought to make it safe for the rulers of the world, the international bankers. We are paying tribute to them now and will continue to do so in the future.

It is a grand old flag under which we live; long may it wave in peace. May we never again stick our nose in someone else's business and sacrifice the flower of our land. We cannot pay the bonus, say some, but we canceled $11,000,000,000 of war debts due us from European nations and saddled the debt on the back of the American taxpayer.

Today and now is the time to declare under which standard we will fight, that of the pirate banker or the patriot.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. LUNDEEN. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Speaker, the amount that we are to pay the soldier is not a bonus, but an adjusted compensation, and the full face value of these certificates are now past due if we are to pay the veteran compound interest the same as we did war profiteers and others who have had claims against the Government. We can pay for these adjusted-compensation certificates at this time, not through the issuance of bonds but through the issuance of currency, which will put more money in circulation, increase commodity prices, and help all the people of the country. [Applause.]

Mr. LUNDEEN. Mr. Speaker, will the opposition use some of their time?

Mr. TREADWAY. Our time is exhausted.

Mr. LUNDEEN. Then I understand there is no opposition. I yield half a minute to the gentleman from Minnesota [Mr. KVALE].

Mr. KVALE. Mr. Speaker, I hope that the House will remember that a sufficient strength has demonstrated itself in support of this measure, so that the discharge rule has become operative.

This vote is only a vote on consideration, and naturally every fair-minded Member of the House is willing to afford to this group the courtesy of at least considering the measure upon its merits under the rules of the House.

Let us follow the lead admirably voiced by the Chairman of the Committee on Ways and Means, who says that he has no objection to the consideration of the measure upon its merits.

VETERANS' LEGISLATION OF FIRST IMPORTANCE

Mr. LUNDEEN. Mr. Speaker, it has been stated here that there are other matters of great importance before this Congress, and that is true, but I maintain there is no legislation before the American Congress of more importance than veterans' legislation before us today.

GIVE THE VETERANS A ROLL CALL

It has been stated that this is not to be a debate upon the merits of the bill, but merely a vote on whether the bill shall be considered, and all we are asking is that the members of this House give the veterans of America a chance to have a roll call on this adjusted-service certificate bill, and I know that gentlemen will do that by an overwhelming vote in this House today.

LUNDEEN MOTION TO DISCHARGE WAYS AND MEANS COMMITTEE

Mr. Speaker, on April 27, 1933, I filed a motion to discharge the Ways and Means Committee of this House from further consideration of H.R. 1, the adjusted-service certificate bill, known as the "Patman bill". Ten long months, we struggled to secure the 145 signatures necessary to bring this motion to discharge the committee, before the House for a vote.

On February 20, 1934, the one hundred and forty-fifth Member, Congressman AYERS of Montana, affixed his signature completing the list of the 145 names necessary to bring up this motion.

We had about 45 signatures on the Lundeen motion when Congress adjourned on June 16, 1933. A new fighting force was added to our ranks in September. A new Veterans of Foreign Wars legislative chairman, the militant and courageous George K. Brobeck, the battling Dane from the North Star State, organized our forces for victory, stimulating our hopes and enlarging our endeavors all along the line. We were inspired by the platform and radio speeches of National Commander James E. Van Zandt, General Smedley Butler, and others—recognized militant authorities on veterans' legislation.

VETERANS' ORGANIZATIONS ON THE FIRING LINE

I will never forget the radiant, hopeful faces of the Veterans of Foreign Wars coming upon the scene of action, when it seemed almost impossible to win victory, when things looked dark all along the line. These men had fought on foreign soil; fought for weeks and months in the trenches and on the storm-swept decks of the battleships of our Navy. They knew the meaning of No Man's Land. No one can ever spell defeat to men like that.

When the Veterans of Foreign Wars came upon the scene of action they made it plain that Congress must carry out the wishes of the veterans of America. Should Congress fail them, the veterans meant to send their own men who wore the uniform in time of war, into Congress to carry out their mandate. They maintained that anyone who attacked the soldiers and sailors and marines of America was attacking the American people, and while they had not sought the battle, since the fight was on, since it was carried to them, they meant to see to it that the enemy should have battle until they cried enough.

WE HAVE THE VOTES TO MAKE THE PATMAN BILL A LAW

When they were told that if the House passed the bill, the Senate would defeat the measure, they merely smiled and answered back, "We will see about that." When they were told that the President would veto the bill they said, smilingly, "Perhaps he will, and perhaps he will not." Many of them answered back, "Presidents have vetoed veterans' legislation before, but much legislation has been passed over the veto of a Chief Executive."

Their optimism, determination, and courage was irresistible. It swept Congress along on the floor of the House on the Lundeen motion, discharging the Ways and Means Committee from further consideration of H.R. 1. Once more the veterans and their loyal friends talk to their enemies with votes.

THE FIRST BATTLE IN PENNSYLVANIA

These were the men who won the so-called "bonus" fight in Pennsylvania, on November 7, 1933, carrying that State by 400,000 majority for a $50,000,000 payment in the midst of the panic. They and their auxiliaries made it plain to the citizens of Pennsylvania that this money would go into every county, precinct, and home of the great Keystone State. The Pennsylvania battle was only preliminary to the greater national battle that was rapidly approaching.

The veterans are a cross-section of American life—that group of our citizens who bleed in time of war and suffer in times of economic depression. These were the men who gave the people of a State an opportunity to vote on a question pertaining to the rank and file of the soldiers for the first time since the World War, when the Veterans of Foreign Wars led the fight for the payment of the State bonus in Pennsylvania, on November 7, 1933.

AMERICANS SHOULD READ FOREIGN SERVICE

Great credit is due to Foreign Service, a monthly magazine published in Kansas City for the national organization of the Veterans of Foreign Wars, ably edited by Barney Yanofsky. Foreign Service has for years conducted an educational campaign along these lines. There is not a better service men's publication in America today.

Many posts of the American Legion, such as the great Bearcat Post of Minneapolis, Disabled American Veterans, the Bonus Expeditionary Forces, Spanish War Veterans, and their loyal auxiliaries joined forces with the Veterans of Foreign Wars in a united campaign which made success possible.

PAY ADJUSTED-SERVICE CERTIFICATES NOW

The adjusted-service certificates now held by veterans of the World War represent an adjustment of the amount due them for their war-time services. The payment of these certificates would in no sense be a bonus like the million-dollar bonuses paid officials of large corporations. The pay received by our soldiers while they served during the war amounted to $6.30 per month after all deductions were made from the scanty $30 allowed them. They actually received about 20 cents per day, and that was all. The World War Adjusted Compensation Act provides for paying to the soldiers the difference between their war-time pay and the pay received by the lowest-paid laborer who did not go to war.

NO BOND ISSUE—NO TAXES—NO INTEREST

Unless House bill 1 passes, this adjusted payment will not be received until 1945, and by that time nearly 400,000 World War veterans will have passed over the horizon into the great beyond. House bill 1 provides for immediate cash payment of these adjusted-service certificates. The payment will be made in non-interest-bearing United States notes. Four million men will receive approximately $2,200,000,000, and this money will be scattered throughout the country. It will go into every State, every county, every township, every city block, and every home.

WILL NOT DISTURB THE BUDGET

This money will go to 10 times more people than if expended for highway construction or public buildings. Consumers will have purchasing power, stimulating production and employment. There will be no bond issue, no increased taxes, no unbalanced Budget. This money will go to American citizens and will be expended in America. It will pay debts and furnish controlled expansion of the currency.

We do not set aside the constitutional mandate requiring the Congress to regulate the value of money. This bill complies with that mandate. International bankers are opposed to this bill, but millions of American citizens and soldiers will be made happy and American prosperity vigorously promoted.

VETERANS ARE ENTITLED TO THEIR MONEY NOW

Unless these adjusted-service certificates are paid now more than 1,000,000 unemployed veterans and another million of part-time employed veterans will be forced to deprive themselves and their families of the necessities of life. Meanwhile banks and the Government consume the remainder of their certificates by interest payment on prior loans. In making payment now we invoke the same principles and policies of government that have been invoked with others, including war profiteers. Payment will be a godsend to the Nation.

A SOUND-MONEY PLAN

The plan for distributing the money is the same in principle as the plan now allowed by national banks and advocated by the unanimous report of the Senate Banking and Currency Committee in its report on the Goldsborough bill. We are merely asking that a noncirculating Government obligation be converted into a circulating Government obligation.

Consider the real bonuses coined in blood out of the World War. The adjusted compensation paid to railroads was something like $764,000,000. The adjusted compensation paid to corporations for profits not earned because the war did not last long enough was $3,000,000,000—more than the entire cost of the so-called "soldiers' bonus." Congressman JEFFERS, of Alabama, placed in the CONGRESSIONAL RECORD figures to show a total adjusted compensation of about $8,000,000,000 to members of the United States Chamber of Commerce, the organization which is leading the fight against payment of the soldiers' back pay. Eight billion dollars in bonuses for railroads and war profiteers, but not a cent for the defenders of the flag.

OTHER NATIONS PAID THEIR VETERANS WITH OUR MONEY

Every great country recognizes the debt it owes to its war veterans. Great Britain, France, Germany, Italy, Australia, Canada, Belgium—give their veterans some kind of adjusted compensation. But, while we cancel more than twelve billions of dollars in debts owed to this country by foreign nations, these nations take care of their soldiers, and we throw our own men into the bread lines. There is plenty of money to discharge the obligation of the United States to the soldiers of America. What about the $12,000,000,000 due from the countries of Europe? What about the huge salaries and bonuses received every year by the heads of the large corporations who profited from the war? The New York Times for January 2, 1934, shows that the cash dividends alone paid last year by 2,240 corporations amounted to over $2,385,000,000—more than enough to discharge the debt to the veterans, more than enough to pay the bonus, and remember—only 2,240 corporations made any report. The salaries and bonuses of officials of steel, aircraft, tobacco, and mining corporations amount to millions of dollars. If we can conscript soldiers for war, we can conscript wealth to pay the soldiers after the war.

SO-CALLED "ECONOMY LEAGUE" GETS BUSY

In the recent election in Pennsylvania, on November 7, 1933, the veterans of that great State went to the polls and

talked to their enemies with votes. Chambers of commerce, economy leagues, and imported "veterans'" organizations met a crushing defeat. The State Legislature of Pennsylvania, in the midst of the greatest American panic, passed a $50,000,000 bonus law without one dissenting vote in either house or senate.

And how did they do it? They talked to their friends, the common people; and they talked to their enemies with votes. The Veterans of Foreign Wars instructed every veteran to take his father, mother, sister, brother, wife, and three or four friends to the polls. Every polling district was covered, and voters were personally contacted in cities and throughout the rural districts. With civic and commercial organizations and large newspapers thundering against soldier legislation, with imported organizations against them, the 400,000 veterans of Pennsylvania, under the leadership of the Veterans of Foreign Wars, marched to the polls with their friends and won a smashing victory. The Pennsylvania Legislature points the way for the Congress of the United States. What the veterans of that great State did can be done by the veterans of America.

The veterans of America are interested in the adjusted-service certificates bill, H.R. 1, and I have been requested by many individuals and organizations to thank the Members who have signed the Lundeen petition to bring the motion to discharge the Ways and Means Committee from further consideration of H.R. 1, before the House for a vote, and we certainly appreciate the support we are receiving on the floor today.

AN ATTACK ON THE VETERANS IS AN ATTACK ON THE AMERICAN PEOPLE

An attack is being made upon the veterans of America by the Economy League, by chambers of commerce, newspapers, and other organizations. When these organizations attack the veterans, they attack the great American public, for whoever attacks the veterans, attacks America. It is my belief that the payment of the adjusted-service certificates cannot be much longer postponed. This is plainly and clearly shown by the bonus election in the State of Pennsylvania last November, about which I have just spoken. Pennsylvania is now getting ready to carry out the mandate of the voters.

VICTORY IS CERTAIN

I believe the veterans' adjusted-service certificates bill will carry this House, and I believe that the veterans' adjusted-service certificates bill will carry the United States Senate, and I feel certain that the Chief Executive of this Nation will join with the Members of the House and Senate in immediate payment of this sacred obligation to the men of the World War.

LINCOLN AND ROOSEVELT

I hope the Members of Congress will follow the advice of Abraham Lincoln when he said: "It is the duty of the country to care for him who shall have borne the battle, and for his widow and his orphans." I hope they will remember the words of Theodore Roosevelt, who said, "War veterans have a greater claim upon us than any other class of our citizens." [Applause.]

MERELY ASKING THAT FORM OF OBLIGATION BE CHANGED

Mr. PATMAN. Mr. Speaker, in 3 minutes we will vote upon the question of discharging the committee. The Chairman of the Committee on Ways and Means has stated to you that he has no objection to it. All we are asking to do in this bill is to permit the veterans to exchange a noncirculating obligation for a circulating obligation. The banks of this country are permitted to take a Government obligation that is payable January 1, 1945, deposit it with the United States Treasury as collateral security, and receive in money the same amount in new United States currency—the same kind of money we are asking be issued to pay this debt. The only difference is they let 5 percent remain there as a redemption fund, and at the same time they get interest on the bonds that they have deposited to secure this money.

LET VETERANS SAME AS BANKS USE GOVERNMENT CREDIT

So if you are going to let the large banks of the country use the Government's credit all the time, free of charge, as they have been doing, to the extent of a hundred billion dollars a year, why cannot you let the veterans use that credit between now and 1945, without charge, to the extent of $2,200,000,000? That is all we are asking be done.

Mr. CANNON of Wisconsin. Will the gentleman yield?

Mr. PATMAN. I cannot yield. There is no new principle of money or the issuance of money involved in this legislation. If this bill becomes law, United States notes, the same kind of money that you have in circulation today will be issued, and all the gold that is in the Treasury will be back of that money. We have more than $3,000,000,000 of gold in the general fund of the Treasury today, a sufficient amount to use as a basis for the issuance of $7,500,000,000 of additional money and still have a 40-percent gold reserve behind each dollar. We only have five and a half billion dollars of money in actual circulation. All of it is not in circulation, but it is outstanding. If we will increase the circulating medium by $2,200,000,000, we will then have less actual money in circulation than we have gold in the United States Treasury and the Federal Reserve banks. Therefore we will have more than 100-percent gold coverage behind every dollar that is issued after this $2,200,000,000 is issued. So why should you not expand on our broad gold base in order to give the people in every nook and corner of this country sufficient circulating medium and this additional purchasing power?

I hope you vote for this motion.

Mr. Speaker, I ask unanimous consent that all Members be allowed 5 legislative days in which to extend their remarks on this matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

Mr. CANNON of Wisconsin. Reserving the right to object, I just want to say that I am wholly in accord with everything the gentleman has said.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The time of the gentleman from Texas has expired. All time has expired.

The question is on the motion of the gentleman from Texas to discharge the Committee on Ways and Means from further consideration of the bill H.R. 1.

Mr. SNELL and Mr. O'MALLEY asked for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 313, nays 104, not voting 14, as follows:

[Roll No. 101]

YEAS—313

Abernethy	Carmichael	Dickstein	Fuller
Adair	Carpenter, Kans.	Dies	Fulmer
Adams	Carpenter, Nebr.	Dirksen	Gambrill
Allen	Carter, Calif.	Disney	Gavagan
Allgood	Carter, Wyo.	Ditter	Gilchrist
Arens	Cartwright	Dobbins	Gillespie
Arnold	Cary	Dockweiler	Gillette
Auf der Heide	Castellow	Dondero	Glover
Ayers, Mont.	Celler	Doughton	Goldsborough
Bailey	Chapman	Douglass	Granfield
Bankhead	Chase	Doutrich	Gray
Beam	Chavez	Dowell	Green
Beiter	Church	Doxey	Greenway
Berlin	Clark, N.C.	Driver	Greenwood
Black	Cochran, Pa.	Duffey	Gregory
Blanchard	Colden	Duncan, Mo.	Griffin
Blanton	Collins, Calif.	Dunn	Griswold
Bloom	Collins, Miss.	Durgan, Ind.	Guyer
Boileau	Colmer	Eagle	Haines
Boland	Condon	Edmiston	Hancock, N.C.
Boylan	Connery	Edmonds	Hart
Brennan	Connolly	Eicher	Hastings
Britten	Cooper, Tenn.	Ellenbogen	Healey
Brooks	Cox	Ellzey, Miss.	Henney
Brown, Ga.	Cravens	Eltse, Calif.	Hess
Brown, Mich.	Crosby	Englebright	Hildebrandt
Browning	Cross, Tex.	Faddis	Hill, Ala.
Brumm	Crosser, Ohio	Farley	Hill, Knute
Brunner	Crowe	Fernandez	Hill, Samuel B.
Buckbee	Crump	Fitzgibbons	Hoeppel
Bulwinkle	Cullen	Fitzpatrick	Hoidale
Burnham	Cummings	Flannagan	Hope
Busby	Dear	Fletcher	Howard
Cady	Delaney	Focht	Imhoff
Cannon, Mo.	De Priest	Foulkes	Jacobsen
Cannon, Wis.	DeRouen	Frear	James
Carden, Ky.	Dickinson	Frey	Jeffers

Jenckes, Ind.	McCormack	Ramsay	Swank
Jenkins, Ohio	McFadden	Ramspeck	Sweeney
Johnson, Minn.	McFarlane	Randolph	Swick
Johnson, Okla.	McGrath	Rankin	Taylor, Colo.
Johnson, Tex.	McKeown	Ransley	Taylor, S.C.
Johnson, W.Va.	McLeod	Rayburn	Taylor, Tenn
Jones	McMillan	Reece	Terrell, Tex.
Kahn	McSwain	Richards	Thomason
Kee	Maloney, Conn.	Robinson	Thompson, Ill.
Keller	Maloney, La.	Rogers, N.H.	Thompson, Tex.
Kelly, Ill.	Mansfield	Rogers, Okla.	Thurston
Kelly, Pa.	Marland	Romjue	Traeger
Kennedy, Md.	Marshall	Rudd	Truax
Kennedy, N.Y.	Martin, Colo.	Ruffin	Turner
Kenney	May	Sabath	Turpin
Kerr	Mead	Sadowski	Umstead
Kinzer	Meeks	Sanders	Underwood
Kleberg	Miller	Sandlin	Vinson, Ga.
Kloeb	Milligan	Schaefer	Vinson, Ky.
Kniffin	Mitchell	Schuetz	Waldron
Knutson	Monaghan, Mont.	Schulte	Wallgren
Kocialkowski	Montet	Scrugham	Walter
Kopplemann	Moran	Secrest	Warren
Kramer	Morehead	Seger	Wearin
Kurtz	Mott	Shallenberger	Weaver
Kvale	Muldowney	Shannon	Weideman
Lambertson	Murdock	Shoemaker	Welch
Lambeth	Musselwhite	Sinclair	Werner
Lamneck	Nesbit	Sirovich	White
Lanzetta	O'Brien	Sisson	Williford
Larrabee	O'Malley	Smith, Wash.	Wilson
Lee, Mo.	Owen	Smith, W.Va.	Withrow
Lehr	Palmisano	Snyder	Wolcott
Lemke	Parker	Somers, N.Y.	Wolfenden
Lesinski	Parks	Spence	Wolverton
Lindsay	Parsons	Stalker	Wood, Mo.
Lloyd	Patman	Steagall	Woodruff
Lozier	Peavey	Strong, Pa.	Young
Ludlow	Pierce	Strong, Tex.	Zioncheck
Lundeen	Plumley	Stubbs	
McCarthy	Polk	Studley	
McClintic	Pou	Sullivan	

NAYS—104

Andrew, Mass.	Corning	Lewis, Colo.	Richardson
Andrews, N.Y.	Culkin	Lewis, Md.	Robertson
Ayres, Kans.	Darden	Luce	Rogers, Mass.
Bacharach	Darrow	McDuffie	Sears
Bacon	Drewry	McGugin	Simpson
Bakewell	Eaton	McLean	Smith, Va
Beck	Evans	McReynolds	Snell
Beedy	Fiesinger	Mapes	Stokes
Biermann	Fish	Martin, Mass.	Sutphin
Bland	Ford	Martin, Oreg.	Taber
Boehne	Foss	Merritt	Tarver
Bolton	Gifford	Millard	Terry, Ark.
Buchanan	Goodwin	Montague	Thom
Buck	Goss	O'Connell	Thomas
Burch	Hancock, N.Y.	O'Connor	Tinkham
Burke, Nebr.	Harlan	Oliver, Ala.	Tobey
Byrns	Harter	Oliver, N.Y.	Treadway
Caldwell	Hartley	Perkins	Utterback
Cavicchia	Higgins	Peterson	West, Ohio
Christianson	Hollister	Pettengill	West, Tex.
Claiborne	Holmes	Peyser	Whitley
Clarke, N.Y.	Huddleston	Powers	Whittington
Cochran, Mo.	Hughes	Prall	Wiggiesworth
Coffin	Lanham	Reed, N.Y.	Wilcox
Cole	Lea, Calif.	Reilly	Wood, Ga.
Cooper, Ohio	Lehlbach	Rich	Woodrum

NOT VOTING—14

Brown, Ky.	Deen	Moynihan, Ill.	Wadsworth
Burke, Calif.	Dingell	Norton	Williams
Carley, N.Y.	Gasque	Reid, Ill.	
Crowther	Hamilton	Sumners, Tex.	

So the motion was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Moynihan of Illinois (for) with Mr. Wadsworth (against).

General pairs:

Mrs. Norton with Mr. Crowther.
Mr. Carley of New York with Mr. Reid of Illinois.
Mr. Sumners of Texas with Mr. Brown of Kentucky.
Mr. Gasque with Mr. Dingell.
Mr. Williams with Mr. Deen.
Mr. Burke of California with Mr. Hamilton.

Mr. COX. Mr. Speaker, because of the statement of the Chairman of the Committee on Ways and Means to the effect that his committee had not had time to consider this measure——

Mr. RANKIN. Mr. Speaker, a point of order.

Mr. COX. And in order to protect the organization of the House and permit it to function in a normal way, I voted "no" on the motion to discharge; but, in view of the fact that a majority of that committee has indicated a desire that this bill be taken from it, I change my vote from "no" to "aye."

The result of the vote was announced as above recorded.

On motion by Mr. BLANTON, a motion to reconsider the vote by which the motion was agreed to was laid on the table.

VETERANS' ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 1) to provide for controlled expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates; and pending that motion I should like to have some agreement as to time for general debate.

Mr. FISH. Mr. Speaker, I ask for recognition against the bill.

Mr. PATMAN. I should like to know if the gentleman from New York will agree that we have 30 or 40 minutes of general debate on each side, and then the bill be taken up under the general rules, and those who did not have an opportunity to speak in general debate may have that opportunity under the 5-minute rule.

Mr. FISH. I am anxious to go along with the gentleman as far as I can, but this is a very important matter, and I think there should be at least a minimum of 1 hour on each side.

Mr. PATMAN. I hope the gentleman will agree on 45 minutes to the side.

Mr. FISH. No. I think 1 hour on a side is the very minimum. It ought to be more than that, as a matter of fact.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that there be 2 hours' general debate, the debate to be confined to the bill, the time to be equally divided and controlled by the gentleman from New York [Mr. FISH] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

Mr. PARKS. Reserving the right to object, I should like to ask what would be the effect if this bill is considered under the general rules of the House without unanimous consent?

Mr. BLANTON. It will be extended over about 3 days.

Mr. PARKS. I think that would be a pretty good idea.

The SPEAKER. In that event, any Member getting recognition by the Chair would be entitled to 1 hour in Committee of the Whole.

Is there objection to the request of the gentleman from Texas?

Mr. CANNON of Wisconsin. Yes, sir; there is objection. I object to it. I think that anything that is done here now should be done immediately. Everybody knows what is going to be done, and we should not allow this time for the purpose of Members having their names appear in the CONGRESSIONAL RECORD tomorrow morning.

The SPEAKER. Does the gentleman from Wisconsin [Mr. CANNON] insist on his objection?

Mr. CANNON of Wisconsin. I reserve the objection for the purpose of saying that I have had a petition on the desk——

Mr. PETTENGILL. Mr. Speaker, regular order.

Mr. SNELL. Regular order, Mr. Speaker.

The SPEAKER. Does the gentleman from Wisconsin insist on his objection.

Mr. CANNON of Wisconsin. I will withdraw my objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Texas [Mr. PATMAN].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the con-

sideration of the bill (H.R. 1) providing for the payment of the veterans' adjusted-service certificates, with Mr. CANNON of Missouri in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

CAREFULLY PREPARED BILL

Mr. PATMAN. Mr. Chairman, I hope each Member of the House will obtain a copy of House Resolution 1 and read the bill over carefully. It represents the combined and best thought of the people in this country who have given this matter so much consideration for many years.

The first bill, calling for the full and immediate payment of adjusted-service certificates, was filed in 1929. Since that time, in each session of Congress, other bills have been filed and have improved on the previous bills. The pending bill represents the best thought of the Members of Congress and those in this Nation who have given this matter consideration for the last 5 years. It was drawn by the legislative drafting service. The Treasury Department, 2 years ago, frankly informed us they were opposed to the legislation, but would cooperate in an effort to help prepare a bill that could be easily administered in the event such a bill should be passed by Congress. The Administrator of Veterans' Affairs assured us that he was not in favor of the legislation, but he would be glad to cooperate in order to make sure that the bill was drawn in such a way that it could be easily administered in the event it were enacted.

The Members of Congress who have been sponsoring this legislation were consulted; the 10 members of the Ways and Means Committee, who sponsored it in 1932; the gentleman from Massachusetts [Mr. CONNERY], the gentleman from Mississippi [Mr. RANKIN], the gentleman from Tennessee [Mr. BROWNING], the gentleman from Alabama [Mr. JEFFERS], the gentleman from Kentucky [Mr. VINSON], the gentlemen from Minnesota [Mr. BOILEAU, Mr. LUNDEEN, and Mr. KVALE], the gentleman from Oklahoma [Mr. JOHNSON], and other Members of the House too numerous to mention, were consulted about the drafting of this legislation. We believe it is the best bill that has been introduced along this line. We had a meeting on yesterday, attended by 100 Members of the House. We considered this a good attendance, in view of the bad weather existing. After discussing this bill from every angle and discussing many amendments, we decided it could not be improved upon; and we are going to ask that you take the bill and pass it as you find it today.

THIS MONEY WILL EQUAL TWO CROPS IN AGRICULTURAL SECTION

I have before me a speech made on the floor February 20, 1932. I have some extra copies here at the table. It shows the amount each county in the United States will receive in the event these certificates are paid in cash. The amount set opposite the name of the county represents the remainder that is due and which will be paid in the event this bill becomes a law. It will represent at least two crops in an agricultural section; it will be equal to that.

WHAT WE MUST PROVE

I shall speak to you very frankly, as I always do whenever I appear before the Ways and Means Committee in regard to this legislation. Unless we can prove that this legislation will be a benefit to the entire country first; and, second, that the amount is really due now and past due, we are not entitled to win; but, Mr. Chairman, we can prove that these certificates, if they are now paid, will benefit everybody, not just the veterans. It will place $2,200,000,000 throughout the Nation, reaching to every nook and corner. It will give to 3,550,000 veterans an average amount of a little better than $500. It will be paid in new money, not in credit.

EVERY DOLLAR WILL MEAN FROM $15 TO $45 IN BUYING POWER

This money will go into the channels of trade in the local communities where it is paid to the veterans. Each dollar so paid will not mean just $1 to each veteran, but from $15 to $45 for every $1 that goes to the veteran, for it will circulate from 15 to 45 times in the community. Therefore, it will increase the buying power of this Nation from $15 to $45 the next year for every $1 that is paid under the terms of the bill.

Furthermore, when this $1 is used it moves along; it will go into your local banks and there become a basis for $10 additional credit for each $1 that is paid. It will extend the credit in your community not only for veterans but will help everybody; and everyone here knows the need for credit in this country at this time. If we do not have credit facilities, we cannot have a prosperous country.

DALLAS FEDERAL RESERVE BANK

The Dallas Federal Reserve Bank has in cash and in gold over $100,000,000, yet it has in loans outstanding, I am told, just $30,000. How can the banks of the Dallas Federal Reserve District properly serve the people under such conditions? The small banks and bankers of that area are getting blamed by the people when the Federal Reserve bank is entitled to a large share of the responsibility. Our banks cannot meet the credit needs of the people and industry without the support of the Federal Reserve banks. The Federal Reserve banks have failed and refused to perform their function of extending credit at the time the people need credit. Therefore, it is incumbent upon the Members of this House to read the Constitution of the United States and see for themselves whose duty it is to issue money and perform that duty.

SHOULD POWER TO ISSUE MONEY BE FARMED OUT?

Do you want to farm this great privilege out to a few bankers and let them use the credit of this Nation free of charge forever, or do you want to use the credit of this Nation in a way which will help everybody? This is the issue involved. Read the Constitution; it is very plain on this point.

Mr. CANNON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. For a question only.

Mr. CANNON of Wisconsin. I am in complete agreement with the gentleman's argument. I have a petition at the Speaker's desk to call in $13,000,000,000 of the tax-exempt bonds held by the big bankers of New York.

Mr. PATMAN. The gentleman knows my views on that.

Mr. CANNON of Wisconsin. But the gentleman from Texas has not signed my petition.

Mr. PATMAN. I am in favor of bringing them all in, not just $13,000,000,000. We can pay the entire national debt with new money and not have undue inflation by raising the reserve requirements of banks.

HOW BANKS GET MONEY ON GOVERNMENT OBLIGATIONS

Now, in regard to the use of the Government's credit, a national bank belonging to the Federal Reserve System can deposit with that System a Government bond payable July 1, 1945, and money will be issued against that bond. If it is a bond for $1,000,000, the bank can deposit that bond with the Government and receive $1,000,000 in new money in return, with the exception of 5 percent as a reserve, and he will get interest on the bonds, too. He is using the credit of this Nation free of charge and getting paid for it in addition.

The adjusted-service certificates are backed by the same assets that are back of the Government bonds. Why not use the certificates for the purpose of furnishing a circulating medium? They are backed by the credit of this Nation. They are made payable at the same time, January 1, 1945. The veteran should be allowed the privilege of depositing these obligations and receive the same consideration the bankers receive. This will save the Government money, because the Government will not pay the veteran interest annually on the collateral security deposited for the money.

Therefore, if you say for argument's sake—and I do not agree that it is true—that the certificates are not due until January 1, 1945, are you not willing for the credit of this Nation to be used by these veterans in a way in which it will help everybody, save this country a billion and a quarter in money between now and 1945, and in addition, save more

than $10,000,000 in administration expenses? You are permitting the bankers to use Government credit every day. Why should you not let the veterans do the same thing?

HOW A BILLION AND A QUARTER DOLLARS CAN BE SAVED

Mr. SNELL. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New York.

Mr. SNELL. I understood the gentleman to say that the Government would save a billion and a quarter dollars. I wish he would explain his statement in that regard. I am interested in the gentleman's statement.

Mr. PATMAN. The present law provides that $112,000,000 a year shall be put aside in a fund for the purpose of redeeming the certificates in 1945. This bill provides for the repeal of that part of the law. This money will not have to be paid, and it will save $112,000,000 in appropriations each year until 1945 and such additional amount as might be required at that time, which will certainly be a billion and a quarter dollars in all.

Mr. SNELL. The gentleman could save $15,000,000,000 by using all of the national debt in exactly the same way.

Mr. PATMAN. That is very true. Of course you would have to retire it; you would not want to keep that much out permanently. We only have five and a half billion dollars in circulation now, may I say to the minority leader; and if we put out this $2,200,000,000, we will have less than seven and a half billion dollars outstanding, which is less than the total amount of gold held in the Treasury and by the Federal Reserve banks. We will have more than 100 percent in our coverage.

Mr. CANNON of Wisconsin. Will the gentleman yield? I am in sympathy with the gentleman's argument.

Mr. SABATH. The gentleman from Texas said that there are five and a half billion dollars in circulation. He means there are five and a half billion dollars outstanding but not in circulation.

Mr. PATMAN. Theoretically in circulation.

Mr. SABATH. But it is not in circulation.

HOW CURRENCY MAY BE CONTROLLED

The CHAIRMAN. Does the gentleman yield; and if so, to whom?

Mr. PATMAN. I did not yield to anyone except for the purpose of asking a question about this bill.

Mr. CANNON of Wisconsin. That is exactly what I am talking about.

Mr. BLANTON. Mr. Chairman, I make the point of order that the gentleman from Wisconsin is not in order.

Mr. PATMAN. Mr. Chairman, the theory of this bill is that the $2,200,000,000 will remain a part of the permanent circulating medium of this country. I presume we have a right to assume that this Nation will always be as wealthy and have as many people and need as much in the form of a circulating medium as they have today, if not more; therefore, there will not be a need to withdraw this money; but if the commodity prices should rise too high, we have included the same principle as is in the Goldsborough bill, which gives the Secretary of the Treasury the right to contract currency but not to take one dollar of this money out of circulation. This bill says if it is necessary for the currency to be contracted, that the first money that shall be taken out shall be this borrowed money where the banks put up 3⅜ in bonds under the Glass-Borah amendment and receive in return the same amount in new money, and also receive interest on the bonds. We ask that that money be taken out of circulation first.

DISCRETIONARY POWER TO CONTRACT

Next we ask, if there is need for additional contraction, that the national-bank notes that are outstanding to the amount of a billion dollars or so be taken out of circulation, but not one dollar of this money is to be taken out of circulation. This is to remain a part of the permanent circulating medium of this Nation. The bill also provides other ways of contracting and adjusting the money supply. These powers are not compulsory; they are discretionary.

NO ONE WILL BE PAYING INTEREST ON THIS MONEY

May I tell you a need for this? We have recently taken out of circulation a large sum in the form of gold certificates amounting to almost a billion dollars. That money was in circulation. Nobody was paying interest on the money while it was in circulation. It has been taken out. We want to put more money into circulation on which no one will be paying interest while it is in circulation. Take the Federal Reserve notes, money that is issued under the Glass-Borah amendment and the Glass-Steagall amendment, and all these other provisions which allow the Federal Reserve banks to get money in return for bonds. Someone is paying interest on every dollar of that money that is outstanding. We should have some circulating medium upon which no one is paying interest. After taking the gold certificates out, we only have about a billion dollars remaining in the form of United States notes and silver certificates upon which no one is paying interest.

SAME KIND OF MONEY NOW IN CIRCULATION

This bill provides that United States notes shall be issued. That is the same kind of money that is in circulation today. It will be just exactly like the money you use every day. It will be backed in identically the same manner as the present United States notes. Section 408 of title 31, a part of the act of March 2, 1900, shall apply to this money. This means that every dollar of the money that is issued will be backed by all the gold in the general fund of the United States Treasury, and we have in the general fund of the Treasury today $3,126,000,000. You will recall that a while back, in connection with revaluation, as one witness expressed it, the Government reached out into thin air and drew down almost $3,000,000,000 in free gold. This money is in the Treasury of the United States unallocated, unencumbered, and unobligated. You can lay $2,000,000,000 aside for the stabilization fund and still have enough remaining to back this money with a 40-percent gold reserve and still have plenty of gold left.

So, having the money to pay, where the debt can be paid without a bond issue, without increasing the taxes, without incurring any other obligation in any fashion, do not you think that we are fortunate that we can put the money into circulation in this manner where it can benefit everybody?

Mr. BLANCHARD. Will the gentleman yield?

Mr. PATMAN. I will yield.

Mr. BLANCHARD. How much money have the banks put out?

Mr. PATMAN. The banks are not putting out money. The Federal Reserve banks have failed to function, and the Constitution says that Congress shall issue the money and regulate its value.

Mr. EAGLE. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. EAGLE. I will answer the gentleman from New York; $2,000,000,000 lie idle. One year ago, owing to the banking situation, they called in a billion of outstanding currency.

Mr. ANDREWS of New York. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. ANDREWS of New York. The gentleman says that the Government is required to set aside $112,000,000 each year.

Mr. PATMAN. Yes.

Mr. ANDREWS of New York. Does the gentleman know whether that has been done, and does not the gentleman think it would be better to pay the veterans $112,000,000 each year until 1945?

Mr. PATMAN. No; that is not the way to do it.

Mr. MAY. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MAY. Based on the present gold reserve, what amount of currency could be issued legally?

Mr. PATMAN. Eight billion dollars on the gold in the Treasury alone, and $7,000,000,000 additional on the gold in

the Federal Reserve banks. If we are not going to expand or issue new money on the gold base, devaluation will not amount to anything.

CASH INTO HANDS OF MASSES

This bill will put cash money in every nook and corner of the Nation, into the hands of nearly 4,000,000 World War veterans, who will use it to purchase comforts and necessities of life, pay debts, taxes, and otherwise place it into the channels of trade and production. This money will find its way into the banks all over the Nation and will be used as a reserve for the issuance of additional credit, thereby helping everybody in every community.

IF THIS BILL IS ENACTED

First. It will save the Government more than a billion dollars, or $112,000,000 a year for 12 years.

Second. It will save the Government more than $10,000,000 in administration expenses of the Adjusted Compensation Act between now and 1945.

Third. It will pay a debt heretofore confessed by the Government to the veterans for services rendered. It is no bonus. The term "bonus" is a misnomer.

Fourth. It will be granting to the veterans the right to deposit a Government obligation and receive in return therefor new currency, the same right that is now enjoyed by Federal Reserve banks and all national banks.

Fifth. It will prevent the veterans from losing a valuable equity by releasing them from the payment of compound interest on their loans. Veterans, who have borrowed 50 percent under the present law, will have very little remaining in 1945. It is not right for the Government and the banks to consume these valuable equities by requiring the veterans to pay compound interest on their own money.

Sixth. It will require no bond issue, no increase in taxes, no additional interest payment by the Government. The debt must be paid some time. Everybody will be helped if it is paid now.

Seventh. The Treasury holds in the general fund $3,126,000,000 in gold. It is unencumbered. This does not include the gold owned by the Federal Reserve banks. This is sufficient gold to issue $8,000,000,000 in new currency without reducing the gold reserve less than 40 percent. No nation on earth has ever claimed that more than a 40-percent gold reserve as a reserve for issuing money is required.

Purchasing power must be placed in the hands of the masses. In this way, it can be distributed quickly without the possibility of graft or favoritism. It is the best plan that has been proposed to be used as a vehicle to convey additional money into the hands of those who will buy goods.

HOW OTHERS USE CREDIT OF NATION

Under subsection 1 of section 3 of the bill, it is provided that the circulation privilege extended certain bonds may be abolished if there is too much money in circulation at any time. Let me explain what I mean by that. The national banks of the Nation are capitalized for about $1,590,000,000. Under the present law, these banks may deposit with the United States Treasury bonds bearing interest at a rate not in excess of 3⅜ percent and receive in return therefor $1,590,000,000 in new currency, the same kind of money we propose to issue in this bill. The only obligation is that the bank will keep on deposit at the Treasury 5 percent of the amount of such money for redemption purposes. This places the Government in this idiotic position. The Government sells to the bank a thousand-dollar bond drawing 3⅜-percent interest, or $33.75 interest for a year. The bank immediately redeposits the bond with the same United States Treasury that sold it to the bank, and receives in return therefor $1,000 in new money. Fifty dollars of the money is left on deposit with the Treasury. The bank gets the use of the money and also gets interest on the bonds deposited. There is a small charge of one half of 1 percent against the bank for expenses in connection with the issuance and reissuance of the money. Therefore banks can take Government obligations due in 1945 and receive new money in return for them, and at the same time get interest on the obligations. Why is it not fair to let the veteran take his obligation, made payable in 1945, and receive money in a similar manner? There is no difference in the two obligations. They are both made payable in 1945; they are both backed by the credit of this Nation; they are both obligations of this Nation. Money purchased one, services purchased the other. If it is fair for the bank, it is fair for the veterans. The National City Bank (Mr. Mitchell's bank) can obtain $124,000,000 in this way. The Chase National Bank (Mr. Wiggins' bank) can obtain $148,000,000 in this way. Certainly banks take advantage of this opportunity.

Under this bill, if there is too much money in circulation, the bank will be required to return their currency, or part of it, and receive their bonds in exchange, thereby taking a certain amount of money out of circulation.

BLANKET MORTGAGE

Under the present law a Federal Reserve member bank may deposit Government obligations, payable in 1945, or any other time, regardless of the amount and regardless of the amount of its capital stock and may receive the same amount in new Federal Reserve notes. These notes are new money and are guaranteed by the United States Government. The wording on each note speaks for itself. It is a blanket mortgage on all the property and the incomes of all the people in this Nation. It is enjoyed by a few at the expense of the many. The banks also receive interest on the Government obligations while they are on deposit, but are required to pay the rediscount rate to the Federal Reserve banks, which is considerably less than the interest on the Government bonds. [Applause.]

Mr. FISH. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, the gentleman from Texas has devoted almost all his remarks to the question of inflation. It seems that his motive is not primarily solicitude for the veterans but that his main purpose in securing the discharge of this bill from the consideration of the Committee on Ways and Means is to embarrass the Congress and the President by the premature introduction of the subject of money. The public had understood, the veterans themselves had understood, that the sole object of this measure was to advance the payment of the bonus. To that object we find tied, artificially and unnecessarily, a program for replacing our present currency system with that of what is called "managed currency", a program that ought to be considered quite by itself, with long and thorough discussion. It involves resort to printing-press money. Last Saturday evening over the radio I discussed the monetary situation with observations relating to printing-press money that may be pertinently repeated at this point if the House is good enough to give me unanimous consent to extend my remarks in the RECORD, and I so request.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to revise and extend his remarks. Is there objection?

There was no objection.

Mr. LUCE. Through 12 months President Roosevelt has addressed himself to three R's—not Reading, 'Riting, and 'Rithmetic, but Recovery, Relief, and Reform.

Of relief it need here be observed only that it will have enormously increased the public debt and will thereby make sound financing more important than ever.

Reform, however desirable it may be of itself, embroils the monetary situation by delaying return to prosperity. The evils at which it is aimed had nothing to do with creating a world-wide depression, and their cure will do nothing toward allaying the fears that caused this depression. Meanwhile, by disturbing industrial practices and business relations, it postpones the natural readjustments demanded by a dislocated financial structure. When a man's ribs are broken, it is no time to shake him.

Recovery is the field where money plays important part. Let us see if from what has taken place in that field we can guess what will take place.

The Democratic platform said: "We advocate a sound currency to be preserved at all hazards." In a speech at Albany on the following 30th of July, Mr. Roosevelt, nomi-

nated for President, said: "Let us have equal courage to insist on a sound currency." Just before the election, in November, he quoted the words of the platform, "a sound currency to be preserved at all hazards", and added, "I have announced my unqualified acceptance of that platform." In his inaugural message on the following 4th of March he said: "There must be provision for an adequate but sound currency."

For centuries the phrase "sound money" has been taken to mean metallic money or other forms of money interchangeable with metallic money at pleasure. So it was understood by the people of the United States.

Twelve months later we find ourselves with a currency consisting of paper tokens, not a dollar of which can be exchanged for metal of corresponding market value to be used for money within the borders of this country. In effect, we have an irredeemable paper currency. The wildest imagination could not conceive this to be the sound currency the people were guaranteed.

However strongly I may feel about whether the President was justified in thus reversing his position, I do not tonight raise that issue but would confine myself to facing the fact and drawing conclusions therefrom.

The President set out to relieve the debtors of the land by raising prices to their level of 8 years ago so that debts could, on the average, be paid with buying power equal to that which was then borrowed. You cannot understand how he hoped to do it unless you get firmly in mind and keep constantly in mind that as money cheapens, prices rise; as money becomes more valuable, prices fall. Those are two ways of saying the same thing. If, then, the debtors were to be helped, somehow prices must be raised, in other words, money cheapened, that the farmer in debt might get more for his crops and the wage earner in debt get more for his day's work, with which to pay off his mortgage or meet his note.

The first step the President took to this end was by way of getting Congress to turn over to him almost complete power over coinage and currency, power that the Constitution had entrusted to Congress alone and as to the right to delegate which there is the gravest doubt. However, facing the accomplished fact, observe what followed. At the President's request, Congress, by what is known as "The Repudiation Bill", helped the President take value out of the dollar by annulling all promises to pay gold, on the ground that they were contrary to public policy. Then last fall, here and abroad, we began buying all the gold we could, at prices higher than anybody else would pay. In a few weeks it became apparent that this was accomplishing nothing toward the desired end, and it seems to have been abandoned. Prices were refusing to rise to any material degree, save of those commodities artificially forced up by the workings of the N.R.A. and the processing tax on staple foods. So, again at the President's behest, Congress a few weeks ago passed what is known as "The Devaluation Bill", confiscating all the gold owned by the Federal Reserve System, impounding that and all other gold in the vaults of the Treasury, making it illegal for any citizen to have any gold except for the needs of foreign trade and for use in the arts, and making our currency irredeemable in metallic money of corresponding market value.

These steps have taken us no long way toward the goal, namely, the price level of 1926. The President has not shown any intention of changing his mind about that goal. What further step is possible?

I know of but one, an ancient step, one taken again and again and again through the centuries, that of swelling the volume of currency, what we call inflation. Again and again and again it has worked havoc, wrought ruin, destroyed happiness, created misery. With famine and pestilence it has ranked as one of the scourges of mankind. Once more it threatens. The House of Representatives would vote for it tomorrow if given the chance. It would probably get the approval of the Senate.

There can no longer be any valid question about the desirable volume of cash currency. Bear in mind that there are two kinds of currency. One we call cash, the money we carry in our pocketbooks or keep in our tills; the other we call credit currency, the kind that we put into the banks, and against which we draw checks, a kind of currency comparatively new and one that is so much disregarded by the inflationists as to spoil most of their arguments.

They refuse to recognize that nowadays most of the transactions of the country are conducted by the use of checks, 92 percent of it indeed, according to the best estimates. I have had the curiosity to classify my own transactions in 1933 and find just 92 percent of them were by the use of checks, 8 percent with cash, and there is no reason to suppose my own case exceptional.

Yet even with this great change in our habits, there is outstanding almost exactly twice as much cash currency per capita as there was in 1896, the year when Bryan ran. And no more can be kept out than the people are willing to use. It is absurd to think that by legislation they can be either forced to carry about with them more than they find convenient and safe, or to keep it in cash drawers or safes or hidden in their houses. No matter how you tried, whether by paying Government running expenses or bonds or bonuses, the people would carry to the banks all they do not need for daily use or to have on hand for emergency.

If you cannot keep in circulation more of cash currency, only one other door is open, that of the bank, the institution that handles credit currency. In the expansion of that form of money we have made another step of great importance, also one not recognized by the inflationist. We have created the Federal Reserve System, which has by several fold multiplied the possibilities of credit currency. We have so provided that under normal conditions the supply of this adjusts itself automatically to the needs of agriculture, industry, commerce, and all other forms of social activity. Conditions now are, to be sure, not normal, but if we catch up with the rest of the world, they presently will be. Enlarging credit beyond the need will but postpone that happy outcome.

Many who are expert in these things doubt if what has been done will raise the price level to that of 1926, but if currency inflation should do that, it will be at the expense of wage and salary earners, for invariably wages and salaries rise more slowly than prices. In the Civil War period, for instance, when the cost of living more than doubled, wages rose less than one half. Furthermore, the holders of 60,000,000 pass-books attesting thrift accounts will have seen two fifths of their buying power disappear. The value of 120,000,000 life insurance policies will have shrunk to the same extent. The same thing will have happened to all pensions and veterans' allowances.

In the meantime all enterprise will have been checked. The one prime requisite for recovery is a renewal of confidence on the part of those who lead in enterprise. Until they know what will be the buying power of money changing hands upon the performance of contracts, they dare not plan save from day to day. By making our money irredeemable, we have made it impossible to know what is likely to be the buying power of dollars a month or a year from now. We have cut the cable that kept currency from doing more than rise and fall with the tides of business. The currency float is adrift and nobody knows where it may be swept by wind and flood. The cable should be replaced. Once more there should be a definite standard of value. Then farmer and manufacturer and merchant will take heart. Then recovery will be assured.

Mr. FISH. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I have not followed the President of the United States since he turned his back on the veterans with war-service-connected disabilities and the Spanish War Veterans, but on this particular legislation I propose to follow him all the way through. On the other hand just as soon as the independent office bill comes before the House I propose to vote for a full restoration of the benefits for the real disabled veterans and for the Federal employee. I was very much interested in the remarks of the gentleman from Michigan when he resurrected the Democratic national

platform. It is about time that document was brought to light by some Democrat for with the exception of the repeal of prohibition it is difficult to find any promises or pledges contained in the Democratic national platform that have been kept. The "brain trust" has seen to it that no essential obligation has been fulfilled and that most every important commitment has been either disregarded or repudiated.

It is the first speech that I have heard in recent days from a Democratic source that even dared to mention the existence of such a document as the Democratic national platform. I agree with the distinguished gentleman from Massachusetts, that there is far more support back of this bill on account of the inflationary proposals and the issuance of printing-press and fiat money than merely the merits of the bill, as far as the veterans and their interests are concerned. If this bill goes through, providing for printing-press money in excess of $2,000,000,000, it will be the beginning of the wildest inflation that this country has ever known. Both the American Legion and the American Federation of Labor are opposed to inflation and the use of fiat money, and have openly declared against such unwise and unsound monetary policies that have always brought disaster and ruin to the wage earners in every nation that they have been tried. The real test in the pending bill is, and I know, for one, if I believed in printing-press and fiat money and greenback inflation, I would vote for the bill, because that is far more important as an issue than the question involved of paying the adjusted-service certificates to the veterans at this time. If you are ready to start the printing presses going, and to create an enormous inflation that will never end, then vote for the bill. You might just as well pay the Army appropriations, the Navy appropriations, the Agricultural appropriations, in fact, all appropriations, by exactly the same method—by just starting the printing presses and calling on the Bureau of Printing and Engraving to issue any number of billions of dollars that may be required to run the Federal Government and pay its debts.

Mr. BUSBY. Will the gentleman yield?

Mr. FISH. I am sorry not just now. I voted for the adjusted-service certificate bill on two occasions. I voted to override the veto of two Presidents of my own party. I never apologized for doing it. I did it openly and advisedly, but I am opposed to this legislation primarily because the bill does not provide any way of paying the bonus at this time except through the printing-press method.

Mr. BUSBY. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. FISH. No. Not just now.

Mr. BUSBY. I want to correct that printing-press proposition.

Mr. FISH. I do not yield at the present time. If we are going to indulge in printing-press methods, I would prefer to pay such money to the unemployed, to the millions of unemployed in this country for the maintenance of their families. Then again, and this is no criticism upon the overwhelming majority of the House who will vote for the bill, but in view of the President's statement that he will veto it, in view of the situation in the other body where it is doubtful that it will even pass, I regard this measure as a political gesture and as an attempt to kid the veterans into believing something is being done for them when actually nothing is being done for them.

I naturally assume that the Members of the House are voting for the bill on the merits of the proposition, but just the same it amounts to a political swindle, as far as the veterans themselves are concerned, because they are not going to get one red cent out of this measure, and we all know it, no matter how we vote, whether we vote on the merits of the bill or not. This is nothing but a political ride for the veterans and will not deceive many of them. The proof of the pudding is in the eating, and I will apologize openly for being a poor prophet if this bill becomes a law at this session of Congress. From my experience of 14 years here I know that it has not a scintilla of chance of being enacted into law, and, therefore, it amounts to nothing more than a political gesture. It is just an attempt to kid the veterans and give them a political joy ride. If you want to do something for the veterans that is constructive and worth while and helpful, reduce the rate of interest on these adjusted-service certificates from 3½ percent, which it is at the present time, down to 1¾ percent or maybe to nothing at all, so that there will be something left in these adjusted-service certificates when they mature or when they are paid off.

Mr. YOUNG. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. YOUNG. Is it not a fact that approximately 528,000 veterans have not as yet borrowed upon their adjusted-compensation certificates and that those veterans are obviously not in need at the present time, and would not this be a better bill if it were amended to eliminate those veterans and other veterans who are not in need? Then should we not go further and eliminate altogether that interest charge, instead of reducing it?

Mr. FISH. I think there is a great deal in what the gentleman says, but I am afraid the gentleman will find that it will be very difficult to amend the bill at all. I understand it is the desire of those in charge of the bill, and they apparently have the votes, to rush the bill through today after a limited amount of general debate, and I take it they will control the legislation, and it is unlikely that any amendments will go through. I can think of a half dozen amendments that I would like to propose myself. I could think of a number of amendments that, if adopted, would cause me to vote for the bill, striking out particularly the printing-press method of paying the certificates, but I do not believe there is a chance of getting any amendment adopted at all.

Mr. RANKIN rose.

Mr. ELLENBOGEN. Mr. Chairman, will the gentleman yield?

Mr. FISH. I cannot yield to everybody. The question is raised, How can you pay the certificates? I would vote for the bill if you put on a sales tax to pay for them, but I know that that will not go through.

Mr. SIROVICH. Would that be enough to pay the soldiers?

Mr. FISH. It would if you adopt the amendment just suggested by the gentleman from Ohio [Mr. YOUNG]. If you limit this bill to the payment of adjusted-service certificates to those veterans with war-service-connected disabilities and those with nonservice disabilities who are more than 25 percent disabled, you could pay it, and that would cost approximately $300,000,000. You could provide means to do that in this session of Congress, but as the bill stands, if you vote for it, you cannot get away from the bald fact that you are voting for fiat money, greenbacks, and for the most gigantic inflation in the history of the United States.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. FISH. The gentleman has just spoken for 20 minutes and I do not want him to take my time.

Mr. PATMAN. I want to ask the gentleman a question about fiat money.

Mr. FISH. I shall take that up later.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. RANKIN. I just wanted to ask the gentleman if he would vote to cancel all of the interest on these certificates.

Mr. FISH. I will say to the gentleman that I would, and the reason I would do so is this: That is going pretty far, but the reason is that you have, by congressional action, reduced the dollar to 59 cents. You have reduced the value of these certificates at the same time from $1 to 59 cents. I think it would be only fair to wipe out all the interest payments, and the veterans back home, I am sure, would appreciate it a great deal more if you did something of that kind that is worth while and helpful than this political gesture that you are now indulging in.

Mr. CANNON of Wisconsin. Will the gentleman yield?

Mr. FISH. I cannot yield to everybody. I decline to yield, Mr. Chairman.

Mr. FITZPATRICK. Will the gentleman yield for just a short question?

Mr. FISH. Very well. I will yield for a short question.

Mr. FITZPATRICK. What is the purchasing power of the dollar today as compared with 1928?

Mr. FISH. I cannot give the gentleman the exact figures. I would say that the cost of living has gone up 10 percent in the last few months, since you have devalued the dollar to 59 cents and you propose to increase it 50 percent more if you can.

Mr. FITZPATRICK. I am asking the gentleman, what is the purchasing power of the dollar today as compared with 1928? Is it not greater today?

Mr. FISH. Of course, I appreciate the compliment, but I will tell the gentleman that his party is bending every effort to get the purchasing power back to where it was in 1926 under a Republican administration.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. FISH. I reserve the balance of my time.

Mr. CANNON of Wisconsin. Will the gentleman yield? I have been fair with the gentleman.

Mr. FISH. Very well. I will yield myself another minute to answer the gentleman from Wisconsin.

Mr. CANNON of Wisconsin. I have a bill to do away with these tax-exempt bonds, calling in $13,000,000,000 of them, that is on the desk, and you fellows have got "guts" enough to go up and sign it, and still you stand here day after day and talk about getting rid of these tax-exempt bonds.

Mr. FISH. I should like to ask the gentleman this question: Who is in the majority in this House?

Mr. CANNON of Wisconsin. The Democrats are, and they have not got "guts" enough to go up and sign it. [Laughter and applause.]

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, in considering the payment of the adjusted-service certificates I do not believe that their advance payment prior to 1945 can be justified. These certificates are based upon adjusted-service compensation requested by the veterans' organizations, based upon $1 a day extra for home service and $1.25 a day extra for foreign service. The average amount due the individual veteran was $398; but Congress increased that 25 percent, making the average amount approximately $500. This is the average amount which is actually due the veterans, which they requested and accepted as adjusted compensation. It was issued in the form of a 20-year paid-up life-insurance policy; and the face value of the average policy is $1,000. So when the veteran has received one half he has received 25 percent more than he asked for in the first instance; and in those cases where they have borrowed on the policies, what has actually happened is that they have drawn down their principal and ceased drawing interest. There is no way you can touch these adjusted-service certificates, even though it may be politically expedient to do so, except you do it at the expense of the people of this country; and for my part so long as I am in Congress I do not intend to vote to pay in advance one dollar to any person or to any class of persons. I say this not only as a Member of Congress but also as a veteran. I say that this bonus agitation has been the most unfortunate thing that has befallen the veterans of the World War. [Applause.] Today it stands in the way of just legislation for just benefits for Spanish War veterans and presumptively service-connected World War veterans.

With these introductory remarks, I take the position that there is no way we can justify a vote for the advance payment of these certificates today. Let me consider the manner in which these certificates are going to be paid by this bill. The gentleman from Texas [Mr. PATMAN] is very frank. If you pay one Government obligation with printed money you can pay all of them; and as I understand his statement he chooses to take up the outstanding Government bonds and pay them with non-interest-bearing currency. All right, there is $30,000,000,000 of Government bonds which, added to the present $6,000,000,000 of currency, would give us $36,000,000,000 of currency in circulation, or a 600-percent inflation. Such an inflation will destroy the value of every wage check and of every pension check of war-disabled veterans.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. I cannot yield. The gentleman from Texas has control of the time on his own side. I suggest he answer in his own time.

Mr. PATMAN. Then the gentleman does not want an explanation?

Mr. McGUGIN. Yes; what was the gentleman's statement?

Mr. PATMAN. You change the reserve requirements of the banks so that they cannot loan $10 to every $1 in reserve; you can, of course, take care of the element of inflation so we would have no inflation at all.

Mr. McGUGIN. And have $36,000,000,000 in circulation?

Mr. PATMAN. That is right. Pass legislation so that the banks cannot loan 10 to 1 but only 2 to 1. Just change the reserve requirements, that is all.

Mr. McGUGIN. The gentleman from Texas is pulling a Houdini stunt.

Let us discuss the payment of these adjusted-service certificates on the basis of need. There are some 50 or 60 veterans in this House today drawing $8,500 a year salary. Are we entitled to a bonus which is based on need? Should we be allowed to profit by the poverty and distress of a part of our comrades? No. If we want to print money to take care of needy people and reach the greatest number of people, then let us print money and pay the C.W.A. debts. That will reach both veterans and nonveterans in need.

It has been said we should pay the certificates in advance because the Government is spending money for this, that, and the other. Now, I want to say to my Republican friends: If you vote for this measure you have foreclosed yourself from saying one word in defense of our political existence today. The one real issue we have today is that this administration has not balanced its budget, but has spent money too lavishly. If we Republicans vote for this bill today then we stand in the position of saying that our criticism of this administration is not because it has spent $7,000,000,000 more than it has taken in, but because it has not spent $9,500,000,000 more than it has taken in. [Applause.]

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Minnesota [Mr. LUNDEEN] as much time as he desires.

BILLIONS FOR AMERICA, NOT A DOLLAR FOR THE KINGS OF EUROPE

Mr. LUNDEEN. Mr. Chairman, not long ago Members of Congress voted to give billions to the railroads, billions to the banks, and billions to war profiteers. There was not much argument about that. Not so long ago the American Congress voted to cancel $12,097,667,000—due America from Europe; that is over twelve thousand million dollars—and there was not so very much debate about that vote to turn it over to kings and foreign countries who paid large sums of money to their soldiers. And even now there are those who say we should cancel the balance of European indebtedness to us, an additional $12,000,000,000. They do not hesitate on that. How can they now oppose payment to our soldiers? If we can turn large sums of money over to foreigners and to foreign countries, we can do as much for our own men in America who carried the flag in time of war.

Just now I am handed this telegram from the George R. Wolf Post, No. 425, Veterans of Foreign Wars, Hopkins, Minn. With your permission, I read it, as follows:

Two World War veterans committed suicide in your district March 10. Both men overseas veterans living in Hopkins. Both funerals will be held in Hopkins on March 13. Veterans in this territory are not receiving consideration as promised in administration orders on C.W.A. Thanks for your efforts.

Millions of men are watching our course today, and who shall say that those who have "gone west" into the Great Beyond are not in our very midst? Let us give heed to those who speak to us from the open grave.

Not long ago I heard the able and distinguished Chairman of the Labor Committee, Mr. CONNERY, from Massachusetts, state that 37 Spanish-American War veterans committed suicide in the State of Massachusetts within 30 days after the passage of the Economy Act. This has been going on all over the United States. Thousands of veterans of all wars have passed into the Great Beyond because of vicious, cruel, and inhuman legislation enacted by the Seventy-third Congress and signed by the Chief Executive.

It is time that we listen to the cry of widows and orphans of men who could not bear to see them suffer cold, misery, and hunger—disabled men. Remember, they cannot go out and get a job. They were gassed in war time; their lungs were burned out; some of them are feeble with age and suffering from war-time ailments and wounds. Is there any justice in that?

Now is the time to pay the adjusted-service certificates while these men are with us; when they can use it to protect themselves and their families. Remember, they are American soldiers who wore the uniform and who faced the enemy on the battlefields of war. I am not going to have my children say that I was down here in Washington drawing a salary while I voted to reduce the salaries of the Federal employees below the point of a decent American standard of living, and forced poverty and misery and hunger upon my comrades of long ago.

With your permission, I will read the wire of G. K. Brobeck, legislative representative Veterans of Foreign Wars:

Note statement of Economy League says V.F.W. not representative of service men. Why is Economy League silent on income-tax scandals, mail, and bank scandals. Curran's so-called "Economy League" group represents that part of American life who are living luxuriously through the depression. This is the opinion of half a million overseas men.

With your permission, I will read the wire of James E. Van Zandt, commander in chief of the Veterans of Foreign Wars:

Newspapers indicate pressure being put upon Members by administration relative vote on bonus bill. My visit and personal contact with veterans in every State indicate, not only veterans, but general public favor immediate payment of bonus. Moreover, the devaluation of gold makes it possible to enact so-called "bonus bill" without destroying monetary system. Speaking for World War veterans and families a vote in favor of the bonus means our united, strong support in coming elections.

With the permission of the House, I will read the following letter from the Veterans' of Foreign Wars dated March 8, 1934:

MARCH 8, 1934.

MY DEAR CONGRESSMAN: Information has come to me that you have lately received a letter from Mr. Henry H. Curran, who styles himself "director of the National Economy League", known to all real Americans as the "national comedy league." This letter, I am informed, contained an attack upon the program of our organization for the immediate cash payment of the adjusted-service certificates. You, of course, realize that the National Economy League was formed by the big-business element of our country, who made the billions in war profits.

In the letter written by Mr. Curran he states that the payment of the adjusted-service certificates is asked by only one organization, and we are proud to state that that organization is the Veterans of Foreign Wars, every member of our group having had service on foreign soil or in hostile waters in time of actual war. If you will avail yourself of information which can be obtained from the Congressional Library you will see that the vast majority of the membership of the National Economy League is the type of American that did the cheering while the men who make up our organization marched away to sleep in the mud and trenches of a war. It is interesting also to note that the National Economy League, who claim they are in favor of economy in government, have been strangely silent on such things as income-tax evasion, air- and ocean-mail-contract graft, stock-market graft, and all other forms of governmental corruption which permits many of their membership to take the profit out of peace.

Our organization represents almost half a million American citizens who are a cross section of the plain people of this country who bleed in times of war and suffer economic distress in times of depression. We often wonder what this Nation might have been if the type of grafting, greedy interest, represented by the Economy League, had been in control of this Nation from the date of its founding.

Mr. Curran's statement that the adjusted-service certificate is not due until 1945 is, if properly considered, an inaccuracy. All other war debts are paid to the contractors, shipbuilders, etc., as of the date of the war, but the meager certificate given the fighting men of this country was dated January 1, 1925.

Very sincerely,

JAMES E. VAN ZANDT,
Commander in Chief.

THE PRESS AND THE LUNDEEN MOTION

For some reason or other, the great press of the country insists on twisting and distorting statements about the adjusted-service certificates, and the battle now going on in Congress.

In the issue of March 12, 1934, the New York Times, front page, we find the following statement, as of March 11, 1934. I am reading:

Mr. PATMAN said he was sure he could get the 145 signatures necessary to bring the bill out of the Ways and Means Committee which it has had since the early days of this Congress. After this petition has been made a vote of a majority of the House is necessary to have the bill brought up for discussion.

When the New York Times wrote that, they well knew that the Lundeen motion to discharge the Ways and Means Committee received its 145th signature on the 20th of February 1934, nearly 3 weeks before this statement was made, and yet they seek to mislead the public and give out the impression that we were still trying to get signatures to the motion to discharge the committee.

The New York Times owes the veterans of America an apology for such a misstatement. The records of Congress will show that ERNEST LUNDEEN was the author of the motion to discharge the Ways and Means Committee from further consideration of H.R. 1.

I warn the great press of America that the patience of the soldier boys of the United States is rapidly being exhausted with tactics such as these, and I wish to remind the great press of the country that the Federal employees and veterans' organizations are building up a press of their own. They no longer need to turn to the daily press for information and for truth on pending legislation.

FARMER-LABOR PLATFORM CHAMPIONS VETERANS' CAUSE

The Farmer-Labor platform of Minnesota declares that "We demand the immediate cash payment of all soldier-bonus claims, to be financed by the issuance of Treasury notes and not to be dependent upon a bond issue."

Remember, this plank was written by Legionnaires, V.F.W.'s, U.S.W.V.'s, D.A.V.'s, and members of other veterans' organizations. Our platforms are written by farmers, workers, and veterans, and our platforms are not written "just to get in on." We mean business—don't forget that. When the farmers and workers and veterans rule America you will have soldier justice, and a square deal for farmers and American labor. If you want more information on this subject, write the Farmer-Labor Leader, St. Paul, Minn.

AMERICAN LEGION POSTS FAVOR PAYMENT

One of the finest Legion posts in the great State of Minnesota is the Minneapolis Bearcat Post, No. 504, 15 North Sixth Street, Minneapolis, Minn. On March 9, 1934, I received the following letter, which I will read with your permission:

MARCH 9, 1934.

Hon. ERNEST LUNDEEN,
Congressman from Minnesota, Washington, D.C.

DEAR CONGRESSMAN: We are enclosing some more bonus petitions which recently arrived. Like the first ones sent you, they represent all sections of the State, which more than proves the universal demand for immediate payment of the bonus in our State. As these are the originals and only copies which we have, please keep them.

Joe Glascock, our vice commander, reported at our last meeting on his recent visit with you. Thank you for the courtesy shown him and for the fine work which you are doing at Washington. The boys all send their regards and wish you continued success.

Yours very truly,

MINNEAPOLIS BEARCAT POST No. 504,
F. H. FOURNIE, *Commander.*

Here is one petition signed by 207 veterans from the American Legion Axel Buseth Post, No. 18, Henning, Minn. I will read their communication:

FEBRUARY 2, 1934.

Mr. F. H. FOURNIE,
Commander Minneapolis Bearcat Post, No. 504,
Minneapolis, Minn.

DEAR COMRADE: I am attaching hereto quite a number of petitions that our members have solicited signatures to from the voters of this village and surrounding territory.

Due to blocking of many of our roads by snow, these petitions have been slow in coming in, and, in fact, there are many that have not been returned yet. I hope however that even though they are late they can and will be of use in the fight you are making for the immediate payment of the soldiers' bonus.

Sincerely yours,

B. M. THOMPSON,
Commander Axel Buseth Post, No. 18.

Here are 538 signers on petitions, which I will read as follows:

A PETITION TO THE PRESIDENT OF THE UNITED STATES AND THE CONGRESS OF THE UNITED STATES

We, the members of the Minneapolis Post, No. 504, American Legion, Department of Minnesota, and our friends, including business and professional men as well as merchants, believing that the restoration of buying power will increase and return to normal through sound revaluation of the gold dollar and generous coinage of silver, making it possible to print additional money, do urge, petition, and sincerely pray that without delay you will cause the payment of the remaining balance of the veterans' adjustment compensation. The money thus paid, we are positive, will be placed in immediate circulation, thereby creating a buying movement which will prove beneficial to every individual in the United States.

These petitions include the Minneapolis (Minn.) Soldiers' Home, Princeton (Minn.) post, Starbuck (Minn.) post, Bovey (Minn.) post, Edgerton (Minn.) post, Waterville (Minn.) post, Red Lake Falls (Minn.) post, and innumerable Legion posts throughout the great North Star State too numerous to mention, although I would be very happy to enumerate them if there were time and place to do so.

I remember a statement's going out over the country that the Legion was against payment of these certificates, and just then 870 Legion posts reported, and of these, 860 favored the immediate payment of the adjusted-service certificates, and only 10 posts were opposed to this measure. That does not look like very much opposition on the part of the rank and file of the legionnaires of that great organization.

The national encampment of the American Legion held at Portland, 1932, declared for the immediate payment of the adjusted-service certificates, and the 1933 encampment held at Chicago, 1934, did not reverse that action. I am informed by legionnaires that this is correct. If I am mistaken, there are legionnaires on the floor who will correct me. I wish to adhere to the truth, and I do not wish to make any misstatements. I am satisfied from traveling through 25 States in the last few months that the rank and file and the mass of the veterans of America are almost a unit for the payment of these certificates. Here and there you will find a man opposed—usually someone identified with big business in some way or under the lash of some business organization that threatens his job or position. There may be a few here and there who are opposed to the bill on principle, and we will acknowledge their right to oppose the bill if they see fit, but they have yet to advance a good argument against immediate payment of these certificates. The best argument in favor of this bill is that the veterans themselves demand payment now, and almost as a unit state that they should have been paid on their return from the war in 1918 and 1919, at the same time the war profiteers were paid off and the war contractors were paid off and the railroads and the bankers and members of big business and war profiteers in general.

FARMER-LABOR DELEGATION VOTES SOLID

I am proud of the fact that the entire Farmer-Labor delegation in Congress—HENRY ARENS, MAGNUS JOHNSON, PAUL JOHN KVALE, ERNEST LUNDEEN, and FRANCIS H. SHOEMAKER—are voting today as one solid unit for the Lundeen motion to discharge the Ways and Means Committee from further consideration of H.R. 1 and for the immediate payment of the adjusted-service certificates, known as the "Patman bill." Our record is straight on this question. We obey the mandate of our platform. We came here, elected by the farmers, the workers, and veterans of America, and we are loyal to them. We are keeping faith with them. We can go back home, look them in the eye, and give an account of our vote here on these roll calls. We will continue that kind of a record so long as the people of Minnesota send us to Congress.

We plead for an overwhelming vote in the House today—a vote that will astound the country—a vote that will make these newspapers and others, who have been telling us that we could not pass the bill, sit up and take notice. We want a vote here today that will exceed the two thirds necessary to pass the bill over a veto, if that is forthcoming. We want a vote here that serves notice on the Senate that we mean business, and that serves notice on the Executive that we mean business, and that serves notice on the country that we are keeping faith with the veterans. [Applause.]

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. HASTINGS] as much time as he desires.

Mr. HASTINGS. Mr. Chairman, I favor this bill—commonly known as the "Patman bill"—which provides for the immediate payment to the ex-service men of the face value of their adjusted-service certificates and I voted for the motion to discharge the Ways and Means Committee from further consideration of this bill for the reason that it was introduced on March 9, 1933, more than a year ago, and no consideration has been given it by the committee, and no report made upon it.

I shall vote for the bill for a number of reasons: First, I believe it to be an act of justice to the ex-service men because the compensation which was given them during the World War was entirely inadequate, and Congress thereafter, and on May 19, 1924, passed a bill to adjust their compensation because everyone throughout the Nation appreciated that $30 per month for service at home and $33 for overseas service did not at all compare with the compensation which was paid to the men in civil life during the period of the World War. Instead of issuing to them adjusted-service certificates payable 20 years thereafter, the ex-service men should have been paid in cash. I have always favored this payment and have repeatedly so stated in public addresses, in private interviews, and on the floor of the House.

Second, I believe that the payment of these adjusted-service certificates now will do more to relieve the depression than any other act that Congress may pass at the present session. It would distribute approximately $2,200,000,000 to ex-service men, their representatives, or dependents in practically every community throughout the Nation. This money would go into the channels of trade for the benefit of everyone. From a compilation that has been made and inserted in the RECORD, my State, Oklahoma,, would receive $39,822,-184.80, and the second congressional district, which I am privileged to represent, would receive $3,960,299.22. Divided into counties the distribution would be as follows: Adair, $245,244.72; Cherokee, $290,351.40; Haskell, $269,509.92; McIntosh, $414,236.88; Muskogee, $1,103,966.88; Okmulgee, $939,993.96; Sequoyah, $324,173.10; and Wagoner, $372,753.36.

Third, the pending bill provides for controlled expansion of the currency and would place the additional amount of $2,200,000,000 in actual circulation which would be in addition to the currency in circulation at the present time. These Treasury notes are made legal tender, receivable in payment of all debts and dues, public and private, and are backed by the provisions of the act of March 14, 1900, and section 26 of the Federal Reserve Act in the same manner and to the same extent as such provisions apply to the United States notes.

In my judgment, the payment of these certificates through the issuance of the amount of additional notes will immediately affect commodity prices and result in raising the price of all commodities, including farm products of all kinds and stabilize property values, including farm lands and real-estate values in cities and towns. [Applause.]

Mr. PATMAN. Mr. Chairman, I yield 1 minute to the gentleman from Alabama [Mr. JEFFERS].

Mr. JEFFERS. Mr. Chairman, if these adjusted-service certificates can be retired at this time it will give to all classes of business in this Nation that new life blood—additional money in circulation—which is certainly needed and needed now. At the same time, it will accomplish the retirement of Government paper—Government obligations—which must, of course, eventually be paid. The Government is already putting out vast sums of money, along many different lines, and it seems to me that there could not be any more equitable distribution of funds over the Nation than the payment of the balance of these certificates, because we know that these certificates are now held by men who live in every nook and corner of the land. In this way we would have a great relief measure which could be fairly distributed to every community in the Nation without the possibility of graft or favoritism. To increase the general purchasing power of the people in this manner would carry us a long way on the road to recovery. Let us bear in mind that this money would not simply be paid to the veterans who are holding these certificates and stop with them, but all this money would very soon find its way into the channels of trade. Every line of business imaginable would receive its share of the benefit. A dollar sent into any locality would not simply mean one dollar always, it would be multiplied many times over in purchasing power, because it would turn over from 15 to 40 times each year. So, if we can arrange to distribute this money through the payment now of these certificates it seems to me that it certainly would be in the interest of the general welfare.

To pay off these certificates at this time, thereby increasing the purchasing power of the masses of our people and, at the same time, getting this Government's obligation out of the way now, would mean a saving to the Government of more than $10,000,000 between now and 1945 in the overhead expenses of the administration of the Adjusted Compensation Act.

I feel perfectly safe in making this statement, that if these certificates are paid off at this time, a vast majority of the veterans will undoubtedly put the money to good use by paying current debts, making payments on homes, and thereby preventing the actual loss of their homes, which a great many of these men are now facing; the purchase of furniture for their homes, equipment for their farms, establishing themselves in modest business enterprises, and many other worthy purposes.

The point has been raised that the balance on these certificates is not yet due. But, let us bear in mind that these certificates were not issued to the veterans at the time when they should have been issued—when the soldiers of the World War received their discharges—they were not issued until 1925. And, be it remembered that the veterans were not paid one penny of interest from the time they rendered their services in 1917 or 1918 up to 1925, when the certificates were dated.

On the other hand, the huge monopolies of the Nation, such as United States Steel Corporation and the American Aluminum Co., made claims for enormous amounts of money as tax refunds, and many of these big tax-refund claims were granted by the Treasury Department, and in every such case these people, when the Government confessed its debt to them, got the Treasury Department to allow them an additional sum as interest dated back to some certain date during the war period and the Government paid them 6-percent accrued interest from 1917 or 1918 up to the time when the claims were finally paid, and some of these immense refunds were pending up to 1932. In other words, they were paid 6-percent interest from the time they rendered the service. If the adjusted-service certificates had been issued to the soldiers as of the date of their discharge from the service, and if 6 percent had been figured on their claims back to the date of their discharge, we find that these certificates would have been due and payable in 1931 instead of in 1945. So, if the Government will give to the veterans who gave their services during the World War for a mere pittance of pay the same treatment as has been given to the great industrial interests which furnished war materials and made immense profits for themselves, we can say with accuracy that these certificates are already due instead of not being due until 1945.

There is another important angle which should be considered; Congress has already granted a 50-percent loan value on these certificates, and a very large percentage of the veterans, hard hit by the distressing economic conditions that have existed during the past several years, have already borrowed up to 50 percent of their certificates. Now, if we do not find a way to pay off the balance of these certificates, this balance will be consumed by compound interest on what has been borrowed, so if the veterans are forced to wait until 1945 they will then find that almost nothing at all will be left, because by that time it will have been eaten up by compound interest. Certainly that condition is not one which we wish to contemplate or anticipate. If that should be allowed to come to pass, everyone would lose, because there would be nothing then for the veterans to put into the channels of business. In other words, if the country is to get any benefit from the payment of the balance due on these certificates such payment must be made before that balance is eaten up by compound interest.

The payment of these certificates would be a great practical benefit now to these veterans, their families, and to every class of business people of the country, because of the increase in the purchasing power of the people of the Nation that would be brought about; but let me suggest that another result just as valuable as that, or even more so, would be the satisfied feeling toward their Government, for the protection of which they served in time of national peril, in the minds and hearts of our ex-service men and women, and I want to see that result just as much as any other.

The funds to pay off this obligation will be the sound money backed by perfectly adequate gold reserve, the same as any other money which we are now using is backed by our gold reserve.

For my part, I wish to say that I have been consistent in supporting this adjusted compensation. During the World War period the men and women in the service stood the brunt, for the protection and salvation of America—their homeland—and American institutions, and drew very small compensation for their services in comparison with the amounts that others were receiving for their labor, and for the products of their labor during the war period, so it was only fair that their compensation should be adjusted in some manner.

In 1924, during my remarks here in this House on this subject, I stated:

> I am in favor of fair adjusted compensation for the ex-service people of our Nation as a matter of right, looking at it from the standpoint of merit, fairness, and justice.

In 1932, during my remarks on this same subject, I stated:

> We are hoping for and looking forward to the return of more prosperous conditions; but in the meantime we sorely need, in every nook and corner of the land, among the rank and file of the people, some form of relief which will put money into circulation immediately.

I feel now that the great need of business all over the Nation is that we should have as quickly as possible additional actual money in circulation. Certainly this is true in my section of the country.

We are furnished with statistics which give us a very clear and understandable idea as to how this money would be put into circulation in every locality, however remote; and I note that it is estimated that the amount which would go to my own State of Alabama is $29,876,139.92. In the congressional district which I have the honor to represent, the estimated amount which would be put into circulation is $2,987,983.82. This amount of real circulating medium in my section would undoubtedly be the stimulant which is a vital need at this time.

So let me again say, looking at this proposition from the same standpoint of merit, fairness, and justice, I am of the

sincere and honest opinion that this matter can be rightfully settled only by the payment of the balance of these certificates.

Mr. PATMAN. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Chairman, I intend to vote for this measure because I have always believed that we should pay for past wars before we start into another one. The big-army and the big-navy crowd have come to Congress in the past weeks and have obtained millions of dollars in appropriations for the next war when we have not yet paid off the men who fought in the last war. And I remind my Republican friends that if this is fiat money—and it is no such thing—then every bond we have issued in this Seventy-third Congress is a fiat bond, and we are inflating with bonds at 4½ percent for the taxpayers to pay. Those who are against this bill and who believe that it is an inflation, should remember that they have voted to inflate the credit structure of this country by billions of dollars. It is about time that we get some cash money into circulation through the medium of the common people and not by way of bankers with bonds that compel us and generations yet unborn to pay interest to a privileged group for the use of our own money.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Mississippi [Mr. COLMER] such time as he may desire.

Mr. COLMER. Mr. Chairman, if I should not avail myself of this opportunity which has been so graciously extended me by my warm personal friend, Mr. PATMAN, of Texas, who is in charge of the time in the consideration of this bill, I should feel derelict to my convictions and to my constituents. I keenly regret that the limited time allotted for the consideration of this measure will not now permit me to discuss it in detail, as I should prefer to do.

I have long entertained the view that there was an urgent need for the expansion of the currency by a process of controlled inflation on the one hand and the payment of a just obligation by the immediate payment of the soldiers' adjusted-service certificates on the other. As a candidate for Congress in 1932, without being familiar with the provisions of the bill under consideration, known as the Patman bill, I advocated from every platform on which I appeared the very principles embodied in this bill. Believing as I do in the merit, justice, and expediency of this legislation in this crisis, with three other Members of this Congress, Mr. PATMAN, of Texas; Mr. MCCLINTIC, of Oklahoma; and Mr. CONNERY, of Massachusettts, I called upon the President in the extraordinary session and discussed the immediate payment of these certificates with him. Subsequently, I signed the petition to discharge the committee in order that the bill might be considered by the House. I am happy that I have been selected as one of the nine members who compose the steering committee, which was selected to guide this legislation here today.

Mr. Chairman, the passage of this bill would mean several things:

First. It would mean the payment of a just obligation to the boys who offered their lives as a sacrifice upon the altar of our country in 1917 and 1918. Certainly this is a small contribution to those who were offered and promised so much when they went into the service of their country at a time when their country needed their services so badly. Time will not permit my going into comparisons with the millions of dollars that were accumulated into gigantic fortunes by those who profited here by not going into the armed services of their country. But that was not all. While these boys were drawing a paltry $1 a day salary for the hardships which they were called upon to endure, the very day laborer and munition worker and those who kept the home fires burning were drawing from $5 to $20 a day and at the same time being surrounded with all the conveniences and luxuries of civil life.

Second. The passage of this law by the Congress would mean that $2,300,000,000 of new money would flow into the channels of trade, would increase the purchasing power of our citizenship, and would accomplish in a large measure that which we have been hopelessly striving to do for the past 2 years, namely, to increase the purchasing power of our people, to distribute an inflated currency throughout the Nation, and relieve distress among our people. For I defy anyone to conceive of a better method for the distribution of an expanded currency than that provided in this piece of legislation. It means that every village and every metropolitan center from coast to coast and from the Lakes to the Gulf will receive its proportionate part of this $2,300,000,000. In this connection, Mr. Chairman, at this point I desire to insert the following statistics which will reflect the amount of money which will be distributed to the four corners of my congressional district under the immediate-payment plan provided in this legislation. The amounts to be so received by the veterans in each county of my district are as follows: Covington, $160,499.04; Forrest, $321,628.20; George, $80,345.64; Greene, $113,677.92; Hancock, $121,912.20; Harrison, $471,447.24; Jackson, $170,591.64; Jefferson Davis, $152,521.08; Jones, $443,134.56; Lamar, $137,216.64; Lawrence, $133,190.28; Marion, $212,777.64; Pearl River, $207,245.40; Perry, $87,543.96; Stone, $60,918.72; Wayne, $163,350.60.

Third. The enactment of this measure into law will save the taxpayers of this country $122,000,000 a year for 12 years in administrative and other overhead costs.

Fourth. The passage of this legislation will grant a privilege to the veterans who hold the certificates long enjoyed by the national banks and the Federal Reserve banks—to receive new currency from the Government in return for a Government obligation. The so-called "bonus certificates" are in no sense a bonus; they are Government obligations.

Fifth. Under this bill no new taxes are required; no bond issues are called for. No additional burden is placed upon anyone. A just and recognized obligation is paid, and paid now when it is sorely needed and at a time when the Government is trying every conceivable theory to get money distributed among the masses of its people.

Sixth. The payment of these certificates now will mean that the 3,019,592 veterans who have already been forced to borrow $1,340,659,199.38 on their certificates will be paid the balance due them now and not lose it, as will be the case under the present arrangement. For it is a well-known and undisputed fact that the interest charged on the amount so borrowed will almost completely eat up the balance due on the principal by 1945, the date set for the payment of these certificates.

Seventh. And, moreover, it means that the so-called "bonus" will no longer be the football of politics that it is today. The issue will be once and finally settled.

This legislation, if enacted, means a decided departure in the right direction from the old, antiquated, and useless system so long practiced in our issuance of currency. For this bill provides for the immediate payment of this obligation to the holders of these certificates in United States notes, which shall be legal tender in payment of all debts and dues, public and private, and shall be receivable for customs, taxes, and all public dues, and, when so received, shall be reissued and shall not bear interest. This means, of course, that this money will have the same efficacy, and it will to all intents and purposes serve the same purpose, as any other currency issued by the United States Government; that it will have the faith and credit of the United States behind it. This obligation to the holders of these certificates will be paid without the necessity of a bond issue for which the taxpayers of the country will be called upon to pay interest, that no doubt would accumulate before the bonds were retired to the point where they would exceed the principal amount of the bond issue.

And that, my colleagues, brings us down to the only objectionable point that has been seriously raised to this legislation—this is termed fiat money. I deny this. I challenge any Member of this House who considers himself an authority on the matter of currency—and I certainly do not regard myself as one—to point out any material difference between the currency provided for in this legislation and a bond issue of the United States Government upon which currency is

issued other than that the bond issue provides for interest to be paid by the taxpaying public and the currency provided for in this bill does not. The faith and credit of the United States are behind the bond issue, and they likewise are behind the notes provided for herein. Is there any good reason why the Federal Government should pay the big banking interests of this country millions of dollars annually for the privilege of issuing its currency? But the opponents of this bill argue that in passing this legislation we are setting a dangerous precedent and that we may issue too much currency. It is true that if too much currency is issued that it will become cheapened and that the credit and faith of the United States Government will be destroyed. But by the same argument, is it not likewise true that if too many interest-bearing bonds are issued the faith and credit of the United States will be destroyed? The rule applies to one as well as the other.

Mr. Chairman and colleagues of the Seventy-third Congress, notwithstanding this fact and the additional fact that this legislation would be a substantial contribution to the recovery program of this administration, I must confess that I am deeply concerned and grieved at what we are informed is the attitude of the administration toward this legislation. I have the utmost confidence and the most profound respect for the great leader at the other end of Pennsylvania Avenue, the President of the United States. That confidence and respect border upon personal adoration on my part. There may be others in this Congress who have supported his leadership in this great national crisis more effectively than I have. But there is not a Member of this House who up until this moment has supported him more zealously and conscientiously and more uniformly than have I in the year that he has been the President and I have had the honor to be a Member of this Congress. I have gone down the line like a good soldier with him. Oftentimes this policy of standing by the Commander in Chief has been at the expense of my own opinions and almost at the sacrifice of my own convictions. Always I have felt that as the outstanding leader of the country he was entitled to my support as a Representative of some 300,000 Mississippi citizens. But the time has come, because of my previous sacred commitments and because of my sincere convictions, that I must either follow his wishes on the one hand and thereby keep a perfect record of administration support, or on the other maintain my campaign commitments and my own strong, personal convictions, thereby maintaining my own self-respect. In this dilemma, Mr. Chairman, I must preserve the latter at all costs. [Applause.]

Mr. PATMAN. Mr. Chairman, I yield the gentleman from California [Mr. DOCKWEILER] 1 minute.

Mr. DOCKWEILER. Mr. Chairman, I am not afraid to take the position I do on this bill. During my campaign I spoke on the radio for immediate payment of the soldiers' bonus. The folks that did not like my attitude on this question were very frank about it and did not vote for me. Nevertheless, I was elected in the Sixteenth Congressional District.

May I leave this thought with the members of the Committee: I assume during these trying times we are endeavoring to do something to take the economic lethargy out of our business world today and take it off the dead center. I believe that we can use this channel to put money into the people's hands in order to make for new prosperity in this country.

Mr. PATMAN. Mr. Chairman, I yield to Mr. AYERS of Montana such time as he may desire. [Applause.]

Mr. AYERS of Montana. Mr. Chairman, I was not definitely committed on this bill as far as my campaign was concerned, but a study of this bill by any man who has some legal training brings him to the conclusion that it is one of the most statesmanlike pieces of legislation we have been called upon to consider at this session. [Applause.]

From every source, and every day, we hear the cry for more purchasing power for the masses. Great effort is being exerted on every hand to do that. During the past 3 years fabulous sums have been appropriated for financial, insurance, and transportation institutions, with the hope that it would percolate downward to the masses. The desired purpose has, to a large degree, failed. To get purchasing power in the masses a start must be had with them, and the start must not be by way of subsidies, bonus, or doles. It must be in fair prices for products, honest pay for labor, and equal recognition of all Government obligations. The President is striving to bring about that end. To do this, I feel that we must have the silver bill, the Frazier bill, and a bill providing payment of the veterans' adjusted-service certificates. The last mentioned of these bills is our instant consideration.

THIS BILL FITS INTO RECOVERY PROGRAM

The President has made decided progress in taking power from the Money Trust. No longer does it have access to the White House. His gold program was a solar plexus to the Money Trust. When the Federal Reserve banks were compelled to surrender their gold and take certificates for it before the devaluation order went into effect, they saw a profit of nearly $3,000,000,000 going into the United States Treasury that they had planned and expected for themselves.

The President is waging a war on high-interest rates. He is using the Nation's credit to help the farmer and home owner, and he is trying to rehabilitate industry. The trouble in these instances revolves around the instrumentalities used. He is using the Nation's credit in the Public Works and Civil Works Administrations.

Employment and purchasing power is on the increase, and the Government is putting up fabulous sums of money to keep them progressing. The enactment of the adjusted-service certificate bill, dollar for dollar, will do more good than anything else this administration can do to keep employment and purchasing power on the increase. The moneys paid on the soldiers' obligation would be free from favoritism, waste, or scandal. It would do more good in bringing purchasing power to the masses than any other money that has been expended.

While the payment of these certificates, as I will directly show, would not disturb the Budget one penny, nor cause a bond issue, nor impair Government credit, yet the National Economy League insists that the payment should not be made. The league is worried about the Budget for reasons personal to its members and their kind, and they use it as a smokescreen, because they realize this money will go to other channels than theirs. There is nothing quite so suitable to the Government's present purpose as the immediate payment of these certificates. This payment would not create a new obligation and would discharge an existing one—no such features apply to any other Government spending under the recovery program. Unlike other Government spending, little red tape or overhead expenditures would be required in this distribution.

POLITICS NOT INVOLVED

This is not a party measure. Neither party advocated it nor opposed it in their platforms. The Democratic platform declared for a sound-money system at all hazard. This bill is unqualifiedly for sound money. Many candidates in each party advocated and others opposed it in their individual capacity during the last campaign. As for me, I felt kindly toward the payment of these certificates, provided it could be done without disturbing the Budget or creating additional tax burdens or impairing the credit of the Nation. Now that I am sure the payment can be made without doing any of these things, I am glad to give it my unqualified support.

This is not an administration measure, nor an antiadministration measure, and it is not now, nor ever has been, political in its nature. It has heretofore been passed by a Democratic House and vetoed by a Republican President. This instant bill was introduced by a Democrat; it is being brought to the floor of the House by a petition of 97 Democrats, 43 Republicans, and 5 Farmer-Laborites; hence partisanship cannot be injected.

I am not finding fault with any Members who oppose this bill. Every man has a right to his own opinion, but every man should be open to conviction by honest argument based upon facts. That is what I am trying to do—not finding

fault, just trying to convince by honest argument based upon actual facts.

ADJUSTED-SERVICE CERTIFICATES

The adjusted-service certificates are not bonus claims by any means. That word "bonus" in this connection is a misnomer. These certificates are Government obligations issued for services rendered. They were arrived at by a committee, which, after a thorough investigation, found that the lowest paid unskilled laborer in the United States during the World War ranged from $1 to $1.25 per day more than the amount a private soldier received in service. After the facts were gathered by this committee they were put before Congress. It found that an equitable adjustment was necessary, and that adjustment was made by Congress in allowing a soldier $1 per day for home service and $1.25 per day for overseas service in addition to his soldier's pay. Pursuant to that adjustment—a congressional act—these certificates were issued. In the face of such facts, they are not bonus certificates, but quite the contrary. They are certificates issued by the Government, upon authority of Congress, for services rendered. The issuing of these certificates is not a matter for consideration now. That is a closed deal.

These certificates are outstanding obligations of the Government. They are its bond. Uncle Sam's name is on them. He has confessed a debt for services rendered, and issued these certificates as evidence of same. The service rendered was a service in line of duty with breasts bared in defense of country.

MILLIONAIRES WERE MADE AT EXPENSE OF SOLDIERS

The soldier answering the call of his country was being paid $30 per month, while war profiteers at home, taking advantage of the perilous condition, were becoming millionaires. While these veterans, at the risk of their lives, were making the world safe for democracy, these home profiteers were actually robbing their Government, and, in the name of patriotism, they were cornering the wealth of the Nation—the very thing that is now threatening our destruction. They were bringing about the present condition at cost of health, maimed bodies, and the very lives of the boys at the front. And now these same profiteers and their allies, under the mask of a new patriotism, and in the name of economy fostered by the National Economy League, which they have organized, are trying to prevent the payment of an honest Government obligation in order that they might reserve the Treasury money of the United States for further "runs" of their own.

NATURE OF CERTIFICATES

These certificates are 20-year endowments, issued in 1925 and payable in 1945. The National Economy League propaganda is that if these certificates are recognized they should be recognized only on the basis of the veterans remitting what the league claims to be unearned benefits. In other words, their propaganda is that these certificates should be recognized on a 9-year basis instead of a 20-year basis. They urge that if the face of these certificates is paid now the Government will be losing and the veterans will be gaining the earnings on the certificates from now until 1945.

Let us see what there is to that argument. If this bill passes, the Government will be taking up its own obligation, together with all its earnings and benefits, and holding it as security for the issuance of money therefor. The veterans will be getting nothing more, and the Government will be holding its own outstanding obligation for disposition as it sees fit. It will not be costing the Government anything in the meantime and the Government will be repossessing itself of all of these endowment obligations and benefits; therefore why should it not pay face value?

By taking these certificates up at their face value today and issuing money on them we will be saving the Government $112,000,000 per year from now until 1945, or $1,232,000,000. This is how the saving will be made: This bill repeals the appropriation clauses of the original law, which amounts to $112,000,000 per year up to 1946, and it provides for taking the certificates now and issuing nonearning certificates for them.

In mighty few words here is what it does: It takes noncirculating and earning obligations and transfers them into circulating and nonearning obligations. No one in the world is harmed or burdened and everyone is helped and relieved.

The Government is issuing circulating obligations—new money to the banks on their noncirculating obligations—Government bonds. It is doing for the banks just what this bill proposes to do for the veterans. Yet the big banks of the country and their allies, the National Economy League, are making the biggest hollo about this bill. They are the ones that have been sending out the poison about this bill. They call it wild inflation; an orgy of promiscuous issuance of greenbacks, and printing-press money. They tell us a story of how it would cheapen money and ruin banks. To the person who has given this and the bank situation only casual thought, this propaganda is ridiculous. It is poison that no thinking person will take. First consider its source; and, second, if the money issued under this bill is not sound, then we have no sound money. [Applause.]

SOUND EXPANSION IS PURPOSE OF BILL

The terms of this bill are vastly different from what people generally believe them to be. A propaganda of misrepresentation has been widespread to the effect that it will unbalance the Budget; that a bond issue will be necessary; that the credit of the Nation will be jeopardized and that fiat money will be issued. Ladies and gentlemen of the House, facts are quite to the contrary. Let us see what the bill really provides. It provides for a controlled expansion of the currency in the immediate payment to the veterans of the face value of their certificates in new currency—United States notes. These notes will not bear interest and will be lawful money of the United States and shall be maintained at a parity value with the standard unit of value fixed by law. No new principles of issuing money are involved.

Such notes will be legal tender in payment of all debts, public and private, and shall be receivable for customs, taxes, and all public dues, and when so received shall be reissued. Such notes, when held by any bank association or Federal Reserve bank may be counted as a part of its lawful reserve. This is nothing new. It is only treating the holders of these obligations in the same way that the Government treats the Federal Reserve and national banks holding Government obligations. Now, please bear with me that we may understand the situation.

EXPANSION UNDER THIS BILL IS DEFINITELY CONTROLLED

Section 3 of the bill definitely controls the proposed expansion of the currency. It provides that whenever the index numbers of the wholesale all-commodity prices rise above the index numbers of such prices for the years 1921 to 1929 as computed by the Bureau of Labor Statistics of the Labor Department, the issues of currency of the United States shall be contracted so as to maintain such index numbers at the wholesale all-commodity level for the years 1921 to 1929.

This is to be done, first, by the abolishment of the circulation privilege extended to certain bonds of the United States; second, termination of the issuance and re-issuance of national bank circulating notes; third, termination of the issuance and re-issuance of Federal Reserve notes secured by direct obligations of the United States; fourth, termination of the issuance and re-issuance of Federal Reserve notes secured only by gold or gold certificates; fifth, termination of the issuance and re-issuance of Federal Reserve notes secured by private paper and which are not issued in direct benefit of commerce, industry, or agriculture.

Therefore, the cry of dangerous expansion is only imaginary. It is absolutely and definitely controlled by this legislation.

VETERANS TO HAVE SAME RIGHTS AS BANKS

If this bill passes, the veterans holding these Government obligations will have the same rights as a bank holding Government obligations. The veterans may deposit their Government obligation—their certificates—and receive cur-

rency therefor. This is the same right that is now enjoyed by the national banks and by the Federal Reserve. The national banks of the country are capitalized for approximately $1,159,000,000. These banks may deposit with the United States Treasury bonds which they have purchased from the Government, bearing at the rate of 3⅜ percent and receive in return therefor $1,590,000,000 in new currency. The only obligation on the part of the banks is that they keep on deposit in the Treasury 5 percent of the amount of such money for redemption purposes.

To ascertain the position of the banks and the Government, let me illustrate a transaction. The Government sells to a bank a $1,000 bond upon which it pays the bank 3⅜ percent interest—$33.75 annually. The bank immediately redeposits the bond with the United States Treasury and receives $1,000 in new money. It gets its money back right now, except 5 percent, or $50, which is left on deposit with the Treasury. The bank gets $950 for immediate use and once each year it also gets interest on the $1,000 bond deposited. In other words it gets from the Government 95 percent of its money back and it also gets 3⅜-percent interest on the $1,000. There is a small charge, one half of 1 percent, against the bank for expenses in connection with the issuance and reissuance of the money. And then, when the bond is paid, it gets the balance of its $50 back.

The solution of this proposition is that the bank gets back its $1,000 plus $28.75 per annum, which is the 3⅜ percent less one half of 1 percent retained for expenses, and in the meantime has the $950, which it can loan at such rate of interest as it sees fit, or it can take it back to the Treasury and reinvest it in other bonds under like circumstances. Therefore banks can take Government obligations due in 1945 and receive new money in return for them and have the use of it from now until 1945, and in addition thereto they can clip the coupons on the bonds, all at the outlay of only one half of 1 percent.

The Federal Reserve does the same thing as the national banks in the way of depositing Government bonds with the Treasury and getting new money issued on them, except that it is paid 4¼ percent interest instead of 3⅜ percent as the national banks are paid. That is using Government credit to a fare-you-well.

Just think of the endless chain these banks can work. They may take the new money in each instance and loan it out at such rate as they see fit, or they may buy more bonds again and again and again. That system of buying bonds and depositing them for currency is the greatest system of pyramiding ever invented. That is what takes the money out of circulation. That is why the banks nowadays show "Government bonds" in their footing instead of "loans." Under the independent banking system the money would get into circulation and would show up as loans instead of bonds.

FEDERAL RESERVE HAS BEEN DIVERTED FROM ORIGINAL PURPOSE

The Federal Reserve went into effect December 1913. It was intended to decentralize money and credit and to extend sufficient credit to commerce, industry, and agriculture. The Government does not own any stock in these banks. It is all privately owned. It is supported by Government credit and was organized as a nonprofit institution for the purposes I have just mentioned. It was never intended that the System would use Government bonds for private gain.

The System is authorized to issue money—Federal Reserve notes. This is a privilege that no other group enjoys. It does not agree to redeem its money, the Federal Reserve notes, but the United States Treasury, the people of this Nation, agree to redeem them. Therefore those notes are a blanketed mortgage on all American property.

The paid-up stock of the Federal Reserve banks is $160,000,000. Upon that investment they have done as much as $100,000,000,000 of business a year. Just think of it, a hundred thousand million dollar business on an investment of $160,000,000. Such volume of business just cannot be done on that investment. It is done on Uncle Sam's credit, and while they are using his credit they are being paid by him for using it. To me that is a bank bonus.

These things could not be done under the original Federal Reserve Act, but they have been brought about by perfecting amendments or by emergency amendments so that the Federal Reserve is receiving benefits never intended by the act.

BUDGET NOT DISTURBED NOR DEBT INCREASED BY VETERANS' ACT

While this system of bond selling and issuance of money to the banks is going on, surely it is not legitimate argument to say that the adjusted-service certificates should not be paid by taking them now and issuing money therefor. The poison peddlers tell us that it will necessitate another bond issue, that it will make additional interest payments by the Government, that it will increase taxes, and, in short, that it will impair the credit of the United States. This argument can usually be traced back to the war profiteers and to the influence of Wall Street banks. They urge that it is all right to issue money to the banks on Government obligations but insist that it is not right to issue money to the veterans on Government obligations. They are blowing hot and cold on the same subject at the same time. Why, they even say that money issued under this bill would be fiat money. Now, let us analyze their argument in that respect.

NEW MONEY UNDER THIS BILL WILL BE EXPANSION ON GOLD BASIS

The Treasury is holding, according to the report I obtained from the Treasury Department Saturday morning, March 10, 1934, actual gold in the general fund to the extent of $3,047,633,356.83 unassigned and unencumbered. This does not include any gold which has been earmarked for any purpose. This general fund gold is sufficient to issue seven and one half billion dollars of money. Neither this Nation nor any other nation on earth has ever claimed that more than 40-percent reserve as a reserve for issuing money is required. Therefore, this money may be backed with gold, and we will still have gold enough to back two and one half times more money.

It is admitted by all that we must have some new life pumped into the channels of trade. Today we have a half million dollars less in circulation than we had on January 1. Currency must be expanded and prohibition of centralization must go into effect. We can do only one thing at a time. This proposition of controlled expansion on a legitimate gold basis is before us today. Let us take it and stop trying to lift ourselves by our own bootstraps.

VETERANS' MONEY WILL GET TO WORK

If this bill passes, then the veteran who has not negotiated a loan on his certificate will be permitted to secure the full amount in cash, and those who have made loans on their certificates will receive the difference between face value and the loan.

It must be an admitted fact that this payment will fit into and materially aid in the recovery program. It would put purchasing power in the hands of the masses to the extent of $2,203,000,000, and this money will reach every nook and corner of the land. It will go to more than 3,500,000 veterans. It will pay debts, taxes, and in many instances will save homes and property that otherwise must be sacrificed. This money will go to the very places where it will get to work. It will be a real step toward getting the purchasing power in the hands of the masses, the very thing for which everyone is crying.

NUMBER OF CERTIFICATES AND AMOUNTS

On January 1, 1934, there were 3,545,284 service certificates outstanding of the total face value of $3,543,981,515. There has been borrowed from the Government on these certificates the total sum of $1,340,659,199, leaving a balance, in round numbers, of $2,203,000,000 payable on the certificates.

We are now spending billions in trying to put more purchasing power in the masses, and I am sure that, dollar for dollar, none of these vast sums, with the exception of that spent by the C.W.A., is getting within cannon range of the purchasing power this certificate money will have.

The far-reaching significance of the money to be issued on these certificates and the good that it will do is emphasized when we consider how generally the veterans are distributed. It will go to every county in the United States; $11,423,022 will go to the State of Montana. The 39 counties in my district will receive $6,960,826.50, and it will be distributed as follows:

Big Horn, $181,528.75; Blaine, $191,377.50; Carbon, $267,133.75; Carter, $87,890; Cascade, $874,352.50; Chouteau, $183,493.75; Custer, $283,892.50; Daniels, $118,001.25; Dawson, $209,971.25; Fallon, $97,070; Fergus, $351,283.75; Garfield, $90,355; Glacier, $112,561.25; Golden Valley, $45,177.50; Hill, $292,718.75; Judith Basin, $111,307.50; Liberty, $46,707.50; McCone, $101,787.50; Meagher, $48,280; Musselshell, $153,892.50; Park, $232,092.50; Petroleum, $43,456.25; Phillips, $174,420; Pondera, $147,985; Powder River, $83,066.25; Prairie, $83,746.25; Richland, $204,701.25; Roosevelt, $226,780; Rosebud, $156,123.25; Sheridan, $209,716.25; Stillwater, $132,876.25; Sweet Grass, $83,810; Teton, $128,945; Toole, $142,672.50; Treasure, $32,296.25; Valley, $237,596.25; Wheatland, $79,780.75; Wibaux, $58,798.75; Yellowstone, $650,181.25.

TREAT VETERANS SAME AS BANKS

Now, Mr. Chairman, is it not fair to let the veterans take their obligations, made payable in 1945, and receive money in similar manner as the banks have received and are receiving on the Government obligations they hold? They are both Government obligations and they are both made payable in 1945, and they are both backed in the same way—by the credit of this Nation. Money purchased one of the obligations, and service, at the hazard of life, purchased the other. Surely we are not going to put money ahead of such service. [Applause.]

WHAT TWO BANKS ALONE CAN DO

The National City Bank of New York is permitted under existing law to have money issued to it from the Treasury, under the circumstances I have related, to the extent of $124,000,000, and the Chase National Bank of New York is likewise permitted to get an issue to the extent of $148,000,000. By reinvestment in Treasury bonds and by the system of pyramiding these banks can make fabulous profits from Government credit alone. Undoubtedly they do make such profits, for the Senate Investigating Committee last week, under the Costigan resolution, developed that W. W. Aldrich, chairman of the governing board of the Chase National Bank, drew a salary of $151,744 for the year ending June 30, 1933. C. S. McCain, chairman of the board of directors of the same bank for the same year, drew a salary of $128,488. Seven other officials of the same bank received salaries from $54,000 to $90,000, and 63 vice presidents of the same bank were listed at salaries from $11,500 to $40,500 for the same year. And, remember, this was the year which included the bank holiday and was the year in which the banks were supposed to have been hardest hit.

IN FACE OF FACTS SHALL WE SAY "NO" TO VETERANS?

In the face of these facts and conditions is it fair to say that the veterans' obligations shall be refused, and at the same time let the banks, by working double, treble, or quadruple shifts, have money issued and reissued to them? The way the banks are overworking this matter it seems we should see General Johnson and have a code made for them.

FIAT MONEY ARGUMENT HAS BEEN ANSWERED

Mr. Chairman, the fiat money argument has gone up in smoke. The money to be issued under this bill is not fiat money. Every time fiat money is argued against this bill by its opponents the bank money hits them in the face, and since they know that the bank money is not fiat money, then surely the money issued under this bill will not be fiat money.

The proponents of this bill are accused of proffering class legislation, and of efforts to create discriminatory legislation, and favoritism of one class over others. In face of the facts, just the opposite is true. If this bill does not pass then we are on record as having class legislation in favor of the banks, and we have discriminated against the veterans in favor of banks. Are we going to say to the banks, "Come on, we will issue new money to you on Government obligations, upon which we will continue to pay you interest" and at the same time and in the same breath and upon like obligations say to the veterans "Go hence; we are not interested in you"? And are we going to say to the great masses of this country that we are not going to expand the currency for anyone but the banks and then only in such manner as they alone may benefit? No, no, no, Mr. Chairman, that will never do. It is unfair, it is unjust, and it is un-American. [Applause.]

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Missouri [Mr. DICKINSON] such time as he may desire.

Mr. DICKINSON. Mr. Chairman, I voted for this or a similar measure 2 years ago. I joined in the minority report of the Ways and Means Committee that then brought the bill to the House, and I voted for it when it passed the House 2 years ago. I voted for the consideration of this bill today and I am ready and will vote for its passage when it comes up for a vote after debate. [Applause.]

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Chairman, I have just this morning returned from my home in Kentucky. I started 1 hour behind the C. & O. train and drove for 200 miles in order to catch that train. I ran out of gas 5 miles out of Ashland, Ky., and walked those 5 miles, getting there just barely in time to catch the back end of the train to get here to do something that is not easy to do. However, I consider it my duty.

May I say to the gentlemen of this House that in my immediate family every member who was big enough to go to war went. One of them was wounded three times in the war. It is my opinion that while there is a noisy minority among the ex-service men who make a big fuss about this matter that the ex-service men of this country who went to war do not want us to embarrass their leader's program in a time of peace. I recognize that I am hopelessly in the minority today. I recognize that the gentlemen on this side of the House are going to vote against me, and I grant them the right to see the matter in the way they do. I only ask that I may be indulged here 3 or 4 minutes to express to you the way the thing appears to me.

Last year we chose a leader, not in a time of war but in a time that is more important than a time of war. The war of today has caused more deaths than the World War did. The people of this country chose Franklin D. Roosevelt. He tells you that this country cannot pay the bonus at this time. I hope that the time will come during this administration when our leader will work out a way in which this country may pay the certificates of those out of work or in need.

May I say to the gentleman from Texas that if the people had wanted him for their leader they would have placed him at the head of the Democratic ticket and he would be President today instead of the man who sits in the White House at the present time. The President has stated that this is not the time. I may say that I am going to follow the leader in this instance, the man in the White House, and I do not care if it cuts my throat, politically. That should be of no consideration. There are many Members who have pledged on this measure and, of course, they must vote for it, but, as the gentleman from New York has ably said, the thing that brings this measure on the floor of the House today is a political impulse. There is hardly an individual on the floor of this House who expects to see this made a law at this session. We are only going to hold out a piece of bait in order to get the veterans' vote this summer. There is no use kidding ourselves. We are all candidates. The great commoner once said that candidates are cowards. We are going to vote today for something we know is not going to become law. With no intention of impugning the motive of any Member, we are going to hold out a little bait in order to buy some veterans votes. I do not believe in buying votes at any time, and I certainly do not believe in taking the taxpayers' money and using it to buy votes with. I do not believe that we as Members of the House should hide behind

the President and place the burden on him of vetoing a measure that will bring some enmity from the veterans, but that we should stand up like good soldiers and say, as our leader says, it cannot be done now. If they shoot me down because of my attitude, all right; but we are engaged in a war today to determine whether or not we will conquer the forces of depression. Our leader in the White House says to the soldiers: "This is the line of attack." Another leader comes along and says, "No, no. Let us go in a different direction."

Another says, "No, no; that is not the way, take a different direction." I want to ask you if we were in a war today do you think we could win it if one leader said, "Go this way", and another said, "Go that way"?

This is the time to choose your leadership. If you think the man in the White House is the one to lead us out, follow him, but if you are seeking your own political fortunes, if you choose to follow another leader in another direction, then you have that to do. I say in all friendship and fairness to the gentleman from Texas, because I like him, that I am not going with him today. I know I am taking the unpopular side, the side that will lose me some votes, but this country will not be hurt if some of us are missing next year. [Applause.]

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Michigan [Mr. WEIDEMAN] such time as he may desire.

Mr. WEIDEMAN. Mr. Chairman, I am not in favor of deputizing the powers of Congress to the President or any other man. We Members of Congress were elected to legislate, and I propose to do it. We find the gentleman from Kentucky [Mr. BROWN] today saying that he will follow the President of the United States, when 10 days ago he led a revolt against the President of the United States.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. WEIDEMAN. No; the gentleman refused to yield to me. I am not one of those men who talks one way and votes another. I do not talk against a gag rule and then vote for it. When I talk against a gag rule, I vote against it. A week ago the gentleman from Kentucky voted to give the Federal Reserve banks the privilege of depositing their bonds and receive cash therefor at a price of 30 cents for every thousand dollars, so secured, and at the same time paying 3 to 4 percent in interest to the bankers on the same bonds for which they had received cash. If I had voted for such a bill, I would not condemn one who voted to pay the adjusted-service certificates to the soldiers or the veterans who served in the war among the slime and dirt and the lousy conditions that they were forced to go through. And still some people think they can frighten this Congress not to do what they think is their honest duty.

For my part I am going to vote in the future as I have in the past and I hope you gentlemen will do the same. [Applause.]

I am losing confidence in these legislative acrobats who, for the purpose of the RECORD, make speeches on the principles involved in legislation one moment and then the next moment do a back flipflop and vote against their previously expressed convictions. And their only alibi is that someone high in the councils told them to do so. It is much easier to follow the dictates of any group in power, and go marching down the aisle of present approbation, if you want to curry favor or are afraid of your patronage. Congress has its duty to perform, and that is to legislate honestly, following its own convictions of right and wrong, to be unafraid of any outside influences, not to be a rubber stamp for anyone, and to keep faith with the people who sent them to Congress.

Mr. FISH. Mr. Chairman, I yield 3 minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Chairman, I have no criticism to offer of any Member who differs with me. In my association with my colleagues on this side of the aisle since March last, I have been profoundly impressed with the fact that all of us have seemed to be in agreement that our country was moving upward out of the sloughs of depression under the leadership of a great President with a vision, courage, and mind competent to create programs that have commanded and deserved the support of Congress and of the people and which have resulted in a working Government, not in a house divided. No one can deny the greatest asset our Nation has today is the wide-spread confidence which our people have in the President, who in so many ways has shown how willing and ready he is to devote his energy—and life, if need be—to the proposition of helping the common man. Who can doubt that the real reason why today he enjoys so fully the confidence of the country, irrespective of party lines, is that all classes of our people have been convinced of his sincerity, his courage, and his sympathy, and recognize how earnestly he desires to be of helpful service to the common man? [Applause.]

It is unfortunate that today, whether conscious of it or not, large numbers of my colleagues on this side of the aisle seem unwilling to lend him that hearty support which he well deserves and should have in reference to a matter on which he declared his position in his campaign for the Presidency and has repeated only recently in a letter to the Speaker of this House. Remember we are still in the midst of a national crisis, and the one thing that may have saved us from the dire and bitter experience of other countries has been the confidence that the ordinary common citizen has in our President's matchless leadership. It is a mistake now to refuse to follow that leadership. You thereby detract from the confidence that this side of the aisle has rightly expressed in the President. This country for its task ahead requires a patriotism and loyalty undiminished and constant to our chieftain, if under his leadership we are to succeed in bringing back a new prosperity—not a prosperity under which the rich are rich and the poor are poor, but one which every American can share. I plead with you, my colleagues, not to do anything that might tend to minimize or impair the confidence that the American people have in him. No one can tell how far-reaching in its baneful influences would be a vote cast by you today which could be interpreted as a lack of confidence in the leadership of the President in this time of national emergency. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Missouri [Mr. LOZIER] such time as he may desire.

Mr. LOZIER. Mr. Chairman, I favor the enactment of the pending bill H.R. 1, which provides for the cash payment of adjusted-service certificates. No one will challenge my loyalty to President Roosevelt and his administration. I have whole-heartedly supported each and every one of his forward-looking, epoch-marking, history-making measures, and this I will continue to do.

For our great President I have a profound respect, an unfeigned affection, and among his many admirable qualities are his intellectual integrity, robust sincerity, broad catholicity, tolerance of opinion, and the charity by which he judges the motives, actions, and sincerity of his fellowmen. I do not believe our President has applied or seeks to apply any species of pressure or coercion to force Members of the Congress to oppose legislation, which they believe to be wise, wholesome, and expedient, or to effect legislation they consider unsound, unwise, and inexpedient. Nor do I believe that the President would seek to apply disciplinary measures to Members of the House or Senate who may differ with him on this or any other public problem.

The President's greatness, broadness, and tolerance are reflected in his generous estimates of other men's virtues, good qualities, and sincerity of purpose. I am sure he would not have the Members of this House surrender their honest convictions in reference to important legislation, or expect us to "crook the pregnant hinges of the knee, where thrift may follow fawning."

I believe the President would have Congress exercise its constitutional prerogatives and its Members vote in harmony with their convictions and deliberate judgment and act as becomes faithful public servants in the discharge of important, and at times embarrassing, public duties.

There is no instance where the President has shown a disposition to force Members of Congress to register his decrees at the expense or in disregard of their honest convictions. So fair and just is the President in appraising the motives and good faith of others that methinks he always keeps a corner in his big brain open and free, where he makes room for the opinions of his friends with which he may not be in accord, for in every tolerant mind the honest opinions of others may find an hospitable asylum and fair consideration.

Perhaps there is a striking difference of opinion between the President and this House as to the wisdom of the pending legislation. Unquestionably, the President is actuated by lofty ideals and a high sense of duty, and I do not believe that he will question the sincerity and good faith of the Members of the House and Senate who may favor this legislation. I believe this bill embodies a sound public policy, and its enactment will materially hasten our national recovery. This bill was introduced more than a year ago and referred to Ways and Means Committee, where it has since been pigeonholed. I believed that those who favored this legislation were entitled to have it considered, and as the committee had not had hearings or reported the bill to the House, I was one of the 145 Members who signed a petition discharging the committee and bringing the bill on the floor of the House for consideration.

I concede there are strong arguments both in favor of and against the immediate cash payment of the adjusted-compensation certificates. The term "bonus" is a misnomer. The Government never issued any bonus certificates, but did issue "adjusted-compensation certificates" that represent an actual debt due from the United States to the World War veterans, and which certificates represent the difference between what the soldiers received while in the service and the amount the Government afterward found they were entitled to.

By legislative and Executive action the Government has solemnly admitted its indebtedness to the ex-service man, but instead of settling this debt with cash as all other obligations have been settled, the Government, by the Adjusted Compensation Act, arbitrarily said to the veterans, "The Government is indebted to you, but you must wait 20 years for a settlement." The Government made no such settlement with any of its other creditors, and now many deserving veterans who have been caught between the upper and nether millstones of the depression need and should be paid whatever sum the Government owes them, and such payment would not only discharge an admitted obligation but would relieve millions now in distress and tremendously improve business and economic conditions.

One of the strongest arguments in favor of such payment is that it will undoubtedly result in an expansion of our currency and put an additional $2,000,000,000 in circulation, which will aid in our national recovery, increase commodity prices, and augment the purchasing power of the masses.

Our currency cannot be expanded by the Government's issuing more money, if as soon as that money is issued it is turned over to the great banking institutions and locked up in their vaults. The circulating medium of a nation is not measured by the amount of money that the Government has issued, but by the amount that is actually in circulation. Our currency would not in reality be expanded if we should issue $10,000,000,000 of new money, if we allow the bankers to lock it up and keep it out of circulation.

Money, to be of substantial value to the people, must circulate freely in the channels of trade and commercce, and it performs no useful function if it is idle and frozen in the banks. By sympathetic administration of the provisions of the so-called "bonus bill", the expansion flowing from its enactment would be gradual and controlled, thereby avoiding any serious shock to our financial or economic structures.

I do not believe in fiat or printing-press money, but no student of financial and economic conditions will deny that there is too little money in actual circulation. The money paid veterans under this act would go directly into circulation and would substantially increase our stock of money available for the use of the people.

Every community in America will be immediately benefited by the cash payment of these adjusted-service certificates, which will not only enable the veterans to support their families during this period of unprecedented depression, but will permit them to pay their store bills, and discharge other obligations created when times were more prosperous. The retail merchant, the doctor, the dentist, the "butcher, the baker, and candlestick maker", and practically every other person in a community will either directly or indirectly be benefited by the cash payment of these adjusted-service certificates.

Money is to business, commerce, and industry what blood is to the human body. Science tells us that the weight of the blood in a healthy man is approximately one fifth of his total weight. If blood does not circulate through the veins and arteries, disease and death are inevitable. By a normal circulation nutrition and life are carried to the tissue, bones, hair, nails, brain, nerves, and other component parts of the body. If the blood is unduly concentrated in any part of the body, disease is as certain as that night follows day. So by the same token, if money, the blood of business and commerce, is concentrated in a few great cities and locked up in stone, steel, and concrete vaults, it does not and cannot serve the purpose for which money is created.

The issue of nine or ten billion dollars' worth of Government bonds would not necessarily mean a substantial increase in our circulating medium; and in view of the universally admitted fact that there should be a reasonable and controlled expansion of our currency, I fail to see how the addition of $2,000,000,000 to our circulating medium could cause even a ripple in our financial system or threaten the stability of our financial structure.

When the bonus was last considered by Congress, conditions were very different than those which now prevail. At that time the American people were demanding a drastic reduction in Government expenditures, and under that policy delay in the cash payment of the bonus could be, and in my opinion was, justified. Then the slogan throughout the Nation was, "Reduce Government expenditures, economize, economize, economize!"

At that time the American people looked with horror on any proposal that in one fell swoop would have added $2,000,000,000 to our national debt. We had not then formed the habit of issuing seven or eight billion dollars of bonds in 1 year, and at that time an overwhelming majority of the American people, in all stations and walks of life, honestly and sincerely believed that the enactment of the bonus bill would unbalance our Budget and impair our national credit to such an extent as to imperil, if not destroy, our entire financial and economic structures.

But several months ago this policy of limited Government expenditures was reversed, and the Nation entered on a far-flung, Nation-wide, seemingly prodigal but nevertheless wise and prudent program for the expenditure of seven or eight billion dollars, and the adoption by the Government of this almost unlimited spending program, in my deliberate opinion, justifies the immediate cash payment of its legal obligations to the veterans of the World War, and more liberal, generous, and equitably adjusted payments to veterans of all wars and their dependents. If in any particular H.R. No. 1, the bonus bill, goes too far, its provision may now be amended by the House.

I think we would be justified in delaying the payment to veterans who are rich and who do not need their adjusted compensation.

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, on several occasions today an appeal has been made to stand by the President, and also the suggestion has just been made by the gentleman from Kentucky [Mr. BROWN] and one or two others on the other side of the aisle that a vote today is but an idle gesture, because this bill will never become law.

Mr. Chairman, there never has been a time since the armistice was signed when the American war veteran would have been more justified in requesting the payment of his adjusted-compensation certificate than he is at the present moment, when millions of dollars, yes, billions, are being withdrawn from the Federal Treasury for loan or for grant on so-called "Public Works" and "Civil Works" projects, which in many cases have little if any value. Money has been literally shoveled into power projects, railroad improvements, socialistic farm theories, gifts of hundreds of millions of dollars to political subdivisions in States for public works of questionable value, and now comes a report that Uncle Sam is making a gift of a million dollars to the Virgin Islands for the manufacture of rum as a means of providing employment for the people down there.

Surely no one can blame the war veteran for styling himself "the forgotten man." He has been forgotten by the present administration, and from the best information obtainable he will continue to be the forgotten man, because I am informed that Democratic Members generally will vote for the Patman bill with the more or less secret understanding that they will later vote to support the President in his veto of this bill. In other words, you Democrats are willing to throw sand into the eyes of the ex-service man by making him believe that you favor the bill.

If you gentlemen on that side of the aisle think that the World War veteran is a dummy or a nit-wit you are badly mistaken, because they will be the first ones to see through your vote, which cannot be smoke-screened by a Presidential veto. If you are sincerely in favor of the Patman bill, you will vote for it now and you will vote for it despite a Presidential veto, but this I am told is not your intention.

I have always contended that a great majority of the war veterans have looked upon economy in government as an ideal thing with real merit, and if economy had to be practiced generally they were willing to do their bit as they did in 1917.

The Economy Act was the first big step toward a balanced Budget. The frightful wrongs which it did to certain war veterans have since been partially corrected. As an economy act, it was the first, last, and only economy measure presented by the present administration, and, on the contrary, it has been followed by the most extravagant legislation in the history of our Government. Real economy has been thrown to the winds and every new socialistic scheme for putting money into circulation and the Government into autocratic power, has been resorted to. Then came the frank declaration of President Roosevelt that there would be a $7,000,000,000 deficit in the Budget this year brought about by the extravagant use of Federal money in every possible walk of life, which startled the country.

Corporations, banks, insurance companies, railroads, cities, counties, and States are permitted to borrow millions from Uncle Sam on advantageous terms, and in many instances an outright grant of 30 percent of the amount borrowed from the Treasury will be presented to the borrower and his cause. This rain of dollars has helped the veteran little, excepting where he has managed to find employment under its expenditure. Never once has the present administration offered to expedite the payment of its debt to the war veteran, which was definitely agreed upon nearly 10 years ago in the shape of an adjusted-compensation certificate, the payment of which will fall due in 1945.

It is true that this definite indebtedness of the Government does not mature until 1945; but as it is an acknowledged debt whose final payment is positive, it would appear to be good, sound business sense to pay it now while the Government is offering extensive relief in every other direction and in most instances where no direct or immediate obligation exists excepting for the emergency laws passed under the Roosevelt dictation. The money paid to veterans now while they can use it to very great advantage will not have to be paid to them out of the Treasury 10 years from now, when many of them may not have use for it at all, or prior to which time their certificates may be taken up by their loved ones at home through the death of the veteran himself.

Frankly, I am at a loss to understand the psychology which makes the present administration a squanderer of public funds in one direction upon the theory of putting a lot of money into circulation, and being a literal miser in another direction where the distribution of public money would find a very much wider and more beneficial general circulation.

This so-called "bonus bill" does not provide for an arbitrary expenditure from the Treasury, but, on the contrary, it provides for the payment of an obligation under a specific contract with a World War veteran. The ultimate payment of that contract by the Federal Government is just as certain and just as equitable as the payments by Uncle Sam on a contract for the construction of a warship, a Federal building, or a power project. The slight difference being that the time clause in the veteran's contract has not yet been entirely consumed.

I cannot help but recall that when the President himself addressed some 5,000 representatives of the principal American industries at their big N.R.A. code meeting last Monday he particularly emphasized "humanity's needs", and he was roundly applauded when he said:

> Never again will we permit the social conditions which permitted the vast sections of our population to exist in an un-American way, which permitted a maldistribution of wealth and of power.

Mr. Chairman, I call to the attention of the House that many hundreds of thousands of war veterans are today living in an un-American way, while a maldistribution of wealth from the Federal Treasury is caring for millions less deserving.

At that meeting the President repeatedly laid emphasis upon improving the purchasing power of the consumer, the so-called "small-salaried" consumer, who purchases two thirds of all the products of field and factory of the United States. They are the ones who keep the farmer, the baker, the butcher, and the manufacturer of practically everything alive. They are the ones who would be reached immediately by the passage of the bill now before the House, and their newly acquired wealth would filter into every channel of commercial and industrial life.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. I decline to yield to anyone.

Mr. Chairman, the time is most propitious for the payment of this national debt. I will not refer to it as a debt of honor; it is more than that, it is a definite and fixed charge against the Government to which the Government voluntarily agreed. It should be paid now for "humanity's needs", as the President so aptly applied those two words.

The payment of the soldiers' bonus will go far toward promoting immediate recovery and lessening unemployment. It will go farther than the mere expenditure of the amount of money involved, because of its fine psychological effect upon those hundreds of thousands of men when they receive their check from the Government. It will make them feel that the Government has as much interest in their rehabilitation as it has in the reconstruction of the industries, the railroads, the banks, and other facilities which go to make up our daily life. It will make them realize that while their Government is leaning backward to be of assistance to humanity's needs, the man who leaned forward in 1917 and 1918 will also be benefited. [Applause.] Not by a gift, not by a grant, not by a loan out of the Federal Treasury, but by the premature payment of a debt which would have to be met at a later date. Surely this is no great national sacrifice. This is no great governmental charity nor is it something that the Government can take great credit for. It is but an act of justice when compared with what the Government is doing in every other direction in the interest of national recovery.

Mr. Chairman, we are about to advance hundreds of millions of dollars in order that our manufacturers may sell their goods in Russia and at the same time we will provide credit for Russians who desire to do business in the United



States. I now predict that our Russian endeavors will go up in smoke and will ultimately prove of interest and profit only to Russia. Surely these millions could be better used at home. This is but one of the many socialistic schemes which have been foisted upon our people by the "brain trusters" surrounding the President. The almost daily socialistic utterances of presidential advisers in and out of his Cabinet, would fill volumes, and yet the man who was drafted into an unpopular war which the world now realizes has been fought in vain, is completely forgotten because the amount due him is not yet due. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Texas [Mr. BLANTON] as much time as he desires.

Mr. BLANTON. Mr. Chairman, every man of character will keep his promises. No man who is reliable will break a solemn pledge. Throughout my life I have kept my promises. I have never broken a solemn pledge.

We, who were in Congress during the war, have some burdens upon our shoulders not resting at this time upon those who came later. We caused our soldiers to don uniforms and go to France. We gave them certain assurances when they were embarking on camouflaged ships, with their destination unknown. We told them we would care for them. We told them that nothing would be too good for them when they came back. I was one of those who made this pledge to them years before President Franklin D. Roosevelt ever thought of the White House. I have given them my pledge that I would help pass a law that would pay to them their adjusted-compensation certificates. Under circumstances now existing I cannot break that pledge. Our President would have no respect for a Democrat who would treat his pledge as a scrap of paper.

This is not a bonus. It is not a gift. It is not a gratuity. It is a debt of honor. While these soldiers were in France, and during the time they were readjusting themselves after returning, this Government paid to its 600,000 Government employees who remained at home, and who worked in safe, convenient, pleasant surroundings, first a bonus of $120, then a bonus of $240, then another bonus of $240, and then a reclassification act in 1923 that materially increased all, and doubled, and even trebled some salaries.

When we voted to allow these adjusted-compensation certificates, I then insisted that they should be paid in cash. But I was outvoted. Everybody else was paid in cash. Contractors became rich with their 10 percent plus contracts. Railroads received stupendous sums from the Government. Bankers used the Government credit free of charge, and received many subsidies. We gave billions of dollars in discounts and debt cancelations to foreign governments, who passed such benefits on to their soldiers at the expense of our own. We had money for everybody except our own patriots in uniform. When we finally agreed to add to their paltry pay of $31 per month the magnificent sum of $1 per day for service in the United States and $1.25 per day for foreign service, Congress could not pay them in cash but had to give them this "I O U" due in 1945. It was outrageous. It was inexcusable. It was damnable.

I voted in the previous Congress to pay these adjusted-service certificates in cash. I favored passing such bill over the President's veto. But it was killed in the Senate. I voted to allow them to borrow as much as 50 percent of these certificates. I have told them that I would vote for the present bill. And I intend to do it.

With only two exceptions, I have given our President my loyal, active support in all his plans and policies. I voted against bringing back the saloons. I am voting for this bill now. On both such propositions I have been definitely pledged to my constituents. I was thus pledged long before our President became a national candidate and long before the last national Democratic platform was written. Our President would have contempt for me now if I had broken such pledges.

On Friday, February 16, 1934, our colleague who is the author of this bill, H.R. 1 [Mr. PATMAN], went to the White House and advised the President's secretary that unless it would disrupt the President's financial plans and policies he intended to sign the motion to discharge the committee, respecting this bill, on the succeeding Tuesday. Up to that time I had helped Mr. PATMAN and others to keep down this motion to discharge until we had some assurance that we could pass the bill. Not one word did Mr. PATMAN hear from the President. The President did not advise him that this bill would interfere with his financial program. So on Tuesday, February 20, 1934, Mr. PATMAN signed said motion to discharge, and right next to his signature I signed it, and later came the report that the President would not approve it, but that came too late, for in less than 30 minutes thereafter the full 145 Members had signed the motion to discharge, and the bill, H.R. 1, automatically went upon the Calendar, to be called up today under our discharge rule.

Immediately after signing the discharge rule on February 20, 1934, I took the floor and made the following statement regarding the matter:

Together with my friend and colleague from Texas [Mr. PATMAN] I have signed the petition to discharge the committee, and to bring the Patman bill, H.R. No. 1, before the House for passage, which bill provides for paying these adjusted-service certificates in cash. I believe that this is a debt of honor, and should be paid immediately by our Government.

Thus far the President has been silent on his attitude respecting this matter. He has sent no recommendation to Congress. If he had, I would comply with his request. But on last Friday our colleague [Mr. PATMAN] went to the White House and advised the President's secretary of his intention to take this action today, and no word came to him from the President indicating a desire for the bill not to come up.

If, when this bill comes up for consideration on March 12, the President should notify us that it is against his plans and policies, and that it would disrupt his financial program, and he asks us not to pass it at this time, I would respond immediately to his wishes and would vote against the bill.

I realized full well that an emergent crisis might arise when it would become my duty as a loyal American to grant an appeal from the White House, and that such an appeal would relieve me temporarily from fulfilling my promise and pledge; and I then plainly stated that if the President should notify us that it would "disrupt his financial program" that I would patriotically respond. But he has not so notified us. He has not said it would "disrupt finances." All he has said is that he will veto the bill. That is a President's prerogative; and it is the prerogative of Congress to override his veto, if it thinks the circumstances warrant it.

In reply to questions asked me by my distinguished friend from New York [Mr. FISH] and others, I have said that if the President asserted this bill would disrupt finances, and he asked us not to pass it at this time, I would patriotically respond to his appeal. But the President has never at any time said that the passage of this bill would destroy the economic structure of this Government. He has not said it, because he could not truthfully say it. We all who are posted here know that it will not destroy the economic structure of this Government. We could not make such a declaration truthfully to our constituents back home. They would laugh at us. They know how billions have been spent; and all of you here who have served with me know just how hard it has been for me to back this administration while such billions are being spent. But I have backed it. I am a loyal Democrat.

I believe in our President. I know that he is sincere. I know that he is earnest. I know that he is able and efficient. I know that he is honest and dependable. I have confidence in him. And he has confidence in us. He knows we are sincere. He knows we are honest. He knows we are backing him on all his economic plans whether we approve of them or not, because we want him to have a chance to put his plans into execution. No political party has ever given more cordial, unstinted support to, or had more faith and confidence in, their President than we

Democrats of this Congress have given to and had in President Franklin D. Roosevelt. And he is too honest to tell us that this bill will disrupt finances. [Applause.]

I want to ask my friend from Texas in charge of this bill to grant me some more time.

Mr. PATMAN. I yield 1 additional minute to the gentleman from Texas.

Mr. BLANTON. I am surprised, Mr. Chairman, that our good friends, the Republican leaders on the other side of the aisle, who, with crocodile tears in their eyes, have been crying here for the soldiers for weeks, should oppose this bill. Their leaders, like Mr. SNELL, the Republican floor leader, and almost the entire delegation from Massachusetts, Mr. TREADWAY, Mrs. ROGERS, Mr. GIFFORD, Mr. TINKHAM, Mr. MARTIN, and Mr. LUCE, all of them voting against this soldiers' bill; then there is their great chief, the gentleman from Pennsylvania [Mr. DARROW], the leader of their Republican steering committee; and Mr. TABER, of New York, and Mr. MAPES, of Michigan, and Mr. BECK, of Pennsylvania, and Mr. FISH, of New York, all stalwart Republican leaders here, and all authorized spokesmen for the Republican Party, now knifing the soldiers of this country by their votes against this bill. [Applause.] I am surprised at them.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. BLANTON. How can they do it? Do not their hearts function? Now is the time to come to the aid of the soldiers. If you are a friend of the soldier, vote for their bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas [Mr. BLANTON] has expired.

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I am opposed to this bill because I believe the only way to bring this country back to the place it is entitled to in the sun is to go down the line with governmental economy. I do not believe we can do it unless we balance the Budget. If we go through with this and go through with the rest of the extravagance program of the President, which will result in a deficit of almost $8,000,000,000 for the fiscal year 1934, the only way we can establish the credit of this Government without wildcat inflation, in my opinion, is by a tremendous income tax of 10 percent on incomes from $1,000 up to $10,000, and 20 percent, at least, from there on, and by the imposition of a straight sales tax, without any exemption, of at least 2 percent. I do not believe this House has the courage to put on the tax that it needs to put on to save the credit of America, if we are going to pass such things as this.

Another thing: This bill carries with it the power of inflation. [Applause.] You know it carries the power of inflation. [Applause.] But what will inflation do to the veteran? You will not dare go home and face the wounded and the disabled veteran who is drawing a pension or compensation after you have voted for this bill.

Mr. HOEPPEL. Will the gentleman yield?

Mr. TABER. I cannot yield.

If we have this wildcat inflation, it will reduce the purchasing power of the dollar to such an extent that your veteran may get half as much compensation or half as much pension as he is now receiving, and he may get only 10 percent as much.

Mr. HOEPPEL. Will the gentleman yield?

Mr. O'MALLEY. Will the gentleman yield?

Mr. TABER. It is perfectly apparent that you do not realize what you are doing. You dare not face the situation by either putting on a tax to pay the bill, or by telling the truth to your veterans back home, after you cut their pensions, cut their compensation anywhere from 50 to 90 percent, and the same thing with the salaries of employees of the Government, and the same thing with the workingman who works in your factory back home. That is what this bill will do. Let us try and use a little common sense. We want to do what is fair by the veteran. We want to do what we ought to do in the line of giving him a decent chance and decent compensation, but let us not do things that will destroy everything that you have done for him and everything you might do for him. Let us stop right here and vote this bill down and do things right. [Applause.]

I yield back the balance of my time, Mr. Chairman.

The CHAIRMAN. The gentleman yields back 1 minute.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Arkansas [Mr. GLOVER] such time as he may desire.

Mr. GLOVER. Mr. Chairman, I am glad we have the chance today to vote for the payment of the soldiers' adjusted certificate. It is a debt the Government has recognized that it is justly due the soldier and should have been paid a long time ago instead of waiting until 1945, when many of them will be gone to their future home where there is no war. These boys were called by the Government into service by the selective draft law. They had nothing to do with bringing on the war. War was declared by Congress when we were attacked by another nation, and these brave boys went at the call of their country and many of them today sleep in Flanders Field in a far-away country to await the resurrection morning. We can do justice to those living. We said to them when they were going away, "Go boys, be brave, and justice will be done by you in the homeland." Many of them came home with the loss of limb, many who lost their health, some gassed, and injured in a way that we have not time to describe. The boy who was best fitted for service was taken, and the one who had some physical defect was left at home. I remember of one case that illustrates what I want to say. Two boys of the same family went to the place for examination to see if they were fit for service. One of them was perfect and was chosen for service and mustered into service and was carried overseas, the other had a slight physical defect; he was not taken but went to camp and worked for $8 per day, while the one who was physically perfect served as a private at $30 per month. This bill will do simple justice to the soldier boy. It will put cash into every nook and corner of the United States. It will put into my State, the State of Arkansas, the sum of $25,369,313.76. It is figured out and placed in the RECORD just what each county in the United States would receive from this fund. I will give you the figures as to the 12 counties in the Sixth Congressional District of Arkansas that I have the honor to represent to show you what each county will receive, and is as follows: Arkansas County, $305,064; Cleveland, $174,337.92; Dallas, $200,699.28; Desha, $298,415.52; Drew, $272,615.04; Garland, $492,904.08; Grant, $134,529.12; Hot Spring, $247,676.40; Jefferson, $877,626.72; Lincoln, $277,020; Lonoke, $461,823.12; Saline, $214,228.80. This amount of money would go into circulation at once, and the boys could pay their bills at the bank, the store, pay out a home, or buy one. There is nothing I know of that would help to get the country back to prosperity quicker than to pass this bill. It is paying that much the Government now owes instead of using it for some purpose that will not get results.

This bill is nothing more or less than paying a just debt with controlled expansion of our money about $2,200,000,000. We now have in the Treasury and in the Reserve banks nearly seven and a half billions of dollars in gild. We only have $11,000,000,000 of gold in the world. The way we are now getting it we will soon have it all. We have now around $3,500,000,000 in gold that is free gold. We have only about $5,000,000,000 of money issued on the gold we have. In other words, this amount can be issued now and have 100 percent of gold back of every dollar of it. Why do the big banks and big interests fight the payment of the bonus? Because it is to be paid in money and not in bonds bearing interest as they would like to have it. I venture that if someone would propose to pay this off by issuing interest-bearing bonds, they would be for it. I hope to see a constitutional amendment soon to prevent the issuing of interest-bearing nontaxable bonds. We are now paying $760,000,000 per year interest when we should not be paying one cent of it. We have a right to call these bonds and pay them off in legal-tender money, and that should be done as quickly as possible. The cost of the amount to be ex-

pended to carry on the administration of this fund as it is now carried will in the 10 years this will have to run—if not paid off now—be, as I figure it, around one and a third billions of dollars. Nearly enough saved to pay this off now. I can see no good or sound reason for deferring it longer, and I am glad to have the opportunity of voting to pay it off now and save expenses to the Government, restore business, and do justice to the soldier. We hope our Nation will never be plunged into war again. We have loaned money to other nations, and they have paid their soldiers, and we ask ours to wait until 1945. Is that right? I answer, "No!" We paid our soldiers a pittance even with the service-adjusted certificate. If our Nation should be forced to call the boys back into service again to defend our country, I wonder if the first question they ask would not be, When are you going to pay us for the last war we fought and won for you? [Applause.]

Mr. FISH. Mr. Chairman, I yield 4 minutes to the gentleman from Iowa [Mr. BIERMANN].

Mr. BIERMANN. Mr. Chairman, I do not yield to anyone in my loyalty to the man who now is suffering because, during the time of the country's need he served in the Army or in the Navy; nor do I yield in my loyalty to his widow or to his fatherless children. But this bill is not for them. We have heard talk about them and talk about the men who suffered in the trenches. This bill is not for them except incidentally. This is a blanket appropriation for all the four and one half million veterans who survived that war.

It is well to bear in mind that this is only a gesture. Without casting any aspersions on men who are going to vote for it, everyone in this House knows it stands no chance of becoming law. The signing of the petition was a gesture; the vote this morning was a gesture; the vote on this proposition today will be a gesture. The bill never can become a law.

Mr. LUNDEEN. How does the gentleman know that?

Mr. TRUAX. Who is the authority for it?

Mr. BIERMANN. From a better authority than either of the gentlemen who have just interrupted me.

Mr. TRUAX. I ask the gentleman to name his authority.

Mr. BIERMANN. This bill cannot possibly become a law; that is a sure thing; but if it did become a law, what would be its effect?

In 1925 there was a very definite contract made with the veterans of this country, a contract as definite as one could be made with the veterans' organizations. That contract was to pay the veterans $1 per day for each day of service in this country and $1.25 per day for each day of service in foreign countries; then to add 25 percent to that and consider the whole as a one-payment endowment insurance policy, due in 1945. If I were the director of an insurance company which had outstanding several million endowment policies due in 1945, and I voted to pay them in full 11 years ahead of maturity, I would feel recreant to my trust as a director of that company. And today I would feel, if I voted for this bill to pay these insurance policies 11 years ahead of time, without any discount, that I would be unfaithful to the trust placed in me as a Congressman of the United States.

Of course, the easiest thing, perhaps the politically expedient thing, would be to vote for this measure; but, as the gentleman from Kentucky says, if we do not do the expedient thing, if we make a political error in voting against it, I would a great deal rather cast my vote the way my conscience dictates than to vote for the measure on the ground of political expediency.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Illinois [Mr. SABATH] such time as he may desire.

Mr. SABATH. I yield to no one in my loyalty and admiration for our great President Franklin D. Roosevelt, who has displayed supreme courage, determination, and ability in bringing our country back to normalcy. That cannot be justly denied by anybody. I am pleased that it is and has been my good fortune to cooperate with him and work for his entire program. However, in 1932, realizing the unfortunate situation that the 4,000,000 ex-service men were thrown into by Republican misrule, I joined with a few others to advocate the immediate payment of the adjusted-compensation certificates.

In 1929 under the Republican administration, the American people were drained and milked dry, which brought about the closing of thousands of banks and many more thousands of industrial plants, throwing and keeping out of employment approximately 15,000,000 persons. These conditions brought about centralization of our money and destruction of our credits. I felt then, and I feel now, that by the cash payment with Government notes of the adjusted-compensation certificates, if this bill is enacted, first, it will save the Government more than a billion dollars, or $112,000,000 a year for 12 years.

Second, it will save the Government more than $10,000,000 in administration expenses of the Adjusted Compensation Act between now and 1945.

Third, it will pay a debt heretofore confessed by the Government to the veterans for services rendered. It is no bonus. The term "bonus" is a misnomer.

Fourth, it will be granting to the veterans the right to deposit a Government obligation and receive in return therefor new currency, the same right that is now enjoyed by Federal Reserve banks and all national banks.

Fifth, it will prevent the veterans from losing a valuable equity by releasing them from the payment of compound interest on their loans. Veterans who have borrowed 50 percent under the present law will have very little remaining in 1945. It is not right for the Government and the banks to consume these valuable equities by requiring the veterans to pay compound interest on their own money.

Sixth, it will require no bond issue, no increase in taxes, no additional interest payment by the Government. The debt must be paid sometime. Everybody will be helped if it is paid now.

Seventh, the Treasury holds in the general fund $3,140,000,000 in gold. It is unencumbered. This does not include the gold owned by the Federal Reserve banks. This is sufficient gold to issue $8,000,000,000 in new currency without reducing the gold reserve less than 40 percent. No nation on earth has ever claimed that more than a 40-percent gold reserve as a reserve for issuing money is required. If it is desired to back this money with gold, it will be very convenient to do so, although it is unnecessary.

Purchasing power must be placed in the hands of the masses. In this way it can be distributed quickly without the possibility of graft or favoritism. It is the best plan that has been proposed to be used as a vehicle to convey additional money into the hands of those who will buy goods.

It would place in immediate circulation approximately $2,000,000,000; and although conditions are improving, the credits are still frozen and money is hard to obtain. Therefore, I feel that the conditions still justify and demand the paying of these certificates and putting this amount of currency into circulation. This will not only aid the several million ex-service men but will be of general aid and blessing to others, enabling them to pay their debts to the butcher, the baker, the candlestickmaker and, most of all, to pay their rent to enable them to keep a roof over their heads and will materially aid the business of the Nation. It will create employment and in addition will add to the things we have already done to turn the wheels of commerce. [Applause.]

Some of our Republican and Democratic friends claim that the money to be issued under this bill will be fiat money, but this I deny. It will be as good currency as the money in circulation today, as we have enough gold in the Treasury to issue not only $2,000,000,000 for this purpose but an additional $2,000,000,000, and we will still have an unallocated gold reserve.

In my State we have about 246,000 holders of these certificates, and in my county (Cook) at least 120,000. Therefore, the amount of money that would be paid if the bill becomes law to the ex-service men, according to statistics, will be close to $85,000,000, and about $7,000,000 to the boys

in my own district. In view of the fact that the majority of them have been out of employment for 2 and 3 years, I feel that it can be and will be used and that the need is much greater now than it possibly can be in 1945.

The paying of this bonus at this time will not cost the Government—in fact, it will save the Government—money. Of course, the bankers and the war profiteers are opposed to this legislation, but they are at all times against legislation that will help the masses.

It is charged that not all the ex-service men have borrowed money against their certificates. Not all, I admit, but out of a total of 3,545,000, 3,019,582 have done so, leaving only a small number who have not borrowed.

I very much regret that this bill has not the approval of the President; still I feel honor-bound to support and vote for it. [Applause.]

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from West Virginia [Mr. RANDOLPH] such time as he may desire.

Mr. RANDOLPH. Mr. Chairman, I sought to ask a question of the two gentlemen who spoke a moment ago. I now change it to an observation.

The President of the United States has said publicly that if he can be right 75 percent of the time, he should be satisfied. He will be the last person to unfairly criticize Members of this body who honestly differ with him on this measure. He respects always an honest conviction. I believe this afternoon we might well ponder the proposition that he might change his mind upon this issue and that while today he stands against it, yet tomorrow his opposition may be changed to approval. [Applause.]

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Delaware [Mr. ADAMS] 1 minute.

Mr. ADAMS. Mr. Chairman, in 1 minute, the time allotted to me, I cannot make the speech I should like to make, and for that reason I ask the privilege of revising and extending my remarks.

I have asked for 1 minute to address myself to the statement of the gentleman from New York [Mr. FISH], that this bill cannot pass the Senate. I wish to remind the gentleman from New York that we are not called upon here today to wonder or guess what the Senate will do with this bill. We have a duty to perform. We owe a duty to the World War veterans. I shall vote today as a Member of the House of Representatives regardless of what the Senate may do. I am hoping that this bill will be passed by the House.

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Chairman, when the President's economy measure came before the House I voted for it because I believed the country had given him and his party a mandate to grapple with the great problems of the depression, and as a good citizen it was my duty to forget the claims of partisanship and support him. As this so-called "economy bill" was applied in the governmental relations of the veterans of various wars, certain injustices developed. I had hoped when the independent offices appropriation bill came before this House that we would be free to introduce amendments to take care of certain groups of veterans who were suffering great injustice at the hands of the United States Government, I am sure without any purpose or desire on the part of the Members on either side of the aisle.

I had hoped for an opportunity to vote for an amendment that would take care of our Spanish-American War veterans, who have had the rawest deal of any class of veterans in this country. If this Congress adjourns without doing justice to our Spanish-American War veterans, it will be to our everlasting disgrace.

I had hoped there would be removed by action of this House the terror that is now hanging over certain veterans with service-connected disability, in the ruthless reduction of their pension by the present administration.

I had hoped that at least some of the presumptive cases that were certainly worthy would be taken care of.

I had hoped that where we had widows and orphans of veterans that needed looking after the Government would by appropriate legislation look after them.

But we were gagged. We were not permitted to do our duty by this class of veterans. The bill went to the other body and came back with certain provisions in it that we ought to have put in ourselves and is now in cold storage somewhere. I do not know where. I am at sea, almost as confused as you gentlemen on this majority side seem to be most of the time, on this legislation. If we pass this bill today, for instance, turning out $2,400,000,000 of fiat printing-press money for the veterans, and then bring in the other bill taking care of these other equally deserving groups of veterans, what are you going to do? You cannot expect the Government to do both. If we pay out $2,400,000,000 in this bill, you cannot turn round and add three or four hundred million for veterans in the economy bill.

I am going to vote against this bill today first because it is a mere vote-getting gesture; second because it involves a dangerous inflation of our currency; and third because it involves the failure to care for our Spanish-American veterans.

I hope and pray that the powers that be that now control this Government will have statesmanship and sand enough to bring before this House the other bill and allow us to vote on these amendments to take care of the Spanish-American War veterans, the boys who were wounded abroad in the World War, and who are not now properly taken care of, and give us a chance to do the decent and honorable thing by all veterans who are in real need and not go off half cocked as we are going to do today by passing the Patman bill against a Presidential veto which will be sustained in both Houses. This Patman bill is not really a veterans' bill at all. Its last section provides that "This act may be cited as the 'Controlled Expansion Act, 1933.'" It is first and last a cheap money bill and if it becomes law it will help to bring more suffering and ruin upon all our people than we have faced thus far. [Applause.]

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. JOHNSON] such time as he may desire.

Mr. JOHNSON of Oklahoma. Mr. Chairman, I voted a few moments ago to bring this bill up for consideration to pay the adjusted-service certificates in cash. I shall vote for the bill today and if the occasion should demand, shall keep on voting for the bill. [Applause.]

A question has been raised by the gentleman from Kentucky [Mr. BROWN] and others that Members who are supporting this legislation are doing so for political expediency. I deny the charge. I submit in all sincerity that it takes more courage under the circumstances for Members to stand here and announce they are voting for the so-called "bonus" bill and will keep on voting for it in face of White House opposition, than it does for the gentleman from Kentucky to vote the other way. [Applause.]

I challenge the distinguished young gentleman from Kentucky or any other opponent of the soldier bonus to show a more consistent record for having supported the President's program than mine. But I have also consistently supported legislation to pay the adjusted-service certificates in cash. I am pledged to continue to support this legislation. Knowing our great President as I do, I feel that he would not have much respect for me or any Member of Congress who would not keep a solemn pledge made to his people.

So it will not be any particular surprise to the people of my district to learn that I have voted and spoken for the bill here today. I am on record on this with the people of my district, having discussed it freely in the last campaign when I received a majority of over 39,000 votes, against a majority of 21,000 given me in the preceding election.

I am supporting this bill for two major reasons: First, it will pay a just debt; second, it will make a necessary and needed expansion of the currency.

Some of you may have been surprised when the gentleman from Texas [Mr. EAGLE] pointed out here this afternoon that the amount of money in circulation has declined $2,400,000,-

000 in the last 12 months because of the policy of the Federal Reserve banks in tightening up credits and consequently reducing the volume of Federal Reserve notes circulating.

The opposition seems to be centering its attack against this bill on the claim that it is inflation, which shows why the major opposition is coming from the so-called "old guard." You heard the gentleman from Massachusetts [Mr. LUCE] refer to the pending measure as "wild inflation"; but he made no objection to similar proposals for the big bankers of the country. The gentleman from New York [Mr. FISH] protests because we would issue what he calls "printing-press money", which, of course, is a mere subterfuge.

As I have previously stated, I am not a recent convert to this measure. Permit me to quote from the testimony I gave before the Ways and Means Committee on April 15, 1932. I testified, in part, as follows:

I listened with surprise to one of the witnesses for the bonus the other day who said, "We admit that it is not due." I make no such admission. I do not hesitate to say to this committee that it is all past due, and it is a rank insult to every man who wore the uniform to refer to this legislation as a proposed donation to the World War veterans.

Again I stated to the same committee:

You will doubtless remember that hardly had the bark of the cannon died away and the smoke cleared from the battlefields in the Argonne Forest when the railroads, the shipbuilders, and some of the ammunition factories, as well as several thousand civilian employees, came to Congress demanding a bonus for their "patriotic war-time service." They did not ask for promissory notes. The railroads did not ask for notes due in 1945. The shipbuilders did not ask for promises, but they wanted the cash on the barrel head. I am ashamed to say that Congress very soon after the war gave the shipbuilders their bonus, and gave it to them in cold cash. They gave the civilian employees, the shipbuilders, the railroads, and the ammunition makers, some of whom had profiteered to the tune of 500 percent, their bonus in cash. Then, after the railroads had gotten their bonus, someone thought that probably the boys who had faced the machine guns at a dollar and a quarter a day should have their pay adjusted—not a bonus, mind you; Congress never gave the veterans a bonus, but merely proposed to adjust their pay.

Mr. Chairman, the plan to adjust the pay of the veterans in cash was bitterly opposed and defeated by the international bankers, bond brokers, and Wall Street in the last Congress, and they are still opposing it very bitterly. I submit that those who profited most out of the last war should help pay for it before they start another one. [Applause.]

It has been repeatedly stated on this floor today that although the Government owes the former service men a debt, that it is not now due them. Let me remind you that others not only received their pay in cold cash, but they also received the interest rate they demanded from the beginning of the war. I submit in all fairness that if those with less-hazardous jobs were entitled to pay from the beginning of the war, with interest, the war veterans, who faced machine guns and the shrapnel that American profiteers sold at 500-percent profit, are entitled to interest from the date of their enlistment. If that be true, and the war veteran had been paid his interest at the same rate the railroads received at the hands of the Government, the adjusted-service certificates would have fallen due in the year 1931. I have no apologies in looking Members of this House in the face and saying it is a just debt, and by all the rules applied to others that it is all past due.

I speak today not as a general who pulled down a big salary during the war, and who was usually safely behind the lines, but as a very humble private in the rear ranks, but with front-line service—that I know war veterans more than earned every dollar Congress has admitted it owes them. [Applause.]

Let me add that if I thought that the payment of the last half of the bonus would impair the financial structure of the Government or hurt business to any extent whatever, I would not, under any circumstances, support this legislation. On the other hand, after talking with many economists and financiers in high authority, I am fully convinced that the currency must be expanded, or reexpanded, if we are to have a real revival of business conditions.

It is needless for me to picture to you the conditions and the need for relief for our war veterans and their families. You have heard that over and over again; but let me say in closing that if $2,000,000,000 of additional currency were sent out into every nook and corner of America, in my judgment, it would revive business immediately. It is a practical way of increasing or expanding the currency. It would raise commodity prices. It would save the homes of thousands of veterans threatened with foreclosure. Although many of our veterans have received temporary help from the C.W.A. and other relief measures, there are still many of them in pressing and dire need, worried by debts they are unable to pay, their children without proper food and clothing, and their whole outlook on life discouraged because they are the last group to be remembered by this great Government of ours.

Some of you gentlemen who are bitterly opposing the passage of this legislation today have sought to ingratiate yourselves in the eyes of the veterans by saying that you would favor the cancelation of all or a part of the interest charged veterans on their bonus certificates. Let me say for the benefit of those of you who have suddenly decided that you favor cancellation of the interest on these certificates, that for more than 2 years I have had a bill pending in Congress to do that very thing, but up to this good hour it has not received any consideration whatever at the hands of the committee. There has also been pending before another committee what is known as "the Legion's four point bill", introduced by myself and other Members, but to this moment that bill has been entirely ignored by the committee and this House. This is the first opportunity we have had during this session to do anything for our war veterans, and I have a feeling that when the vote is taken here this afternoon that it will be overwhelming in favor of passage of the bill. [Applause.]

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Ohio [Mr. TRUAX] such time as he may desire.

Mr. TRUAX. Mr. Chairman, there comes a time in the history of every nation and in the life of every man when individual desires must be subordinated to principle, and it is upon principles that I intend to vote for this bill. Were I a banker, a bond grabber, or a member of the silk-stocking aristocracy, I would vote "no" on this bill, but since I am a plain farmer from Ohio, since I am thinking of the World War veterans who went across the seas, since I am thinking of the widow who is upon charity now and of the orphan son or daughter, since I am thinking of all the common people, I shall vote for the bill. [Applause.]

The term "bonus" is distinctly a misnomer. It has been used by the enemies of veterans to poison the mind of the public, just the same as the equalization fee of the McNary-Haugen bill, which was passed by Congress in 1926 and 1927 and vetoed by Calvin Coolidge, was misrepresented by Andrew Mellon, Herbert Hoover, and the Wall Street bankers as a tax upon the farmer.

The proper title is "adjusted-service certificate." It is merely a Government bond payable in 1945 to veterans of the World War who have been honorably discharged as a slight compensation for services rendered while in the service of their country. Each veteran who possesses a certificate must have served longer than 110 days. Veterans who saw less than 110 days' service had already been given $60 bonus following discharge, with which to buy clothing and other necessaries of life.

The manner in which the total of the certificates was calculated was upon the following basis: Every veteran who saw duty overseas was allowed $1.25 a day, and $1 a day for every day while in service in the United States. His total credits, amounting to $500, were enhanced by the addition of compound interest at 4 percent annually for 20 years, amounting in all to $1,000. These certificates were issued under date of January 1, 1925.

These men were called away from lucrative jobs to fight for their country, while the army of white-collared salary workers, Government employees, laborers, craftsmen, and farmers who remained at home drew wages and incomes many times in excess of that paid the soldier. Employees

in the city left $40-a-week jobs, farm hands left $75-a-month jobs, to fight for their country at $1 per day.

Be it said to the credit of the Congress that it desired to authorize a pay scale for the soldier more in conformity with the prevailing wages of industry. This was not done, however, and a tentative agreement was reached that the small pay received should be adjusted following the signing of the armistice.

OTHER BONUSES THAT HAVE BEEN PAID

Following the signing of the armistice, Congress passed the Esch-Cummings Act, now known as the "Transportation Act", which gave a bonus of $600,000,000 to the railroads of the country, and so authorized the elevation of freight and passenger rates that the railroads might return a dividend of 5½ percent on all their stock and bonds, including millions of watered stock. To this day, railroads have made no general definite reduction in rates, but have had them increased by law during the depression and panic.

Civilian employees, to the extent of 500,000, received a cash bonus. Each one who had received $2,500 a year or less was given upon an average of $1,000 additional pay.

The largest and most infamous bonus was given to the European nations for whom we fought the war. These nations were loaned billions of dollars by our Government. The funds were raised largely from the struggling masses who bought $13,000,000,000 of bloody war bonds. The sad story of refusal to pay, cancelation, and repudiation by these governments whose national existence we saved, is too well known to need repetition here.

Most damnable of all was the fact that these nations used our money in many instances to award bonuses and adjusted compensation to their own veterans in amounts much higher than we seek to give to the World War veteran today.

Thousands of war contractors shared in the generosity of the Government to others following the war.

Mr. Chairman, the second largest bonus, an indefensible as well as an infamous one, was the refund or credit abatement of four and one half billion dollars to wealthy corporations, war profiteers, and rich individuals made by that modern Robespierre, whom reactionary and stand-pat Hoover Republicans are prone to eulogize as "the greatest Secretary of the Treasury since Alexander Hamilton", but whom I choose to characterize as the greatest buccaneer since Captain Kidd, with the possible exception of John "Pirate" Morgan and his swashbuckling band of Wall Street brigands. These bloodthirsty pirates tower over the pigmy racketeers of our day—the Dillingers, Touhys, Machine Gun Kellys—as Ali Baba and his 40 thieves eclipsed the gangsters of his time.

FIAT MONEY

Since 1866, when the bank racketeers of this country were given the privilege to issue and circulate money, whenever there is about to be a curtailment of this vicious and unwarranted practice, when officials who are free from Wall Street domination propose to issue more money for the needs of the common people, these vultures immediately set up the cry of "flat money." With their captious though illusive themes these modern sophists prate of debasing the currency, unmindful of the fact that American manhood is debased, American womanhood debauched, and American ideals destroyed to uphold their pagan god—the gold standard.

In their ecstasy to wander about into the labyrinth of "sound money" they become foolishly bewildered in an economic maze of their own making. The farmer and wage earner may never be privileged to enter this superabode of the giants of the moneyed intellect, the high-domed professor of the science of money, and the high-browed metallist who says the country is going to hell because we are off the gold standard.

But the farmer knows when he cannot receive in exchange for his farm products, enough currency of the realm to pay his taxes, keep himself and family clothed, there is something rotten in Denmark. The wageworker understands that when he has been out of a job for 3 years and has to depend upon C.W.A. or P.W.A. or charity to provide food and warmth for himself and family, knows that his trouble is due to a money famine, and is willing to accept a dollar, whether it be of paper, boloney, or wood.

An expansion of currency to meet the need of changing times and an ever-increasing populaion may be called by some an "evil", but, on the other hand, a contracting currency in times of universal bankruptcy and distress is a scavenger of hell itself.

Any dollar is not worth a cuss unless it can be redeemed in terms of commodities, in pounds of flour, bread, sugar; in shoes, clothing; in payment of monthly tribute to the natural-gas monopoly, the Electric Power Trust, the telephone octopus, and to the 36-percent loan sharks.

BANKERS' MONEY

The so-called "money experts" do acrobatic tricks with statistics—the per capita circulation of money, increase in the circulating media as compared to increase of population, and such similar gymnastics—until their logical sequences are sprained and can walk only with the aid of crutches.

We are generally told that we have five and one half billion dollars of currency in circulation, when if the truth is known, if consideration of the indisputable fact that bankers hoard currency today to keep their institutions liquid, that millions of dollars of currency have been destroyed, lost, stolen, or burned, then we will know for ourselves that not even half of the amount of currency per capita claimed to be in circulation, is really in circulation.

The bankers obtain money by following exactly the same procedure that we now attempt to gain money, not alone for the veteran, but for all the masses of the people. The banker can deposit $100,000 of Government bonds with the Government, and is permitted to issue $100,000 worth of national-bank notes, which he lends to his customers at rates of interest ranging from 6 to 8 and 10 percent and even higher. In addition, he draws 3½ percent annually from the Government as interest on those bonds. So he is really receiving anywhere from 10 to 14 percent interest upon the bonds that he has purchased from the Government. This is known as "bankers' money."

Yet, when Congress proposes to restore its authority, vested in it by the Constitution, and to issue $2,400,000,000 of non-interest-bearing notes to pay off the obligation to the World War veterans, the bankers at once howl and complain because of their selfish, greedy natures.

These bankers are part of a system that always seeks to pay the lowest price for wages, for farm and industrial products, but to command for their own services and the commodity which they rent and do not sell—money—the highest price that can be squeezed out of the taxpayers.

It is an idle and futile dream for us to suspect that we can become an independent and prosperous Nation as long as we are subservient to the strangling interests, dividends, and rental charges of the money kings and bond grabbers—toll and tribute on dead capital.

The revenue derived from a single dollar lent for 100 years at compound interest is astounding.

Percent per annum:	
3	$19.25
6	340.00
8	2,203.00
10	13,808.00
12	84,075.00
18	15,145,007.00
24	2,551,798,404.00

Certain Members of this House may attempt to tell us that we understand not what we are doing, that following our action of today there will be visited upon this country the worst calamity in history. I rise to challenge this statement, to deny it, to refute it, and to counter with the well-established fact that this or no other currency expansion measure can ruin 95 percent of our people, because this 95 percent has no money or currency of the land to buy the necessaries of life.

It will scale down to some extent the huge and ill-gotten fortunes of the millionaires. It will take away to some extent the illegitimate privilege of the bankers to print money,

circulate it, and collect interest thereon; for all of which I am profoundly grateful.

If you will scan the foregoing table, you will readily understand how the bankers, the silk-stockinged aristocracy, and the money kings have robbed and plundered the struggling masses in our country. You will understand why today 96 percent of the wealth is owned by 4 percent of our people. You will understand why people starve in a land of plenty, why people are homeless because there are too many homes, and why people shiver in their nakedness while we plow under our cotton and store our wool.

You will understand why it is vitally necessary to scale down all fortunes to $1,000,000, to limit incomes to $100,000 a year, to pay off $13,000,000,000 worth of war bonds in new currency, to refinance all farm and home mortgages with new currency, and to pay off the entire national debt with new currency.

Printing-press money they may call it, but the thing that irks them, that maddens them, is our efforts to halt forever their nefarious practices by taking from them the right to issue their printing-press money, and to restore it to all the people, where it belongs.

Did I not believe that this was an expansion or inflationary measure designed and drafted to help all of the people instead of the favored few, I would vote against the bill. Did I not know that the bill as prepared, and as to the method of financing, is the greatest benefit that could be given to World War veterans at this time, I should vote against it.

Certain Members, rambling in their rarified strata of political purity, demagogism, supine servility to gag rules, and abject lack of interest in human rights over property rights, accuse us of angling only for votes when we vote this legislation for World War veterans. They evidently have never extended the helping hand of charity and cooperation to the poor and distressed—never observed the beam of happiness and gratitude that lights the eye and glows in the countenance of the poor unfortunate who has been helped.

Who says this bill is only a gesture? Who says the other body of this Congress will not enact it into law? Who says that each time we vote for the defenders of our country we are looking only for votes? What are these gentlemen doing for veterans who seek to defame the character and impugn the intentions and honest convictions of Members who in their minds have the temerity to disagree with them?

When this payment of the Government's obligation to the veterans shall be made, it will not only be paid to veterans themselves but will go down into the grass roots of distribution among the common people. It will pay off mortgages. It will pay debts to the merchant, the shopkeeper, and, I am sorry to relate, to the 36-percent loan shark. It will be used to buy shoes for the veteran's family, to buy the good wife a new gown, and warm clothing for the kiddies. It will be used not alone to relieve the distress of the veteran but also to alleviate the poverty of a silver-haired mother, a white-haired father, who sit at the window and nervously gaze into a void, a mirage, which to their worried minds visualizes the coming of the sheriff with his hideous foreclosure order of sale—sale and dispossession.

In 1928, in the August primaries, I was nominated for United States Senator on the Democratic ticket, defeating Gov. George White and three other opponents by a large vote. I carried 70 counties of the 88 in Ohio. Mr. White carried only 12.

It would be most unfair to my constituents for me to claim full personal credit for this achievement. A large part of it was due to the platform on which I stood; namely—justice and economic equality for farmers, war veterans, and wage workers.

In the May 1932 Democratic primaries I was nominated Congressman at-large. My platform included a pledge to pay the soldiers' bonus with new currency, and to oppose any attempt to reduce the compensation of disabled war veterans except in case of fraud and willful misconduct.

Speaking at the Democratic State Convention in Columbus, Ohio, on August 20, 1932, on the same day that our great President, Franklin D. Roosevelt, made his first campaign speech, I declared to the convention in unequivocable terms and reiterated my position so that none could be mistaken—I said I would support payment of the soldiers' bonus with new currency.

I like to believe that, through my humble efforts, many farmers, wage workers, and other toilers became converts to the Patman bill. I asserted in unmistakable terms the belief that this infusion of new currency into the flabby veins of the pauperized masses would invigorate them, would resuscitate and recondition these victims of depression and oppression by the money kings.

We were faced with a famine of money then. We are faced with a famine of money today. When a man is starving, his life can be saved only by bread or food; when a man is dying from thirst, he can only live if he is given water; and when a nation is stricken because of the insufficiency of the circulating medium, that nation can only be rehabilitated by an increased supply of this medium in town, city, and country.

The proof of the pudding is in the chewing of the string. So the proof of the meritorious and humanitarian nature of this measure is found not only in the immediate relief to veterans and to their dependents but in the amount of money that will find its way into every town, every county, every city, and every State in the Union.

My own State will benefit to the extent of the following:

Ohio: Adams, $361,355.13; Allen, $1,230,798.87; Ashland, $476,351.91; Ashtabula, $1,212,040.53; Athens, $783,222.75; Auglaize, $497,042.82; Belmont, $1,679,367.87; Brown, $357,224.04; Butler, $2,022,709.32; Carroll, $284,690.61; Champaign, $427,346.19; Clark, $1,612,295.28; Clermont, $528,105.78; Clinton, $382,028.31; Columbiana, $1,533,361.32; Coshocton, $513,744.48; Crawford, $626,666.85; Cuyahoga, $21,301,797.15; Darke, $673,899.57; Defiance, $402,719.22; Delaware, $461,263.68; Erie, $747,018.09; Fairfield, $780,297.30; Fayette, $367,986.15; Franklin, $6,401,505.15; Fulton, $416,247.21; Gallia, $408,676.50; Geauga, $273,290.22; Greene, $589,682.07; Guernsey, $735,546.78; Hamilton, $10,449,281.88; Hancock, $716,362.92; Hardin, $489,968.55; Harrison, $334,104.12; Henry, $399,350.52; Highland, $450,625.68; Hocking, $361,816.11; Holmes, $296,551.98; Huron, $597,501; Jackson, $443,959.20; Jefferson, $1,565,683.11; Knox, $520,162.74; Lake, $738,880.02; Lawrence, $789,711.93; Licking, $1,063,126.26; Logan, $513,833.13; Lorain, $1,936,222.38; Lucas, $6,164,880.57; Madison, $359,085.69; Mahoning, $4,186,797.66; Marion, $805,296.60; Medina, $526,173.21; Meigs, $424,828.53; Mercer, $444,952.08; Miami, $909,566.73; Monroe, $326,692.98; Montgomery, $4,848,818.13; Morgan, $240,826.59; Morrow, $256,889.97; Muskingum, $1,194,966.54; Noble, $265,258.53; Ottawa, $427,452.57; Paulding, $271,286.73; Perry, $557,519.85; Pickaway, $482,929.74; Pike, $246,021.48; Portage, $756,751.86; Preble, $398,127.15; Putnam, $444,552.02; Richland, $1,168,442.46; Ross, $801,059.13; Sandusky, $704,430.63; Sioto, $1,440,043.33; Seneca, $849,993.93; Shelby, $441,902.52; Stark, $3,932,230.32; Summit, $6,101,442.63; Trumbull, $2,181,906.99; Tuscarawas, $1,209,061.89; Union, $340,274.16; Van Wert, $465,820.29; Vinton, $182,388.51; Warren, $434,880.04; Washington, $752,408.01; Wayne, $833,735.52; Williams, $431,122.68; Wood, $892,173.60; Wyandot, $337,508.28; total, $117,845,937.81.

[Applause.]

Mr. FISH. Mr. Chairman, I yield 2 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, I am going to speak on only one phase of this bill and give one reason why it should not pass.

We might as well face the facts. We cannot secure everything we should like for our veterans. It seems to be the almost universal feeling that this can never become law. We know past history has shown when a measure of this sort passes it does have an unfortunate effect upon legislation for our disabled veterans. It has been my very great privilege to have been with these men and women since

the beginning of the war. I know how desperate are the veterans who have had their compensation cut unjustly. We know of the gag rule which was brought in here and which prevented our getting an increased appropriation for the veterans in the independent offices bill. I know and I am greatly distressed that no hearings are being held by the World War Veterans' Committee, of which I am a member, to bring out a bill to correct some of these injustices. You know and I know that if this bill should become law it would still further jeopardize the chances of our disabled. If I voted for this measure the faces of thousands and thousands of service men and women I have seen over all the country in our hospitals would haunt me. I can see injustice for this reason in the measure. [Applause.]

Mr. FISH. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Chairman, if the question involved in the measure we are considering today were whether we should pay the ex-service men what we owe them, I do not believe that many Members would vote against this bill. But that is not the question; that is not the specific issue before us. The proponents of the Patman bill are asking us to pay, in addition to what is actually due, 11 years' unearned interest. In other words, they are asking us to increase the bonus voted in 1924 by more than 50 percent.

In order that this may become entirely clear, let us review the history of the Adjusted Compensation Act. Let us see how the face value of the bonus certificates was determined. It was decided in 1924 that each soldier of the World War should receive additional compensation at the rate of $1.25 a day for oversea and $1 a day for home service; in other words, that if a veteran had served 200 days oversea, he should have $250 additional pay; if he had served 200 days at home, he should have $200; if he had served 100 days oversea and 100 days at home, he should have $225. Inasmuch as several years had elapsed since the war ended, it was agreed that there should be a further allowance in lieu of interest. Accordingly 25 percent was added to the sum to which each ex-service man was entitled on a per diem basis.

One of the points at issue was whether the bonus should be paid in cash. Although economic conditions were infinitely better at that time than they are now, they were considered bad by a generation that had become accustomed to war-time prosperity. It was thought that times would improve, and that in 20 years, with the war debt paid off, the Nation would be better able to discharge the obligation which the Government was about to assume. The belief that the country would, by steady strides, emerge from its post-war difficulties was one of the considerations that enabled the proponents of the original bonus bill to pass it over the President's veto.

If the Congress which voted the ex-service men increased compensation had accepted the responsibility of providing the money wherewith to discharge the obligation thus created, we should not today be facing this embarrassing issue. But like every other legislative body, the Congress which sat here in 1924 found it much easier to authorize expenditures than to levy taxes. Accordingly, it decided that the veterans should receive, in lieu of the cash due them, certificates for the amounts which would be due with accumulated interest in 1945.

Let me emphasize this fact: The ex-service man who holds an adjusted-compensation certificate for $1,000 did not have $1,000 coming in 1924 on the basis of the agreed per diem, but approximately $500. He does not have $1,000 coming today, but $500 plus accumulated interest to date. He will not have $1,000 coming until 1945, and those who support this bill today are, in effect, proposing that the Government pay, in addition to its acknowledged debt, 11 years' unearned interest. The proponents of this measure have not said much about this; it is a point they want you to overlook.

At 4 percent, interest earns 54 percent in 11 years, as any savings bank bookkeeper can tell you. Accordingly, those who ask us to vote for the present bill ask us to vote an additional bonus of 54 percent. If you want to do that, do it; but do it with your eyes open. Know what you are doing when you do it.

The ante has been raised twice. It was raised 25 percent in 1924, and it is being raised 54 percent today. I am wondering whether it will not be raised again when a group of politicians who want your jobs, and need the bonus vote, call attention to the fact that you have discharged the debt with dollars devalued to 59 cents—dollars which, in terms of gold, are worth only 59 percent of what dollars were worth when the original bonus bill was passed. During the Civil War the Government issued $600,000,000 in greenbacks, which became depreciated until they were worth only one half of their pretended value. History has a habit of repeating. If $600,000,000 of fiat money depreciated one half in the sixties, what will the printing of four times as many dollars do to the value of the greenbacks of 1934? Granting that the present 59-cent dollar would depreciate no more than 50 percent, it would be worth less than 30 percent of what dollars were worth when the act creating the bonus obligation was created; and you, who today blithely assume that by the hocus-pocus of financial wizardry you escape a troublesome issue, may find yourself outbid by a candidate who is willing to promise to raise the ante 70 percent instead of 54.

In all candor, I will say that I favored the reduction of the gold content of the dollar, believing it would tend to restore the 1926 price level and reestablish the old ratio between debts and equities. The process of readjustment resulting from devaluation will necessarily be slow, and perhaps better so, for a sudden shift in price levels would result in great hardship to those who live on wages or fixed incomes. But while approving of devaluation, I cannot give my support to rag-money inflation. Much as I want to raise the price level, I do not want to raise it by panic—by so shaking the confidence of the people in their currency that they will buy goods, commodities, and property in order to be rid of their money. A price level raised by fear "goeth before a fall." I want prices to rise in response, not to apprehension but to confidence. The least that I can do is to await the orderly development of the consequences of devaluation before sanctioning an experiment that has brought disaster to every nation that has tried it in the past.

We are told that if this bill becomes a law, business will be stimulated. It was a similar inducement that caused Congress a few years ago to authorize loans on adjusted-compensation certificates, but the results were disappointing. A hardly noticeable spurt of business was followed by deeper and blacker depression, and the elusive phantom—prosperity—did not so much as even look furtively around the corner. That prosperity can be restored by the distribution of Government funds is a superstition experience is fast dissipating. England flirted with the delusion for a while, but gave it up. In the end we shall have nothing but debts and disillusionment to show for our experiment in bootstrap-lifting.

It has been said that we shall save $112,000,000 interest annually by paying the bonus now. That would perhaps be true if we paid the present worth of the certificates; it is not true if we pay under the terms of this bill. We shall not only pay the interest but pay it in advance.

While it is not for me to question the motives of those who see fit to support this measure, I cannot be denied the right to say that my efforts to fathom the purposes which have induced Members to bring this bill to a vote at this time leave me puzzled. The proposal to pay the bonus now has already been defeated in another body, and the President has stated in terms that do not admit of misunderstanding that his veto pen is poised for action. Voting for this measure will not put one dollar into the pocket of a single veteran. It will not solve the bonus issue but bedevil it. It will not fool any intelligent ex-service man.

Personally I have supported every well-considered effort to liberalize the rules and regulations promulgated under the Economy Act, for I feel that in many cases the administration of that law has not been in harmony with the promises which were made when we passed it. I shall continue

to insist on fair treatment for those who suffer from wounds and infirmities incurred in service. I am willing to support full payment of what is now due on the adjusted-compensation certificates, but I am not willing to reach down into the pockets of a hard-pressed people to increase the bonus by 54 percent, however helpful it might be to my own political fortunes.

It is a mistake to assume, as some have so glibly done, that the Morgans and Mellons will pay the bill. The proceeds of income and estate taxes have already been allocated, and many times over, for the expenditures of the regular Budget. The funds derived from taxes on tobacco, gasoline, tires, bank checks, and other articles and commodities, have been spoken for long ago. The revenue needed to pay the bonus will come from the ordinary, everyday citizen. Make no mistake about that. It will be subtracted from the buying power of the masses, no matter how adroit have been the efforts to conceal that fact.

In view of the considerations I have set forth, I shall at the proper time offer an amendment to pay the bonus certificates at their accrued rather than their face value. If that amendment is adopted, I shall vote for this bill. Otherwise I shall record myself in the negative, for if I were to do otherwise I should have a guilty conscience. I should consider myself untrue to the interests of my constituents, who have honored me by electing me as their Representative in this House. [Applause.]

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from South Carolina [Mr. GASQUE] such time as he may desire.

Mr. GASQUE. Mr. Chairman, I think I was one of the first men that appeared in this House advocating the payment of the soldiers' bonus on a cash basis. I stood here 12 years ago and pleaded that they be paid in cash. The Republican Party which was in power at that time did not see fit to do this. They pleaded and finally succeeded in passing an act providing for a payment of a 20-year paid-up policy in insurance. Hence today we as a Government are under obligation to pay to the ex-soldiers 2¼ percent more than a cash bonus would have amounted to. The Government is under obligation to pay this. They have outstanding bonds or certificates for this amount.

We can no longer take the position that we are unable to pay this. In my opinion the greatest need of the country today is a circulating medium in currency. The validating of these certificates in making them a circulating medium would do more to relieve the present situation of unemployment than any other thing that I can think of. Let us pay this bonus now, in certificates which will circulate and wipe out the debt which we owe to the ex-soldiers, and at the same time inflate the currency to an extent which will be felt by every farmer and laborer in America.

Mr. FISH. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I have been listening intently, hoping we could have a little more discussion of the various sections of the bill relating to its financial features. I think we ought to congratulate the gentleman from Texas [Mr. PATMAN], because he seems to be winning on all fronts. He is going to pay the adjusted-compensation service certificates, and he is going to carry out all those pet financial schemes of his. It seems that by the terms of the bill, when the time arrives that commodity prices reach a certain point, then the circulation privileges and issuance of notes by national banks and by Federal Reserve banks are to be abolished and terminated, and all the gentleman's notions of finance, of which we have heard so much for some time back, are to be put into operation. But to this minute no one seems to talk about this feature of the bill. Little attention is being paid to this more important part of the bill put in under the plea that it might be necessary to curb inflation. Little notice is being taken of these financial features, which ought to be considered by the Banking and Currency Committee. We seem to think that the only purpose of the bill is to pay the soldier's bonus. Cannot gentlemen see by reading this what is happening? The very title of the bill is misleading. It is the beginning of a scheme to simply print money for all Government obligations in the future. There is to be no more bankers' money in Government financing. It will be the United States, Inc., which will issue money, about which we have been hearing so much lately. I for one am extremely interested in those particular sections relating to the abolition and termination of present methods of obtaining money for governmental and private financing in the future.

Mr. FISH. Mr. Chairman, I yield myself 2½ minutes. I do not want to become involved with the Members of the Democratic Party as to how they should vote on this measure; but I think I am within my rights, and I think I am fair, in stating that the Democratic national platform calls for a reduction of 25 percent in the running expenses of the Government. It also calls for a balanced Budget, and furthermore, it calls for preserving sound money at all hazards. All three of those party pledges are violated in this one particular measure.

I do not want to disturb my friend from Texas [Mr. BLANTON] because he made a very impassioned plea for the bill this afternoon; but just a week or so ago, upon the 27th of February, I asked him if he was going to vote for the bonus bill, and this is what he then had to say:

> Since the President has said today that he is going to veto it, I am not going to vote to bring it here, because such action would be futile, and of no avail, and I am with the President, because I believe every Legion post in my district wants me to back the President in all his plans and policies to get this Government out of the bog.

The gentleman comes on the floor today after having heard a direct message from the President, a letter read, in which the President stated not only would he veto the bill, but that he would not permit a pocket veto, and yet, for some reason the gentleman from Texas and other Members of his party have changed their ideas recently and now propose to vote for this bill.

Mr. BLANTON. When I made that statement to my friend from New York, I then understood on good authority that the President was going to send us a statement asserting that this bill would destroy the economic structure of our Government and would disrupt his financial plans and policies. But he has made no such statement. He has not said that this bill would destroy the economic structure of this Government. He has not said that this bill would disrupt his financial plans and policies. All he has said is that he will veto it. That is his prerogative. He is merely exercising his prerogative. We are exercising our prerogative, to legislate, in passing this bill.

On February 20, 1934, I signed the motion to discharge the committee. I am now going to help pass this bill here before we adjourn.

Mr. FISH. For months the Democrats have been protesting their loyalty to the President. Every measure that comes up they claim must be pushed through because the President wants it, even if it violates the Constitution of the United States. But when it comes to such an easy method as fiat money to pay the veterans, the President is thrown overboard and the Democratic platform is scrapped and thrown out of the window.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. DUNN] such time as he may desire.

Mr. DUNN. Mr. Chairman and members of the committee, if I knew that by voting for this bill that it was going to kill me politically for the balance of my life, I would vote for it, and I am damned glad to have the opportunity to vote for such a humane measure. [Applause.]

Mr. PATMAN. Mr. Chairman, I yield half a minute to the gentleman from Pennsylvania [Mr. ELLENBOGEN].

Mr. ELLENBOGEN. Mr. Chairman, I am going to vote for this bill because the amount that is due to the soldiers is due today, and not in 1945. Out of a $1,000 certificate $500 was due in 1918. If you add 6 percent for 16 years, that is 96 percent, which amounts to just about the whole certificate, which is due today, and that is why I shall vote for it.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Chairman, something like 2 years ago, 10 Democratic colleagues on the Ways and Means Committee did me honor in permitting me to file a minority report upon the adjusted-service certificate bill, at that time advocating its passage. Fourteen members of that committee, 10 of whom were Republicans, were against a favorable report upon the bill. Eleven Democrats supported a favorable report. At that time Mr. Hoover was in the White House. At that time, when they discharged the committee and brought the bill to the House for action, we said that the primary purpose of those advocating the passage of that legislation was to benefit the United States. That if anyone could show that it was not to the economic advantage of all in this country, we would not sponsor it. I stand today exactly where I stood 2 years ago. There are those who say that gentlemen who today sponsor this legislation are not in step with the President of the United States. Let me say to them that some of us formed our opinions after weeks, veritably weeks, of hearings, when the leading financial minds of the country came before our committee. We formed our conclusions then. We took position in the House and voted our sincere convictions. We went to our people in the campaign of 1932, explaining the purposes of the bill, explaining the money mechanics of the bill, and we were returned here with certain recollection of our promises and commitments. Some of us have the courage to keep the faith. [Applause.] In so doing we maintain that we do nothing that an honorable man should not do.

We were told in the Seventy-second Congress, in those hearings, that if we passed this legislation we would be forced off the gold standard. Well, we have gone off the gold standard without this bill being enacted into law. I had the privilege of hearing Mr. James A. Farrell, former president of the United States Steel Corporation, a couple of days ago, say that the only trouble about going off the gold standard was that we did not do it 18 months sooner. [Applause.]

I have no quarrel with any Member of this House with reference to his vote. If I were angry, I should be inclined to characterize as cheap politics the action of those who would impugn the motive of any Member; but in view of the fact I am in a good humor, I will not make such characterization.

Our good friends say they are in favor of entirely eliminating or remitting the interest on loans heretofore made. The gentleman from New York [Mr. FISH] made that statement and other gentlemen have said that they favored the elimination of the interest charge. My friends, I call to your attention to the testimony of General Hines before the Ways and Means Committee, in the Seventy-second Congress, while testifying on the bonus bill, at page 566, and I quote verbatim:

> General HINES. From 1932 up to 1945, if you were to cancel all interest, it would cost the Government $1,016,000,000 plus.

This is 50 percent of the amount called for in this bill. It would not be paid in the same manner. You would have to pay that $1,016,000,000 in taxes or bond issues, that bear interest.

Mr. FISH. Will the gentleman yield?

Mr. VINSON of Kentucky. I am happy to yield to the gentleman from New York.

Mr. FISH. According to the figures I got, it will cost $65,000,000 a year for the next 10 years.

Mr. VINSON of Kentucky. I am not responsible for the figures which the gentleman gets. I am quoting a high authority. Certainly it cannot be said that General Hines is prejudiced in favor of the soldiery of this country. [Applause.] His figures certainly must be accurate.

Our friends today are not quite so loud in their protests in regard to printing-press money, but it does come into their argument.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I yield the gentleman from Kentucky 5 additional minutes.

Mr. VINSON of Kentucky. The gentleman from New York [Mr. FISH] who opened the debate in opposition to the bill called the United States notes "printing-press money", and the gentleman who closed the debate [Mr. GIFFORD] said "printing-press money." Two years ago it was testified without contradiction that at that time we had more than $1,800,000,000 currency that was not backed by specie, that was backed by governmental obligations only. Today, I say to you that we have more than $2,000,000,000 of such currency that has only that sort of backing. Oh, my friends on the Republican side, talk about money issued against the credit of the United States being "printing-press money." What did you do in the Glass-Borah amendment to the Home Owners' Loan Corporation, passed in the last administration, authorizing the issuing of currency upon bonds and bonds alone, bearing 3⅜ percent interest? Is that printing-press money? If the money authorized hereunder be printing-press money, any paper money can be characterized as printing-press money. Are the national-bank notes which have been a medium of exchange for many years printing-press money? My friends, for years we have issued national-bank notes, backed by the credit of the Nation, in the form of 2 percent Government bonds, called consols, 95 percent of the reserve being Government bonds and 5 percent lawful money. We have $900,000,000 of such money.

Mr. BLANCHARD. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. BLANCHARD. Will the gentleman state the amount that was issued following the enactment of the Glass-Borah amendment?

Mr. VINSON of Kentucky. Something between three and four hundred million dollars currency, as I recall, but, because of the interpretation of the Comptroller General, the bankers came and withdrew quite an amount of the bonds. Between three and four hundred million dollars in currency was issued under that Republican legislation; but because of the interpretation of the Comptroller General on a question of the 3-year limitation in the bill, the bankers came and withdrew the bonds. I am informed there are some one to two hundred millions of currency of this kind yet outstanding. Let me call your attention to some more printing-press money that was started in Mr. Hoover's administration, currency backed only by Government bonds, authorized in the Glass-Steagall bill.

It was only 10 days ago when we saw the administration leaders adjourning the House on Friday to go over until Saturday in order that they could be certain that they would continue the right to have that sort of currency. Federal Reserve notes in amount of $570,000,000 of that kind of currency is in existence. If it was a good thing to continue $570,000,000 of that kind of currency 10 days ago, I say it is with ill grace that men attack the validity, the soundness of the money involved here. I want to state I helped in the move to grant the extension sought at that time because we need that currency just as we need this currency.

Mr. GIFFORD. Will the gentleman yield?

Mr. VINSON of Kentucky. I regret very much that I cannot yield.

My friends, we devalued the gold dollar. We have seven and one half billion dollars of gold. The gold in the Federal Reserve banks and $3,100,000,000 in the Treasury makes 100 percent coverage for all currency, including this. I know it is contemplated to use two billion of the three billion one hundred million of gold for stabilization purposes. That is because they can; but under the law, the parity statute of 1900, all reserves are behind any and all moneys that are issued by the United States Government. A section of this bill so states. A section of this bill applies specifically that statute to this currency. All the strength and effect of the parity statute of 1900 and certain amendments to the Federal Reserve Act are behind this currency. You can take

this money and put 100 percent gold coverage behind it, if desired. You can take $2,000,000,000, use it for stabilization purposes, and still have $1,100,000,000, practically 50-percent gold reserve behind this currency. In addition to that you would have the solemn, direct obligation of the Federal Government in an amount of $2,200,000,000 turned in and satisfied. So I submit that the question of the validity of this money does not admit of serious discussion or argument, despite the fact that it may go to the country that it is printing-press money or that it is fiat money. Printing-press money reminds me of the old argument that was so powerful in days gone by of "the full dinner pail." [Applause.]

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Kentucky [Mr. VINSON] such time as he may desire.

Mr. VINSON of Kentucky. The attack is made that it will unbalance the Budget. This bill does not unbalance any budget. This bill will not cost the taxpayers one copper cent. This bill does not require the issuance of any bonds or the payment of interest upon any bond issues or the levying of any additional taxes.

Unbalance the Budget! Where has the gentleman from New York been all the whole this debate has been going on? Ah, my friends, this is a piece of legislation that is aimed at a reasonable increase of commodity values; and in this bill you have brakes against any harmful results. The powers in the bill with regard to the withdrawal of currency are simply brakes against uncontrolled expansion. This is a controlled expansion of the currency. We sincerely believe it is for the best interests of our entire people. [Applause.]

Mr. PATMAN. Mr. Chairman, the gentleman from New York and I have agreed to forego using the balance of the time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That title V of the World War Adjusted Compensation Act, as amended, is amended by adding at the end thereof three new sections, to read as follows:

"PAYMENT OF CERTIFICATES BEFORE MATURITY

"SEC. 509. (a) The Administrator of Veterans' Affairs is authorized and directed to pay to any veteran to whom an adjusted-service certificate has been issued, upon application by him and surrender of the certificate and all rights thereunder (with or without the consent of the beneficiary thereof), the amount of the face value of the certificate as computed in accordance with section 501.

"(b) No payment shall be made under this section until the certificate is in the possession of the Veterans' Administration, nor until all obligations for which the certificate was held as security have been paid or otherwise discharged.

"(c) If at the time of application to the Administrator of Veterans' Affairs for payment under this section, the principal and interest on or in respect of any loan upon the certificate have not been paid in full by the veteran (whether or not the loan has matured), then, on request of the veteran, the administrator shall (1) pay or otherwise discharge such unpaid principal and so much of such unpaid interest (accrued or to accrue) as is necessary to make the certificate available for payment under this section, and (2) deduct from the amount of the face value of the certificate the amount of such principal and so much of such interest, if any, as accrued prior to October 1, 1931.

"(d) Upon payment under this section the certificate and all rights thereunder shall be canceled.

"(e) A veteran may receive the benefits of this section by application therefor, filed with the Administrator of Veterans' Affairs. Such application may be made and filed at any time before the maturity of the certificate, (1) personally by the veteran, or (2) in case physical or mental incapacity prevents the making or filing of a personal application, then by such representative of the veteran and in such manner as may be by regulations prescribed. An application made by a person other than a representative authorized by such regulations, or not filed on or before the maturity of the certificate, shall be held void.

"(f) If the veteran dies after the application is made and before it is filed it may be filed by any person. If the veteran dies after the application is made it shall be valid if the Administrator of Veterans' Affairs finds that it bears the bona fide signature of the applicant, discloses an intention to claim the benefit of this section on behalf of the veteran, and is filed before the maturity of the certificate, whether or not the veteran is alive at the time it is filed. If the death occurs after the application is made, but before the negotiation of the check in payment, payment shall be made to the estate of the veteran irrespective of any beneficiary designation, if the application is filed (1) before the death occurs, or (2) after the death occurs, but before the mailing of the check in payment to the beneficiary under section 501.

"(g) Where the records of the Veterans' Administration show that an application, disclosing an intention to claim the benefits of this section, has been filed before the maturity of the certificate, and the application cannot be found, such application shall be presumed, in the absence of affirmative evidence to the contrary, to have been valid when originally filed.

"SEC. 510. If, at the time this section takes effect, a veteran entitled to receive an adjusted-service certificate has not made application therefor he shall be entitled, upon application made under section 302, to receive at his option either the certificate under section 501 or payment of the amount of the face value thereof under section 509.

"SEC. 511. The Administrator of Veterans' Affairs, in the exercise of his powers to make regulations for payment under section 509 shall to the fullest extent practicable provide a method by which veterans may present their applications and receive payment in close proximity to the places of their residence."

Mr. BYRNS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I regret very much to find myself in opposition to many of my good friends on the floor with reference to this bill. I shall not undertake to debate the merits or demerits of the proposition before the House, for I could not do so in the few minutes at my disposal. I have listened to the debate very carefully, and I think it quite evident that there is much to be said on both sides of the proposition.

I hold no criticism of any Member of this House for whatever action he may take with reference to this bill. [Applause.] That is a matter upon which each individual Member must vote according to the dictates of his conscience and his judgment.

I regret that I cannot vote for the bill under consideration by the House. I had hoped some compromise measure acceptable to the President would be agreed upon, but the President in writing has stated positively and unequivocally that he will veto this bill, and certainly those of us who have confidence in the President must understand that any vote for this bill today is simply an idle political gesture.

The country is looking to the President to lead us out of industrial chaos, and he has mapped out a program which if sustained will succeed. With the obligation resting upon me as I see it, I do not feel that I can consistently vote for the passage of a measure which the President feels strikes at the very heart of his recovery program. This, my friends, in my judgment, is the issue before us today. I may be wrong, and those of you who are in the great majority may be right, or you may be wrong and I may be right; but as I view this proposition the whole question before you and me is whether or not, with the President seeking to bring order out of chaos, we are going to do anything which, in his judgment, as the head of the administration and in the judgment of his financial advisers in the Treasury Department, may have a tendency to interfere with his recovery program.

Since the last Congress much legislation has been passed. Gold has been devalued in an effort to bring down the price of the gold dollar in the interest of higher prices for the commodities of the farm and factory; and other pieces of legislation have to an extent, at least, increased our currency.

I do not know whether the issuance of $2,400,000,000 in Treasury notes will serve to deflate the dollar to an extent that it will wreak havoc to the administration and its policies, and not knowing, I am not going to take any stand save with the President and his advisers. [Applause.]

Mr. PARKER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not have the responsibility of leadership upon my shoulders as does our beloved leader, the distinguished gentleman from Tennessee. I am not obligated to vote with any man, nor to vote "aye" or "nay" at the behest of any man. I am interested only in voting right on these measures and as my conscience tells me I should vote.

I believe in a controlled expansion of the currency. I believe in the President's program for the relief of distress in America. I believe the United States Government should pay its every obligation. I am going to vote for the passage

of this bill today because I believe its provisions, if enacted into law, will bring about all three of these things. I also believe this can be done without placing any additional burden upon the Treasury of the United States. The frozen assets in our closed banks amount to more than $2,400,000,000. If that much new money is put in circulation, the people of America will still have less money with which to do business than they have in normal times.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. PARKER. I yield.

Mr. CONNERY. The reply to the statement that the President will veto this bill is that the same argument was made against the original bill in President Harding's administration; the same argument was made during President Coolidge's administration, and they passed the bill over President Coolidge's veto. [Applause.]

Mr. PARKER. I was not a Member of the House at that time, but whether the President vetoes the bill does not concern me. [Applause.] Whether the Senate of the United States will pass the bill does not concern me. It is my responsibility as a Member of this House to vote here and now on this measure. I am going to meet the responsibility and shall vote for the bill regardless of whether any Senator votes for it, and regardless of whether the President of the United States may see fit to veto it. [Applause.]

The bill, if it is enacted into law, will place money in the hands of deserving creditors of the Government who live in every hamlet, village, and community in the United States. It carries with it no new obligation on the part of the Government. Its provisions merely change the time and the manner in which the Government's existing obligation may be discharged.

I know of no better way to relieve the distress of the American people. I know of no method of distributing relief that would be so universal. I know of no other manner in which relief can be administered and at the same time a Government debt be paid.

And I want to state right here and now that I do not consider the passing of this bill an idle gesture. I do not know any Member of this House who will vote for this bill today and then refuse to vote to override the veto of the Chief Executive if he should see fit to veto it after it has passed both Houses of Congress.

I assure the gentleman from Illinois [Mr. BRITTEN] that when I vote for the passage of the bill today, that means I will vote to override the disapproval of the Chief Executive if he vetoes the bill. [Applause.]

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. PARKER. I yield.

Mr. BRITTEN. I am glad to hear the candor of the gentleman from Georgia and his intent on the proposition; but the gentleman knows as well as I that there are many Members on that side who are prepared to vote in favor of the bill today but are also prepared to vote to sustain the President in his veto message.

Mr. PARKER. I can speak for myself only. I assure the gentleman from Illinois that I have no such intention.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. PARKER. I yield.

Mr. PATMAN. I can assure the gentleman from Illinois that I do not know of any Member who maintains that view or is expecting to do what the gentleman from Illinois suggests.

Mr. PARKER. I want to state also, while I am on my feet, that 2 years ago I voted against the bonus bill and made a speech against it. I did it because the leadership of our party told me that if we passed the bill at that time it would wreck the Treasury and destroy the Nation's credit.

At that time the slogan of both parties in the House was "Balance the Budget", and I was loyal enough to come here and vote against payment of the bonus and to make a speech against the bill because I believed it was necessary in order that we might balance the Budget. Those same leaders who told us in 1932 that the enactment of this law would wreck the Treasury and destroy our credit now tell us that the appropriating of ten or twelve billions of dollars by this Congress is nothing to be alarmed at. They now say this huge amount of money, which is 10 times the amount that will be required to pay the bonus, is only a small percentage of our annual income.

Who has heard anything about balancing the Budget for the last 12 months? [Applause.]

Mr. Chairman, I have had more military service than any other Member of Congress, with the exception of one retired major general of the Regular Army who was a professional soldier. As a soldier and as a loyal American citizen, I was perfectly willing to vote against a similar bill in 1932, but under the changed conditions and since the words "We must balance the Budget" are no longer the slogan of my party, I shall, in a few moments from now, by my affirmative vote on the final passage of this bill, do justice to those with whom I served my country, at home and abroad, at a time when many of those to whom relief has already been extended were content, for various reasons, to remain at home and with their loved ones. [Applause.]

[Here the gavel fell.]

By unanimous consent the pro-forma amendment was withdrawn.

Mr. CHRISTIANSON. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CHRISTIANSON: Page 2, line 2, strike out the words "amount of the face" and insert in lieu thereof the word "accrued."

Mr. BLANTON. Mr. Chairman, I make the point of order that the amendment is not germane. This is lugging in an entirely different proposition, wholly dissimilar from the purpose of the bill. The purpose and intent of the bill is to pay these certificates in cash according to their face. This is an attempt to change that program and pay only an undetermined part, and require a lot of auditing, a lot of figuring, and a lot of other red tape administering, expensive and wasteful, that are wholly impertinent to the original program.

The CHAIRMAN. Does the gentleman from Minnesota desire to be heard on the point of order?

Mr. CHRISTIANSON. Mr. Chairman, I cannot believe that the gentleman makes the point of order very seriously, because all that this amendment does it to place a limitation upon the subject matter of the bill. This simply provides that instead of paying these bonus certificates with interest until 1945 we shall pay the amount actually due with interest up to the time of payment. Further, Mr. Chairman, this amendment is germane.

The CHAIRMAN. The point of order is overruled. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. CHRISTIANSON) there were—ayes 54, noes 105.

So the amendment was rejected.

Mr. GREEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is my intention to vote for this bill if it reaches a vote before my train leaves. Unfortunately I have to go home very shortly on account of serious illness of my mother. However, I want to go on record as favoring this bill and also the bill to be voted on a little later for the liberalization of compensation and pensions for veterans.

I have voted each time heretofore for the bonus and will do so today.

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Colorado: After line 3, page 4, add the following: "Payment of adjusted compensation under this act shall be made to all veterans in monthly installments at the rate of $50 per month until the full amount shall have been paid."

Mr. BLANTON. Mr. Chairman, I make the point of order that the amendment is not germane to the purposes of the bill and that it changes the entire complexion of the bill.

This is a bill to pay these adjusted-service certificates in cash. It is to pay them at once. The amendment seeks to make partial payments strung out over a period of many months.

The CHAIRMAN. Does the gentleman from Colorado desire to be heard on the point of order?

Mr. MARTIN of Colorado. Mr. Chairman, if the very able and distinguished parliamentarian now in the chair, who compiled the precedents of Congress, could not decide the point of order of his own knowledge, it would be a gross assumption on my part to make any contributions here, and therefore I will submit the question to the Chairman.

The CHAIRMAN. This identical question arose under similar circumstances in the course of the consideration of a bill providing for the payment of the bonus in the Committee of the Whole in the Seventy-second Congress.

After extended debate on a similar point of order, the amendment was admitted by the gentleman from Alabama [Mr. BANKHEAD], presiding as Chairman at that time, and in conformity with that decision the point of order is overruled. The gentleman from Colorado may proceed.

Mr. MARTIN of Colorado. Mr. Chairman, I appreciate the desire of the authors and sponsors of the bill to expedite it to a vote as is, and I disclaim any intention whatever of an attempt to frustrate or delay the program. No question can be raised as to the good faith of those gentlemen when they state that their feeling is that this bill is now perfect and is not capable of beneficial amendment. I am sorry to say that I cannot make the same unreserved admission with respect to their judgment. It is my opinion that the mechanics of this bill are capable of improvement and that these improvements will make it more beneficial to the veterans and the country and more acceptable to the administration.

My amendment simply provides that the adjusted compensation shall be paid at the rate of $50 a month. This amendment, in my opinion, will effect three very desirable results. In the first place, it will provide for a gradual expansion of the currency, instead of dumping this vast sum into circulation all at once.

The title of the bill is to provide a "controlled expansion", and in my opinion a gradual expansion is just as important as a controlled expansion.

Secondly, it will protect many veterans from an improvident loss of their compensation if it is paid in a lump sum, as was the case in numerous instances when the first payment was made.

In this connection I want to call the attention of the House to the fact that in the Adjusted Compensation Act—and it is written on the face of every certificate—every legal safeguard is thrown around the veteran, that he cannot assign it, and it is made a felony to attempt to thus take it away from him. I have made assignees return these certificates to veterans under threat of criminal prosecution. He can only get a loan on it through a member bank of the Federal Reserve System. Having taken that course to protect him from an improvident loss of his certificate, why should you throw him out now with a lump-sum cash payment to the swarms of vultures who are waiting for him with their beak open? [Laughter and applause.]

Third. It will furnish a steady and even flow of money to business, for a period of a year to 15 months, instead of a brief heavy spending orgy. The amendment would be like a continuation of showers, as compared with the kind of rainstorm that we have out in our western country, where we have a cloudburst for 15 minutes, washing many things away, and then everything goes dry for 3 months.

The only objection I have heard is that it entails more clerical work. My answer is that for several months past we have been paying 4,000,000 C.W.A. workers weekly, and if they can do that we can pay 3,000,000 veterans monthly.

Mr. Chairman, I have another amendment which I shall present, which I consider beneficial to this bill, and which I will mention briefly at this time, and that is an amendment providing that no payment shall be made under this act prior to maturity, while the holder of the certificate is in receipt of a taxable income. The limitation is identical with a similar provision in pension legislation passed by this Congress.

At bottom this legislation at this time is based on need, on the desperate financial straits—the unemployment—of many hundreds of thousands of veterans. I do not believe that if it were not for the unprecedented economic conditions prevailing in this country there would be any general demand upon the part of veterans for the payment of the adjusted-service compensation. There has never been in the history of this country any such need as there is now for legislation of this character, and it is my earnest hope that there will never again be in its history a time when relief of this character will be so opportune as now.

But no one can claim that a man enjoying an income taxable under the Federal income-tax law, an income exceeding $1,000 for a single person and $2,500 for a married person, or with dependents, will suffer any great hardship if deprived of the benefit of this act during the time he shall be enjoying such income.

As has been pointed out in this debate today, there are some 80 Members of Congress who would be entitled to cash their compensation certificates under this act. Under this act, J. P. Morgan, if he were a veteran, could cash his certificate. There are thousands of veterans on the Federal pay roll who are enjoying sufficient incomes, and I trust there are many thousands not on the Federal pay rolls who are in the same fortunate position. They should, and I believe the overwhelming majority of them would, if given the opportunity to express themselves, gladly stand aside to lighten the burden which must be borne in order that we may help the great unfortunate majority.

The only argument I have heard against the amendment is that it would not be constitutional. Well, it is a far guess nowadays as to what is unconstitutional. I leave that question to the courts. I believe the country generally, and those who are opposed to this bill, would approve this amendment, and that its adoption would tend to modify criticism.

There are other material respects in which I feel confident this bill could be made more acceptable to the administration and improve its chances in the other body, where, if it is considered at all, it will be thoroughly debated and beneficially amended.

I have an amendment designed to reach these objections to the bill, but realize, under the existing conditions, that there is no opportunity for its consideration and adoption here. I desire, however, that this amendment may be preserved in the RECORD, and I am therefore inserting it in my remarks.

Briefly speaking, this amendment would strike out section 3 of the pending bill, which takes away the currency issuing powers of national and Federal Reserve banks, except in specified cases, and inserts in lieu thereof a section which sets up a sinking fund, which is practically a continuation of the present adjusted certificate sinking fund so far as the amount appropriated annually is concerned, for the gradual retirement of the twenty-two hundred million dollars in United States notes to be issued under it, at the discretion of the President, and without any new taxation or increase in congressional appropriations.

I may say in passing that I am in favor of taking all money issuing powers from all private institutions and vesting said powers exclusively in a Government bank of issue. I may say further, that I am in favor of issuing the quantity of noninterest bearing United States notes called for in this bill, and of their permanent addition to the circulating medium of the country. But I recognize the fact that the administration is not yet ready to take either of these steps. I recognize further that many who favor the payment of the adjusted-service certificates may be alienated by the claim that we are seeking to materially modify the banking system of the country and to bring about uncontrolled inflation, and that neither of these propositions are material parts of the bill or necessary to a bill to pay the veterans.

The President may limit the note issuing powers of the banks under existing law and he may issue $3,000,000,000

in United States notes under existing law. He has not exercised either power, and I am not questioning the wisdom of his action. I am merely pointing out that he will not want to be compelled by Congress to act in a case where he has seen fit not to act, although vested with discretion. I consider that these provisions of the pending bill overload it and lessen the chances of the attainment of its real goal, the payment to the veterans of what is in fact a modest compensation for their economic losses, and to pay it to them now when they need it, and not in a dozen years from now, when much of it will go to their executors, administrators, and assigns. The provision which I would insert in lieu of section 3 of the pending bill is as follows:

There is hereby authorized to be appropriated for each calendar year (beginning with the calendar year 1935 and ending with the calendar year 1946) an amount sufficient to provide for the retirement of the United States notes to be issued under this act, to be known as the "compensation obligations fund." The amount to be appropriated shall be determined by the method provided in section 505 of the Adjusted Compensation Act, 1924, as amended, creating the adjusted-service certificate fund, and the amount so appropriated shall be set aside in the compensation obligations fund on the first day of the calendar year for which appropriated.

The Secretary of the Treasury is hereby authorized to apply said fund to the retirement of the United States notes authorized by this act as the annual appropriations for said fund become available, excepting such portion thereof as it may be necessary to reserve for the liquidation of deferred certificate payments under section 3. The Secretary of the Treasury is authorized to invest said fund or any part thereof as provided in section 506 of the Adjusted Compensation Act, 1924, as amended.

The President, at his discretion, may suspend the retirement of said United States notes for any calendar year or years when in his judgment the volume of outstanding currency would be unnecessarily reduced by such retirement, but the annual appropriations for the retirement fund shall not be affected by the exercise of such Executive discretion.

Mr. Chairman, I received a letter this morning from a past department commander of the American Legion stating that he had seen this amendment in a newspaper and that it sounded like the most sensible plan advanced to date. He stated that it would have the effect of providing a living for a lot of men and their families during a period which we hope will see the ultimate end of the depression.

I will venture the assertion that if the amendment could be submitted to the 10,000 little business communities in this country they would approve of it, and I am satisfied that the great majority of the veterans would approve of it.

[Here the gavel fell.]

PAY IT IN LUMP SUM

Mr. PATMAN. Mr. Chairman, the amendment provides that the amount due the veterans will be paid monthly. If you owe a debt, why not pay it in one lump sum, something that when a man receives it he can do something with it. If he gets it in dribs, it will be spent without substantial and lasting benefits. If you want to give something, give it all; do not divide it up and give it in the form of relief.

Mr. MARTIN of Colorado. You pay it in a lump sum and you will put them on the relief roll.

Mr. PATMAN. This amendment, if adopted, would destroy the expansion theory in the bill. This is not too much money to pay at once, and there is no danger of there being an undue inflation.

I move, Mr. Chairman, that all debate on this amendment and all amendments thereto and on this section be now closed.

The motion was agreed to.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Colorado.

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado) there were—74 ayes and 110 noes.

So the amendment was rejected.

Mr. GRIFFIN. Mr. Chairman, I offer the following amendment which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. GRIFFIN: Strike out section 1 and insert in lieu thereof the following: "That title V of the World War Adjusted Compensation Act, as amended, is amended by adding a new section to follow section 501 and to be known as section 501a, as follows:

"SEC. 501a. Any veteran, not desiring to hold his adjusted-service certificate until maturity, may upon surrender thereof to the Veterans' Administration, receive in cash, or in United States Treasury certificates, an amount equal to his or her adjusted-service credit, as computed and allowed under sections 201, 202, and 501 of title II of said World War Adjusted Compensation Act (less any sum or sums borrowed thereon) with compound interest from November 11, 1918, computed at the rate of 4 percent per annum."

Mr. BLANTON. Mr. Chairman, I make the point of order that the amendment is not germane. It is a different proposition from the one under consideration and provides for bonds instead of paying these certificates off in money.

Mr. GRIFFIN. Mr. Chairman, this amendment provides for the payment of the adjusted-service credit; in other words, the bonus, precisely the same subject matter as the bill before the House. The Patman bill proposes to pay now the face value of the certificate—the value which it will not have until 1945, while my amendment proposes to pay its present value. In other words, I propose that the basic service credit as agreed upon by the Congress, namely, a dollar a day for home service and a dollar and twenty-five cents a day for foreign service, shall be paid now with interest up to the date of the surrender of the certificate.

Mr. BLANTON. Mr. Chairman, to save time and expedite matters, I withdraw the point of order. We will then get a vote, and vote down the amendment.

The CHAIRMAN. The gentleman from Texas withdraws the point of order. The question is upon the amendment offered by the gentleman from New York.

Mr. GRIFFIN. Mr. Chairman, I ask unanimous consent that I have 3 minutes in which to explain the amendment.

The CHAIRMAN. The gentleman from New York asks unanimous consent to proceed for 3 minutes. Is there objection?

Mr. BLANTON. Mr. Chairman, I object.

Mr. GRIFFIN. Mr. Chairman, being denied the opportunity of explaining my amendment to the House I want to take advantage of the unanimous consent privilege to put into the RECORD at this point a brief summary of my argument.

The arbitrary closing of debate on the first section of the bill—the one to which my amendment refers—is intolerant, intolerable, and unfair and wholly out of place in a bill of this character. Surely it could do no harm to allow those who are genuinely in sympathy with the veterans to present an alternative proposal for their relief, particularly when it is universally conceded on all sides that the proposal in the Patman bill can never become a law. Why this solicitude to jam through Congress a mode of relief which will most probably fail in the Senate and which will never receive the approval of the President? It does not seem to me that the proponents of this bill are acting in good faith and that they are more anxious to make a voting record for the fall campaign than to actually serve the interests of the veterans.

My amendment is based upon the fact that Congress agreed to pay the veterans additional, or adjusted-service pay, at the rate of $1 a day for home service, and $1.25 a day for foreign service. To this was added 25 percent, thus constituting what has been designated as the "adjusted-service credit." But, after agreeing upon the amount due, instead of paying it over to those who were entitled to it, some stupendous intellect devised the ingenious plan of calculating what the adjusted-service credit would amount to at compound interest in 1945, and writing in this very generous-looking sum on an official paper, called it an "adjusted-service certificate", and handed it over to the victims with a great flourish of benevolence.

But what the veterans wanted was, not a promise, but ready cash; not a tontine insurance policy on which they would have to die to collect, but real money to meet their most pressing needs.

The whole transaction was a miserable mistake. That mistake I want to remedy. I want to remedy it now. I want to pay them now the amount of the original adjusted-service credit, with compound interest from November 11, 1918, right down to date. This is all they are entitled to

and no self-respecting veteran wants more. I have talked with them and they have said to me: "GRIFFIN, if you are able to put over that proposition you will be doing the World War veterans a real service. There is no bunk in your proposal, and the veterans know it."

Here is how it will work out, and these figures are from the Veterans' Bureau:

CASE I (MINIMUM)

In the case of a veteran with a minimum face-value certificate of $125 he would receive	$81.50
If he had borrowed 50 percent, under the 1931 law he would receive	52.80

CASE II (AVERAGE)

In the case of a veteran with an average certificate of $1,000 he would receive	648.98
If he had borrowed 50 percent he would get	415.82

CASE III (MAXIMUM)

In the case of a veteran with the maximum certificate of $1,592 he would receive	1,023.00
If he had borrowed 50 percent he would get	645.17

Under my amendment it is proposed to pay these claims either in cash or in United States Treasury certificates drawing 4-percent interest. These certificates would be negotiable and would be equivalent to cash. The transaction would not require the issue of bonds or involve bookkeeping difficulties.

If you really want to help the veterans this is the way to do it and not humbug them with a promise to pay their claims coupled with a complicated scheme for the expansion of the currency. The veterans are not interested in the greenback question. Coupling the bonus payment with that issue is bound to kill the veterans' cause. I shall vote against the bill in its present shape. I shall go back to my constituency with a clear conscience and say I did not vote against the bonus payment but against an outlandish scheme of currency expansion.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. BLANTON. Mr. Chairman, I am a good friend of the gentleman from New York [Mr. GRIFFIN]. I have deep affection for him. We agreed yesterday not to permit this bill to be amended. That is why I am pushing its passage.

Mr. McKEOWN. Mr. Chairman, I offer the following amendment, which I send to the desk. I have no hope that the amendment will be adopted, but I ask unanimous consent to print it in the RECORD at this point.

Mr. BLANTON. Mr. Chairman, if the Chair will read the proposed amendment of the gentleman from Oklahoma, he will see that it is a separate bill and offers a distinct program in its entirety from the one that is before the House, and is not germane. I make that point of order. It is subject to the point of order. It will take 15 minutes to read it.

Mr. McKEOWN. I do not ask to have it read. I ask unanimous consent that it be printed in the RECORD at this point without reading.

The CHAIRMAN. Is there objection?

Mr. GOSS. Mr. Chairman, I object.

Mr. McKEOWN. Then, Mr. Chairman, I offer the amendment, and send it to the desk and ask to have it read.

The CHAIRMAN. The gentleman from Oklahoma offers an amendment, which the Clerk will read.

The Clerk read as follows:

Amendment offered by Mr. McKEOWN: Strike out section 1 and insert the following: "That any member bank of the Federal Deposit Insurance Corporation desiring to issue circulating notes may redeem any adjusted-service certificate of a veteran of the World War upon which the Administrator of Veterans' Affairs has loaned by paying to the Administrator of Veterans' Affairs the amount of the loan and accrued interest whereupon the said Administrator of Veterans' Affairs shall assign said certificate to such member bank and said adjusted-service certificate may be deposited with the Treasurer of the United States for circulating note issue purpose, and such certificate shall be vested with all the privileges as registered United States bonds, consols of 1930, or United States registered Panama Canal bonds for circulating note issue.

"SEC. 2. Upon the deposit with the Treasurer of the United States of any such adjusted-service certificate the same shall be received by the Treasurer upon deposit and shall by him be safely kept in his office until otherwise disposed of under the provisions of this act and existing law governing deposit of bonds or consols for circulating-note issue purpose. When any such adjusted certificate is deposited with the Treasurer of the United States for circulating note issue purpose by any member bank of the Federal Deposit Insurance Corporation, such member bank shall be entitled to receive from the Comptroller of the Currency circulating notes in blank registered and countersigned as provided by law in an amount equal to the amount of the adjusted certificate, provided the amount of the certificate added to the amount of outstanding circulating notes of such member bank does not exceed its paid-in capital stock and surplus.

"SEC. 3. The Comptroller of the Currency shall forward to the officers of such member bank circulating notes in the amount of the balance due the soldier on said adjusted certificate, and the proper official of such member bank shall register and countersign, as provided by law, and deliver the circulating notes to soldier holder upon his executing and delivering to said member bank an assignment of all his interest in and to said adjusted certificate. Upon the receipt by the Treasurer of the United States of such assignment the Comptroller of the Currency shall deliver the balance of the circulating notes to such member bank. The Administrator of Veterans' Affairs shall deposit in the general fund in the Treasury for redemption purposes 5 percent of the circulating notes, said redemption fund to be kept, used, and disbursed as provided by law for redemption funds under existing laws.

SEC. 4. That upon the application of any member bank to redeem any adjusted-service certificates the Administrator of Veterans' Affairs shall furnish adjusted-service certificates whose holders reside in the vicinity of the principal place for doing business by said association or bank, or branch banks or corresponding banks if so requested. Any soldier holder of an adjusted-service certificate desiring to receive the face value of his certificate due in 1945, less the amount of the present loan and the accrued interest, may make application to any member bank that will receive his application and the Administrator of Veterans' Affairs shall permit any such member bank to redeem the certificate designated in such application.

SEC. 5. The Administrator of Veterans' Affairs shall pay all sums received by him to redeem adjusted-service certificates into the Treasury of the United States to the credit of the adjusted-service-certificate fund. There is authorized to be appropriated for each calendar year ending with the year 1946 an amount sufficient as annual premium to provide for the face value of each certificate in 20 years from its date (as provided in U.S.C., title 38, sec. 645; act of May 19, 1924, ch. 157, secs. 505, 703, 43 Stat. 128, 131).

SEC. 6. That the laws governing the obtaining and the issuing of circulating notes, redemption and replacement of circulating notes, and proceedings of failure of banks to redeem circulating notes shall be effective as to note issues under this act.

SEC. 7. That the circulating notes issued in accordance with this act shall not be subject to the provisions of sections 541, 542, 543, 544, 545, 546, 547, 561, 562, 563, 564, 565, and 567 of title 12, Code of Laws of the United States, and all laws in conflict with this act shall be declared inapplicable to the same.

Mr. BLANTON. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. The Chair sustains the point of order.

Mr. AYRES of Kansas. Mr. Chairman, I offer the following amendment which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. AYRES of Kansas: Strike out all of section 1 and insert in lieu thereof the following: "That title V of the World War Adjusted Compensation Act, as amended is amended by adding at the end thereof two new sections to read as follows:

"'PAYMENT OF PRESENT VALUE OF CERTIFICATES

"'SEC. 509. The Administrator of Veterans' Affairs is authorized and directed to pay to any veteran to whom an adjusted-service certificate has been issued, upon application by him and surrender of the certificate and all rights thereunder, the amount of the net single premium determined as of the last anniversary of the certificate necessary to purchase a paid-up endowment insurance for the face amount of the certificate at the then attained age of the certificate holder for the unexpired portion of the original 20-year period, on the basis of the American Experience Table of Mortality and interest at 4 percent per annum, compounded annually: *Provided*, That no payment shall be made under this section until the certificate is in the possession of the Veterans' Administration, or until all obligations for which the certificate was held for security have been paid or otherwise discharged: *Provided further*, That up on payment under this section the certificate and all rights thereunder shall be canceled.

"'SEC. 510. There is authorized to be appropriated such amounts as may be necessary to carry out the provisions of section 509. Amounts now or hereafter in the adjusted-service-certificate fund created by section 505 of the World War Adjusted Compensation Act, as amended, are authorized to be made available for the payment of the net single premiums as provided in section 509 of the amendatory act.'"

Mr. BLANTON. Mr. Chairman, I make the point of order that the amendment is not germane. This is an entirely different proposition, it is one of insurance, not at all

similar to the bill that is before the House. It is an attempt to bring in here something which the committee has not brought in at all and is an entirely different proposition. It is on a subject entirely different from that under consideration.

Mr. AYRES of Kansas. Mr. Chairman, that is about the slimmest excuse I have ever heard why a point of order should be sustained, and I do not think the gentleman from Texas is sincere in it at all. This is clearly germane to the bill, and it is not subject to the point of order.

Mr. BLANTON. Mr. Chairman, I again respectfully submit that the amendment is on a subject entirely different from that under consideration, and is not germane to this bill, and I make the point of order against it.

The CHAIRMAN. The amendment discloses that it is on a subject different from that under consideration and, therefore, is subject to the point of order. The Chair sustains the point of order.

Mr. ELLENBOGEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ELLENBOGEN: Page 2, lines 18 and 19, after the word "principal", strike out the words "and so much of such interest, if any, as accrued prior to October 1, 1931", and insert in lieu thereof, "*Provided*, That any such interest which has accrued on any loan made by any veteran on his adjusted-service certificate under section 502 of the World War Adjusted Compensation Act, as amended, shall be canceled and annulled, and shall not be deducted from the face value of the certificate when paid under this act."

Mr. WOLCOTT. Mr. Chairman, I offer a substitute amendment for the amendment just offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Substitute offered by Mr. WOLCOTT for the amendment offered by Mr. ELLENBOGEN: Page 2, line 10, after the word "principal", strike out the words "and interest on or", and in line 14, after the word principal", strike out the balance of line 14 and all of line 15; and in line 18, after the word "principal", strike out the balance of the line and all of line 19.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Michigan [Mr. WOLCOTT] for the amendment offered by the gentleman from Pennsylvania Mr. [ELLENBOGEN].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were ayes 28 and noes 112.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. ELLENBOGEN].

The amendment was rejected.

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Colorado: After line 3, on page 4, add the following: "(g) No payment shall be made under this act prior to maturity while the income of a person, if unmarried, exceeds $1,000 per annum, computed monthly, or, if married, or with minor children, exceeds $2,500 per annum, computed monthly."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. MARTIN].

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado) there were ayes 40 and noes 111.

So the amendment was rejected.

Mr. COLLINS of Mississippi. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLLINS of Mississippi: Page 4, line 15, add a new section, as follows:

"SEC. 512. If at the time this section takes effect, a veteran entitled to receive an adjusted-service certificate is unable to produce same, through loss from any cause, the Administrator of Veterans' Affairs, under proper regulations, is authorized and directed to issue a duplicate thereof to such veteran or his beneficiary."

The amendment was rejected.

The Clerk read as follows:

SEC. 2. (a) Payment of the face value of adjusted-service certificates under section 509 or 510 of the World War Adjusted Compensation Act, as amended, shall be made in United States notes not bearing interest. The Secretary of the Treasury is hereby authorized and directed to issue such notes in such amount as may be required to make such payment, and of the same wording, form, size, and denominations as United States notes issued under existing law, except that the wording thereon shall conform to the provisions of this act. The Administrator of Veterans' Affairs and the Secretary of the Treasury are hereby authorized and directed jointly to prescribe rules and regulations for the delivery of such notes in payment under section 509 or 510 of the World War Adjusted Compensation Act, as amended.

(b) United States notes issued pursuant to the provisions of this act shall be lawful money of the United States and shall be maintained at a parity of value with the standard unit of value fixed by law. Such notes shall be legal tender in payment of all debts and dues, public and private, and shall be receivable for customs, taxes, and all public dues, and when so received shall be reissued. Such notes, when held by any national banking association or Federal Reserve bank, may be counted as a part of its lawful reserve. The provisions of sections 1 and 2 of the act of March 14, 1900, as amended (U.S.C., title 31, secs. 314 and 408), and section 26 of the Federal Reserve Act, as amended (U.S.C., title 31, sec. 409), are hereby made applicable to such notes in the same manner and to the same extent as such provisions apply to United States notes.

Mr. McFADDEN. Mr. Chairman, I offer an amendment.

Mr. TABER. Mr. Chairman, I make a point of order against the section.

The CHAIRMAN. The gentleman will state his point of order.

Mr. TABER. The section is a violation of that provision of the rules which prohibits appropriations being brought in from any other committee except the Committee on Appropriations. This section provides, in effect, for the direct payment of these certificates without an appropriation.

The CHAIRMAN. Does the gentleman from Texas [Mr. PATMAN] desire to be heard?

Mr. PATMAN. Mr. Chairman, this bill has been as carefully drawn as one could be. It has been drawn by the legislative drafting service, after consulting with the Members of this House who are in sympathy with the legislation, representatives of the Treasury Department, and the Veterans' Administration, and I do not believe the gentleman's point of order is well taken. This bill does not come before the House under normal and regular procedure; consideration was forced.

Mr. Chairman, I move that the debate on this amendment——

Mr. FISH. Mr. Chairman, a parliamentary inquiry.

Mr. PATMAN. I move that the debate on this amendment and this section and all amendments thereto do now close.

The CHAIRMAN. That motion is not in order at this time.

Mr. FISH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FISH. As I understand, the gentleman from New York [Mr. TABER] has the floor.

The CHAIRMAN. He has.

Mr. FISH. And he therefore still has the floor; is that correct?

The CHAIRMAN. The Chair understood the gentleman from New York to yield the floor after he had made his point of order. If the gentleman desires to discuss his point of order further, the Chair will hear him.

Mr. TABER. Mr. Chairman, this section provides out and out for the payment of these adjusted-service certificates without any appropriation. A bill is not in order which makes provision for such payment unless it comes from the Committee on Appropriations to the floor of this House. It seems to me there is absolutely no question but that it violates the rule.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. PATMAN. Mr. Chairman, this is not an appropriation; this is a direct payment to veterans of their adjusted-service certificates. It requires no appropriation, and there



is no reason why any language in regard to an appropriation should be inserted in this bill. The gentleman's point of order is not well taken.

Mr. BLANTON. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. BLANTON. Mr. Chairman, this bill is being considered under different rules than those governing ordinary bills reaching the floor. It is being considered under a special discharge rule, which is the greatest privilege this House has accorded itself and its Membership. The discharge rule provides that any measure—I do not care what kind of a measure it be—any measure that is pending before a committee may be taken from the committee and the committee discharged from its consideration, when 145 Members sign a petition to take it away from the committee and a majority of the Members here vote for its consideration, which has been done by this House. Let it be an appropriation bill, for instance; the rule provides that 145 Members, by signing a petition to discharge, can discharge even that committee and bring the bill up on the floor of the House, when the majority of the House votes to take it up for consideration; and we have done all those things, and the House has brought this bill here for consideration. No committee has reported it.

In my opinion the point of order of the gentleman from New York is not well taken, and same should be overruled by the Chair.

Mr. TABER. If the Chair will permit, I desire to make a brief observation in reply. When a bill is brought up in the House under the discharge rule it goes onto the calendar and must be considered under the rules of the House. The rules of the House provide that no appropriation shall be in order in any bill unless it shall have come from the Appropriations Committee, and this bill did not.

Mr. BLANTON. Why, we have certain bills from the Ways and Means Committee and the Claims Committee and various other committees that carry appropriations. It all depends upon the bill and the situation and the particular rule we are operating under. The House has made this in order.

Mr. KVALE. Does not the gentleman understand that this is not an appropriation bill?

The CHAIRMAN. The Chair would like to inquire of the gentleman from Texas [Mr. PATMAN], who is in charge of this bill, if this is a payment of lawful money of the United States.

Mr. PATMAN. It is a payment of lawful money of the United States.

The CHAIRMAN. Then what has the gentleman to say as to the contention that no committee of the House except the Committee on Appropriations is authorized to report it?

Mr. PATMAN. Various committees bring in bills to appropriate money. A special order has been provided for this bill, for 145 Members signed the petition.

Mr. BLANTON. Mr. Chairman, I wish to be heard further on the point of order. This is not to take money out of the Treasury. This is not to appropriate money from the general fund. This is to provide a special kind of bank note not coming out of the Treasury. Not one dollar will come out of the Treasury; not one dollar will come out of the general fund. The bill provides a special kind of bank note for the payment of these certificates.

This will not require a single bond to be issued. It will not require any interest whatever to be paid by the Government. It will not require any taxes to be levied or collected.

This is not a bill that has been reported by a committee. It comes from no committee of this House. The House itself brought this bill before it, under a special discharge rule, which is different from any other rule regarding consideration of bills. The discharge rule provides special consideration, regardless of all committees. If this bill had been reported by some committee, other than the Committee on Appropriations, the point of order might merit serious consideration. But that rule in no way applies to the situation now before the House.

Surely, this House is its own master. By a two-thirds vote it can set aside any rule. It specially provided this particular method for considering legislation which its committees refused to report favorably. Every step has been tracked to make this bill now in order. It is in order. We do have the right to consider and pass it. I submit that the point of order is not well taken, and should be overruled.

Mr. PATMAN. Mr. Chairman, it is true that this is a payment of money; but it is not a payment of money out of the Treasury of the United States. We are not taking one dollar from the Treasury of the United States. It cannot, therefore, be construed as an appropriation, although it is a payment of lawful money; and, besides, the Ways and Means Committee have been given jurisdiction over adjusted-service-certificate legislation and this bill was referred to the Ways and Means Committee.

Mr. SHOEMAKER. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. SHOEMAKER. As I understand it, the appropriations to take care of this matter have already been made in the original adjusted-service certificate bill. This bill uses only money that has been appropriated to this specific purpose in a bill which was passed upon by the Appropriations Committee and by the Ways and Means Committee, the original adjusted-service certificate bill.

Mr. TABER. Mr. Chairman, I desire to draw the Chair's attention to the following language on page 4 of the bill, line 20:

> The Secretary of the Treasury is authorized and directed to issue notes.

Now, where can this money come from except the Treasury of the United States? That is the only place from which it can come.

Mr. SABATH. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman from Illinois.

Mr. SABATH. Mr. Chairman, the House by a vote of nearly 3 to 1 took the bill away from the Committee on Ways and Means and placed it in the hands of the Committee of the Whole House on the state of the Union by the discharge rule. Consequently that proposition would not apply because the House has assumed jurisdiction notwithstanding the fact that the Ways and Means Committee had jurisdiction and would have jurisdiction if it had not been discharged from further consideration of the bill by the resolution which was adopted.

The CHAIRMAN. The Chair is ready to rule.

The section of the rule to which the gentleman from New York refers, and on which he relies to support his point of order, provides as follows:

> No bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations.

Now, this bill has not been reported by the Committee on Ways and Means, as the gentleman from New York suggests. It has not been reported by any committee. The committee having jurisdiction has been discharged from its further consideration and it has been brought before the House under the provisions of the discharge rule specifically authorizing its consideration. The question as to whether it carries an appropriation or does not carry an appropriation is wholly immaterial. The rule cited by the gentleman from New York does not apply, and the point of order is overruled. [General applause.]

Mr. McFADDEN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

> Amendment offered by Mr. McFADDEN: On page 4, line 15, after the word "residence", strike out section 2 and all remaining sections.

Mr. McFADDEN. Mr. Chairman, I have offered this amendment to strike out the remaining sections, including

section 2 of this bill, for the purpose of eliminating from this bill the provision providing for the issuance of Treasury notes in payment of this bonus and leaving the matter entirely in the hands of the Secretary of the Treasury to pay this bonus by whatever instrumentality the Secretary of the Treasury sees fit.

These adjusted-compensation certificates are Government bonds. I propose that the Secretary of the Treasury shall treat these the same as all refunding operations are carried on, if, in his judgment he sees fit to do so. There is a great uncertainty here as to what an issuance of greenbacks will do.

I am in favor of settling the payment of the adjusted-compensation certificates now. I was not in favor of the unfair plan that was worked out a few years ago—I think in 1925—when this plan of settlement was made, nor was I in favor of the ill-advised proposition of loaning the ex-soldiers in an emergency part of their money, because the unfair part of that is indicated by the fact that if the loan runs until 1945 the interest will eat up the balance. I am decidedly in favor of paying the soldiers now, and I should like to have the gentlemen who are proposing to stand by the President of the United States give careful consideration to this amendment, because, if you do not, much uncertainty in the financial structure of the Government will prevail.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

This provides for payment in United States notes, and in section 408, title 31 of the United States Code, it is provided that all the gold in the Treasury is behind all notes that are issued, including those we propose to issue here. The gentleman proposes to change our method of payment and use Treasury notes instead. I do not think such an amendment should be adopted. I think it should be defeated.

Mr. FISH. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New York.

Mr. FISH. May I ask the gentleman this question in all fairness so we will know where we are. The gentleman from Texas asked me before the debate began this afternoon if we on this side were going to filibuster, and speaking for as many as I could, I said that we were not. In all fairness, most of these amendments have come from his side of the House. There has been no attempt or indication that we on our side of the House would filibuster. We would be glad to get through with this bill tonight if there is that possibility.

There is another section coming up, I may say to the gentleman from Texas, which changes many of the regulations and provisions in reference to the Treasury of the United States that has not even been discussed. I know that the gentleman from Massachusetts [Mr. LUCE] desires to be heard, and I am sure other Members of Congress want to know just what section 3 deals with. May I further say to the gentleman that we should like to finish tonight. If the gentleman thinks we can finish in an hour, I am sure we should be glad to help him finish, because the country wants the Democratic caucus to act and expedite the consideration of the restoration of all the compensation for the veterans with service-connected disabilities and the restoration in full of the pay of the Federal employees.

Mr. BLANTON. We will forgive the gentleman, if he does not take up any more time. There has been some filibusters on his side of the aisle, reading long amendments, and making futile discussions, accomplishing nothing.

Mr. FISH. I trust the gentleman will permit ample time for a proper consideration of the next section?

Mr. PATMAN. Mr. Chairman, I move all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. MCFADDEN].

The amendment was rejected.

Mr. KENNEY. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. KENNEY: In line 19 on page 4, strike out the words "not bearing interest." In line 24, beginning with the word "except" strike out the remainder of the paragraph, strike out all of subsection (b) and insert in lieu thereof the following:

"(b) For the purpose of providing revenue to retire said notes and for other public purposes authorized by law, the Administrator of Veterans' Affairs is hereby authorized and directed to conduct a lottery or lotteries to raise funds not exceeding $1,000,000,000 in any one year, which shall be covered into the Treasury of the United States from time to time as miscellaneous receipt."

"(c) The Administrator of Veterans' Affairs, subject to the approval of the Secretary of the Treasury, is hereby authorized to prepare and issue rules and regulations under which said lottery or lotteries shall be conducted and managed; and the said Administrator shall have the power and authority to appoint, employ, and fix the compensation of such officers, employees, attorneys, and agents as may be necessary to carry out the purposes of this act: *Provided*, however, That no salary or compensation in excess of the sum of $8,000 per annum shall be paid to any person employed under the provisions of this section.

"(d) The Postmaster General is hereby authorized, upon request of the Administrator of Veterans' Affairs, to make available to him the services and facilities of the Post Office Department and of the Postal Service to aid in administering the provisions of this act. The employees of the Post Office Department and of the Postal Service shall perform all services under this act without compensation.

"(e) All funds received by the Administrator of Veterans' Affairs and all accounts, vouchers, and records in connection with such lottery or lotteries shall be subject to audit by the Comptroller General.

"(f) If any person, partnership, association, or corporation shall forge or counterfeit any ticket or tickets to be made for the purposes of said lottery or lotteries under the provisions of this act or alter any of the numbers thereof or offer for sale or sell any forged or counterfeited ticket or tickets or any ticket or tickets whereof the number is altered, knowing them to be such, or bring the same to any of the persons engaged in administering this act with intent to defraud the United States of America or any adventurer in the said lottery or lotteries, every such person, partnership, association, or corporation shall, upon conviction thereof, be fined not more than $10,000 or imprisoned not more than 5 years, or both.

"(g) Section 213 of the Criminal Code (U.S.C., title 18, sec. 336) is hereby amended by adding at the end thereof the following paragraph:

"'Nothing in this section or in any other act of Congress shall be construed to prohibit the use of the mails in any manner for the purpose of carrying into effect any lottery or lotteries authorized by any act of Congress.'

"(h) All acts or parts of acts inconsistent with the provisions of this act are hereby repealed.

"(i) If any part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid as to any person, locality, or circumstance, such judgment shall not affect, impair, or invalidate the remainder of this act or the application of any part thereof to other persons, localities, or circumstances.

"(j) The right to amend, alter, or repeal this act is hereby expressly reserved."

Mr. BLANTON. Mr. Chairman, I make the point of order that this amendment proposes an entire change of this measure, and is not germane. This amendment proposes a lottery, and changes the real purpose of this bill. I make the point of order that it is not germane.

The CHAIRMAN. Does the gentleman from New Jersey desire to be heard on the point of order?

Mr. KENNEY. Mr. Chairman, my amendment, which has been sent to the desk, provides for the striking out of certain language in section 2. It adds no new method of payment, and there is nothing in the amendment that substitutes a change of provisions of the section. The amendment, in the first instance, simply strikes out certain language of the bill; and I submit that so far as that is concerned, the amendment is germane.

Now, in addition, this amendment is merely supplemental. It does not change or alter the manner of payment. It merely provides a way to raise the necessary money to retire the notes to be issued under the bill to pay the bonus to the veterans. The provision that the money be raised by lottery to retire the notes does not set up a new method of payment. It simply authorizes the raising of money by lottery to pay off or redeem the notes. It simply goes to a readily available source of money; it is only awaiting approval to flow into the coffers of the Treasury. There is

sufficient to be had by this means not only to pay the bonus, but there will be enough to provide adequate benefits for veterans and their dependents. The author of this bill stated in the course of the debate that he wanted "to give it all" to the veterans. Well, let us give it all to them by raising money in present use rather than rely upon an unknown quantity. The President has said he will veto this bill. Let us present one that he may not veto. "During the past 2 years no less than a billion dollars have been kept from going out of this country in support of foreign lotteries." That was the startling statement made August 23, 1932, by Horace J. Donnelly, Solicitor of the Post Office Department. Did this much again actually go out of the country? The figures ought to convince us that the country will respond to a man to contribute in this way to the cause of the veterans. The veterans will be provided for. The taxpayers will be relieved. Confidence and contentment will result.

Mr. BLANTON. Mr. Chairman, I make the point of order that the gentleman is not discussing the point of order, but clearly is discussing the merits of his proposed amendment.

Mr. KENNEY. I am dwelling on the point of order. The amendment does not change the method of payment. It merely calls for the raising of money now in use to retire the notes which the section provides shall be employed to pay the adjusted-service certificates. I submit that it is germane.

Mr. O'CONNOR. Mr. Chairman, I rise to be heard on the point of order. I respectfully submit that the portion of the gentleman's amendment which merely seeks to strike out words in the bill cannot be held out of order. At the most it can be held that certain portions of the amendment might be out of order as not germane.

Mr. BLANTON. The whole amendment, Mr. Chairman, is to be construed together. It proposes an entirely different plan than that submitted in this bill by the committee. Certainly, it is not germane. It has an entirely different complexion. It is another proposition entirely. By no stretch of the imagination could it be considered germane to this bill. I ask that the Chair, under the rules and precedents, sustain the point of order I have made against this amendment.

The CHAIRMAN. The Chair is ready to rule. The amendment proposes a method different from that incorporated in the bill, and the Chair sustains the point of order. The Clerk will read.

The Clerk read as follows:

SEC. 8. (a) Whenever the index number of the wholesale all-commodity prices rise above the index number of such prices for the years 1921 to 1929, as computed by the Bureau of Labor Statistics of the Department of Labor, notwithstanding any provisions of law to the contrary, the following methods for contracting the issues of currency in the United States shall be in force and effect, in the manner and to the extent prescribed in subsection (b) of this section:

(1) Abolishment of the circulation privilege extended to certain bonds of the United States under the provisions of section 29 of the Federal Home Loan Bank Act, and retirement of such bonds as security for circulating notes as rapidly as practicable.

(2) Termination of the issuance and reissuance of national-bank circulating notes, and the retirement of such notes from circulation as rapidly as practicable.

(3) Termination of the issuance and reissuance of Federal Reserve notes secured by direct obligations of the United States.

(4) Termination of the issuance and reissuance of Federal Reserve notes secured only by gold or gold certificates.

(5) Termination of the issuance and reissuance of Federal Reserve notes secured by notes, drafts, bills of exchange, acceptances, or bankers' acceptances which are not issued in direct benefit of commerce, industry, or agriculture.

(b) Any such method of contracting currency issues shall be applicable when the Secretary of the Treasury finds that its application is necessary in order to maintain the index number of wholesale all-commodity prices at the approximate level of the index number of such prices for the years 1921 to 1929 and issues an order setting forth such finding. Each such order shall prescribe such rules and regulation as are necessary and appropriate to carry out the provisions of this section with respect to the method of contraction made applicable in the order. The Secretary shall make such methods applicable only in the order in which they are set forth in subsection (a) of this section, but he shall make such methods applicable as rapidly as may be necessary to carry out the purposes of this section. When any such order is issued with respect to Federal Reserve notes, the Federal Reserve Board shall take such action as may be necessary to facilitate the enforcement of the order.

Mr. LUCE. I move to strike out the section. Mr. Chairman, this section brings before the House a revolution in the financial processes of this Government. Here is introduced a question that has been under consideration by one of your committees, that of the Committee on Banking and Currency, for years. It has reached the point this year where at the present moment a subcommittee of that committee is listening to men of high authority to get advice as to whether the particular thing here contemplated is wise or not.

The enactment of this measure will reverse much action that this House has taken in the last 12 months, part of it within a few days. It will upset the program of the Treasury for financing current expenditures and servicing the debt. Gentlemen have given the country to understand that this is a measure to relieve the veterans; but here comes the wolf in sheep's clothing with a question vastly more important to the welfare of the country, a measure that threatens the safety of its business and enterprise, a measure that upsets entirely the program of the administration.

From my long experience here I well know the temper, in such a juncture, of a large and impatient majority that at this excited moment is determined to pass the bill without considering so much as the elimination of a comma or a period. No protest will avail, yet I would warn you of the majority that you are marching the road to your own party destruction; that by disclosing the probability of inflation through the use of printing-press money you are threatening the country with the greatest financial panic ever known.

Whom the gods would destroy they first make mad.

There never was a greater exhibition of insanity in this body than is now about to be perpetrated by those who are pretending to legislate for the soldier, but are devoting nine tenths of the scanty time to a money program that means inflation. [Applause.]

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. LUCE. You will realize, as you come to the days when this subject will be discussed from one end of the land to the other, what you tried to do in the face of the wishes of your President, in the face of your Democratic platform promising a sound currency, in the face of the pledges you gave the people and in part on the strength of which you secure the control of the Government.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Mr. Chairman, my friend from California [Mr. HOEPPEL] each time I take the floor attempts to spoil whatever strength there may be in my remarks by interrupting them with a request that I yield to him. I respectfully decline to have the gentleman accomplish his purpose.

Mr. PETTENGILL. Mr. Chairman, can we not have the Sergeant at Arms maintain order in this House?

The CHAIRMAN. The gentleman declines to yield, and the committee will be in order.

Mr. LUCE. Mr. Chairman, one of the great scourges of mankind has been printing-press money. Again and again it has worked disaster. History teems with instances of the destruction it has wrought, and here, without a moment's adequate consideration, without even knowing what you are doing, you seek to provide for just such a thing. There is not a man here who can confidently explain a single paragraph of this bill in point of probable results—not a man here in favor of the bill who really knows for what he is voting. Many a man is doing it blindly, without information, study, or reflection, lured on by the wish to accomplish an ulterior purpose on the false pretense of doing something for the veterans of the United States—violating all orderly course of parliamentary procedure, depriving such committees as those on Banking and Currency, and on Coinage, Weights, and Measures of the opportunity to advise the House, rejecting the value of all studies that have been given to the question, refusing to weigh the opinions of the

experts, declining to listen to argument, stifling debate, but going ahead in mad rush to commit political suicide. [Applause.]

MILLS-MELLON-INSULL SCHOOL OF THOUGHT

Mr. PATMAN. Mr. Chairman, during the last 4 years preceding this administration, the school of thought represented by the gentleman from Massachusetts [Mr. LUCE], who has just addressed the House, was well represented. Mr. Hoover took the advice of men such as our distinguished friend, and the Mills-Mellon-Insull school of thought was adopted and used. The country did not prosper by reason of what these gentlemen persuaded the Congress to do and the President to approve. We want to change that. We believe that if a veteran has a certificate that is due in 1945, or rather, payable then, though due now, he is just as much entitled to use the credit of this Nation as the large bankers are. The National City Bank can get $124,000,000 in return for Government bonds, the Chase National Bank can get $148,000,000 in return for Government bonds, and at the same time get interest on the bonds. The gentleman who has just addressed the House has helped to write such legislation as that into our statute books. In other words, if the bankers get a bonus it is perfectly all right, he does not object to that, it is sound money, not fiat money nor printing-press money nor rag money. It is perfectly all right if you are giving it to the big bankers, but if you attempt to give the veterans the same rights and privileges under the same conditions to use the credit of this Nation, the gentleman says that it is all wrong, that it will destroy our country, that it is printing-press money. I hope the amendment is defeated.

Mr. Chairman, I move that all debate upon this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts to strike out the section.

The question was taken; and on a division (demanded by Mr. LUCE) there were—ayes 91, noes 131.

So the amendment was rejected.

The Clerk read as follows:

SEC. 5. This act may be cited as the "Controlled Expansion Act, 1933."

Mr. GIFFORD. Mr. Chairman, I move to strike out the last word. I called attention in the early part of the afternoon to the financial sections of this bill. It is not only strange that it is advocated the way it is, but it is passing strange that so few Members seem to have read the bill, as far as those sections are concerned. Let us consider the last speech made by the gentleman from Texas [Mr. PATMAN]. We now more fully understand that this is the more important part of the bill, so far as he is concerned. We have in mind the many speeches that he has made in the past in criticism of the circulating privilege of the national banks and the issuance of money to the Federal Reserve banks on the securities of the Government. He has made many, many speeches against these so-called "privileges." I think it is wise to call attention to these most important sections of the bill. It states that when commodity prices reach a certain point, issues of currency shall be contracted in the five ways enumerated in the bill. It uses the words "abolish" and "terminate"—that is, to do away entirely—and new legislation would have to be adopted to return to those methods of obtaining currency. A week ago Saturday we heard on the floor of this House statements made by the leaders telling us that we must pass that bill in order to refinance the obligations of the Government necessary in the very near future.

These same gentlemen had to change their votes, after speaking against it, because of that necessity. Now they will "abolish", and "terminate", and could not return to those most necessary methods of financing or refinancing of Government indebtedness or expenses. Now they say "print money without interest." When we issue notes with even very little interest, our people would demand that we retire that kind of obligation. When would they demand that we retire actual money issued without interest? That is the great difference between printed money and money issued even with the slight payment of interest. Therefore, I repeat, it is perfectly plain now that this great financial measure, changing the whole financial system, must appear to be more important to the gentleman from Texas than the one matter of payment of the bonus. Many of us on this side, and I presume it is so on the other side, have stated they thought this was simply soldiers' bonus measure. However, the gentleman from Massachusetts [Mr. LUCE] has made it very plain that this is indeed a most revolutionary measure. Again let us carefully read page 6 of the bill. "Abolish, terminate"; consider the importance of such strong terms! It does not reduce or even limit, but destroys. I must congratulate the gentleman from Texas [Mr. PATMAN] on bringing about in this bill this revolutionary financial situation and the incorporation of his cherished notions of finance, under the guise of a "bonus" measure.

[Here the gavel fell.]

BANKERS' BONUS

Mr. PATMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Any legislation for veterans is always revolutionary to the gentleman from Massachusetts [Mr. GIFFORD]; but if it is for the big bankers, if it is to give the bankers a bonus, I think his record will disclose that he is ever faithful always to the bankers, and to vote for their bonus. [Applause.] The big bankers have been running the country. The small banks have been helpless. Banks are very necessary institutions, but we must not allow them to run or ruin the country.

The gentleman said that very few people had read this bill. The gentleman probably does not know that we met in caucus yesterday, more than 100 Members of this House, and we went over this bill. We read every word of it, and we discussed every paragraph of it. We not only know all about it, but we have known all about it for years. We did not consult the gentleman from Massachusetts, because we know he is for the big bankers, and he wants to keep them their privilege, their subsidy, and their bonus, and he does not want to do anything that will deprive them of it.

Let me tell you something about this great privilege that the gentleman says we are taking away from the bankers. We are issuing this money upon the credit of this Nation. The bankers have used that same credit for 60 or 70 years, but it is a great crime, says the gentleman, for veterans to use it for only a few years. If there is too much money at any time, we have the brakes put on. We have controlled deflation if necessary. This bill is not an inflationary bill. It is a controlled-expansion bill. If there should be too much money at any time, what great crime will be committed? This great crime will be committed: If any money is to be taken out of circulation, the National City Bank and the Chase National Bank and the other big banks of the country will have to bring their money back to the Treasury and get their bonds, and that money will be taken out of circulation and deprive them of their bonus. That is evidently the reason the gentleman objects to it.

STEERING COMMITTEE

The Members of the House interested in this bill H.R. 1 had a meeting about 10 days ago and authorized me, as chairman, to appoint a steering committee to assist in the passage of this legislation. This committee has met regularly and worked very hard. I am indebted to them for their valuable assistance. I do not believe any committee of this House has performed more efficiently and effectively than this committee has. Their names are as follows: LUNDEEN, of Minnesota, secretary; VINSON, of Kentucky; MCCLINTIC, of Oklahoma; HANCOCK, of North Carolina; JEFFERS, of Alabama; BOILEAU, of Wisconsin; CONNERY, of Massachusetts; COLMER, of Mississippi; BROWNING, of Tennessee; SINCLAIR, of North Dakota; KVALE, of Minnesota; WEIDEMAN, of Michigan; SCRUGHAM, of Nevada; WOLCOTT, of Michigan.

Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

Mr. PATMAN. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the recommendation that the bill do pass.

Mr. KVALE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KVALE. Is there not one more section to be read?

The CHAIRMAN. The Clerk has concluded the reading of the bill.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CANNON of Missouri, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill H.R. 1, providing for payment of veterans' adjusted-service certificates, had directed him to report the same back to the House without amendment with the recommendation that the bill do pass.

Mr. PATMAN. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. FISH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. FISH. Yes; I am opposed to the bill, somewhat.

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. The gentleman from New York replied that he was opposed to the bill somewhat. Is that sufficient?

The SPEAKER. In the opinion of the Chair it is.

The Clerk read as follows:

Mr. FISH moves to recommit the bill to the Committee on Ways and Means with instructions to strike out section 3 and report the same back forthwith.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. FISH) there were—ayes 41, noes 160.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. FISH. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The Clerk called the roll; and there were—yeas 295, nays 125, not voting 11, as follows:

[Roll No. 102]

YEAS—295

Abernethy	Cannon, Wis.	Dear	Flannagan
Adair	Carden, Ky.	Delaney	Fletcher
Adams	Carmichael	De Priest	Focht
Allen	Carpenter, Kans.	DeRouen	Foulkes
Allgood	Carpenter, Nebr.	Dickinson	Frear
Arens	Carter, Calif.	Dickstein	Frey
Arnold	Carter, Wyo.	Dies	Fuller
Auf der Heide	Cartwright	Dirksen	Fulmer
Ayers, Mont.	Cary	Disney	Gambrill
Bankhead	Castellow	Ditter	Gasque
Beam	Celler	Dockweiler	Gilchrist
Beiter	Chapman	Dondero	Gillespie
Berlin	Chase	Douglass	Gillette
Black	Chavez	Doutrich	Glover
Blanchard	Church	Dowell	Goldsborough
Blanton	Clark, N.C.	Doxey	Granfield
Bloom	Cochran, Pa.	Driver	Gray
Boileau	Colden	Duffey	Green
Boland	Collins, Calif.	Duncan, Mo.	Greenway
Boylan	Collins, Miss.	Dunn	Greenwood
Brennan	Colmer	Durgan, Ind.	Gregory
Britten	Condon	Eagle	Griswold
Brown, Ga.	Connery	Edmiston	Guyer
Brown, Mich.	Connolly	Edmonds	Haines
Browning	Cooper, Tenn.	Eicher	Hamilton
Brumm	Cravens	Ellenbogen	Hancock, N.C.
Brunner	Crosby	Ellzey, Miss.	Hart
Buckbee	Cross, Tex.	Englebright	Hastings
Bulwinkle	Crosser, Ohio	Faddis	Healey
Burke, Calif.	Crowe	Farley	Henney
Burnham	Crump	Fernandez	Hess
Busby	Cullen	Fitzgibbons	Hildebrandt
Cannon, Mo.	Cummings	Fitzpatrick	Hill, Knute
Hill, Samuel B.	Lindsay	Parsons	Stubbs
Hoeppel	Lloyd	Patman	Studley
Hoidale	Lozier	Peavey	Sullivan
Hope	Ludlow	Pierce	Swank
Howard	Lundeen	Polk	Sweeney
Imhoff	McCarthy	Ramsay	Swick
Jacobsen	McClintic	Ramspeck	Taylor, Colo.
James	McCormack	Randolph	Taylor, S.C.
Jeffers	McFadden	Rankin	Taylor, Tenn.
Jenckes, Ind.	McFarlane	Ransley	Terrell, Tex.
Jenkins, Ohio	McGrath	Rayburn	Thomason
Johnson, Minn.	McKeown	Reece	Thompson, Tex.
Johnson, Okla.	McLeod	Richards	Thurston
Johnson, Tex.	McSwain	Robinson	Traeger
Johnson, W.Va.	Maloney, Conn.	Rogers, N.H.	Truax
Jones	Maloney, La.	Rogers, Okla.	Turner
Kahn	Mansfield	Romjue	Turpin
Kee	Marland	Rudd	Umstead
Keller	Marshall	Ruffin	Underwood
Kelly, Ill.	Martin, Colo.	Sabath	Vinson, Ga.
Kelly, Pa.	May	Sadowski	Vinson, Ky.
Kennedy, Md.	Mead	Sanders	Waldron
Kennedy, N.Y.	Meeks	Sandlin	Wallgren
Kerr	Miller	Schaefer	Walter
Kinzer	Milligan	Schuetz	Warren
Kleberg	Mitchell	Schulte	Wearin
Kloeb	Monaghan, Mont.	Scrugham	Weaver
Kniffin	Montet	Secrest	Weideman
Knutson	Moran	Segers	Welch
Kramer	Morehead	Shallenberger	Werner
Kurtz	Mott	Shannon	White
Kvale	Muldowney	Shoemaker	Williford
Lambertson	Murdock	Sinclair	Wilson
Lambeth	Musselwhite	Sirovich	Withrow
Lamneck	Nesbit	Smith, Wash.	Wolcott
Lanzetta	O'Brien	Smith, W.Va.	Wolfenden
Larrabee	O'Malley	Snyder	Wolverton
Lee, Mo.	Owen	Somers, N.Y.	Wood, Mo.
Lehr	Palmisano	Spence	Woodruff
Lemke	Parker	Strong, Pa.	Zioncheck
Lesinski	Parks	Strong, Tex.	

NAYS—125

Andrew, Mass.	Darden	Lehlbach	Sears
Andrews, N.Y.	Darrow	Lewis, Colo.	Simpson
Ayres, Kans.	Dobbins	Lewis, Md.	Sisson
Bacon	Doughton	Luce	Smith, Va.
Bailey	Drewry	McDuffie	Snell
Bakewell	Eaton	McGugin	Stalker
Beck	Eltse, Calif.	McLean	Steagall
Beedy	Evans	McMillan	Stokes
Biermann	Fiesinger	McReynolds	Sumners, Tex.
Bland	Fish	Mapes	Sutphin
Boehne	Ford	Martin, Mass.	Taber
Bolton	Foss	Martin, Oreg.	Tarver
Brooks	Gavagan	Merritt	Terry, Ark.
Brown, Ky.	Gifford	Millard	Thom
Buchanan	Goodwin	Montague	Thomas
Buck	Goss	O'Connell	Thompson, Ill.
Burch	Griffin	O'Connor	Tinkham
Burke, Nebr.	Hancock, N.Y.	Oliver, Ala.	Tobey
Byrns	Harlan	Oliver, N.Y.	Treadway
Cady	Harter	Perkins	Utterback
Caldwell	Hartley	Peterson	West, Ohio
Cavicchia	Higgins	Pettengill	West, Tex.
Christianson	Hill, Ala.	Peyser	Whitley
Claiborne	Hollister	Plumley	Whittington
Clarke, N.Y.	Holmes	Powers	Wigglesworth
Cochran, Mo.	Huddleston	Prall	Wilcox
Coffin	Hughes	Reed, N.Y.	Wood, Ga.
Cole	Kenney	Reilly	Woodrum
Cooper, Ohio	Kocialkowski	Rich	Young
Corning	Kopplemann	Richardson	
Cox	Lanham	Robertson	
Culkin	Lea, Calif.	Rogers, Mass.	

NOT VOTING—11

Bacharach	Deen	Norton	Wadsworth
Carley, N.Y.	Dingell	Pou	Williams
Crowther	Moynihan, Ill.	Reid, Ill.	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Moynihan of Illinois (for) with Mr. Wadsworth (against).
Mr. Pou (for) with Mr. Bacharach (against).

Until further notice:

Mrs. Norton with Mr. Crowther.
Mr. Deen with Mr. Reid of Illinois.
Mr. Williams with Mr. Dingell.

Mr. CULLEN. Mr. Speaker, my colleague the gentleman from New York, Mr. CARLEY, is absent on account of illness. If he were here, he would vote "yea."

Mr. BULWINKLE. Mr. Speaker, the gentleman from North Carolina, Mr. POU, is unable to be present. If he were here, he would vote "yea."

The result of the vote was announced as above recorded.

On motion of Mr. PATMAN, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their own remarks on the bill. We asked it on the discharge petition but not on the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS—H.R. 1—SOLDIER'S BONUS

Mr. LEHR. Mr. Speaker, I shall support H.R. 1 for four reasons which to me appear controlling.

First. This bill if enacted into law will provide a valid, legal, safe, and absolutely controlled expansion of the currency, which is something that most of us on the majority side have been wishing for ever since we have been in Congress.

Second. It will furnish direct and immediate relief to those who are most in need of and deserving of such help, and will distribute it equitably into every part of the country.

Third. It will save the Federal Government within the next 11 years many hundreds of millions of dollars.

Fourth. It will end all controversy in connection with the matter of the payment of adjusted-service certificates, and once and for all time remove this question from the political arena.

Before considering these reasons, I desire to state that during the campaign of 1932, when this matter was urged strongly before the people, I took the position publicly and in a signed statement, that I was not in favor of the immediate payment in cash of the adjusted-compensation certificates of the veterans if the doing of that would result in increasing in any manner the burden of taxation which already was oppressing the people of this country, but that on the other hand I did favor the payment in cash of these certificates to the holders thereof just as soon as the Government was in a position to pay them without adding to the tax burden and later on, in the course of the campaign, Governor Roosevelt, then our candidate for the Presidency, took a similar position. I felt that there were two sides to this question.

In the first place, there were the veterans who had by an official enactment of the Congress been promised this money, not as a bonus as a great many people erroneously call this law, but for the purpose of adjusting the compensation which they would have received had they not been in the war and had they remained at home in gainful occupation. This compensation was based on the difference between what the lower paid laborer in America received and what the average private received, the difference being $1 a day for home service extra and $1.25 a day extra for service overseas. Certainly that law cannot be justly construed by any person as placing a price upon patriotism. It is not in any sense a pension law. It is purely what it is called, an adjusted compensation law, and in my opinion the veterans who were conscripted into the service were certainly entitled to this recognition on the part of the National Government. Of course the payment of this required a very large sum of money and so we must come to the consideration of the other side of the question, and that is the taxpayer, upon whose already overburdened shoulders this additional obligation was placed by the Congress by following the policy which our National Government has been following for these many years. The only manner in which the amount of money represented by these adjusted-compensation certificates would be paid would be through our plan of public taxation. I felt, therefore, that if to pay these certificates in full at the present time would impose any additional taxes on the American taxpayer, that then in that event it would not be fair to the taxpayer to do so, but if some method could be devised or if the condition of the United States Treasury so improved that payment could be made without increasing taxes, that then I favored the payment in cash just as soon as it could possibly be done.

In the Democratic national platform of 1932 we declared for a sound monetary policy. In his inaugural address on March 4, 1933, President Roosevelt broadened this statement by saying that he favored not only a sound currency but an adequate currency. Adequate, as I understand the word, means sufficient money to meet the needs of the people. This Congress, at the special session a year ago, enacted certain legislation having for its object the expansion of the currency in various alternative ways, which it authorized the President to follow in his discretion. That legislation was approved by the President and is now a law of the Nation.

We have gone off the gold standard formally and literally, and since we have gone off the gold standard the condition of our country has improved, thus proving that proponents of the so-called "gold standard" and "sound money" and the Republican Party over the last many years have been pulling the wool over the eyes of a gullible people. Grass has not grown in the streets of our American municipalities, our condition has not become one of chaos, but on the contrary, our situation today compared with what it was a year ago, has resulted in restoring confidence in the American people in our form of government. We have devaluated the gold content of the American dollar. This has all been done with the idea of giving to the American people an honest dollar, rather than a dishonest one, and for the purpose of increasing commodity prices and bringing back prosperity.

But the people must have felt, and I am positive that the majority of the Representatives on this side of the aisle in Congress have felt, that while we have made tremendous progress on the road toward recovery, that there were still other things which we could do, and there were still things which were necessary to be done, and among these was a safe expansion of the currency in order to put more money into actual circulation among the people for the purpose of increasing the consuming power of the public.

I know from my contact with the people of my congressional district, and from the hundreds of letters which I have received from them, that the people back home want safe expansion of the currency, and this bill affords us the first opportunity to so comply with the wishes of the people and the needs and conditions of the present time.

The enactment of this bill will not in any way result in any increase of taxes. It provides for the payment to the veterans of the face value of their adjusted-service certificates in new currency, that is, United States notes, and these notes will not bear any interest but will be lawful money of the United States, and the bill further provides that they shall be maintained at the parity value with the standard unit of value fixed by law. There is no new principle of issuing money involved in this bill. These notes are to be legal tender in payment of all debts, public or private, and are to be received for customs, taxes, and all public dues, and when so received shall be reissued. When held by any national bank association or by the Federal Reserve bank the bill provides that they shall be counted as a part of the bank's lawful reserve. In other words, the notes, the issuance of which is to be authorized by this bill, are to become a permanent part of our outstanding currency and on which the people are not paying any interest to the great banking system of this country.

With the amount of unencumbered gold which is held by the United States Treasury at the present time, there is sufficient gold on hand to authorize the issuance of better than $7,000,000,000 in new currency, without reducing the gold reserve less than 40 percent, which is the present legal requirement, and yet it will only be necessary under this legislation to issue $2,400,000,000 for that purpose, so that the issuance of this money is not the running wild of the printing presses of the Government neither is it the issuance of fiat money. But the bill goes further than this, not because it is necessary, but for the purpose of meeting the arguments of the international and national bankers who still are in control of our fiscal set-up, and very definitely provides that if (and to this eventuality I do not subscribe) and when the index numbers of the wholesale all-commodity prices rises above the index number of such prices for the years 1921–29, then and in that event the Secretary of the Treasury shall be privileged to contract the currency by

either one or all of the five methods provided in the bill, and which it is not necessary to repeat here, except to say that the manner in which the currency will be controlled is by the retirement of bonds or by the termination of the issuance of notes on all of which the taxpayers of America are paying taxes.

This means that this method gives us an expansion of the currency which is so much needed at the present time, but at the same time makes it a safe expansion and one which is absolutely under the control of the United States Treasury at all times. This one reason alone is sufficient justification for the enactment of this very important piece of legislation.

But when this money is issued, where does it go? Will it go into the banks, there to be hoarded? It will go to the veterans in every part of the United States, so that every community in the country is going to be benefited by the expansion of the currency, both rural and urban and the large metropolitan centers. There is no nook or corner in the entire United States where this money shall not go and when it does it will be used by the veterans in the regular course of business channels, and will give the greatest impetus to the restoration of prosperity in this country than any single piece of legislation, that can be enacted by Congress, can do. In my own district I am reliably informed that this legislation will put into circulation in Jackson County the sum of $1,628,242.56, in Lenawee County the sum of $879,336.36, in Monroe County the sum of $925,835.40, and in Washtenaw County the sum of $1,155,949.20, making a total of $4,589,363.52; and that money will remain permanently in circulation, for there is no provision in the bill for its redemption.

Another motivating reason for the enactment of this legislation is that it has been estimated that it will save the Federal Government more than a billion dollars within the next 11 years, and the estimate has run as high as $1,500,000,000.

All this will be accomplished without any bond issue, without any increase in taxes, and without any additional interest payment on the part of the Federal Government.

I respectfully submit therefore that this bill should pass. I feel it is one of the most important pieces of legislation that has come before this Congress. If we are to realize the full value and benefit of the wonderful advance which we have made within the past 12 months in the improvement of our National monetary system, then we should pass this bill and put into the hands of the American people this additional money and at the same time we will have discharged not only the legal debt but the moral debt which this Government owes to the veterans, and we shall have forever removed this question from the field of political controversy.

All this is accomplished by this bill without in any manner increasing the tax burden of the American people or affecting the Budget, and yet, at the same time, every possible safeguard, through the cooperation of the Treasury Department and the Veterans' Administration and the legislative counsel, has been incorporated in this bill to make this expansion valid, legal, safe, and absolutely under the control of the Treasury Department.

Mr. GRAY. Mr. Speaker, while the soldiers entering the war were drilling and maneuvering in the camps, waiting delayed orders to move, held in reserve to march to the front, and fighting in the trenches and advancing, going over the top, and charging further on the firing line, other men remained in security at home taking advantage of the prosperous times, the greater business opportunities afforded, or the higher-pay employment prevailing, all to acquire wealth and fortune or to lay up a competence for life. But even more than this loss of employment and business advantage, the soldiers not only sacrificed opportunity for business, profit, gain, and employment, they served with only a mere pittance of pay, while other men were profiteering and gaining great advantage, basking in security of peace and civil life, acquiring great wealth and riches, or establishing for themselves fabulous fortunes.

The soldiers are not paid for their services rendered during the time of duty performed. The mere pittance of pay received, the pay of $30 per month or $1 per day, is for partial and temporary sustenance. This bill is not a liberal measure to soldiers. This bill is only a recognition for partial payment, a partial recognition for services rendered, services for which no adequate compensation can be made. This bill is not for disabilities incurred. This bill is not payment for impairment in the service, but for deferred payment for services performed, partial payment for services rendered in advance. The payment provided for in this bill is for training in the disease-breeding miasma camps, is for the hazards of submarine seas, is for facing shot, shrapnel, and shell in the trenches and on the battlefields, or waiting in reserve to meet all these. The payments provided for in this bill are for leaving home, family, and friends and for leaving business and personal interests, for leaving without assurance of return, to gamble with disease, wounds, and death. The payment is a mere pittance, and only partial, for all of these.

This is not a question of paying or not paying the soldiers adjusted compensation. The debt incurred has been recognized by majority of vote of a former Congress and the signature of a former President. The obligation has been signed and sealed. It is binding upon the country legally and by a far greater moral obligation regardless of what we do here today. The only question remaining before this Congress is the question, when it will be paid, the question how it will be paid, and in what form of money it will be paid, regardless of how and when it will be paid. It will cost no more to pay it now than to wait and pay it later. No borrowed money will be required. No bonds will be called for to be sold. No interest will be necessary to pay. It can be paid now without any of these. And it will cost less to pay today, and cost more to pay tomorrow. It will cost over a million more to pay next year, and will cost over a billion more in 1945. The Government can save billions by paying now.

I can see the manipulating bankers and financiers already organizing their propaganda against the issue of new money under this bill the same as against the issue of the same money under the farm relief measure. I can hear the war profiteers raising the hue and cry of "flat money", of "printing-press money", and of so-called "inflation", assuming great concern for the people and to safe guard the public Treasury, all while rebating their income taxes, and while defaulting the payment of their taxes for 3 years, 1930, 1931, 1932, and resisting and defending all suits against them, to prosecute and compel them to pay. The dollar provided for in this bill will pay 100 cents of taxes, will pay 100 cents of interest, will pay 100 cents of debts, will pay 100 cents on mortgages, and will pay for 100 cents worth of food, clothing, medicine, and shelter.

We can pay the soldiers' adjusted compensation in money based upon and redeemable in gold, can make payment on the gold-standard basis of 40 percent of gold for redemption. This is all that is now claimed as needed and all that has ever been claimed as needed upon which to issue so-called "sound money." We now have, speaking in round numbers, over $7,000,000,000 of gold. We have only five billions of currency outstanding, and with the payment of these certificates we would have only two billions more, in all, $7,000,000,000 outstanding, and all based upon 100 percent of gold, or 60 percent more than has ever been required or called for by any so-called "sound money" men. With our present gold reserve on the 40 percent basis for the issue of money, the full limit claimed necessary and required by the most conservative and reactionary financiers, we can issue $17,000,000,000 in currency, or ten billion more than we need, to support our currency of five billion outstanding and the two billion additional required to pay the soldiers their adjusted-service compensation. This money to pay the soldiers will be based upon gold in reserve, 60 percent more than is necessary and required today or 60 percent more gold than we have ever used during all the years up to this time.

The soldiers' adjusted-compensation certificates, for service, time, and the hazards of war, is a just and sacred debt and must be paid. The soldiers need this payment now more than at any other time, now when they are without employment, and without opportunity otherwise to live. And the payment of this compensation now will be of greater use and service to the people than at any other time probably coming in the future. This bill should be passed now and the payment made both in fairness and justice to the soldiers and as necessary and required for economic relief to the people of the country generally.

The soldiers' adjusted compensation offers a great and signal opportunity to avail ourselves of an efficient relief measure. It is fortunate for the people of the country that there is a soldiers' adjusted compensation to be paid, and that the means and facilities for the payment are available, ready, and at hand.

Congress found that the cause of the panic was a failure of consumption, a failure of the buying and consuming power of the many, the masses of the people. And Congress further found that the failure of the buying and consuming power had resulted from a fall of values, the price level and the wage scale, decreasing, forcing down, and destroying the earnings and income of the people. And Congress also found that to remedy the panic or depression there must be a rise of values, the price level, and the wage scale to restore earnings and income and the power of the people to buy and consume.

And Congress further found that the fall of values, prices, and wages had resulted from a contraction, from a withdrawal of money from circulation, and that a remedy required first, a restoration of the volume and supply of money in sufficient amount back in circulation. And as a part of the recovery program to raise values, prices, and wages, the currency provisions of the Farm Relief Act were enacted to provide for the restoration of the money supply. But there has been no administration of the relief currency measure to restore the volume and supply of money, and thereby to raise values and the price level, and without which there can be and will be no restoration of the buying and consuming power.

This measure for the payment of the soldiers' compensation provides for the issue of United States currency notes the same as provided for in the Farm Relief Act, to restore the volume and supply of money. When these provisions are carried into force under the provisions of this bill they will be given the same effect as the issue of United States currency notes under the provisions of the Farm Relief Act, and will bring the same rise of values, the price level, and the wage scale, and the same restoration of the buying and consuming power as contemplated and provided for under the Farm Relief Act.

But the most difficult and vital part of such a relief measure and necessary for immediate and prompt relief was not provided for under the Farm Relief Act. The issue of the new money, making it available to go into circulation, is only a part of the program for economic relief. The new money must be made to reach the masses, whose buying and consuming power is to be restored, and not to banks and the certain special few to be hoarded and held from circulation.

There are many means and channels by and through which the new currency can be distributed and carried into circulation, but not all of them can make the distribution to the masses where it is most needed nor promptly and without delay to restore the buying and consuming power, and start the wheels of industry.

The payment of the governmental expenses with the new currency would bring a distribution of new money, but the distribution would not be broad enough to restore the buying and consuming power of the people generally.

The costs and payment of new construction and public works authorized and to be authorized as new relief measures would give the distribution of the money among certain industrial classes, but would require a large expenditure of public money for buildings and works that we do not now need and may never need, the money largely going into the pockets of contractors and material men, and then would not go to the masses promptly as the emergency will require and, lastly, would leave a huge debt to be paid by taxation in the future.

While the payment and retirement of United States bonds due and coming due would distribute the money to a smaller class, and largely to a class not suffering from the want of buying and consuming power, yet it would stop interest and save the people multiplied millions of dollars annually and without adding to and increasing the obligations of the Government to be paid from taxes hereafter. The retirement of the bonds would cancel the bond obligations and transfer that obligation of the money used and paid out, leaving the obligation upon the Government the same and unchanged with the huge interest sum saved to the people.

The payment of the soldiers' adjusted compensation would put the money into circulation and spread or make distribution of the buying and consuming power among the masses as no other measure could provide. It would go directly and immediately into millions of homes suffering from a want of buying and consuming power and into every community of every State of the Union. It would be spent at once for necessaries and it would find its way promptly to every retail store in the country. It would start on its journey from retail merchant to wholesale and commission house, carrying new orders to every factory, mill, and workshop in the land. It would start the wheels of production and bring an almost, immediate, and full-time employment and thereby directly restoring the buying and consuming power of 30,000,000 industrial workers through the restored and increased pay rolls; and the magic circle of production and consumption would be complete and normal prosperity restored without waiting.

The payment of the soldiers' adjusted compensation with the new money would not be the creation of any new debt to be at some time repaid by taxation. Congress has already, years ago, passed a law recognizing, obligating, and binding the Government to pay the soldiers' adjusted compensation. It is a binding existing debt which must be paid now or some time in the future. If paid now in the distribution of this new money, the debt is canceled and the Government is free from the obligation for all time.

Under the present conditions of the country, the widespread suffering and want among the people; with millions being spent annually to support a vast army of unemployed in enforced idleness; and in justice and fairness to the soldiers now in distress and in greater need of relief than at any other time probable in the future, this new money should be distributed and put into circulation by the payment of the bonus at least to those soldiers now in want and who are asking for the payment at this time.

And after the payment of the bonus the further increase of money required in circulation to raise values and prices to the level necessary to restore the buying and consuming power should be paid out in the retirement of United States bonds to save the millions of interest we are now paying annually from taxes collected from the people.

With this distribution of the new money by first making payment of the soldiers' adjusted compensation, restoring the buying and consuming power of the masses, values and prices for the farmers' crops and stock will be raised to a fair and higher level by next market time, and normal prosperity will be far on the way.

Mr. HOEPPEL. Mr. Speaker and Members of the House, this bill, which would pay the adjusted-service certificates of our World War veterans now, is an unusually progressive, forward step and will be highly beneficial in our national recovery. Aside from recognizing the valued and underpaid service of our veterans during the World War, the principle of this bill is outstandingly American and will do more to free the American people from the banking hierarchy than any other measure yet advanced in the Congress of the United States. This bill is the Magna Carta of human rights, of rights of the individual over the special monopolistic financial group which has dominated our country for

the past three quarters of a century. The Democratic platform is outstanding in several respects, but no plank in that platform is so important as the simple sentence: "Equal rights to all and special privileges to none."

This bill restores to the American Government the right to coin its own money and to receive the benefits of such coinage and the credit which follow therefrom. The method of paying the adjusted-service certificates, under this bill will save the taxpayers over $1,500,000,000. Every village and hamlet in America will immediately experience the benefits of this payment. My own county of Los Angeles will receive $52,091,000, which will be a godsend to the merchants and small-business men as the veterans discharge their just obligations to these public-spirited individuals who have so graciously and patriotically extended credit to the unemployed during the past years of depression.

The efforts heretofore expended under the new deal, except in one instance, have been more or less favorable to capital, partially favorable to organized labor, but only remotely beneficial to the consumer. From the standpoint of military strategy, the efforts heretofore made under the new deal may be likened to a series of skirmishes or inconsequential attacks; and, while we have succeeded in a measure in pushing back the depression, much of our success has been attained through the inordinate expenditure of public funds and the further whittling away of the assets of the great middle class.

Only in one instance has the new deal made a direct, frontal, cohesive attack on entrenched wealth. This was when we passed the gold devaluation bill, which I was more than pleased to support. While I have supported in this session all the measures of the new deal except the increase of taxation on liquor, I feel that the results of our efforts thus far are infinitesimal compared with the benefits which would accrue to us if the Members of Congress had the courage to face facts (which they know exist), and surmount these difficulties in the interest of the common people rather than pussyfoot along, deceiving the people all the while they are furthering the interests of the financial internationalists who have wrecked our country.

This so-called "bonus bill", the bill we are at present considering, puts in motion the constitutional machinery of the Congress for the issuance of currency by the United States. While it does not prevent the printing of Federal Reserve notes—by private bankers—which notes circulate as legal tender for all purposes, it should carry a proviso to this effect, since it is self-evident to anyone that the credit of the United States should not be farmed out to any group of individuals and, more especially, not to the group whose past history, as exposed in the Senate investigations, would indicate its corruption. If we are to have "equal rights to all and special privileges to none", as is so clearly enunciated in the Democratic platform of 1932, why should Morgan, Mellon, Baruch, and others in that favored group, be permitted to turn in Government tax-exempt interest-bearing securities and secure full 100 cents on the dollar of the Federal Reserve notes for such securities, while we deny equal rights to other citizens who are not allied with the Federal Reserve group of buccaneers?

The new deal has demonstrated that there is courage and sincerity in the administration, but it has not developed the fact that there is courage and candor in the Congress, the Membership of which should be effaced in the approaching elections unless the Members awaken to their responsibility in this session and reaffirm to the United States the right to issue currency as is provided in this bill we are now discussing. Devaluation of gold was indeed a progressive step and proves absolutely that it is not necessary for the circulating currency of the United States to be redeemable in gold. If we are to have currency predicated upon, or in any way allied with a metallic base, it should be bimetallic.

I favor the free, unlimited coinage of silver, which would do even more than the gold devaluation to bring prosperity to the American people and solve the unemployment problem. It is believed that the President is receptive to this viewpoint and the Congress should not adjourn until this objective is attained.

In furtherance of the democratic declaration of "equal rights to all, and special privileges to none", Congress should provide for the extension of credit directly to the people upon proper security or collateral under the same terms and conditions as credit is extended to the Federal Reserve banks. If this were done, there would be no necessity for the C.W.A., P.W.A., and other anagram organizations of the new deal. With credit extended to the individual at less than 1 percent to pay off his mortgage indebtedness on farm or home, to construct new dwellings, to purchase subsistence land sites, for the rehabilitation of churches, schools, and private businesses, we would enter an era of prosperity as yet never experienced in America.

The wealth created by labor would be, in great measure, returned to labor, and unlike the present system with its inordinate interest burdens, the profits of labor and of the toil of the common man would not be diverted, as has been so unjustly and inhumanly done, to the Wall Street wolves who have sheared the American people and who will continue to shear them until the Congress of the United States has the courage to enact legislation restoring to the American people adequate and proper control of currency as is provided for in the Constitution.

Washington warned against entangling alliances with foreign nations. As a people we should free ourselves from the entangling alliances with which the international bankers and the Federal Reserve System have encompassed the American people and which choke from them the sustenance of life to which they are justly entitled but which they are denied under the archaic system of private control of Government credit.

I reiterate in conclusion that a vote for this bill to pay the adjusted-service certificates is a vote for the financial freedom of all the people, and it is on this principle that I freely vote "yea", rather than from the viewpoint of paying to our World War veterans a debt justly due them.

Mr. LLOYD. Mr. Speaker, permit me to briefly explain the reasons which persuade me to vote for this bill. I am not unmindful of the fact that this is a valid and subsisting obligation of the United States Government which many maintain should have been paid in 1931. There are valid and cogent reasons which persuade one to that view. The fact, however, may not be disputed that it must be paid in 1945, that the United States, by its solemn and written obligations, has irrevocably bound itself to make full payment at that time. It is not a debt that can be honorably escaped; it is not a contingency that may be left to chance or future judgment; it is as determined, as definite, and as fixed as anything within the purview of human agencies can be.

That being true, I would be constrained to do something in advance of the due date for the benefit of the veterans, whose personal fortunes reflect the fortunes of every class of Americans from the highest to the lowest and from east to west and north to south. I should be disposed to do something to alleviate the sufferings that the Economy Act has brought home to them, and in that connection may I digress for just a moment to discuss briefly the subject of the Economy Act in its effect upon our veterans of all wars and all classes. I am not at all sure that much of the legislation on behalf of the veterans, much of which was forced on them without their request and against the better judgment of their leaders, reflects the course of wisdom. I am not at all sure that I should have voted for much of that legislation, but the Congress of the United States did vote for it, and the then President of the United States signed the bills which made those gratuities, if you care to call them such, the law of this Nation.

The veterans had a right to expect that the pledges thus solemnly made by the Government would be kept; and, relying upon those expectations, they made their commitments, they signed their land contracts, they bought homes and farms, and, having made their initial payments out of their

own earned funds, they were justified in a feeling of security when they committed themselves to future payments equal to the amount the Government had pledged to them. And then at a time when their ability to earn was at the lowest ebb, when there was no opportunity to recoup their fortunes from other sources, this Government, without warning, repudiated its obligations and left those veterans without the ability to carry out their own contracts leaving them impoverished and bankrupt with foreclosures from lack of payment being commenced over this Nation by the hundreds of thousands against them, and leaving a trail of untold suffering and misery far worse than it would have ever been if the Government, by its own assurance, had not led them into budgeting and ordering their lives in conformity with this repudiated obligation. And, so I say that in this hour of need, as a slight compensation for a repudiated obligation, this Government owes every consideration it is possible to give to the veterans without imperiling our national well-being.

By the passage of this bill you will pay off an obligation that must be paid in 1945, and you will not only do it without cost to the United States Government, but at the same time the Government will save exactly $112,000,000 a year for 11 years to say nothing of the compound interest upon that sum. Good business and plain common sense dictate the payment of this obligation now and the saving of that immense amount of money, if it can be done without otherwise imperiling our national credit.

But, I am persuaded that even if the veterans were not to be considered, at all, it would be wise to make this payment now. In the last analysis the problems of the veterans are the common problems of all the American people, and there is just one thing that the American people require from one end of this country to the other today, and that thing is a medium of exchange; in other words, money. A few years ago we had a rapidly moving medium of exchange, and we had what amounted to the same thing—a liquid system of bank credits that enabled the people to finance industrial enterprises and, in general, to transact their business. Within the past 2 years those bank credits have been shrunk by upward of $40,000,000,000, and there is no prospect so far as I am aware of any immediate increase in bank credits that may serve business in the future.

On the 4th day of March 1934 you passed the Federal Reserve Act extending for a period of 3 additional years the right of national banks to issue Federal Reserve notes against all direct Government obligations, while, at the same time, they are permitted to draw the interest upon those obligations and, in turn, of course, to take the Federal Reserve notes and buy upon the open market further Government bonds to bear interest while they, in turn, issue further Federal Reserve notes against them, and so on ad infinitum. Certainly, in the face of that act and under the present economic conditions of this country, you cannot expect an expansion of bank credits that will benefit the business man of this Nation or make it possible to employ labor.

You are at the parting of the ways; you will either have the Government take over all business, or you will increase the medium of exchange to enable business to live and function. In my humble judgment the immediate payment of this Government obligation will not only relieve the veterans and their families, and their relatives who are burdened with their support today, but it will go down into the grass roots of business and commerce, it will be a living stream of new life that will do more to bring back our national prosperity than all the legislation that has been passed by this Congress.

Mr. LANHAM. Mr. Chairman, in spite of the very large vote by which this bill has come before us, I think that even its most enthusiastic proponents must agree that its consideration at this time is a futile gesture. There seems little likelihood that it will pass both Houses of the Congress. If it should pass, we have the very definite assurance of the President of the United States that it will be vetoed, and in my opinion no man here believes that the bill would be passed over the veto of the Chief Executive. The discussion of the measure, therefore, necessarily becomes largely academic.

Something has been said during this debate with reference to the monetary policy of the country. The title of this bill states that one of its primary purposes is "to provide for controlled expansion of the currency." It was introduced a little more than a year ago. Since then many steps have been taken in the matter of expanding the currency, and we have been told that this additional one at this time would interfere seriously with the program of recovery undertaken by the present administration. Many ideas have been expressed in this Chamber as to just what policy this Government should pursue in a monetary way, but, regardless of the merit of our individual proposals, it must be realized that concerning this question and many others there is but one man in this country today who is in a position to carry his plans into execution, and that man is the President of the United States. In this period so closely akin in its essence to war times, he is of necessity the Commander in Chief of our forces.

I have my own philosophy with reference to payments to veterans, and I have tried to make my legislative actions comport with it. I think it is the correct philosophy. It is to the effect that there is an obligation upon the Government of the United States to make proper payments to veterans of all wars for compensable disabilities actually incurred in the performance of their war-time duties, either by wounds or accident or disease, and to make suitable provision for their widows and dependents. There the obligation of the Government ceases. In the administration of this policy, the veterans in presumptive and border-line cases should be given the benefit of any reasonable doubt. And I would bring it to your attention that when we seek to go beyond the point of paying and caring for the sick and injured suffering from service-connected disabilities, to that extent we jeopardize the rights and interests of the very veterans most entitled to our sympathetic legislative consideration.

However, the Congress of the United States voted to award to the veterans of the World War a bonus in the form of adjusted-service certificates, which in effect are policies of insurance payable in 1945. In good conscience, therefore, no reasonable man could wish to repudiate this obligation when due.

A few years ago there came before us the proposal to permit the veterans to borrow one half of the amount of these certificates. I voted for that measure. Inasmuch as old-line insurance companies accorded that privilege to holders who had kept their policies in force for a similar length of time, I thought it but just that the Government should do likewise. Shortly after those loans were made the country entered an unprecedented period of depression. Business generally languished and millions were thrown out of employment. Consequently it became impossible for these veterans to repay the loans and in many, probably in most, instances to pay the interest which was accumulating. The necessity for such default in payment came through no fault of their own. The effect of a continuance of this condition would be practically to deprive the veterans of the remaining one half of their adjusted-service compensation through the accruing interest.

Accordingly, in 1932, I introduced in the Seventy-second Congress, and reintroduced at the beginning of the Seventy-third Congress, a bill to remit the interest on these loans made to veterans. By its terms the sums heretofore received by veterans as loans would be regarded as part payments on the final amounts due them at maturity in 1945, and the interest would be canceled.

Mr. PATMAN. Will the gentleman yield for a question?

Mr. LANHAM. If I have time, but I should like to finish my discussion.

Mr. PATMAN. The gentleman is in favor of remitting the interest?

Mr. LANHAM. I am.

Mr. PATMAN. If you admit that, why not pay it? Why hold it back from them if it is due now?

Mr. LANHAM. I have stated that the reason I favored the remission of the interest was that after these loans were made this country found itself in a terrible state of depression, and thereby the veterans were placed in a position which made it impossible for them to repay the loans or pay the interest.

Now, much has been said about relief that has been extended by the Government to home owners and farm owners and that action has been presented as an argument which makes a rational predicate for the legislation here proposed. But does it? That relief was granted in a way and for the purpose of making the obligations of owners of homes and farms less burdensome; to enable them to carry on and not lose their holdings. Now, clearly, the corresponding and analogous relief for veterans is that proposed in the bill I have introduced, to take away the oppressive burden of their obligations and prevent their losing the benefits intended for them when the adjusted-service certificates were authorized and issued. The relief intended in each is a provision against the loss of property. These certificates, by their terms, are due in 1945, and the bill to which I refer is designed to give them their proper value when they mature.

In the Seventy-second Congress I spoke on the floor of the House in support of the measure I had introduced. I offered it as a basis for meditation upon this subject by the members of the Committee on Ways and Means, realizing that some modifications of its verbiage might be necessary. Also I appeared before the Committee on Ways and Means and sought its approval of the idea and recommended legislation in this regard. In my judgment, it is the appropriate legislation in keeping with other relief measures enacted by this Congress and in principle is in accord wih recent laws of a somewhat similar character. I realize that at this late date, in order to do justice, some changes should be made in some of the provisions of the bill I have introduced, but I should like to submit it again for your careful study as a basis for our meditation and action. We all realize that the bonus bill now before us has no chance of final enactment at present. Why not undertake to do what we might be able to do and afford to the veterans a form of relief that to them will be very substantial and also in keeping with the spirit and purpose of many laws recently enacted?

Mr. MILLER. Mr. Speaker, much has been said pro and con during the last few years on the question of the advisability of paying in cash the balance due on the adjusted-service certificates.

My position on this question has been well known since 1930 when I was elected as a Representative in Congress from the Second District of Arkansas. At that time we were entering the depression and since that time the Congress has enacted much legislation which can only be justified on the ground that it was necessary because of the depression. The depression has created conditions that have called for the enactment of extraordinary legislation. It is not my intention to discuss the efficacy of the various measures that have been enacted by the Congress in its effort to combat the depression and to alleviate the suffering of our people that has been occasioned thereby. Volumes could be written as to the cause of the depression and many plans have been advocated by various persons to obtain relief from the depression. Some of these plans have been enacted into law and many of the laws enacted by the Congress have contributed to the general welfare of the people, but, notwithstanding all that has been done by the Congress, the depression still remains, and in my opinion will continue with us until some positive action is taken which will place in the hands of the people the means with which to overcome the depression. I know of only one way to restore our economic body and to bring it out of the paralysis with which it is suffering. This can be done by forcing into circulation a sufficient sum of money to start again commerce, industry, agriculture, and restore the buying power of the people.

The present administration and the Congress said by the enactment of section 43 (b) (1) of title 3 of the Agricultural Adjustment Act that the currency of our Nation should be expanded. The President was given authority by that enactment to expand the currency to the extent of $3,000,000,000. At the time that provision was enacted the contents of the gold dollar had not been reduced, and it was found then that the monetary stock of gold in the hands of the Government would justify the issuance of this $3,000,000,000 in currency. Since then, and because of the devaluation of the gold dollar, the monetary gold stock of the Government has greatly increased, so that today an expansion of the currency based upon the actual gold in the possession of the Government is not only justified in the sum of $3,000,000,000 but by many times that sum under the present law, which requires only a 40-percent reserve or base.

The question, therefore, is whether from an economic standpoint the Congress is justified in paying this obligation by the expansion of the currency. Our great President has said that this is not the time for such action. He does not indicate when that time may arrive.

No one has more consistently followed and supported the President than I, but I cannot subscribe to the position that the administration takes on this question, because I am convinced that it is essential to recovery that the Government exercise its right and power for the purpose of placing more money in circulation. No better way can be found to do this than to provide for the payment of the balance on the adjusted-service certificates.

If this were done, the counties comprising the district which I have the honor to represent would receive approximately the following amounts of money: Cleburne $155,582.64; Fulton, $148,209.12; Independence, $331,398; Izard, $176,088.96; Jackson, $382,260.24; Lawrence, $296,349.84; Monroe, $282,505.68; Prairie, $207,758.16; Randolph, $230,795.28; Sharp, $146,581.20; Stone, $109,344.24; White, $523,519.92.

This money would go directly into the hands of the people and would pass into the business channels in such a way that everyone would be benefited thereby.

No one can successfully deny that the gold in the possession of the Treasury of the United States is ample to support the issuance of money to pay this debt. There is now approximately $3,500,000,000 in gold that is unallocated, to say nothing of the fact that we have behind the currency of this country today 100 cents in gold for every dollar of outstanding currency and still have the three billion five hundred million unallocated and free. If these are the facts—and everyone admits that they are—then I submit that there is no excuse or reason for not paying this debt at this time.

I do not care to deal with the question as to whether this obligation is now due or whether it was rightfully incurred in the beginning. The fact is that the Government has outstanding this obligation and if there was ever a time in our history that the immediate payment of a debt was justified, this is the time.

Some people argue that expansion once started cannot be controlled. A sufficient answer to that contention is found in the terms of the bill. There is no danger of an overexpansion under this bill, and I submit that the administration should pay this obligation now and thus put in effect the policy which it endorsed by the enactment of the legislation heretofore referred to. It should be borne in mind that the administration does not object to the payment of this debt on the theory that the currency cannot be expanded sufficiently for that purpose, but the only reason assigned is that the time is not opportune for such payment. This is not a valid or sufficient reason.

I shall continue to support the administration and our great President whenever possible, but, as a representative of a free people, I shall reserve for myself the consideration and determination of questions that vitally affect their welfare.

Mr. AYRES of Kansas. Mr. Speaker, I offer the following amendment, which I send to the desk and ask to have read:

That title V of the World War Adjusted Compensation Act, as amended, is amended by adding at the end thereof two new sections to read as follows:

PAYMENT OF PRESENT VALUE OF CERTIFICATES

"SEC. 509. The Administrator of Veterans' Affairs is authorized and directed to pay to any veteran to whom an Adjusted-Service Certificate has been issued, upon application by him and surrender of the certificate and all rights thereunder, the amount of the net single premium, determined as of the last anniversary of the certificate, necessary to purchase a paid-up endowment insurance for the face amount of the certificate at the then attained age of the certificate holder for the unexpired portion of the original 20-year period, on the basis of the American Experience Table of Mortality, and interest at 4 per centum per annum, compounded annually: *Provided*, That no payment shall be made under this section until the certificate is in the possession of the Veterans' Administration, or until all obligations for which the certificate was held for security have been paid or otherwise discharged: *Provided further*, That upon payment under this section the certificate and all rights hereunder shall be canceled.

"SEC. 510. There is authorized to be appropriated such amounts as may be necessary to carry out the provisions of section 509. Amounts now or hereafter in the adjusted-service-certificate fund created by section 505 of the World War Adjusted Compensation Act, as amended, are authorized to be made available for the payment of the net single premiums as provided in section 509 of the amendatory act."

My reasons for offering this amendment are as follows: First, I am in favor of the Government of the United States paying all that it owes the veterans on these adjusted-service certificates at any time a holder of such certificate may present the same and demand payment. Second, I am not in favor of making a futile or political gesture to the veterans by merely voting for a measure which we all know has no chance of becoming law. The President has said, positively and emphatically, that he would veto the Patman bill if it should pass. Therefore, passage of that bill will mean, just as it did before, that there will be no legislation along this line.

Now, most of these certificates have run 9 years. There is today 9 years' accrued interest in favor of the holder of this certificate. There are still 11 years of unaccrued interest to pay the veteran from this time until the maturity of the certificate as a compensation to him for the delay in the payment.

The amendment I offer proposes to pay the prematurity or present-payment value of the adjusted-service certificates at any time they are presented for payment.

Bear in mind there is nothing in my proposal compelling the holder of a certificate to cash it, but he can and may do so at any time he sees fit for the amount of its prematurity value at the time presented. For illustration, suppose we take three different cases which will represent, in amount, the minimum, the average, and the maximum certificates. The minimum certificate which has a face value of $125 payable in 1945, would have a present-payment value, as of January 1, 1934, of $83.40; the average certificate, having a face value of $1,600 payable in 1945, would have a present-payment value, as of January 1, 1934, of $667.19; and the maximum certificate, having a face value of $1,592, payable in 1945, would have a present-payment value, as of January 1, 1934, of $1,067.14.

Mr. Speaker, I cannot conceive of a more just and equitable proposal than this. It is fair to both the veteran and the Government, and I have every reason to believe that, should such legislation be passed, it would become law.

That there may be no misunderstanding, I want to make it plain that in this proposal full credit is given the veteran for the 25 percent added to his adjusted-service credit at the time of compiling the face value of his adjusted-service certificate.

When this so-called "bonus bill" passed Congress, I voted for it. I remember that it was requested by the veterans' organizations at that time that a veteran should receive $1 a day bonus for service in the United States and $1.25 a day bonus for foreign service; but owing to the time that had elapsed between the close of the war and the passing of the so-called "bonus measure", Congress increased the amount of each certificate by 25 percent; that is to say, if the veteran had 400 days' service at home for which he was to receive $1 a day, there was added an additional 25 percent, making it $500; if a veteran had 320 days' foreign service, his amount would be $400, to which was added 25 percent, making a total also of $500. This amount was then converted into a form of 20-year paid-up life-insurance policy, payable in 1945. However, the face value of the certificate does not show $500, but instead it shows what this certificate would amount to as paid-up insurance due in 1945.

What I am seeking to do is to take not the original sum, we will say, of $500, nor the face value of the matured certificate, we will say of $1,000, but the present payment value when the certificate is presented for payment. Anyone who wants to be fair to the veteran cannot say that this is not a fair and equitable proposal. However, if it is his desire to play politics with such a serious question, then the thing to do is to make a futile or political gesture and demand the full payment which is due 11 years hence, and do this, knowing full well that such a measure will not become law. The question is, would the veteran rather have a continuance of these political gestures, which mean nothing, or would he rather have cash to the amount of the present-payment value of his adjusted-service certificate at this time or whenever he desires it.

Mr. CROWE. Mr. Speaker, some of my reasons for supporting H.R. 1, known as the "veterans' bonus bill", are, in part, as follows:

During the World War, as in all wars, the best, the most physically fit, and otherwise, were called into the service. Young men in the formative years were principally taken in; young men, for the most part, on the verge of starting their life careers. Even though they get no further than the training camps, they are entirely disjointed and given a different philosophy of life to anything they ever had in their homes. They are trained to hate and to kill their fellow men in the opposing army, and even though they go no further than the training camp, and for only a few months, they come back with a sordid picture, which more or less stays with them for life. To those who went across and endured the mud, vermin, and filth of the trenches, who endured poison gas, shot and shell, and the continuous torture and menace of the enemy, those boys, for the most part, are never themselves again.

The remuneration received, while not intended to be called pay, yet, after all, was their pay. While they were performing this service—protecting the old, the women and children, and the wealth of our citizens—others of their fellows during those same days, months, and years were at home enjoying the fruits of high salaries and profits in plants, mills, factories, on the farms, in stores, and offices. Manufacturers were enjoying immense profits. It is said that United States Steel enjoyed a profit of a million dollars a day during the period of the war and for some time thereafter, most of which profits were caused by the war. While the veterans on this side were receiving $1 a day and those across $1.25, wages received by their fellows at home ranged from several dollars a day to eight, twelve, eighteen, and twenty dollars per day and even more than that.

Immediately or shortly after the close of the war the railroads, the manufacturers, and others told our Government that they had been put to some losses because of the abrupt closing of the war. They were settled with and given their bonus, and it was given to them then. The nations of Europe to whom we had loaned immense sums were very reluctant with their settlements. To get a settlement we had to give them several billions of dollars. They, each one in turn, gave their soldiers a bonus. Our Government, very tardily in 1925, decided that our soldiers were entitled to a bonus. The bonus, while in the aggregate amounts to a considerable sum, yet when you consider it individually is a very nominal sum, and instead of its being dated at the time the agreement was made, it should have dated back to

the time the service was rendered, as all other settlements were made. For that reason I consider it very unjust to set the due date at 1945.

The theory that these veterans may need this money worse in 1945 may sound nice. That might possibly be true of the boys who will be living in 1945. However, we find many thousands of them passing away each year. We have our shell-shocked, our crippled, and our gassed victims going to the Great Beyond—many each day, week, and month. To those a bonus paid in 1945 would be of no help except as it might help their dependents.

The bonus certificates can be safely used and soundly used as the I O U's of the Government backing up the currency, which would be used in settlement of these claims. They are duly issued bonds of the Government. This, of course, does not conform to the views of the big bankers of our country, because they want to loan the money, and get their interest on every greenback or piece of currency that is issued, but beyond that and beyond their selfishness in the matter, there is no sound reason which they can give. There is nothing except the smoke screen which they have thrown up. This money if put into circulation, would give us an additional amount of inflation that is badly needed at this time. With shorter hours for the manufacturer, with fewer days work in the week, with higher prices, more currency in circulation is badly needed to furnish a sufficient medium of exchange with which to handle the business of the Nation.

With the increase of the value of our stock of gold, there is sufficient gold in the Treasury to cover all currency in circulation, which is approximately $5,000,000,000, and would also be sufficient if necessary or desired to further cover this issue of currency to pay the soldiers' bonus, and it would be a great forward step, and give relief to the veterans, and pay them an already tardy sum due them for services rendered back in the years 1917 and 1918.

I submit, a nation is as strong as the respect and care it gives its veterans. I have studied their problems. I have observed them in action. I have elected to be their friend and supported them consistently. I have never promised in advance to support every piece of legislation in their interest, but I have given each and every piece of legislation introduced in their interest my careful consideration, and when I see it is meritorious and fair, I support it, and at all times if there is a doubt, give those who defend the defenseless and who defend the flag, and who defend the wealth and nationals of this Nation the advantage of the doubt.

Mr. EDMONDS. Mr. Speaker and Members of the House, under the permission given to the Membership to revise and extend their remarks, it is my desire to place in the RECORD my reason for voting for H.R. 1, the soldiers' bonus.

I have given much study and careful consideration to this measure. There are sections in it which to me are extremely objectionable. The sections providing for the method of payment would have no appeal to me in a separate bill as being the right and proper way to finance this proposal, so when all attempts were futile to secure modification of these sections there was left only the question of what would be the better solution, Should I vote for the bill as agreed to by the majority of the House, and thereby bring much-needed relief to about 10 percent of the population of our country, or should I vote against it on account of the financial set-up?

This again brought to memory many of the measures which we have placed into action during the past year in order to combat the depression, and also the present-day situation as to their being successful. All of these measures have been administration policies, and each and every one has been lauded to the skies by their proponents, saying that with this or that measure passed and in operation, prosperity is just around the corner.

Let us look at the results of this wild expenditure of billions upon billions of money, and the weakness of our present position. We appropriated $3,300,000,000 to the Public Works Administration to be used for both Federal and non-Federal projects, much as this work has been lauded in the public press and by its proponents; but upon investigation I found January 20—9 months after the activities were started—that out of about $1,000,000,000 set aside for non-Federal projects only slightly over 18,000 men were at work, and at the best that the projects would give 250,000 men work for 1 year, and it is probable the balance of the money would show no better results.

In the meantime we find up to $1,000,000,000 set aside to pay men in made-up jobs, which practically established a dole for these people, probably needed badly, and a much better way to spend it than handing it out without any service rendered for it.

Then we find an appropriation handed to the Secretary of the Treasury of $2,000,000,000 without any accounting for 3 years. This was for the purpose of manipulating the money market—you will note the sum of money alone is sufficient to pay the bonus—although anyone else manipulating the money or any other market is now charged with being an enemy of his country, and the demand is made that there shall be no more secrecy or underhand manipulations.

Then we find the subsidies hidden in our purchases which will pay a bonus to the farmers growing cotton, grains, corn, tobacco, and many other commodities, amounting to about $1,000,000,000 and to continue during the next year crops; again we find $200,000,000 of $300,000,000 given to the cattle and pork farmers, and so on through so many lines it is hard to enumerate them, but the result is that the vast consuming public has to pay the bill through advanced prices.

In order to relieve the distress the Government has donated 10,000,000 tons of coal, vast quantities of flour, pork, butter, eggs, and other surplus commodities, to be distributed to these needy families all over the country.

It will be noted how little of these benefits reach the city dweller, there has nothing been done like raising the tariff in order to have the manufacturer protected from cheap labor abroad. He is told to join the N.R.A., to work 30 hours per week, and raise the wage, rendering it practically impossible for him to compete with imported goods, and leaving large bodies of our people out of work.

I am reciting the above to bring out plainly the unfortunate position that many of our worthy people in the cities who desire to work and find themselves in a hopeless situation unless some of the activities of the Government are turned in their direction to relieve their distress. This brings me back to the bonus. To my mind we would have been far better off had we started out by paying the bonus, rather than to have proceeded in the orgy of spending money for calculated results which are not developing.

We owe the soldiers the bonus, and would eventually have to pay it, why not now when it is so badly needed. We know the bonus will immediately circulate through 10 percent of our population, we know that most of it will be used for immediate necessities, we know it will stimulate trade in every line, the results are positive, not problematical like the Public Works, or manipulating the money market, and we know the people in the whole country will have to pay advanced prices on account of professional theories. Why not give these men who during the war received but subsistence money, when the farmer who received over $2 for wheat and like high prices for all his products, and while workers were pulling down as much wages in industrial establishments at home in one day as the army men received in a month, it now appears that these people who enjoy the war prosperity are now receiving all or most of the benefits of the new deal, and the soldier a raw deal. Even those receiving a pension or subsistence sums are cut off from any welfare assistance, and in many places coal and fuel allowances.

Let us be fair and first of all place this money where, under every argument that can be made, it should be placed, and that is to the men who made the world safe for democracy, and our first duty is to them and not to the men who made unusual profits during the war.

Mr. YOUNG. Mr. Speaker, passage in the House of H.R. 1, providing cash payment of adjusted-compensation certificates, is merely a futile gesture. The bonus, as it is commonly called, will not be paid in cash to our veterans

this year. The President has said this is not the time. He has said he will veto the bonus if it passes the House and Senate. Cash payment of the bonus is not a part of his recovery program. In fact, he, in no uncertain terms, has indicated to the country and to the Congress that he considers cash payment of the adjusted-compensation certificates at this time an interference with his recovery program. I cannot, therefore, in good conscience join any mutiny against the President, who is our Commander in Chief in the war for industrial and economic recovery.

On January 8 I introduced in the House H.R. 6567 to release veterans from the liability to pay interest on loans secured on adjusted-service certificates and to provide for the refund of interest already paid on such loans.

My bill provides that the Administrator of Veterans' Affairs shall not deduct any money from the face value of adjusted-service certificates securing the loan nor collect from the veteran any interest on the loan. If the veteran has paid any interest upon the loan he has previously made, the Administrator, under the provisions of my bill, shall refund the amount of interest paid. In case the veteran has died subsequent to making the loan, the Administrator, upon the written request of his beneficiary, must make this refund to the beneficiary entitled to be paid the face value of the certificate.

As Congressman at large representing the State of Ohio, I am faithfully serving nearly 7,000,000 people of a sovereign State who selected me as their agent and employee in this House. As Representative of this constituency, I have consistently supported President Roosevelt all along the line. I expect to continue to uphold his leadership.

Voting this bonus in the House amounts to nothing whatever except, perhaps, to raise false hopes in the hearts of some veterans in this country who, unfortunately, are in need. I will not be party to making a futile gesture, falsely and fraudulently raising their spirit and hope, when there is no foundation for such hope.

It was in a most prosperous era that the adjusted-service compensation measure was enacted over President Coolidge's veto. Had the ex-service man at that time been paid in cash, instead of being handed a 20-year insurance policy payable in 1945, it would have been far better. The country was able at that time to pay them off in cash. The adjusted-service certificate payable in 1945 was all they could get. Then later the right was given them to borrow 50 percent of the face value of these certificates. That interest charge should certainly be remitted altogether or cut in half. Passage of the bonus bill in the House accomplishes nothing. It is simply the old army game of passing the buck.

If this House would pass my bill, H.R. 6567, and release veterans from obligation to pay interest on loans secured by adjusted-service certificates and to provide for the refund of interest paid on such loans, we would be accomplishing something real and tangible for our constituents and for World War veterans of this Nation and their dependents. In fact, in my measure, an opportunity is afforded Congressmen to vote for a bill which, by inference at least, has the approval of the President, instead of voting for a measure which he violently disapproves and denounces. President Roosevelt, some months ago, said he was in favor of reducing interest rates whenever possible.

Many veterans holding adjusted-service certificates payable in full in 1945, have been compelled to borrow money on these certificates to the extent of 50 percent of the face value thereof. These veterans must pay 3½ percent interest on the loan and at this rate, the remaining 50 percent will be tremendously reduced, in fact, nearly wiped out. Two million seven hundred and ninety-two thousand veterans have borrowed the full 50 percent of the face value of their adjusted-service certificates. More than 528,000 holders of certificates are evidently not in need. They have not borrowed any money whatever on their certificates.

I would gladly vote for cash payment of adjusted compensation certificates for all veterans unemployed and in need. Let those veterans who are employed—who are not in need—who are able to pay income taxes, wait. Cash payment to unemployed and needy veterans would accelerate the recovery program of the administration and serve as a stimulus to business in every part of our country. This bill provides for immediate payment regardless of need. It is my belief that the President would approve of a measure providing for immediate payment to unemployed veterans as such a measure would merit his and our support.

Passage of the bonus would forthwith cause the Government to offer to these 528,000 veterans who are obviously not in need, many of whom are men of wealth occupying lucrative positions, many millions of dollars at a time when millions of other worthy and industrious but more unfortunate Americans are unemployed and in need. This is an obvious weakness and injustice of the bonus, as the bill for cash payment of adjusted compensation certificates is commonly called.

Elimination of interest charge would cost the Government some money, it is true, but it would result in a great benefit to those veterans who are in need of help. Their need has been indicated by the fact that they have heretofore borrowed upon the adjusted-service certificates. Surely, if there are those of you who reject my proposition to remit altogether the interest charge upon loans on adjusted-service certificates, all will readily agree that this interest charge should be greatly reduced and the veteran given real help by this method. Elimination of all interest charges would cost around $65,000,000 annually until 1945. Reduction of the interest charge to 1¾ percent would cost about $37,000,000 annually.

Payment of adjusted-compensation certificates is, of course, an obligation upon the Public Treasury. It does not mature, however, until 1945. Cashing these certificates before maturity should depend upon the condition of the Public Treasury and the Nation. If the Treasury may, without disaster or imperiling the national credit, cash these certificates before they fall due, I would favor such legislation. Certainly at a time when the Chief Executive of this Nation, in no uncertain terms, denounces and condemns the contemplated cash payment and indicates that such a payment might bring collapse of the Nation's credit, I feel I would be derelict in my duty were I to fail to support him.

To keep the national credit unimpaired was the first and essential obligation of this administration. Had its credit failed, our Government would have been powerless to aid veterans or any other class of citizens. Without national credit, nothing would have been possible. The President took the necessary action and the credit of the Nation was saved. Veterans were called upon to make sacrifices of benefits they had been led to expect to continue. Last March was no easy time for anyone—certainly not for any of those whose pensions and allowances were cut. Under the leadership of President Roosevelt, the sacrifice was made. At the same time a new and more just policy of compensation for veterans was established. It was unfair to place in the same class veterans who were disabled in battle and those who enlisted after the armistice and whose troubles or disabilities were in no way connected with war service. I stand firmly on the principle that our Government show special consideration and give most generous treatment to those who have been disabled in war. Indiscriminate payment of adjusted-compensation certificates in cash now to veterans, without regard to need, is a selfish proposal insisted upon without regard to the financial condition of the country or the welfare of its citizens.

It is not proper, and it is contrary to the rules to make reference to the other body in the course of debate on the floor of the House. Nevertheless, thinking people generally know, because it has appeared in the public press, certainly all of you, my colleagues, know that the bonus has already been rejected in another body by more than a 2- to 1-vote—64 to 24.

It is my judgment that were I to vote in favor of the bonus I would be guilty of making a gesture for the purpose of securing veterans' support, knowing in my heart that there was no chance whatever—not a Chinaman's chance—that the bill would pass both Houses of the Con-

gress, be signed and approved by the President, and become a law.

Cash payment of adjusted-compensation certificates is not a part of the American Legion four-point program. I am a member of the American Legion. Some of my closest personal and political friends are legionnaires. I know that members of the American Legion of Ohio want me to back President Roosevelt and support his program for economic recovery.

Men, who in an hour of national peril, left their homes and loved ones in response to a grave national duty are willing, I am sure, after a lapse of years, to continue to make sacrifices for the welfare of their country whenever that may be necessary.

The President has said that passage of this bill strikes at the very heart of his recovery program. Under such circumstances and in view of his statement I will not vote for it.

I would rather be returned to private life by people I am faithfully serving than make an insincere gesture to pay an immature obligation in opposition to the wishes of my President in the midst of this conflict against the forces of depression.

Mr. HANCOCK of New York. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following letter written by me to advocates of H.R. 1 in my district:

DEAR FRIEND: Every Member of the House has received hundreds of letters these last few days appealing to him to vote for the bonus bill. Many of these letters reveal poverty and distress in the homes of World War veterans that cannot fail to stir deep compassion and a desire to render immediate and effectual relief. It is not easy to say "No" to such entreaties. It is especially difficult for the Member who has served with these men, knows their fine spirit of unselfish devotion to patriotic ideals 16 years ago, and realizes their present needs.

But it is not a relief bill; it is not designed to take care of the veteran in distress. Neither is it a bill to provide for the payment of a debt the Government owes World War veterans. If passed, this bill will permit every veteran to collect the maturity value of his adjusted-service certificate, the rich, the well-to-do, and the poor, the employed and unemployed, the able-bodied and disabled alike.

Men occupying positions of trust in public life and in veterans' organizations have taught the uninformed to believe that a wicked and ungrateful Government is withholding payment of compensation that is due the soldiers of the World War. They have rendered the United States a great disservice by creating a feeling of bitterness toward their country among thousands of ex-service men who do not know what the bonus is.

I therefore feel justified in attempting to explain the bill by quotations from the World War Veterans' Adjusted Compensation Act and official figures:

Section 601, title 39, United States Code, reads as follows:

"The amount of adjusted-service credit shall be computed by allowing the following sums for each day of active service, in excess of 60 days, in the military or naval forces of the United States after April 5, 1917, and before July 1, 1919, as shown by the service or other record of the veteran: $1.25 for each day of oversea service and $1 for each day of home service; but the amount of the credit of a veteran who performed no oversea service shall not exceed $500, and the amount of the credit of a veteran who performed any oversea service shall not exceed $625."

The foregoing language defines the bonus. Any ex-soldier can easily figure the amount of the additional pay that was awarded him by the act of May 19, 1924.

A furious debate raged at that time on the question of paying the bonus in cash. We now know that if it had been done, the perennial controversy on the bonus question would have been avoided and the resentment that rankles in the hearts of many veterans would have been averted. It was determined, however, to be in the interest of the Government and the veteran himself to make payment in the form of a 20-year endowment insurance policy in the amount the veteran's bonus would purchase.

Section 641, title 38, United States Code, contains this provision, and the essential language reads as follows:

"The Director of the Veterans' Bureau is directed to issue without cost to the veteran designated therein a nonparticipating adjusted-service certificate of a face value equal to the amount in dollars of 20-year endowment insurance that the amount of his adjusted-service credit increased by 25 percent would purchase, at his age on his birthday nearest the date of the certificate, if applied as a net single premium, calculated in accordance with accepted actuarial principles and based upon the American Experience Table of Mortality and interest at 4 percent per annum, compounded annually."

The adjusted-service certificates provided for in the foregoing section are, in fact, 20-year endowment policies, with loan privileges and provision for payment of the maturity value to designated beneficiaries in case of the death of the insured during the life of the policies.

Of course, the Government did not actually set aside the amount of the adjusted-service credits. The money was not available—the reason why the bonus was not paid in 1925. Instead Congress appropriated annually $112,000,000 to the adjusted-service certificate fund which, with accretions, was deemed adequate to pay death claims and the matured certificates in 1945. Loaning value was figured accordingly, until the passage of the act of July 21, 1932, which permitted the holders of certificates to borrow up to 50 percent of their face amount at 3½-percent interest.

Assume that the Government actually had had the cash to pay the bonus immediately after the war, and that, instead of paying it, the money had been deposited in savings banks at 4-percent compound interest to the account of veterans. The following table shows what the soldier with a little over a year's service, half in France and half in this country, would be entitled to, year by year:

Year	Interest	Principal
January 1920		$400.00
First	$16.00	416.00
Second	16.64	432.64
Third	17.30	449.94
Fourth	17.99	467.93
Fifth	18.71	486.64
Sixth	19.46	506.10
Seventh	20.24	526.34
Eighth	21.05	547.39
Ninth	21.89	569.27
Tenth	22.77	592.05
Eleventh	23.68	615.73
Twelfth	24.62	640.35
Thirteenth	25.61	665.96
Fourteenth	26.63	692.59
Fifteenth	27.70	720.29
Sixteenth	28.81	749.10
Seventeenth	29.96	779.06
Eighteenth	31.16	810.22
Nineteenth	32.40	842.62
Twentieth	33.70	876.32
Twenty-first	35.05	911.37
Twenty-second	36.45	947.82
Twenty-third	37.91	985.73
Twenty-fourth	39.42	1,025.15
Twenty-fifth	41.00	1,066.15
Total	666.15	

I have quoted the foregoing extracts from the law and the above table in the hope that ex-soldiers may understand exactly what adjustment was made with them in 1925, and the most liberal credit that can be claimed for them on Uncle Sam's books.

The World War veterans want what the Government has agreed to give them and those who are now in dire straits want it now. It ought to be given to them and I will vote for such a measure. It is only the veterans who do not understand the bonus who are demanding the maturity value—the 1945 value—of the adjusted-service certificates. They are not demanding an additional bonus representing 11 years' unaccrued compound interest.

One of my colleagues recently used an apt simile on the floor of the House. He compared himself to a trustee of an insurance company and asked what right he would have to vote for the payment of 20-year endowment policies at face values 11 years before maturity, simply for the purpose of acquiring popularity with the policyholders who would be benefited. It is a temptation to appease an aggressive minority when the majority is complacent and indifferent, but such a trustee deserves to be defeated for reelection and will bring ruin to his constituency if he and those of like mind are in control.

I do not mean to impugn the motives of the Members of the House who favor payment of the 1945 value of the adjusted-service certificates. Many have been convinced by what I regard as specious arguments. I am the keeper of no one's conscience except my own, and feeling as I do it is my duty to vote against H.R. 1.

Sincerely yours,

C. E. HANCOCK.

Mr. MULDOWNEY. Mr. Speaker, the World War veterans served us in 1917 and 1918. Let us dispose of the debt we have owed them. We acknowledged this debt by the act of 1924. We admitted it to be a just debt. The whole purpose of providing these adjusted-service certificates was simply to compensate the soldiers more adequately for their services, by bringing their pay somewhere near that which workers who served in industries at home, during the war, received. It is, of course, absurd to claim that even with the adjusted compensation the payment for the services rendered by the soldiers is adequate. But be that as it may, the Congress recognized the debt, and provided that there should be an additional payment of $1 a day for home service and an additional $1.25 a day for oversea service.

The veterans preferred, and I, along with many other Members, favor the cash payment of the adjusted compensation. However, the Congress decided instead to give the veterans a certificate equivalent to the amount of insur-

ance that money would buy on a 20-year endowment plan. All certificates applied for before 1925 were dated January 1, 1925, and those applied for subsequently were given the date of application and were made payable 20 years after date. These certificates range in value from $126 to $1,590 each, the average being $1,000.

If interest at the rate of 6 percent, compounded semi-annually, were paid on this sum from the war period to date, it would be found to be equal to the face value of the policy due in 1945. Therefore, this debt is due now, unless we wish to apply to those who served us in the World War a principle different from the one that we applied to the munition manufacturers, who were paid in cash, and who have drawn interest on what they have received ever since. The veteran earned this money at the same time that the munition manufacturer earned his. He should have gotten it at the same time.

Much of the opposition to this measure has been artificially stimulated and rests on grounds that have no justification in fact.

I am in favor of paying the bonus, not only because it is a just debt (we pride ourselves on paying our debts) and was not intended as a reward for patriotism, not only because it will help the veterans, most of whom are in distress, but because it will help the Nation and every group of the population in economic recovery.

After the war Congress adjusted the pay of the railroads to the amount of $1,600,000,000; we adjusted the pay of the war contractors to the amount of $2,000,000,000. We did not ask them to take adjusted-service certificates. Under the foreign-debt settlement we canceled approximately $11,000,000,000 owed to us by foreign countries. I believe the ex-service men have the same right to the payment of their adjusted-service certificates in cash as the railroads and war contractors, who made enormous profits out of the war. Our soldiers hold the Government's duebill; the obligation is sacred; they need the money. Those who do not want their certificates paid in cash can keep them in the present form. They would not be compelled to cash their certificates.

I am supporting this legislation today upon the theory that it is due and owing to our ex-service men for their loyalty in the hour of need. I am supporting this measure upon the broader basis that it is a relief measure which would help to take care of serious economic conditions; that it will help relieve distress and suffering in all corners of our land. I am supporting this measure in the firm belief that beneficial results will flow from it in restoring prosperity to the distressed of our Nation.

The cry goes up, "Where are we going to get the money to pay?" The facts and figures disclose the story. Experts tell us that there is enough idle gold in the Treasury to authorize issuance of Treasury notes to pay this debt in full. In this way the debt can be paid without a bond issue, without increasing taxes, and without additional interest. The debt must be paid sometime—everyone will be helped by payment now. The question becomes this: Which will help more and promote the general welfare of all our people of this great Nation more, the payment of this money now or permitting the banks to consume it by compound interest? It is estimated that payment at this time will distribute $18 per capita over the entire Nation.

What the country in general needs is not money in hundreds of millions put away in bank vaults, but money scattered all over the country to start again the circulation of trade. The country needs money that will be spent, not accumulated. Would not the spending of this money by 3,600,000 men start everything moving?

LET ME REMIND YOU

Those who would now look upon the jobless veteran as a needless burden were among the first to cheer them on their way across the seas. Then they were well fed, well clothed, well disciplined. Today many of these same boys are poorly dressed, hungry, and without jobs, but still patriotic, well-behaved, law-abiding, fine boys. We were proud of our boys in 1917—why not, why not express it to them now?

It should not be necessary at this late date to dilate on the service rendered to their country by the soldiers. Heaven knows Presidents, governors, editors, and clergymen have talked enough about it. What these men did for the United States, the sacrifices that they were forced to make, are well known. The question now is, What is the United States going to do for the men that it sent to Europe with promises of never-dying gratitude?

DEMONSTRATION REAL PROOF

We must meet the issue squarely, and in dealing with the ex-service men today we should act in the same standard of patriotism and the same fidelity to principle which we exacted of them when they were called to the defense of their country.

Realizing that these brave men willingly made every sacrifice, even of life itself, I believe that the Nation now should not hesitate to make some sacrifice in a material way in order to provide for the greater comfort of the surviving veterans and the welfare of their dependents. This should be regarded as a sacred duty by every citizen in the Republic.

I am unqualifiedly in favor of all legislation for the best interests of the ex-service men and their families. Such has always been my stand, and to you I reiterate this statement with all the emphasis I can command. The boys who heard the ringing cheers when they marched off to war and were hailed as heroes when they returned are now mature men, and in these drab days when the cheering has ceased they deserve more and more our gratitude and encouragement. Those noble mothers who have lost their sons and those households bereft of loved ones as a result of the war must not be overlooked. Thousands of veterans, maimed or afflicted by disease, still bear the shock of battle. With them the war is not yet over, and sympathetic ministrations to these gallant sufferers call for our first thought and gentle care.

The expense of providing for the veterans is a righteous debt. It is an obligation which the Government must hold sacred. To the veteran and his comrades I give assurance of my cordial support of the patriotic principles they so faithfully espouse.

Mr. GUYER. Mr. Speaker, two years ago when the injustices of the regulations under the Economy Act were not in force and when we were making a serious, though futile, attempt to balance the Budget, I voted against the payment of the adjusted-service certificates. Today I am going to vote in favor of it as an apology to the veteran for the injustices inflicted on him by a vote that authorized the President, figuratively, to take the shirt off of his back.

For the past year I have been confronted daily by veterans who were the victims of those regulations giving pathetic stories of privation and humiliation, veterans who had to appeal for charity to save their families from hunger and exposure. No veteran who has faithfully served his country in time of war, particularly when disabled by reason of that service, should ever be permitted by that country to become the object of charity. Such a spectacle should shame a powerful nation whose triumph in war and welfare in peace were the fruits of the veteran's sacrifice.

No one will contend now that we are even pretending to balance the Budget. I am not criticizing the lavish expenditure of money to end the depression. I have cheerfully aided the President with my vote to promote his program of recovery wherever I could without violating my conscientious convictions respecting the grant of power within the provisions of the Constitution. In fact, I have at times in the past year stretched my conscience in order to adjourn politics to lend aid and sympathy to him in his efforts to aid business and to create employment, and so long as I am in Congress and he is President, I shall follow that policy. I believe the welfare of the country demands that of me. Accordingly, at this time with this vote I believe I am pursuing that policy.

We have found money for everything and everybody else; and remembering this orgy of spending, I cannot turn a deaf ear to the veterans' cry for help. We are spending monumental sums for all sorts of reasons, so why not at least do





justice to the ex-service men? We are spending $1,000,000 a day for the Civilian Conservation camps. Five billions have gone to the Reconstruction Finance Corporation; two billions to the Secretary of the Treasury with which to rig the market; three billion three hundred million for Public Works; two billions for Federal relief; two billions for farm mortgages; and two billions for home mortgages. Thirty-odd new bureaus have been created and 40,000 new Federal employees added to the rolls. These are probably all necessary. At least we should not be too critical in times of such stress, even if some crimes are committed in the name of recovery. But with all this new deal why not a square deal for the veteran? It is hoped that the amendments to the independent offices appropriation bill will help the Spanish-American veterans and some of the World War veterans.

An analysis of the effect of the payment of these certificates in the Second District of Kansas, by counties, shows that it would bring to the people and to business in these counties the following sums:

Allen County	$397,230.87
Anderson County	348,002.35
Bourbon County	415,708.02
Douglas County	466,905.51
Franklin County	408,985.68
Johnson County	504,714.03
Linn County	251,326.38
Miami County	394,482.51
Wyandotte County	2,709,288.27
Total	5,709,643.62

This is the payment of an acknowledged debt to be paid eventually; and if there ever was justification for such an advance, it is at this time when the distribution of this money would percolate to every part of the business body. That is the purpose of these other and vast expenditures. We are paying out great sums where there is no suggestion of a debt but just the impulse to revive business and employment by financing projects where labor will be employed. In the end there would also be a saving of many millions in the cost of administering the adjusted-service certificate fund to meet this debt in 1945. But, above all these economic reasons, there remains the paramount one of extending aid to hundreds of thousands of veterans in dire need at this time.

Mr. FADDIS. Mr. Speaker, for several reasons I am in favor of the payment of the adjusted-service certificates in the manner provided in this bill. One reason is that they represent a debt which this Government has confessed that it owes the ex-soldiers of the World War. It is an attempt, feeble enough it must be said, to compensate the veterans for financial losses incurred, when in time of need this Nation said to one: "You are to be used for cannon fodder for $30 per month", and to another, "You are free to work among the industries occasioned by this war at the highest wages you can command." It is justified because it is discharging an obligation, which must eventually be discharged, at a time when a large majority of the recipients are in need of it. I hope it impresses upon this Nation the justice and necessity of drafting all the resources of the Nation in time of war upon a basis of equality. Is it fair and just that industry should be allowed to wax fat on the profits which are caused by wars? If the opportunity to profit by wars was eliminated, there would be fewer wars.

I am for this legislation because I am for a controlled expansion of the currency. Restoring prosperity to this Nation is only a matter of restoring the buying power of the people. To do this we must provide the medium of exchange necessary and get it into the hands of the people. Opinions differ as to how to accomplish this. In my mind, this is a feasible method, and no better agent of distribution could be found. This is money which will be spent, money which will go into every community throughout the Nation and to every branch of industry. Of course, under our present system the big banker will eventually get it all, and he will purchase with it more tax-free securities. Why, then, should he begrudge the needy the chance to touch it as it goes by? They will not contaminate it, and it will bring joy to thousands upon thousands of homes.

The desires of the people are as great or even greater than ever. If they could obtain the money to buy, they would buy. Buying will start the wheels of industry humming and create a demand for labor. This labor will buy and create still more industry. I believe the only way to bring about this desirable condition is by controlled inflation.

I realize, of course, that there is a limit beyond which we cannot go with inflation just as there is a limit to the stimulant a doctor can administer to stimulate a weakened heart. Too much would be poison. I do not think this would be an overdose. Therefore, I am in favor of this measure. I believe in it, and I am always willing to back my belief with my vote.

Mr. CRAVENS. Mr. Speaker, the payment of the balance of adjusted-service certificates of World War veterans has been a controversial question before the people of the United States and the Congress for many years; but, to my mind, since 1930, and especially now, a condition exists which warrants immediate payment not only from the standpoint of doing justice to the veterans but from an economic standpoint as well, and in voting for and supporting this bill I am not only voicing my honest conviction on the question but I am fulfilling a promise made the veterans of the Fourth Congressional District of Arkansas in the Democratic primary campaign of 1932.

The adjusted-service certificates of the veterans are just as much an indebtedness of the United States as any other obligation, and the only question raised by this bill is whether or not the debt shall be paid now or wait until 1945, and, from purely an economic standpoint, I think no time more propitious for the payment than the present.

It is generally admitted there is need for more money to carry on the business and commerce of the Nation, and the only question is the safe manner of putting that necessary additional currency into circulation to relieve the present depression without subjecting ourselves to criticism for unwarranted and dangerous expansion of the currency.

As I see the needs of the country, a safe and sane expansion of the currency is necessary to the restoration of this country to normalcy and prosperity, and I can conceive of no safer method than the one proposed by this bill.

From published statements of the banks of this country, both national and State, it will be discovered a large part of the currency in circulation, which should be working in the ordinary channels of trade, is locked up in the vaults of these banks. This is not a willful act of depression on the part of the banks, for no doubt they would prefer the money should be earning interest and in business, but rather it is for the safety of themselves and their depositors, at least from the bankers' standpoint, but regardless of the cause, the fact remains that the ordinary citizen cannot go to the banks with any reasonable hope of financial aid.

There are many causes for this vast accumulation of idle money in the banks of the country. One is fear that the money, if loaned, will not be repaid, but, in my judgment, the underlying factor in this deplorable condition is the vast issue of tax-exempt securities of the United States, of the States and municipalities; and I, for one, favor an amendment to the Constitution of the United States, which shall forever, hereafter, prohibit the issuance in any form by Nation, State, or municipality of a single tax-exempt security.

The man of small means, whether he lives on his farm or in his own home in the city, pays the taxes on that farm or home, and it may be he owns no other property; yet, under present conditions, his neighbors may own no farm or no home, but bonds of the United States or some particular State or municipality worth 10 times the little farm or home, or more, yet he pays no taxes to anyone and in no way helps pay the expenses of any government, which, in my judgment, is unfair and inequitable. These bonds, whether State or national, should bear their fair and proportionate share of the tax burden.

If such an amendment to the Constitution was adopted, many people, who had invested their money in these tax-exempt securities, would seek other investments and thus place back into the channels of trade many millions, perhaps billions, of dollars of money.

Since my election to Congress I have cheerfully and willingly supported the President, and the Democratic administration in every legislative proposal, which suggested relief for the vast army of unemployed and for the improvement of economic and business conditions in this country, and I shall continue to support the President, where my conscience will permit, and by doing so I do not violate any pledges made the people who elected me.

The President, we are informed, is opposed to the payment of the adjusted-service certificates of the World War veterans at this time, and I should like to go along with the President, but neither my pledges nor my honest convictions will permit in this instance, for, to my mind, no sound reason has yet been advanced why they should not be paid now.

It cannot be said it would require fiat or printing-press money to redeem these certificates, because the Treasury of the United States is in better position to pay now than at any time since the close of the war and to make payment in sound, honest dollars.

The law only contemplates or requires, in the Treasury, or in the hands of the United States, a 40-percent gold reserve for the issuance of lawful money; and if the Government issued Treasury certificates for the full amount of the adjusted-service certificates—around $2,400,000,000—it would still have behind that issue and all other issues of money, not a 40-percent gold reserve behind every dollar, but a 100-percent gold reserve. Still the opponents of this measure cry "fiat money" and "printing-press money" and hold up before us the picture of Germany and that country's uncontrolled issuance of paper money. If Germany had had the same gold reserve or one half the gold reserve behind the issue of its obligations as the United States has today back of its issue, including the amount required to pay the adjusted-service certificates, that German paper money would be worth par today.

The special session of this Congress authorized the President of the United States to expand the currency by $3,000,000,000, but that authority has not so far been exercised, and these adjusted-service certificates can be paid now without expanding the currency beyond the limit already authorized.

I know what the payment at this time means to the veterans of my State and district, and I can visualize what the payment will mean for the citizenship generally.

The amount which would be distributed in Arkansas is more than $25,000,000, and in the counties of the Fourth Congressional District, which I have the honor of representing, would be distributed the following amounts, respectively:

Crawford County	$303,470.32
Howard County	239,249.52
Little River County	212,245.20
Logan County	329,824.80
Miller County	418,416.48
Montgomery County	147,306.24
Pike County	161,314.56
Polk County	203,243.76
Scott County	161,465.04
Sebastian County	744,547.68
Sevier County	223,859.52

I know of nothing which would go further or do more to relieve the depression in the Fourth Congressional District in the State of Arkansas, and in the Nation, than the payment immediately of the balance due on these adjusted certificates; and in paying them as provided in this bill, safety and stability of our monetary system is in no way threatened or endangered.

The administration, through the N.R.A. and other governmental agencies, is striving to relieve the unemployment situation and restore to the people of the country a purchasing power; and how better can this be accomplished than through the payment of this just debt and placing in the hands of the deserving veterans to the extent of $2,400,000,000 a real purchasing power?

In my candid judgment, the effect of this payment will be more effective than everything else combined which has been so far undertaken by the Government for the relief of the depression and unemployment.

Mr. COCHRAN of Missouri. Mr. Speaker, rather than deceive the veteran, I propose to be honest with him. I cannot conceive how one Member of the House can honestly be of the opinion that the adjusted-compensation certificates can be paid at this time. We all know of the action in the Senate when the amendment to the gold revaluation bill was defeated by 40 votes. True, there were some Members of the Senate who stated they would vote for the payment of the certificates if a bill dealing solely with that subject was presented, but the few who would so vote are not sufficient to change the ultimate result.

We all know the President has written the Speaker he will veto the bill if it reaches him. Why, then, should we by passing this bill extend false hope to the veterans? Is it not better to be honest with those whom we want to be our friends rather than to make them feel they are going to be able to cash their certificates now?

Do not overlook the fact that when the veteran fails to receive the money he will demand an explanation from those who led him to believe he was going to get it. His resentment is liable to turn to hate.

No one realizes more than I do that the payment of the certificates would benefit hundreds of thousands in distress; that the spending of $2,500,000,000 would go a long way in assisting business to get back on its feet. However, when the President says the financial condition of the country will not permit the payment of the certificates, it is useless to argue what benefits might result.

I have frankly advised everyone who has written me on this subject that there is no way that I could justify my vote for the proposition at this time other than on the ground of political expediency.

Many letters have reached me threatening my defeat at the next election unless I complied with their demand that I support the bill. The writers of those letters will not be so severe in their criticism of me when Congress adjourns, for then they will realize I did not deceive them when I wrote that the certificates would not be paid at this time.

I dislike very much to say that Congress is again using the bonus question for a political football, but that is the only conclusion one can reach. This move is merely a gesture. The veterans will find that out when this Congress adjourns.

I cherish the friendship of the veterans too much to even extend any false hopes when I know that in the end the bill will not be enacted into law.

When the day arrives that the financial condition of the country will enable the payment of the certificates no one will be more happy than I. Under the circumstances, Mr. Speaker, I cannot at this time vote to pay the adjusted-compensation certificates.

Mr. POWERS. Mr. Speaker, as a new Member of Congress I have patiently and attentively attended all meetings of both the special and the present session of Congress.

I have listened to the able Democratic leaders plead with and force the Democratic majority go along with the President. I, too, have gone along with the President in legislation which I thought was constructive. I never thought I would see the Democratic majority during this session desert their President the way they are deserting him today. Where, now, are their exhortations to stand by the President? What has become of their assertions that to vote against the President is to vote against the best interests of the country?

I am wondering if, in the future, any Democratic leader will dare to stand before this House and give us the old story that this or that piece of legislation is needed by the President to complete his program, and that all patriotic legislators will stand by the President.

The President has definitely stated in a letter to the Speaker that he would veto the bonus measure if it is passed by the House and the Senate. This letter was read to the House by the ranking minority member of the Ways and Means Committee, the gentleman from Massachusetts [Mr. TREADWAY]. Yet, in face of this absolute, positive disapproval by the President, in the face of his definite threat to veto the bill if passed by Congress, the Democratic majority is deserting the President and supporting the bill.

Is it true that there is an understanding that if this bill should pass the Senate, as it seems destined to pass the House, and when the President has vetoed it, the administration majority in Congress will sustain the veto? Is this the true state of affairs? In other words, as in every campaign year, professional politicians are merely taking the veterans for a legislative ride.

As a veteran who enlisted in 1917 and as one who has vivid recollections of what service in France meant, I resent these recurrent attempts to bait the veteran vote. I happen to hold one of the largest adjusted-compensation certificates, larger than 95 percent of the others that would be paid were this measure to become a law. To vote for this bill would benefit me financially, and I could use the money now. However, during my campaign for Congress I made only two definite commitments. One was that I would vote for repeal of the eighteenth amendment and the other that I would vote against immediate cash payment of the bonus. I have kept the first promise and I am keeping the second today. Let me add also that the method this Patman bill advocates for payment of the bonus through issuance of greenbacks is particularly unsatisfactory. Such uncontrolled inflation now would, in all likelihood, destroy credit and wreck whatever recovery the President's program may have produced.

In closing, let me impress again upon you my sincere resentment of these abortive attempts to make veterans' legislation a political football. This recurrent agitation harms instead of helps the veterans. When stirring up my former comrades on the bonus question, why do not these politicians tell them frankly that it has not a chance, that the Senate has several times turned down this proposal as riders to other bills during this session, and that as the President will veto it, even the House would not pass it over his veto? Why kid the troops? Why not tell them the truth instead of painting pretty pictures which are nothing more than mirages designed to catch the veteran's fancy—and his vote?

I realize the course I am taking is not the popular one, and is certainly not the one that is politically expedient. However, I feel that the veterans will, when this session has ended, more truly evaluate the supposed support given by those who voted for the bonus, and will realize, as I do now, that a much more imperative and more worthy matter which should have been stressed is that of caring for the service-connected wounded, maimed, and injured. Since I have been in office I have handled more than 500 compensation and pension cases for veterans and their survivors. I believe true friends of the veterans would prefer that, instead of taking all this time to make a futile political gesture for payment of the bonus, this Congress should devote its efforts to the question of how to compensate adequately those men who were injured in discharge of their duties during the World War, and how to reimburse those Spanish and other war veterans who are prevented by lack of Government records from proving service connection for their disabilities.

These changes are contemplated in the amendments to the independent offices bill which are now before the Appropriations Committee. I will vote for them on the floor of the House.

Mr. ABERNETHY. Mr. Speaker, joining with more than two thirds of the Membership of the House of Representatives, I voted for the immediate cash payment of the bonus.

During my service in the Congress I have been the consistent friend, as my record will show, of the veterans; and I shall continue to be sympathetic with their needs as long as I have the privilege of being a Member of this legislative body.

When I was first elected to Congress many veterans of my district loyally supported me and I promised them then that I would always be their friend.

I was a loyal supporter of President Roosevelt for his nomination and election, and I actively supported him in his great recovery program in the special session of Congress called shortly after his inauguration one year ago. I have supported his administration at all times, both on the Appropriations Committee and in the House, with the exception of the bonus vote, which carries out a pledge to the veterans.

Many millions of dollars have been spent in the Public Works, Civil Works, and in general Federal relief programs. I agreed with the administration that nothing should be left undone that would help in the fight on the depression. I am convinced that the payment of the bonus at this time will do as much to bring back prosperity as any single program advanced by the administration.

If in the progress toward recovery it is helpful to spend many millions for Public Works, Civil Works, and the Civilian Conservation Corps, and the like, that have put many thousands to work, then by the same token it would seem that it cannot be successfully argued that the payment of the bonus will not also be a step in the right direction.

In 1924 we acknowledged our indebtedness to the veterans. We have expended millions in the administration's recovery program for the benefit of groups to whom the Government owes nothing except the duty it owes generally to all citizens.

Our national indebtedness has been increased by billions in order to pay for this relentless battle we are waging against depression. We have gone so far in the direction of expending huge sums in an effort to create increased purchasing power in the masses that we cannot stop now. I believe in going the whole way and spending what is necessary. If, as our President hopes, these millions we spend will be returned to us out of the earnings of prosperity, then this additional amount needed to pay the veterans a debt legally due them will also be returned out of the earnings of prosperity.

As of January 1, 1934, there are 3,545,284 of these adjusted-service certificates, with a balance due of approximately $2,200,000,000. The payment of this money will go into every part of the Nation. It will be distributed impartially, without favoritism or possible graft. It will increase the purchasing power of the veterans and will benefit all classes. Many millions will be paid in my district alone.

The approximate number of veterans living in the Third Congressional District which I represent are as follows:

World War:	
Carteret County	427
Craven County	733
Duplin County	850
Jones County	265
Onslow County	378
Pamlico County	226
Pender County	373
Sampson County	978
Wayne County	1,268
Total	5,497
Spanish-American War:	
Carteret County	19
Craven County	21
Duplin County	29
Jones County	8
Onslow County	15
Pamlico County	8
Pender County	11
Sampson County	35
Wayne County	40
Total	186

The following figures quoted show the approximate amount of money that will be put in circulation in my Congressional District in the event the adjusted-service certificate is paid:

Carteret County	$206,856.00
Craven County	375,339.60
Duplin County	429,660.72
Jones County	127,638.72
Onslow County	187,137.36
Pamlico County	113,819.76
Pender County	191,996.64
Sampson County	490,603.68
Wayne County	648,879.12
Total	$2,771,931.60

Unlike the other huge sums spent in the recovery program, this is a bona fide debt and will be duly credited as a debt paid. The payment of this debt to our veterans should not be made a political issue. The boys who answered the call were not chosen according to politics. This is a human issue.

Although I was ill some months ago I am again actively in attendance upon the sessions of the House and the Appropriations Committee. I want the veterans in my district to write me their views on this pending legislation, in which they are so vitally concerned, in order that I may have the benefit of their suggestions.

Mr. PEAVEY. Mr. Speaker, there were 3,545,284 adjusted-service certificates outstanding on January 1, 1934. Of this number 3,019,582 have borrowed money on their certificates. They have borrowed almost a billion and a half, leaving the balance due these World War soldiers approximately $2,400,000,000.

Mr. Speaker, by the passage today of H.R. 1, known as the "Patman bill", Congress will not only provide payment of a just debt for which the Government is both legally and morally obligated but Congress in passing this bill will in my opinion do more in relieving the acute economic distress of more individual people in the United States than has been accomplished by the passage of any single bill at any time since I have been in Congress. This means, Mr. Speaker, that $4,364,948.48 will be paid in cash to the holders of these certificates in the Tenth Wisconsin District which I represent.

It means that everyone of the 14 counties in my district will receive from $130,000 to $831,000 in cash with which to pay existing debts, redeem their past-due taxes, pay their overdue-interest obligations, and maybe have enough left to insure food for the family for the next month or two and buy the baby a new dress.

It means that $4,364,948.48 new cash will be made available immediately for the purchase of all the necessities of life.

The amount that will be paid into each county of the Tenth Wisconsin District under the Patman bill is as follows:

Douglas	$831,040.72
Burnett	182,556.72
Polk	473,955.28
Washburn	198,077.52
Sawyer	158,383.52
Bayfield	267,707.04
Ashland	375,603.36
Price	308,346.56
Rusk	286,885.04
Taylor	315,500.40
Lincoln	375,924.48
Oneida	283,638.16
Iron	177,204.72
Vilas	130,124.96

The committee that passed on the original law said we should at least compensate the soldiers to the extent of that difference between what the lowest-paid laborer received and what the average private received. Congress allowed them the $1 a day for home service and $1.25 a day extra for service overseas. If this money is paid as of the time they rendered service, the full amount was due October 1, 1931. The reason it is not due now on its face is because there were 7 years from the time the services were rendered to January 1, 1925, the date of the certificates, the veterans were not allowed interest. So if you will go back and date the certificates as of the time they rendered the service and give the veterans the customary rate of interest paid to everyone else connected with the war, the full face value of each certificate was due October 1, 1931, and this bill provides that no interest shall be charged the veterans subsequent to that time. I believe it is the best means that has ever been proposed to put purchasing power into the hands of the people in every town, village, and city in northern Wisconsin.

The Patman bill provides for controlling expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates in new currency—United States notes. These notes will not bear interest and will be lawful money of the United States and shall be maintained at a parity with the standard unit of value fixed by law. No new principle of issuing money is involved. Such notes shall be legal tender in payment of all debts and dues, public and private, and shall be receivable for customs, taxes, and all public dues, and when so received shall be reissued. Such notes, when held by any national banking association or Federal Reserve bank, may be counted as a part of its lawful reserve.

The bill further provides that when the index number of the wholesale commodity price level rises about the level of 1926 the Secretary of the Treasury will be privileged to contract the currency in the following manner:

First. Abolishment of the circulation privileges extended to certain bonds of the United States under the provisions of section 29 of the Federal Home Loan Bank Act and retirement of such bonds as security for circulating notes as rapidly as practicable.

Second. Termination of the issuance and reissuance of national-bank circulating notes and the retirement of such notes from circulation as rapidly as practicable.

Third. Termination of the issuance and reissuance of Federal Reserve notes secured by direct obligations of the United States and in other ways.

The amount paid to the veterans will be permanent circulating medium and of the same wording, form, size, and denominations as United States notes issued under existing law and now in circulation.

If this bill is enacted, a veteran who has not negotiated a loan on his adjusted-service certificate will be permitted to receive the full amount now in cash. A veteran who has borrowed on his certificate will receive the amount of the certificate in cash less the amount of his loan with interest to October 1, 1931. Under this bill no interest is charged, since the full amount of the certificates was due at that time, if the veterans are paid as of the time they rendered their services, together with the customary rate of interest received by others on war contracts, tax refunds, and the like.

The passage of this bill will put cash money into the hands of nearly 4,000,000 World War veterans, who will use it to purchase comforts and necessities of life, pay debts, taxes, and otherwise place it into the channels of trade and production. This money will find its way into the banks all over the Nation and will be used as a reserve for the issuance of additional credit, thereby helping everybody in every community.

WHAT THE BILL DOES

First. It will save the Government more than a billion dollars, or $112,000,000 a year for 11 years.

Second. It will save the Government more than $10,000,000 in administration expenses of the Adjusted Compensation Act between now and 1945.

Third. It will pay a debt heretofore confessed to the veterans by the Government for services rendered. It is no bonus. The term "bonus" is a misnomer.

Fourth. It will be granting to the veterans the right to deposit a Government obligation and receive in return therefor new currency, the same right as is now enjoyed by Federal Reserve banks and all national banks.

Fifth. It will prevent the veterans from losing a valuable equity by releasing them from the payment of compound interest on their loans. Veterans who have borrowed 50 percent under the present law will have very little remaining in 1945. It is not right for the Government and the banks to consume these valuable equities by requiring the veterans to pay compound interest on their own money.

Sixth. It will require no bond issue, no increase in taxes, no additional interest payments by the Government. The debt must be paid sometime. Everybody will be helped if it is paid now.

Seventh. The Treasury holds in the general fund over three billion one hundred millions in gold and there is in the Federal Reserve more than four billions additional gold; enough to warrant the Government in issuing eighteen and one-half billion dollars of currency under the 40-percent gold base provided under the gold standard.

There is in actual circulation today less than $5,000,000,000 of currency. The Government can pay the two billion four hundred million necessary to retire the adjusted-service certificates in new currency and have a dollar in gold to back every dollar of currency then outstanding. No nation in the world ever issued better money than this new money would be.

Purchasing power must be placed in the hands of the people. In this way it can be distributed quickly without the possibility of graft or favoritism. It is the best plan that has been proposed to be used as a vehicle to convey additional money into the hands of those who will buy the goods.

The national banks of the United States are capitalized for about $1,590,000,000. Under the present law these banks may deposit with the United States Treasury bonds bearing interest at a rate not in excess of 3⅜ percent and receive in return therefor $1,590,000,000 in new currency, the same kind of money we propose to issue in this bill. The only obligation is that the bank will keep on deposit at the Treasury 5 percent of the amount of such money for redemption purposes. This places the Government in this idiotic position: The Government sells to the bank a thousand-dollar bond drawing 3⅜-percent interest, or $33.75 interest for a year. The bank immediately redeposits the bond with the same United States Treasury that sold it to the bank and receives in return therefor $1,000 in new money. Fifty dollars of the money is left on deposit with the Treasury. The bank gets the use of the money and also gets interest on bonds deposited. There is a small charge of one half of 1 percent against the bank for expenses in connection with the issuance and reissuance of the money. Therefore banks can take Government obligations due in 1945 and receive new money in return for them and at the same time get interest on the obligations. Why is it not fair to let the veteran take his obligation, made payable in 1945, and receive money in a similar manner? There is no difference in the two obligations. They are both made payable in 1945; they are both backed by the credit of this Nation; they are both obligations of the Nation. Money purchased one, service in time of war purchased the other. If it is fair to let the banks put up their Government bonds and get cash, why not give the soldiers the same right? In doing so the Government would not only aid the soldiers but would assist the banks themselves.

Many banks are afraid to loan out their money due to depressed values and conditions, but every soldier will be compelled by necessity to put most of the money he receives under this bill into immediate circulation to pay existing debts and live.

Mr. FULLER. Mr. Speaker, I have always advocated the payment of the adjusted-service certificates due the World War veterans and have so voted on each and every occasion when the opportunity presented itself. I am supporting H.R. 1 for the full payment of these certificates not on the ground, as some advocate, that the certificates are due but for the reason that it will put more money into circulation and do more to relieve the financial panicky condition than any other measure.

To pay these certificates, which are sometimes referred to as the "bonus", does not mean the printing of fiat or greenback currency, but such currency will be backed by gold reserve and of just as much value as any circulating medium guaranteed by the Federal Government.

It will probably require $2,200,000,000 to pay these certificates. It will mean that 3,545,284 holders of these certificates will receive the full payment. This money will go to every nook and corner of the country, be placed in immediate circulation, and will change hands at least 10 times in each community and in each county. The trouble with the country today is a lack of circulation of money, there being less in circulation today than a year ago. Contraction of currency is injurious to this country.

These certificates are an obligation that the Government now owes, although they are not due until 1945. The amount of these certificates is included in the national public debt. To pay these certificates, under the terms and provisions of this bill, causes no taxation and no burden upon the people of the Nation. The placing of this much more money in circulation, in my opinion, will not injure nor retard the national recovery or the financial program of the administration. If these certificates are not paid, it means when they become due in 1945 that there will be practically nothing coming to the veterans who have borrowed money upon their certificates, as the interest will practically eat up the principal. We are now collecting and setting aside $112,000,000 annually for the retirement of these certificates at maturity. There will be no bond issue, no increased taxes, no unbalanced Budget, but simply the retirement of a public obligation, for a worthy cause, to deserving veterans, and placing more money in circulation.

In the Third Congressional District of Arkansas, which I have the honor to represent, the following amounts will go into each county: Baxter County, $120,233; Benton County, $482,261; Boone County, $205,200; Carroll County, $218,880; Madison County, $174,680; Marion County, $110,672; Newton County, $144,597; Searcy County, $151,848; Van Buren County, $164,160; Washington County, $537,000.

Most of the relief granted by Congress has been a paper credit, an addition to the public debt, but adding nothing to currency circulation. The immediate payment of this just and long delayed obligation will not only relieve the veterans and their families but it will go down to the grass roots of industry and agriculture.

Mr. ELLENBOGEN. Mr. Speaker, H.R. 1, on which we are voting today, provides for the immediate payment in full of the adjusted-service certificates, popularly known as the "bonus." If we examine the previous legislation on this subject, we find that the term "bonus" is not justified, because the adjusted-service certificates were given to the veterans of the World War, not as a bonus or gratuity, but as a payment for services rendered. We also find that, properly calculated, the adjusted-service certificates—or bonus—are not due in 1945, as provided in the World War Adjusted Compensation Act of 1924, but were due in October 1931, about 2½ years ago.

THE PAY OF THE SOLDIER DURING THE WAR

During the World War, every enlisted private received a dollar a day for home service and $1.10 for oversea's service. From these $30 to $33 per month, the soldier had to pay for lost clothing and shoes, for laundry, and other incidental expenses. An average of $6.66 was deducted from his pay for insurance. He often contributed a definite sum each month for his dependents. When pay day came around, the enlisted man found that there was very little left in his pay envelope.

CALCULATION OF THE AMOUNT OF THE ADJUSTED-SERVICE CERTIFICATE

The pay given to the soldiers during the war was admittedly inadequate and too low. So Congress calculated the wages paid to a civilian laborer during the wartime, and then deducted the pay which the soldier had received and the value of his clothing and his board. It found that there was due and should be paid to each soldier who had been in active service in excess of 60 days, in the military or naval forces of the United States after April 5, 1917, and before July 1, 1919, $1.25 for each day of oversea service, and $1 for each day of home service, with certain limitations as to the total amount allowed. These provisions are contained in the act of May 19, 1924, known as the World War Adjusted Compensation Act, popularly mistermed the "Bonus Act."

According to that act, let us take an average case, the case of a veteran who served 210 days at home and 200 days overseas. For the 210 days at home he was entitled to $210

and for the 200 days overseas he was entitled to $1.25 per day, or a total of $250. For his entire period of service that veteran would thus be entitled to $460. Since he was paid $60 at the time of his discharge from the Army or Navy, the $60 must be deducted from the total of $460, leaving a net balance due the veteran of $400.

THE MONEY WAS DUE THE VETERAN AT THE TIME OF HIS DISCHARGE

This amout of $400 was actually due the veteran at the time of his discharge and should have been paid to him at that time and not years later. But not even in 1924 was Congress ready to pay this amount, clearly due the veteran, and decided to give him instead of cash payment a so-called "adjusted-service certificate." The amount of the certificate was arrived at in the following way:

To the $400 due, according to the calculation just made, was added, under the act of Congress in 1924, 25 percent as some compensation to the veteran for compelling him to wait, instead of paying him what was due him. As a matter of fact, the veteran had already waited 6 years, to wit, from 1918 to 1924, and therefore should have been paid the $400 plus interest at the rate of 6 percent for 6 years, or a total rate of interest of 36 percent. Thirty-six percent on $400 is $144, so that at the time of the passage of that act of Congress there was due in the average case, not $400 but $400 plus $144, or a total of $544. So, you see, that at the very time that the act of Congress was passed in May 1924 the additional 25 percent was insufficient. Instead 36 percent should have been added, making a total of $544, as against $500 contemplated by the act.

At the end of 1918, or the early part of 1919, whenever he was discharged, the veteran was entitled to an average of $400, as I have just shown, but this sum was not paid to him at his discharge. It took prolonged agitation until in 1924 Congress passed the World War Adjusted Compensation Act, which I have just discussed, in which this debt to the veteran was acknowledged. By that time the debt had grown from an amount of $400, due to the average veteran, to $544. Congress, however, determined that the amount should be fixed at only $500.

But again this money was not paid to the veteran in cash, although it was admitted that he was entitled to it. Instead of receiving cash, the veteran was given a so-called "adjusted-service certificate", payable in 20 years from its date, but in no case before January 1, 1945. The average amount of that certificate was $1,000, and it was arrived at in this way:

It was calculated that the $500, admittedly due the veteran, would purchase a paid-up endowment insurance policy, payable in 20 years of $1,000, assuming that the money was being invested at an interest rate of 4 percent.

THE CERTIFICATE NOT A BONUS BUT OVERDUE PAY

It is, therefore, clear to everyone that has taken the trouble to look up the facts, that the adjusted-service certificate was not a bonus given to the veteran but was pay which was due him—indeed, pay which was overdue. The term "bonus" should never have been applied to the certificate. There was no gratuity or bonus about it. It was regular pay, figured according to the wages generally paid common labor during war time.

This money should have been paid at the time of the discharge of the veteran from active service. It should have been paid to him in 1924, when the act was passed by Congress. In 1919, when discharging the soldiers, and again in 1924, when passing the act, the Government postponed the payment of a clear obligation. Instead of giving the veteran what was due him in cash, it gave him an insurance certificate.

THE TOTAL AMOUNT OF THE CERTIFICATE IS DUE TODAY AND NOT IN 1945

Mr. Speaker, if we take paper and pencil and figure this out, we will find that the total amount of $1,000 of the average certificate is due today and not in 1945.

I have just shown that on a $1,000 certificate the sum of $400 was due at the time of the discharge from active military service at the end of 1918. If you add to that sum 6 percent interest, compounded annually, you will find that that amounts to about $1,000 in October 1931. So that the total amount of the certificate was actually due about 2½ years ago.

SIX PERCENT IS A PROPER RATE OF INTEREST FOR THIS CALCULATION

Mr. Speaker, it is not improper to use a rate of interest of 6 percent in making this calculation. It is not improper to do so because the Government has used this rate of interest. For instance, in case it is found by the Government that a taxpayer has underpaid his taxes, he is assessed the additional taxes plus 6-percent interest. On the other hand, our Government has paid several billion dollars in tax refunds to large income taxpayers, allowing in each case the amount of the refund plus 6-percent interest. It is also true that when the veteran borrowed money on the security of his certificate, he was charged not only 6 percent but as high as 7 percent. It is, therefore, just to calculate the total amount due the veteran by using a rate of interest of 6 percent a year.

THE INTEREST DUE ON LOANS AGAINST THE CERTIFICATES SHOULD BE CANCELED

Indeed, Mr. Speaker, not only should the face value of the certificates, less loans already made, be paid to the veteran, but there should be no deduction of any interest which has been charged to the veteran on loans which he obtained on his certificate. I have just shown, Mr. Speaker, that on the average certificate of $1,000 there was actually due the veteran at the end of 1918 the sum of $400. This indebtedness was admitted and confessed by Congress in the act of May 19, 1924, about 6 years later. That act provided that no loan should be made to any veteran on his certificate until 2 years had expired after the date of the issuance of the certificate. Therefore, no veteran could obtain any loan during the years 1925 or 1926. The first year which a veteran could borrow on his certificate was in 1927. The loan value for the first few years on a $1,000 certificate was as follows:

1927	$87.99
1928	120.06
1929	153.59
1930	188.67
1931	225.38

As I have already shown, the amount actually due the veteran in 1925 was about $544, if we take straight interest at 6 percent. If this amount is calculated on the basis of compound interest at the rate of 6 percent per annum, it is much higher. In 1927 that amount, of course, should be increased by a further addition of 12 percent.

I want to make it clear, Mr. Speaker, clear beyond the peradventure of a doubt, that when a veteran was permitted to borrow $87.99 against his certificate in 1927 he was not in reality receiving a loan but only a payment on account, because in 1927 the amount due the veteran was not only $87.99—the amount of the so-called "loan"—but was actually $592, if computed on a basis of straight interest.

For the years from 1927 to 1931, inclusive, the loan value of the certificate was, therefore, much less than the amount actually due the veteran. This is equally true of the years 1932 and the following years.

In 1932 the loan value of the adjusted-service certificates was increased by the act of Congress of July 21, 1932, to 50 percent of the face value. On the average certificate of $1,000 the loan value was thus fixed at $500.

I have just shown, Mr. Speaker, that if the indebtedness due the veteran is figured with compound interest, the entire certificate of $1,000 became due in October 1931. Therefore, when a veteran was permited to borrow $500 under the act of 1932, he did not actually borrow any money on his certificate, but since the certificate was overdue, the veteran was in reality receiving a payment on account of the money due him and not a loan.

THE ELLENBOGEN BILL PROVIDES FOR THE CANCELATION OF THE INTEREST ACCRUED ON LOANS

Mr. Speaker, I cannot see how any person can overlook the logic of this situation. If we are going to vote for the payment of these certificates in full now, and not in 1945—and I sincerely hope we are going to do so today—we can do

so only on the basis that the certificates are in reality due now and not in 1945. If the certificates are due now—and I believe that they are, as I have proven in this speech—then each so-called "loan" made to a veteran on the security of his certificate was not in reality a loan but a payment on account of the money due, and, in fact, overdue, the veteran. Realizing this situation, I have introduced H.R. 8579.

This bill provides that the interest which has heretofore accrued on loans made to veterans on their certificates shall be canceled and annulled and shall not be deducted from the amount due them under their certificates. This is a very important matter, since these loans were in reality payments on account. We should now admit that they were such and, therefore, should stipulate in the law that the interest should be canceled and should not be deducted. The amount involved is considerable and is of great importance to each veteran who holds an adjusted-service certificate.

ELLENBOGEN AMENDMENT TO H.R. 1 PROVIDES FOR CANCELATION OF INTEREST DUE ON LOANS

For this reason, Mr. Speaker, I shall offer an amendment to H.R. 1 to cancel the interest due on loans made on the security of certificates, so that each veteran will receive the face amount of his certificate less any loans actually made. And no veteran will have deducted from the money due him any interest charges. (This amendment appears on p. 4332 of the CONGRESSIONAL RECORD of Mar. 12, 1934. It was not adopted by the House of Representatives.)

THE PAYMENT OF THIS MONEY WILL REVIVE TRADE AND INDUSTRY IN EVERY PART OF THE UNITED STATES

Mr. Speaker, the payment of the so-called "bonus" at this time will mean the distribution of approximately $2,200,000,000 throughout the length and breadth of the United States. This money will go into every State, into every county, and into every city, village, or hamlet where a veteran resides. My own State, Pennsylvania, it is calculated, will receive a total of about $172,882,732.50. My home county of Allegheny will receive about $24,670,659.50.

Most veterans who will receive this money will spend a large part of it. They will spend it for the payment of food, clothing, and shelter. They will spend it for the necessities of life and in many cases for the payment of debts which they owe and which they are anxious to pay. The entire country will benefit by the payment of these $2,000,000,000. This money, Mr. Speaker, will not go into the coffers of giant banks or huge corporations which would hoard it. The money will be paid to the common people who will not retain it. No, Mr. Speaker; these people will immediately pay it to the butcher, to the groceryman, to the department store, or spend it in a hundred different ways. This money will circulate at once. It will stimulate trade and commerce. It will improve the business of every merchant in the United States. It will empty the shelves of many a store. The retail merchants will then have to reorder from the manufacturer in order to replenish their stock of goods. Thus, the manufacturer will have to resume or enlarge his operations.

It is no exaggeration to say that the expenditure of these $2,200,000,000 will give a tremendous impetus to trade and commerce, and will start moving the wheels of many industries. As a result, not only will the veterans be benefited but there will be a tremendous revival of business throughout the United States.

THE PAYMENT OF THE BONUS WILL NOT AFFECT THE BUDGET

Mr. Speaker, under the Constitution, Congress has the exclusive power to coin money and to regulate the value thereof. The bill which we are now discussing provides that the so-called "bonus" shall be paid in United States notes. The Secretary of the Treasury is directed to issue such notes in such amount as is necessary to pay the adjusted-service certificates.

The currency or notes which will thus be printed by the United States will take the place of adjusted-service certificates, which are direct obligations of the United States. Under the present law a Federal Reserve bank or a national bank can take the Government bonds which it owns to the Treasury of the United States, deposit them as security, and obtain such amount of Federal Reserve or national-bank notes—legal United States currency—as is equal to the face value of the United States bonds deposited. It is, therefore, the present fixed policy of the United States to permit the issuance of currency on the security of Government obligations. There can, therefore, be no legitimate objection against the issuance of currency against the security of these Government obligations, to wit, the adjusted-service certificates. The bill, therefore, provides that the Treasury shall issue the necessary currency and shall deliver the currency to the veteran in exchange for the certificate.

Thus the Government is not required to borrow the money which is necessary to pay off the bonus. The Government is not required to levy even a cent of taxes to pay off these certificates, and, what is even more important, the Government will never be required to borrow the necessary money or to levy the necessary taxes, because the issuance of this currency of over $2,000,000,000 is necessary to provide sufficient circulating currency in the United States. This currency is not only necessary today, when we are suffering from a lack of an adequate amount of currency, it will also be necessary in the future, since the United States is expanding and will, if anything, need more currency in the future, and not less.

THE MONEY ISSUED TO PAY THESE CERTIFICATES IS ADEQUATELY SECURED BY GOLD

Mr. Speaker, I hold in my hand a statement issued by the Secretary of the Treasury of the United States which shows that the United States Treasury today has total gold funds of about seven and one half billion dollars. About three and one half billion dollars of gold are charged as reserve against outstanding gold certificates or currency. There are over $3,000,000,000 in gold in the Treasury that are free and that can be used as a gold backing for the issuance of this currency.

The total amount of currency outstanding today in the United States is about four and one half billion dollars, whereas the total gold in the Treasury is seven and one half billion dollars. The issuance of $2,200,000,000 in currency or circulating notes, which is required to pay off these bonus certificates, will therefore be covered dollar for dollar by the gold now held in the Treasury of the United States.

Mr. Speaker, I will sum up my arguments. I shall vote for the payment of the adjusted-service certificates—improperly called "bonus"—in full, because this money is due the veterans now, and not in 1945. I shall vote for it because the vast majority of the veterans are unemployed and in dire need and distress. They need money now, and not in 1945.

These men went forth in the service of their country at the risk of their lives and limbs. They served this country in the trenches, in slime, and filth, and dirt. They suffered injury and disease. They saw many a comrade fall dead at their side, and did not know whether they would not be next. These men, Mr. Speaker, the best manhood of America, the heroes of the World War, are entitled to fair and just consideration at our hands. They have served their country well. The small pay which is due them was due in 1918, and not in 1945. The manufacturers of war materials were paid when they presented their bills, and not 27 years later. Why should we treat our soldiers differently?

These men went into war without quibble and quarrel. They went forth cheerfully. When their country called they were ready to serve. Today these veterans are calling on us, and I, for one, will heed the call.

Mr. Speaker, I shall vote for this bill, and I hope that my colleagues will do likewise.

Mr. KNUTSON. Mr. Speaker, heretofore I have at all times taken the position that the bonus should be paid at maturity and not before. As a matter of cold business that position was unassailable, but conditions have greatly changed since the bonus question was before the House more than a year ago. Within the past year we have embarked upon a relief program, the cost of which will run into many billions of dollars. The purpose of these measures is to extend relief and to get more money into circulation. I know

of no way whereby we can get the necessary increase in circulation so quickly and completely as through the payment of the bonus, and in considering the question it should be borne in mind that this is the only relief measure, suggested or tried, that will liquidate itself by the cancelation of an obligation that must ultimately be paid by the Federal Government.

Mr. Speaker, I assume that conditions are somewhat similar over the country. Money is very scarce, and all local credit is completely frozen. The payment of the bonus is an obligation that must be met. If its payment at this time will give relief by placing a vast sum of money into immediate circulation, why not pay it now? Conceded that it is not due. Let us also concede that the face value of the certificates includes interest to 1945, date of maturity, but the cold fact remains that payment at this time is far preferable to some of the very questionable relief projects into which we are pouring the people's money as into bottomless pits, because it will not alone give relief but will pay a debt which must ultimately be paid. Let us pay the bonus now while we yet have the money with which to make payment, for to do so at this time would greatly increase our active circulation of money which, to my mind, is the first requisite to recovery.

Let us remember that it has ever been the policy of the American people to deal generously with their defenders, their widows, and their orphans.

Mr. CHASE. Mr. Speaker, 1 year ago I voted against the misnamed "economy" bill because of the horrible injustice it was sure to do disabled veterans' and soldiers' widows.

Today I shall vote for the immediate payment of the adjusted-service certificates.

During the World War, like many others in public life, I spoke throughout my home State in hundreds of cities and villages, and from thousands of platforms, pledging the boys who were fighting our battles that they could depend upon us for unselfish and consistent support, and that if they died in the service they could count upon the protection of a grateful Nation for their widows and orphan children.

Those statements were promises, made to be kept.

A turn of fate has put me in Congress when those boys, now veterans, need help. Since taking the oath of office, I have voted for every proper measure designed to protect the interest of disabled and needy war veterans and veterans' dependents, and have opposed every measure prejudicial to their interests.

The question this afternoon is not the payment of a bonus. That word is a misnomer. The proposition looks to equalizing somewhat the compensation paid to the soldiers during the war with that paid to civilians, and there is no longer any question about payment. That was settled by Congress 10 years ago. The only question is when payment shall be made. Shall it be made now when they need is desperately or be delayed to a time when we fondly hope that economic conditions will be greatly improved and their need be less, but when, at the rate upon which loans have been made on certificates, the interest will have eaten almost their entire equity?

Every sound argument that I have heard advanced in opposition to this measure applies as well to payment in 1945 as to payment in 1934. For example, if the veterans will waste their money now, they will do so then.

Fiat currency or printing-press money. Passage of the President's monetary bill a few weeks ago completely refutes that possibility, because it puts back of all United States notes an adequate dollar-for-dollar gold-bullion reserve.

But to be brief, 10 years ago, payment of these certificates was guaranteed to service men. They need the money now. Payment to them will relieve their distress, constitute no additional burden upon the Federal Treasury, involve no issuance of bonds, entail no payment of interest, but, on the contrary, will save the Government of the United States $112,000,000 a year for the next 12 years.

Mr. ANDREWS of New York. Mr. Speaker, I voted against the gag rule in January in the hope of being able to vote on liberalization of veterans' benefits and pensions as affected by the Economy Act, and I favor and will vote for such liberalization for Spanish War veterans' pensions and, generally speaking, along the lines suggested by the American Legion four-point program for the benefit of World War veterans.

As the bonus proposal now stands here I will not vote for it. It may not be out of place for me to outline to you just what the bonus is. The actual bonus was figured by the Government in 1924 based upon $1 per day additional pay to all veterans who served in this country and $1.25 a day to all veterans for each day's service abroad. In 1924 veterans were given credit for approximately 25-percent interest on the bonus figured actually due them in 1919 and adjusted-compensation certificates were issued, stating the face value of that bonus in 1945 at compound interest from 1924.

I favored the payment of 50 percent of the bonus through payment of which any veteran receives his bonus and accumulated interest up to and including the year 1934. Personally I would wipe out the interest on veterans loans. The total figure on adjusted-compensation certificates today represents the value of the bonus today with interest compounded for 10 years more to 1945 and I do not look upon the added amount as owed by the Government now. I would willingly vote for an amendment which I had hoped might be offered which would make payable to the veterans once a year an amount equivalent to 1 year's accumulation toward the 1945 value as it will have to be set up in surplus in the Treasury. This, Mr. PATMAN says, will be set up in the Treasury.

I regard myself here as the representative of all of the people in my district and not necessarily as the representative solely of the veterans.

We are engaged in a tremendous effort to bring the country out of the depression; and I shall vote to oppose the bonus in its present form, and I will not be one of those who vote for it simply to curry favor with my comrades, the veterans, with whom I have the greatest sympathy. The proposal has already been badly defeated in the Senate and has little chance of going through, and in addition it would be vetoed by the President. There are some Representatives here in Congress and, I regret to say many Republicans, who will vote for the bonus knowing full well that it will not pass and then justify that vote by passing the buck to the President. I will not be one of them.

Mr. SMITH of Washington. Mr. Speaker, I was the thirty-sixth Member of the House to sign the petition of 145 Members required to discharge the Committee on Ways and Means from further consideration of the bill to pay the adjusted-service certificates to the veterans of the World War and bring it before the House today. I wish to compliment the gentleman from Minnesota [Mr. LUNDEEN], who filed the petition, the gentleman from Texas [Mr. PATMAN], who drew the bill and introduced it, and the members of the Ways and Means Committee who have again showed their fairness by not rendering an unfavorable report and thereby defeating the purpose of the petition but instead permitted the bill to follow the regular course intended by the rule, and come before the House at this time.

In the pre-election campaigns in 1932, I pledged myself in favor of this legislation, and that pledge, as well as every other pledge I made to the citizens of my district, I have faithfully kept.

Mr. Speaker, there are many reasons why I favor this measure.

First. This bill is in conformity with the letter and spirit of the national recovery program as it will increase purchasing power.

Second. It will expand the currency in a sound and rational manner and distribute the expanded currency throughout the length and breadth of the country, which will be expended with merchants, storekeepers, business firms, landlords, and professional men and circulate freely among the citizens of every community.

Third. It will discharge an obligation admitted to be just, for services rendered and which should have and could

have been paid in 1922 by the Harding administration (see minority report, rendered by Congressman Claude Kitchin Mar. 20, 1922, H.Rept. 804, pt. 3, 67th Cong., 2d sess.), but instead, the income taxes and surtaxes in the higher brackets were reduced, a policy which was followed all through the Harding, Coolidge, and Hoover administrations by Secretary of the Treasury Andrew W. Mellon.

Fourth. It will result in a saving to the Federal Government of $112,000,000 per year until 1945, or over $1,000,000,000, and at least $10,000,000 in administration costs.

Fifth. It enables the veteran to deposit an obligation of the Federal Government and receive for it new currency, the same as the Federal Reserve banks and national banks are able to do, instead of that obligation being absorbed by interest charged between now and 1945, which will otherwise happen in most cases.

Sixth. The gold in the general fund of the Treasury amounts to over $3,000,000,000, against which no currency has been issued, according to the latest official statement of the Treasury Department, which is exclusive of the gold owned by the Federal Reserve banks. Consequently, upon the 40-percent gold base prescribed by the Federal Reserve Act, the Government can issue at the present time $7,500,000,000 new additional currency, while the currency necessary to retire the adjusted-service certificates is only $2,200,000,000. In other words, the new currency would be backed by the same gold reserve as all our other currency, and there is no justification whatsoever for the false propaganda being published that this new currency would be fiat or printing-press money, which is absolutely and wholly untrue.

Mr. Speaker, there is not a single sound, valid objection to this legislation, and I welcome this opportunity to support it.

The amount which would be distributed to veterans in the nine counties of my district is as follows: Clark, $976,453.52; Cowlitz, $772,763.32; Grays Harbor, $1,452,764.04; Lewis, $969,623.48; Mason, $243,653.20; Pacific, $362,573.40; Skamania, $70,020.02; Thurston, $759,321.22; Wahkiakum, $93,537.64; a total of $5,700,709.84.

Mr. BAILEY. Mr. Speaker, under the privilege given me to extend my remarks, I desire to make the following statement:

I have felt that because the Democratic Convention at Chicago refused to adopt a plank calling for payment of the bonus, and, further, because the great leader of our party, Mr. Roosevelt, in the campaign prior to election, took an attitude contrary to its passage, that I was bound not to vote for that bill. That seems to me to have been the promise which the Democratic Party made to the people, and as I heartily endorsed that platform and that leadership, that promise binds me.

Since that time, however, the administration has undertaken an enormous program of expenditures to restore prosperity; $5,000,000,000 to the Reconstruction Finance Corporation; $3,300,000,000 to the Public Works Administration; $2,000,000,000 to the Federal Relief; $2,000,000,000 to the Home Owners; $2,000,000,000 for farm mortgages. Additional demands are continually being made, and all of this has been done in accordance with the theory that such expenditures contribute to the general prosperity of all.

If we are going to be just, how can we deny to do for everyone what we have done for anyone? How can we give to anyone, and not give to everyone? We must stop all aid, or we must aid all our people.

I have, therefore, after mature study, reached the conclusion that the payment of the adjusted-service certificates would not only be just to the soldiers, but would do more than all else to restore prosperity. Many soldiers are in need; many would be removed from the relief rolls; and, in addition, many debts would be paid, many necessities bought, and much needed currency would be put in circulation for the benefit of storekeepers, merchants, and all other lines of business.

In my campaign, however, I repeatedly endorsed the Democratic platform and its economies, and nothing but a new election can release me from that promise. That election comes this summer. I am now a candidate before the people of my State for the nomination of Senator representing that great State; and in the campaign for that office I shall advocate this payment, discuss that question fully, and the people can choose between the arguments presented.

For these reasons I shall vote to permit consideration of this measure on the floor today, and then shall vote against the proposal; but I shall vote "yea" on any proper bill to pay these certificates after the coming election. The same reason which impels me to keep my promise this time will make it certain that I will keep it in the future.

Mr. DOBBINS. Mr. Speaker, I have voted today to take up the immediate consideration of H.R. 1, the so-called "Patman bonus bill", and to discharge the Committee on Ways and Means from the further consideration of that measure. My vote was thus cast for the reason that it was quite apparent that a majority of the Members desire that this measure should come up for immediate consideration. Although I do not expect to vote for the bill itself, I believe that an opportunity should be given to every Member to record himself either for or against the highly controversial question that this bill presents, namely, the proposal for the immediate payment of the adjusted-service compensation certificates by means of new currency, of a character and amount such as the Government has never before issued for any purpose.

At the outset, let me say that it has always been my conviction that the compensatory payment which the Congress deliberately determined that the Nation owes our surviving soldiers of the World War when this act was passed many years ago ought to have been paid at that time in cash. The country was then well able to pay it. Excessive war profits out of which it should have been paid could then have been reached by means of an appropriate tax measure. In fact, the illustrious Member from my own State who is now the Speaker of this House then proposed a method of immediate cash payment of the bonus in a rational and logical way that would put the cost of it where it belonged, without burdening the average, ordinary taxpayer in any way. That plan, which was turned down by the majority control of the Congress, then in Republican hands, was both ingenious and just. It would have taken the average income-tax returns of all citizens and corporations during the war period of 3 years, compared them with their average income during the 3 years preceding the war, and reckoned the increase during the war period as war profits. To each individual and corporation it proposed that there be allowed an exemption of $100,000, and that 25 percent of the balance be collected as an excess-profits tax for distribution as compensation among the men who, by their service, bore the brunt of the war that made great profits possible. This would have raised approximately $4,000,000,000 in revenue for immediate distribution. It is a pity the plan was not adopted, but the war profiteers had too many friends in high places.

Now the situation is vastly changed. The war profits have mostly been paid out in dividends or dissipated in other ways, so that now at this late date they cannot be reached. The agitation for the payment now of that which should have been paid 10 years ago comes at a time when the country is barely beginning to recover from a depression that has rocked the very foundations of our financial structure.

It is claimed that by the means now proposed this debt owing to the soldiers can be paid in advance of the time fixed for its payment and without costing the Government anything because Treasury notes in the form of currency are to be issued as payment. It would be just as sensible to say that one who goes to a bank and borrows $500 to buy an automobile is getting his automobile without cost because he is not purchasing it with money that he has in his pocket. The fact remains that the note must be paid at some time, just as these Treasury notes must eventually be paid.

Because of my belief that this issue should have been squarely met when it first arose, and that provision should

have been made then for payment of the Nation's debt to its soldiers in cash, and not in the form of time certificates, I have always favored some acceptable method for the retirement of this debt without waiting for a time many years hence for its payment. It is still my belief that these certificates will be paid in some such manner before their time for maturity arrives, and I am in favor of their payment at this very moment according to any reasonable and practicable plan which will meet with the approval of the Chief Executive. We know, however, that if the bill upon which we are voting today is passed, it will be vetoed by the President. Of that we have his definite and positive assurance. It is also apparent that if it should be passed and vetoed, it cannot be passed over that veto. Knowing that, it is easy indeed for any Member to vote in favor of this measure and thus make a meaningless gesture of generosity to needy veterans, with the certainty that the country at large will not suffer from his vote because the Chief Executive, or perhaps the other House of Congress, will prevent the bill from becoming a law.

I made very few pledges to the electorate during the campaign of 1932, and none respecting legislation of this character. But I did make a definite pledge that I would never shirk my responsibilities as a Representative in Congress by casting an affirmative vote for any measure in the hope and expectation that such a vote would be nullified by a Presidential veto, and I shall respect that pledge whether the President from whom the veto is to be expected belongs to my own party or not.

I candidly admit that the vote which I shall cast today is influenced by the announcement of President Roosevelt's position respecting this legislation. Under ordinary circumstances and in normal times I should probably attach less importance to the views of our Chief Executive, but these are not ordinary nor normal times. We are in combat with the hosts of depression, an enemy as formidable as any against which American soldiers have battled in the past. In the present conflict we have an outstanding leader, one in whom the people of the country have a confidence that is magnificent and inspiring in its scope and fidelity. It is so because that confidence is deserved; and it is my profound conviction that in consistently upholding the leadership of Franklin Roosevelt I contribute more to the return of the Nation's prosperity than I can in any other way. That prosperity, I fervently pray, will very soon be restored. Its restoration will bring to every one of our citizens, including the veterans, blessings far greater than this bill contemplates.

Mr. STUDLEY. Mr. Speaker, representing the State of New York at large in this House, I shall vote for this bill. I am moved to this course by the force of the enlightened conscience of the people of my State. The intelligent public opinion of the State demands it; my own conscience demands it.

I am not unmindful of that element of the opulent of my State who oppose this measure. Their opposition is powerful. The National Economy League is arrayed against it, among whose membership are those officers and directors of the ship-subsidy companies who perpetrated the ship-subsidy scandals. I shall speak of them next fall. It was this same group who in 1917, when there was a threat of a potential invasion, cried out vociferously for security and safety. Then our unarmed ships were being sunk on the high seas. Our citizens traveling on lawful and peaceful errands were being murdered. Then it was that they appealed to our young men entering the American Army: "Give us security for our wealth and our possessions. Save us, or we perish!"

Responding to these appeals and to the call to duty, our young manhood took up arms and joined the colors, like heroes, and supplied that safety and security demanded. Our fighting men, the veterans, made the sacrifices.

Now our opulent are willing to pay for their safety and security only in the lives and broken bodies of other men.

Now for the veteran it is:

"Chuck him out, the brute!"
But it's "Saviour of 'is country"
When the guns begin to shoot.

Let the opulent ask themselves:

What would their wealth and property now be worth if Germany had won the war? The Crown Prince of the Hohenzollerns would now be sitting in the White House.

The status of the veteran will not be fixed by any proclamation or decree. It will not be fixed ultimately by any act of the Congress. The status of the veteran, like that of the Father of His Country, will be fixed in the minds and hearts of his countrymen, and like our immortal Washington, the veteran, too, will stand:

First in war, first in peace, and first in the hearts of his countrymen.

The fighting man has always been a popular hero since David slew Goliath. He will remain so to the end of time in spite of all the slander and vituperation of his detractors.

Mr. McGRATH. Mr. Speaker, during my campaign I made the most definite commitments for an immediate cash payment of the adjusted-service certificates. I see no reason for reversing my position. As a matter of fact, I am more convinced than ever not only that the payment is the wiping out of a long-overdue obligation but also that the distribution of approximately $2,200,000,000 would do more to restore purchasing power than any other single act during this emergency.

If it be argued that this is the payment of a debt not yet due, the answer is that the adjusted-service certificate, commonly known among ex-service men as the "graveyard bonus", was accepted in its present form only after definite assurances that the then President would veto any other measure—he vetoed this measure. It constituted a long and brutally unnecessary delay of a debt then overdue.

A vast majority of the service men, in their distress, have already borrowed to the limit upon these certificates. If we are Shylocks, all that we need to do is to sit tight, and scarcely a man will receive 5 percent of the face value of his certificate in 1945, unless he is so fortunate as to die before that date.

I intend to vote for this measure introduced by Representative PATMAN for the following reasons:

First. It pays a just debt.

Second. It puts money into circulation where it is most needed—in the hands of the ordinary citizen in every rural area, hamlet, village, and city in the land.

Third. It will not overstrain national credit. The money used in payment is already sufficiently backed by the reserve now in the Treasury.

Fourth. It meets the obligation without further increasing the interest charges upon our national debt. No one would dream that the issuance of a similar amount of interest-bearing bonds would wreck the Nation. On what theory would the retirement of Government obligations by non-interest-bearing money injure anyone?

We lend—and rightfully lend—national credit to distressed industry, banking, and commerce. Why not for once make an advance to John Citizen and wife? This is our opportunity.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, will the majority leader tell us what business will be taken up tomorrow?

Mr. BYRNS. We will resume consideration of the cotton-control bill tomorrow.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. GREEN, indefinitely, on account of the illness of his mother.

To Mr. DEEN, for 4 days, on account of illness.

ELECTION CONTEST—JOHN J. CASEY *v.* C. MURRAY TURPIN

Mr. KERR, from the Committee on Elections No. 3, presented a report (No. 930) on the election contest of *John J. Casey* v. *C. Murray Turpin*, which was referred to the House Calendar and ordered printed.

SERMON BY BISHOP FREEMAN

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to insert in the RECORD, under an extension of remarks, a sermon delivered at Washington Cathedral, Sunday, March 4, 1934, by the Right Reverend James E. Freeman, D.D., LL.D., D.C.L., Bishop of Washington, upon the occasion of the anniversary of the inauguration of the present administration a year ago. This sermon is a challenge to everyone who holds office at this time.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

"Let me go, for the day breaketh. And he said, I will not let thee go, except thou bless me."

This is a portion of the dramatic story that concerns one of the great Hebrew leaders in a time of crisis. He had come to a pass in his life where a great decision had to be made and in the situation he had paused for reflection and a survey of impending conditions. Detaching himself from his company, he had sought in loneliness for a confirmation of his judgment. We read that "Jacob was left alone; and there wrestled a man with him until the breaking of the day." As the struggle increased the wrestling angel cried out against him, "Let me go, for the day breaketh", to which the sorely distressed Jacob responded, "I will not let thee go, except thou bless me." As the narrative proceeds we read that the angel blessed him, saying unto him: "Thy name shall be called no more Jacob, but Israel: for as a prince hast thou power with God and with men, and has prevailed."

Emerging from his struggle, he went forth strengthened and empowered for the mighty tasks that awaited him. So deep was the impression made upon this ancient patriarch that he "called the name of the place Peniel; for I have seen God face to face, and my life is preserved." Whether the experience that befell this leader was actual or whether it was but a vision of the night, it constituted the epochal event in his life and he went forth from it a changed man.

Repeatedly in the course of our lives experiences come to us that have a transforming effect upon our thought and our action. These experiences, rightly appraised, may mark the turning point in our careers. We move along our course undisturbed by the commonplace and passing events of life; our days are serene and the circumstances that attend our way make little, if any, impression upon us. Our thoughts are largely concentrated upon those things that concern our self-interests, interests that play no important part in the more comprehensive scheme of things. We are simply one of the crowd, and with the crowd we move, and the sense of purpose and objective is foreign to us. The need of divine direction and the inspiration that proceeds from a larger consideration of our utter dependence upon God is alien to us. It is only when some critical situation arises that vitally affects the cherished concerns of our life that we have recourse to those more secret sources of power without which life is vague, misty, and uncertain. Few of us come to any place of efficient living or to a service that contemplates real sacrifice and the employment of the better elements of our nature unless under the compulsion of some mighty and moving experience.

As we survey the record of the great epochal movements that have stirred individuals and peoples to some fine action, we inevitably discover that it was force of circumstance, a crisis, a seemingly insoluble problem that provoked the qualities and resources of their better selves. The world's great heroisms have not been disclosed in days when men were complacent, smug, and self-satisfied. Cardinal Mercier and the late King Albert of Belgium did not challenge the attention and admiration of an applauding world until a dark shadow fell across the land of their devotion, imperiling its people and implying wide-spread disaster.

Leadership of one kind and another inevitably has its genesis in situations that try the hearts and souls of men. We do not disclose our best until the days of testing are upon us. Our latent powers are not exercised or brought into action until some crisis calls them forth. Self-dependence gives place to God-dependence only when our own impotence is made evident to us. It took a cross with a lonely Saviour hanging thereon to focus the devotion of a reverent world. Well did a modern analyst of history affirm that, the uplifted Son of God upon the cross is the most appealing and inspiring fact in the long history of the race. While we do not seek them and are appalled when they come, the stern disciplines of life that try men's souls prove ultimately to be the means to the highest expression of their moral and spiritual worth. It may be that our best thoughts as well as our highest resolves come from our night thoughts. Adversity may be a hard taskmaster, but through adversity we come to a right self-appraisal and to a finer understanding of the meaning of the issues of life. Individuals as well as peoples do not grow strong through pursuing the line of least resistance. Both observation and experience confirm this.

We would not lose from the record of our life as individuals or as a people those evidences of awakened zeal and virtue that have followed upon days when shadows hung low on our horizons. The periods that bring the blush to our cheeks are those where every wind was favorable, seas calm, and we pursued our insular and selfish course. It is true that we have shown impatience and rebelled at our misfortunes. We have too often regarded ourselves as immune to the ills that befall other peoples, but when our day of better and calmer judgment has come and we have rightly appraised our fortunes and our misfortunes, we have stiffened ourselves to meet our ills, and from them we have emerged a stronger, stabler, and better people.

Had Jacob sought some gift, some enduement of physical strength from the wrestler of the midnight hours, he would have emerged from his struggle with nothing of advantage other than the satisfaction of his selfish desires. He knew he was entering upon an experience, an experience that he could not avoid, that would test his strength to the utmost, hence what he sought above all else was a blessing, a blessing that should inspire him with courage and fortitude to resist and overcome in the day of his supreme need.

The whole incident is finely illustrative of experiences that repeatedly befall us in the course of our life's pilgrimage. Whether we seek to avoid it or not, we cannot escape the night when shadows gather about our paths and the way of our course is obscured to our vision. These experiences are necessarily lonely ones when we wrestle single-handed with the forces that conspire to hinder, embarrass, and defeat us. The very loneliness of our testing hours makes the strain of the experience the greater and proves either the efficiency or the inefficiency, the value or the valuelessness of the philosophy of life we hold. When we are stripped of all the artificial and superficial means and conceits by which in fairer days we have maintained our course and are driven back upon our reserves, our strength of will, our fortitude, and our moral worth we are compelled, whether we will or not, to call forth the best that is in us (and that at any cost), that we may win again our place of security and peace.

It is a lamentable and tragic thing when we regard the mishaps and misfortunes of life as accidents, or as the decrees of some blind fate. It is still more tragic where we cannot glean from these stern experiences that which they are designed to teach of those deeper, finer, more lasting values that constitute the supreme ends of life. There is not one among us but traces what he has of mental, moral, and spiritual worth to some hour, some period in his life in which all that he had and was was tried to the utmost, when from the baser ores was extracted the priceless metal that represented the finer qualities of mind and heart.

"We rise by things that are under our feet,
By what we have mastered of good and gain;
By the pride deposed and the passion slain,
And the vanquished ills that we hourly meet."

As we study the changing moods and manners of our modern world, as we observe the swiftly changing trends and tendencies of the passing days, we are compelled to wonder what is to accrue to us of value, as the result of the days of deep anxiety and strain. Is there that in our developed life that has lacked certain elements of strength and power; have we grown so strong in our own conceits and in our self-esteemed capacities to carry on that we have lost that consciousness of God-dependence, that moral worth, that strength of soul that, in other days, has been the sustaining source of our security, our happiness and our peace? Have we as a people been so bent upon those things that concern material wealth and the satisfaction of our capricious desires that we have come to believe that within ourselves resided a kind of genius that would never fail us, come what might? Have we in our domestic, social, and industrial life regarded ourselves as impeccable, above reproach, so clean, respectable, and wholesome that we could dispense with those moral and spiritual values, those elements that refine and ennoble life, that in other days and under less favoring conditions have been our stay and strength? Are we not compelled, even against our stubborn wills, to reappraise ourselves, our institutions, our systems, and our designs, that out of these days of trial and misfortune we may come to the new morning of our larger and fuller life?

We dare not believe, as individuals or as a people, that through the exercise of our own genius we are to attain that consummation that we normally seek. If we would set our feet in the way of recovery, true penitence and deep humility must mark our course. In returning and rest shall we be saved; in quietness and confidence shall be our strength.

Something has happened in this old world of ours, something has happened that is designed to focus our vision upon those mighty and eternal truths that were given to mankind by Jesus Christ. We have failed, and failed miserably in the past because of our exaggerated sense of self-sufficiency, our boasted skill, our cunning craftsmanship, and our vaunted genius. Great as these are they prove inadequate in a storm; something has been lacking. It is something that has to do with our moral and spiritual well-being. Our professed religion has played a small and inconspicuous part in determining our action and shaping our course. Like the king in Hamlet, we may well say:

"My prayers fly up, my thoughts remain below,
Words without thoughts never to heaven go."

The inconsistencies and inequities that are conspicuous in our life have grown apace. We had thought to build our modern Babylon strong, stable, and secure by our unexampled cleverness, our extraordinary astuteness, and our unparalleled ingenuity. We have gone through a period of stern wrestling with our nocturnal enemy; have we reached the stage where our sense of impotence and incapacity to carry on forces us to cry out: "I will not let thee go, except thou bless me."

No consistent appraisal of the events of recent years, whether here or in other lands, can ignore the fact that, moral laxity and supineness have been conspicuous in our life. We shall pass through every strain that is laid upon us—of this we feel sure; we shall meet and survive every crisis as it arises—of this we are certain. The large and compelling question is, What shall we garner from these experiences? What shall be the evidence in our individual and corporate life that we are made the better and the stronger for that which we have suffered and endured? Of Jesus Christ it was written that, He was made "perfect through suffering." The hardships that He endured, the pain and grief that He experienced, have brought Him within the range of our thinking and made Him kin with us. The sublimity of His example as He hung upon the cross has provoked the wonder, the admiration, and the worship of men the world over. By His incomparable example He has shown to those of us who would in humility accept His teachings and follow in His way of life, that if we would enjoy the blessings which He alone can bestow, we must with readiness of will and definiteness of purpose take up our cross daily and come after Him.

The world may not have learned the lessons which the tragic happenings of 4 long years of strife were designed to teach. It may have failed to learn that the millions who died made the supreme sacrifice that this might become a peace-loving and warless world. It is unthinkable—let us believe, impossible—that from the events of these later years that have been marked by world-wide suffering, we are to secure no lasting benefits, no strengthening of our character, no enrichment of our lives, no permanent blessings. The oncoming generation of youths will hardly with courage face the future, unless they witness in these days of trial and testing the evidences of an awakened conscience, a strengthened will, and the promise of a revival of those splendid qualities of mind and heart that alone are designed to make this old world a more fit place in which to live.

Let us seek through consistent endeavor to set our house in order; let us with self-sacrificing zeal consolidate our forces to hasten forward the day of better things. Let us learn out of our common sufferings and trials the value of a united endeavor, but let us not lay the flattering unction to our souls that prowess, skill, and cleverness are the hallmarks of secured success and restored prosperity. Ours is a new fullness of time. A mighty and persistent cry is heard in this distracted, confused, and disillusioned world; it is the cry of the human soul, the wrestling, struggling soul as it sees the light of a new day breaking. From vast multitudes it issues forth like some stupendous chorus, we hear the voices of those who out of the long-continued struggle with a mighty and seemingly all-powerful energy cry out: "I will not let thee go, except thou bless me."

In his dying hours, a war President seemed to evision in the on-coming years the gleam of a new and better day of promise. With diming eyes he confidently affirmed: "The light is shining on the road ahead, and it shines nowhere else." Behind were the shadows, behind were the days of selfish striving and un-Christian conflict. There were better things ahead. For this he hoped and for this he prayed. Are we prepared to set forward the coming of this day? Have we the strength of will, the generosity of spirit, the renewed moral courage to hasten it on?

Standing on a silent battlefield where men had courageously and according to their loyalties sacrificed their all, another war President eloquently affirmed that, from the honored dead we, as a people, should highly resolve to take increased devotion, that what these brave men had struggled and died for should not be in vain.

This is a momentous and holy hour, an hour that challenges the very soul of America; it may be an hour that is to mark the greatest advance our Nation has ever made. It calls for the best we have to give; for decision, for consecration, for a pledge of fealty to those Christian standards of living that alone can guarantee our future happiness and peace, and, by the grace and power of the living God, make and preserve us a nation.

"If, drunk with sight of power, we loose
Wild tongues that have not Thee in awe,
Such boastings as the Gentiles use,
Or lesser breeds without the law—
Lord God of Hosts, be with us yet,
Lest we forget—lest we forget!

"For heathen heart that puts her trust
In reeking tube and iron shard,
All valiant dust that builds on dust,
And guarding calls not Thee to guard,
For frantic boast and foolish word—
Thy mercy on Thy people, Lord!

—Amen."

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 14 minutes p.m.) the House adjourned until tomorrow, Tuesday, March 13, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday Mar. 13, 10 a.m.)

Continuation of hearings on stock-exchange regulation.

COMMITTEE ON THE PUBLIC LANDS

(Tuesday, Mar. 13, 10:30 a.m.)

Room 328, House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

380. A letter from the Chairman of the Interstate Commerce Commission, transmitting recommendations and a report thereon from the Federal Coordinator of Transportation (S.Doc. No. 152); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

381. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated March 9, 1934, submitting a report, together with accompanying papers, on a preliminary examination and survey of Cape Charles Harbor, Northampton County, Va., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. Senate Joint Resolution 74. Joint resolution authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon; without amendment (Rept. No. 925). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 7600. A bill repealing certain sections of the Revised Code of Laws of the United States relating to the Indians; without amendment (Rept. No. 927). Referred to the Committee of the Whole House on the state of the Union.

Mr. JEFFERS: Committee on Immigration and Naturalization. H.R. 8309. A bill to extend the period during which certain aliens may remain in the United States; without amendment (Rept. No. 929). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. PEAVEY: Committee on Indian Affairs. H.R. 7560. A bill for the relief of Charles E. Dagenett; without amendment (Rept. No. 926). Referred to the Committee of the Whole House.

Mr. KNUTE HILL: Committee on Indian Affairs. H.R. 8074. A bill for the relief of certain Indians of the Fort Peck Reservation, Mont.; without amendment (Rept. No. 928). Referred to the Committee of the Whole House.

Mr. KERR: Committee on Elections No. 3. Report to accompany contested-election case of *John J. Casey* v. *C. Murray Turpin* (Rept. No. 930). Referred to the House Calendar and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HILL of Alabama: A bill (H.R. 8598) authorizing the National Forest Reservation Commission to proceed in its discretion with the acquisition of lands for national

forests in States east of the Mississippi River; to the Committee on Agriculture.

By Mr. BUCKBEE: A bill (H.R. 8599) to provide for loans to manufacturing, industrial, commercial, and mercantile establishments; to the Committee on Banking and Currency.

By Mr. SMITH of Washington: A bill (H.R. 8600) to provide for the construction of a post-office and Federal building at Vancouver, Wash.; to the Committee on Public Buildings and Grounds.

By Mr. CONDON: A bill (H.R. 8601) authorizing the establishment of a national cemetery in the State of Rhode Island; to the Committee on Military Affairs.

By Mr. DARDEN: A bill (H.R. 8602) to authorize alterations and repairs to certain naval vessels; to the Committee on Naval Affairs.

By Mr. GREENWOOD: A bill (H.R. 8603) authorizing Sullivan County, Ind., to construct, maintain, and operate a public toll bridge across the Wabash River at a point in said county to a point opposite on the Illinois shore; to the Committee on Interstate and Foreign Commerce.

By Mr. BEITER: A bill (H.R. 8604) to provide for the establishment of a system of unemployment insurance, and for other purposes; to the Committee on Labor.

By Mr. ARENS: Joint Resolution (H.J.Res. 294) to instruct the Federal Trade Commission to investigate the manufacture, sale, and distribution of agricultural implements and machinery and report its findings to Congress; to the Committee on Interstate and Foreign Commerce.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, memorializing Congress to provide funds of the Federal Government to supplement the appropriations of the State of New York for the proper river regulation and flood control of the Mohawk River and its various tributaries; to the Committee on Flood Control.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CONNERY: A bill (H.R. 8605) for the relief of William John Joseph Sullivan; to the Committee on Naval Affairs.

Also, a bill (H.R. 8606) for the relief of Frederick Edward Reynolds (deceased); to the Committee on Naval Affairs.

By Mr. DARDEN: A bill (H.R. 8607) for the relief of Hudson Bros., of Norfolk, Va.; to the Committee on Claims.

By Mr. DISNEY: A bill (H.R. 8608) for the relief of Jim German; to the Committee on Military Affairs.

Also, a bill (H.R. 8609) for the relief of Thomas F. Harvey; to the Committee on Military Affairs.

By Mr. ELLENBOGEN: A bill (H.R. 8610) granting a pension to Nellie Kunkel; to the Committee on Pensions.

By Mr. LAMNECK: A bill (H.R. 8611) for the relief of Frederick Glad Corcoran; to the Committee on Naval Affairs.

By Mr. McLEOD: A bill (H.R. 8612) to refund to the estate of Clinton G. Edgar income tax erroneously or illegally collected; to the Committee on Claims.

By Mr. MARTIN of Oregon: A bill (H.R. 8613) granting a pension to Myrtle J. Buzan; to the Committee on Pensions.

By Mr. PEYSER: A bill (H.R. 8614) for the relief of Alice F. Martin, widow, and two minor children; to the Committee on Military Affairs.

By Mr. REID of Illinois: A bill (H.R. 8615) granting a pension to Marie Orlomowski; to the Committee on Pensions.

By Mr. SMITH of Virginia: A bill (H.R. 8616) for the relief of Lawrence A. Jett; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2922. By Mr. AYRES of Kansas: Petitions of citizens of Wichita and Belle Plaine, Kans., protesting against the passage of Senate bill 2000; to the Committee on Interstate and Foreign Commerce.

2923. By Mr. BEITER: Petition of the Buffalo Chamber of Commerce, Buffalo, N.Y., opposing certain provisions of Senate bill 2693 providing for the regulation of national securities; to the Committee on Interstate and Foreign Commerce.

2924. Also, petition of the Assembly and Senate of the State of New York, urging that the Congress of the United States provide funds to supplement appropriations of the State of New York for the proper river regulation and flood control of waterways; to the Committee on Flood Control.

2925. By Mr. BOYLAN: Resolution adopted by the Senate of the State of New York, petitioning Congress to provide funds of the Federal Government to supplement the appropriations of the State of New York for the proper river regulation and flood control of the waterways of the Mohawk River and its various tributaries in the area of the Hudson River Valley, etc.; to the Committee on Rivers and Harbors.

2926. By Mr. COLLINS of California: Petition of David E. Gobar, Jess L. Huff, and 29 other residents of San Bernardino County, Calif., urging restoration of pension benefits to veterans of the Spanish-American War and their dependents; to the Committee on Pensions.

2927. By Mr. CONDON: Resolution of the General Assembly of the State of Rhode Island, requesting the establishment of a national cemetery in Rhode Island; to the Committee on Military Affairs.

2928. By Mr. CONNERY: Resolutions of the City Council, Revere, Mass., endorsing pending legislation before Congress, having for its purpose the furtherance of legislation amplifying the powers of the Home Owners' Loan Board, so as to permit the loaning of money to home owners for the modernization and repair of present existing dwelling houses in need of the same; to the Committee on Banking and Currency.

2929. Also, resolutions of the General Court of Massachusetts, memorializing the President and the Congress of the United States relative to increasing the existing immigration quotas so as to enable persecuted Jewish people in Germany to enter the United States; to the Committee on Immigration and Naturalization.

2930. By Mr. CULKIN: Petition of George E. Mount and sundry other citizens of Central Square, N.Y., protesting against the enactment of the Vinson-Trammell naval bill; to the Committee on Naval Affairs.

2931. Also, memorial of the Legislature of the State of New York, asking that Congress provide funds to supplement the appropriations of the State of New York for the proper river regulation and flood control of waterways within that State; to the Committee on Rivers and Harbors.

2932. By Mr. CULLEN: Petition of the Senate and Assembly of the State of New York, urging Congress to provide funds of the Federal Government to supplement the appropriations of the State of New York for the proper river regulation and flood control in the region of the Mohawk River and its various tributaries and in the area of the Hudson River Valley north of the Federal lock at Troy, N.Y.; to the Committee on Flood Control.

2933. By Mr. FORD: Resolution by City Council of Los Angeles, petitioning the Federal Government to transfer its official designation of an air-mail aviation field for the city of Los Angeles to the Los Angeles Municipal Airport, together with other Federal aviation services pertaining thereto, for permanent location; to the Committee on the Post Office and Post Roads.

2934. Also, resolution of Los Angeles section, American Society of Civil Engineers, protesting against the elimination from the Budget of the Department of Agriculture of provisions for the research work carried on by the Division of Irrigation of the Bureau of Agricultural Engineering of the Department of Agriculture; to the Committee on Agriculture.

2935. Also, resolution of Grand Parlor Native Sons of the Golden West, urging adoption of bill to provide free transportation of Filipinos from the United States to the Philippine Islands in United States Government transports, with a stipulation therein to provide that those so returned shall not be permitted to return to the United States; to the Committee on Insular Affairs.

2936. Also, resolution of Los Angeles section, American Society of Civil Engineers, protesting against the insufficient amount provided for Federal-State cooperation under the Geological Survey for stream gaging and topographic mapping; to the Committee on Mines and Mining.

2937. Also, resolution by City Counsel of Los Angeles, petitioning Secretary of the Navy Swanson to retain all present and contemplated Coast Guard facilities at Los Angeles Harbor; to the Committee on Naval Affairs.

2938. By Mr. GOODWIN: Resolution in the nature of a memorial of the New York State Senate, Albany, N.Y. (if the Assembly concur), that the Congress of the United States be, and it is hereby, respectfully memorialized to provide funds of the Federal Government to supplement the appropriation of the State of New York for the proper river regulation and flood control of the waterways as aforesaid and enact the necessary legislation in carrying into effect such work; to the Committee on Flood Control.

2939. By Mr. HAINES: Resolution from Upton-Welsh Run Woman's Christian Temperance Union, Franklin County, Pa., endorsing House bill 6097 for the Federal supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

2940. By Mr. JAMES: Petition of Hon. J. E. Clements, county clerk, and Harvey W. Raymond, deputy county clerk, of Baraga County, Mich., for board of supervisors, favoring House bill 7598; to the Committee on Labor.

2941. By Mr. KVALE: Petition of citizens of Marshall, Minn., urging passage of the Frazier bill and bill for payment of soldiers' bonus; to the Committee on Ways and Means.

2942. Also, petition of members of the Unemployed Veterans' Home, Minneapolis, Minn., urging enactment of the bonus bill; to the Committee on Ways and Means.

2943. By Mr. LAMBERTSON: Resolution of Local No. 304, I.B.E.W., of Topeka, Kans., urging passage of House bill 7986; to the Committee on Merchant Marine, Radio, and Fisheries.

2944. By Mr. LINDSAY: Petition of the Senate of the State of New York, Albany, for funds to supplement the appropriations of the State of New York for proper river regulation and flood control; to the Committee on Flood Control.

2945. Also, petition of the New York Post Office Clerks' Association, Inc., New York City, opposing payless furloughs; to the Committee on the Post Office and Post Roads.

2946. Also, petition of the E. W. Rose Co., Cleveland, Ohio, opposing the Sirovich and Copeland bills; to the Committee on Interstate and Foreign Commerce.

2947. By Mr. MILLARD (by request): Petition signed by members of the James Daley Post, Veterans of Foreign Wars, Hastings-on-Hudson, N.Y., urging immediate payment of the bonus; to the Committee on Ways and Means.

2948. Also (by request), petition signed by residents of the town of Rye, N.Y., opposing the passage of House bill 5812; to the Committee on the District of Columbia.

2949. By Mr. RICH: Petition of ministers of denominational churches and other religious organizations of Williamsport, Pa., favoring peace; to the Committee on Foreign Affairs.

2950. Also, petition of the Women's Foreign Missionary Society of the Methodist Episcopal Church, the Woman's Christian Temperance Union, and the Free Methodist Church, all of Duke Center, Pa., favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

2951. By Mr. RUDD: Petition of the E. W. Rose Co., Cleveland, Ohio, opposing the passage of the Sirovich-Copeland bills; to the Committee on Interstate and Foreign Commerce.

2952. Also, memorial of the Legislature of the State of New York, favoring additional appropriation to supplement the appropriations of the State of New York for the proper river regulation and flood control of the waterways; to the Committee on Flood Control.

2953. By Mr. SNELL: Memorial of the Senate and Assembly of New York State, memorializing Congress to provide funds of the Federal Government to supplement the appropriations of the State of New York for the proper river regulation and flood control of the waterways as aforesaid, and enact the necessary legislation in carrying into effect such work; to the Committee on Flood Control.

2954. By Mr. SWICK: Petition of Beaver County, Pa., Woman's Christian Temperance Union, Mrs. M. J. Patterson, 439 College Avenue, president, and Mrs. Fisher Addis, 715 Eleventh Street, Beaver Falls, Pa., secretary, urging early hearings and favorable action on House bill 6097 providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2955. By Mr. WOODRUFF: Petitions from Disabled American Veterans of World War, urging restoration of all pre-Economy Act pension benefits to veterans with service-connected disabilities; to the Committee on World War Veterans' Legislation.

2956. Also, petitions from the Watch Tower Bible and Tract Society, regarding freedom of broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

2957. By the SPEAKER: Petition of the city of Cleveland, Ohio, proposing a plan for paying off depositors in closed banks; to the Committee on Banking and Currency.

SENATE

TUESDAY, MARCH 13, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a letter from the Assistant to the Secretary of Labor, transmitting, pursuant to law, a list of papers on the files of the Department which are not needed in the conduct of business and have no historical interest, and asking for action looking toward their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. WALSH and Mr. BORAH the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a petition of sundry citizens of Roxbury, Mass., praying that the United States be kept free from foreign entanglements, which was referred to the Committee on Foreign Relations.

Mr. ROBINSON of Arkansas presented a letter from Walter Parker, of New Orleans, La., relative to stock-exchange regulation legislation, which was referred to the Committee on Banking and Currency.

REPORTS OF COMMITTEES

Mr. GOLDSBOROUGH, from the Committee on Banking and Currency, to which was referred the bill (S. 2966) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland, reported it without amendment and submitted a report (No. 467) thereon.

Mr. COPELAND, from the Committee on Appropriations, to which was referred the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes, reported it with amendments and submitted a report (No. 469) thereon.

SALE AND DISTRIBUTION OF DAIRY PRODUCTS IN THE DISTRICT

Mr. KING, from the Committee on the District of Columbia, submitted a report, pursuant to Senate Resolution 76, providing for an investigation of conditions respecting the sale and distribution of dairy products in the District of Columbia, which was ordered to be printed as Report No. 468.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBINSON of Arkansas:

A bill (S. 3044) granting a pension to Eleanora Emma Bliss; to the Committee on Pensions.

By Mr. DAVIS:

A bill (S. 3045) to provide for needy blind persons of the District of Columbia; to the Committee on the District of Columbia.

By Mr. NEELY:

A bill (S. 3046) creating the Sistersville Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, hold, and operate a highway bridge across the Ohio River at or near Sistersville, W.Va.; to the Committee on Commerce.

By Mr. COOLIDGE:

A bill (S. 3047) to carry out the findings of the Court of Claims in the case of George Lawley & Son Corporation, of Boston, Mass.; to the Committee on Claims.

By Mr. BORAH:

A bill (S. 3048) granting a pension to James N. Davis (with accompanying papers); to the Committee on Pensions.

ENACTMENT OF A LAW

Mr. HAYDEN. Mr. President, I present and ask to have referred to the Committee on Printing, with a view to having it printed as a document, a pamphlet prepared in the office of the Secretary of the Senate entitled "Enactment of a Law—Legislative Procedure on a Senate Bill."

The VICE PRESIDENT. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On March 10, 1934:

S. 1115. An act to authorize the Department of Agriculture to issue a duplicate check in favor of Department of Forests and Waters, Commonwealth of Pennsylvania, the original check having been lost;

S. 2277. An act to establish fish and game sanctuaries in the national forests; and

S. 2529. An act to promote the conservation of wild life, fish, and game, and for other purposes.

On March 12, 1934:

S. 1083. An act authorizing adjustment of the claim of the Potomac Electric Power Co. of Washington, D.C.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House has passed a bill (H.R. 1) to provide for controlled expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes, and it was signed by the Vice President.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. ROBINSON of Arkansas. I move that, as in open executive session, the Senate proceed to the consideration of the Great Lakes-St. Lawrence Deep Waterway Treaty.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate, as in Committee of the Whole and in open executive session, resumed the consideration of Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Robinson, Ind.
Ashurst	Dickinson	La Follette	Russell
Austin	Dieterich	Lewis	Schall
Bailey	Dill	Logan	Sheppard
Bankhead	Duffy	Lonergan	Shipstead
Barbour	Erickson	Long	Smith
Barkley	Fess	McAdoo	Steiwer
Black	Fletcher	McCarran	Stephens
Bone	Frazier	McGill	Thomas, Okla.
Borah	George	McKellar	Thomas, Utah
Bulkley	Gibson	McNary	Thompson
Byrd	Glass	Metcalf	Townsend
Byrnes	Goldsborough	Neely	Trammell
Capper	Gore	Norris	Tydings
Caraway	Hale	Nye	Vandenberg
Carey	Harrison	O'Mahoney	Van Nuys
Clark	Hastings	Overton	Wagner
Connally	Hatch	Patterson	Walcott
Coolidge	Hatfield	Pittman	Walsh
Copeland	Hayden	Pope	Wheeler
Costigan	Johnson	Reed	White
Couzens	Kean	Reynolds	
Cutting	Keyes	Robinson, Ark.	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Tennessee [Mr. BACHMAN], the Senator from New Hampshire [Mr. BROWN], and the Senator from South Dakota [Mr. BULOW] are necessarily detained from the Senate, and that the Senator from Iowa [Mr. MURPHY] is absent because of a severe cold.

Mr. FESS. I wish to announce that the Senator from Rhode Island [Mr. HEBERT] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent from the Senate.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

Mr. CLARK. Mr. President, I have talked so much inside of this Chamber and outside, in my own time and in that of other Senators on the subject of the St. Lawrence Treaty that I have some hesitation in detaining the Senate at this late hour in the debate. Nevertheless, I shall hope, in my brief remarks on the St. Lawrence Treaty today, to lay some of the ghosts which have been evolved from the inner consciousness of the proponents of the treaty as explanations or charges as to the course pursued by those of us who oppose that pact. These bugaboos, I cannot assert too strongly, are mere straw men set up for the purpose of being knocked down. On one hand we are assured that all opposition must have its origin in the most narrow-minded nationalism, in inveterate Anglophobia, in the blindest hatred for Canada. By others it is announced that the opponents of this surrender of American rights must wear the livery of the House of Morgan and be under the domination of that big bad wolf of Wall Street, the Power Trust. The distinguished Senator from Nevada [Mr. PITTMAN] solemnly assured the Senate that the opposition takes its source from the nefarious railroads.

It is difficult to determine, Mr. President, which of these assertions is the most preposterous and the most calculated to mislead. Their employment and the presistent resort to the artifice of continual discussion of a general St. Lawrence seaway project rather than a frank exposition of

the specific details of this particular treaty fully reveal the desperation of the proponents of this treaty and the weakness of their position.

Certainly, Mr. President, opposition to this treaty involves no animosity whatever toward our Canadian neighbors. They are our best customers and we are theirs. They speak our language and we speak theirs. But for the courage and heroism of the unknown British gunner who, at the storming of Quebec during the Revolutionary War, fired the fatal gun which killed General Montgomery, wounded Col. Benedict Arnold, and routed the victorious American column, Canada would almost certainly have been a part of the United States at the close of the Revolution. Many years later Canada would in all probability have drifted into the Union had not our own stupid and selfish policy in enacting high tariff barriers between the two countries forced Canada to develop her own resources, her own industrial system, and fostered her national pride until she now looms as our greatest commercial rival for the future.

For 12 decades we have dwelt in entire peace and amity with our neighbor to the north. Our treaty for disarming the international boundary is the only permanently successful arrangement for disarmament in the history of the world. In the World War Canadian boys and American boys fought shoulder to shoulder, bled in the same cause, and died side by side in the greatest carnage in history, and they came out of the struggle with the greatest possible respect and admiration for each other.

So there is absolutely no reason why those of us who are opposing the ratification of the treaty should feel anything of prejudice or rancor toward the stalwart people of the North. Indeed, Mr. President, for myself I must confess an honest, even if very mournful and somewhat envious, admiration for the mastery of diplomacy and dominance in negotiation which enabled their representatives to achieve so complete and amazing victory over our own. I can well understand the acclaim of press and public in Canada which has greeted their triumph. Would that the United States had been represented by negotiators of equal ability and pertinacity.

Mr. President, I stated to the Senator from Nevada during the course of his very able speech opening this debate that multitudes of the American people have favored the general principle of the development of the St. Lawrence seaway who are nevertheless bitterly opposed to the pending treaty. The distinguished Chairman of the Committee on Foreign Relations cannot make the American people believe that men who have spent years of service in devotion to the cause of the development of a great national system of waterways for cheap water transportation are actuated by a desire to serve the railroads when they oppose this treaty.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Louisiana?

Mr. CLARK. I yield.

Mr. LONG. I think, in fairness to the Chairman of the Committee on Foreign Relations, it ought to be stated that he was not in a position to have anything to do with the negotiation of this treaty, but that it was thrown in his lap and he had to make the best of it.

Mr. PITTMAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Nevada?

Mr. CLARK. I yield.

Mr. PITTMAN. Apologizing for the interruption of the Senator from Louisiana and my necessary response to his suggestion, I wish to say that it is very kind and generous of the distinguished Senator from Louisiana to undertake to defend the Senator from Nevada. I hope at some time I may be moved to defend the Senator from Louisiana.

Mr. LONG. I thank the Senator.

Mr. CLARK. Mr. President, even the eloquence and prestige of the Senator from Nevada, Chairman of the Foreign Relations Committee, cannot give verisimilitude to the proposition that organizations like the Mississippi Valley Association and the Atlantic Deeper Waterway Association are seeking to hamstring the cause of water transportation in the interest of the railroads.

Similarly, Mr. President, even the Senator from Wisconsin, for whom I entertain the deepest affection and respect, cannot impart plausibility to the inference that men who throughout their political careers have vigorously and devotedly opposed Wall Street and its influences, who have struggled to prevent the exploitation of great natural resources by selfish interests, who in the present Congress have voted for the Securities Act and the Muscle Shoals bill, have been suddenly seduced to oppose a great waterway project because its incidental and subordinate purpose is to produce some 5,000,000 horsepower of electrical energy, of which Canada gets 4,000,000 and the United States 1,000,000.

Nor could anything be further from the truth than the suggestion that opposition to the pending treaty implies lack of respect for the views and opinions of the President of the United States, or lack of appreciation of his broad grasp of great national projects and his noble conception of the utilization of the great natural resources of the Nation in the interest of the whole people.

It has been my privilege in the last year to confer with the President as to various waterway projects in which the Mississippi Valley is interested. I have been deeply impressed on each occasion with his deep sympathy, his wide knowledge, and his power of decision in forwarding these matters. As a representative of a great State, of which the Mississippi River forms the entire eastern boundary and of which the Missouri River forms a third of the western boundary and which is traversed across its entire width by the Missouri River, I gratefully acknowledge the sympathetic consideration and the essential actual aid which the President has given to our problems since his entrance into the White House.

In approaching the present treaty it is perfectly obvious that the President has given primary consideration to the development of power in the International Rapids section, and has been actuated largely in his support of the treaty by his humanitarian desire to afford cheap electrical energy to the people of New York and adjacent States in accordance with the great plans which resulted in the organization of the New York Power Authority during his incumbency of the office of Governor of New York. We of the Mississippi Valley who oppose the treaty see in the absolute limitation put upon the diversion of water from Lake Michigan for all time a curtailment on the future development of the Lakes-to-the-Gulf project, and the making of the inland empire of the Mississippi Valley a landlocked and commercially impotent domain.

To some of the advocates of this treaty the advantages of the development of electrical power outweigh the disadvantages of the tremendous concessions made by the United States in the treaty. To us nothing can compensate for the calamity of shutting off the vast resources of our great valley in perpetuity from deep water. We see in the proposed treaty a menace to the necessary development of the system of Mississippi Valley waterways. In such a situation, Mr. President, there need not be, and should not be, any impugning of motives in a consideration of the issues to be determined. For my part, Mr. President, I may say that if I were in the President's position, and believed as he believes, I would do as he is doing in this matter. On the other hand, I have such confidence in his tolerance of view and his devotion to duty that I have every confidence that if he were in my position, and believed as I believe, he would do precisely what I and the other Senators who share my views propose doing in regard to the pending treaty.

Nothing could be more distasteful to me as a United States Senator than to be placed in the position of seeming to take a narrow or sectional view of any great proposed public improvement. These projects should be viewed from the broadest national standpoint and in the light of the principle that it is to the advantage of the whole United States to have benefit come to any section of it. In conformity with this principle we of the Mississippi Valley have cheer-



fully supported with our votes and with our taxes projects of every kind. We have supported the spending of millions by the score for the reclamation of arid lands in the West. We supported the colossal expenditures for the greatest engineering undertaking in all history—the Panama Canal. We have cheerfully seen our money poured out like water for the improvement of the harbors of the Atlantic and Pacific seaboards. We have acquiesced in the expenditure of more than a hundred and fifty millions of dollars for the improvement of the channels and harbors of the Great Lakes system. We supported the Muscle Shoals and Boulder Dam projects, and we have expected and demanded that the development of the great system of the Mississippi and its tributaries to give access to deep water to the immense agricultural and industrial empire of the Mississippi Valley should likewise be treated as a great national project.

But when we are asked, as we are now being requested in the matter of the St. Lawrence Treaty, to vote not only for the supposed benefit of another section and another nation but are also asked in the ratification of the same document to bind ourselves irrevocably and forever to the permanent isolation and penning in of most of the Mississippi Valley, then it is time that the Representatives and Senators from these States, and in a much larger sense the people of these States themselves, should awake and gird for defense.

The senior Senator from New York [Mr. COPELAND] has said that the pending St. Lawrence Treaty should be entitled "a treaty for the purpose of making Montreal the greatest port on the North American Continent." I am inclined to agree with that characterization. But the treaty should have additional titles if its true purposes were to be disclosed. It should also be entitled "a treaty to relieve the depression in Canada by the granting of an American subsidy of many millions of dollars, possibly running well into the hundreds of millions, of American taxpayers' money for the employment of Canadian labor and the purchase of Canadian material." More important still, and more calamitous in its import than either of these, it should be entitled, "a treaty for the permanent isolation and economic strangulation of the Mississippi Valley by the surrender of American rights in the internationalization of Lake Michigan, a lake lying wholly within the boundaries of the United States, and complete ownership and title to which has been asserted and maintained by the United States from time immemorial."

The construction of the Panama Canal, romantic and staggering engineering project that it was, has been a tremendous economic hardship to the Mississippi Valley. It has given so great a transportation advantage to the States of the Atlantic and Pacific coasts as against the inland States as almost to place an absolute bar in the path of our industrial development. For example, my father-in-law in his lifetime manufactured cream separators and gasoline engines at Waterloo, Iowa. Well located in the central West, with the highest type of intelligent labor constantly coming in from the farm, this town had been built from a village to a city by a few plants employing local labor from the surrounding territory. But with the construction of the Panama Canal, my father-in-law discovered that when he sold a bill of goods upon the Pacific coast, he could ship by rail to Baltimore, there place them upon a ship for transportation through the Panama Canal, and thereby save nearly a third of the freight. The mere statement of this fact is sufficient to disclose the terrific burden and handicap which has thus been imposed upon the Mississippi Valley States in their competition with the States of the seaboard; and figures and events have proved the truth of this conclusion.

The new congressional reapportionment act graphically shows the situation with all its tragic importance for the great valley. Through the decision of the Congress to maintain the House of Representatives at its present membership a larger ratio was necessarily adopted, making necessary a redistribution of Congressmen to take care of the increase of population since the last previous reapportionment. The valley States lost 17 Members of the House through this process, while a similar increase went to the coast, Lake and Gulf States with access to adequate water transportation. Industry after industry has left the Central West to move to locations affording better opportunities for water transportation. Industrial population has followed the movement of industry. Factories can move, and factory employees can follow the factories; but farms remain where God has placed them, and our farms of the Mississippi Valley must still compete in the markets of the world with the agricultural products of other sections and other nations. Whatever may be the movement of industry, our great inland empire must still have desperate need for adequate transportation facilities in our competition with the world. It is obvious and inescapable that unless the inland-waterway system of the Mississippi Valley is adequately developed the construction of the Panama Canal will prove to have been to the Mississippi Valley the greatest calamity that ever befell any large section of the habitable globe.

Mr. LONG. Mr. President, will the Senator yield right there?

The PRESIDING OFFICER (Mr. MCCARRAN in the chair). Does the Senator from Missouri yield to the Senator from Louisiana?

Mr. CLARK. I yield to the Senator.

Mr. LONG. In line with what the Senator is saying, we have gone down to the South, and developed one waterway which has practically ruined the Mississippi Valley. We have now gone up to the North to develop another waterway. The first thing we ought to have done, before we ever thought about developing these others, was to have taken care of the Missouri River, the Ohio River, the Mississippi River, and to have provided those waterways for the internal development of this country.

If the present treaty, which is calculated to do more harm to the Mississippi Valley than the Panama Canal did, shall go through, it will almost make a desert of commerce, as I see it, in the Mississippi Valley territory, and these States will defeat the very thing they have been trying to do. They will accentuate the disparity and the impossibility of carrying on business on the southern border and up the valley of the Ohio and of the Missouri clear up to Montana and all down the valley of the Mississippi.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Nevada?

Mr. CLARK. I do.

Mr. PITTMAN. I shall take only a second.

There is so much I agree with in what the Senator from Missouri is saying that I feel like endorsing it. There is not any doubt that his statement is correct that the building of the Panama Canal, by improving and shortening the water route from the Atlantic to the Pacific Oceans, worked a disadvantage to the interior sections of the country, by reason of the fact that water rates are so much cheaper than rail rates that those who are isolated from water rates must suffer.

My answer to that is that we have built the Panama Canal; I am very strongly in favor of that Canal, and was in favor of it at the time of its construction, because of its affording low transportation costs.

Mr. CLARK. I agree with the Senator; I think the Panama Canal should have been constructed.

Mr. PITTMAN. The answer, so far as the Mississippi Valley is concerned, is to take the Mississippi Valley as close to the same sea as it can be taken.

Mr. CLARK. I am in entire agreement with the Senator on that proposition.

Mr. PITTMAN. Therefore, I have always been in favor of making the Mississippi River and its tributaries as navigable as possible, to as great an extent as possible, and I think exactly the same principle applies to the St. Lawrence River.

Mr. CLARK. I agree entirely with the Senator from Nevada. I may say that my objection to this treaty has

always been based on what I see as a limitation in the future on the proper development of the Lakes-to-the-Gulf waterway.

Mr. PITTMAN. We know that there have been spent on the Mississippi River, largely, I admit, for flood control, many hundreds of millions of dollars, and now there is a project provided for on the Mississippi River and its tributaries contemplating an expenditure of $303,000,000. I am glad of it. I want to see that river made as navigable as possible to the greatest extent possible. On the other hand, the area of country back of the Great Lakes, extending to Montana and Utah, has been affected by the Panama Canal in just exactly the same way as has the Mississippi Valley. My State has been affected by it, but I am unfortunately in no position to remedy that condition.

The country immediately back of the Great Lakes, however, is isolated, just the same as Mississippi is isolated. That territory will be relieved by the navigation on the Mississippi River and that section back of the Great Lakes should be relieved by providing for as high a degree of navigation on the Great Lakes as possible.

Mr. CLARK. Mr. President, the Senator will see in the course of my remarks that I am not opposing the development of the St. Lawrence Seaway as a project. I am opposing the provisions of this particular treaty, because the treaty involves a limitation on diversion for the purposes of the Lakes-to-the-Gulf project, and I also object to the provision in the treaty which I consider a subsidy to Canadian labor and materials.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Illinois?

Mr. CLARK. I yield.

Mr. LEWIS. I think it proper to interpolate at this moment, in the colloquy between the able Chairman of the Committee on Foreign Relations [Mr. PITTMAN], the eminent Senator from Missouri [Mr. CLARK], and my able friend from Louisiana [Mr. LONG], as to the Panama Canal, to call attention to the fixed fact that the Panama Canal was never cut as a commercial undertaking; it was cut as a means of national defense, to be carried on and to be borne as a method and means of obtaining the ships from the Atlantic to the Pacific, our war vessels, when the necessity should arise. We were given evidence just before the war broke out, when Japan protested because of certain treaties, and there came from the State of my eminent friend the chairman of the committee, the Senator from Nevada [Mr. PITTMAN], and the distinguished Senator now presiding [Mr. MCCARRAN], both the States of Nevada and California, objections respecting the Japanese and the possession of land by them.

There was the ship which came from the Pacific coast by the way of the cape, round to Cuba, and the Atlantic coast, whose voyage took such a length of time that it was very apparent that in the event of a conflict great danger threatened the United States. The then President of the United States, Theodore Roosevelt, and the sentiment of America built the Panama Canal, that we might have an immediate short route from coast to coast for the national defense of the United States.

I thank the Senator for yielding to me.

Mr. CLARK. Mr. President, it is now seriously proposed in the highest quarters to add to the catastrophe in two most important particulars: (1) By affording to other sections of the United States and to Canada, in active competition with our industries and agricultural interests, immediate and cheap access to the sea, and (2) by forever closing the door on the development of our inland waterway system to lock us in permanently by preventing either our use of the new proposed seaway or the completion of the great national project for affording the Middle West access to the Gulf. Both these results inevitably flow from the limitation of 1,500 second-feet on diversion of water from Lake Michigan contained in article VIII of the pending treaty. This treaty strikes at the very vitals of the economic existence and well-being of the greater portion of the Mississippi Valley.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. CLARK. I yield.

Mr. LONG. I wish to call the Senator's attention to a point which escaped me when I was previously on my feet. The program of the Mississippi waterway development is so much more ambitious than any such thing as a 9-foot channel, and it is so much more possible of successful attainment, that I am sure the Senators who are supporting this treaty have never taken it into consideration. We do not know how far, with proper use of our water facilities, we may be able to take ocean liners.

Mr. CLARK. I do not think any man can estimate at this time the possible developments of the future, the possible development of engineering science, or estimate at this time what the requirements of the Lakes-to-the-Gulf project, or any other waterway project in this country—it may be 25 years from now, 50 years from now, or a hundred years from now.

If we were to consider, for the purpose of the argument, that 1,500 second-feet diversion at Chicago is at this time sufficient for a commercially successful Lakes-to-the-Gulf project, it by no means follows that it would be adequate for the interest of the country 10 years from now, or 25 years from now, or a hundred years from now.

At the time DeWitt Clinton conceived and constructed the Erie Canal, the greatest engineering project in history up to that time, it was believed on all sides that that canal would be adequate for all possible purposes for all time in the future; but the canal had not been constructed more than 35 or 40 years before its facilities proved entirely inadequate, and it has been deepened and deepened and deepened from time to time ever since.

Mr. LONG. In connection with that suggestion, if the Senator will permit, ocean liners, steamships, are now carried from the jetties on up to Baton Rouge, La. They go that far now. In other words, Baton Rouge is a seaport. It is some hundred miles up the Mississippi River. It is generally estimated that it would not be much of a task to deepen that river, with the proper use of our waterways and some straightening that should be done, to such an extent that those steamers could go up to Vicksburg. Others have said they could go to Cairo. It is not impossible that this river can be made an ocean thoroughfare clear up the entire waterway, with the proper use of our engineering facilities and the water. But we are bottling America just at a time of waterway development. We start in by locking the back gate against the United States, with all the possibilities of engineering and the use of water, and the impounding of these waters, so that we could have an all-year-round ship canal. We start in by locking the gate, saying to America, "You are limited. You are the only country that is limited. You have a limit. You can go only so far." Only ratify this treaty and thus make it irrevocable.

Mr. CLARK. Mr. President, I desire to make it perfectly clear that there has been very wide-spread misapprehension and misrepresentation as to the provisions of this treaty. For several years a lobby has been maintained in Washington with propaganda agencies throughout the country, the like of which has possibly never been seen in the country before. This lobby, headed by a man named Craig, has collected and expended literally hundreds of thousands of dollars, something in excess of half a million dollars, in the dissemination of propaganda throughout this country.

The other day the Senator from Michigan [Mr. VANDENBERG] entered into a lengthy explanation to show that none of the funds of this Craig lobby had been received from Canadian power interests. As far as I am concerned, I never charged that the funds were received from Canadian power interests, and it does not make any difference from whom the funds were received; a half a million dollars' worth of propaganda and misrepresentation is a half a million dollars' worth of propaganda, no matter where the funds come from.

Mr. PITTMAN. Mr. President, will the Senator yield to me?

Mr. CLARK. I yield.

Mr. PITTMAN. So that it may be known, the Senator from Michigan the other day disclosed very clearly where the money came from.

Mr. CLARK. There is no question about that.

Mr. PITTMAN. It was an appropriation by the land-locked States of the country, which are suffering as the Senator says the Mississippi Valley is suffering.

Mr. CLARK. Of course, that is perfectly true; and that is the most insidious thing this lobby has done through its propaganda. They even induced the State of Illinois and the Chicago Chamber of Commerce to contribute to their fund in the interest of a St. Lawrence Seaway, the general project, which we all favor. Then the State of Illinois and the Chicago Chamber of Commerce woke up and found that the funds they had contributed were actually being used for the dissemination of propaganda in favor of this particular treaty, as against the general project of a St. Lawrence Seaway, and the State of Illinois and the Chicago Chamber of Commerce very properly at that time cut off their contribution and denounced the efforts of the Craig organization.

Mr. LONG. Mr. President, the bad feature of it is that they did not let the Canadian power interests pay for this, instead of letting these poor people pay for it for the benefit of those interests.

Mr. CLARK. That is the worst feature of the Craig lobby. A deliberate effort has been made to confuse in the popular mind the general project of the St. Lawrence Seaway with the specific provisions of this particular treaty with its gigantic subsidy to Canadian labor and materials at the expense of the American taxpayers and its infamous surrender of American rights by the internationalization of Lake Michigan. The general project has received the commendation of hundreds of organizations and had the general sympathy of almost all believers in the development of water transportation. The pending treaty has the bitter opposition of many of those who were entirely in sympathy with the general seaway idea.

One of the most familiar claims of the Craig lobby is that both great national parties in their 1932 platforms declared for the ratification of this treaty. As a matter of fact, neither party declared for the treaty, and neither could have declared for it because the treaty had not been promulgated at the time of the adoption of the platforms, and no one in either convention gave any indication of knowledge as to the particular provision of this treaty at the time of the adoption of the party platforms. The Republican platform merely declared in broad, general terms in favor of the St. Lawrence Seaway, while the Democratic platform did not even specifically mention the St. Lawrence seaway.

It has been repeatedly and well said that the United States never lost a war or won a conference. While this statement is not, perhaps, accurate in its full entirety, it so nearly expresses the whole truth that it is applicable to the situation. After the War of 1812, when our commissioners met at Ghent to negotiate a peace with the representatives of the British Empire, it appeared that we had suffered defeat in the war. The Battle of New Orleans had not yet been fought. Our Capital City was in the hands of the enemy, and our Capitol Building and the residence of the President were put to the torch by the vandalism of British troops. Yet even in those circumstances the British demand for the surrender of our rights in the Great Lakes was rejected with such heat and scorn that Henry Clay declared our readiness to break off all negotiation and have 4 years more of war.

Our distinguished delegation at that conference, headed by Clay, Gallatin, and Adams, resisted with such effect that the Marquis of Wellesley later declared in Parliament that the British negotiators had been completely outclassed. But the rights which those great men refused to surrender, with our Capital in the hands of the enemy, are now to be docilely yielded over in a time of profound peace with a bonus of an unfixed amount running in hundreds of millions of dollars of American money thrown in for good measure. No wonder that the Canadian Prime Minister was able to make to his people on July 18, 1932, the following proud boast as to the result of the negotiations with the United States:

> The United States will meet the entire cost of these river works. But in respect to river works lying on the Canadian side of the boundary, Canadian workmen and Canadian material alone will be employed. Upon completion all river works on the Canadian side of the international boundary will be owned, maintained, and controlled by Canada. Compatible with the paramount obligation to safeguard our sovereign rights, the treaty insures a minimum of financial outlay by Canada. The estimated cost to the Dominion arising out of new capital expenditures will be less than $40,000,000—very small, compared with the enormous advantages which will accrue to Canada from the completion of the waterway.

I agree 100 percent with that statement of the Canadian Prime Minister.

No wonder the Canadian press and public were able to set up a paean of joy at the Canadian victory. No wonder that that most influential medium of Canadian opinion, the Toronto Mail and Empire, the recognized administration organ in Canada, Mr. President, is able to marvel at the extent and completeness of the Canadian triumph and to shout hosannas in the statement: "Not only this! The United States abandons its ancient contention that Lake Michigan is an 'American Lake.'" Why should not the Mail and Empire be happy in its recognition of the fact, "The cost of the undertaking is to be borne mainly by the United States"? Why should not Canadian statesmen and press rejoice in the fact that under the terms of the treaty Canada gets credit for every farthing expended on the Welland Canal or in any other part of the project and escapes with an obligation of less than $40,000,000, while the United States is given no credit whatever for the more than a hundred and fifty million already expended on the Great Lakes channels and harbors and is let in for obligations in an undetermined amount which certainly will not be less than two hundred and fifty million and may exceed six hundred million.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Louisiana?

Mr. CLARK. I yield.

Mr. LONG. I was just thinking that if it were a sound principle to let Canada deduct what she has spent on her waterway in Canada, would it not be almost as sound for us to deduct some of the expenditures we have made on the proposed waterway?

Mr. CLARK. I see no escape from the proposition, Mr. President, that Canada has been given credit for every penny that she has expended in every portion of the whole project, while the United States has been given no credit for the almost $160,000,000 that we have hitherto expended for the improvement of the Great Lakes channels and harbors.

Mr. LONG. And if we are obliged to make a treaty with Great Britain, Mr. President, as this treaty is made with Great Britain for Canada, I wonder why, if we desired to exercise some liberality, if we wanted to help the British Empire with the canal, we could not remit some of the war debts owing to us. I do not recall the exact number of billions of dollars owing to us by Great Britain, but under such circumstances we might say to them "We will at this time give you some of the war debts which you owe us." I was wondering if it be a question of liberality on our part, why we could not do something of that kind?

Mr. CLARK. If the Senator from Louisiana were able to induce the President to submit such a treaty to the Congress I might conceivably support its ratification.

Mr. President, the essential features of the Canadian triumph may be briefly summarized. Under the terms of article III, the high contracting parties agree to establish and maintain an International Rapids section commission of 10 members, half to be appointed by the Government of the United States and half by the Canadian Government, which shall have authority to construct the works in the International Rapids section—except a few specifically excluded in articles 1 and 2—and these works, wherever located,

are to be constructed by this joint commission out of funds which the United States undertakes to furnish as may be necessary from time to time.

As a matter of fact, Mr. President, many careful readings of the treaty have failed to disclose to me any limitation on the power of this international commission to construct works and call on the United States for funds, even though it might bankrupt the Treasury of the United States.

There is also this significant fact, Mr. President, that the parts of these works paid for by American money located in Canada shall be executed only by Canadian engineers and Canadian labor with Canadian material, and failing this, an equivalent proportion of the total of the works resulting from the expenditure of American money shall be employed for the benefit of Canadian engineers, labor, and material. The negotiators of the treaty graciously concede that the remainder of the cost of the works may be employed by the patient Uncle Sam in the employment of his own materials and the employment of his own taxpayers.

Article III, in order to further protect the interests of Canadian citizens, also makes specific provision that the International Rapids commission shall be responsible for any damage or injury to persons or property resulting from the construction of the works by the commission or from maintenance or operation during the construction period, and this tort liability is, of course, also to be financed through funds furnished by the generous and philanthropic Government of the United States. So that if there is any damage or injury caused to any Canadian citizen by the construction of works in Canada, under the direction of Canadian engineers, employing Canadian labor and material, the generous Government of the United States is to be called on to pay the bill.

Mr. LONG. Mr. President, the Senator from Missouri has found something in the treaty that I did not know was contained in it.

Mr. CLARK. If the Senator will read the treaty he will find that provision contained in article III.

Mr. LONG. It would be a very nice thing, would it not, for every man who claimed water had been diverted adversely to him to have the Canadian board assess the liability and the United States pay for it.

Mr. CLARK. There is no question that such would be the case under the provisions of the treaty.

Article V provides in effect that the works constructed by American money and Canadian labor and materials on the Canadian side of the line shall, as soon as the work is finished and the bill properly paid by the United States, become Canadian property.

Article VI grants either party the right to construct alternative channels within its own territories and to take water from the Great Lakes system for that purpose. This right is of no importance to the United States, but guarantees to Canada the right to take all the water it pleases from Georgian Bay in its long-cherished scheme for an all-Canadian waterway from the Lakes to the sea with a cut-off from Georgian Bay to the Ottawa River and coming into the St. Lawrence just above Montreal. The wonder is that our soft-hearted American negotiators did not obligate us to build this all-Canadian waterway at American expense.

Lake Michigan, Lake Huron, and Georgian Bay are on approximately the same level. Diversion of water from Georgian Bay will have precisely the same effect on lake levels as diversion of water from Lake Michigan at Chicago for the Lakes-to-the-Gulf project. But while article VI of this remarkable treaty guarantees to Canada in perpetuity the right to take all the water she pleases from her Georgian Bay, article VIII forever limits us to the beggarly pittance of 1,500 second-feet to be diverted from our Lake Michigan. Article VIII provides that the diversion at Chicago shall be reduced by December 31, 1938, to the quantity permitted as of that date by the decree of the Supreme Court of the United States of April 21, 1930, which is, of course, 1,500 second-feet, an amount totally inadequate for a commercially successful Lakes-to-the-Gulf project even at the present time and certain to be woefully and pitifully inadequate if that project should develop in the future as contemplated by Congress.

Article VIII then goes on to provide that in case the United States should ever—and I desire to emphasize these words—*in order to meet an emergency*, desire to temporarily divert more water, the matter should be submitted to a joint commission of three, one member to be appointed by each Government and a chairman to be selected by the two Governments. Such commission would have power to grant an increase for such time and on such conditions as it found necessary to meet the emergency, and to fix compensation to our Canadian friends for this use of our own water. But this provision is only to apply in case of emergency. Under all other circumstances, such as a demand for further permanent diversion to meet the permanent requirements of the Lakes-to-the-Gulf waterway, the matter shall be submitted to the International Joint Commission upon which Canada has equal representation and therefore an absolute veto power.

Mr. PITTMAN. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Nevada?

Mr. CLARK. I yield.

Mr. PITTMAN. I call the attention of the Chair and of the Senate to the fact that the unanimous-consent agreement is now in effect, and beginning at 12 o'clock speeches are limited in accordance with the agreement. I thought I should make that statement.

The PRESIDING OFFICER. The Senator from Nevada has stated the agreement correctly.

Mr. CLARK. I am glad that the Senator has reminded us of the agreement.

Mr. LEWIS. Mr. President, with the consent of the able Senator from Missouri, than whom no one is better acquainted with the subject nor can anyone debate it with more completeness than does the distinguished Senator, I invite to his attention, that, as I confessed yesterday in debate and from time to time in discussion my interest in the question approximates generally the interest of Chicago in the matter of the Great Lakes and the need of that community for the diversion of water from time to time for the protection of the health of its people. I invite the attention of my able friend now discussing a phase of the subject very important, to the fact that whereas there is a provision that in case of emergency more water may be had, I ask my eminent friend from Missouri if he will not regard for a moment that it is not provided as to who shall determine the emergency under which we may get extra water for the preservation of the health of the community of Chicago and of Illinois; but it is left open to be decided by Canada. She alone is to decide whether the emergency is sufficient for us even to get consent that the commission appointed determine quantity, whether this extra needed water should be granted.

Mr. CLARK. The Senator's statement is entirely correct.

Mr. OVERTON. Mr. President——

Mr. CLARK. I yield to the Senator from Louisiana.

Mr. OVERTON. On that point the treaty stipulates that in order to have a temporary increased diversion in case of an emergency there will be a commission of 3 members, 1 to be appointed by the Government of the United States, 1 by the Dominion of Canada, the two to select the third. In the event the Dominion of Canada should not wish to agree to this increased diversion, temporary in character and for an emergency, all that the Dominion of Canada would have to do would be not to agree upon a third member, and that would nullify the stipulation.

Mr. CLARK. There can be no question about that.

Mr. OVERTON. And there will be no way to compel Canada to appoint a third member nor to agree upon a third member, and therefore I consider that stipulation of the treaty as a nudum pactum.

Mr. CLARK. Mr. President, perhaps in nothing has the St. Lawrence lobby been more ingenious and more sinister

than in its deliberate cultivation throughout the country of the impression that the limit of 1,500 second-feet fixed by the treaty for diversion at Chicago was the result of a determination by the Supreme Court of the United States that this was the maximum amount which could legally be taken from Lake Michigan for navigation purposes on the Lakes-to-the-Gulf project. As a matter of fact, Mr. President, the Supreme Court decided no such thing. The issue of how much water the United States itself in its sovereign capacity could legally divert for a great national navigation project was not before the court, as is easily and completely demonstrable from the simple and undeniable fact that the decision of the Supreme Court was handed down before Congress had declared the national policy by the adoption of the Lakes-to-the-Gulf project.

The decision of the Supreme Court to which so much reference has been made was in a suit brought by the Lakes States to prevent further diversion of water by the sanitary district of Chicago. Let me say in passing that no stratagem of the St. Lawrence lobby has been more clever and more insidious in confusing the public mind than its effort to create the impression that the interests of the Chicago Sanitary District and of the Lakes-to-the-Gulf waterway are identical, one and inseparable. I cannot say with too much emphasis that most of us who are vitally interested in that great navigation project have absolutely no concern in or identity with the interests of the Chicago Sanitary District. Our only connection with the problem of that district is that our problem, as well as theirs, happens to concern diversion through the Chicago Drainage Canal and the Chicago River. But it is entirely possible, even probable, that an average diversion which would be entirely adequate for the necessities of the sanitary district would be entirely unequal to the requirements of navigation. In other words, the sanitary district, by diverting at a few seasons 10,000 to 12,000 second-feet for a few days at a time might be able to serve its purposes, and then, by cutting down to 300 to 400 second-feet for the rest of the year, stay within the 1,500 second-feet limitation; but the average of 300 to 400 second-feet throughout the rest of the year would be entirely inadequate for the navigation purposes of the Lakes-to-the-Gulf project.

The question of the power of Congress to authorize diversion at Chicago for navigation purposes was not before the Supreme Court in the litigation referred to, and it was so held by the Court. In the first report of Special Master Charles Evans Hughes, now Mr. Chief Justice Hughes, he treated the subject as though it had been submitted to the Court. That great lawyer in his luminous report reached the following conclusions:

> That Congress has power to regulate the diversion; that it is to determine whether and to what extent it should be permitted; that Congress has conferred authority upon the Secretary of War to regulate the diversion; that the permit of March 3, 1925, is valid and effective, according to its terms the entire control of the diversion remaining with Congress; that in the light of these conclusions the bill of the petitioner should be dismissed.

But, Mr. President, at that time Congress had never declared its policy by the authorization of the Lakes-to-the-Gulf waterway project. In view of this fact, the Court had no jurisdiction of this matter, and it referred the matter to Special Master Hughes with instructions to limit his investigation—

> To determine what diversion, if any, of water from Lake Michigan will be necessary for the purpose of maintaining navigation in the Chicago River as a part of the port of Chicago after the sewage-disposal works are in full operation.

This narrowed the case to the consideration of the issues presented in the action against the activities of the sanitary district for sewage disposal. Under these instructions Special Master Hughes therefore excluded all evidence of the amount of diversion necessary to a commercially successful Lakes-to-the-Gulf project, and in his report on rereference he recognized the limitation imposed upon him in these words:

> Under the opinion of this Court in the present suits, the question of the allowance for diversion of water from Lake Michigan in the interest of a waterway to the Mississippi is not deemed to be open for consideration.

He, therefore, in his finding, which was adopted by the Court specifically, excluded the question of the consideration of the amount of water necessary to be diverted from Lake Michigan for a commercially successful Lakes-to-the-Gulf project. But 4 months after the handing down of this decision, Mr. President, Congress did authorize a Lakes-to-the-Gulf project, and the reasoning of the present Chief Justice in his original report became applicable thereto. From that day to this no lawyer of real standing has come forward to controvert the assertion of Mr. Chief Justice Hughes that the matter of diversion for navigation purposes was properly within the control of Congress, and it may now be asserted without fear of successful contradiction that unless there should be a ratification of this treaty giving the force of law to this arbitrary limitation, the whole subject is properly within the control of Congress.

The attempt to create the impression either that the Supreme Court has decided, first, that Congress has not power under existing law to regulate and authorize diversion at Chicago for navigation purposes; or, second, that the Supreme Court has decided that a diversion of 1,500 second-feet at Chicago is adequate for a commercially successful Lakes-to-the-Gulf waterway, as contemplated by Congress in the act of July 3, 1930, is buncombe, pure and undefiled. No such thing has ever been decided by the Court, and its assertion involves a repudiation of the whole theory of the Government in this connection for more than 70 years.

Mr. President, the proposition of the Lakes-to-the-Gulf waterway is no passing fancy. It has been considered by our Government for at least three quarters of a century. Like the Panama Canal, which had been one of the noblest conceptions of mankind for generations before its actual construction, it possesses so many elements of logic, feasibility, and utility that it is a reflection on the daring, ingenious, and practical mixture of our people that it has not been fully consummated long since. Our national resources have been so vast and the opportunities for individual initiative so unlimited that until recent years altogether too little attention has actually been given to the development for the national good of the advantages of transportation bestowed upon us by the Almighty.

Yet a little consideration of the importance of geographical location in the original formation of communities brings us back to the importance of following waterways and utilizing unification of waterways. The Indian knew the value of portages in shortening long and hard journeys. The modern engineer with his genius and his modern facilities can substitute for the back-breaking portage of the Indian a canal, a cut-off, or a diversion of an ancient stream so that we may now have continuous and connected waterways, able not alone to float the canoes of the aborigines but to carry also on their breasts in barges the majestic commerce of the industrial and agricultural activities which have been developed in our inland empire.

That there was in earlier ages a Lakes-to-the-Gulf waterway there can be little geological or engineering question. Even in the early days of our own settlement of America there was in time of flood from Lake Michigan to the Des Plaines River a well-recognized and often-used route from Lake Michigan to the Gulf, fit for the primitive means of water transportation then employed.

Mr. President, how much time have I left?

The PRESIDING OFFICER (at 12 o'clock and 15 minutes p.m.). The Senator from Missouri has 5 minutes remaining on the treaty.

Mr. LONG. Mr. President, let us get this matter straight. We have 20 minutes on the treaty and 20 minutes on each amendment offered, have we not?

The PRESIDING OFFICER. Twenty minutes on the treaty and 10 minutes on each amendment or reservation.

Mr. LONG. Could not the Senator from Missouri take his time on an amendment now pending, or how will that be arranged?

The PRESIDING OFFICER. There is no amendment pending.

Mr. CLARK. Mr. President, the Vice President ruled the other day that amendments or reservations could be offered at any time to be considered as pending. On last Monday I offered four reservations which are now pending, according to the ruling of the Vice President.

The PRESIDING OFFICER. The present occupant of the chair is advised by the parliamentarian that those reservations must be considered after the resolution of ratification has been presented.

Mr. PITTMAN. Mr. President, as I understand, the unanimous-consent agreement provides that no amendment or reservation may be considered unless presented on or before this day, the 13th. The question which arose was as to whether or not the filing of reservations at the desk would make them acceptable as within the time.

Mr. CLARK. The Vice President ruled last week that amendments and reservations could be offered and considered as pending. If that is not done, then the time limit would go into effect and Senators would be precluded from having their amendments or reservations considered as pending. Under the terms of the unanimous-consent agreement it is necessary for more than one reservation to be offered and pending at a time before the going into effect of the time limit on debate.

Mr. LEWIS. Mr. President, I may add that the rule requires that amendments and reservations lie on the table. Under the contention of my eminent friend from Nevada [Mr. PITTMAN], if he makes the contention, the Senator from Missouri would be compelled to produce his amendments which would never go to the table and never lay over for the acquaintance of others who desire to know of them in order to know how to vote upon them. Therefore he could not comply with the rule. It is only under the ruling of the Vice President that he could comply with the rule. The Senator may now announce that he takes up one of his reservations which he has offered and which, under the ruling of the Vice President, is pending.

Mr. PITTMAN. Mr. President, I do not want to raise a point of order. However, there now being no amendments offered, but there being reservations intended to be offered to the resolution of ratification, I ask unanimous consent that the treaty may be reported to the Senate, and that, inasmuch as it is apparent no amendment is to be proposed to the treaty itself, I may be permitted to present at this time the resolution of ratification, to which the committee has reported a reservation, and that we may proceed to consider it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nevada? The Chair hears none, and it is so ordered.

Mr. DIETERICH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIETERICH. Would that mean that committee reservations must be rewritten to conform to the resolution of ratification before they may be considered?

Mr. PITTMAN. No; they may be added to it. They are not rewritten at all.

Mr. DIETERICH. The reservations may be considered then as amendments to the resolution of ratification?

Mr. PITTMAN. Yes. I ask that the resolution of ratification be read at this time, with the committee reservation.

The PRESIDING OFFICER. The clerk will read the resolution of ratification.

The legislative clerk read as follows:

Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty between the United States and Canada, signed at Washington, July 18, 1932, this advice and consent being subject to and conditioned on the agreements, provisions, and interpretations set forth in an exchange of notes between the United States and Canada, dated January 13, 1933, respecting private diversions of water on the St. Lawrence River.

Mr. PITTMAN. Mr. President, I ask unanimous consent that the reservation of the committee itself, touching on the notes, be adopted so the Senator from Missouri may offer his reservation.

Mr. CLARK. I will speak on the committee amendment.

Mr. PITTMAN. The reservation now offered by the committee is before the Senate.

Mr. CLARK. I understand that I have 5 minutes of my original time on the treaty?

The PRESIDING OFFICER. The Senator is correct, and he has 10 minutes on the committee reservation.

Mr. CLARK. Mr. President, there has been much said during this debate about the question of watersheds. Those who most loudly and insistently support this treaty as a great national undertaking immediately begin to beat their breasts and talk of watersheds when any mention is made of a great national project of a Lakes-to-the-Gulf waterway involving diversion of water from Lake Michigan. So far from looking at that matter from a broad national viewpoint, as others are urged to view the St. Lawrence waterway, they fall back on the old doctrine of the private law as to riparian rights and howl of "watersheds." They pay no attention to the doctrine of watersheds at Niagara Falls and approve the allotment of diversion for power purposes there on the basis of physical location regardless of watershed contribution to the flow over the Falls.

A few days ago the Senator from Nevada [Mr. PITTMAN], in opening the debate on this measure unctuously quoted a former President of the United States as favoring this measure, although he later admitted that that particular President had never heard of some of the more controversial provisions of this particular treaty. Nevertheless the distinguished Chairman of the Foreign Relations Committee by implication adopted the theory of that statement as an argument for this project. The outstanding feature of that statement was a citation of the fact that certain European powers were agreeing on a project for connecting the Rhine, the Rhone, and the Danube, so as to make nearly universal water transportation over Europe. No one raised objection to that statement that it involved a diversion from one watershed to another, although it is perfectly obvious that there could be no connection of the Rhine, the Rhone, and the Danube without diversion from one watershed to another.

A few days later my genial friend from Minnesota [Mr. SHIPSTEAD] during an able speech in behalf of this treaty, placed on the rear wall of the Chamber as an argument for this treaty, a large scale map showing the waterways of Europe. Many of these waterways connections, exhibited with such pride, involved diversions of water from one watershed to the other.

It is regarded as a merit in some quarters and advanced as an argument for the pending treaty that there has been connection and diversion from one European watershed to another in a great international waterway; but when it is suggested that the proposed St. Lawrence seaway should be connected with the Mississippi-Missouri-Ohio-Tennessee-Arkansas system of inland waterways, our friends hold up their hands in holy horror and talk of the sanctity of watersheds.

For be it remembered, Mr. President, that those of us who vision a development of the inland waterways of the Nation wish access to deep water not only to the Gulf but to the Lakes and thence to the Atlantic. If a really national system of waterways is to be developed and maintained, the agricultural and industrial products of Montana and the Dakotas, of Iowa and Nebraska, of Kansas and Missouri, should be able to move down the Missouri River to its mouth, and then have the option of moving south to the Gulf or north to Chicago with access to the new seaway. Coal from West Virginia and Kentucky, steel and iron from Pennsylvania, should have the opportunity of moving either north or south from the mouth of the Ohio as commercial opportunity might demand and dictate. With the proper and ultimately inevitable development of the Tennessee and Arkansas Rivers, the facilities of the system would be correspondingly enlarged. By the same token the products of the Lake States would have the opportunity of moving by cheap water

transportation to the Mississippi Valley. At the same time adequate development of the Mississippi above St. Louis should give the States of the upper valley access to all the facilities of the connected system, including both the St. Lawrence seaway and the route to the Gulf, with its added access to the markets of the tributary rivers.

For it has been too little emphasized that the Lakes-to-the-Gulf project is also the Gulf-to-the-Lakes project; it is the Missouri-to-the-Lakes project; it is the Ohio-to-the-Lakes project and an upper Mississippi-to-the-Lakes project.

Such, Mr. President, is my conception of the proper development of a national system of waterways. Such a conception, as a matter of course, is not to be limited to the projects discussed, or to the Lakes and the Mississippi Valley, but necessarily implies the proper development of all the endless possibilities for exploitation of the waterways of the United States.

To return for a moment to the question of diversion between watersheds, let me cite the case of the Erie Canal—a conception as splendid and an achievement as gigantic for its day and time as the later construction of the Panama Canal or the pending project of the St. Lawrence seaway. The Erie Canal was, of course, a diversion of water from one watershed to another.

There is now pending before the Public Works Administration what is known as the "Devils Lake project", involving the expenditure of $30,000,000 in the construction of a great dam and the diversion of waters from the Mississippi-Missouri system into the waters of Hudson Bay. The chief proponent of this plan is my genial friend from North Dakota [Mr. NYE], one of the leaders in the agitation for the St. Lawrence pact. Evidently the Senator from North Dakota sees no vice in diversion from one watershed to another; and from the fact that the President is giving cordial consideration to the project it would seem that he does not consider this objection to the diversion at Chicago as the vital one.

Parenthetically, I may say that I do not know of a single Senator from the Missouri Valley who is opposing the Devils Lake project. I myself believe it to be a meritorious project, and in pursuance of my view that the resources of the United States should be used for the general good I am heartily in favor of it. But if the theory of some of the proponents of this treaty as to the sanctity of watersheds is to be pursued it must follow that all such projects as the Devils Lake diversion must lie in the limbo of forgotten things.

But more than that, Mr. President, the very treaty now under consideration contemplates and authorizes diversions into the St. Lawrence from other watersheds. Indeed, Mr. President, this very treaty recognizes the principle of diversion from one watershed to another. Canada has carefully preserved the right to divert water into the St. Lawrence from outside its own watershed. This is another provision which can be useful only to Canada. Paragraph (d) of article VIII provides:

> That in the event of diversions being made into the Great Lakes system from watersheds lying wholly within the borders of either country, the exclusive rights to the use of waters equivalent in quantity to any waters so diverted shall, notwithstanding the provisions of article IV (a), be vested in the country diverting such waters, and the quantity of water so diverted shall be at all times available to that country for use for power below the point of diversion so long as it constitutes a part of boundary waters.

The explanation of this paragraph in the treaty is very simple, and I can most easily explain it by quoting again from the leading administration paper of Canada, the Toronto Mail and Empire. I quote again from that journal:

> Ogoki Watershed as compensation: Canada gains another victory over the so-called "Ogoki diversion." It has been known for a long time the Ogoki Lake, lying north of Lake Superior and all the waters flowing into it, which now find their outlet in Hudson Bay, can be readily diverted into Lake Nipigon, and thus into the St. Lawrence River system. Canada thus gains the right to divert 4,000 cubic feet per second of water into Lake Nipigon for use in power development on the Nipigon, St. Marys, and St. Lawrence Rivers. It is estimated that this additional flow of water will furnish 520,400 horsepower, and this is all to belong to Canada. There is another important point in the fact that this access of water will compensate for the limited loss for the drainage canal which is to be allowed Chicago. In this connection it is to be added that the United States is to spend millions of dollars in compensation works in the Niagara and St. Clair Rivers. These works will, the engineers say, furnish adequate protection for navigation all down the Great Lakes system to Montreal.

So, Mr. President, Canada has by this treaty accomplished the hitherto unheard-of feat of eating its cake and keeping it, too. Moreover, both the United States and Canada, by authorizing this specific project by treaty, have demonstrated the complete hollowness of the clamor about watersheds as an obstacle to diversion at Chicago.

To return to the question of the Lakes-to-the-Gulf project and its history, as far back as 1866, the year after the Civil War, Congress authorized an examination of the question of the feasibility of the construction of a waterway to connect Lake Michigan and the Mississippi. General Wilson, Chief of Army Engineers at that time, after elaborate investigation, reported, in part, as follows:

> The Illinois River seems to have been especially designed by Nature as the lines by which the waters of Lake Michigan are to be connected with those of the Mississippi. A moment's consideration will show that at no remote period the waters of the lake must have been carried off by these streams as well as by the St. Lawrence.

Twenty years later, in 1887, the Chief of Engineers said in his annual report:

> The United States and the State of Illinois have long been committed to the project of opening a water communication between the Mississippi River and the northern Lakes of capacity sufficient for the wants of commerce, and for the exigencies of our national defense.

As a matter of fact, Mr. President, diversion of water at Chicago was actually begun as far back as 1848, with the opening of the old Illinois and Michigan Canal, which was constructed by the State of Illinois at the cost—enormous for that time—of six and a half million dollars. For nearly 40 years this diversion has been taking place through the Drainage Canal, and for more than 10 years, under permits granted by the Secretary of War, 8,500 second-feet have been taken. Yet it is now proposed, after Congress has authorized the Lakes-to-the-Gulf project, to cut this amount arbitrarily and forever by more than 80 percent.

So far as the navigation of the new St. Lawrence seaway is concerned, it would not be interfered with by a diversion at Chicago even much greater than the 8,500 second-feet taken for the past 10 years. It is the testimony of highly competent authorities that the diversion of 10,000 second-feet lowers the level of the lake about 6 inches in a period of about 4 years, and that thereafter the diversion has no further effect in lowering the level. But this lowering of 6 inches is of very little importance, since it is a fact easily demonstrable from the records of the War Department that due to differences in rainfall and melting snow at different times there is a variation of more than 4 feet over cycles of about 10 years in the level of the Lakes. Congress has recognized this fact by providing a system of compensating works which will raise the level of the Lakes about 18 inches as an aid to navigation in the lower cycles of this variation of lake levels. Indeed, General Pillsbury, Assistant Chief of Army Engineers, has testified that by properly constructed compensating works from thirty to forty thousand second-feet might be diverted without lowering lake levels or interfering with navigation.

Thus for navigation purposes on the new seaway there need be no conflict of interest between the requirements of the Lakes-to-the-Gulf and the St. Lawrence projects; but, of course, water which is diverted to provide for the navigation of the Lakes-to-the-Gulf project cannot be used to turn the wheels of Canadian power plants on the St. Lawrence. As a matter of fact, the Canadians themselves have never seriously contended either that they had a right to prevent diversion from Lake Michigan or that 10,000 second-feet was an unreasonable diversion. More than a quarter of a century ago the International Waterway Commission, half the members of which were Canadians, in their report recognized the right of the United States to the diversion, but suggested that, as a matter of equity, a limit

of 10,000 second-feet be placed upon it, in view of the fact that that amount was entirely adequate for all purposes.

Following the uniform course of the American Government on this matter, the American negotiators, in preparing the treaty of 1910, having to do with diversion of boundary waters, refused to include any mention of diversion from Lake Michigan, on the theory that it was an entirely American lake. That great international lawyer and publicist, Elihu Root, then Secretary of State, boldly asserted and maintained the proposition that neither the term "tributary waters" nor the term "boundary waters" could in any manner be held to include Lake Michigan, since it was wholly an American lake.

Mr. Secretary Root, however, frankly stated that this diversion at Chicago had been considered by our commissioners—that is, by the American members of the International Boundary Commission—in agreeing that, as a matter of comity and equity, Canada should be permitted to divert more water from Niagara Falls than is diverted by the United States, and this was in spite of the fact that two thirds of the watershed of Niagara Falls is in the United States and that two thirds of the water going over Niagara Falls originates in the United States.

This new St. Lawrence Treaty, therefore, presents the amazing spectacle of the Canadian Government having once been fully compensated for a right which it did not have; that is, to interfere with diversion at Chicago, now seeking to retain that compensation and, at the same time, to withdraw from us the exercise of a right which could have been exercised originally without any whatever. Of course, this amazing diplomatic triumph has caused delight and exultation in the Dominion of Canada. I do not wish to go into tedious detail or repetition, but, as illustrative of the general Canadian chorus of jubilation at the success of their negotiators, I wish to quote a few more brief extracts from the very frank and explicit analysis of the treaty in the Toronto Mail and Empire, to which I have heretofore referred as a leading administration paper in the Dominion of Canada. I quote from this Canadian chant of triumph:

On its face the St. Lawrence Waterway Treaty signed at Washington yesterday by Hon. W. D. Herridge and Colonel Stimson is more favorable to Canada than any previous arrangement ever made with the United States. It is more favorable than anyone outside a limited government circle could have hoped for.

Mr. President, that statement in this great Canadian organ of public opinion is undeniably true, and pity it is, it is true. I quote again:

Though executed at the American Capital, it concedes to this country practically all the conditions long insisted upon by the most jealous guardians of Canadian rights. Congress must ratify the instrument before Parliament is asked to do so.

And there must be a reason for that provision, Mr. President.

The cost of the undertaking is to be borne mainly by the United States.

As a matter of fact, it is to be borne almost entirely by the United States.

The Canadian two-stage plan in the international section is adopted in place of the United States single-stage plan. Canadian sovereignty over the works in Canadian waters is absolutely established. To this end there is a complete segregation of the properties on the two sides of the border.

Then the article continues:

Not only this, the United States abandons its ancient contention that Lake Michigan is an American lake. That great body of water—

Lying wholly within the boundaries of the United States, Mr. President, so this Canadian paper says—

That great body of water has become forever, through this new treaty, an international body of water which belongs to the St. Lawrence watershed instead of to the Mississippi watershed.

Naturally enough, Canadian opinion is happy in the acquisition of a right to this treaty, which was denied them after the War of 1812 and consistently ever since.

The article continues:

On the eve of the imperial conference the treaty announces the creation of a larger field and new facilities for empire trade.

Of course, Senators will remember and Americans will remember that the imperial conference was particularly called for the purpose of promoting trade between the various British Dominions and shutting the United States from their market.

No feature of the treaty is more surprising or more satisfactory than the low cost to Canada at which the undertaking is to be carried out. If the cost of construction were to remain as low as it is today during the years of construction, the outlay by the Dominion Treasury might not amount to more than $25,000,000. The cost to the United States is placed at $243,661,000. Most of the construction work will be done in Canada. All of the construction work on the national section will, of course, be done here, but there is more than that. Though the United States is to provide the $54,718,000 for works situated on the Canadian side in the International Rapids section, Canadian engineers, Canadian labor, and Canadian materials are to be used.

This is naturally and justifiably a matter of congratulation to patriotic Canadians to realize to how great an extent the Canadian depression is to be ended through exactions from American taxpayers.

The Mail and Empire then goes on to analyze article 5 of the treaty as follows:

Those who have been nervous about Canadian sovereignty should read article 5 of the treaty, which provides that each of the high contracting parties shall retain complete ownership of and complete legislative and administrative jurisdiction over all works lying on its own side of the international boundary, irrespective of the agency by which such works are constructed. Such works shall constitute a part of the territory and property of the country in which they are situated. This proviso is deliberately inserted to protect Canadian sovereignty over all structures lying on the Canadian side, even though these structures have been built with United States money.

The provision of the treaty which permits Canadian discretion in the diversion of water from the Great Lakes System, two thirds of whose watershed lies within the boundary of the United States, and at the same time restricts American development of economic waterways within the United States, naturally is a subject of jubilation to patriotic Canadians. A little later along in this enlightening Canadian story we find a song of triumph at the definite thwarting through this treaty, of the old, old project for a Lakes-to-the-Gulf waterway. Whatever Americans may think of the effect of the proposed treaty on the Lakes-to-the-Gulf project, Canadian opinion is clear.

I quote again:

As already noted, the treaty itself puts an end to Chicago's ambition to drain the Great Lakes for the benefit of a deep waterway to the Gulf of Mexico by way of the Mississippi Valley. It is the first time in history—

That statement, Mr. President, is undeniably true.

that the United States has agreed to place the abstraction of water from Lake Michigan under international control. This really means that Lake Michigan is admitted by the neighboring Republic—

That is, the United States.

to be an international waterway, like the other Great Lakes. Henceforth it belongs definitely by international agreement to the St. Lawrence Watershed and cannot be exploited for the increased benefit of the Mississippi Watershed.

Mr. President, I said a little while ago that I wish I might have an opportunity to read the whole of this illuminating expression of opinion put out on behalf of the predominant party in Canada, through its leading newspaper exponent, but since I cannot do this I can do no better than read the concluding paragraph of the article, in which it calculates from a Canadian viewpoint the policies which they are justly to acquire through the negotiations of this treaty. I quote again.

The negotiation—

And this is a party claim as well as a national claim, Mr. President, because this journal from which I am quoting is the recognized inside spokesman of the dominant party in Canada.

The negotiations and the conclusion of the treaty illustrate the present government's belief in the future of Canada. They also illustrate the driving power of the Prime Minister and his capacity for getting big things done.

Many Americans who have read the treaty must mournfully agree with that conclusion.

On the eve of the greatest empire conference the world has ever seen he has been able to announce this new Canadian and imperial arrangement with the United States. To Mr. Herridge—

That is, the Canadian Minister in Washington—

goes the main credit for the negotiation of the treaty.

The PRESIDING OFFICER. The time of the Senator from Missouri has expired.

Mr. OVERTON obtained the floor.

Mr. PITTMAN. Mr. President, may I ask if the Senator from Louisiana is about to address himself to the pending reservation of the committee?

Mr. OVERTON. I shall address myself to the treaty and then to the reservation.

Mr. PITTMAN. I thank the Senator.

Mr. DIETERICH. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. DIETERICH. In order to be clear on the parliamentary procedure I am now going to offer reservations submitted by myself on February 9 and February 13, as amendments to the resolution of the Senator from Nevada, and give notice that I will briefly address myself to those reservations tomorrow.

Mr. PITTMAN. A point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. PITTMAN. There is a reservation pending. There cannot be two pending at the same time. However, there is nothing I can see to prevent the consideration of these reservations in order as they come after the committee reservation shall have been disposed of.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. OVERTON. Mr. President, within the limit of the time in which I may address myself to the pending treaty, I desire to confine my remarks mainly, if not exclusively, to one phase of it; that is, that stipulation of the treaty in reference to the diversion of water from Lake Michigan into the Lakes-to-the-Gulf waterway.

It has been stated by the Senator from Missouri [Mr. CLARK], in the very able address he has just delivered, that the construction of a Lakes-to-the-Gulf waterway is not a passing fancy, and that the energies and activities and moneys of this Nation and of the State of Illinois have been devoted to the consummation of that project for a long number of years.

Mr. President, it may be interesting, and it may add to the literature of this debate, if the statement were made that the first time that a Lakes-to-the-Gulf waterway was conceived was the first time when a representative of civilization undertook to pass from the Great Lakes into the Mississippi River. It was in 1673 when first the eye of the white man observed the Great Lakes and observed the Mississippi River. I shall quote a passage from volume 58 of the Jesuit Relations and Allied Documents, page 105, describing the voyage of Sieur Joliet and Father Marquette down the Great Lakes and into the Mississippi. This contemporary chronicler speaks of—

A very great and important advantage, which, perhaps, will hardly be believed. It is that we could go with facility to Florida in a bark, and by very easy navigation. It would only be necessary to make a canal, by cutting through but half a league of prairie, to pass from the foot of the Lake of Illinois to the River St. Louis. Here is the route that would be followed: The bark would be built on Lake Erie, which is near Lake Ontario; it would easily pass from Lake Erie to Lake Huron, whence it would enter Lake Illinois. At the end of that lake the canal or excavation of which I have spoken would be made, to gain a passage into the River St. Louis, which falls into the Mississippi. The bark, from there, would easily sail to the Gulf of Mexico.

So the first time the Lakes-to-the-Gulf waterway was visioned was the first time that the eye of modern civilization looked upon the connection between the Great Lakes and the Mississippi River. Since that time, up to the present, as has been frequently pointed out in the course of this debate, it has been the aspiration and the hope of those living in the Mississippi Valley and those otherwise interested that the Lakes-to-the-Gulf waterway should be completed and put into practical operation.

The Senator from Nevada [Mr. PITTMAN] a few days ago met that issue and indicated that, in his opinion, it was a paramount issue in respect to this treaty, and he undertook to show that, according to the statement recently made by General Markham, Chief of Army Engineers, those who were interested in the Lakes-to-the-Gulf waterway need entertain no apprehension in respect to this treaty, and he took the position, quoting from a letter written to him by General Markham, that there was no necessity for any diversion of water from Lake Michigan into the Mississippi River in order to make the Lakes-to-the-Gulf waterway a commercially useful channel.

Quoting from what General Markham said to him in that letter, he stated:

It has never been the view of this Department that the diversion of water from the Great Lakes into the Chicago Drainage Canal is an essential factor in the present and future development of the interior waterways system formed by the Mississippi River and its tributaries.

I entertain the very highest respect for General Markham, his ability as an engineer, and his integrity; but that statement made by General Markham is to be weighed and considered in the light of the statements made in the reports from which he made that deduction. It is to be considered in the light of the testimony which has heretofore been given, as shown in this record, by other Chiefs of Army Engineers and by various expert engineers.

In the year 1907, when the International Waterways Commission had under consideration the question of the amount of diversion necessary from Lake Michigan into the Lakes-to-the-Gulf channel, they reported that, in their opinion, it would be proper that there should be a diversion of 10,000 cubic feet per second. In 1921 Col. W. V. Judson, United States engineer, recommended a diversion of 7,500 cubic feet per second. In 1929 General Jadwin, Chief of Engineers, testified as to the propriety and necessity of a diversion of some 5,000 cubic feet per second. In 1930 Gen. Lytle Brown, Chief of Engineers, testified to the necessity of the diversion of 5,000 cubic feet per second.

Mr. President, in the light of those statements we must conclude that it is necessary that there should be some diversion from Lake Michigan into the Lakes-to-the-Gulf channel in order to make that waterway commercially navigable and commercially useful. Accepting the statement of General Markham as given to us by the Senator from Nevada, without being interpreted in the light of the reports upon which it was based, interpreting it at its face value, we must conclude that there is a considerable discrepancy and considerable diversity of opinion amongst the engineers who have considered this subject as to the quantity of diversion necessary.

I wish to quote further from the testimony of General Brown as it appears on page 593 of the hearings. In answer to a question by Senator VANDENBERG, "What is your present judgment as to the smallest flow of water that is necessary to develop a commercially useful waterway at this point?", referring to the diversion into the Chicago drainage canal, General Brown said:

The indications are, with everything in view, that something like 5,000 feet per second should be held available for that purpose.

On page 327 of another record, to which General Brown was testifying, he stated:

Well, my idea of about what the Supreme Court took into consideration is based on the testimony that General Jadwin gave them, and General Jadwin's testimony, as I remember, was based on Chicago Harbor only, and that was 1,500 cubic feet per second. We have got an entirely different proposition now than Chicago River only. We have got the waterway all the way from the Lakes to the Missippi River.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the junior Senator from Louisiana yield to his colleague?

Mr. OVERTON. I yield.

Mr. LONG. I wonder whether our friend the Senator from Nevada could not be found and asked to come into the Chamber, because he has made a statement on the floor of the Senate indicating that there is practically no question about this water diversion not being necessary, and in order to back up that view he has brought in the statement of a subordinate engineer, and apparently that is about the only engineer who could have made that kind of a statement, judging by what my colleague is reading, because the Chief of Engineers, and the Chief before him, both put themselves on record to the effect that it would be necessary to have at least 5,000 cubic feet per second.

Mr. OVERTON. I should be very glad indeed were the Senator from Nevada here.

Continuing, I call attention to this statement made by Gen. Lytle Brown, Chief of Army Engineers:

I am of the opinion that at this time no definite figure on the amount of diversion necessary for navigation should be stated, and that future study of the completed waterway should be made to ascertain the quantity of water necessary for navigation. It is, therefore, recommended that any specified diversion be omitted from any authorized legislation.

Mr. President, how much more time have I?

The PRESIDING OFFICER. The time of the Senator will expire 5 minutes after 1 o'clock on both the treaty and the reservations.

Mr. OVERTON. I should like, had I the opportunity, to read from the reports that will be found in the CONGRESSIONAL RECORD submitted by the Senator from Nevada, and made by the different district engineers and by the division and other engineers who reviewed their reports, to show that it would be ill-advised at this time to undertake to place any limit upon the amount of diversion that ought to go out of Lake Michigan into the Lakes-to-Gulf waterway. I content myself with quoting from only one of these reports, which is the report of Col. George R. Spalding, of the Corps of Engineers, a division engineer. Colonel Spalding said:

No one can predict with certainty the effect in 1939 of * * * the reduction of diversion upon navigation below Lockport at any time prior to the completion of the sewage-treatment program. Sound procedure would be to carry out the full program of treatment-plant construction, reduce diversion as required by the Supreme Court decree, and—

What?—

observe its effect. A period of not more than 2 years of observation and study, after the completion of the treatment plants of the sanitary district of Chicago, and the full reduction of diversion to 1,500 cubic feet per second, should furnish conclusive data which will permit of positive determination whether any increase in diversion is necessary; and if so, by what amount.

A period of approximately 2 years, says Colonel Spalding, and in that he is supported by the reports made by the other engineers, of observation and study should be made after these purification plants shall have been completed, and after 2 years of observation determination can be made as to what additional diversion may be necessary in order to purify the waters of the Chicago Harbor and in order to provide sufficient water for the navigation of the Lakes-to-the-Gulf waterway.

With all the above—

Says Colonel Spalding—

I agree, but, in my opinion, it is desirable and necessary that the Chief of Engineers be authorized by law to direct such additional temporary diversions, not to be considered in the determination of the annual average, as may be necessary to flush pools and/or to maintain pool levels and as may not be inimical to Lakes navigation.

Therefore, Mr. President, the statement made by General Markham, predicated upon these reports, is to be interpreted in the light of the reports which he was reviewing at the time he wrote the letter to the Senator from Nevada.

Mr. President, I think it is wholly bootless and useless to stand upon the floor of the Senate and argue as to the quantity of diversion that may be necessary at the present time, or at any time within the next decade, in order to purify the waters in Chicago Harbor, in order to provide for pumping in its sewage plants, or in order to provide what may be necessary for present navigation in the Lakes-to-Gulf waterway.

It is sufficient to point out that, within the opinion of the engineers who have studied the question, it would be foolish, and, I may say, foolhardy, to undertake at this time to prescribe a definite quantity of diversion from Lake Michigan into this waterway, because it is a problem that can be settled only in the womb of time; it is a problem that can be settled only by actual experience; it is a matter that can be determined only after the Supreme Court decree shall have been put into effect, and after waiting for a period of years in observation of what will be the result.

Mr. President, we are not dealing now with a proposed act of Congress. We are not proposing to enact a law providing what may be a proper diversion from Lake Michigan. If that were the question before the Senate we might very well incorporate into an act of the legislature the decree of the Supreme Court of the United States. We might very well place any other limitation that in our judgment we thought proper, because if we were wrong, if experience should show that we were wrong, another Congress could repeal what we had done. But in the face of this uncertainty, in the face of the discrepancies in the opinion of the different engineers, in the face of their wholesome advice that it would be unsound at the present time to undertake to fix any definite quantity of diversion from Lake Michigan, it is proposed not for a decade, not for 100 years, but for all time to come that we enter into a compact with another nation placing a definite, prescribed limit upon the quantity of diversion. It is proposed that we now undertake to prescribe the limit of the waters it may be necessary to divert, either for the purification of the Chicago River or in order to make a commercially useful navigable waterway from the Lakes to the Gulf without any regard to future demands and future exigencies and future requirements.

We are asked to make this sacrifice on the part of an all-American waterway, on the part of a transcontinental waterway, on the part of the most important waterway in the American Continent, and, I may say, in the world.

What was the main purpose of the acquisition of the Louisiana Territory? Was it simply in order to acquire that vast domain, or did it have another purpose?

Mr. Jefferson, who negotiated the treaty, declared in unmistakable language that one of the main purposes in the acquisition of this Territory was in order to obtain "an uncontrolled navigation" and "an independent outlet" for our commerce through acquiring the property and control of the Mississippi River and its tributaries.

In his third annual message to Congress on October 17, 1803, Mr. Jefferson, as President of the United States, recommending the Louisiana Purchase, said:

While the property and sovereignty of the Mississippi and its waters secure an independent outlet for the produce of the Western States and an uncontrolled navigation through their whole course, free from collision with other powers and the dangers to our peace from that source, the fertility of the country, its climate and extent, promise in due season important aids to our Treasury, an ample provision for our posterity, and a wide-spread field for the blessings of freedom and equal laws.

It will be noted that Mr. Jefferson stressed, in recommending the Louisiana Purchase, that the Mississippi and its waters would become the property and under the sovereignty of the United States; that the Mississippi and its waters would provide an independent outlet for the produce of the Western States; and that we would enjoy an uncontrolled navigation through the whole course of that great stream and its waters; and that this uncontrolled navigation and this sovereignty would be free from collision with other powers and dangers to our peace from that source.

When the Senator from Illinois [Mr. LEWIS] not long ago in discussing the treaty referred to what Senator Lodge and other statesmen who had served in this Chamber in times past had to say with reference to the danger of collision with a foreign power if we should enter into a treaty of this character, under which we would not have an uncontrolled navigation and an independent outlet, but under which the sea-

way would be under the domination and under the control very largely, and in some parts exclusively, of a foreign nation, the Senator from Illinois could have cited as further authority for that contention the warning given by Mr. Jefferson that where a stream of vital importance is subject to dual control it is apt to bring us into collision with foreign powers and to offer constantly a menace to our peace and to our security. I now bring to the attention of the learned and eloquent Senator from Illinois that statement and that warning of Mr. Jefferson in his message to Congress in reference to the acquisition of the Louisiana Territory.

Mr. LEWIS. Mr. President, may I be pardoned if I interrupt the Senator from Louisiana?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Illinois?

Mr. OVERTON. I yield.

Mr. LEWIS. I merely desire to say that the able Senator from Louisiana has brought to my attention a document that I confide was unknown to me before. I thank him for his reference. I shall gladly avail myself of its contents.

Mr. OVERTON. Mr. President, following that thought for a moment, this is the question with which we are confronted: Shall we enter into a treaty that undertakes to place a control upon the most important waterway of these United States? Shall we undertake to enter into a treaty that surrenders the absolute independence of that great waterway which Mr. Jefferson had in mind when he acquired the Mississippi River in effecting the Louisiana Purchase? Shall we undertake to surrender, to a limited extent, at least, sovereignty over another great water, Lake Michigan, belonging to the United States and within its control and within its jurisdiction and within its domain? And shall we do all this in order to embark upon a venture that will give us—what? Not an independent outlet for our commerce, as suggested by Mr. Jefferson, not an uncontrolled navigation, not a stream that will not bring us into conflict with other powers and not be a menace to our peace and our security, but, on the contrary, to surrender our absolute control and dominion and sovereignty over an all-American waterway in order to enter into a pact with another nation that will be attended with all the evils that Mr. Jefferson prophesied in the statement he made to Congress in transmitting his message in reference to the Louisiana Purchase?

Mr. President, I stated that I appeared in the interest of the Mississippi Valley and that I wished to discuss this question solely from the standpoint of the interests of the Lakes-to-the-Gulf waterway. Much has been said in reference to the commerce of the Great Lakes and the commerce that would be carried through the proposed St. Lawrence seaway. I wish to submit some figures and have them incorporated into the RECORD in respect to the water-borne commerce on the Mississippi River and its tributaries. I take the figures from the Annual 1933 Report of the Chief of Engineers of the United States Army.

In 1932 the net total water-borne tonnage on the Mississippi River and its tributaries was 38,563,515; and the value of that tonnage was $504,236,182.

In 1932 the net total water-borne tonnage on the Mississippi from Minneapolis to New Orleans was 14,706,343, of a value $329,320,620.

In 1932 the net tons of water-borne imports into New Orleans were 1,938,698, of a value of $65,880,879.

In 1932 the net tons of water-borne exports out of New Orleans were 1,766,183, of a value of $118,359,802.

In 1932 the total net tons of water-borne commerce in and out of New Orleans were 10,491,084, valued at $448,898,262.

The PRESIDING OFFICER (Mr. LOGAN in the chair). The time of the Senator from Louisiana has expired.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXPENSES OF ADJUSTING CLAIMS WITH TURKISH REPUBLIC (H.DOC. NO. 283)

As in legislative session,

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed, as follows:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State, to the end that legislation may be enacted authorizing an appropriation in the sum of $90,000, or so much thereof as may be necessary, for the expenses of representatives of the United States to meet at Istanbul, Turkey, with representatives of the Turkish Republic, for the purpose of examining the claims presented by either Government against the other, and for the expense of proceedings before an umpire if necessary.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 13, 1934.*

(Enclosure: Reports of the Secretary of State.)

CLAIMS OF OFFICERS AND EMPLOYEES OF THE FOREIGN SERVICE (H.DOC. NO. 284)

As in legislative session,

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed, as follows:

To the Congress of the United States:

I enclose herewith a report which the Secretary of State has addressed to me in regard to claims of certain officers and employees of the Foreign Service of the United States for reimbursement of losses sustained by them by reason of catastrophes, war, and other causes, during or incident to their service in foreign countries.

I recommend that an appropriation in the amount suggested by the Secretary of State be authorized in order to relieve these officers and employees of the Government of the burden these losses have occasioned.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 13, 1934.*

(Enclosures: Report of the Secretary of State, with enclosures.)

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

The Senate, as in Committee of the Whole, and in open executive session, resumed the consideration of Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932.

Mr. WALSH. Mr. President, for generations men have dreamed of constructing a deep waterway between the Atlantic Ocean and the Great Lakes. That dream has now taken concrete form in the St. Lawrence navigation and power project as embodied in the treaty with Canada now before us for ratification. We are no longer dealing with a theory but instead with a particular plan, the merits of which have been the subject of long and deep-seated controversy.

This stupendous undertaking is in no sense a Democratic Party issue. Its consideration was inaugurated under the Coolidge administration, and its leading official advocate since its inception has been Herbert Hoover. It is not an emergency measure. It is not an essential ingredient of the new deal except by adoption.

In its consideration on its merits I readily concede that we should put the national interest above local interest. I do not charge that the proponents of the St. Lawrence project are actuated solely by considerations of the benefits

which they profess to believe will accrue to their particular area. Similarly I deplore the claim of the proponents that those who do not agree with them and who oppose the undertaking are actuated by local and by selfish considerations.

New England, in large part, has believed that the St. Lawrence development would be detrimental to New England trade and commerce. It is hardly debatable that if the St. Lawrence waterway lived up to the claim now made for it, much commerce now enjoyed by the North Atlantic ports of our country would be diverted. I have stood ready to subordinate local considerations to the larger good of the country as a whole, had I been able to persuade myself that the ratification of this treaty and the execution of the vast enterprise therein provided for would be in fact of manifest national benefit.

After earnest and conscientious consideration I have been unable to reach any such conclusion. Instead, I conclude that the benefits and advantages are more fancied than they are real and that the drawbacks and defects have been grossly minimized or ignored and that the project as now conceived, in the light of present-day actualities, is economically unsound and deserves to be characterized as the great delusion.

Accordingly I am opposed to the ratification of the treaty, and shall so vote.

The proposition which we have before us is twofold. It is a navigation project and a power project. Each presents fundamental questions of public policy and of economic justification, concerning which there is the widest difference of opinion. But certainly the power development alone cannot afford justification for the navigation project if the latter is unsound.

It is entirely possible to be in favor of public development of hydroelectric power and, indeed, to be in favor of the particular power development herein proposed, and yet be opposed to the St. Lawrence project in its entirety, as is the junior Senator from New York.

My personal view has been that the power aspects of the St. Lawrence development have been greatly overemphasized and that the public benefits have been considerably exaggerated. Very serious questions have been raised as to whether the power can be disposed of in existing markets at a price sufficient to cover the cost of production and distribution. These considerations, however, need not concern us, but are rather the concern of the State of New York, because by the terms of Joint Resolution 43, now before the Senate, New York State is to have title to all the power on the American side and in return the State undertakes to pay to the Federal Government the sum of $89,726,000 as its share of the cost of the project.

The benefits or otherwise of the water-power development, therefore, can neither justify the St. Lawrence project as a whole, if, as a whole, it is economically unsound, nor afford ground for its rejection, if the project in its major aspects as a great inland waterway is worthy.

Incidentally, it is to be noted that the junior Senator from New York, who opposes the ratification of this treaty, but who is an ardent advocate of St. Lawrence power development, gives it as his opinion that the Canadian Government would assent to a reconsideration of the power project alone and that it would be entirely possible to work out an international agreement limited to power development.

It is to the waterway aspect of the proposition that I propose to address myself. Here, at once, we enter the realm of the most violent controversies as to what the total cost of the enterprise will be; as to what will be the character and extent of the commerce which will utilize the waterway; as to the extent of the reduction of transportation costs; as to the effect of such reduction on our export trade; as to the benefits to American agriculture; as to the effects upon existing transportation facilities; as to whether Canada or the United States will benefit more, or to what extent at the other's expense; as to water diversion in Lake Michigan; as to effects on our Mississippi waterway program, and so on ad infinitum.

Let us consider first those matters upon which there can be no dispute.

First, is the fact, that by reason of climatic conditions, the waterway will be impassable to navigation 5 months out of every year. Second, that the engineering plans now agreed upon, and upon which the cost estimates are based, provide for a channel of a depth of 27 feet; that such a depth excludes from the waterway the larger ocean-going vessels.

Obviously, the two foregoing factors place certain inescapable limitations upon the character of transoceanic shipping facilities which will utilize the waterway.

The Chairman of the Foreign Relations Committee, the distinguished Senator from Nevada [Mr. PITTMAN], says that according to the Interstate Commerce Commission 70 percent of the ocean-going tonnage of the world is at or below 26-foot draft. I do not dispute that statement. But I suggest, nevertheless, that it is not a question of percentage, but rather the fact that the very large number of ocean vessels of the so-called "first-class" now operated by established ship lines would be automatically excluded from the waterway.

Third, is the fact, and I believe it will be conceded by all fair-minded persons to be a fact, that railway traffic congestion alleged to have existed a decade ago has long since disappeared, and that as matters stand today existing rail facilities in the interior and shipping facilities at the seaboard are more than adequate for the movement of all of our freight. In other words, that we are not proposing to build the St. Lawrence waterway to provide facilities now lacking, but rather to supplant and supersede existing transportation facilities.

I am not arguing at the moment whether a shift of traffic from our own railroads and our own Atlantic coast ports to the St. Lawrence waterway is desirable or undesirable. I am merely pointing out that such a shift is an inherent factor in the waterways proposal.

I am mindful of the argument of many of the proponents, that the St. Lawrence waterway will enormously reduce transportation costs from the interior to the seaboard and overseas; that such reduction will prove such a stimulus to trade and commerce; that it will expand so greatly as to multiply freight tonnage so that even though the waterway is crowded with ships, our present traffic facilities will suffer no loss but will, in fact, be the gainers.

The Panama Canal is a favorite example to bolster this contention—the Canal was built and prospered, our country grew and prospered, our rail traffic increased, hence the Panama Canal helped the railroads rather than hurt them.

This process of reasoning, so far as the Panama Canal is concerned, I regard as of dubious validity; but, in any event, inapplicable to the matter now before us. I am not decrying the Panama Canal, but merely expressing the view that with or without the Panama Canal our country during the past 30 years was destined to go through an era of enormous expansion in agriculture and industry, in trade and commerce.

I see no such expansion ahead for the next 30 years, either with or without the St. Lawrence waterway. We are emerging from the depths of the depression. We are building a new economic and social order.. We may achieve better distribution of jobs and of wages and profits. But no one is contemplating doubling or trebling production, either in agriculture or in industry. Indeed, our leaders are counseling that the way back to normalcy is to limit and to curtail production. Yet in the St. Lawrence waterway project we are proposing to create new and increased shipping facilities, when we expect to have less commodities to ship in the future than in the past.

I hold no brief for the railroads. I am quite willing to subscribe to much that has been said in this Chamber in the course of this debate in censure of the short-sightedness and greed of railroad managers. But I do not share the conviction expressed by the President, in his message to us—

That the building of the St. Lawrence seaway will not injure the railroads or throw their employees out of work.

My own opinion is to the contrary. But, for myself, I should be willing to cast my vote for this project, even believing that its consummation will be prejudicial to the railroads, if I were convinced that the seaway will prove to be the great boon for the entire Nation which is claimed for it.

As I said earlier, in my own judgment this is a great delusion.

Let me turn now to the question of cost. Let us be fair and concede that the cost ought to be a factor to be reckoned with in measuring the economic desirability of the enterprise.

I am mindful of the present trend of the times when it comes to questions of governmental expenditures for public works, that the cost is of trifling consequence if the project proposes to be economically and socially desirable, and that from the standpoint of priming the pump of business, the bigger the expenditure the better. We now deal as freely with a billion dollars as we once did with a million dollars.

At a moment when the administration is trying to find new ventures into which to pour public funds as a means of recovery, and when Congress and the country applaud such a program, it may seem to be of small consequence what the cost of the St. Lawrence seaway may be, whether it be a quarter of a billion dollars or a half a billion or a billion. What does it matter? The Treasury will have no difficulty in floating bonds to provide the cash. The money will be spent for labor and materials. A dream of linking the Great Lakes to the Atlantic Ocean will be realized.

But for myself, I cannot so lightly pass over the question of the cost. If it is worth the price, let us pay the price, but not otherwise.

When we pass the appropriation bills for the ordinary purposes of the Government we scrutinize every item and haggle over a few thousand dollars. On the plea of economy and retrenchment we cut Government salaries 15 percent or 10 percent. We slash veterans' compensations. We refuse to cash the bonus certificates. But for public works the sky is the limit. We cannot know whether the St. Lawrence project is worth the price unless we know what the price is.

We have some cost estimates made by the Joint Board of Engineers. In round figures they assign $272,000,000 as the share of the cost of the project which the United States will be called upon to pay. In this total are some items already done and paid for with respect to lake channels. Approximately $14,000,000 has already been so spent, which, if deducted from the $272,000,000, leaves $258,000,000 as the prospective future cost so far as the United States is concerned. I shall not dispute these estimates. There is every reason to suppose that they are as accurate as is ever possible in an undertaking of this character.

But this much may be said: That engineering estimates on waterways projects have almost invariably been wide of the mark. Actual costs have usually vastly exceeded the estimates. The junior Senator from New York, in his very able and penetrating report in opposition to the treaty, has assembled some arresting examples on this score. He points out that in the case of the Chicago Drainage Canal; the estimate was sixteen million and the cost fifty-three million. The Suez Canal cost eighty million instead of thirty million. The first estimate for the Welland Canal was forty million. The estimate in 1926 of the Joint Board of Engineers was one hundred and fourteen million, the actual cost one hundred and twenty-eight million.

In the light of such past experience, what assurance can there be that the cost to our Federal Treasury and to our taxpayers will be only a paltry quarter of a billion dollars? The answer, it seems to me, is that there can be no such assurance.

I am aware also, that by deducting from the cost of the project the $89,000,000 proposed to be paid out of the treasury of the State of New York to the Treasury of the United States, the assumed net cost to the Federal Government is reduced by this sum and is stated to be in round figures $182,000,000.

There are, however, many elements of cost, if one is to arrive at the true total cost of the project, for which no estimate is included but which are none the less real and inescapable.

Eight years at least will elapse between the commencement of the expenditures and the opening of the waterway to service. It may be longer than that. For 8 years, at least, there will be no return on the investment. Meantime, the Public Treasury is paying interest to someone on the money borrowed and expended. When we begin to deal with several hundred millions of dollars over a term of several years, the interest item is a sizeable sum—two or three or four million dollars per hundred million per year, according to the rate. Senator WAGNER figures the interest item, prior to the opening of the seaway, as $40,000,000. Call it $25,000,000 if you prefer. Even so, it is the price of two hundred and fifty $100,000 post offices.

Harbor improvements and port development of the lake cities is another item, and a very large item, which has been entirely left out of the reckoning. I shall be glad to be corrected if I am in error, but my information is that none of the lake cities have harbor facilities and terminal facilities today adequate to the character and volume of ocean-going ships which this seaway project envisages.

In the light of our past history, we may properly anticipate friendly rivalry between the lake cities to outdo one another in their plans for deep harbors, for breakwaters, for docks, for piers, and all the other appurtenances of a seaport. And all out of the Public Treasury, Federal or local.

What shall we say as to this element of the cost of this new traffic artery from the Great Lakes to the Atlantic—$10,000,000 per port, or twenty million or thirty million? This is no flight of fancy. It is a very real part of the expenditures upon which we embark once we start this great project.

Let us not deceive either ourselves or deceive the country as to the financial side of the enterprise. If and when this project is carried to its final conclusion, the aggregate costs to our own country and our citizens in one way or another, will be nearer $500,000,000 than two hundred and fifty million; and, for myself, I am inclined to accept the view of those who say the cost will exceed five hundred million. Bear in mind that I am leaving entirely out of the reckoning the costs to be borne by Canada, which run into other hundreds of millions of Canadian dollars.

Once upon a time there was a popular notion that the power development, the by-product of the seaway, was going to support the navigation costs; that the revenues from the power would, in the final analysis, pay not only for the power, but pay the capital costs of the whole project.

If there was any validity to such a theory, it is now entirely destroyed by reason of the impending deal between the Federal Government and the State of New York whereby the State, upon the completion of the power project, purchases it in its entirety from the Federal Government for $89,000,000. That sum will reimburse the Government for that portion of the original construction cost assigned to power. After that payment it will leave the Federal Government with the seaway minus hydroelectric power, and with a total investment, whatever that total may be, minus $89,000,000.

It is going to cost something to operate the St. Lawrence seaway. Operation of the Panama Canal last year cost $10,000,000. The St. Lawrence will have more mileage, more harbors, winter ice to contend with, and 16 or 17 locks as compared with 6 at Panama. Is $12,000,000 too high an estimate of annual operating cost? I think not. The United States and Canada will each pay one half. So American taxpayers must assume a charge for operation of the waterway of not less than $6,000,000 per year in perpetuity.

But that is the least of it. What about the capital investment? When we borrow the money we pay interest on it. Are we to charge against the seaway the interest on the investment? Are we to charge depreciation and for a sink-

ing fund to amortize the cost? Is it to be a self-liquidating enterprise, about which it is now so popular to talk, or is the cost to be charged up to the general welfare as a bounty to our inland empire?

I know the answer of the proponents of the project to this aspect of the matter. It is that the Board of Army Engineers has calculated the cost of operation and maintenance, and of interest and amortization in 50 years, and that the engineers fix the figure at $9,300,000 as the total annual cost.

The fallacy of this calculation, in my view of the matter, lies in the fact that these calculations are based on an assumed net cost of less than $200,000,000, whereas our actual total expenditures will be double, perhaps treble, this amount.

There are no toll bridges on the high seas, no rights-of-way to buy and maintain, no tracks to lay, no switches to operate. It is perfectly easy to understand, therefore, why ocean transportation, mile for mile and ton for ton costs less than rail transportation. As it is visualized by the proponents of the St. Lawrence project, we are to construct a seaway which will permit the passage of ocean vessels from across the seas to the ports on our inland lakes and to give them this inland passage free of charge. Any schoolboy can comprehend that the transportation cost from the mouth of the St. Lawrence to Duluth can be less and ought to be less than the cost of a combination water and rail transportation from Duluth to Buffalo to Boston.

Let us recognize, however, that we are proposing a large subsidy. Let us recognize that if we assessed against every ton of freight which traverses the St. Lawrence seaway its pro rata share of cost and upkeep, then, mile for mile and ton for ton this transportation cost would equal, if not exceed, the transportation costs over existing routes and existing facilities from the interior to the seaboard.

Who will benefit by this subsidy? It is easy to talk in glowing generalities about the economic and transportation needs of a vast area. It is easy to theorize about what 5 cents or 6 cents or 7 cents per bushel of wheat in lowered transportation cost means in dollars to the wheat grower, assuming that he retains this extra price advantage.

The proponents of this project conjure visions of a great revival in export trade, not only in grains, but in other commodities, as a consequence of the physical ability of a ship not over 26-foot draft to move under its own power from the Seven Seas of the world to our cities on the Great Lakes.

I am unable to perceive any reality in such visions under present-day conditions in the world or for as far ahead as we can project the future. It seems to me perfectly apparent that our foreign trade in grains, or in any other commodity, is dependent upon a variety of factors in world affairs, many of them entirely beyond our control, and most of them of so fundamental a character that a trivial variation in transportation costs will not have the slightest appreciable effect.

I shall not take the time of the Senate to review and to analyze the mass of data relating to the potential volume of American freight tonnage which may be expected to utilize the St. Lawrence seaway, if it be built. Many hypotheses have been advanced by a wide variety of expert calculators who have reached widely divergent conclusions. It is pertinent to point out, however, that the estimates usually cited by the proponents, as evidencing a prospective large volume of traffic, are of predepression vintage at a time when our trade and commerce, domestic and foreign, was not only booming and at its near peak but when the prevailing assumption was that we were nowhere near the top. Furthermore, many of the estimates dealt with total available traffic without reference to how much or how little of it would be transferred from other existing transportation routes and facilities to the St. Lawrence route.

To quote the tonnage figures employed in these estimates as if they were definite and authoritative calculations of the actual St. Lawrence seaway traffic is utterly misleading in the light of present-day conditions.

I commend to the attention of every Senator who approaches this question with an open mind, the concise and penetrating analysis of the traffic aspect contained in the minority report of the junior Senator from New York [Mr. WAGNER]. I am quite prepared to reach the same conclusion that he does, that the total movement of United States trade on the route would amount to not more than 5,500,000 tons in normal times; very much less than that, of course, under present conditions when the export grain trade is at such low ebb.

I am mindful of the fact that, if I contend that the final consequence of the matter will be that the American taxpayers, through their shouldering of the capital costs of the project, are thereby to contribute $5 per ton, year in and year out, toward the movement of every ton of United States freight on the St. Lawrence seaway, it will be argued that I have overlooked the indirect benefits which will accrue if the St. Lawrence seaway serves to reduce transportation costs of all tonnage over all routes.

I have not overlooked that aspect of the question, but I am exceedingly skeptical as to whether any such general lowering of transportation costs would thereby result.

If existing transportation costs are excessive, there are ample remedies at hand to reduce them without spending a half a billion dollars to create a birch rod for that purpose. Every medium of transport in this country is today exerting itself as never before to obtain freight. There is not enough freight to support existing transport facilities at any rate, high or low. Why should we spend Government funds in huge amounts to add to the surplus of transport facilities when we are denouncing the short-sightedness of private business for their capital outlays in creating excess-production facilities?

We are advised by the President that in his opinion, if we do not build the St. Lawrence seaway in conjunction with Canada, the latter will ultimately complete a ship channel between the Lakes and Montreal entirely in Canadian territory on her own account and at her own expense.

I am unable to view that possibility as in the nature of a national calamity to the United States. Canadian trade and commerce will benefit much or little by a waterway from the Lakes to the sea, but how much or how little will not depend on whether the seaway is national or international, whether we pay for half of it or pay for none of it.

If Canada elected to close her waterway to our commerce—a most unlikely supposition—we would still have every transport facility we already possess; and they are ample. If our commerce were admitted to her waterway, even if we were charged something for the privilege, we would have escaped perhaps half a billion dollars of capital expenditures. The fact of the matter is that Canada has offered every inducement within her power to divert our export shipments from our own North Atlantic ports to Montreal, and is apt to continue to do so whether the seaway be international or wholly Canadian.

Bear in mind, also, that the St. Lawrence project as now conceived is of our seeking rather than Canada's seeking; that Canada has not ratified the treaty—declines to consider the treaty unless and until we ratify it. And there can be no explicit assurance that Canada will ever ratify it.

I have said nothing about an aspect of this treaty which agitates the Senator from Illinois and some others, whose constituencies are immediately concerned with the question of diversion of water from Lake Michigan. I have not undertaken to reach any conclusion on the water-diversion issue. It was unnecessary for me to do so by reason of the fact that I am opposed to the project for other and more fundamental considerations. Nor do I fear that this seaway exposes us to a foreign invasion by armed armadas.

I am opposed to the St. Lawrence project and to the ratification of this treaty because I conclude that the claimed benefits to our own trade and commerce are largely mythical, and I can find no justification for a stupendous expenditure of public funds in an enterprise of such dubious economic value.

The project is a heritage of the profligate past when we were dazzled by visions of limitless expansion of our trade and commerce, domestic and foreign, and when we dreamed of perpetual prosperity with a capital P. Examined in the sober realities of the present day, it is both unnecessary and imprudent.

I regret to differ from the President on this question, but I feel constrained to do so.

I believe that the Senate should withhold its sanction of the treaty.

APPROPRIATIONS FOR THE STATE, JUSTICE, ETC., DEPARTMENTS

As in legislative session,

Mr. McKELLAR. Mr. President, on March 10 the Senate passed House bill 7513, the State, Justice, Commerce, and Labor appropriation bill for 1935. I move that the Senate insist upon its amendments, ask for a conference with the House thereon, and that the Chair appoint conferees on the part of the Senate.

Mr. McNARY. Mr. President, is the motion made in legislative session?

Mr. McKELLAR. As in legislative session.

The PRESIDING OFFICER (Mr. ERICKSON in the chair). The question is on the motion of the Senator from Tennessee.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. RUSSELL, Mr. PITTMAN, Mr. HALE, and Mr. NYE conferees on the part of the Senate.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

The Senate, as in Committee of the Whole, and in open executive session, resumed the consideration of Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932.

Mr. LOGAN. Mr. President, I have listened during several weeks to the arguments advanced for and against the ratification of this treaty. I believe those who have argued against its ratification have done more to convince me that I should vote for it than those who have argued for it.

The Senators who oppose the treaty are of outstanding ability. They have made great research. Their investigations have gone far afield. Their arguments have been presented to this body and to the American people, but I am constrained to say that they are not convincing. If no other arguments can be presented—and I know they cannot, or these able and distinguished Senators would have presented them—I am quite sure there is every reason why we should ratify the treaty and almost no reason why we should not do so.

The opponents of the treaty base their opposition on technical matters, on small things. They find that Canada probably will use more labor of Canadian extraction than we think it should, or that perhaps Canada will furnish more material than some of the opponents of the treaty think it should furnish. Questions such as that are of almost no importance when it comes to the consideration of one of the greatest improvements of all ages.

It has always been considered by every nation that seacoast was of great importance to it. The greater the seacoast, the greater the nation. Wars have been fought in every age by nations seeking an outlet to the sea. Wherever there is seacoast, great cities grow up; industries are developed; business is increased; and, as I see it, if this treaty shall be ratified there will be many great seacoast cities that never can exist or develop if it shall not be ratified.

Wherever we have industry we have work, and where we have work we have purchasing power, and when we have purchasing power widely distributed we have prosperity.

There is another, as it seems to me, convincing reason why we ought to ratify this treaty which has not been greatly discussed. I am somewhat surprised at the senior Senator from Louisiana [Mr. LONG], who is always making speeches to this body about the distribution of wealth. Wealth has been concentrated in the more populous districts of the East because of the fact that they have control of commerce by reason of their location on the sea.

I do not know of anything that would distribute population and wealth and industry more widely than the construction of the great St. Lawrence seaway. Instead of those who invest in industry being forced to go to the great cities of New York or Boston in order to find a place where they may advantageously start a business, they could do so in Duluth or in any of the other towns, now small, which surround the Great Lakes. Instead of everything going through a few of the ports on the Atlantic seaboard, we would have business developing on a coast 3,000 miles in length.

It seems to me that those who oppose the ratification of the pending treaty are very much in the attitude of a visitor who might view the great painting of Leonardo da Vinci, The Last Supper. He looks upon it and finds that perhaps there is a wrinkle in the coat sleeve of Peter, or that perhaps Judas Iscariot has one more eyebrow over one eye than he has over the other, or that there is some little dot or speck in the countenance of one of the Twelve Apostles, and because he finds these few things, which he thinks are defects, he at once condemns that great painting and says that it ought to be discarded because there are imperfections in it.

We find the same attitude on the part of those who oppose the treaty. They advance one small reason and another small reason; but when we analyze them all we find there is but one reason, and that is selfishness, a failure to take a national view, to attempt to do that which will be for the best interests of all the people throughout the entire United States.

I know that we are prone to look at our own homes and our own States, and we seek to secure for them that to which they are not justly entitled, perhaps, and in doing so we leave uncared for many of the great regions of the United States which are justly entitled to our consideration.

I believe that the Senate of the United States ought to take a national view of all questions which may arise. I can well understand why the cities of the East may oppose this treaty; it would take from them, perhaps, something they already have; but, in my judgment, it would develop even a greater business. As was said by the distinguished Senator from Nebraska yesterday, we may have some changes in industry or in transportation, but they will all adjust themselves; and I am persuaded that in the end we will have greater industry and more transportation than we have ever had in the past. When the railroads, looking at the proposal in a short-sighted manner, as it seems to me, contend that they will lose business, I think they are wholly wrong, as they nearly always have been about all public questions which concern their interest. It seems to me that, instead of the railroad companies being greatly harmed, the new business which will be developed about the Lakes will make for more transportation and that they will be better off.

Mr. President, I am very greatly impressed with the suggestions made by the Senator from Nebraska yesterday when he said those States on the Western plains have helped us in many of our great national enterprises, and yet some of us are, so it seems, turning a deaf ear to their demands at this time.

I desire to call attention briefly to another phase of this matter. In his message to the Senate the President set at rest most of the "local fears of economic harm to special localities or to special interests" which, as he correctly stated, have been "grossly exaggerated" in the consideration of the Great Lakes-St. Lawrence project. Let me say here that since this project has been under consideration, I believe there have been 5 Presidents of the United States, beginning with Mr. Wilson and ending with Mr. Roosevelt. Every one of those Presidents, 2 of them Democrats and 3 of them Republicans, has done all within his power to further agreement on and the ratification of this treaty. But we are told by some Senators that those Presidents were mistaken, that the Army engineers were mistaken and that only those who argue for the treaty here have sufficient wisdom to advise the American people what ought to be done about this question.

The President in his message called attention to the fact that Canada can complete the seaway on her own side of

the international boundary, if the United States refuses to cooperate in the project by ratification of the pending treaty. This, in my judgment, constitutes a graver danger to American interests than any of the imaginary fears which have been conjured up in this debate in an attempt to defeat the President's policy.

The President has clearly stated the condition that actually exists in respect to the St. Lawrence River, as follows:

> Canada and the United States are possessed of a natural flow of water from near the center of the continent to the ocean—a flow which throughout the greater part of its length is today available for navigation by large-size vessels. A system of locks at the eastern end of Lake Superior, a dredged channel between Lake Huron and Lake Erie and another series of great locks between Lake Erie and Lake Ontario provide free and adequate navigation to a point well down the St. Lawrence River. From there a series of three rapids, all of them within a distance of 120 miles, now impede navigation by ocean-going vessels, but a Canadian canal already provides facilities for smaller ships. This Canadian canal now is used substantially up to its capacity.
>
> Two of the three rapids are wholly in Canadian territory; the other is in the so-called "international" section. A great power development at the Beauharnois Rapids in Canada is already nearing completion and locks for ocean-going ships have been planned for and could readily be built at a low cost as part of the plan. This means that only two additional series of locks are required for a complete and continuous seaway from Duluth to salt water. I call your attention to the simple fact that Canada alone can, if desired, build locks at the Lachine Rapids and at the international sector and thus provide a seaway wholly within Canadian control without treaty participation by the United States. This, however, would be a reversal of the policy of cooperation which the United States and Canada have continuously maintained for generations.
>
> I want to make it very clear that this great international highway for shipping is without any question going to be completed in the near future and that this completion should be carried out by both nations instead of by one.

In the debate on March 12 the Senator from Missouri [Mr. CLARK] indicated that the President was referring to an all-Canadian route from Georgian Bay through the Ottawa River to the St. Lawrence. This is not the fact, as a careful reading of the message will disclose. On the contrary, the President made specific reference to the possibility that Canada might "build locks at the Lachine Rapids and at the international sector" in the St. Lawrence River itself, and "thus provide a seaway wholly within Canadian control."

Senators opposing the treaty overlook the fact that a waterway 2,350 miles long already exists from Duluth-Superior at the western end of the Great Lakes through Lake Ontario to Prescott, Ontario, with a minimum depth of 21 feet. Between Prescott, Ontario, and the city of Montreal, on the St. Lawrence River, there are now 47 miles of 14-foot canals, all of them located on the Canadian side of the international boundary in the St. Lawrence River. These canals have been built at Canadian expense around the series of three rapids above the city of Montreal, which will remain the head of navigation on the St. Lawrence River if this treaty is rejected. From Montreal to the Atlantic Ocean, a distance of 1,000 miles, through the St. Lawrence River and the Gulf of St. Lawrence, Canada has already provided a 30-foot channel, with an expenditure of millions, for which she does not receive a dollar of credit in the terms of this treaty.

The 14-foot Canadian canals above Montreal have an annual tonnage of seven or eight million tons, and even in this time of depression have virtually reached their capacity. By deepening the canals and providing additional locks Canada can unquestionably provide a seaway as completely under her control at the Fourth Welland Canal around Niagara Falls, which the Dominion recently completed at a cost of $128,000,000.

It is therefore evident that the pending treaty offers the United States an opportunity to share in a great cooperative enterprise with a friendly neighboring nation which will be sacrificed if the treaty is rejected. The result would inevitably be that while Canada utilized to the full a great natural resource which should be of equal advantage to Canada and the United States, this country, by a narrow, selfish, and grasping policy, would be forever excluded from the equal benefits the use of the Great Lakes-St. Lawrence system should insure to our people.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Illinois?

Mr. LOGAN. I yield.

Mr. LEWIS. With no desire to interrupt the discussion of the Senator, and conscious, as I am, of his superior learning, both as to law and as to domestic policy, I ask him, assuming that Canada should find it agreeable to cut this waterway as a distinctive Canadian waterway, own and control it as a Canadian waterway, where does my friend find any obstruction in America doing likewise with her waters, cutting a distinctive American waterway right through her country on to the sea? Where is the disadvantage in both waterways existing, may I ask the able Senator?

Mr. LOGAN. I think it would be exceedingly unwise, when we have an opportunity to have some control over this seaway in Canada, for us to throw away that opportunity and say that this canal may be built by Canada and controlled by Canada, and if we want to get to the sea, we will have to build some other seaway. It seems to me it would be uneconomical if we should say, when we can come in and jointly build a great seaway and jointly have some control over it, that we will abandon that opportunity, and attempt to build a seaway through some part of the United States.

Mr. LEWIS. May I ask the able Senator, if he will allow me to interrupt him, why it would not be equally just for us to ask Canada to join with us in building the canal through American territory, and where it connects with Canada or Canadian waters at any point, why not come in with us and join with us? Is there not the same privilege awarded Canada in joining us as is assumed to be awarded America in joining Canada?

Mr. LOGAN. That is not what is provided by the treaty.

Mr. LEWIS. That is correct.

Mr. LOGAN. The treaty has been worked out in the minds of the American statesmen, upon the recommendations of the engineers of the United States and Canada, and they have determined that the route we are discussing is the best route, and that this is the best way possible to utilize the advantages that may come from a seaway from the Great Lakes to the Atlantic Ocean.

Mr. LEWIS. Then does the able Senator feel that there would be an economic disadvantage to have the canal cut through Canada, or does he think a saving in expense could be effected by joining Canada rather than having one cut through America?

Mr. LOGAN. I do not mean to say that. I think the expense is not worthy of consideration when we are considering a matter of the construction of something which will endure throughout the ages. I do not think the matter of expense is of very great importance. I do not know why those who have been working on this project for the past 15 or 20 years, or whatever the time may be, all agree that the St. Lawrence River should be utilized, and that it affords the best route for a waterway of this kind; I do not know why they reached that conclusion; but all the great engineers, all our great statesmen, all except those Senators of the United States who oppose the treaty, have reached the conclusion that this was the best thing to do. And to my mind, after all the study that has been given to the project throughout the years, when a conclusion has been deliberately reached by such men as those who have considered it, their conclusions ought to have some weight with us; at least their conclusions have some weight with me, because they are wiser than I.

It should not be fogotten that the two largest cities of Canada, Montreal and Quebec, already possess the advantage of being located on deep water with harbors giving access to the ocean-going vessels of the world. When the bottle-neck obstruction in the International Rapids section of the St. Lawrence River is removed, Montreal will cease to be the head of navigation on the St. Lawrence River; and great American cities, including Chicago, Milwaukee, Duluth, Toledo, Cleveland, and Detroit, will become seaports



with the same direct access to the ocean which Quebec and Montreal today enjoy.

The ratification of the treaty will insure the right of American cities such as these to ship their products in American bottoms in the coastwise trade to our ports on the Atlantic, Gulf, and Pacific coasts and to the markets of the world without the payment of tolls and with equal rights of navigation guaranteed in perpetuity.

If this treaty is rejected, on the other hand, our American ports on the Great Lakes will either be deprived of access to the ocean for many years to come or, as the President has stated, they will be compelled to ship their products through a waterway controlled by Canada subject to tolls and other regulations prescribed by the Dominion Government.

The President has likewise clearly shown in his message that if the treaty is rejected Canada can develop her rich resources of waterpower on the St. Lawrence River lying wholly within Canadian territory without a treaty with the United States.

In his message the President states:

> This river is a source of incomparably cheap power located in proximity to a great industrial and rural market and within transmission distance of millions of domestic consumers.
>
> The Legislature of the State of New York by unanimous vote set up the necessary State machinery during my term as Governor of New York, and the State stands ready to cooperate with the Federal Government in the distribution of power (from the International Rapids section) in accordance with what I believe is today a definite national policy.
>
> Power in the international sector of the St. Lawrence cannot be developed without a treaty between the United States and Canada. On the other hand, Canada can develop a huge block of new power at the other two rapids which lie wholly within Canadian territory. Here again, as in the case of navigation, it is better in every way that we should maintain the historic principle of accord with Canada in the mutual development of the two nations.

Much confusion has been thrown about the question of the development of water power on the St. Lawrence River during this debate.

It has been stated again and again by Senators opposed to the President's plan that under the treaty Canada will develop 4,000,000 horsepower, or 80 percent of the total, while the United States will receive but 1,000,000 horsepower, or 20 percent. There is no foundation whatever for this statement. A mere glance at the map demonstrates its falsity.

The pending treaty covers only the development of the 2,000,000 horsepower available in the International Rapids section of the St. Lawrence River, and of this Canada receives half and the United States receives half. The treaty does not involve the United States in any expenditure for power developments in those sections of the river located below the International Rapids section in wholly Canadian territory. One of these, the Soulanges Rapids section, is already under development by Canadian private interests. The other, the Lachine Rapids section, can likewise be developed by Canada without the consent of the United States, since it also lies wholly within Canadian territory.

To say that this treaty has anything to do with the development of the 4,000,000 horsepower Canada has available in the Soulanges Rapids and the Lachine Rapids is as ridiculous as to contend that the United States should have entered into a treaty with a foreign government before undertaking the power development at Muscle Shoals.

On the other hand, it is equally evident that neither Canada nor the United States can develop the 2,000,000 horsepower in the International Rapids section of the river without an international agreement. This section of 120 miles of the St. Lawrence River divides the Province of Ontario from the State of New York. This stretch of the river is traversed throughout its length by the international boundary which divides Canada from the United States. Each Nation controls the waters of the river to this boundary line, but neither Nation can build a dam that crosses this line without the consent of the other.

Until some of the opponents of this treaty can devise a method of developing water power from a dam built halfway across a river it will remain impossible for the United States to take advantage of the use of 1,000,000 horsepower of electricity which is now running to waste on the St. Lawrence.

Mr. FRAZIER. Mr. President, I have been very much interested in the development of inland waterways, and the people of the great Middle West and Northwest feel that the Great Lakes-St. Lawrence waterway will be of great benefit to them in the way of reducing their freight rates.

I am also strongly in favor of the development of the Mississippi Waterway. A few years ago I introduced a bill in the Senate which made provision for carrying out a plan that was suggested at that time by a very prominent engineer, the late Carroll L. Riker, for a deep waterway and flood control for the Mississippi River Valley, and I am very strongly convinced that it is the best bill that so far has been proposed for Mississippi flood control and a deep waterway.

The Senator from Missouri a short time ago mentioned a project that had been proposed in North Dakota for diversion of water from the Missouri River. That project is not of the same type as the project by which it is proposed to divert water from Lake Michigan to the Mississippi River. All we in North Dakota propose is to put a retention dam in the Missouri River and take the excess flood waters and divert them into our lakes and streams which are now drying up because of the continued lack of rainfall and dry seasons. By this means we will use the excess flood water to restore the lakes and streams to their former levels, especially in the eastern part of the State. All we ask is to take the excess flood waters, that otherwise go down the river and often do a great deal of damage, all the way from North Dakota down to the Gulf of Mexico. We hope this diversion plan may be adopted as a part of a flood-control and navigation project and for the conservation of water in North Dakota. It will mean a great deal to North Dakota, and we believe that we have good ground for asking for it; we hope that it may ultimately come; and we believe it will come.

Mr. LEWIS. Mr. President, where is that improvement located?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Illinois?

Mr. FRAZIER. Mr. President, I have only a limited time, and I should rather have the Senator wait until I shall have completed my statement before he asks me any questions.

Mr. LEWIS. Mr. President, I merely wished to ask the Senator where is the project he referred to located? In what part of North Dakota?

Mr. FRAZIER. In the northwestern part of the State, on the Missouri River.

Mr. LEWIS. Mr. President, I am seeking information. I do not desire to interrupt the Senator.

Mr. FRAZIER. After the Panama Canal was completed the people of the Pacific coast had quite an advantage over the people of the middle sections of the United States with respect to freight rates, especially on shipments to the Atlantic coast. I remember well when the long-and-short-haul bill was before the Senate a few years ago the statement was repeatedly made that wool could be shipped from the Pacific coast through to Boston, by way of the Panama Canal, at a cheaper rate than wool in carload lots from North Dakota to Boston, which was only about a little over half the distance, showing that the people of the west coast, because of the Panama Canal, have a great advantage in freight rates over those living half-way across the continent. We believe, Mr. President, that if the Great Lakes-St. Lawrence waterway can be constructed we will regain some of the advantage which we lost when the Panama Canal was completed. Not that the people of the Middle West were opposed to the Panama Canal; we were not, because it meant the development of the whole country; and we believe that the Great Lakes-St. Lawrence waterway will mean the de-

velopment of the whole country and be for the welfare of the entire people of the Nation.

Mr. President, on January 10, in a special message to the Senate, the President asked us to ratify the pending treaty for the completion of the Great Lakes-St. Lawrence project. The President urged this action on the broadest national grounds and has since submitted to the Senate the official estimates of cost and economic studies prepared by five separate governmental agencies, covering every aspect of the power and navigation development which this treaty provides.

The treaty itself and the President's message present an issue which is exceedingly simple and wholly nonpartisan. Nevertheless, a determined effort is being made on the floor of the Senate to confuse the issue and, if possible, to prevent the ratification of the treaty. If that effort shall succeed, it will be because sectional and special interests are permitted to outweigh the national interests to which the President appeals, and because the combination of bankers who control both the public utility and railroad corporations of this country are powerful enough to force the betrayal of the pledges made by both political parties in the 1932 campaign.

The Republican platform dealing with this subject was adopted by a unanimous vote on June 14, 1932. That plank was adopted 2 months after President Hoover had received the official report of the Joint Board of Engineers providing for the locks, dams, power houses, and other works which are made an integral part of this treaty.

The treaty itself had been drafted, submitted to the President, and approved by him. Its principal provisions had been published in the press.

Not a single delegate from New England or the North Atlantic coast arose in the convention to oppose this plank or to dissent in any manner whatever from its sweeping pledge to complete this project. Every delegate, every candidate for the House and Senate from the East, and the leading Republicans from that section volutarily proclaimed their support of the Hoover-Curtis ticket and bitterly denounced progressive Republicans of the West and Northwest who would not accept the party nominees and every plank in the platform.

The platform plank on the Great Lakes-St. Lawrence project, adopted by that convention on June 14, reads as follows:

> The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. Under the direction of President Hoover negotiation of a treaty with Canada for this development is now at a favorable point. Recognizing the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base, the party reaffirms allegiance to this great project and pledges its best efforts to secure its early completion.

I am 1 of 4 progressive Republican Senators who were read out of the party following the 1924 campaign because we had not supported the Republican nominees and the Republican platform in the campaign of 1924.

In that campaign I gave my support freely and in the most public manner to the late Hon. Robert M. La Follette, whose platform contained a pledge for the completion of the Great Lakes-St. Lawrence seaway. I stated repeatedly during the campaign and before the election that I was supporting the late Senator La Follette on his platform and was not bound by the pledges made in the Republican platform.

After the 1924 campaign early in the next session of the Senate some of the Republican Senators from the East took the leadership in forcing a remarkable resolution through the Republican caucus. They determined to discipline every Republican in this body who had failed to support the Republican candidates on the Republican platform as written.

Pursuant to that resolution, of which I was informed the senior Senator from Pennsylvania and some of his colleagues from the New England States were the authors, four progressive Republican Senators were deprived of their committee assignments.

The late Senator La Follette, in the last months before his death, was ousted from the office quarters he had occupied in the Capitol for 10 years and placed at the foot of the list of the Committee on Manufactures, of which he was chairman. My colleague the late Senator Ladd, of North Dakota, who had presided over the hearings during the Teapot Dome investigation, was ousted as Chairman of the Committee on Public Lands. The former Senator from Iowa, Mr. Brookhart, shared with these two Senators and myself the distinction of being disciplined by the regular Republican Senators, especially those from New England and the Atlantic seaboard, because, they said, we had openly repudiated planks of the Republican platform during the campaign of 1924.

Now, in order to vote against the pending treaty a Republican Senator must repudiate as solemn a pledge as was ever written into the platform of his party. He must repudiate the recommendations made for completion of this great project by President Harding, President Coolidge, and President Hoover, all of whom actively participated in the negotiations which resulted in this treaty. He must repudiate the work of Secretary of State Hughes, of New York, now Chief Justice; Secretary Kellogg, of Minnesota; and Secretary Stimson, of New York, who were in direct charge of the long negotiations which resulted in complete agreement between the two neighboring Nations interested in this project.

I do not know of a single Republican Member of this body who, during the last campaign or before the election, openly repudiated this plank of the Republican platform. If any Republican Senators vote against this treaty, I shall naturally expect to see the senior Senator from Pennsylvania, at the next Republican caucus, offer a resolution to deprive those Senators of their seniority on committees and to brand them as outcasts from the Republican Party.

We all recognize that the Power Trust is opposed to the ratification of this treaty. J. P. Morgan & Co., who control about 80 percent of the power and public-utility companies in New England and on the Atlantic seaboard, do not wish to see a public power development on the St. Lawrence such as we now have at Muscle Shoals and Boulder Dam.

Mr. LONG. To which Power Trust does the Senator refer—the Canadian Power Trust that is getting all the power, or to the domestic Power Trust. I take it that the Senator knows the Canadian Power Trust wants this treaty put through for its benefit?

Mr. FRAZIER. The Canadian Power Trust is in a little different attitude from our Power Trust, because there is so much of municipal or publicly owned power in Canada.

Mr. LONG. We are furnishing two thirds of the water and giving Canada two thirds of the power for the power interests there. I was wondering if the Senator would favor the Canadian power interests as against the American power interests?

Mr. FRAZIER. If they should in the future keep their prices as much lower as they have in the past, I think I would favor them.

Mr. LONG. Does not the Senator understand the same interests practically control them both? I understand that there is quite an intimate association between the Canadian power interests and some of our American interests. I have been given to understand so.

Mr. FRAZIER. That may be; but I am not worrying about the power question. I think it is very well taken care of under the pending treaty.

Mr. President, Morgan and the Aluminum Trust, which has been trying to obtain a license to exploit St. Lawrence power for nearly a generation, are not much concerned in the platform pledges offered by either the Republican or Democratic Parties. So, of course, it may be that Senators who betray this plank in the Republican platform of 1932 will not be called to account for overlooking this particular pledge.

In that case Republican Senators who disregard the pledge and vote against the treaty may be entirely safe, so far as their committee assignments are concerned, but the unfortunate result for the party would be that Republicans throughout the great Middle West would have final proof that promises made before the election by the party and its candidates for projects and policies of benefit to the great

interior sections of the country have no binding effect when such pledges are in conflict with the interests of the Power Trust and the bankers of the East.

Mr. President, I cannot agree with those who argue that no actual transportation saving would be realized by the farmer, because all the estimates failed to take into account the cost of shipping the grain from the point of production on the farm by rail to the head of the Lakes at Duluth or Chicago.

This statement is refuted on the face of the report from the Corps of Engineers submitted to the Senate by the President. An exhaustive study was made of the comparative rates on the shipment of grain by existing North Dakota routes and by the completed seaway. Wheat produced in my State was traced from Esmond, N.Dak., by rail to Duluth, and thence to the markets at Liverpool. The figures in the War Department report show that the rail cost from Esmond to Duluth amounts to approximately $4.60 per ton, and that the present cost from Duluth to Liverpool, via the Lakes, the New York Barge Canal, and ocean vessel from New York, amounts to $5.24, giving a total present cost of $9.84 per ton from Esmond, N.Dak., to Liverpool.

The Senator from Illinois [Mr. LEWIS] yesterday intimated that probably before the period of the building of the canal had been concluded the Government would own the railroads and would reduce freight rates. In that case it would only make our freight rates still lower under the new system than at the present time; but taking it for granted that the freight rate to Duluth would be the same as it is now, namely, $4.60 a ton, then the freight rate from Duluth to Liverpool would be reduced to $2.80 a ton after the completion of the St. Lawrence seaway, giving a total cost from Esmond, N.Dak., to Liverpool of $7.40 a ton. This would give a net saving per ton of wheat shipped from Esmond, N.Dak., to Liverpool via the seaway of $2.44.

On the basis of the wheat production for exports of this region in a single normal year, it is shown that the transportation saving would amount to more than $8,000,000, or within about $1,000,000 of the amount necessary to maintain, operate, and completely amortize the Great Lakes-St. Lawrence project in a period of 50 years.

The development of waterways has invariably meant material savings in freight rates. The estimates submitted by the President also show conclusively that there will be material saving on imports coming to the Middle West.

The truth is that the savings will be so enormous that many products which now do not pay to ship from one section of our country to another, or to import from abroad, will move by this route, thus greatly increasing the total volume of tonnage eventually available in the form of finished products for distribution by the railroads. While the cost of transportation will be greatly reduced for the land-locked interior States which are at a tremendous disadvantage as a result of the Panama Canal, yet the railroads will directly benefit from the general economic development of a great section which cannot now ship its products to market and whose purchasing power has been so reduced that it no longer constitutes a profitable market for consumers' goods.

If it were true that the completion of this seaway would ruin the railroads running parallel to the Great Lakes and the St. Lawrence River, then no railroad would exist today along the Atlantic, Gulf, and Pacific coasts.

It would seem unnecessary to remind Senators that the great trunk lines paralleling these coasts are, in normal times, among the most prosperous roads in the entire country and that they, in fact, complement and do not directly compete with the Atlantic waterway, the Gulf waterway, and the Pacific waterway.

Mr. President, recently before the Interstate Commerce Commission a hearing was held on an application for a general increase in the freight rates on grain. The railroad companies have asked for an increase in some instances of as much as 51 percent over the present rate in my home county in North Dakota. The increase for which the railroad companies asked on grain was 51 percent over the present rate. Under present conditions the farmers are not able to get cost of production for their products. They are not able to pay taxes, in many instances, or interest on their farm indebtedness. Freight rates comprise one of the big items that enter into the cost of shipping our grain. The price of our wheat is based at the present time on the Liverpool market less the freight.

It will require about 7 years to complete the St. Lawrence project. The railroads need increased traffic now, and every ton of the materials and supplies, the heavy equipment and machinery which must be transported for the construction of these works from Lake Superior to the sea must be moved by rail. A vast tonnage for rail movement will thus be created for this emergency by the completion of this project. At the end of 7 years, it is estimated, the total capacity of the seaway will constitute less than 5 percent of the increased tonnage of the railroads which will be available under normal conditions by 1941.

It is a reflection upon the 21 standard railroad brotherhoods for anyone to state that they are opposing the ratification of this treaty. It is well known that they have always supported the development of Muscle Shoals, Boulder Dam, and every other important public power project which has been undertaken in this country. They have been one of the chief obstacles to the raids of the Power Trust upon the public interest, and of the banking combination that controls both the public utilities and the railroad corporations. They have been the friends, in season and out, of the farmers of this Nation, who are demanding today, through their great farm organizations, the ratification of the pending treaty.

Since this treaty has been submitted to the Senate, not a single editorial or article has been published in Labor, the official organ of the 21 standard railroad brotherhoods, condemning this project or urging the rejection of this treaty. The friends of railroad labor in this body, on both sides of the Chamber, are leading the fight for ratification of the treaty.

I am informed that on the day that the senior Senator from Minnesota made his eloquent address in favor of the ratification of the treaty, that the 21 standard railroad brotherhoods, by a unanimous vote, endorsed him for reelection to the Senate.

It will be perfectly evident to any Senator who gives this project serious study that the President speaks a fundamental truth in his message when he declared that—

> This great international waterway for shipping is without any question going to be completed in the near future and that this completion should be carried out by both nations instead of by one.

This project is to complete an existing waterway to a depth of 27 feet and to prevent the sheer waste of a million horsepower in the State of New York, and cannot be blocked at this time except as the President has stated by "local or special interests", which "conjure up imaginary fears" and create a specter of "economic harm" which is "grossly exaggerated."

If sectionalism and special interests are to control the decision of this body on the pending treaty, it will be a catastrophe to the entire country for which neither the farmers nor the labor organizations of the land can be charged with responsibility.

The treaty should be ratified by an overwhelming vote in accordance with the pledges formally made by both political parties and the wage earners and the farm producers in every State and every section of the Nation will reap a great benefit from the completed project.

Mr. President, when the vote comes tomorrow I hope the treaty will be ratified by a large majority.

Mr. BONE. Mr. President, in view of the nearness of the vote on the treaty and because of the presence in the discussion of some aspects of the power question which I regard as being of very great if not paramount importance in the consideration of the question, I desire to take a little time to discuss some of the power aspects of the pending St. Lawrence Treaty.

The last time the Senate voted on an important power project the center of conflict was Muscle Shoals in the Ten-

nessee Valley. This year the fight has shifted to New York. The pending treaty presents a major phase of the struggle to maintain the President's program for assuring homes and farms throughout the land the cheapest possible electricity.

Without our favorable action on this treaty New York's public power project cannot be undertaken and the Power Trust's citadel in that region will have won a new extension of the right to exact tolls from millions of small consumers of electricity. That is one of the real issues upon which we will be voting when the St. Lawrence Treaty comes up for ratification tomorrow. It is the power issue and we are called upon to declare for or against the Power Trust. It is upon this issue at least that some determination and final decision will be made by the Senate.

I know that the private interests which are today exploiting the people's need for electric power contend that there is no power trust—that it is merely the figment of the disordered imagination of some of us who have faith that the day will come when electricity will flow into the homes of the land as freely as water. But, at least in New York State, where St. Lawrence power will be utilized by the State to reduce electric rates, the Power Trust is a reality. Within the last fortnight one man, representing the J. P. Morgan & Co. power interests, stood before a committee of the New York Legislature and boasted that he represented the corporations that control 75 percent of the State's annual supply of electric power.

It was in 1931, under the leadership of Franklin D. Roosevelt, then Governor of the State, that New York decided to carry through the public development of St. Lawrence power. Through three successive sessions he fought the issue out with Power Trust forces in the arena of the State legislature. With the overwhelming support of the people of the State he defeated the combination of private interests which for a generation had sought to get control of the great power resources of the St. Lawrence River.

I do not believe, Mr. President, that there is any Senator who would today wish to join forces with the Power Trust to block the President in the present achievement of an objective to which he has devoted years of consistent effort. It would be hard indeed if, after his final victory over the forces of private power control in New York State, he were to find those same forces entrenched here in Washington ready to make his victory abortive.

As Governor of New York, President Roosevelt found the people of his State paying 7 cents, 8 cents, 9 cents, 10 cents, and even 12 cents per kilowatt hour for the electricity used in their homes and on their farms. He recognized that such outrageous exploitation actually served to deprive the people of the full blessings of electricity, which had become an essential of life. He looked beyond the boundaries of the State, and saw successful public power systems making electricity available to the home at one half or even one quarter of the rates which the people of New York were paying. He proposed a comprehensive plan for remedying the evil, including public development of St. Lawrence power, and legislation enabling municipalities to sell power to their citizens.

I need not go into detail to suggest how important this program must have seemed to President Roosevelt in his years as Governor of New York. I need only refer to the CONGRESSIONAL RECORD of February 1, which contains a synopsis of the speeches, statements, messages, and letters of the President covering his many years of interest in the matter, introduced by the senior Senator from Nevada. In page after page of the RECORD it becomes evident, beyond all peradventure or doubt, that the St. Lawrence project is an important block in the very foundation of his economic policy.

In his first message to the New York Legislature on January 1, 1929, Governor Roosevelt said:

> In the brief time that I have been speaking to you there has run to waste enough power from our rivers to have turned the wheels of a thousand factories, to have lit a million farmers' homes—power which nature has supplied us through a gift of God. It is intolerable that the utilization of this stupendous heritage should be longer delayed by petty squabbles and partisan dispute. Time will not solve the problem; it will be more difficult as time goes on to reach a fair conclusion. It must be solved now.
>
> I should like to state clearly the outstanding features of the problem itself. First, it is agreed, I think, that the water power of the State should belong to all of the people. There was, perhaps, some excuse for careless legislative gifts of power sites in the days when it was of no seemingly great importance. There can be no such excuse now. The title to this power must vest forever in the people of this State. No commission—no; not the legislature itself—has any right to give, for any consideration whatever, a single potential kilowatt in virtual perpetuity to any person or corporation whatsoever. The legislature in this matter is but the trustee of the people, and it is their solemn duty to administer such heritage so as most greatly to benefit the whole people. On this point there can be no dispute.
>
> It is also the duty of our legislative bodies to see that this power, which belongs to all the people, is transformed into usable electrical energy and distributed to them at the lowest possible cost. It is our power; and no inordinate profits must be allowed to those who act as the people's agents in bringing this power to their homes and workshops. If we keep these two fundamental facts before us, half of the problem disappears.

That was the opening gun of a policy which this body will vote upon on Wednesday. Some of the basic opposition to the President's St. Lawrence program comes from those interests which have never given up the determination to exact inordinate profits from the distribution of this power.

Let me turn to a brief consideration of what the President's program for the St. Lawrence would mean to consumers of electricity.

The people of New York State are today paying private power interests over $300,000,000 a year for their electricity. That represents approximately one sixth of all the revenues paid to all the power companies in the United States. More than one third of this enormous toll is paid by homes and farms, while 60 percent of it is paid by small consumers purchasing their power on a retail basis for an average of more than 5 cents per kilowatt-hour. Let me say, parenthetically, that that price is an outrage.

I have statistics at hand which show that if the homes and farms of New York State could secure electricity at the rates prevailing in Jamestown, N.Y., a city of 45,000, served by a well-managed publicly-owned power plant, their savings would amount to at least $50,000,000 a year If we include savings for small commercial customers the combined saving of all retail customers of private companies using electricity in New York State, on the basis of the rates charged by this plant, would be $81,000,000.

For purposes of comparison I might turn to the rates prevailing in my own section of the country, where the potential competition resulting from the existence of such public power systems as those serving Seattle, Tacoma, and Los Angeles has forced the rates charged retail users of electricity far below the average prevailing in other sections of the country.

In 1932 the homes in New York State used 1,820,000,000 kilowatt-hours of electrical energy, for which they paid a total of $115,473,000, or at the average rate of 6.35 cents per kilowatt-hour. According to the Bureau of the Census, United States Department of Commerce, homes in the Pacific Coast States in the same year used 1,634,000,000 kilowatt-hours of electricity, but paid only $61,943,000 for this service, giving an average rate of 3.8 cents per kilowatt-hour, instead of 6.35 cents.

If the homes of New York State could have purchased their current at this average rate of 3.8 cents, they would have saved $46,313,000 in the single year 1932.

I wonder what that means to a few gentlemen who own the private power companies of the State of New York!

Similarly, small commercial light and power customers in New York State purchased 1,476,000,000 kilowatt-hours in 1932 for $77,242,782, or at an average of 5.2 cents per kilowatt-hour. Again referring to the Census data, I find that the average charge for this class of service on the Pacific coast was 2.2 cents per kilowatt-hour. Here, again, is a potential saving of approximately $44,000,000 a year to the people of New York State if retail electric rates can be brought down to a reasonable figure.

Here we have a potential reduction of the electric bills paid by the homes and small businesses of New York State

from $193,000,000 to $103,000,000 a year. This saving of approximately $90,000,000, capitalized at 6 percent, would represent a value of $1,500,000,000 to the people of the State of New York.

It was use of the St. Lawrence power development to create this value for the people of New York State, through reductions in electric rates, that President Roosevelt had in mind when, as Governor, he placed all his influence and authority behind this public power project. It is that great value to the people which he has in mind today, I assume, when he urges ratification of the treaty which is necessary to its consummation.

Today, therefore, I urge the importance of immediate ratification of the St. Lawrence Treaty, because it will help the people of New York State and of eastern States to obtain this immense advantage through striking a blow at the monopoly control of the Power Trust, which is today, as always, determined to block any great public power development. The defeat of this treaty will deprive small consumers of electricity of the enormous value represented by the potential rate reductions which I have already mentioned, and which represent vast fortunes to the private owners of these electric utilities.

It is impossible to conceive of a great hydrcelectric project more uniquely qualified to serve the purposes of a public program for reducing electric rates than that which will be made possible by the St. Lawrence Treaty. The Great Lakes, serving as a natural storage reservoir, give this river a regularity of discharge unequaled among the systems harnessed for power on this continent. This means that the power plants on the American side of the international boundary, with an installed capacity of 1,100,000 horsepower, will be capable of furnishing more than three quarters of a million horsepower of hydroelectric energy on demand throughout the entire year.

The maximum recorded flow of the St. Lawrence is approximately 300,000 cubic feet a second as compared with a minimum flow of 170,000 second-feet. This ratio of 1.7 to 1 compares with ratios of 27.7 to 1 for the Columbia River, 46.3 to 1 for the Susquehanna, and 36.4 to 1 for the Colorado. Among the other rivers of which I have a record the most regular discharges are those of certain other rivers in Canada, including the Ottawa River, where the ratio of maximum to minimum is 10 to 1; the Richelieu, with a ratio of 6.1 to 1; and the St. Maurice, with a ratio of 7.5 to 1.

The incomparable regularity of flow of the St. Lawrence River is an economic asset the profit from which will go entirely to consumers of electricity as a result of the public-development program undertaken and to be undertaken by New York State. The New York power houses, with an installation of 1,000,000 horsepower, will provide approximately 770,000 horsepower of primary energy, and an additional 142,000 horsepower of high-grade secondary power. In combination with a certain amount of steam capacity to supply power during the periods of reduced flow in the river and to carry the daily and seasonal peak loads characteristic of the present demand for power in the area, a very large proportion of the nearly 6,000,000,000 kilowatt-hours available from this project will be utilized.

This power will be developed at an investment cost of $90,000,000 if the joint recommendation of the United States Army engineers and the New York Power Authority is confirmed by congressional action. This will mean an investment of approximately $82 per installed horsepower, or $116 per primary horsepower, which brings the development well within the field of economical power developments. Reference to the data prepared for the President by the interdepartmental board on the Great Lakes-St. Lawrence project indicates that the annual cost of generating this power on a public basis may be figured at approximately $6,000,000, thereby assuring this public project power at a cost of not more than $8 per horsepower year.

If every kilowatt-hour of primary power which can be produced by this project, operating night and day, could be marketed, the cost of this power ready for delivery at the site would be only about a mill and a quarter. If 80 percent of the total potential output is absorbed to carry the so-called "base load" of a system in which there is also steam capacity, the generating cost will not exceed 1½ mills.

The report furnished by the interdepartmental board also contains data showing the cost of this power transmitted to various distances from the project. For instance, I find that at the end of a 300-mile transmission line, publically owned, St. Lawrence power could be delivered at an over-all cost of approximately 3.1 mills at 80-percent load factor and 4.2 mills at 60-percent load factor. Even including the high costs involved in bringing current into New York City itself, the total cost of this power would not exceed 3.8 mills at 80-percent load factor and 5.1 mills at 60-percent load factor.

In areas nearer the St. Lawrence River—as, for instance, in that surrounding Utica—the cost of St. Lawrence power would be even lower, amounting to approximately 2¼ mills at 80-percent load factor, and 3 mills at 60-percent load factor.

I need hardly emphasize the fact that this is cheap power. The figures speak for themselves. In no other way at present known to the science of the industry could the people of a wide area be provided with power at so low a cost. This exceptionally low cost renders it of supreme value to the people as a means of securing lower electric rates.

Let me suggest in very simple terms a contrast which will serve to emphasize the value to the people of this public power development when consummated. We may conservatively assume that the difference between the cost of this power to be generated by the publicly owned St. Lawrence power plants and the cost of the same power if produced by steam plants would be $10 per horsepower-year. Capitalized on a 5-percent basis, this would represent a value of $200 per installed horsepower, or somewhat over $200,000,000 for the entire project.

The intangible value represented by the difference in cost between water power and steam power has frequently been capitalized by private industry at much higher figures than that which I have given. For instance I have in mind a 16,000-horsepower development in my part of the country in which the water power alone was capitalized by a private corporation at $10,424,000. If the St. Lawrence power which is to be available on the American side of the boundary were to be capitalized on this basis, its worth would have to be reckoned at something over $700,000,000.

My attention has been called to some interesting testimony bearing on this point, given before the special committee of the Canadian House of Commons, which investigated the Beauharnois project in 1931. Robert Dodd, of the firm of Robert Dodd & Co., investment bankers of Montreal, testified at that time in regard to the potential value of the 1,000,000 shares of common stock for which members of the syndicate financing that development paid $1 per share.

This is one of these high-pressure private outfits that is going to develop on the river below the present St. Lawrence international development. Let me quote from the proceedings:

MEMBER OF THE COMMITTEE. I want to get your viewpoint as to the potential value of these shares at the end of 10 years' time when this thing is completed according to your circular.

ANSWER. The stock would have a fair value of $200 per share, I would say.

In other words, it was the confident expectation of those private promoters and financiers who were promoting a power development on the St. Lawrence, corresponding very closely to that which is provided for in the treaty, that the intangible value of a natural power resource capable of developing approximately 2,000,000 horsepower would net the insiders $200,000,000 on an investment of only $1,000,000; in other words, 200 to 1, which, of course, would come out of the pockets of the consumers, as is customary.

It is this very determination of the private power interests to capitalize the profits which they expect to realize on the intangible value of a great public resource that underlies

the chief opposition to the St. Lawrence Treaty on both sides of the border. It is merely another illustration of what is being done in many places, the capitalizing of the hope of the insider, the translating of his hope into stock, upon which he hopes later to realize vast revenues.

This brings me to a point which has received much attention in this debate. It has been asserted again and again that the major part of the power to be developed under the treaty will belong to Canada. It has been charged that with the United States paying one half of the entire cost, Canada will get 4,000,000 of the 5,000,000 horsepower of hydroelectric horsepower. Let us examine the facts.

The St. Lawrence River, between Lake Ontario and Montreal, offers three hydroelectric power resources, two of which are of exceptional value. Starting down the river from Lake Ontario the first of these is in the International Rapids section, the second is at the Soulanges Rapids, and the third is at the Lachine Rapids. Approximately 2,000,000 horsepower can be developed at each of the first two points. About 1,000,000 horsepower is available at Lachine but under less satisfactory conditions, so that this development is not expected to take place in the near future.

The only one of these hydroelectric-power developments provided for under the St. Lawrence Treaty is that in the International Rapids section. This is the only one to which the United States contributes a dollar of funds and one half the power to be developed will belong to the United States.

The PRESIDING OFFICER (Mr. LONG in the chair). The time of the Senator on the treaty has expired.

Mr. BONE. Then I will occupy a little time on the reservation.

The PRESIDING OFFICER. The Senator has 10 minutes on the reservation.

Mr. BONE. Mr. President, the development of the Soulanges Rapids for power is in no way affected by the treaty. It is a wholly Canadian resource which Canada can develop at any time to any extent without any treaty or consent on the part of the United States. As I have already suggested, its development by private capital is well under way, with the Beauharnois power plant already delivering about 550,000 horsepower.

Those opponents of the treaty who are so concerned about keeping American money at home to promote the development of American industry and the employment of American labor might well investigate the extent to which private capital from the United States is sharing in the present promotion of this privately owned power development lower down the river.

The development of 2,200,000 horsepower of hydroelectric energy from the International Rapids section of the St. Lawrence River will be an all-public project, shared equally by the Power Authority of the State of New York on this side and by the Ontario Hydro-Electric Power Commission on the other. This development will be directly for the benefit of the people who will get lower rates because no profits will be exacted to support the capitalization of intangible rights. Ratification of the St. Lawrence Treaty is necessary to make this power project possible.

The development of 2,200,000 horsepower of hydroelectric energy from the Soulanges Rapids section of the St. Lawrence River will be an all-private project, located in the Province of Quebec, which is committed to the principle of private ownership. This project is today being developed by financiers drawing the capital from international sources. In other words, American money is going over there to develop a private power project in all-Canadian territory. This development will be directed to sustaining a capitalization of intangible water-power rights, as I have already indicated, amounting to upward of $200,000,000, over and above the actual investment in the necessary works.

No treaty is necessary for this private power development. In fact, representatives of the private interests backing the Beauharnois development are the open opponents of the treaty in Canada because they do not want the competition of the great public-power projects in the International Rapids section, especially the development of 1,100,000 cheap horsepower in the United States, for which it provides. I need only refer you to the opposition in the Province of Quebec for confirmation of this statement.

In a speech before the Quebec Legislature, January 13, 1932, Premier Taschereau, in explaining his opposition to the St. Lawrence development, said:

> The pressing need of the United States is for power. Do you think we are ever going to get industrial development in the Province of Quebec and in Canada by permitting the United States what she needs now for development of her own industries? I have seen many captains of industry, so-called, and they all tell me the same thing: Keep your hydro power at home, and you will have American capital going into your Province for the development of industries and your Province will profit and progress. * * *

A vote against the treaty is a vote against the only United States power development which this great river offers. It is a vote against the only great public-power project in the northeastern section of the United States. It is a vote in favor of the all-Canadian developments lower down on the river. It is a vote, in practical effect, to encourage a huge private development at the expense of the proposed public agencies. It is a vote in favor of those interests which would keep for private capital all the values inherent in great public water-power resources. It is a vote against the program which President Roosevelt has pushed through many years of struggle to give to the people of his State reductions in electric rates with a capitalized value of $1,500,000,000.

Mr. METCALF. Mr. President, I send to the desk an amendment, which I ask to have printed and lie on the table.

Mr. VANDENBERG. A parliamentary inquiry. Is the Senator from Rhode Island offering a reservation to the treaty?

Mr. METCALF. I am offering a reservation to the treaty.

Mr. VANDENBERG. Under the rule, has not the time expired for the filing of reservations to the treaty?

Mr. METCALF. The time has not as yet expired. It will not expire until after today.

Mr. CLARK. Mr. President, a parliamentary inquiry. Am I correct in understanding that under the unanimous-consent agreement heretofore entered reservations to the treaty may be filed anytime during the calendar day of March 13?

Mr. McNARY. Mr. President, the unanimous-consent agreement provides, does it not, that Senators have the remainder of the 13th day of March for the filing of proposed reservations?

The PRESIDING OFFICER. The unanimous-consent agreement allows the remainder of the day for the filing of reservations.

Mr. METCALF. Then, I am within my rights in filing the reservation at this time?

The PRESIDING OFFICER. The Senator from Rhode Island has filed his reservation to the treaty within the time limit set by the unanimous-consent agreement.

The reservation proposed by the Senator from Rhode Island [Mr. METCALF] is as follows:

> The United States ratifies this treaty with the understanding that not more than $272,453,000 of the cost of the St. Lawrence waterway shall be paid by the United States and that all costs above that amount shall be borne by the Dominion of Canada.

Mr. METCALF. Mr. President, there are so many arguments against the ratification of the St. Lawrence Treaty that it is impossible to cover them in any reasonable length of time. The tremendous cost to the United States Government, the yielding of sovereignty over Lake Michigan, the inadequate knowledge of economic conditions in connection with the operation of the canal, the small amount of American labor and materials to be used, and many other points have been covered rather thoroughly in the Senate debates. However, there is one tragic effect which our drift toward Federal financing of hydroelectric power is bringing; that is, the damage which is being done to the coal industry. At the present time the Government proposes hydroelectric-power developments which will total 53,000,000,000 kilo-

watt hours, including the completed development of the Tennessee Valley.

These developments are: Hoover Dam, 4,000,000,000 kilowatt-hours; Tennessee Valley partial development, 3,000,000,000 kilowatt-hours; Tennessee Valley complete development, 27,000,000,000 kilowatt-hours; Grand Coulee, 8,000,000,000 kilowatt-hours; Bonneville, 3,000,000,000 kilowatt-hours; Kenneth Dam, 4,000,000,000 kilowatt-hours; Fort Peck, 1,500,000,000 kilowatt-hours; and the St. Lawrence Waterway, waterway, 6,000,000,000 kilowatt-hours.

We must assume that the production of electric energy by water power will displace a similar amount of energy which would ordinarily be produced by coal and steam turbines. It is estimated that an average of 1.4 pounds of coal is consumed in the production of 1 kilowatt-hour in a coal and steam plant. This would mean that the hydroelectric developments of the United States Government will displace the use of something less than 40,000,000 tons of coal annually. A large portion of the coal which would ordinarily be used in the development of power at the site of the St. Lawrence project would originate in Pennsylvania and West Virginia. I have an estimate that one miner is needed for the production of 1,000 tons of coal per year. On this basis the United States Government will be responsible for the unemployment of between thirty-five and forty thousand miners each year. This would mean distress for over 150,000 men, women, and children. Such a tremendous inroad on the consumption of coal not only would have a disastrous effect upon the coal industry itself but would cause an unemployment problem among the mine workers of much importance. While a great portion of this distress unquestionably would take place in Pennsylvania and West Virginia, the whole country would feel the effect of it through decreased income to the railroads and to the mine operators themselves.

At the present time the United States is a heavy exporter of coal to Canada. We have managed to sell our coal to Canadian consumers despite preferential agreements between Canada and Great Britain. The proposal to construct a waterway to carry products from Canada and the United States to foreign ports will cause the ships to return for their cargo in ballast or to accept shipments of heavy products at disastrously low rates. Undoubtedly what will result will be a tremendous flow of coal from England and Russia to Canada, and possibly even to American purchasers. I may say in passing that in Providence, R.I., 10 days ago there was a steamer loaded, I understand, with some 6,000 tons of Russian coal.

In 1930 we sold 12,145,000 tons of bituminous coal to Canada and over 2,250,000 tons of anthracite. But in 1931 British competition had already lowered this to 9,491,000 tons of bituminous coal. Last year we sold Canada 7,600,000 tons. The Canadian industrial regions would long ago have ceased the use of American coal if the cost of transportation from Canadian or British mines had not been prohibitive. Even during the depression years the Canadian consumers have absorbed some 6,000,000 tons of coal from ports on Lake Erie. This has been transported by rail from American mines to points between Buffalo and Toledo and shipped by water to Canadian ports on the Great Lakes. The movement of this coal has largely taken place in ships flying the American flag. Under normal economic conditions it is not unreasonable to presume that the consumption of American coal in the Canadian industrial regions would be between nine and ten million tons. This entire tonnage would come from the mines of Pennsylvania, West Virginia, Ohio, and Kentucky, and represents continuous employment for 10,000 mine workers. Should these men be thrown out of work it would mean distress for some 40,000 persons, without consideration of workers on the railroads, steamships, and allied industries.

The average cost of shipping American coal from the mines to Canadian consumers is $2 per ton. But coal could be carried from the maritime Provinces of Canada to Port Arthur or Port William at a cost of from 40 to 55 cents per ton. Think what will happen to the coal industry of four States if this result is accomplished by the St. Lawrence waterway. A transportation margin of a dollar and a half per ton will be created in favor of Canadian or British coal. Not only will British and Canadian mines furnish the 9,000,000 tons normally produced by Pennsylvania, West Virginia, Ohio, and Kentucky miners, but will also deprive the railroads of the United States of some 200,000 carloads of shipping and cause unemployment of many railroad workers.

The full power capacity of the St. Lawrence project is to be 6,000,000,000 kilowatt-hours. Assuming this energy would otherwise be generated by coal and steam, the consumption of some 4,500,000 tons of coal—all American coal—will have been displaced, for it would require that tonnage to produce the electrical energy proposed for the hydroelectric establishments on the St. Lawrence project.

From these facts it should be easily recognized that the coal industry of the United States will suffer one of the most severe blows it has ever experienced from the construction of the St. Lawrence waterway. There is every reason why the people of Pennsylvania, West Virginia, Ohio, and Kentucky should be particularly disturbed by the proposal to carry out this most unwise project. The coal industry is already a sick industry. We should certainly do nothing at this time to increase the suffering in the mining regions.

Hydroelectric plants must, of course, be constructed at the site where water power is to be utilized. Hydro plants, therefore, often make necessary the construction of expensive transmission lines in order to deliver hydro power to the centers of consumption. This is unnecessary in steam plants. I have a series of charts showing the comparative cost of steam power and St. Lawrence hydro power delivered to Albany, Binghamton, Buffalo, New York City, Rochester, and Syracuse. These charts were prepared by a noted engineer from data carefully assembled. They show that even on a capacity load factor of 100 percent the cost of steam power and St. Lawrence hydro power would be approximately the same. We all know that a 90-percent or 100-percent load factor is impossible. By comparing the cost of a 50-percent or 60-percent factor it is seen that St. Lawrence power will cost 38 percent more at Albany, N.Y., than would steam-generated power. Comparing the cost on a load-factor basis of 50 percent at Binghamton, N.Y., St. Lawrence power would cost 44 percent more than steam power. St. Lawrence hydro power cannot be delivered in Buffalo, N.Y., as cheaply as steam electric power can be produced in that city. Even at the ideal of 100-percent load factor the cost of hydro would be 25 percent greater than steam power. With a load factor of 50 percent the excess cost of St. Lawrence power would be 82 percent at Buffalo. St. Lawrence power cannot be delivered to the great city of New York for a cost reasonably comparative to steam power generated in that city. With a load factor of 50 percent the excess cost of St. Lawrence power in New York City would be 37 percent. The same situation is found at Rochester and Syracuse, where the excess cost of St. Lawrence power, on the basis of a 50-percent load factor, is 48 percent and 30 percent, respectively. These charts, which I wish to have put in the RECORD at the conclusion of my remarks, were furnished me by Representative ALFRED F. BEITER, of New York, and I have his assurance that they are authoritative and accurate.

Mr. President, the resolution of ratification of the pending treaty should be defeated.

The PRESIDING OFFICER. Without objection, the tables referred to by the Senator from Rhode Island will be printed in the RECORD.

The tables are as follows:

Albany, costs in cents per kilowatt-hour

LOAD OR CAPACITY FACTOR

	20	30	40	50	60	70	80	90	100
Cost:									
St. Lawrence	1.72	1.14	0.86	0.69	0.57	0.49	0.43	0.38	0.34
Steam	.93	.70	.58	.50	.44	.40	.38	.37	.36
Difference in—									
Favor steam	.79	.44	.28	.19	.13	.09	.05	.01	
Favor St. Lawrence									.02

The above shows that St. Lawrence River hydroelectric power cannot be delivered in Albany, N.Y., as cheaply as steam-electric can be produced in that city except when the former is being used (delivered) at a 90- to 100-percent load factor. As a 100-percent load factor is a consummation forever wished but never secured, a lower factor must be considered.

Comparing the costs at a 50- or 60-percent factor it is seen that St. Lawrence power costs 38 percent more than steam-generated power and at a 60-percent factor this difference is 29½ percent. These are fair commercial-service factors.

Assuming a domestic-use load factor of 30 or 40 it is seen that St. Lawrence power costs 63 percent and 48 percent more respectively.

Binghamton, costs in cents per kilowatt-hour

LOAD OR CAPACITY FACTOR

	20	30	40	50	60	70	80	90	100
Cost:									
St. Lawrence	1.72	1.14	0.86	0.69	0.57	0.49	0.43	0.38	0.34
Steam	.92	.67	.55	.48	.43	.39	.37	.36	.35
Difference in—									
Favor steam	.80	.47	.31	.21	.14	.10	.06	.02	
Favor St. Lawrence									.01

The above shows that St. Lawrence hydroelectric power cannot be delivered in Binghamton, N.Y., as cheaply as steam-electric can be produced in that city except when the former is being used (delivered) at a 100-percent load factor.

Comparing the costs at a 50 or 60 factor it is seen that St. Lawrence costs 44 percent and 33 percent, respectively, more than steam. These are fair commercial-use factors.

Assuming a domestic-use load factor of 30 or 40, it is seen that St. Lawrence power costs 70 percent and 56 percent more, respectively.

Buffalo, costs in cents per kilowatt-hour—Load or capacity factor
Buffalo, costs in cents per kilowatt-hour

LOAD OR CAPACITY FACTOR

	20	30	40	50	60	70	80	90	100
Costs:									
St. Lawrence	1.77	1.18	0.89	0.71	0.59	0.51	0.44	0.40	0.35
Steam	.77	.56	.46	.39	.35	.32	.31	.29	.28
Difference in favor of steam	1.00	.62	.43	.32	.24	.19	.13	.11	.07

The above shows that St. Lawrence hydroelectric power cannot be delivered in Buffalo, N.Y., as cheaply as steam-electric power can be produced in that city. Even at the ideal of 100-percent-load factor the former cost is 25 percent greater than the latter.

With a load factor of 50 or 60 percent the excess cost of St. Lawrence power is 62 and 69 percent, respectively.

Assuming a domestic-use load factor of 30 or 40, it is seen that St. Lawrence power costs 111 and 93 percent more, respectively.

New York City, costs in cents per kilowatt-hour

LOAD OR CAPACITY FACTOR

	20	30	40	50	60	70	80	90	100
Costs:									
St. Lawrence	1.79	1.19	0.90	0.71	0.60	0.51	0.45	0.40	0.36
Steam	1.00	.73	.60	.52	.46	.42	.40	.38	.36
Difference in favor of steam	.79	.46	.30	.19	.14	.09	.05	.02	0

The above shows that St. Lawrence hydroelectric power cannot be delivered to New York City for less than steam-electric power can be generated in that city.

With a load factor of 50 or 60 percent the excess cost of St. Lawrence power is 37 percent and 30 percent, respectively.

Assuming that there is a domestic-use-load factor of 30 or 40 it is seen that St. Lawrence power costs 63 percent to 50 percent more, respectively.

Rochester, costs in cents per kilowatt-hour

LOAD OR CAPACITY FACTOR

	20	30	40	50	60	70	80	90	100
Costs:									
St. Lawrence	1.62	1.08	0.81	0.65	0.54	0.46	0.41	0.36	0.32
Steam	.86	.63	.51	.44	.39	.36	.34	.32	.31
Difference in favor of steam	.76	.45	.30	.21	.15	.10	.07	.04	.01

The above shows that St. Lawrence hydroelectric power cannot be delivered in the city of Rochester, N.Y., as cheaply as it can be produced in that city by steam; although at 100-percent load factor the difference, in favor of steam, is only one one-hundredth of a cent per kilowatt-hour.

With a load factor of 50 or 60 percent, the excess cost of St. Lawrence power is 48 percent and 38 percent, respectively.

Assuming a domestic-use load factor of 30 or 40, it is seen that St. Lawrence power costs 71 percent and 59 percent more, respectively.

Syracuse, costs in cents per kilowatt-hour

LOAD OR CAPACITY FACTOR

	20	30	40	50	60	70	80	90	100
Costs:									
St. Lawrence	1.49	0.99	0.74	0.60	0.50	0.43	0.38	0.33	0.30
Steam	.88	.65	.53	.46	.41	.38	.36	.34	.33
Difference in—									
Favor of steam	.61	.34	.21	.14	.09	.05	.02		
Favor St. Lawrence								.01	.03

The above shows that St. Lawrence hydroelectric power can be delivered to Syracuse, N.Y., at a less cost than steam-electric can be generated there provided a load factor of 90 or 100 can be secured.

With a load factor of 50 or 60 percent, the excess cost of St. Lawrence power is 30 percent or 22 percent respectively.

Assuming a domestic-use load factor of 30 or 40, it is seen that St. Lawrence power costs 52 percent or 40 percent more respectively.

CANCELATION OF AIR-MAIL CONTRACTS

Mr. ROBINSON of Indiana. Mr. President, I do not desire to discuss the pending treaty at this time, but for a few minutes I wish to make some observations about a different matter.

A little more than 30 days ago, Mr. President, we had developed in this country the greatest aviation industry to be found anywhere on earth, an industry that employed thousands of men and women. That was 30 days ago. Today it lies prostrate, practically destroyed, unless something constructive shall be done quickly to revive it. Aviation has had a tremendous setback in America.

Thirty days ago there were 10 young pilots in America trained for flying, the most hazardous of all work, trained to defend their country in the air, glowing with life and health, filled with American patriotism and enthusiasm for the work they were called upon to do. Today they are dead and in their graves. Hundreds of thousands of dollars' worth of property and wealth have also been destroyed.

Mr. President, all of this is due to one thing, namely, a tragic blunder in the White House. It would not be so bad if only the administration had to suffer, but these 10 men are dead, due to the ineptitude of the administration. If they were deliberately sent to their death because of the Executive order of the President, then it would represent legalized murder; if not deliberately done, at least it would be manslaughter.

The homes from which they came are filled with sadness, woe, and despair; a terrific blow has been struck at the aviation industry; the defense of the country has suffered, so that not only the administration but the entire Nation has felt the shock. That is the tragedy of it all.

Now, in the most amazing fashion, the administration seeks to blame the Army. One would think the President would be glad to take the responsibility for this blunder without attempting to shift it on to the shoulders of the brave men who are called upon to obey orders whenever they come from the Commander in Chief.

This is of a piece with the same attitude when one of the Nation's heroes, Colonel Lindbergh, undertook to protest against canceling the air-mail contracts without giving the operators an opportunity for their day in court. When that insulting treatment was administered to Colonel Lindbergh, who is admired in every home in America, and the reaction was bad for the White House, what was the result? Immediately the administration undertook to shift the blame onto the shoulders of someone else. Always, instead of accepting the responsibility for the act, the administrations finds some way to shift the blame, and now in these latter days has gone whimpering to Colonel Lindbergh begging him, after these 10 men have been killed, to come down

to Washington to help get the administration out of the pit into which it has plunged itself.

The President has said that he was given to understand that the Army could handle the mail. Who gave him any such information? Why does he not name names? This morning in the Washington Herald there appears a Universal Service story on the subject. It is very brief, and I am going to read it:

FOULOIS APPROVED PROPOSAL FOR ARMY TO TAKE OVER MAIL

Four Army generals yesterday poured out to a Senate appropriations subcommittee secret hearings their inside story of tragic efforts by the military service to fly the air mail.

Thirty minutes after they had finished, transcripts of their testimony were on their way to the White House.

The four were General MacArthur, Chief of Staff; Major General Drum, his assistant; Major General Foulois, Chief of the Army Air Corps; and Brigadier General Westover, in charge of Army air-mail flying.

Listen, Mr. President:

LEARNED FROM PAPERS

All said their first knowledge that transfer of air-mail service had been made came from newspapermen after President Roosevelt's public statement February 9.

I may say that I had a transcript of the evidence taken yesterday before the Appropriations Committee and have examined it. The evidence confirms all that is said in this Universal Service article. I had it here ready to read this morning, but it has gone to the printer, so it is out of my hands for the moment; but the evidence confirms every word stated here. In other words, those responsible for matters of this kind in the United States Government—that is to say, connected with aviation—all received their first knowledge of the matter from the newspapers.

Whom did the President consult? Is it not perfectly obvious that he consulted Mr. Farley, the chairman of the Democratic National Committee? Is it not perfectly obvious that Mr. Farley advised the President, when he did this spectacular, sensational thing, to place his name in the headlines on the front pages all over the United States—is it not perfectly obvious that the information he received and the counsel he received was political and not technical?

Foulois said he told Second Assistant Postmaster General Harllee Branch a few hours before the cancelation of commercial air-mail contracts that he thought the Army could handle the task successfully.

A committee member quoted Foulois as saying:

"I said what any soldier would say under the circumstances—that of course we would take the job and that I thought we could handle it."

Did anybody ever hear of a soldier refusing to obey orders? Here was the Commander in Chief speaking, and what he said was an order, a command. From whom did the President get any information? Who gave him assurances that the Army could safely carry the mail? What is the source of his information? Why is there profound silence on all sides? Who speaks for the President on that subject?

Mingled with this testimony came a story of terrific handicaps faced by Army pilots. MacArthur told the subcommittee small planes had to be used in many cases. These held so little mail that at times six planes had to be sent into the air to carry mail normally taken by one transport plane.

In other words, to carry the mail that one plane normally took under the old arrangement when the private companies were carrying the mail it required six Army planes. When six Army planes went into the air instead of one commercial plane, it meant that six Army pilots went into the air, one in each of the six planes, and the risk was six times as great. But what cared the administration for this threatened loss of life that was to result? What did the administration care? It looked like a good move politically.

Evidently the advice had come from Mr. Farley, who is chairman of the New York Democratic State committee, chairman of the Democratic National Committee, Postmaster General of the United States in the President's Cabinet, and chief dispenser of patronage for the administration.

Foulois and Westover, adding to MacArthur's testimony, said that on some fields no hangars were available for Army planes. Thus, they said, planes remained out in the ice and snow, getting so cold it sometimes took 3 hours to start a motor.

Imagine those lads out there on those icy mornings and late at night—whenever it was necessary to rise in the air—in a freezing temperature, working for 3 hours to start their motors in the flying coffins in which they were to rise, only to descend to their death! What a tragedy!

Foulois said the call to see Branch came to him about 11:30 a.m., February 9. He said he went to the Post Office Department and talked with Branch and another underexecutive in the Department.

The Air Corps Chief said that after talking to Branch he went to see MacArthur and Drum to inform them of the conference, and while waiting to get in to them a reporter showed him a copy of the President's orders announcing transfer of the Air Mail Service to the Army.

So their first information came from the newspapers. Accordingly it would be interesting to the country to know just whom the President consulted before issuing the ill-fated order that was to result in a period of 20 days in the death of 10 of the best pilots in the land.

Here is the New York Times of yesterday, very friendly to the administration, noted for its conservative tone. "Soon to be mended" is the subject of the leading editorial. I will quote two or three short paragraphs and then ask that it all be inserted in the RECORD as a part of my remarks:

President Roosevelt has taken further action to retrieve his administration from the worst blow to its prestige which has yet befallen it. On February 9 he incontinently canceled all existing mail contracts and directed the Army to perform the service previously done by private companies.

The PRESIDING OFFICER. The Senator from Indiana now has 10 minutes on the committee reservation, having exhausted his time on the treaty.

Mr. ROBINSON of Indiana. I continue reading:

Presently finding that this would not do, he urged Congress to speed a bill to grant new contracts to commercial organizations, thus indicating that he had, with the rest of the country, discovered that mail carrying by Army flyers was both unsatisfactory and perilous. Then on Saturday, after more of the Army pilots had crashed to death, he ordered the Secretary of War to cut down the schedules to the barest limit, in consultation with the Postmaster General, so as to prevent additional fatalities and prepare the way for the private companies who later on will fly the mails. Mr. Roosevelt's anxiety to do his best to get out of a bad business sticks out of almost every line of his letter to Secretary Dern.

The President writes apologetically that he had issued his order to the Army flyers "on the definite assurance given me that the Army Air Corps could carry the mail." If this looks like an effort to shift the blame, it also shows how hasty Mr. Roosevelt was in accepting some officer's assurance. Was he not equally hasty in taking the word of the Postmater General for it that all the mail contracts ought to be canceled because all of them, even those held by companies that had not been investigated at all, were obtained by false representations or collusion?

Now I skip to another paragraph, reading as follows:

If he—

The President—

is sometimes tempted to think, after one successful stroke by him has followed another, that all his decisions are above criticism and that his judgment approaches the infallible, the troubles which have come thick upon him in this affair of the air mail should remind him that like other mortal men he is subject to frailties.

Another paragraph:

Yet his warmest friends will hope that he may take to heart the true lesson of the air-mail fiasco. It is easy to rush into a situation of that kind with a sincere belief that one is doing not only a popular but a righteous thing, but to get out of it gracefully is more difficult.

And the editor might have added that no matter how well the administration gets out of it, these 10 pilots are dead. They cannot be brought back to life. They have gone to their death because of the Executive order the administration issued following the refusal to give every man in America his day in court, as the Constitution and all our traditions insist should be done.

Mr. President, since my time is nearly gone I cannot read this editorial in today's New York Herald Tribune in full, but I ask that it be printed in the RECORD immediately following what I have to say.

There are two or three paragraphs I shall have time to read. The editorial is entitled:

THE SCANDAL OF FARLEY

The political blunders of Postmaster General Farley are primarily the concern of his political chief, President Roosevelt. Insofar as they affect the integrity and efficiency of government, national, State, and city, they touch the life, property, and happiness of everyone. They cannot be passed by as a matter of partisan concern.

Another point:

Thanks to the able campaign of Mr. LaGuardia, the Farley maneuver failed—

This is in New York—

but it was no thanks either to the Postmaster General or to the President that Tammany did not once again defeat reform and remain in charge of the metropolis which Tammany corruption had bankrupted.

Then I skip down to another paragraph. This is listing the blunders of the Postmaster General, Mr. Farley:

Every expert in the country, from Colonel Lindbergh down, understood the risks involved. Mr. Farley could have known for the asking. Yet, because politics called for a sweeping gesture, a great American industry was wrecked, a vital service of business communication was halted, and 10 Army fliers were ordered to their death.

A relatively minor blunder in respect to conspicuous individuals, but extraordinarily vital in respect to business efficiency, is Mr. Farley's latest cut of the Postal Delivery Service. Here is a loyal, intelligent, and underpaid branch of public service. Politics has never controlled its rank and file. Its salaries, never large, have been cut along with the salaries of other public employees. Now it is Mr. Farley's ingenious idea to procure further small post-office economies by cutting the number of deliveries. Only one Saturday delivery is to be made in the future, and the personnel of the Department is to be cut accordingly.

Then, still further, speaking of New York City:

The bald fact is that Mr. Farley, political aide-de-camp and spokesman for Franklin D. Roosevelt, has failed the city of New York in its most critical hour.

Further down:

He would wreck a great industry and a fine Air Mail Service and risk brave lives in order to score a political victory. He cares more for his cheap political associates than for the possibility of retrieving the city of New York from bankruptcy, waste, and graft.

Finally:

His holding of the three offices of Postmaster General, chairman of the Democratic National Committee, and chairman of the Democratic State committee has long been a public scandal. His political craftsmanship remains a matter for his fellow Democrats to estimate. We can see no possible excuse for his retention in a public office serving the whole Nation.

I ask that the editorial in the New York Times of yesterday, the editorial in the New York Herald Tribune of today, and an editorial entitled "Insiders on Air-Mail Cancelation", published yesterday in the Chicago Daily Tribune, may be incorporated with my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorials are as follows:

[From the New York Times of Monday, Mar. 12, 1934]

SOON TO BE MENDED

President Roosevelt has taken further action to retrieve his administration from the worst blow to its prestige which has yet befallen it. On February 9, he incontinently canceled all the existing air-mail contracts and directed the Army to perform the service previously done by private companies. Presently, finding that this would not do, he urged Congress to speed a bill to grant new contracts to commercial organizations, thus indicating that he had, with the rest of the country, discovered that mail-carrying by Army fliers was both unsatisfactory and perilous. Then on Saturday, after more of the Army pilots had crashed to death, he ordered the Secretary of War to cut down the schedules to the barest limit, in consultation with the Postmaster General, so as to prevent additional fatalities and prepare the way for the private companies who later on will fly the mails. Mr. Roosevelt's anxiety to do his best to get out of a bad business sticks out of almost every line of his letter to Secretary Dern.

The President writes apologetically that he had issued his order to the Army fliers "on the definite assurance given me that the Army Air Corps could carry the mail." If this looks like an effort to shift the blame, it also shows how hasty Mr. Roosevelt was in accepting some officer's assurance. Was he not equally hasty in taking the word of the Postmaster General for it that all the mail contracts ought to be canceled because all of them, even those held by companies that had not been investigated at all, were obtained by false representations or collusion? A little later, it is true, Postmaster General Farley produced an opinion of the Department of Justice that the President's action was legally warranted. But may not that opinion also have been so hastily written that the President should have made a few searching inquiries of his own? It is not necessary now to pursue the painful matter further, since it is evident that the President is resolved to undo as quickly as possible a serious error of judgment.

There is already, as was certain to come, a rush of Republicans to try to make political capital out of this blunder. Probably this will not last long. Insofar as it seeks to gain a party advantage by dragging out the corpses of the killed Army pilots it will be thought of as something pretty ghoulish. But it is the President himself who ought to profit most by the unhappy incident. If he is sometimes tempted to think, after one successful stroke by him has followed another, that all his decisions are above criticism and that his judgment approaches the infallible, the troubles which have come thick upon him in this affair of the air mail should remind him that like other mortal men he is subject to frailties. All men in high office after a great run of good luck are in danger of coming to believe that they can do nothing wrong. Their best resource against this is the kind of grim humor which Bismarck had. He said that, of course, he was forced to make swift and positive decisions, even when he did not know which was the right one. He added that if it turned out to be wrong, all the old women would chase him with their brooms.

Nobody is chasing, or wants to chase, President Roosevelt. Yet his warmest friends will hope that he may take to heart the true lesson of the air-mail fiasco. It is easy to rush into a situation of that kind with a sincere belief that one is doing not only a popular but a righteous thing, but to get out of it gracefully is more difficult.

[From the New York Herald Tribune of Tuesday, Mar. 13, 1934]

THE SCANDAL OF FARLEY

The political blunders of Postmaster General Farley are primarily the concern of his political chief, President Roosevelt. Insofar as they affect the integrity and efficiency of government—national, State, and city—they touch the life, property, and happiness of everyone. They cannot be passed by as a matter of partisan concern.

The list is now a considerable one. It was Mr. Farley who last October, by promise of Federal office, sought to defeat fusion in New York City. The President officially detached himself from the endeavor by a statement announcing his indifference to local political disputes. Yet it was Federal patronage and nothing else—appointments by the President himself—which made possible the strength of the McKee candidacy. Thanks to the able campaign of Mr. LaGuardia, the Farley maneuver failed. But it was no thanks either to the Postmaster General or to the President that Tammany did not once again defeat reform and remain in charge of the metropolis which Tammany corruption had bankrupted.

The appalling air-mail blunder ranks second on the list in point of time. Its end is not yet. A brave and loyal arm of national defense was asked to fly the air mail with inferior equipment and inadequate training. Every expert in the country, from Colonel Lindbergh down, understood the risks involved. Mr. Farley could have known for the asking. Yet, because politics called for a sweeping gesture, a great American industry was wrecked, a vital service of business communication was halted, and 10 Army flyers were ordered to their death.

A relatively minor blunder in respect to conspicuous individuals, but extraordinarily vital in respect to business efficiency, is Mr. Farley's latest cut of the Postal Delivery Service. Here is a loyal, intelligent, and underpaid branch of public service. Politics has never controlled its rank and file. Its salaries, never large, have been cut along with the salaries of other public employees. Now it is Mr. Farley's ingenious idea to procure further small post-office economies by cutting the number of deliveries. Only one Saturday delivery is to be made in the future, and the personnel of the Department is to be cut accordingly.

Already the protests of business men are pouring in. Orders and deliveries are alike delayed. Confusion mounts. At a moment when all hands are straining every energy to revive American business, this vital organ of communication is cut to pieces by cheese-paring economies. The tragedy of the reduction in personnel is the inhuman consequence of this Farley policy. But what shall be said of this new handicap to recovery which the Roosevelt administration thus tosses into the wheels of industry? Only that it is wholly consonant with the general muddle of the new deal, which strikes down confidence as fast as it builds it up.

A third item in the Farley scandal is of even more vital import to New Yorkers. That is the slippery fashion in which the Roosevelt administration has failed to support fusion at Albany. There is no need of recounting the history of the weeks of evasion and pretense. The bald fact is that Mr. Farley, political aide-de-camp and spokesman for Franklin D. Roosevelt, has failed the city of New York in its most critical hour. With all the huge power of Federal patronage at his command, Mr. Farley has permitted the cheap politics of the Flynn stripe to prevail at Albany. An honest and courageous mayor of New York City finds himself in a crucial issue of economy opposed by the political right hand of President Roosevelt. An administration which stands ready

to starve nonpolitical post-office employees, to the grevious handicapping of all business, refuses to lift a finger to permit the reduction of pay rolls so padded by a corrupt organization as to threaten the credit of the greatest city in the Nation.

It is not a pleasant spectacle for any American to contemplate. This politician become Postmaster General would hamstring reform of the appallingly corrupt Tammany administration in New York City. He would wreck a great industry and a fine Air Mail Service and risk brave lives in order to score a political victory. He cares more for his cheap political associates than for the possibility of retrieving the city of New York from bankruptcy, waste, and graft.

Here is a grave national scandal. Before it the services of Mr. Farley as an aid to the nomination and election of President Roosevelt are irrelevant and immaterial. Whether the cause is a blundering incompetenece or a blindness to the higher standards of public service is of small importance. Mr. Farley stands an obstacle to efficient and honest government, alike in Washington and in the State of New York. His holding of the three offices of Postmaster General, chairman of the Democratic National Committee, and chairman of the Democratic State committee has long been a public scandal. His political crafstmanship remains a matter for his fellow Democrats to estimate. We can see no possible excuse for his retention in a public office serving the whole Nation.

[From the Chicago Daily Tribune of Monday, Mar. 12, 1934]

INSIDERS ON AIR-MAIL CANCELATION

Following the cancelation of the air-mail contracts stocks of leading companies fell out of bed. Aviation Corporation, which was selling for $10.75 per share on February 1, dropped to $4.37 following the President's announcement that the Army planes henceforth would carry the mails. North American Aviation stock went to $4.13 the morning after—the price 10 days earlier being $8.75. And on February 13 United Aircraft common sank to $17.62 per share, although the stock sold for $37.38 earlier in the month. Other aircraft securities fell in similar proportion.

The stockholders of these companies who continued their ownership throughout suffered losses of 50 percent and more of the value of their property in about 10 days. But some stockholders who presumably knew what was going to happen sold out before the blow fell. And some who were not stockholders sold the stock short, with knowledge of what happens to a stock when the kind of news comes out which was coming out. Who knew and sold before the price went down? And who sold what he didn't have in anticipation of the devastation of aviation stock prices that was soon to come?

The answers to these questions have become available in part. President Whitney of the New York Stock Exchange has furnished the Senate Banking and Currency Committee, at its request, with the names of persons trading in aviation stocks for the 2 weeks preceding the cancelation of the air-mail contracts. Leading a long list of well-known Wall Street names are J. P. Morgan & Co., selling 4,500 shares of United Aircraft; Jacobson & Co., 60,800 shares of the same stock; Brandenburg & Co., 36,500 shares of Douglas Aircraft; and James Seligman, 12,400 shares of Curtiss-Wright, 5,200 of Douglas, and 800 of United Aircraft. Other readily recognizable names among the sellers were Tom Bragg, Louis Kaiser, E. A. Pierce & Co., Frank Vanderlip, and Harry Content.

But it was not alone these financial middlemen who beat the gun. A number of aviation holding companies disposed of great blocks of their holdings. The North American Aviation Corporation, National Air Transport Corporation, and Sperry Corporation sold a total of 48,900 shares of Curtiss-Wright and Douglas between January 29 and February 9.

During this period when a half million shares of long stock and about 60,000 shares of short stock in the leading aviation companies were being sold prices held rather firm. For each sale there is both a buyer and a seller. Who were the buyers? The reports do not show this. But there is no great mystery about their identity. While insiders with good sources of information were selling stock rumors were being circulated that the Government was about to approve a large military aircraft-building program. The buyers in all probability were the small investors, who were seeking a hedge against inflation or who believed that the recovery program would succeed and that the aviation industry would share in the new prosperity.

The financially wise knew what was coming off and got out. Alone to stand the loss in the greatest shock an entire industry has ever received was the small investor—the forgotten man. The new dealers had forgotten to tell him what was going to happen.

Mr. ROBINSON of Indiana. Mr. President, the action of the administration in canceling the air-mail contracts without giving those concerned a hearing at all, or an opportunity to present their side of the case, was one of the most ruthless in all the history of free government. The Executive order sending these 10 men to their deaths following the cancelation of the air-mail contracts was one of the most tragic blunders committed by any administration of government in all the history of time.

Mr. ROBINSON of Arkansas. Mr. President, there is no issue to be determined relating to the Air Mail Service until after the waterway treaty shall have been disposed of.

The Senator from Indiana [Mr. ROBINSON], with his usual vigor, has bitterly condemned the President, first for canceling the air-mail contracts, and, second, for ordering air mails to be carried by the Army.

Not only today but on previous occasions the Senator from Indiana has charged that the action of the President referred to has made him responsible for the lives of 10 Army flyers who have been killed since the order to carry the mail was issued.

I do not believe that the position taken by the Senator from Indiana is just. In the view of the President, when it became apparent that the contracts for the carriage of the mail were fraudulently entered into, it became his duty to cancel them. He takes full and unqualified responsibility for that action.

For many months the subject matter of those contracts has been under investigation by a special committee of the Senate. So far as my information goes, there can be no controversy as to the conclusion that in the initiation of the contracts there was fraud and collusion. Having reached that conclusion, the Chief Executive was justified in the cancelation of the contracts, and he accepts that responsibility.

The Senator from Indiana speaks as if anyone had intended or designed that undue risks should be taken by Army flyers in the performance of duties in relation to air-mail carriers. It is always possible to involve subjects of this character with impassioned and unsustained charges.

The Senator inquires with whom the President consulted before he issued the order for the Army to carry the mail. It is my information that many days prior to the beginning of the carriage of the mail in Army planes by Army flyers, the head of the Army Air Corps, the officer presumably best informed on the subject, the officer who should have been fully able to supply the information, made the unqualified declaration that the Army was fitted by training and equipment to perform that important task, and that statement was carried in the press of the Nation. It was supported by a declaration published in the newspapers from the Chief of Staff, General MacArthur, that the Army welcomed this new responsibility.

Mr. President, the one thing in addition to the unfortunate loss of lives that has taken place, which everyone regrets and deplores, the one circumstance that impresses me as calling for legislative and administrative reform in relation to military aviation, is that when the Army Air Service is suddenly called upon to discharge somewhat hazardous duties there has resulted a condition which the Senator from Indiana characterizes as tragic.

The Government has expended enormous sums for the development and improvement of aviation. The military department has been liberally supplied, but the several factors which enter into the development of aviation have been dispersed through various departments; that is to say, the Army, the Navy, the Department of Commerce, the Department of Agriculture—that is, the Weather Bureau—the National Advisory Committee for Aeronautics, the Treasury—Coast Guard Service—and the Post Office Department Air Mail Service.

It is regrettable and sad that the Army flyers should have lost their lives. But is it not fair, I ask the Senator from Indiana, to have in mind all the facts and circumstances which reflect light upon the incidents referred to? During the period in which these accidents have occurred there have been very unusual weather conditions, which have resulted in disastrous accidents, not only to Army planes but also to other forms of aviation and other forms of transportation. The President took the precaution to ask the head of the Army Air Corps whether his Department was equipped and trained for the performance of this duty. He was assured that the work could begin within 2 or 3 days. My information is that 11 days were given in which to make necessary, special, and emergency arrangements.

It is quite natural, in view of the developments which have since been manifested, that there should be an effort on the part of some officers to shield themselves from a responsibility which they should be both willing and able to carry. There is not a person within the sound of my voice who does not know that the profession of the soldier is inseparably associated with hazard. He must at all times be ready to encounter the perils incident to the carrying of the sword or to the flying of military airplanes. That is a part of the purpose of maintaining a military air force, and I think, without reflecting on the personnel of the Army air force, as gallant, I believe, as was ever assembled anywhere on this earth, it is a reflection on the efficiency of the Army Air Corps to say that they cannot perform a civilian function in time of peace, a function which admittedly is more hazardous than flying in weather always calm and with winds always fair. The fault goes back to the manner in which the aviation force of the United States has been organized, under separate heads and departments, 8 or 10 different bureaus having relationship to aviation, with different purchasing agencies, with no organized effort to procure the most modern and efficient equipment.

It is a sad thing to say, but one of the results which ought to come, I should rather say, which must come, from this condition is the more efficient organization of the Army Air Service, the assemblying, if you please, under a single head, excepting naval aviation, of the bureaus which have to do with aviation, the placing at the head of the aviation service of one who is not only well trained and familiar with the history of the problems which relate to that service but one who believes that an up-to-date air corps or department is an essential and indispensable part of the military service of this Nation.

If that result shall be achieved, through tears and through wrathful expressions, if you please, there will result some measure of compensation for the tragedies which have happened, tragedies which are due, in large part, to unusual and extraordinary weather conditions, and, in my judgment, in some part to lack of adequate and proper equipment.

Mr. President, it is not just—and Senators will not get away with it—to denounce the President as a murderer or to denounce his order directing the carriage of the mail by the Army as legalized murder. His motive was not political. It was to promote the honest administration of the Government, and if we want to be fair about it, we may well go back to a previous administration, under which many of these contracts were entered into, under conditions which have become a common scandal to the people of this Nation.

I should like to see the movement to concentrate aviation bureaus under one head, under an able and aggressive leadership, carried forward, and I should like also to see coupled with that a provision of law for all aviation purchases, so far as practicable, to be made by a single organization, audited by the Comptroller General. I believe that such an arrangement would not only give the United States what they have paid for and have not received, what they are entitled to have, an efficient and well-equipped air force, but it would also tend to remove the opportunity for dishonesty and for fraudulent arrangements such as those to which reference has already been made.

The Senator from Indiana [Mr. ROBINSON] spoke as if in 1 minute, without consulting anyone in the Army, the President had canceled the air-mail contracts and ordered the Army to perform the duty of carrying the mail.

Mr. COPELAND. Mr. President, will the Senator from Arkansas yield?

Mr. ROBINSON of Arkansas. I yield to the Senator from New York.

Mr. COPELAND. Mr. President, I did not hear the early portion of the debate, but I want the country to know that when the men from the Army went out in planes they went in planes just as well equipped as any privately owned plane in this country. The Army had 11 days in which to make preparation, and they installed in their planes radio equipment, they installed blind-flying devices, and all the other equipment necessary for safety in flying. Our men in the Army were not sent out unprepared in unequipped planes. They had every facility which the privately owned planes possessed.

It is an unfortunate thing that the Army aviators died, but had the men piloting private planes operated their planes under the same conditions of weather, I fear there would have been exactly the same fatalities, because the pilots who flew the Army planes were experienced. No man was permitted to fly across a territory over which he had not previously traveled. But because of the failure of Congress in years past to provide weather stations and weather reports, the Army flyers were subjected to the same dangers to which privately owned planes operated by private pilots were subjected.

I was quite concerned and interested, may I say to my friend from Arkansas, in the testimony which we have just received in the War Department appropriation bill hearings, and I desire to say that if the testimony of the men from the War Department can be depended upon, as we know it can be, we can rely upon the fact that the Army planes were well equipped, thoroughly equipped, and the men who flew them were trained men, so no fault can be placed upon the War Department for what has happened.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from New York speaks with knowledge of the testimony before the committee, a part of which has been referred to by the Senator from Indiana in the address that prompted my remarks.

I had assumed that the statements that have been repeatedly made on the floor of the Senate had some foundation in fact. The statements referred to are that the Army planes were poorly equipped for the performance of the duty of carrying the air mail. The Senator from New York confirms my statement that 11 days were granted in which to make emergency arrangements, and he goes further and enforces that statement with the declaration that the planes were as well equipped as civilian planes have been.

The Senator from Indiana quotes from an editorial attack on Mr. Farley, an editorial which attacks him and the administration for not working out the problems of the fusion mayor of New York.

The PRESIDING OFFICER. The Senator has 10 minutes on the reservation.

Mr. ROBINSON of Arkansas. Have I consumed all my time on the treaty?

The PRESIDING OFFICER. The Senator has consumed 20 minutes. He has 10 minutes left on the reservation.

Mr. ROBINSON of Arkansas. Then I must hasten. I do not understand, Mr. President, that the present administration is responsible for the success or the failure of the LaGuardia administration. I may be in error about that, but I should like to advise so great an authority as the Herald Tribune that I have never been advised that such responsibility was assumed.

Then the editorial takes Mr. Farley to task for the cancelation of the air-mail contracts. I have already said that the President has and accepts full responsibility for the cancelation of these contracts.

While I am talking about the Herald Tribune I should like to bring to the attention of the Senate one of its advertisements in Editor and Publisher for March 10, 1934, in which it declares that it has made more gains from advertising during the recent period than during any other time in its history. It boasts of the success which has come to its enterprises and advertises it in the Editor and Publisher already referred to. I ask leave to have printed as a part of my remarks the advertisement referred to.

The PRESIDING OFFICER. Without objection, it is so ordered.

The advertisement referred to is as follows:

[From the Editor and Publisher for Mar. 10, 1934]

IT'S FORWARD FOR THE NEW YORK HERALD TRIBUNE

February 1934 was a good advertising month in New York. While it brought gains to most newspapers, it was a month of splendid achievement for the New York Herald Tribune.

In total advertising the Herald Tribune gained 101,312 lines, the largest gain among all New York newspapers.

In automotive advertising the Herald Tribune was again in first place and had the largest gain in New York.

Also in first place were gravure, book publishers, office equipment, and general heating and plumbing.

The largest gains of any New York newspapers were made by the Herald Tribune in these nine classifications: Automotive, real estate, railroads, book publishers, legal, heating and plumbing, beverages, radio, general. Finally, the Herald Tribune showed gains for the month in 37 of the major retail and general classifications listed by Media Records, including such key classifications as department stores, women's wear, groceries, financial, tobacco, and others.

Although February was a good month for most New York newspapers, morning newspapers were specially favored by advertisers. The first four newspapers in total volume were morning newspapers. Morning newspapers as a group show a larger gain (morning gained 424,459 lines; evening gained 53,722). Morning newspapers carried a larger proportion of all New York advertising. (Morning, 64 percent; evening, 36 percent).

Successful advertising campaigns in 1934 will include the Herald Tribune in New York.

New York Herald Tribune.
New York: Main office, 230 West Forty-first Street.
Detroit: John B. Woodward, Inc., New Center Building.
San Francisco: John B. Woodward, Inc., Russ Building.
Chicago: John B. Woodward, Inc., 400 North Michigan Avenue.
Boston: Carroll Judson Swan, 926 Park Square Building.
Paris edition: The New York Herald, 21 Rue de Berri.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

The Senate, as in Committee of the Whole, and in open executive session, resumed the consideration of Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed July 18, 1932.

Mr. ROBINSON of Arkansas. Mr. President, I will now take occasion to speak a few words about the treaty now pending before the Senate. I realize that the question has been exhaustively discussed by those who have studied it, from the standpoint of the supporters of the treaty and by others who are familiar with it, from the standpoint of the opposition.

In my judgment, the St. Lawrence-Great Lakes waterway is a natural channel for commerce. It is, therefore, a sound economic proposal to construct the waterway. The waterway will serve a substantial part of the population of both the United States and Canada.

The arrangements in the treaty as to the cost of construction seem fair in view of the benefits anticipated. Comparing the numbers of inhabitants of the respective countries, I do not think there can be any severe criticism as to that.

In relation to railway transportation, ever since I have been in the Congress I have heard opposition from railroads to the construction and improvement of waterways, and I have never known an instance in which a great waterway was developed which did not add to the commerce of that section and, indirectly if not directly, benefit the railways themselves. I have little faith in an argument that is based on the contention that the construction of the waterway referred to will detrimentally affect the railways. In any event, that contention involves an abandonment of the policy of waterway construction.

The Mississippi River affords a valuable means of transportation to a large part of our country. For many years the Government has been expending considerable sums in the development of that waterway. I am fully appreciative of the fact that representatives in Congress from other parts of the Union have willingly contributed to the development of that waterway, and I do not believe that we can justify opposition to the treaty on sectional or local grounds, fully realizing that that is the basis of some of the opposition that has been asserted in the Senate.

Furthermore, I do not think this subject has direct relationship to the labor problem, or the problem of unemployment. The construction of the waterway in the long run will increase employment, it will be beneficial to the laborers of the country rather than detrimental.

Mr. LONG. Mr. President——

Mr. ROBINSON of Arkansas. Mr. President, I cannot yield because I have only 3 minutes left. I should like to do so but I probably will not have time to complete what I had intended to say.

Reference has been made to the future requirements of this country as to commerce and transportation. It seems to me that within the course of a few years there is likelihood that this waterway will be used to its greatest possible capacity.

There has been addressed to me a letter which in the remainder of my time I shall ask the clerk to read. The letter is signed by a large number of mayors giving their support to the waterway project and forcefully answering some of the arguments made against the treaty.

The PRESIDING OFFICER. The letter will be read by the clerk.

The Chief Clerk read as follows:

MARCH 9, 1934.

HON. JOSEPH T. ROBINSON,
Majority Leader of the United States Senate,
Washington, D.C.

DEAR SIR: On behalf of the mayors of several hundred cities in the Mississippi Valley, the basin of the Great Lakes, the St. Lawrence Valley, and of representatives of great national farm organizations, we pledge our cooperation through you to the Federal administration in completion of the Great Lakes-St. Lawrence seaway project provided by the pending treaty. We take this position on behalf of millions of our population in the city and on the farms who adhere to the American tradition of upholding national interests as against sectionalism.

No other public-works project which has been proposed will employ so many idle men and confer direct benefits upon such a vast population.

This project has been aptly described as the most constructive undertaking in the Western Hemisphere since the building of the Panama Canal. Like the Panama Canal, the completion of the Great Lakes-St. Lawrence seaway will directly benefit American cities located hundreds of miles distant from the point where construction work is to be done to remove existing obstacles to ocean navigation.

Thus, while 80 percent of the American funds required under the treaty will be expended for American labor and American materials in the State of New York and in the deepening of the connecting channels of the Lakes, Milwaukee, Cleveland, Detroit, and scores of other great cities and the farm population of more than 20 States will directly benefit from this useful public work.

We recognize that the treaty involves a wholly nonpartisan and nonpolitical question. In our delegation are mayors of every political party. Our appeal is addressed to you regardless of political faith in the firm belief that the United States Senate will ratify the treaty on broad grounds of national interest.

On March 8, at an interview at the White House, we pledged the full cooperation of local municipal authorities in carrying out this project to insure maximum benefits to American interests. In the 1932 campaign President Roosevelt admirably defined the purpose of the pending treaty as follows:

"This great project involves two objectives of equal importance, and cannot in public justice accomplish one without the other. I am deeply interested in the immediate construction of the deep waterway as well as in the development of abundant and cheap power. * * * This project * * * means cheap transportation by deep waterway for the agricultural and other products of the West; cheap electricity for the State owned and controlled resources to be developed for the primary interest of homes, farms, and industries and, of immediate importance, employment for thousands of workers. * * * It has already been too long delayed."

We likewise fully subscribe to the definition of this project embodied in the Republican platform of 1932 as follows:

"The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. Under the direction of President Hoover negotiation of a treaty with Canada for this development is now at a favorable point. Recognizing the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base, the party reaffirms allegiance to this great project and pledges its best efforts to secure its early completion."

The official reports submitted to the Senate by the President conclusively show that the completion of this project will benefit every section of our great country and inflict injury upon none.

It will throw open the rich markets of the Middle West to domestic trade with all our ports on the Atlantic, Gulf, and Pacific coasts. Since 80 percent of all our water-borne commerce is domestic rather than foreign commerce, this will unquestionably increase the shipping of all American ports and greatly promote our coastwise and intercoastal trade which is confined by law to American bottoms.

We rely implicitly upon the performance of the pledges given by the leaders of both political parties in the 1932 campaign. We, in turn, pledge our hearty cooperation in the extension of our domestic trade with the American producers of every city and State in the Union which will be brought into connection by deep water with the Midwest by this great project.

It should be universally understood that the completion of this project carries with it great benefits, not only to industries in cities and to metropolitan people, but to our farm population as well. Those who produce the necessities of life in the vast interior region of the Nation will have a freer access to eastern and foreign markets; those who buy these necessities of life, either for human consumption or for livestock, in the eastern part of the Nation will likewise benefit.

As a committee representing the mayors of American cities and national farm organizations, we express through you the profound faith that ratification of the treaty and prompt completion of this project will promote recovery and benefit the producers and consumers in every section of the United States.

We respectfully request you, as majority leader of the Senate, to have this petition read into the records of the Senate.

Very respectfully yours,

Joint Committee of Mayors and National Farm Organizations; Fred J. Freestone, chairman, executive committee, National Grange; Fred Brenckman, Washington representative National Grange; Chester H. Gray, Washington representative American Farm Bureau Federation: Hon. D. W. Hoan, mayor, Milwaukee, Wis.; Hon. Solon T. Klotz, mayor, Toledo, Ohio; Hon. F. S. Castator, representing Mayor Couzens, Detroit, Mich; Hon. George B. Sowers, representing Mayor Davis, Cleveland, Ohio; Hon. A. H. Gokey, mayor, Alexandria Bay, N.Y.; Hon. T. S. Bushnell, mayor, Massena, N.Y.; Hon. Julius Frank, former mayor, Ogdensburg, N.Y.; Hon. John G. Beukema, representing mayors of Muskegon, St. Joseph, Benton Harbor, South Haven, Manistee, Traverse City, Muskegon Heights, and North Muskegon, Mich.; Hon. A. F. Winter, representing Mayor Sonnenburg, Sheboygan, Wis.; Hon. A. D. S. Gillett, representing Mayor Baxter, Superior, Wis.; Hon. George J. Schade, mayor, Sandusky, Ohio; Hon. A. L. Valade, mayor, River Rouge, Mich.; Hon. A. P. Zirkaloso, mayor, Lincoln Park, Mich.; Hon. H. C. Laughlin, city manager, Kenosha, Wis.; Hon. Max A. Templeton, mayor, Lansing, Mich.; Hon. R. P. Murray, mayor, Marinette, Wis.; Max Raskin, Milwaukee County Municipal League of Seventeen Communities, Milwaukee, Wis.; J. T. Dolan, president Harbor Commission, Superior, Wis.; Geo. E. Hardy, chairman of waterways commission, Toledo, Ohio; David J. Grant, Monroe Industrial Commission, Monroe, Mich.; Hon. S. F. Snively, mayor, Duluth, Minn.; Hon. J. M. Dodd, mayor, Ashland, Wis.; Hon. D. A Knaggs, mayor, Monroe, Mich.; Hon. William R. Tiefer, mayor, Trenton, Mich.; Hon. Ralph J. Cardinal, mayor, Malone, N.Y.

CANCELATION OF AIR-MAIL CONTRACTS

Mr. FESS. Mr. President, we are now operating under a limitation of debate, and, therefore, I will not have the opportunity of replying at any length to what the Senator from Arkansas has said in reference to what he alleges to be fraudulent air-mail contracts. It is amazing that in the defense of the action of the administration the leader of the Democratic Party in the Senate has no justification to offer other than the statement that it was apparent there was fraud in these contracts and then, later on, the statement that he did not think it could be successfully contradicted that there was collusion and fraud.

Mr. President, the time will come as soon as we are not operating under a rule providing for a limitation of debate when it will be shown that there was no fraud and that there was no collusion. The other side of this question has never, as yet, been produced, but it will be produced not only by an examination and analysis of the testimony of those against whom the allegation was made, but also by an examination and analysis of the testimony of those who testified that there was fraud. That testimony, flimsy as it is, will be brought to light, for it will be read here from the transcript. I cannot go into that at this time; I will reserve that for the earliest opportunity when we shall have concluded the consideration of the treaty; and it is not going to be delayed very long.

All that I have to say now is, since we are in this very unfortunate situation and there seems to be an imperative demand that something be done immediately, my own position would be to make an honest confession that there was a mistake; that the contracts should not have been canceled; that they should be reinstated; and if any modifications ought to be made in the terms of the contracts they can be made under the law as it now exists. Full authority is given to do that. That would be the honest, commonsense, square-deal method of undoing the wrong that has been committed, upon misinformation, through the recommendation of an ignorant counselor at law, who seems either not to know what the law is or else does not know how to construe the law. If such an admission were made, as I see it is not going to be made, then, I repeat, the easy way would be to reinstate the contracts upon whatever basis under law it was thought best to reinstate them.

I shall resist the effort to continue the activities of the War Department in carrying the mail. If the War Department must carry the mail, then the amendment offered by the Senator who is now presiding over the Senate [Mr. VANDENBERG in the chair] to the bill sponsored by the Senator from Tennessee [Mr. MCKELLAR], which amendment has already been accepted, will relieve the situation; or if when the measure shall be considered, the amendment offered by the Senator from California [Mr. MCADOO] shall be given consideration, that will open the way to a more satisfactory solution of the problem, but not so good a way or so justifiable a way to undo the wrong that has been committed as the method I have just suggested; for even if we should adopt the other method, it would still make possible the carrying of the mail by the Army until the contracts shall be renewed; and that is what I think we ought not to do.

I am amazed at the suggestion of the Senator from New York [Mr. COPELAND], who repeats the testimony that was brought to me only awhile ago, that men appeared who said that the Army planes were properly equipped for the purpose and that the Army personnel was trained for the work. Mr. President, the real witnesses as to the training of the personnel and as to the equipment of the planes are silent in death; their voices will not be heard in testimony as to whether they had flown the lines or not. It is easy to understand why an organization that has come under this severe indictment would undertake to justify itself and say that the planes were equipped and that the personnel was trained, while the officers of the Army who were brought before the committee testified that they were not even consulted. Whose word is the Senate going to take? The Army has no political interest to subserve; but there are those who do have a political interest in the matter, as will be shown before this debate shall have closed.

What I fear, Mr. President, is that unless we prevent the Army flying the mail there are going to be more fatalities. What a pitiable statement it is that these deaths were due only to inclement weather, as if inclement weather never occurred until now.

Mr. President, there was one company flying the mail from New York to Miami which, in 6 years' flying covering 6,000,000 miles, lost but 2 aviators, 1 in 1929 and 1 in 1933, while the Army flying the same route in 3 days lost 2 aviators. Flying the mail has involved a death rate of one for each 4,500,000 miles flown when the planes have been piloted by trained men. There have been 10 deaths in flying 1,000,000 miles while the mails have been carried by the Army. The fatalities recorded from year to year involve not merely flying in bad weather. The aviators fly in sunshine and storm, in daylight and darkness.

Mr. President, when it was announced that the Army was going to take over this work the most skillful aviators, such as the great ace mentioned here some days ago, announced that there would be fatalities, that they could not be avoided. The fatalities came. Because of the certainty that there would be fatalities private companies tendered to the War Department not only their equipment but also their personnel, to be placed under the control of the War Department, with their promise to the personnel that they would not sacrifice their seniority in service and would not under any circumstances be embarrassed by what had taken place. But these offers were rejected because that did not fit into the picture that had been already painted.

Mr. President, Army aviators, most of them with only 1 year's experience in flying, were put to an entirely different kind of work than that to which they were accustomed. For instance, barometric readings at every minute of the day, essential to air-mail flying, are not essential to the class of work done by the Army aviators. The practice is

for the Weather Bureau to give the barometric readings at the surface of the ground 24 hours a day to the Department of Commerce. These readings are radioed to the aviators in the Air Mail Service. They use the readings to correct their barometers and to adjust their altimeters in their flying.

The Weather Bureau, under the Commerce Department, has these stations along the air-mail routes in every direction. In some of the stations the Department of Commerce, under the supervision of the Weather Bureau, maintains observers to furnish barometric readings, which are then radioed. This enables an aviator at night or in bad weather to know at all times his location, his latitude and longitude, as well as altitude.

The practice in the Navy in handling the lighter-than-air ships has been to correct the altimeter every 20 minutes. For example, on the *Akron*, in the control car, there were upon a table four large aneroid barometers as large as dinner plates, and the altimeter was corrected by use of these barometers every 20 minutes. During the storm they could not correct the altimeter. No one had time, for the conditions were such that the barometer varied very rapidly, so they did not know whether the ship was 1,600 feet in the air or 200 feet in the air.

The Weather Bureau corrects the barometric readings in the various stations by use of aneroid barometers, and in the larger cities by mercury barometers, which are more reliable than the aneroid barometers in showing elevation.

Cross-continental flying involves great hazards. An officer whom I know who flew from Washington to Los Angeles, followed the trail of the transcontinental railroad for safety, but being suddenly confronted with tunnels, he would have to shoot up in the air at an angle of 45° or 50°, sometimes suddenly, in order to save his life. He is one of the most highly trained aviators in the service of the Government. An aviator knows his route like a locomotive engineer knows his roadbed. In blind flying he must resort to dead reckoning just as a ship at sea in cloudy weather when it is impossible to take observation must rely on dead reckoning. A mail flier must rely upon the speed of his plane to know aproximately where he is at all times. He must read the radio beam that is sent out from Washington along the mail routes, and know from an instrument in front of him that he is between the right and left beams at all times.

The average death in all the air-mail lines in this country was put at 1 death in 4,500,000 miles. Here we have 10 deaths, it is safe to say, before a million miles has been flown.

Yet we hear it said upon the floor of the Senate, in an effort to excuse, that if the flying had been done by the regular service the bad weather would have produced a similar number of deaths. Shame on such a conclusion when worse weather has been visited upon us even during the last month before the drastic order was issued with no fatality occurring during the bad weather.

No one can say that any of these Army aviators carrying mail had any experience as a transport flyer. The Commerce Department under the law has scheduled certain rules for flying. No transport solo flyer is permitted to have a license who has not had at least 200 hours of flying to his credit, and yet on this floor we hear it said that 11 days were taken in which to train young men in the service to do this hazardous work. Such training would not have been accepted under the rules and regulations of the Commerce Department. I make no complaint or criticism of the Army flyers. Their business did not require that they should watch barometric readings except for changes in the weather and for storms. Altitude with them is not a matter of importance except in actual combat. There is no combat in times of peace. Flying blind at night, depending upon the radio beam for location and barometric readings for altitude that have to be corrected constantly, was something in which they were not experienced and about which they knew little.

The topography of the ground, the location of the mountain peaks, the valleys, and the approximate location of stations maintained by the Government and by private and municipal airports were things with which they had had no experience. Dead reckoning at sea, when neither the sun, moon, or stars is visible, is done by computing the tides and air currents, and the speed of the ship. Dead reckoning by an aviator when flying blind depends upon his experience in planes, scientifically equipped, and also upon the speed of the plane.

Resistance of wind, side currents, or the help of wind blowing his way have much to do with determining speed, but nothing but experience will tell an aviator how to navigate by dead reckoning so that he may know approximately where he is at all times.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). The Senator's time on the treaty has expired. He is recognized for 10 minutes on the reservation.

Mr. FESS. These young Army flyers were not expected to be trained in this particular field, in which they had no experience. It was just as essential as it is to a locomotive engineer to know from experience the roadbed, the various grades and curves, and the location of the stations upon the route. The locomotive engineer knows this from long experience, and in the blackest night he knows where he is at all times, regardless of signals of lights and without the help of radio.

Any one can be an aviator who, after 50 hours of solo flying, has passed a physical examination and an examination for practical flying, after which he is qualified by the Department of Commerce. He can qualify as a transport solo flyer after 200 hours of flying training. When the aviator is qualified with the maximum hours required before he can become a solo flyer, he then must secure a special license for that purpose. In other words, the most discriminating regulations for the assurance of safety on behalf of humanity in a new and most hazardous service have been made a governmental requirement, with which the Army has nothing to do, because its qualifications for maneuverability do not require that sort of training.

In addition to the fact that all aviators on the mail-flying air lines were told that they might go into the service of the Government during the pending air-mail controversy without losing their seniority and without being in any way under the authority of the air lines, but solely under the authority of the Secretary of War, the Government could have employed any of these experienced civilian aviators, whether under contract or not, whether they were carrying the mail, or whether they were rendering service to the air lines in the transport of passengers to and from every part of the United States. The Government further had the opportunity, pending the controversy, to employ these air lines on a cost basis or a cost-plus percentage basis, and they would have willingly cooperated with the Government pending the settlement and readjustment of the matter and the letting of new contracts. The President now admits that he was wrongly advised as to the qualifications of the Army flyers for carrying the mails; but he had been warned of the coming tragedy, because it is probable that not one was qualified to carry the air mail over these transcontinental routes.

He must rely upon the speed of his plane to know approximately where he is at all times. He must read the radio beam that is sent out from Washington along the mail routes, and know from an instrument in front of him that he is between the right and left beams at all times.

The average of deaths in all the air-mail lines in this country was put at 1 death in 4,500,000 miles. Here we have 10 deaths, it is safe to say, before a million miles had been flown.

No one can say that any one of these Army aviators carrying mail had any experience as a transport solo flyer. Their business did not require that they should watch barometric readings, except for changes in the weather and storms. Altitude with them is not a matter of importance except in

actual combat. There is no combat in times of peace. Flying blind at night, depending upon the radio beam for location and barometric readings for altitude that have to be corrected constantly, is something they knew nothing about.

The topography of the ground, the location of the mountain peaks and valleys, and the approximate location of stations maintained by the Government and by private and municipal airports were matters about which they had had no experience. Dead reckoning at sea when neither sun, moon, nor stars are visible is done by computing the tides and air currents, and the speed of the ship. Dead reckoning by an aviator when flying blind depends upon the flyer's experience in planes scientifically equipped and also upon the speed of the plane.

Resistance of wind, side currents, and the help of wind blowing his way have much to do with determining speed, and nothing but experience will tell an aviator how to do dead reckoning so that he may know approximately where he is at all times.

It may not be relevant, but it is a fact that many men who qualify as to hours of flying never become aviators. Obviously, there are now aviators flying in the Army and in the Navy who will never become skillful aviators. The administration must know that the deaths of these aviators will continue at a high ratio of mortality so long as any of the air-mail lines are run by Army officers in planes not equipped and without proper personnel training.

The discontinuance of important and necessary mail routes, even temporarily, and the use of Army officers only on certain lines may lessen but will not prevent further mortality. Men who are accustomed to use combat planes, bombing planes, scout planes, and other kinds of planes used in the Army are not used to mail-transport planes. The Government cannot say that any one man who lost his life had been in training under any of the expert flyers of the civilian air-mail lines or the civilian transport lines.

The only safe course under the circumstances is to discontinue Army mail service, and proceed at once to restore the service to qualified agencies now existing and awaiting an opportunity to perform a great service.

Mr. President, it is these considerations that impress upon me the necessity of getting out of the Air Mail Service, so far as the Government is concerned. If we must carry the mail by air, if there is no alternative, if it is so important that we cannot do without it and must continue to engage in it, then, I think, if we cannot reinstate the contracts and do what is obviously the right thing to do, we should adopt the amendment offered by the Senator from California [Mr. McADOO].

That amendment provides:

> In order to meet the existing emergency with respect to carriage of mail by air, and in order to afford sufficient time for necessary and proper legislation to be enacted by the Congress, the Postmaster General, with the approval of the President, is authorized to enter into air-mail contracts, without advertising, for a period of not to exceed 90 days, with commercial air-transport operators, at such rates and upon such terms and conditions as the Postmaster General, with the approval of the President, determines will best conserve the interests of the United States.

That opens the field. That gives 90 days to look into these contracts. That would be done without bidding; it would be done without limitation. That would give the Postmaster General the authority that it is essential for him to have. It is the same authority which was possessed by the Postmaster General preceding him, under which one of the most magnificent achievements of which America may boast was made possible. Now, in an effort to smear somebody, it is undertaken to destroy what has been accomplished on the allegation that there was fraud and collusion, when there was not an iota of fraud and no form of collusion, as all the facts will demonstrate when we have a chance to present them here.

Then, in addition, there is a proviso to this effect:

> *Provided*, That notwithstanding the provisions of section 3950 of the Revised Statutes (U.S.C., title 39, sec. 432), any person, firm, or corporation who on February 9, 1934, was the holder of a contract or route certificate from the Postmaster General may be permitted to enter into such contracts.

That proviso permits the Postmaster General to make a contract with every company that had a contract and whose rights were jeopardized by a cancelation without its being heard. That is just; that is humane; that is American. If we cannot correct this wrong in any other way, let us do it in this way, and give these companies 90-day temporary contracts on whatever terms the Postmaster General may determine, with the approval of the President, with no discrimination against those who have been wrongly treated. That, at least, would be an effort to correct the wrong, though it might be less face-saving than the other proposal which we will consider later on.

My contention today, Mr. President, is that we should diminish, if we cannot eliminate, the danger to the lives of men under the present regime. Then, as soon as the opportunity shall come—and it will not be long delayed—some of us are going to take the floor to answer the charge that fraud was apparent and that fraud and collusion cannot be contradicted. We will see whether or not that is so.

Mr. President, I ask to have printed at the conclusion of my remarks two chapters of the air commerce regulations of the Department of Commerce; one entitled "Inspection of Aircraft" and the other entitled "Licensing of Pilots."

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From Aeronautics Bulletin No. 7, Air Commerce Regulations, effective, as amended, Jan. 1, 1934, published by the U.S. Department of Commerce]

CHAPTER 2. INSPECTION OF AIRCRAFT

SEC. 26. CONTINUOUS DUTY AS TO FLYING CONDITIONS

After an aircraft is licensed, and between the times that it is inspected for airworthiness by an inspector, the owner is charged with the continuous duty of maintaining the aircraft in a good and proper state of repair and flying condition.

SEC. 27. WEEKLY AND PERIODIC INSPECTIONS

(A) It is the responsibility of the recorded owner that licensed aircraft (other than aircraft engaged in scheduled interstate passenger operation for which inspection requirements are outlined in Aeronautics Bulletin No. 7-E) shall be given a line inspection by a licensed airman at least once within 7 days preceding flight, except, however, that there shall be at least one inspection for each 25 hours of flying time. The result thereof shall be entered in the log under the signature of the person making such inspection. The line inspection must be made to ascertain the working conditions and state of repair of the—

(1) Open control wires, all control wires and pulleys open to inspection through apertures, and all hinges on control surfaces.
(2) Landing gear, wheels, fittings, and shock absorbers.
(3) Fuselage parts open to visual inspection.
(4) Main plane external bracing, including fittings and struts, external wires, cables, turnbuckles, and fabric or covering.
(5) Control-surface fabric or covering.
(6) Engine-exhaust manifolds and exhaust-pipe extensions. The engine shall be given a warming-up test, during which the proper functioning of the engine instruments shall be ascertained.
(7) Carburetors and fuel-feed lines open to visual inspection to insure proper functioning.
(8) Cooling system and connections.
(9) Cowling, to insure that the cowlings are properly secured and safetied.
(10) Propellers, as to condition.

(B) After each 100 hours of flight the aircraft must be given a periodic inspection by a licensed mechanic, and the result thereof must be entered in the log by the person making such inspection. This inspection must be made to ascertain the working condition and state of repair of the—

(1) Engine installation.
(2) Control systems throughout.
(3) Propeller alinement.
(4) Fuselage, including fittings, tail-skid, and tail-skid shock absorbers.
(5) All items specified in (A) above.

SEC. 28. GOVERNMENT INSPECTION

The inspector or other authorized officer of the Secretary of Commerce shall be permitted by the owner, operating agency, or pilot to inspect the licensed aircraft at any time and place for the purpose of determining its flying condition and state of repair. For such purposes the owner, operating agency, or pilot shall give to such inspector or officer free and uninterrupted access to the aircraft and the field or shelter where the craft is located.



CHAPTER 5. LICENSING OF PILOTS

SEC. 43. PILOTS, LAW OF

"The Secretary of Commerce shall by regulation * * * provide for the periodic examination and rating of airmen serving in connection with aircraft of the United States as to their qualifications for such service." (Sec. 3 (c).)

"The term 'airman' means any individual (including the person in command and any pilot, mechanic, or member of the crew) who engages in the navigation of aircraft while under way, and any individual who is in charge of the inspection, overhauling, or repairing of aircraft." (Sec. 9 (k).)

"It shall be unlawful * * * to serve as an airman in connection with any aircraft registered as an aircraft of the United States * * * without an airman certificate or in violation of the terms of any such certificate." (Sec. 11 (a) (4).)

"Any person who violates any provision of subdivision (a) of this section * * * shall be subject to a civil penalty of $500." (Sec. 11 (b).)

SEC. 44. APPLICATION OF THE LAW

For the purpose of this chapter persons in command of or piloting licensed aircraft in flight will be classed as pilots.

SEC. 45. CLASSIFICATION OF PILOTS

Licensed pilots are classed as commercial or noncommercial pilots; commercial pilots are licensed as transport or limited commercial pilots or as commercial glider pilots. Noncommercial pilots are designated as private, amateur, student pilots, or noncommercial or glider pilots.

SEC. 46. PRIVILEGES AND RESTRICTIONS OF LICENSED PILOTS

Except as otherwise provided in these regulations, the privileges conferred and restrictions imposed upon licensed pilots are as follows:

(A) Transport pilots may pilot any type of licensed aircraft, but shall not carry persons for hire in licensed aircraft other than in conventional[1] types of heavier-than-air craft and within the classes specified in their license.

Transport pilots shall demonstrate their ability to navigate landplanes, seaplanes, or both in one or more of the weight classes set forth below. Such demonstration shall be to the satisfaction of the examiner for the Department of Commerce.

Class 1. Gross weight not more than 1,000 pounds.

Class 1A. Gross weight between 1,000 and 3,500 pounds, single engine.

Class 1B. Gross weight between 1,000 and 3,500 pounds multiengine.

Class 2A. Gross weight between 3,500 and 7,000 pounds, single engine.

Class 2B. Gross weight between 3,500 and 7,000 pounds, multiengine.

Class 3A. Gross weight over 7,000 pounds, single engine.

Class 3B. Gross weight over 7,000 pounds, multi-engine.

Scheduled air transport rating: Transport pilots flying airplanes engaged in scheduled operation of interstate passenger air-transport service under a certificate of authority must hold a scheduled air-transport rating.

Transport pilots shall not pilot unlicensed aircraft carrying persons or property for hire.

(B) Limited commercial pilots shall have all of the privileges conferred and be subject to all of the restrictions imposed upon transport pilots, except that they shall not, for hire, instruct students in the operation of aircraft in flight and they shall not pilot aircraft carrying persons for hire outside of the areas mentioned in their licenses, except that they may be permitted to function as copilot on dual-controlled aircraft when accompanied by a transport pilot who is in command of and responsible for the operation of such aircraft. Such pilots may, beyond the 10-mile radius of their base, operate licensed aircraft carrying guests, executives, or employees of the companies employing them, provided no payment is made for the transportation. They may also demonstrate aircraft in flight to prospective purchasers.

(C) Commercial glider pilots may pilot any type of motorless aircraft, but shall not transport persons or property nor instruct students except in licensed motorless aircraft.

(D) Noncommercial glider pilot's licenses may be issued for noncommercial flights upon satisfactory accomplishment of the prescribed flight tests.

(E) (1) Private pilots may pilot licensed aircraft, but shall not carry persons or cargo for hire in licensed or unlicensed aircraft. They shall not for hire instruct students in the operation of aircraft in flight. Such pilots may operate aircraft carrying guests, executives, or employees of companies employing them, provided no payment is made for the transportation. They may also demonstrate aircraft in flight to prospective purchasers.

(2) Amateur pilots may pilot licensed aircraft, but shall not carry persons (except licensed transport, limited commercial, or private pilots in dual-controlled aircraft) or cargo in licensed or unlicensed aircraft, nor instruct students in the operation of aircraft in flight.

(3) Student pilots may operate licensed aircraft only while receiving flying instruction. They shall not be in command of aircraft carrying any other person and shall not carry cargo in licensed or unlicensed aircraft. They may make solo cross-country practice flights, but while away from their home airport on such flights shall not make landing on airports where flying meets or air races are in progress or at air-line terminals. They shall not be in command of United States aircraft operating in a foreign country.

(F) Until otherwise provided by regulations the licensing of airship and balloon pilots shall be in accordance with special orders of the Secretary of Commerce.

(G) Special classes of pilot license may be issued for operation of unconventional[1] types of aircraft in accordance with special orders of the Secretary of Commerce.

SECTION 47. APPLICATIONS FOR PILOT'S LICENSE

An application for a pilot's license must be filed, under oath, with the Secretary of Commerce upon blanks furnished for that purpose. An applicant for a pilot's license, including a student pilot's license, must appear for a physical examination before a physician designated by the Secretary of Commerce and pass such examination, unless he is exempt under these regulations.

SECTION 48. CHARACTER, AGE, AND CITIZENSHIP QUALIFICATIONS

An applicant for a pilot's license must be of good moral character. The minimum age requirements are 14 years for noncommercial glider pilots; 16 years for private, amateur, and student pilots; 18 years for commercial glider, limited commercial, and transport pilots. Applicants for any type of pilot's license who are under the age of 21 will be required to submit evidence of the consent of parent, legal guardian, or natural guardian, prior to the issuance of a license. A noncommercial glider, private, amateur, or student pilot may be a citizen of any country. A commercial pilot must be (1) a citizen of the United States, or (2) a citizen of a foreign country which grants reciprocal commercial-pilot privileges to citizens of the United States on equal terms and conditions with the citizens of such foreign country, or (3) an alien who has filed his declaration of intention to become a citizen of the United States and advises the Secretary of Commerce of the serial number of such declaration, the date thereof, and the court in which filed. He must diligently and successfully prosecute the naturalization proceedings under penalty of the revocation of his pilot's license and from time to time must keep the Secretary of Commerce advised of the status of such proceedings. All applicants for commercial pilots' licenses shall be able to read, write, speak, and understand the English language except applicants who are citizens of a country with which the United States has reciprocity with respect to the licensing of pilots.

SECTION 49. FLYING-EXPERIENCE REQUIREMENTS

An applicant must have at least the following flying experience:

(A) Transport pilots: Two hundred hours of solo flying, of which at least 5 hours must have been within the last preceding 60 days prior to the filing of the application.

(B) Limited commercial pilots: Fifty hours' solo flying, of which at least 5 hours must have been within the last preceding 60 days prior to the filing of the application.

(C) Commercial and noncommercial glider pilots: No minimum flying experience.

(D) Private pilots: Fifty hours' solo flying of which at least 5 hours must have been within the last preceding 60 days prior to the filing of the application.

(E) Amateur pilots: Twenty-five hours' solo flying, of which at least 5 hours must have been within the last preceding 60 days prior to the filing of the application.

(F) A graduate of an approved civilian school giving flying instruction may apply for a pilot's license, provided he has obtained the solo-flying experience in such school required by Aeronautics Bulletin No. 7-B (School Supplement), and provided such graduate applies within 10 days of the date of his graduation.

(G) Scheduled air-transport rating: (1) A transport license with proper rating.

(2) Twelve hundred hours of certified solo time within the last 8 years, of which at least 500 hours have been cross-country. (Copilots' time may be credited as outlined in section 58 of these regulations.)

(3) Seventy-five solo hours of night flying, of which at least 50 percent shall have been cross-country over lighted airways. (If solo time was obtained as copilot, the applicant shall demonstrate his proficiency in the accomplishment of night landings and take-offs.)

SEC. 50. PILOT'S PHYSICAL QUALIFICATIONS

The physical examinations provided for herein must be accomplished before the practical and theoretical tests will be given. The qualifications are as follows:

(A) Private, amateur, student, commercial glider: Absence of organic or functional disease and of defects or structural defects or limitations which might interfere with safe handling of an aircraft under the conditions of private flying; visual acuity of at least 20/50 in each eye without correction and depth perception of not more than 30 mm without correction; or visual acuity of at least 20/30 with correcting lenses and depth perception of not more than 30 mm with such correcting lenses; no diplopia within an angle of 45°; normal visual fields; no organic disease of eye, internal ear or mastoid; no abnormalities of equilibrium.

[1] Within the meaning of this chapter conventional types of heavier-than-air craft are those which depend for sustentation upon fixed planes and which are controlled by trailing tail surfaces.

[1] Within the meaning of this chapter conventional types of heavier-than-air craft are those which depend for sustentation upon fixed planes and which are controlled by trailing tail surfaces.

(B) Transport, limited commercial: Good past history; sound pulmonary, cardiovascular, gastrointestinal, central nervous, and genitourinary systems; freedom from material structural defects or limitations; freedom from disease of the ductless glands; normal central, peripheral, and color vision; normal judgment of distance; only slight defects of ocular muscle balance; freedom from ocular disease; absence of obstructive or diseased conditions of the ear, nose, and throat; no abnormalities of equilibrium.

(C) Lighter-than-air: Applicants for licenses as pilots or student pilots of lighter-than-air craft (airships and balloons, all types) will be subjected to the same physical examination and must meet the same physical standard as private aircraft (heavier-than-air) pilots, with the following exceptions:

(1) All visual tests may be taken with correcting glasses if necessary.

(2) No hernia will be considered disqualifying if adequately supported by a truss.

(D) Waivers: In the case of trained, experienced pilots, the Secretary of Commerce may grant waivers for physical defects designated as disqualifying by these regulations when, in his opinion, the experience of the pilot will compensate for the defect. A waiver once granted for any grade of license will hold indefinitely for that grade only so long as the defect for which it was granted has not increased or unless canceled by the Secretary of Commerce.

SEC. 51. EXEMPTION FROM PRESCRIBED PHYSICAL EXAMINATION

An applicant for a pilot's license (or its renewal) may be exempt from the physical examination prescribed in these regulations upon filing with the Secretary of Commerce a certified copy of the examination for flying in the United States Army, Navy, or Marine Corps made within 6 months of the date of filing his application for his pilot's license or its renewal, provided his physical qualifications as shown by such copy of the examination are not less than those required by these regulations for the class of license for which he applies. Pilots licensed in a lower grade applying for a higher grade of license must submit a new satisfactory physical examination for the grade applied for unless the previous examination submitted was for the higher grade and, in the opinion of the Secretary of Commerce, is of recent enough date to warrant exemption. No physical examination will be required of noncommercial glider pilots or glider student pilots.

SEC. 52. PILOTS' EXAMINATIONS AND TESTS

Unless exempt under these regulations, candidates must pass the following examinations and tests:

(A) Transport pilots: (1) Examination on the Air Commerce Regulations, including the air-traffic rules, all of which are set forth in Aeronautics Bulletin No. 7.

(2) Practical and theoretical examination in elementary engine and plane mechanics and rigging and a theoretical examination in the fundamentals of meteorology and air navigation.

(3) Practical flight test, as follows:

(a) In addition to normal take-offs and landings, the following maneuvers will be required: From 1,500 feet, with engine throttled, make a 360° turn and land in normal landing attitude, by wheels touching ground in front of and within 200 feet of a line designated by examiner for the Department of Commerce.

(b) From 1,000 feet, with engine throttled, make 180° turn and land in normal landing attitude, by wheels touching ground in front of and within 200 feet of a line designated by examiner for the Department of Commerce.

(c) A series of 3 gentle and 3 steep figure 8 turns, and 720° steep power turns in both directions. Spiral in one direction from 2,000 feet, with engine throttled, and land in normal landing attitude by wheels touching ground in front and within 200 feet of a line designated by examiner for the Department of Commerce.

(d) Fly in emergency maneuvers, such as spins, spirals, side slips, climbing turns, and recovering from stalls, and such others as the Secretary of Commerce deems necessary.

(e) Fly over a triangular or rectangular course at least 100 miles, landing at place of take-off within 5 hours. This flight shall also include two obligatory landings, not at point of departure, when craft must come to rest. The course will be designated and the candidate will be furnished with route information by the examiner for the Department of Commerce at time of departure, and the examiner for the Department of Commerce will determine whether the course was correctly followed and whether obligatory landings were satisfactory. Upon the presentation of satisfactory proof that the candidate has engaged in solo cross-country flights at a distance of at least 100 miles within 1 year preceding the date of his application the flight specified in this subsection will be omitted.

(f) Cross-wind landings and take-offs.

(B) Limited commercial pilots: The same examinations and tests as are prescribed for transport pilots, except the cross-country flight and the examination on elementary meteorology and navigation.

(C) Private pilots: (1) Examination on the Air Commerce Regulations, including the air traffic rules, all of which are set forth in Aeronautics Bulletin No. 7.

(2) Same flight test as prescribed for transport pilots except the cross-country flight.

(D) Amateur pilots: (1) Examination on the Air Commerce Regulations, including the air traffic rules, all of which are set forth in Aeronautics Bulletin No. 7.

(2) Same flight test as prescribed for private pilots except spins and cross-wind take-offs and landings.

(E) Glider pilots: In addition to normal take-offs and landings, a series of gentle and moderate banks, precision landings, and 360° turns will be required and such other maneuvers as the Secretary of Commerce may deem advisable. For noncommercial pilot's license, the 360° turns will not be required.

(F) Reexamination: Applicants for pilot's licenses who have failed to successfully accomplish the prescribed theoretical or practical tests may apply for reexamination at any time after the expiration of 90 days from the date of such failure, except applicants for private, amateur, and glider pilots' licenses, who may reapply after 45 days from the date of such failure. Applicants for pilots' ratings who have failed to successfully accomplish the prescribed tests for such ratings may reapply after the expiration of 30 days from date of such failure.

If the physical examination has expired for the class of license for which application has been made, a new physical examination must be submitted.

The minimum passing grade for any subject in the foregoing theoretical examinations shall be 70 percent.

Practical tests must be accomplished to the satisfaction of the examiner for the Department of Commerce.

(G) Scheduled air transport rating: (1) Examination on the airline regulations which are set forth in Aeronautics Bulletin No. 7-E, and its interpretations, practical and theoretical test on the use of directional radio, and other available airway aids to navigation, including tests in meteorology with respect to weather analysis and forecasting.

(2) Practical flight tests in a hooded cockpit, under the conditions of instrument flying, performing the following maneuvers with recovery to a predetermined heading.

(a) Straight level flight.

(b) Moderate banks making 180° and 360° turns in both directions.

(c) Minimum glides and maximum climbs and approaches to stalled attitudes of flight.

(d) Climbing turns.

(e) Recovery from stalls, skids, slips, spirals, and banks in excess of 45°.

SEC. 53. PLACE, ETC., OF EXAMINATIONS

Examinations for pilots' licenses will be held at such times and places as the Secretary of Commerce shall designate. Such examinations and tests will be conducted by an examining officer designated by the Secretary of Commerce. Candidates for pilots' licenses must furnish a commercially licensed airplane or one eligible for commercial license and in an airworthy condition, equipped with dual controls, in which the flight tests are to be made, unless the Secretary of Commerce makes other provisions therefor.

SEC. 54. DURATION AND RENEWAL OF PILOTS' LICENSES

(A) Duration: Unless sooner suspended or revoked, transport and limited commercial pilots' licenses shall remain in force for 6 months; glider, private, and amateur licenses for 1 year; student licenses for 2 years, as specified in the respective licenses.

(B) Renewal: Licenses may be renewed within 30 days prior to expiration, for the same duration as original, upon satisfactory showing of the following:

Transport and limited commercial: Ten hours solo flying within the last 6 months in each aircraft classification for which renewal is desired. Satisfactory physical examination made by a Department of Commerce medical examiner.

Private and amateur: For annual renewal, 15 hours of solo flying within the last year, provided, however, that for renewal after each 2-year period of the existence of the license a satisfactory physical examination made by a Department of Commerce medical examiner will be required.

Student: Student licenses are not renewable, but new licenses may be secured at any time upon accomplishment of the prescribed physical examination.

Commercial glider: Ten gliding flights or one soaring flight of at least 1 hour's duration within the last year, and the same physical examination required for private pilots' renewal.

Noncommercial glider: Ten gliding flights or one soaring flight of at least 1 hour's duration within the last year.

Scheduled air transport ratings may be renewed if the holder has had within the 6 months prior to expiration at least 25 hours in scheduled air transport service and has flown by instruments for a period of at least 2 hours. Otherwise, a recheck in the manner and to the extent indicated by the circumstances may be required.

(C) Expired licenses may be renewed upon proof of satisfactory physical condition of the pilot and the passing of the flight test required for the class of license for which renewal is requested.

(D) Upon 10 days' notice to and approval of the Secretary of Commerce, the area for permissible flying of aircraft carrying passengers for hire designated in the license of limited commercial pilots may be changed to other areas.

SEC. 55. PERSONAL POSSESSION OF PILOTS' LICENSES

The pilot's license shall be kept in his personal possession when he is piloting aircraft and must be presented for inspection upon the demand of any passenger or any authorized official or employee of the Department of Commerce or State or municipal officials charged with enforcing local regulations or laws involving Federal compliance.

SEC. 56. PILOTS' CERTIFIED LOG BOOKS

A licensed pilot must keep an accurate record of his solo flying time in a log book in which the entries have been certified to and signed by him and attested by one of the following persons:

(A) An official of an approved type airplane or engine manufacturing company.

(B) An official of an approved flying school.

(C) A contract United States air-mail operator.

(D) A notary public.

(E) A properly authorized operations officer for any military organization.

(F) Department of Commerce aeronautical inspectors.

(G) Any officer of an organization engaged in the operation of aircraft when such officer has direct knowledge of the authenticity of the entries.

This log book shall contain the date of flight, the type of aircraft flown, the license or identification number of such aircraft, the type of engine, the duration of the flight, and the points between which such flight was made, and, in addition, when any flight results in serious damage to the aircraft, a notation to this effect shall be entered. This log book must be presented, upon demand, to any authorized representative of the Department of Commerce or State or municipal officer enforcing local regulations or laws involving Federal compliance.

SEC. 57. PILOTS' NIGHT-FLYING QUALIFICATIONS

A transport or limited commercial pilot who has not had at least 2 hours of night solo flying within the last preceding 90 days shall not pilot aircraft carrying passengers, for hire, between sunset and sunrise, except where he takes off and lands between sunset and sunrise, at least 10 times solo. At least three of such landings must be to a full stop.

SEC. 58. MEANING OF SOLO FLYING

As used in these regulations, a person is engaged in solo flying when he is the sole operator of the controls and is in command of aircraft in flight. Provisions for logging flying time on scheduled interstate passenger air transport services is set forth in the Interpretations of Regulations Governing Scheduled Operation of Interstate Passenger Air Transport Services, Bulletin No. 7-E.

SEC. 59. SUSPENSION OR REVOCATION OF LICENSES

Pilot's licenses may be suspended or revoked for:

(A) Violating any provision of the Air Commerce Act of 1926 or any regulations promulgated thereunder.

(B) Carelessness or inattention to duty.

(C) Unsound physical condition or any demonstration of incompetency in the operation or repair of aircraft.

(D) Being under the influence or using or having personal possession of intoxicating liquor, cocaine, or other habit-forming drugs while on duty.

(E) Refusal to exhibit license upon proper demand.

(F) Violating air-traffic rules.

(G) Making any false statement in application for license or in any reports required to be submitted by these regulations.

(H) Carrying passengers who are obviously under the influence of intoxicating liquor, cocaine, or other habit-forming drugs.

(I) Piloting aircraft carrying passengers in excess of the number authorized in the aircraft license. Children under 12 years of age are excepted, provided the maximum pay load as specified in the aircraft license is not exceeded, and further provided the aircraft is properly equipped with individual safety belts for each occupant 5 years of age or older.

(J) Doing any act in connection with aircraft which is contrary to the public safety or interest or detrimental to the morale of pilots or mechanics.

(K) Using or displaying license for any fraudulent purpose.

(L) Failure of student, amateur, private, or commercial glider pilots to wear correcting lenses where vision does not meet requirements of the Air Commerce Regulations without such correction.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

The Senate, as in Committee of the Whole and in open executive session, resumed the consideration of Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed July 18, 1932.

Mr. LONG. Mr. President, I desire to take a few minutes to controvert a few supposed-to-be statistical details offered by the Senator from Nevada [Mr. PITTMAN] yesterday, or the day before, as to the diversion of water from Lake Michigan into the Mississippi River.

The Senator from Nevada occupies a rather embarrassing position. He finds the Chief of Engineers of the United States Army, Gen. Lytle Brown, having given one opinion, which, of course, is so contrary to anything the Senator from Nevada is advocating on this floor that he cannot rely upon that. Then, when the Senator goes back behind the present Chief of Engineers of the Army to the one who preceded him, General Jadwin, he finds another opinion which he cannot bring before the Senate and have it appear at all consistent with what he is having to advocate on the floor of the Senate.

So, since the Senator cannot rely upon what Gen. Lytle Brown says and cannot rely upon what General Jadwin said before him, and probably it gets worse the farther back he goes into the Corps of Engineers of the United States Army, he brings in, as the next best thing he can do, an opinion of somebody of the lower strata—I have forgotten the man's name; I believe he is General Markham, the head of one of the lower series of the Engineer Corps—and gives what he says about it.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Nevada?

Mr. LONG. Yes, sir; I yield to the Senator.

Mr. PITTMAN. I do not want the Senator to appear in the RECORD as not knowing the position of General Markham. He is the Chief of Engineers.

Mr. LONG. Chief of which engineers?

Mr. PITTMAN. Chief of the United States Board of Engineers, United States Army.

Mr. LONG. Oh, yes; but Gen. Lytle Brown is the supreme chief.

Mr. PITTMAN. Not now.

Mr. LONG. Not now? Oh, they moved Brown? Oh, I see! Then I beg the Senator's pardon, Mr. President. It seems that they have a new man. They have moved the last two. The term of one of them ran out; that is, he became over age. Now the St. Lawrence Waterway Treaty comes along, and Gen. Lytle Brown is up here with a lot of reasoning; but he, as I understand, has been removed, and General Markham has been put in his place. I beg the Senator's pardon. I did not know that they had removed Gen. Lytle Brown. Was that because of his age limit having been reached? Was it a retirement?

Mr. PITTMAN. Yes.

Mr. LONG. I beg the Senators' pardon. When was he retired?

Mr. PITTMAN. About 6 or 7 months ago.

Mr. LONG. I did not know about it. I must have been busy. I beg the Senator's pardon. I certainly did not know that he had been retired; and I regret very much that Gen. Lytle Brown is no longer connected with the service.

Mr. President, that is one of those breaks they have. By these queer retirements of one after the other, just about the time the St. Lawrence Treaty had come here, they finally found a man, coincident with the President's position on the St. Lawrence waterway being announced, who finds himself in accord. However, that is what we expected.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CLARK. The Senator, of course, is familiar with the fact that in this report, too, about which there has been so much said during the last 2 or 3 days, the district engineer, and the division engineer, as well as the Board of Army Engineers, arrived at different conclusions as to the demonstration of the feasibility of the commercially successful operation of the waterway, as announced by the Chief of Staff himself.

Mr. LONG. I understand that.

Mr. PITTMAN. Mr. President, if the Senator will yield, I doubt whether the Senator from Missouri understands it, and I doubt whether the Senator from Louisiana understands it. I should like to have cited the source of the information just quoted by the Senator from Missouri.

Mr. CLARK. The Senator knows, if he has read the report, that the division engineer and the district engineer both held that it would be impossible to determine whether 1,500 second-feet diversion at Chicago would be sufficient to insure the commercially successful operation of the Lakes-to-the-Gulf waterway until after the completion of the Chicago sewage reduction plant in 1938.

Mr. PITTMAN. I challenge the Senator to show that.

Mr. CLARK. I have the book right here at hand, and I will be glad to find the information and put it into the RECORD for the edification of the Senator.

Mr. PITTMAN. I call the attention of the Senator to the fact that they did not refer to navigation. They stated that they would have to have some experience to determine whether or not the 1,500 cubic second-feet would be sufficient for sanitation purposes.

Mr. CLARK. Of course, the question has to do with the diversion of the water for the Lakes-to-the-Gulf inland waterway project. If there were sufficient water for navigation purposes, and, at the same time, the stream were so polluted as to make it impossible for either passenger or crew to travel on the waterway, it could not possibly be a successful commercial project. The Senator is begging the question in that particular.

Mr. LONG. That seems axiomatic to my mind, but no doubt the Senator from Nevada has another way of reasoning the matter.

Mr. OVERTON. Mr. President, will my colleague yield?

Mr. LONG. I yield to my colleague.

Mr. OVERTON. For the information of the Senator from Nevada, may I quote from one of the reports submitted? I think he will find the same statement made in the report of the division engineer, of the district engineer, and of the board itself. I quote from the statement of Col. George R. Spalding, wherein he declares:

> No one can predict with certainty the effect in 1939 of the reduction of diversion upon navigation below Lockport at any time prior to the completion of the sewage-treatment program. Sound procedure would be to carry out the full program of treatment-plant construction, reduced diversion as required by the Supreme Court decree, and observe its effect. A period of not more than 2 years of observation and study, after the completion of the treatment plants of the sanitary district of Chicago, and the full reduction of diversion to 1,500 cubic feet per second, should furnish conclusive data which will permit of positive determination whether any increase in diversion is necessary, and if so, by what amount.

Mr. LONG. Mr. President, that was so apparent to everybody's mind until theCanadian Legation became active, that no one was even questioning it. I had not heard it even controverted by anybody, that it could not be determined until these experiments had been made as to how much water had to be taken out of Lake Michigan. Not only that, but with a greater development of the waterway, it is being anticipated that instead of stopping the steamships at Baton Rouge, they might voyage many hundreds of miles farther up the river, so that no one at this early date is able to tell the limit of water we would have to have from Lake Michigan.

Mr. PITTMAN. Mr. President, will the Senator yield further?

Mr. LONG. I yield.

Mr. PITTMAN. I must say that there is nothing in the report of the engineers submitted in December, in response to the action of Congress, which in any way intimates that there is not enough water for navigation. All of them admit that there is enough water for navigation. The division engineer stated that he did not know whether there was enough water for actual sanitary purposes or not. Those are the facts in the record.

Mr. OVERTON. Mr. President, will my colleague yield?

Mr. LONG. I do not think it is going to do a bit of good with the Senator from Nevada. We might read him five more statements saying that it ought not to be done, and the Senator would still say they did not mean anything. There is no reason in trying to convert the Senator from Nevada on this treaty. We have spent many hours of fine logic in the Senate on this question, most of it directed to the Chairman of the Committee on Foreign Relations, but it does no good.

It is just like the case of the rich man who had died and gone to hell, and looked afar off and saw the poor man in the bosom of Abraham, and he cried aloud and said, "Let me go back to earth that I may be able to show my brethern there what a terrible place I found." But Abraham replied, "They have Moses and the prophets. If they hear not Moses and the prophets, neither will they be persuaded, though one rose from the dead."

It is impossible to impress the men who are advocating the treaty since the envoy of His Majesty King George V, took a hand; it is impossible to make them see black when it is black, or white when it is white. They will not see. I do not know what happens to these gentlemen when they get tangled up with the envoys of His Majesty. I have never seen anything to equal it. The Canadian representatives themselves do not understand what happened to them.

Here is the treaty. The Canadian Senators, from whom my distinguished Senator from Illinois quoted, themselves said, "We were opposed to this treaty. We could not conceive of its being possible. We could not imagine any such thing as the possibility of such a treaty being negotiated. But since our Minister has gone down to Washington and gotten more than we ever anticipated the sane and sensible Government we were dealing with would ever be willing to cede to His Britannic Majesty, then we are going to be in favor of it, because it means American money for Canadian labor, it means American money for a Canadian waterway, it means American money for Canadian engineers, it means American money for Canadian materials, and under Canadian control."

Mr. President, that was not all. My good friend, who is a lawyer, has advocated one of the most nefarious principles I have ever seen involved in a treaty. Do Senators know what that is? It is provided in this treaty—and I challenge any man on the floor or off the floor of the Senate to dispute this statement—that if anybody up in Canada feels that he has been damaged, regardless of how, if he has suffered by reason of injury to his person, or if he claims that some of the water supply his farm enjoyed has been reduced, or some riparian right has been taken away from him, under this treaty he has a right to go into the Canadian courts and get a judgment against the international commission, and we will have to pay the Canadian citizen with American money anything that the Canadian court may hold he is entitled to have.

There was never a more ridiculous provision. If we should make a treaty under which Canada would have to do something down in the State of Louisiana, or the State of Arkansas, or the State of Nevada, and that whatever damage was done to any citizen down there would be assessed by one of the courts down there in favor of the American citizen, and Canada would have to pay it, we know that in a matter of that kind the rule would be, "Let your conscience be your guide." [Laughter.]

The idea of allowing ourselves to be drawn into a poker game in which we are not even allowed to count the chips! [Laughter.]

There is a limit in this treaty on the amount of money Canada can spend, that is all. Thank God for Canada! Thank God for England! They have taught us one rule, that it is a good thing to limit the amount of our liability, so far as concerns our own funds. But that was not the only limit put into the treaty. Two limits were established. One limit was the limit on the amount of money Canada could spend, with no particularly heavy, binding contract that they would have to spend even to that limit. That is one thing they limit. The only other limit was on America's right to use its own water, its own money, its own materials, its own engineers, and anything else that would mean advantage to the United States. They limited everything America could have, including its own money, and its own water, and its own expansion. However, they provided no limit whatever as to Canada. Funds were to be furnished as might become necessary for the completion of this project upon which we are to embark.

Mr. President, if I were sent out as a lawyer representing a client to negotiate a contract, and brought in this kind of a document, I do not believe there is a court in the United States that would allow me to practice before it, if a petition were filed to disbar me. If I had gone out representing one riparian owner as against another riparian owner, and had brought in such a one-sided contractual and conventional stipulation as is contained in this supposed-to-be treaty, no living man on earth would ever have been able to understand that I was supposed to be representing the welfare of the client paying me to do the work.

Let us see something else about this treaty, since we are at it. The Senator from New York gave some figures here yesterday. The Senator from Michigan and the Senator from Wisconsin have dilated on the great amount of business that is to be accommodated by the proposed seaway. How much business will there be?

The first thing they decide is that as much wheat as has ever been shipped in any year, the best year they have had, is bound to go through that canal. That is based upon the presumption, Mr. President, that we will export as much wheat as we did in 1929, and that all the railroads in that area put together will not get any of the freight business at all, that they will all be defunct and out of business. It is based upon the very philanthropic assumption that the railroads are not going to get any wheat to haul at all. A man can become popular with some people if he "cusses" out the railroads—and if we can have Montreal for a port, the justification for putting the American railroads out of business will be sufficiently established in the opinion of anyone who wants to vote for the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty. I am going to give the proponents of the treaty the full benefit of their assumption, but I am going to ask them to have some slight regard for arithmetic, although they can hardly do that and advocate this treaty very long. Their assumption is that there is going to be just as much wheat shipped as there was in a good year of export, and that all of it is going through the canal.

Mr. President, the fact is that in 1934 the export wheat crop fell off about 30 or 40 percent. I have the figures, which were cited in the speech of the Senator from New York on yesterday. He said that—

> Disregarding the recent depression, our total exports of wheat declined from 260,000,000 bushels in 1920 to 168,000,000 bushels in 1927. During the years 1919–21 we captured 41 percent of the world trade in wheat, and from 1923 to 1930 we secured only 21 percent.

So that instead of proceeding on the assumption that we are going to have 260,000,000 bushels of wheat, we would certainly, at the very best, have to assume that we would have 168,000,000 bushels of wheat.

I think the Senator from New York on yesterday gave some more figures. He showed from such figures as he submitted that the estimated cost of this project, on any reasonable calculation, was $573,000,000. That is the cost to the Nation, of which about $89,000,000 is to be paid by the State of New York.

Mr. President, figuring on a cost of $573,000,000, with interest at 4 percent, not to say a thing on the living earth about putting up the $600,000,000 to build the canal, the annual interest would amount to $24,000,000.

If all the wheat we are talking about went through the waterway, it would cost the United States Government 10 cents a bushel to pay the 4-percent interest per year on the whole transaction, to say nothing of the capital outlay of $573,000,000 which we will never get back. Taking into consideration the interest charges alone on $573,000,000, that means that it will cost 10 cents per bushel in interest alone for the United States to build the St. Lawrence waterway canal; and yet people are talking about saving a lot of money to the wheat farmer!

The PRESIDING OFFICER. The time of the Senator on the treaty has expired. The Senator has 10 minutes on the reservation.

Mr. LONG. Mr. President, I thought I had more time. I was under the impression that I did not rise until 35 minutes after the hour; but I see that the Chair is right, as I now understand that it was 32 minutes after the hour. I probably imputed to the Chair an animus which I know is not justified.

Mr. President, I was speaking of the sum of $573,000,000. Where are we going to save that money? Out of what income are we going to save it? The proponents of the treaty come to the Senate and say they are going to save 8 cents a bushel on wheat, whereas the total freight charges on the wheat for the whole distance is not 8 cents a bushel. The talk that has been indulged in around here by the Senator from Wisconsin and the Senator from Nebraska and the Senator from Michigan to the effect that they are going to save 8 cents a bushel on wheat cannot be justified, when as a matter of fact the whole charge is not 8 cents a bushel. All the freight charges put together do not amount to 8 cents a bushel, and they have been telling the wheat farmers that they are going to save them 8 cents, when they are not paying 8 cents in total cost. At the very most they could not possibly pay more than 4 cents or 4½ cents; and that probably would be an exaggeration as to what could be saved.

If the farmer could be saved 4½ cents a bushel, Mr. President, that would still lack 5½ cents of saving him enough to pay the annual interest cost to the United States Government per bushel of his project. An outlay of $573,000,000 at 4 percent would mean that we would be paying an annual interest cost alone of 10 cents a bushel, provided the waterway got it all, and provided the railroads got none of it—that is to say, provided the whole traffic went by that route, which is not going to be the case; no one has any idea that such a situation will arise; and, provided further, that they would be able to get the entire benefit for the farmer, whereas the chances are that it would not mean a thing in the world but a little lower price on the wheat when it got to Liverpool.

My time is short. I have to go through the points I desire to make very rapidly. I had plenty of other data I wanted to submit to the Senate, but I only have 7 minutes left in which to do it.

Mr. President, when we come to the question of Lake Michigan, what were the exact figures of General Brown that were read here this morning?

The PRESIDING OFFICER. The Senator from Nevada might help the Senator as to those figures.

Mr. LONG. I do not suppose the Senator from Nevada has them immediately at hand. I desire to state them exactly. At any rate, Mr. President, the figures were three times, or more than three times, the amount allowed under the stipulation of the treaty. That was the opinion of General Lytle Brown; but General Brown said that at this time we should not allow any legislation to be passed that undertakes to provide the maximum amount that can be drawn from the lake.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Nevada?

Mr. LONG. I yield.

Mr. PITTMAN. I have every regard for the Senator's memory, but I should very much prefer to have the Senator read General Brown's testimony.

Mr. LONG. I shall ask my colleague if he will look up the testimony, and I will read General Brown's testimony when it has been found for me. I will read the testimony, but still it will not convince the Senator from Nevada. I will read the paragraph that was read this morning, in which General Brown estimated that the diversion for navigation would have to be more than three times the amount allowed by the treaty, and then said that regardless of that, at this time no legislation should be passed that undertakes to fix the maximum amount of water or which would limit the United States in the amount of water they should have. I will get the testimony in a minute and read it. Do not worry.

Mr. OVERTON. It is on page 593 of the hearings.

Mr. LONG. Very well. I now read from that testimony. This does not do any good to the contention of the Senator from Michigan [Mr. VANDENBERG], who is asking the questions:

> Senator VANDENBERG. What is your present judgment as to the smallest flow of water that is necessary to develop a commercially useful waterway at this point?
>
> General BROWN. The indications are, with everything in view, that something like 5,000 feet per second should be held available for that purpose.
>
> Well, my idea of about what the Supreme Court took into consideration is based on the testimony that General Jadwin gave them, and General Jadwin's testimony, as I remember, was based on Chicago Harbor only, and that was 1,500 cubic feet per second.

We have got an entirely different proposition now than Chicago Harbor only; we have got the waterway all the way from the Lakes to the Mississippi River.

On page 265 of the same printed record appears a copy of a letter from General Brown to former Senator Deneen, which I will skip. Then I continue to read:

Maj. Gen. Lytle Brown, Chief of Engineers of the United States Army, in a report dated December 15, 1931, to the Secretary of War, transmitting a report on Illinois River, Ill., by Col. W. C. Weeks, dated December 6, 1929, makes the following statement:

"It is now apparent, however, that the improvement recommended and authorized for the Illinois River between Utica and the mouth was based on an incomplete appreciation of the needs of modern barge transportation and that better facilities than are provided in the existing project for this section, as limited by the authorized expenditure, must be afforded if this waterway is to fulfill adequately its intended purpose.

"16. The plans for a fully adequate improvement of the Illinois River from Utica to the mouth are dependent upon the diversion from Lake Michigan. The diversion authorized by law is specifically that authorized by the decree of the Supreme Court, issued April 21, 1930. The diversion thus authorized by law until December 31, 1938, is regarded as sufficient to provide reasonably adequate navigation under the present plan of improvement for the commerce immediately anticipated pending the full development of this commerce and the construction of adequate terminals for its accommodation. The report to be submitted in accordance with the law will set forth the full improvement required to afford satisfactory navigation for the full commerce anticipated on this important waterway, and the minimum amount of flow required for its operation."

General Brown also said:

I am of the opinion that at this time no definite figure on the amount of diversion necessary for navigation should be stated, and that future study of the completed waterway should be made to ascertain the quantity of water necessary for navigation. It is, therefore, recommended that any specified diversion be omitted from any authorizing legislation.

What does that mean to the Senator from Nevada?

Mr. PITTMAN. Mr. President, on what page is that?

Mr. LONG. This was in 1930, and the testimony appears on page 593.

Mr. PITTMAN. Since that time we have had the very survey that he speaks of, and the board of engineers says 1,500 cubic feet is the volume necessary.

Mr. LONG. Since that time they had some kind of a survey, and the men making the survey, as we have shown here, did not think they could limit the diversion to any such amount. On the contrary, they said they would have to wait 2 years after 1939 to find out what it would take. Then Gen. Lytle Brown goes out of the service and in comes General Markham, and he gives the kind of a favorable report that might be expected under the circumstances.

That is the situation in which we are called upon to stand and deliver the rights of the American people to the Canadian Government. That is the condition we have had to face in fighting this treaty in order that the American people may spend $573,000,000 on the pretense that it is going to lower charges on wheat 8 cents when we were not even paying 8 cents total, and when, on the basis of an annual 4-percent interest charge, it would cost this country 10 cents a bushel. On this basis we have been asked to ratify the St. Lawrence Waterway Treaty.

That is not all. The treaty never was endorsed by either the Democratic Party or the Republican Party. It has not the endorsement of the Republican Party nor has it the endorsement of the Democratic Party, because this infamous and monstrous document never was in existence until both parties had adjourned their national conventions. It was not in existence when the Republican National Convention was held in Chicago. It was not in existence when the Democratic National Convention was held in Chicago. It was brought into existence after the candidates of both parties had been nominated. Then there was some kind of romance about the St. Lawrence waterways, and the Canadian envoys came back to Washington and went over the matter with our representatives, and went back to Canada with more than they ever thought they could possibly get. Nobody appreciated what was proposed to be in the treaty, the treaty not having been yet brought into existence.

Mr. President, I have here a number of newspaper editorials on the subject which were handed to me by the Senator from Missouri [Mr. CLARK]. They come from papers from all over the United States. This is one time when there is practically unanimity of judgment except where misguided, selfish, sectional interests are involved.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. LONG. I yield.

Mr. CLARK. The sheaf of editorials which the Senator holds in his hands, and which I handed to him a little while ago, simply represent additions to the more than 200 editorials which I placed in the RECORD about 10 days ago. As the Senator from Louisiana said, they come from newspapers all over the United States.

The PRESIDING OFFICER. With great regret, the Chair must advise the Senator from Louisiana that his time has expired.

Mr. LONG. Mr. President, I conclude in one sentence that it is unfortunate that sectionalism has been brought into this question by those who are trying to ratify the treaty when those in opposition to it are trying to preserve the rights of the 48 States for those States. It is unfortunate that sectionalism should be brought into the question involved in the drive that is on to bring about ratification of the treaty.

Mr. President, I send to the desk the editorials to which I have referred and ask that they may be incorporated in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorials are as follows:

[From the Lawrence (Mass.) Tribune, Feb. 10, 1934]

CANADA IS PLEASED

Opinion on the advisability of the St. Lawrence waterway is well divided in this country. New England especially has failed to see much merit in the proposition. States in the central part of the country have been more favorable. In view of this it is rather interesting and pertinent to get an idea of the feeling in Canada. On this point the Portland Press-Herald says:

"Canada wants this treaty ratified. The Toronto Mail and Empire tells why in an able editorial. It points out that the cost of the St. Lawrence waterway will be borne mainly by the United States. By the treaty the United States abandons its ancient contention that Lake Michigan is an American lake. The treaty puts an end to Chicago's ambition to divert some of the water in the Great Lakes for the benefit of the Mississippi Valley. Lake Michigan, says this newspaper, belongs to the watershed of the St. Lawrence instead of to the watershed of the Mississippi. 'No feature of the treaty is more surprising than the low cost to Canada', says the newspaper."

To this it is added that, under the treaty, of the 5,000,000 horsepower developed Canada will secure 4,000,000 and the United States will get 1,000,000. Just why this division is made seems rather a mystery but facts are facts.

Under such conditions it is not altogether surprising that Canada looks with much favor upon the proposed undertaking.

[From the Pocatello (Idaho) State Journal, Feb. 17, 1934]

STATESMANSHIP OR—PORK?

Despite all the ballyhooing that has been done for the St. Lawrence waterway, and despite the repeated statements that the Lake States need, and want Congress to appropriate, more than half a billion dollars for the same, more than 108,000 citizens of Michigan have petitioned the State's Senators as follows:

As a resident of Michigan I hereby petition yourselves and the great honorable Senate of the United States not to ratify the Great Lakes-St. Lawrence Deep Waterway Treaty for these reasons:

The waterway is not needed. We have currently a Lakes-to-the-sea waterway and other wholly efficient transportation facilities. We cannot afford it. The woeful condition of public finances and our already grievous tax burden warrant no such vast expenditure. It will divert traffic from the adequately equipped railroads, thereby increasing their insolvency and otherwise destroying the vested rights of American citizens. It will not benefit the wheat grower or furnish farm relief. American labor will be one of the most serious losers from it. It will not cure the depression. Nor is it desirable as unemployment relief. American ports will suffer. It is not necessary to our foreign trade. Our local markets will be at the mercy of cheaply produced foreign goods. Lastly, we must furnish the bulk of the money for a project (1) benefiting another nation more than our own, and (2) lying more largely in foreign territory than in ours—doubly a source of more unwanted foreign debts and of delicate international situations.

Voluntarily I, the undersigned, therefore, submit this, my protest, and earnestly urge that you vote against such ratification.

Pretty strong for 108,000 signatures from a single State!

But will it have any effect?

Every other "barrel" that has appeared in the past 15 years in our country has been protested; but the country has not as yet been thoroughly awakened to the enormous drag on the taxpayers of the country, perpetuated by our engineers and our politicians.

How unreliable engineers' reports are, was shown to the Senate a week or 10 days ago when the cost of several of the larger projects were compared with the original engineers' estimates. Senator WAGNER, of New York, Democrat and fifth ranking member of the Senate's Foreign Relations Committee, had sometime previously shown how, with each new period of spending, the estimates for the St. Lawrence have grown. In 1921 a joint board of engineers estimated it at $250,000,000. By 1926 the estimates had grown to $536,000,000 and by 1929 to $712,000,000, while only a few days ago the estimate of one of New York's most competent and most highly reputable engineers put the cost at over a billion. Senator WAGNER also pointed out that since the project was first proposed conditions have changed so materially as to arraign every economic principle against the proposal. To quote:

"They are striving to improve our transportation facilities by the infusion of a new competitive element at a time when we know that competition has played havoc with transportation and when we are committed to the commencement of a program to unify and coordinate our transportation facilities. Rarely has any movement persisted so stubbornly in the face of the discrediting of every doctrine which gave it birth.

"At a glance, thus, we see much opposition in public opinion in two widely separated States."

[From the Las Vegas (N.Mex.) Optic, Jan. 23, 1934]

OUR CONCERN

The Senate has laid aside temporarily the proposal for ratification of the St. Lawrence Waterway Treaty with Canada, thus affording a final opportunity for American citizens to make known their opinions on this very important international agreement.

In this section of the United States there may be less interest expressed than should be the desire of citizen if they were informed upon the subject.

The administration is believed to favor the project because it can be included as part of the general scheme for temporary unemployment relief and for its limited benefits in shipping rates to a part of the grain producers of northwestern United States.

If no other argument were to be raised in this section it should be sufficient to consider that the St. Lawrence waterway would have an immediately disastrous effect upon present transportation by rail systems serving this part of the country. New Mexico is vitally interested in having maintained the present movement of tonnage west across the State to Pacific coast points. There is the probability that large tonnage in grain, wool, and other commodities now moving toward the western coast will be diverted to the seaway transports if the project be approved.

That part of the program is directly pertinent to our interests.

In the general picture there is much more to be said in opposition. Under terms of the proposed treaty the United States would spend $243,661,000 and the Dominion of Canada but $38,071,000 of the estimated cost of construction. Furthermore, $54,718,000 of our money would be spent for works in Canada under direction of Canadian engineers and Canadian workmen with Canadian materials.

It also provides to cede to Canada a 4-to-1 privilege of electric-power develop as against the United States developments.

The whole of the proposal seems to be based upon an overzealous idea of some of our Government leaders to promote new avenues of expenditures for American money to the benefit of other nations which are highly competitive.

Casual study of the St. Lawrence Waterway Treaty will induce most American citizens to protest its acceptance by the Senate of the United States Congress. Our citizens owe it to themselves and posterity to enter early and vigorous objection to the proposed acceptance.

[From Review, Boston, Mass., Feb. 10, 1934]

THE WATERWAY SCHEME

It is an interesting fact that the proposed St. Lawrence Waterway, which the President heartily favors, would beyond a doubt take practically all freight traffic, which now comes by rail from the Middle West, away from Boston, and to a lesser degree from other New England ports, and would deposit it for shipment at Montreal. The most important effect of the diversion which would thus take place would be upon the railroads. They would certainly lose a tremendous volume of freight, and by so much their revenues, now hardly large enough to take them "out of the red", would be diminished.

Apparently the railroads, which had few or no friends some years ago, when they were regularly denounced by crafty politicians as robbers, have not many more friends nowadays in official circles. Any transportation or terminal proposition that promises to divert freight and passengers from the railroads to the steamship lines is received with loud applause, and sometimes by those who should be willing to see that the railroads get at least an even break in their quest for enough business to enable them to pay their bills and declare a few scattering dividends now and then.

It is almost amusing to see the Federal Government lending money by the millions to railroads in order that they may make improvements which their own revenues will not permit them to make, and at the same time boosting a measure that is as surely going to reduce the revenues of important eastern railroads as it is going to increase the business of the port of Montreal. That doesn't look like a square deal, and as part of the new deal it is entirely out of place.

[From Erie (Pa.) Times, Feb. 3, 1934]

THE ST. LAWRENCE WATERWAY PACT?

Perhaps the most exaggerated claim made by the advocates of the St. Lawrence seaway development is that the total cost to United States will be in the neighborhood of $182,000,000. The public has been informed that as soon as that expenditure has been made an ocean-going vessel drawing 26 feet of water will be able to load at Hamburg or Liverpool and clear for Chicago or Duluth or Milwaukee. The Chicago Tribune has made editorial mention of the fact that due to the difference in the buoyancy of salt versus fresh water the ocean draft would be limited to 23½ feet to enable the vessel to navigate the 27-foot draft of the proposed St. Lawrence seaway. But after that, what? The ship would not be able to dock in Buffalo Harbor because there are only 21 feet of water available. Erie, with 20 feet of water, couldn't take care of the ship. She must avoid Cleveland, where there are only 19 feet of draft. She could not navigate the Detroit and St. Clair Rivers to Lake Huron, and even if she did she would not be able to dock in the 21 feet of water at Chicago.

Another interesting fact is that natural harbors on the Great Lakes are very scarce, and that the outstanding ones are on the Canadian side, at Toronto and Fort William. On the American side, at Cleveland, Chicago, and Milwaukee, we have merely developed the mouths of rivers, and harbors must be constructed. In fairness to the people of the United States, the proponents of the waterway should admit that the expenditure of $182,000,000 is only the first installment. For that price the waterway can be completed to the point where a vessel drawing not in excess of 23½ feet may clear from Liverpool for Toronto. Further installments running into 10 figures will be necessary to clear Great Lakes channels and construct harbors before nagivation will reach either Chicago or Milwaukee. The operator of an automobile can well appreciate just what this means. There is a down payment of $182,000,000, after which we must produce further regular payments before we have a clear title to inland navigation—and in the meantime operating and repair expenses will accrue.

[From Portland (Maine) Press Herald, Feb. 7, 1934]

THE ST. LAWRENCE TREATY

Sometime this week the Senate will act on the ratification of the treaty with Canada pertaining to the St. Lawrence waterway. It is said that the administration, which favors ratification, lacks 3 votes in the Senate to put this treaty through. It is being opposed by Senators from nearly all the Atlantic coast States and some from the States in the Mississippi Valley. But the President's support of the proposal to ratify the treaty will bring to it many votes which would otherwise be withheld.

Canada wants this treaty ratified. The Toronto Mail and Empire tells why in an able editorial. It points out that the cost of the St. Lawrence waterway will be borne mainly by the United States. By the treaty the United States abandons its ancient contention that Lake Michigan is an American lake. The treaty puts an end to Chicago's ambition to divert some of the water in the Great Lakes for the benefit of the Mississippi Valley. Lake Michigan, says this newspaper, belongs to the watershed of the St. Lawrence instead of to the watershed of the Mississippi. "No feature of the treaty is more surprising than the low cost to Canada", says this newspaper.

Under the provisions of the treaty, 5,000,000 horsepower will be developed. Of this vast amount, Canada will obtain 4,000,000 and the United States 1,000,000. This feature of the treaty alone seems to show that the Americans who drafted this treaty were either dumb or asleep when this distribution of the vast hydroelectric power the St. Lawrence control dams will produce was being made.

[From Portland (Maine) News, Feb. 10, 1934]

ST. LAWRENCE POWER

The States Chamber of Commerce has added its voice to the rising chorus of opposition to United States ratification of the St. Lawrence Waterway Treaty, in a letter addressed recently to Senator HALE and other Maine Congressmen.

"Our business interests in this location are very much opposed to the ratification of the treaty and hope that it will be disposed of by a failure to ratify", President Owen Smith declares in his letter to Senator HALE.

Does this mean that Maine business at last has recognized the inestimable value, to all the State, of the foreign and domestic trade carried on in Maine seaports—trade that would be lost, in large measure, if cargoes now entering the country through the port of Portland, through Bucksport, Searsport and Bangor were diverted up the St. Lawrence to Great Lakes harbors?

Or is Maine business just a little bit frightened by the hydroelectric-power-development aspect of the waterways treaty? Considering the fact that Messrs. Walter S. Wyman and Guy P. Gannett are among the directors of the State Chamber of Commerce, one may be pardoned for wondering. * * *

It would be a splendid thing for Maine if the State Chamber of Commerce could bring its members to take a more active interest

in the preservation and upbuilding of the foreign trade of Maine seaports. Thus far that body has not distinguished itself to any marked degree by its efforts in this direction.

And yet, once upon a time Portland and other seaports of Maine were numbered among the more important shipping centers on the Atlantic seaboard.

Once upon a time, too, Maine had business and civic leaders who believed the prosperity of the entire State was linked closely with the prosperity of the seaport cities and towns.

Once upon a time, if memory serves aright, Maine business placed greater emphasis upon trade and commerce than it places now upon the undeniably lucrative and valuable summer tourist "industry" * * * Maine was a fairly lively State in those half-forgotten years not only during the 2 or 3 brief months of summer but all the year around.

The State's foremost objection to the ratification of the St. Lawrence Waterways Treaty should be based on apprehension for the future of Maine's already sadly depleted and steadily dwindling import and export trade.

But as for the hydroelectric power development aspects of the treaty, Maine need not be unduly alarmed. For Maine, in spite of Messrs. Wyman and Gannett, still retains title to a vast natural power supply of its own—a reservoir of potential energy which the citizens of Maine eventually will convert to their own uses. We need not begrudge to other States the cheap water power that could result from the construction of dams along the St. Lawrence. And if, before public ownership of electric utilities in Maine is achieved, some of that cheap power from the St. Lawrence might be sold into Maine in competition with privately controlled power here it would not be the citizens but the private power interests who would feel the effects of such competition most keenly.

All manner of perfectly sound reasons may be advanced for Maine business to oppose ratification of the St. Lawrence Waterway Treaty. Objection to the hydroelectric power development feature is the weakest and least convincing argument of all.

[From the Canton (Ohio) Repository and News, Feb. 9, 1934]

DEFEAT IS PROBABLE

Ratification of the St. Lawrence Seaway Treaty by the Senate has become a distinct improbability. Little as advocates of the action like to admit the fact, circumstances are forcing them to be honest with themselves.

Straw votes show more than a dozen votes lacking to make up the two thirds favorable vote necessary to ratify the treaty. Although there is a possibility that President Roosevelt might be capable of forcing ratification by exercise of his influence, it is not likely that he will choose to do so.

At this stage of the legislative procedure arguments for and against the seaway's construction under terms stated in the treaty are of little use. It is clear that no considerable number of opponents are to be won over by those in favor of ratification. For the present the matter is as good as settled unless there are unforeseen developments.

The project will be pressed further, undoubtedly. President Roosevelt favors it, and the Democratic Party has been committed to its support. It is logical to expect that the treaty may be thrown open to revision in the hope that it may be made acceptable.

However, it faces opposition of a kind that will not be dispersed easily, however unworthy its grounds may be in the opinion of the seaway's advocates. New York City, Philadelphia, and Baltimore oppose it to protect their port developments. In a list of affected interests these other sources of opposition are included: Buffalo, with a heavy investment in docks and warehouses; the New York State Barge Canal, which would be operated in opposition to the seaway; railroads, particularly in the eastern United States; transportation companies operating on the Great Lakes; coal operators in Ohio, Pennsylvania, West Virginia, and Kentucky, which might be thrown into competition with foreign mines; ports on the Gulf of Mexico; southwestern wheat growers. Though proposed in broad public interest, the seaway would affect vested interests at the outset of its operation for the sake of advancing theoretical interests. In the long run it probably would be a valuable improvement, but the time for its adoption remains an unknown date in the future.

[From the Dubuque (Iowa) Tribune, Feb. 4, 1934]

ST. LAWRENCE SEAWAY TREATY

With the President's gold-revaluation bill off its hands, the Senate will resume discussion of the St. Lawrence Seaway Treaty, which it has had under consideration from time to time as circumstances permitted since the opening of the session. The debate on the subject has already been quite extensive, and it has made certain, what was previously understood, that the opposition to the treaty in the Senate is strong and its defeat would be sure but for the support which the President is giving to it.

The St. Lawrence Treaty is in no sense a recovery measure. Nor is it a Roosevelt measure. The negotiations for the waterways were inaugurated many years ago and the treaty now under consideration was signed by President Hoover. It was planned and agreed upon during our period of greatest prosperity. It would provide a certain amount of employment for its construction, but that obviously was not part of its intent. It therefore cannot be considered either an administration or a recovery measure, and the reasons which have caused Congress to give support to the President's recommendations in other matters do not apply to this.

Moreover, this is a question that is exclusively within the jurisdiction of the Senate, one with which the House has nothing to do. The Senate has always acted with great independence in the exercise of its prerogative in relation to treaties, often excessively and unreasonably so, and the confirmation of a treaty requires a two-thirds majority of the body. In this case, accordingly, the President's support of the treaty is not necessarily conclusive.

The opposition to the treaty in the Senate is not only strong, it is wide-spread. The Atlantic coast Senators are almost, if not quite, unanimously against it, and it is significant that both of the Senators from the President's own State are among them. Nothing has so far developed to indicate the attitude of the southern or western Senators toward the treaty. Only the Senators from the region of the Great Lakes and the Northwest are actively supporting the measure.

The Senators from the Mississippi Valley States are not opposed to the general idea, the main plan, or the purpose of the seaway, but to the provision of the treaty as it stands, which, they believe, imperils the usefulness of the Lakes-to-the-Gulf waterway. The sentiment of this region, says the St. Louis Globe, has been in the past acquiescent, even favorable, to the St. Lawrence project. But when there was incorporated in the treaty a limitation upon the amount of water that could be diverted from Lake Michigan into the Illinois Canal and River so small in amount as to jeopardize the operation of this internal waterway for adequate navigation, that sentiment turned against it in self-defense. While different engineers have made widely differing estimates of the amount of water required, the mere fact of their differences makes it seem essential to the interests of this region that the treaty should leave this question open to the test of actual experience. It does not do this. It places a definite and low limit on the volume of water, and under the terms of the treaty this could never be increased except with the consent of the Canadian Government. This would make the future of this waterway, which is entirely within the United States, subject to the opinion and action of a foreign government, a condition that seems to this section and to us utterly intolerable.

Unless a reservation is made to the treaty and accepted by Canada, leaving the amount of water that may be diverted from the Lake into the Illinois Canal for future determination by the American Government, the treaty may not be ratified.

[From the Miami Herald, Feb. 1, 1934]

IS IT A BAD BARGAIN?

If one makes a trade with another person and then finds that the other party to the transaction is boasting of the splendid bargain he has made, and gives facts and figures to prove that he has, it would be very natural for that person to believe that he had been outtraded, outgeneraled, and pretty well done up in the trade into which he involved himself.

Which brings us to an examination of how the other party to the St. Lawrence Seaway Treaty regards the instrument by which the United States agrees with Canada to undertake the construction of ship canals that will connect the Great Lakes with the Gulf of St. Lawrence.

Such a treaty has been made between this country and Great Britain, but it has not yet been ratified by the Senate of the United States.

Canada seems to be well satisfied with her bargain, and her newspapers do not hesitate to infer that that country got all the best of it when the treaty was signed.

Just a few sentences taken here and there from an extended editorial from the Toronto Mail and Empire will indicate the feeling of the Canadian authorities over what they claim is a great diplomatic victory for their country.

Commenting on the treaty which was signed several months ago, that paper says: "Though executed at the American Capital, it concedes to this country all the conditions long insisted upon by the most jealous guardians of Canadian rights."

Then it tells in sentences that "The cost of the undertaking is to be borne mainly by the United States." "The United States abandons its ancient contention that Lake Michigan is an 'American' lake. That great body has become forever, through this treaty, an international body of water, which belongs to the watershed of the St. Lawrence instead of to the Mississippi watershed." "No feature of the treaty is more surprising than the low cost to Canada, at which the undertaking is to be carried out." "The treaty puts an end to Chicago's ambition to drain the Great Lakes for the benefit of the Mississippi Valley." "Canada is to obtain 4,000,000 horsepower and the United States 1,000,000 horsepower out of the whole St. Lawrence waterway development."

And, finally, in speaking of the work of the Canadian minister to Washington, that paper says: "He has obtained a treaty which places the bulk of the cost on the United States and involves the Dominion treasury in an expense of less than $40,000,000."

Other newspapers of the Dominion express their joy over what they term a great diplomatic victory over the United States.

From what can be learned from our own side as well as the Canadian side, it would look very much as though this treaty,

now before the Senate, were a bad bargain for your Uncle Samuel; and if it is that, the people of this country should protest to the Senate against its ratification.

[From the Newport News (Va.) Press, Feb. 8, 1934]

GROSSLY UNFAIR

The Federal Government has issued another blast in support of the St. Lawrence Waterway Treaty, soon to come before the Senate. Now, as in the past, the proponents of the treaty say that the cost and the benefits will be equally divided between the United States and Canada, although admitting later on that Canada can develop much more water power than can this country. And now, as in the past, the Government experts maintain that the cost of the undertaking will be only a fourth of the billion dollars estimated by the Brookings institution.

The Merchants Association charges that the Government's data are inaccurate, in that the figures used are based upon 1929, an abnormal year in all respects.

The association cited the estimate of 13,000,000 tons of export and import trade which the committee gave as the potential commerce of the waterway, including 7,741,500 tons of potential exports of wheat and grain products, meats and animal fats, manufactured iron, chemicals, automobiles, agricultural implements, and copper. The total of these products in 1931 was less than 6,000,000 tons, the association said.

Part of the committee's report on possible savings by transportation on the St. Lawrence, also based on 1929 figures, assumes return cargoes and full vessel loading. The association declares this combination of the best possible transportation costs and most favorable conditions is something that all shipping men know to be impossible.

The data gathered by Mr. McNinch's committee is not up-to-date and was obtained from prejudiced or political witnesses the association contends. The estimate of $272,000,000 as the Government's expenditure on the project should be $500,000,000, and the annual cost, now given as $9,300,000, should be $30,000,000, it also asserts. The entire structure of estimated savings on freight charges should be adjusted before the Government enters a compact with Canada for the waterway development, it adds.

Regardless of all this, aside from everything which may be said in support of the St. Lawrence waterway, the Federal Government has no right—certainly no moral right—to spend millions of dollars to the detriment of existing ports and the ruination of industries in which the American people have invested billions of dollars.

It is to be regretted that President Roosevelt is supporting the measure. And in the face of his support it should be rejected, and with the least possible delay.

[From the Johnstown (Pa.) Evening Democrat, Feb. 10, 1934]

WATERWAY PROBLEMS

It is possible to build a waterway by way of the St. Lawrence River and the Great Lakes which will permit ocean-going ships to land at Chicago docks. It is possible, we repeat, to build such a waterway, but no one has as yet been able to show such an undertaking would prove practical or financially profitable.

Ocean-going vessels and lake-going craft are two entirely different transportation vehicles. The ocean-going vessel is built for speed. Lake-going craft are designed to carry maximum loads. Lake vessels sometimes encountered heavy seas, but typical lake craft—the ones designed to carry capacity loads—would be pounded to pieces in midocean by the average Atlantic storm.

Ocean-going vessels must be kept moving. Carrying charges run against them 24 hours in every day. No transportation company can afford to have a five to ten million dollar vessel plowing through the Great Lakes on a roundabout course to Chicago or spending time being carried through canal locks. There is no instance where ocean-going craft have ever been profitably used on inland waters.

The St. Lawrence waterway was conceived as a power project, has been nursed as a power project, and remains a power project, notwithstanding the efforts made to present it as a feasible transportation plan.

[From the Troy (N.Y.) Times, Feb. 10, 1934]

THAT ST. LAWRENCE GOLD BRICK

As the Senate moves toward a vote on the ratification of the St. Lawrence Seaway Treaty between this country and Canada it is interesting to note what the Canadian newspapers have to say on the subject. It is interesting chiefly, as well as instructive, because the Canadian press gives as the reasons why it would be a good thing for Canada to have the treaty ratified, the very reasons why opponents of the treaty in this country feel it should be defeated.

Canada wants the treaty ratified. And in a very able editorial, the Toronto Mail and Empire tells why. It points out that the cost of the St. Lawrence seaway will be borne mainly by the United States. It also points out that under the treaty the United States abandons its ancient contention that Lake Michigan lies wholly within the American boundaries. It emphasizes also that the treaty will put an end to Chicago's ambition to divert some of the waters in the Great Lakes for the benefit of the Mississippi Valley. Lake Michigan, this newspaper points out, becomes a part of the watershed of the St. Lawrence instead of belonging to the watershed of the Mississippi, and, adds the newspaper naively, "no feature of the treaty is more surprising than the low cost to Canada."

Canadians very naturally view all these things with triumph. And why shouldn't they? If the treaty is ratified it will be a major diplomatic and economic victory for the Dominion, while in placing its signature to the instrument the United States will prove itself the prize dummy of all time and its representatives demonstrated as fit only to stay at home and sip quietly on bottles with soft nipples.

Under the provisions of the treaty, the Canadian press goes on to explain, 5,000,000 horsepower of electrical energy will be developed of which Canada will obtain 4,000,000 and the United States 1,000,000. It is to be wondered that Canada does not laugh itself into hysterics when it considers this portion of the bargain. When added to all these are the considerations of the incalculable harm ratification of the treaty will work on American cities, seaports, and industries, the St. Lawrence Seaway Treaty becomes one of the most collossal gold bricks that any country has ever been asked to buy. It is opposed by every important trade, economic, and civic organization in the country. If it is ratified when it comes before the Senate for consideration, it will be an everlasting blot and shame upon the statesmanship of America.

[From the Dubois (Pa.) Courier, Feb. 7, 1934]

SHOULD NEVER PASS

Arthur Brisbane, noted writer for the Kings Feature Syndicate, has an interesting article on the St. Lawrence Waterway Treaty, in which he points out that someone must have been asleep in the United States when the treaty was made. The treaty seems to be so manifestly in favor of Canada that one can hardly credit the United States with having a say in its framing. Mr. Brisbane brings the treaty to the fore by quoting from a Canadian newspaper, the Toronto Mail and Express, which has the following to say:

"The cost of the undertaking will be borne mainly by the United States.

"The United States abandons its ancient contention that Lake Michigan is an American lake.

"The treaty puts an end to Chicago's ambition to drain the Great Lakes for the benefit of the Mississippi Valley.

"Lake Michigan belongs to the watershed of the St. Lawrence instead of to the Mississippi Watershed.

"No feature of the treaty is more surprising than the low cost to Canada at which the undertaking is to be carried out."

Mr. Brisbane then says that Americans will be specially interested in the following quotation:

"Canada is to obtain 4,000,000 horsepower and the United States 1,000,000 horsepower out of the whole St. Lawrence waterway development."

The Minister representing Canada in the United States is congratulated on the fact that he has obtained a treaty which places the bulk of the cost on the United States.

Fortunately the United States Senate still has a say on the treaty, and it is extremely doubtful if the agreement will be ratified.

Mr. Brisbane ends his article by declaring that it would be a good idea to say to Canada: "Many thanks; we shall not trouble you. We shall build a canal from the Great Lakes to the ocean all the way through American territory, bear all the expense, and keep all of the power developed."

[From the Gate City, Keokuk, Iowa, Feb. 7, 1934]

ST. LAWRENCE WATERWAY NOT WANTED

The St. Lawrence waterway project at one time had many proponents in the Northwest and in this more southerly section who thought it would hurry our wheat and other grains on to the world markets; these proponents seem to have taken a turn-about attitude. They may have come to the conclusion that our hopes of ever again having a world market are in the nature of a dream.

Just now friendly expressions about the St. Lawrence waterway are few and far between. This section is in a fair way to have river transportation to the Gulf. So we shall not need one to the Atlantic.

The Mississippi Valley Association is strongly against the St. Lawrence project. In its latest bulletin it summarizes the reasons for its expressed opposition, as follows:

"Article 8 surrenders American sovereignty over Lake Michigan, an American lake lying wholly within the borders of this country and within the American watershed.

"The same article limits for all time the diversion from this lake to 1,500 cubic second-feet, a volume wholly insufficient to maintain a navigable channel in the Illinois waterway, but grants to Canada the right of unlimited diversion from boundary waters.

"The estimated cost of the St. Lawrence seaway to the United States is $243,661,000, while Canada will pay an estimated total of but $38,071,000. No consideration is given the United States for millions of dollars already expended to improve channels and harbors in the Great Lakes, which will be used by the seaway.

"The treaty provides that $54,718,000 of the American taxpayers' money shall be expended for works to be constructed in Canada by Canadian engineers, Canadian labor, and Canadian materials.

"The treaty will give the Canadian grain producer, now enjoying lower rail rates to Lakes and ocean ports, an added advantage over his American competitor in the world markets.

"The treaty will give Canada 4,000,000 of the 5,000,000 electric horsepower developed, an advantage of 4 to 1.

"The treaty gives Canada exclusive ownership and control over all the structures built with American money on the Canadian side of the international boundary. This might result in the closing of the waterway to American ships in the event of war."

Right now it seems that the St. Lawrence compact, advocated by the President, is slated for defeat. The promises he had made virtually compelled him to submit it for ratification. A defeat on this subject would do the President no political harm and would not lower his prestige with the American people.

Following is an extract from an editorial in the St. Louis Globe-Democrat stating the position of the people of the Mississippi Valley as regards the pending treaty. It outlines the opposition case so clearly and so accurately as to leave little ground for the proponents of the measure to fall back upon:

"With the President's gold revaluation bill off its hands, the Senate this week will resume discussion of the St. Lawrence Seaway Treaty, which it has had under consideration from time to time as circumstances permitted since the opening of the session. The debate on the subject has already been quite extensive, and it has made certain what was previously understood, that the opposition to the treaty in the Senate is strong and its defeat would be sure but for the support which the President is giving to it. Whether that support will be sufficient to overcome the opposition remains to be seen. All that can be said now is that it makes the issue doubtful.

"The disposition of the present Congress to act in accord with the President's wishes has been frequently manifested in all the measures he has submitted for congressional action, but such measures have dealt exclusively with recovery programs, and Congress realizes that for them the President has very strong public support. The St. Lawrence Treaty is a matter of different complexion. It is in no sense a recovery measure, nor is it a Roosevelt measure. The negotiations for the waterways were inaugurated many years ago and the treaty now under consideration was signed by President Hoover. It was planned, that is to say, and the preliminary terms agreed upon during our period of greatest prosperity. It would, to be sure, provide a certain amount of employment for its construction, but that obviously was no part of its intent. It therefore cannot be considered either an administration or a recovery measure, and the reasons which have caused Congress to give support to the President's recommendations in other matters do not apply to this. Moreover, this is a question that is exclusively within the jurisdiction of the Senate, one with which the House has nothing to do. The Senate has always acted with great independence in the exercise of its prerogative in relation to treaties, often excessively and unreasonably so, and the confirmation of a treaty requires a two thirds majority of the body. In this case, accordingly, the President's support of the treaty is not necessarily conclusive.

"The opposition to the treaty in the Senate is not only strong, it is widespread. The Atlantic coast Senators are almost, if not quite, unanimously against it, and it is significant that both of the Senators from the President's own State are among them. The Mississippi Valley Senators are generally opposed to it. Nothing has so far developed to indicate the attitude of the Southern or Western Senators toward the treaty. And there are many and varying reasons for the opposition. Only the Senators from the region of the Great Lakes and the Northwest are actively supporting the measure."

[From the Springfield (Mass.) Evening Union, Feb. 2, 1934]

A JUG-HANDLE TREATY

The Mississippi Valley Association sums up the principal objections to the St. Lawrence power and waterway project and reproduces an editorial of the Toronto Mail and Empire, printed directly after the signing of the treaty, as a representative Canadian opinion as to which nation stands to reap major benefits from the scheme.

Special objections from the Mississippi Valley standpoint are well known. They concern the diversion of lake water that might otherwise be employed for the improved navigability of the Illinois and Mississippi Rivers and the diversion of traffic away from the valley and other American routes to the Canadian route. There are other objections of a general nature.

These relate to the proposed surrender of American sovereignty over Lake Michigan, a body of water wholly within United States territory; the sevenfold share of the cost the United States would pay, over Canada's share, not to speak of millions already invested by this country for Great Lakes channels and harbors; the superior advantage accorded Canadian grain producers; the granting to Canada of 4,000,000 out of the 5,000,000 horsepower proposed to be developed, and exclusive ownership and control of structures built with American money on the Canadian side of the boundary, which might result in closing the waterway to United States ships in the event of war.

The Toronto editorial was marked by a tone of elation, suggestive of unexpected and almost unbelievable concessions granted to the Dominion by the treaty. Special mention was made of the abandonment by the United States of the contention that Lake Michigan is an American lake and it was remarked that "no feature of the treaty is more surprising or more satisfactory than the low cost to Canada at which the undertaking is to be carried out." Attention was called to the point that, though the United States was to stand the bulk of the costs, most of the construction would be in Canada with Canadian labor and materials.

This and other expository matter in the Toronto editorial brings out the essential point in Canadian as in many American minds that the St. Lawrence Treaty plan is in truth a jug-handled arrangement. There is no ground for wonder that, as the Mail and Empire remarks, "the Ottawa government regards this treaty as of great importance to Great Britain and the Empire." All British shipping in all parts of the Empire is to have the right of navigation on the Great Lakes and St. Lawrence waterway for all time.

The Great Lakes are thus to become the Mediterranean Sea of North America. The international differences that might arise from such a state of affairs in future have received scant attention in this country, apparently. Though United States ships might be barred from the St. Lawrence waterway in certain contingencies, it has been suggested that the arrangements might establish a precedent by which Canada would claim joint rights to the use of the deeper Mississippi waterway, the other main outlet of Lake Michigan. No rights of this nature, express or implied, appear to be inherent in the treaty itself. Assuming this apprehension to be groundless, there are plenty of other objections for looking askance at the proposal.

[From the Newport News (Va.) Press, Jan. 31, 1934]

BEING 100 PERCENT BOOBY

The St. Lawrence Waterway Treaty with Canada is now before the United States Senate for ratification. An examination of the treaty and an analysis of its provisions gives rise to incredulity that it ever could have gotten to a point where its ratification should be proposed. It is as one-sided a bargain as the United States has ever essayed. It evidences to us again our proclivity for losing all the conferences. Reviewing all of those in which we have participated since 1918—including the Peace Conference—we seem to have come out uniformly second best. We have developed a national characteristic of big-heartedness in dealing with our fellow nations. Perhaps it is naiveté or guilenessness. We always do the big-hearted thing—then come home and make the most of it as best we can.

Here is what an examination indicates that the United States proposes to do for our good neighbor Canada under the auspices of the latest example of our benevolence:

1. Surrender sovereignty over Lake Michigan, which lies wholly within our boundaries.

2. Limit our diversion from this lake but grant Canada the right of unlimited diversion from boundary waters.

3. Bear an estimated $243,661,000 of the cost of the seaway while Canada will pay an estimated total of only $38,071,000.

4. Agree that an estimated $54,718,000 of American taxpayers' money shall be expended for works to be constructed in Canada by Canadian engineers with Canadian labor and materials.

5. Provide Canadian grain producers with an added advantage over their American competitors in world markets.

6. Give Canada 4,000,000 of the 5,000,000 electric horsepower developed by the plants to be constructed, an advantage of 4 to 1 (in spite of 3, above).

7. Accord to Canada exclusive ownership and control over all the structures built on the Canadian side of the international boundary, even though built with money put up by America (see 3, above).

8. Hamper American trunk-line railroads serving the Great Lakes region to the Atlantic seaboard, in behalf of Canadian and other foreign shipping.

9. Divert business from American Atlantic coast ports in behalf of Canadian ports.

10. Subsidize a competitive waterway that will divert existing business from American railroads and tend to depreciate the value of American railroad securities.

In our proposal to do these magnanimous things for Canada is an evidence of superlative neighborly friendliness. It is generosity personified. Doubtless Canada would be the first to recognize it—behind its palm.

There is only one thing to be gained in ratification of the St. Lawrence Treaty, namely, an unbroken record of conference and treaty defeats. If we ratify it we will still stand the 100-percent big-hearted treaty booby.

[From the Houston (Tex.) Chronicle, Jan. 21, 1934]

OPPOSING THE TREATY

As Senate lines shape for a battle on the St. Lawrence Waterway Treaty, opponents are making themselves felt. BENNETT CHAMP CLARK, of Missouri, insists they have votes enough to defeat it or kill it with reservations. Of these, Missouri's junior Senator has introduced one of a nature calculated to rally those who feel that Lake Michigan is as much an American lake as Georgian Bay is a Canadian.

Senator CLARK, representing a State which is inland, wants to insure a large and constant flow of water from Lake Michigan into the canal which connects the Illinois River and the Mississippi. There are sound arguments buttressing the Clark position. One is the sewage situation. The refuse and pollution of our second largest city is carried into the Illinois Canal and hence into the Mississippi. Senator CLARK and others argue that we need more than 1,500 cubic feet per second which the St. Law-

rence Treaty would permit us to divert into that waterway. Otherwise it would be completely saturated with refuse.

President Roosevelt has ignored these fears because of a report submitted by United States Army Engineers. Even these experts have been known, however, to make mistakes. And it would seem that the rights we are about to give up in the water control of Lake Michigan are rights which we may one day badly need. Lake Michigan is completely in American territory, even as Georgian Bay, almost completely encircled by Ontario, is in Canadian territory. If American diversion of water from Lake Michigan is limited to 1,500 cubic feet per second by the terms of the treaty, similar Canadian diversion from Georgian Bay should be insisted upon. The present treaty does not provide for it and would doubtless be rejected by Canada if it did.

There is, furthermore, a grave doubt as to whether America receives enough benefit to justify the expenditure of $243,661,000 when Canada contributes only $38,071,000 and when the pact expressly provides that the work on most of the channel shall be executed by Canadian engineers and Canadian labor and with Canadian material.

The waterway to Europe is, theoretically, a great boon for our northwestern farmers, yet this huge expenditure of money is to provide a passageway which is frozen up 6 months out of the year. If we were Canadians, we would agree with the Toronto Globe, that it is a treaty which fairly bristles with satisfactory points. But we are Americans and there is a good reason why we should view the matter in a different light.

[From the Clarksburg (W.Va.) Telegram, Jan. 29, 1934]

OPERATORS' PROTEST

Adding its voice to that of other protestants, the Kanawha Coal Operators' Association has called upon West Virginia's two Senators to fight ratification of the St. Lawrence Waterway Treaty.

"The mines in West Virginia", says the resolution adopted, "have for years shipped to the Canadian and Lakes ports millions of tons of coal which would be displaced" by foreign coal if the treaty were ratified, "and thereby seriously reduce labor opportunities at the coal mines and on the railroads of the country."

British and other foreign coal, it was pointed out, would be carried as ballast by ships bound for Canadian ports for grain supplies. This coal would be delivered at rates which would not permit American coal to compete with it.

"Not only do the coal operators of southern West Virginia have a vital interest in defeat of the proposed treaty," says the Charleston Daily Mail, "but the welfare of perhaps thousands of miners as well as of workers in numerous other industries is involved. To close the Lakes and central West Virginia markets to West Virginia coal would be a serious blow to this State."

The argument of the Kanawha operators is so obviously sound that the State's representatives in the upper branch of Congress should have no hesitancy in opposing the treaty. The issue is an important one to West Virginia.

[From the Washington Post, Feb. 2, 1934]

LOGS ON THE SEAWAY

Advocates of the St. Lawrence seaway are making a drive for votes in the Senate, with liberal use of log-rolling methods. The opposition has dwindled, it is said, because Senators who are not in favor of the treaty fear that appropriations for projects within their home States will be withheld if they vote against it. Every one who has observed the working of politics in Washington knows how vital river and harbor projects are to the welfare of those in Congress.

Interests seeking $99,000,000 from the P.W.A. to deepen the Mississippi River are said to be trying to allay any opposition to the St. Lawrence Treaty from Senators representing the Mississippi Valley. By favoring the St. Lawrence advocates they hope to be favored in turn. Senator LA FOLLETTE told his colleagues on Thursday that the Government is spending more money on the Mississippi and its tributaries than the St. Lawrence project will cost. Of course, the Lakes States are not complaining about this vast outlay in the river States, the Senator said, but in return they do ask for just consideration of the seaway.

The practice of trading votes on regional projects is thoroughly obnoxious. When an undertaking of such vital importance as the St. Lawrence seaway is involved, this sort of a vote-rousing drive is also fraught with grave dangers.

Numerous issues of far-reaching importance ought to be decided before the Senate places a stamp of approval on the St. Lawrence Treaty. Since American wheat exports have dwindled to a small volume, most of which is shipped from Pacific ports with the aid of a Federal subsidy, the need for development of a ship canal between the Great Lakes and the Atlantic is today less apparent than ever before. Some interests in the Middle West claim that the proposed seaway would give Canadian farmers still greater advantages over our wheat growers than they now possess.

Those opposing the measure assert further that thereby the United States would lose its exclusive sovereignty over Lake Michigan under the treaty. At no point is this lake nearer than 50 miles to the Canadian border. Shall it now be designated an international body of water? The treaty would forbid the United States to divert more than an annual daily average of 1,500 cubic-second feet of water from Lake Michigan, which might be a matter of real concern to the Chicago drainage area.

These and many other aspects of the treaty demand careful scrutiny and deliberation. Unfortunately, the interests of administration leaders in the Senate appear to be concentrated upon the mobilization of votes rather than careful analysis of the treaty to determine whether it is economically and otherwise desirable.

[From the Charles City (Iowa) Press, Feb. 3, 1934]

THE MISSISSIPPI WATERWAY

Below we publish another article on the subject of canals, which we respectfully submit for the consideration of Congressman BIERMANN, bearing upon the Mississippi waterway. It is an extract from a speech by Senator BENNETT CHAMP CLARK, of Missouri, upon the St. Lawrence Canal and its relation to the Midwest and the Mississippi route to the Gulf. It is a clean-cut review of the situation, and while we are naturally in favor of all national improvements and have no desire to be sectional, yet we can see no way in which the St. Lawrence waterway will benefit the Iowa region, but it is quite evident that the Mississippi improvement will be of great benefit to all of the territory along the river, and especially all of that section lying in the West. We must have this improvement made, for besides the cheaper transportation, factories can ship their products without the necessity of crating, which is required on ocean traffic, that means a greater convenience and less expense in favor of the river route. In fact, the Mississippi River improvement is really the only hope for the Iowa shippers which will give them the only relief at their disposal. The Panama Canal injured our farmer and our industrial interests, the St. Lawrence waterway will not bring trade accommodations any closer to our doors, but the Mississippi River, the greatest in the world, offers its service to our people in its course to the sea. Will we accept her generous services?

Let Senator CLARK tell his story:

"The construction of the Panama Canal, romantic and staggering engineering project that it was, has been a tremendous economic hardship to the Mississippi Valley. It has given so great a transportation advantage to the States of the Atlantic and Pacific coasts as against the inland States as to almost place an absolute bar in the path of our industrial development. For example, my father-in-law in his lifetime manufactured cream separators and gasoline engines at Waterloo, Iowa. Well located in the Central West, with the highest type of intelligent labor constantly coming in from the farm, this town had been built from a village to a city by a few plants employing local labor. But with the construction of the Panama Canal, my father-in-law discovered that when he sold a bill of goods upon the Pacific coast, he could ship by rail to Baltimore, there place them upon a ship for transportation through the Panama Canal and thereby save nearly a third of the freight. The mere statement of this fact is sufficient to disclose the terrific burden and handicap which has thus been imposed upon the Mississippi Valley States in their competition with the States of the seaboard. And figures and events have proved the truth of this conclusion. The new Congressional Reapportionment Act graphically shows the situation with all its tragic importance for the great valley. Through the decision of the Congress to maintain the House of Representatives at its present membership, a larger ratio was necessarily adopted, making necessary a redistribution of Congressmen to take care of the increase of population since the last previous reapportionment. The valley States lost 17 Members of the House through this process while a similar increase went to the Coast, Lakes, and Gulf States with access to adequate water transportation. Industry after industry has left the Central West to move to locations affording better opportunities for water transportation. Industrial population has followed the movement of industry. Factories can move and factory employees can follow the factories. But farms remain where God has placed them. And our farms must still compete in the markets of the world with the agricultural products of other sections. Whatever may be the movement of industry, our great inland empire must still have desperate need for adequate transportation facilities in our competition with the world. It is obvious and inescapable that unless the inland waterway system of the Mississippi Valley is adequately developed, the construction of the Panama Canal will prove to have been to the Mississippi Valley the greatest calamity that ever befell any large section of the habitable globe. It is now seriously proposed in the highest quarters to add to the catastrophe in two most important particulars: (1) By affording to other sections of the United States and to Canada, in active competition with our industries and agricultural interests, immediate and cheap access to the sea, and (2) by forever closing the door on the development of our inland waterway system to lock us in permanently by preventing either our use of the new proposed seaway or the completion of the great national project for affording the Middle West access to the Gulf. Both these results inevitably flow from the limitation of 1,500 second-feet on diversion of water from Lake Michigan contained in article 8 of the pending treaty. This treaty strikes at the very vitals of the economic existence and well-being of the greater ports of the Mississippi Valley."

[From the Arkansas City (Kans.) Tribune, Feb. 8, 1934]

THE GREAT LAKES CANAL

President Roosevelt is backing the St. Lawrence Waterway Treaty providing for this country to join with Canada in the con-

struction of the proposed canal from the Great Lakes to the ocean.

The people know but little of this proposed alleged improvement. They do not understand it, consequently they say but little about it.

If what a Toronto paper tells about it is true, the indications are that Canada gets the greatest benefits while America foots the greatest portion of the bill.

According to published reports of the Toronto paper:

"The cost will be borne mainly by Uncle Sam.

"Our country abandons its contention that Lake Michigan is an American lake.

"The treaty puts an end to Chicago's ambition to drain the Great Lakes, for the benefit of the Mississippi Valley.

"Lake Michigan belongs to the watershed of the St. Lawrence, instead of to the Mississippi Watershed.

"No feature of the treaty is more surprising than the low cost to Canada at which the undertaking is to be carried out.

"Canada is to obtain 4,000,000 horsepower and the United States 1,000,000 horsepower out of the whole St. Lawrence waterway development."

It really looks like Uncle Sam is going to get a good gypping in this deal unless the Senate steps in and gives this country needed protection.

[From the Springfield (Mass.) Evening Union, Feb. 9, 1934]

THE SEAWAY TREATY

Despite the President's success in lining up Congress for his measures he is finding trouble in obtaining the required votes in the Senate for the ratification of the St. Lawrence Seaway Treaty. One reason is that by no stretch of the imagination may it be classed as an emergency measure. Another is that there are forceful arguments against such a project, particularly at this time. There are rumors of an attempt to adopt the old administration device of forcing Senators into line, but opinion obtains that the President would make a serious mistake in the circumstances in so doing.

What is clearly apparent is that objection to this unwise project is not confined to the "wicked" interests, a term that is being worn rather threadbare by fortuitous repetition at the hands of demagogs. The railroads and power companies are not alone in objecting to it. The economic feasibility of it has not been established, and it is doubtful that a majority of the people of the President's own State are in favor of it. The seaboard cities and the Mississippi Valley are dead set against it.

One reason why there is some doubt that the required two-thirds vote may be obtained in the Senate for the project is that the Senators have had ample time to acquaint themselves with its implications. Doubt was thrown upon its economic feasibility by the report of Mr. Roosevelt's own investigation commission, appointed while he was Governor. Its other objections have been made familiar to the Senate, upon which rests a peculiar responsibility in negotiating international treaties.

In the present instance there should be no coercion from the White House, as has too often been the practice in respect to measures described as meeting an emergency. It is a question that should be determined entirely on its own merits, and there is not sufficient merit in the project from the viewpoint of the United States to warrant the vast and inequitable expenditures involved.

[From the Hazleton (Pa.) Standard-Sentinel, Feb. 13, 1934]

TREATIES

It is eminently right and proper that the President, through his advisers, should negotiate bargains with representatives of other countries. In any such bargaining there must be give and take. There is always a risk, however, that in their ardor for bringing about an agreement negotiators may give too much or take too little. Therefore the Constitution provides for a careful and detached review by the Senate. This arrangement has saved the Nation from grave mistakes in the past. It will be a safeguard against others in the future unless the mischievous suggestion is adopted that in addition to negotiating treaties the Executive should put pressure on Senators to insure ratification.

President Roosevelt is an ardent supporter of the St. Lawrence river seaway and is most anxious that the Senate ratify the treaty with Canada making the project possible. If he is convinced that the project is feasible, necessary, and worth its cost he cannot be condemned for stressing it as an administration policy and working for its consummation. But some question the propriety of the President's rumored decision to force the treaty upon the unwilling Senate. He would be setting no precedent, to be sure, but neither would he be living up to the letter of the fundamental law.

Should Mr. Roosevelt use weapons at his command to obtain the ratification he so devoutly desires, he will commit a political blunder. For his own sake, for the sake of the Senate, it is hoped he will refrain from the attempt. As an able strategist he himself should see the unwisdom of exercising coercion to put across a measure which is strongly opposed by some who have thus far supported every policy he has advocated.

[From the Miami Herald, Feb. 7, 1934]

A MAYOR'S GUESS

Mayor Daniel Hoan, of Milwaukee, writes to Arthur Brisbane, the gifted editor and columnist, attempting to correct Mr. Brisbane in a quotation made by him in his widely read column "Today."

Mr. Brisbane took his authority, indirectly, from a Canadian newspaper which rather gloated over the bargain Canada had made with reference to the St. Lawrence Seaway Treaty with the United States. That paper said that the treaty required the United States to expend much more money in the enterprise than Canada would be called upon to pay; that Canada would receive much more horsepower from the development and so on.

The mayor says it isn't so. He says "we do not bear the major part of the expense, or abandon sovereignty on Lake Michigan. We get one half the horsepower developed."

Let us see. A very able and ardent advocate of the seaway treaty has just prepared and published a volume intended largely for the information of the Members of the United States Senate. He goes into the subject exhaustingly.

He shows that Canada has spent $128,000,000 in improving its own internal waterways for its own use, but that to complete its portion of the great waterway project it will have to expend no more than $142,000,000 in addition.

On the other hand, the United States in improving its own projects in connection with the Great Lakes, has expended some $14,000,000, but in order to complete the seaway proposition it will be required to pay over $257,000,000.

It is estimated that there will be approximately 5,000,000 horsepower developed as a part of the seaway project. Of this, 2,200,000 within the International Rapids section of the St. Lawrence will be divided equally, which will give the United States 1,100,000 horsepower, while the remaining 2,800,000 horsepower developed in Canada will belong exclusively to that country.

All of which leads to the belief that Milwaukee's mayor has been doing some bad guessing.

[From the Saturday Evening Post, Philadelphia, Mar. 3, 1934]

DUBIOUS ECONOMICS

No one denies that in the course of time some such development as the St. Lawrence seaway and power project may become desirable. But whatever merit it may have in the distant future, there is the utmost haziness regarding any present necessity for undertaking an expenditure the exact total of which is in dispute, but which is certain to prove impressively large, for a purpose that is so indefinite.

Unfortunately, this project has been urged and opposed with equal vehemence by those whose interests are local and sectional. The ability of politicians to keep on making promises, which they cannot possibly deliver, to wheat farmers, the ambition of certain lake ports to welcome ocean-going steamers, and the fear of certain Atlantic ports that they might lose freight—all these considerations seem less important to us than sound principles of planning and expenditures.

To a large extent the St. Lawrence project has been "sold" on the theory that it would mean a great saving to the wheat farmer. It is by no means certain that such a large proportion of the wheat would be shipped this way, and there are authorities who hold that the saving on the portion so shipped would be exceedingly small indeed. But aside from this, the whole effort of the present administration is to reduce the production of wheat and other staples to the limits of domestic use. But even beyond the effect of depression and the resulting reduction in acreage program, the whole long-term tendency in this country is toward a reduction in wheat exports. We fail to see the point of making a huge expenditure to effect a questionable saving on a type of commerce which is dwindling away.

Of course, there is much other tonnage whose movement might conceivably be affected by such a development.

But when the origin, destination, and seasonal character of every commodity are analyzed, it is a very complicated question how substantial a portion of the total commerce within the possible sphere of influence will actually be affected and with what results in economies realized.

Since the St. Lawrence project was first suggested there has been a steady increase in efficiency and decline in cost of steam-generated power. How the huge new block of power could be absorbed at all, except by local St. Lawrence Valley metallurgical and other industrial developments on an extremely extensive scale, has not been explained. All this may come in time, but it will take time. No reason for a forced and artificially costly project of the sort has been shown.

It may engage the imagination to look at a map of North America and indulge in large, rosy visions of vague and uncertain improvements. But it might be well to remember also that all pocketbooks have a limit, and that this country is going to have plenty of trouble to pay its pressing, its absolutely necessary, bills for a great many years to come.

[From the Troy (N.Y.) Times, Feb. 23, 1934]

EXPOSING ANOTHER FALSITY

Chicago is interested perhaps in a more intimate way than are a great many cities in the defeat of the proposed St. Lawrence Seaway Treaty. By a curious provision of the treaty the wholly American Lake Michigan would be internationalized, and in so being Chicago is so limited under the treaty in the amount of water it may divert from that lake as to threaten the entire water supply of the Chicago Sanitary District, rendering it unfit for use and subject to pollution.

For that reason, perhaps, Chicago has been a bit more assiduous than most cities in discovering reasons why the treaty should be

defeated. Her facts, however, are by no means invalidated because of this, for they have the merit of being both true and exact. Perhaps the most exaggerated claim made by the advocates of the St. Lawrence seaway development, Chicago points out, is that the total cost to the United States will be in the neighborhood of $182,000,000.

The country is told that as soon as that expenditure has been made an ocean-going vessel drawing 26 feet of water will be able to load at Hamburg or Liverpool and clear for Chicago or Milwaukee. The falsity of this claim on its face is evident from the fact that due alone to the differing buoyancy between ocean and fresh water the ocean draft would be limited to 23½ feet to enable the vessel to navigate in the 27-foot fresh-water draft of the proposed St. Lawrence seaway.

But after that, what? The ship would not be able to dock in Buffalo Harbor because there are only 21 feet of water available. She must avoid Cleveland, where there is only 19 feet draft. She could not navigate the Detroit and St. Clair Rivers to Lake Huron, and even if she did, she would not be able to dock in the 21 feet of water at Chicago or Milwaukee.

Another interesting fact is that natural harbors in the Great Lakes are very scarce, and the outstanding ones are on the Canadian side, at Toronto and Fort William. On the American side at Cleveland, Chicago, and Milwaukee the mouths of the rivers merely have been developed and harbors must be constructed.

In fairness to the people of the United States, the proponents of the waterway should admit that the expenditure of $182,000,000 is only the first installment. For this price the waterway can be completed to the point where a vessel drawing not in excess of 23½ feet may clear from Liverpool for Toronto. Further installments running into 10 figures will be necessary to clear Great Lakes channels and construct harbors before navigation will reach either Chicago or Milwaukee. The operator of an automobile can well appreciate what this means. There is a down payment of $182,000,000, after which we must produce further regular payments before we have a clear title to inland navigation—and in the meantime operating and repair expenses will accrue.

These facts are also pointed out by Harrison H. Wheaton, president of the Institute of American Business, in an analysis of the contractual and financial liabilities assumed by the United States under the proposed treaty. The St. Lawrence seaway as it now stands might well be termed the great American swindle.

[From the Luverne (Minn.) Star, Jan. 26, 1934]

If our representatives at Washington would spend as much time and effort on correcting the prices of hogs and cattle as they are on putting through the St. Lawrence waterway, we might be able to put a crimp in the packers who have increased their profits at the expense of the farmer. Millions have already been spent by the Government on the St. Lawrence project. Where did it go to? And who is boosting so hard for the project? It is those persons who have been living off those millions the last few years, and the cities along the route who expect millions to be spent with their merchants and real-estate agents. To cover up the real purpose, these schemers publish propaganda that the opening will be a Godsend to the farmers by reducing their freight rates. Did you ever see a saving the farmer actually got? The farmer has just been soaked by a processing tax intended to raise hog prices. The packer benefited. You can bet the owners of the grain terminals will get any freight saving that may be made.

[From the Executive's Magazine, St. Louis, Mo., February 1934]

MUST WE LOVE OUR NEIGHBORS BETTER THAN OURSELVES?

The St. Lawrence Waterway Treaty, which hangs in the balance as this is written would, if successful, be the second of the major mistakes made by the United States in taking liberties with the geography of the American continent. The first of these mistakes was the building of the Panama Canal. This diverted vast tonnages which normally moved by rail across the breadth of the American continent to a coastwise movement along its shores. At the time when the Panama Canal went into use, 1914, hundreds of millions of dollars invested in transcontinental railroads and in major industries in interior cities, which had been located and built up because of the normal flow of traffic through these centers, were greatly reduced in earning power—a change made by a canal built with public money, for the construction of which not only the beneficiaries, but also the victims, were taxed. (It is true that the shock of this elaborate and artificial introduction of a new geographic factor into American transportation through governmental action, would have been mercifully cushioned if the transcontinental roads had been permitted by the Government to make competitive rates without disorganization of their entire rate structure; but they were not so permitted. The Panama Canal up to the present time has been a colossal misfortune for every interior business center that is not within easy striking distance of the seaboard.)

The second major interference with the normal geographic factors which affects the distribution of industry and the movement of traffic is the (proposed) St. Lawrence seaway. It would develop a considerable amount of electric power—which we do not need. It would internationalize Lake Michigan; under it vessels of a foreign power would be conducted into the heart of the United States within about 250 miles of St. Louis. It would cut down the diversion of water from Lake Michigan to a minimum, although about two thirds of the watershed of the Great Lakes is within the American boundary. It would disrupt the present transportation structure by bringing deep-water commerce, without breaking of bulk, nearly a thousand miles inland. It would, for the larger part of the year, drain enormous tonnages of freight away from the North Atlantic ports of the United States to those of Canada. It would saddle the larger part of a heavy debt on the country of which the St. Lawrence seaway would be a heavy liability, to the very considerable benefit of the one—Canada—of which it would be a priceless asset.

This is a good time to remember the limitations of the Golden Rule. It requires that we love our neighbors as ourselves; it emphatically does not require that we love them better than ourselves. The Canadians are good people—thrifty, clean, and enterprising. They have, in fact, so much of the latter quality that they have practically ruined our export trade in wheat, which has every promise of staying ruined as we go to press. Now, why, in the name of common sense and international good neighborliness, should we spend $272,000,000 in order to enable Canada to make profits at the expense of American business which she never could make with the continent as the Creator made it?

Engineering works big enough to disturb the economic relation of producing areas measuring millions of square miles and sustaining tens of millions of people can never be constructed with private capital. Only the long purse of the Nation is adequate to them. One major interference with normal geographic relations has already been made by our Government—and every major city in the United States between the Appalachians and the Rockies which is not on the Gulf of Mexico is paying the price. This is no time to commit a second folly as egregious as the first.

[From the New Orleans (La.) Item, Feb. 14, 1934]

A CRITIC FOOZLES

We neglected to comment on a deliverance by Mr. Walter Lippmann last week concerning the St. Lawrence Seaway Treaty. He says the treaty is a fine thing all around, and that the opposition to it is based on false premises and fallacious reasoning. He quotes the case against it in three counts:

"Those who object to it have given up the notion that foreign markets are of any account.

"Cheaper rates on ships will play havoc with railroads.

"The cost to the United States won't be $277,000,000 but $573,000,000."

Those are all the objections to the St. Lawrence Treaty that Mr. Lippmann seems to have heard. He calls them "lame" and "feeble" and other things. He proceeds to prove them so by knocking them all into cocked hats.

The fact is, however, that Mr. Lippmann has not presented the vital and conclusive objections to this seaway treaty at all. Nor does he remotely refer to them, or even intimate that they exist. It is not necessary to state these objections. Every schoolboy in the Mississippi Valley knows them by this time, and all informed Americans know them. Everybody may not accept them, but every informed person knows them.

Mr. Lippmann borrows his objections from Senator WAGNER, of New York. He finds them so "lame" that he does Mr. WAGNER the honor of saying, "I am almost inclined to suspect that the Senator is opposing the treaty because he thinks it is his conventional duty to protect the harbor of New York from the competition of the seaway."

In view of Mr. Lippmann's own capacity as an observer and critic, we are almost inclined to suspect that he pontificates on this subject as he did last week, because he thinks it is his duty to protect some hidden interest that may be the more sinister because it is not apparent.

[From Cedar Rapids (Iowa) Gazette, Sunday, Feb. 18, 1934]

KINDRED QUESTIONS

According to the Messrs. Pearson and Allen, who relay the backstage Washington gossip to readers of the Gazette, President Roosevelt is delaying his long-awaited recommendations on tariff legislation until Congress acts on the St. Lawrence Waterway Treaty. He is reported as wishing to avoid bringing those two important matters to a vote at the same time.

If that is an accurate representation of the President's attitude, the attitude is puzzling, to say the least. From where we sit, it would seem that in order to cast an intelligent vote on the seaway proposition a Congressman ought to know pretty definitely what the future tariff policy of the United States is going to be.

The country's tariff policy can be hooked up with one of three national economic policies: (1) National self-containment—a policy under which we will produce only what we need and let the rest of the world go hang; (2) international cooperation—a policy under which sustained efforts will be made to encourage international trade with few restrictions; (3) a middle course between those two policies. The potential value of the Great Lakes-St. Lawrence waterway to the country hinges to no small degree on which of those three courses the country is to pursue.

If we are to strive for national self-containment, we shall thereby disavow an interest in expanding our foreign trade. And if we are not interested in expanding our foreign trade, it would be the height of folly to spend half a billion dollars or more digging a waterway to permit ocean-going vessels to penetrate to the heart of the country. The foundation of the seaway proposition is the contention that it would enable us to ship commodities from the Middle West to foreign markets less expensively than we can do it now. If we don't care whether we ship any-

thing to foreign markets or not, why waste money improving shipping facilities?

If we are to strive to expand our foreign commerce and build up foreign markets for our commodities, then it is at least conceivable that the St. Lawrence waterway might help us to attain those objectives. The seaway might also be a national asset if we chose an economic policy midway between self-containment and free trade. The problem then would resolve itself into a weighing of the possible benefits of the St. Lawrence waterway as compared to its cost.

As we see it, therefore, the future trade policy of the United States is a factor highly pertinent to the St. Lawrence seaway question. And not until the tariff question has been threshed out will the country's future trade policy be clearly defined. It is possible that the seaway project can be disposed of without entering into a discussion of tariffs and trade policies. Anything is possible in the present Congress. By no stretch of the imagination, however, could such a disposal of the seaway project be looked upon as intelligent, heads-up statesmanship.

[From the Portsmouth (Ohio) Times, Feb. 17, 1934]

THE ST. LAWRENCE WATERWAY

Ratification of the St. Lawrence Waterway Treaty by the Senate has become a distinct improbability. Little as advocates of the action like to admit the fact, circumstances are forcing them to be honest with themselves.

Straw votes show more than a dozen votes lacking to make up the two-thirds favorable vote necessary to ratify the treaty. Although there is a possibility that President Roosevelt might be capable of forcing ratification by exercise of his influence, it is not likely that he will choose to do so.

At this stage of the legislative procedure, arguments for and against the seaway's construction under terms stated in the treaty are of little use. It is clear that no considerable number of opponents are to be won over by those in favor of ratification. For the present the matter is as good as settled, unless there are unforeseen developments.

The project will be pressed further, undoubtedly. President Roosevelt favors it and the Democratic Party has been committed to its support. It is logical to expect that the treaty may be thrown open to revision in the hope that it may be made acceptable.

However, it faces opposition of a kind that will not be dispersed easily, no matter how unworthy its grounds may be in the opinion of the seaway's advocates. New York City, Philadelphia, and Baltimore oppose it to protect their port developments.

In a list of affected interests, these other sources of opposition are included: Buffalo, with a heavy investment in docks and warehouses; the New York State Barge Canal, which would be operated in opposition to the seaway; railroads, particularly in the eastern United States; transportation companies operating on the Great Lakes; coal operators in Ohio, Pennsylvania, West Virginia, and Kentucky, which might be thrown into competition with foreign mines; ports on the Gulf of Mexico; southwestern wheat growers.

Though proposed in broad public interest, the seaway would affect vested interests at the outset of its operation for the sake of advancing theoretical interests. In the long run it probably would be a valuable improvement, but the time for its adoption remains an unknown date in the future.

[From the Syracuse (N.Y.) Herald, Feb. 3, 1934]

SENATORIAL FEARS

President Roosevelt has assured Democratic leaders of Congress that opposition to the St. Lawrence seaway will vanish and that the treaty with Canada will be ratified within 3 weeks, according to a Washington dispatch to the New York Times.

After relating that the President has informed leaders that the number of protreaty Senators now comes within five of the necessary two-thirds vote, the Times' Washington writer adds:

"The opposition has dwindled gradually, those in charge of the treaty assert, due to the efforts of the President and the fear on the part of proponents of river-and-harbor projects that their continued depression would cause retaliation and defeat of pending appropriations for local projects.

"According to the supporters of the St. Lawrence project, officials of the Mississippi River Association have suggested to the Senators along the river that their opposition might endanger the $99,000,000 sought from the Public Works Administration for deepening the Mississippi. The request has been pending several weeks and, according to reports, will not be acted upon by Administrator Ickes for some time."

Assuming the Times writer has his facts straight, a curious situation is revealed.

Apparently our reported impending decision to go into the St. Lawrence project, with all the vast expenditures such a step involves, will be based on two propositions:

1. Fear on the part of antitreaty Senators that if they stood their ground such a course would mean death for their own river-and-harbor projects.

2. Fear of Senators representing States along the Mississippi that should they continue their opposition the Government would reject the proposal to spend $99,000,000 in their neighborhoods.

Perhaps what some of our Senators ought to do is to forget the fear complex and devote their whole consideration to the question whether this proposed St. Lawrence project is or is not economically sound.

One notes that former Gov. Alfred E. Smith says that it would be a waste of public funds.

At the same time one must also remember that 90 percent of the St. Lawrence lies wholly in Canada.

[From Frederick (Md.) Post, Feb. 19, 1934]

INTERNATIONAL TREATIES

It is eminently right and proper that the President, through his advisors, should negotiate bargains with representatives of other countries. In any such bargaining there must be give and take. There is always a risk, however, that in their ardor for bringing an agreement negotiators may give too much or take too little. Therefore, the Constitution provides for a careful and detached review by the Senate. This arrangement has saved the Nation from grave mistakes in the past. It will be a safeguard against others in the future unless the mischievous suggestion is adopted that in addition to negotiating treaties the Executive should put pressure on Senators to insure ratification.

President Roosevelt is an ardent supporter of the St. Lawrence River seaway and is most anxious that the Senate ratify the treaty with Canada making the project possible. If he is convinced that the project is feasible, necessary, and worth its cost he cannot be condemned for stressing it as an administration policy and working for its consummation. But some question the propriety of the President's rumored decision to force the treaty upon an unwilling Senate. He would be setting no precedent, to be sure, but neither would he be living up to the letter of the fundamental law.

[From the Buffalo (N.Y.) News, Feb. 22, 1934]

MISREPRESENTING STATE

Chairman Frank P. Walsh, of the New York Power Authority, injects himself into the debate on the St. Lawrence Seaway Treaty upon every occasion, always as a proponent of ratification. He now is criticizing Senator WILLIAM H. DIETERICH, of Illinois, for saying that ratification would "promote private interests concerned with the development of the St. Lawrence River."

"On the contrary", says Mr. Walsh, "the public development of St. Lawrence power advocated by President Roosevelt has been consistently opposed by private power interests."

This is hardly an accurate statement of the case, for Floyd L. Carlisle, board chairman of the Niagara-Hudson Corporation, did not oppose the idea of public development of St. Lawrence power when Franklin D. Roosevelt was Governor. He thought that idea was well enough, but he held that the transmission of power should be left to the companies that have provided facilities for that service. Certainly it would be an economic offense for the State to undertake the construction of duplicate transmission lines.

The activity of Mr. Walsh in behalf of the St. Lawrence Treaty is further evidence that he regards service to the Roosevelt administration as of the first consideration. For the State never has gone on record as in favor of the treaty. The record is all the other way. United States Senators ROBERT F. WAGNER and ROYAL S. COPELAND have correctly presented the case for New York State. They have battled consistently against ratification on the ground that the proposed seaway, the cost of which would fall heavily on this State, could not justify itself economically. The logic of the minority report on the seaway project which Senator WAGNER submitted as a member of the Foreign Relations Committee is irrefutable. It has withstood the assaults of all proponents of the treaty.

The situation that finds Mr. Walsh, of the power authority, working for ratification—in opposition to Senators WAGNER and COPELAND—is discreditable to the State administration. Mr. Walsh's commission does not call upon him for this service. Governor Lehman ought not to permit the power authority chairman to go up and down the country misrepresenting the sentiment of New York.

[From the Grand Island (Nebr.) Independent, Jan. 26, 1934]

WILL WE SHIP IT BOTH WAYS?

Before the Nation expends such an enormous sum as $500,000,000, it would seem that there ought to be an array of reasons which, in public opinion, would justify the same.

The exact opposite appears to be the case in the matter of the proposed St. Lawrence waterway.

It is obvious that during the 5½ or 6 months of the year during which, if invested, this capital works, it will take traffic away from the railroads, do injury to the present Lakes shipping interests, decimate shipping out of the present Atlantic ports of our own country and deprive Chicago and the Lakes-to-Gulf waterway of water of which both the city and this already-constructed canal need.

For the investment it is argued that a portion of the Middle West will be benefited because its grain can be shipped more directly to European ports. At the same time we read that we are going to spend other millions to benefit the Midwest by creating barge lines down the Mississippi and the Missouri, in order that the same grains and agricultural products generally can be shipped to Europe and other foreign markets from New Orleans. In other words, we are going to ship the same grain by two different routes—if it be true that the Midwest is thus to be benefited. As a matter of fact both are bound to reduce the increased tonnage for rail transportation, in which lies the inland farmer's only hope of lower freight rates.

But not only in this section of the country is there opposition to the expenditure of the half a billion dollars largely within another country when there are so many needed public improvements in our own—for instance, highway construction, wider bridges and overpasses or subways for railway crossings, all tending to reduce the enormous loss of life now resulting from the absence of these improvements.

After commenting on the struggle in the Senate over the treaty, the Magazine of Wall Street comments:

"This double-barreled project is of interest to Canada chiefly as an improved seaway, with the United States footing the larger share of the bill. Canada is not greatly interested in additional hydroelectric power. It is of interest to the Middle West on the assumption that it will provide cheaper transportation for export goods to the Atlantic seaboard. It is of interest to the East as a source of electric power, to be publicly developed in competition with existing adequate private facilities.

"Since this costly undertaking was conceived, our economic position and our economic philosophies have been radically changed. Originally it was argued that the seaway would improve the competitive position of our wheat in the European market. Now we are striving to reduce wheat production to the level of domestic demand and the price of our wheat is so far above the world price that foreign demand is but a trifle in our export trade. The amount that can be saved on inland waterway transportation of our dwindling exports is out of all proportion to the cost involved. Moreover, to the extent that such savings would be real, rather than fancied, they would inevitably constitute another blow to our hard-pressed railroads which the administration, peculiarly enough, is also trying to save. The final absurdity is that winter closes the St. Lawrence for 5 to 6 months of the year.

"As for the power side of this project, would it not be common sense to await a practical demonstration of the alleged benefits of Government power development at Muscle Shoals and Boulder Dam before experimenting with another half billion dollars of the taxpayers' money? However sectional the motives of the opposing Senators may be, we believe that for once they check with the national interest."

[From the Newton (Kans.) Republican, Feb. 1, 1934]

ST. LAWRENCE TREATY

The pending treaty with Canada over the St. Lawrence seaway, favored by some of the leaders of both major parties in Washington, and of apparently especial interest to New York, judging by the fight that city is putting up against it, also has its pros and cons in the Middle West. It is recalled that Henry J. Allen was chairman of the commission and a strong supporter of the project. On the other hand there is an organization known as the Mississippi Valley Association, with headquarters in St. Louis, that probably has axes of its own to grind and is bitterly opposing the St. Lawrence deal.

Perhaps the rank and file of the American people do not devote much interest in or time to study some of these immense money-spending projects. Perhaps they should do so. The object, of course, is to afford an outlet for deep-sea shipping from all points in the Great Lakes region to the Atlantic through the St. Lawrence River.

The Mississippi Valley argument against going ahead with the treaty may be summed up as follows:

"Article VIII surrenders American sovereignty over Lake Michigan, an American lake lying wholly within the borders of this country and within the American watershed.

"The same article limits for all time the diversion from this lake to 1,500 cubic second-feet, a volume wholly insufficient to maintain a navigable channel in the Illinois waterway, but grants to Canada the right of unlimited diversion from boundary waters.

"The estimated cost of the St. Lawrence seaway to the United States is $234,661,000, while Canada will pay an estimated total of but $38,071,000. No consideration is given the United States for millions of dollars already expended to improve channels and harbors in the Great Lakes, which will be used by the seaway.

"The treaty provides that $54,718,000 of the American taxpayers' money shall be expended for works to be constructed in Canada by Canadian engineers, Canadian labor, and Canadian materials.

"The treaty will give the Canadian grain producer, now enjoying lower rail rates to Lakes and ocean ports, an added advantage over his American competitor in the world markets.

"The treaty will give Canada 4,000,000 of the 5,000,000 electric horsepower developed, an advantage of 4 to 1.

"The treaty gives Canada exclusive ownership and control over all the structures built with American money on the Canadian side of the international boundary. This might result in the closing of the waterway to American ships in the event of war."

[From the Kansas City (Mo.) Journal, Feb. 4, 1934]

WOULD HARM EAST

"There are many reasons for rejection of the St. Lawrence Canal Treaty, as expected will be done by the Senate. One is that it will fail to do what is claimed for it. That would be reason enough, but there are plenty of others. In the present state of public finance the cost would be prohibitive.

"To the East the plan would be ruinous and that, of course, explains the determined opposition to the project in this section of the country. A Boston authority has stated that the moss would grow on the Boston ocean terminal facilities if the St. Lawrence waterway became a reality. What they fear for it in New York is shown by the fact that Senator COPELAND of that State is the leader of the opposition. Senator LONG of Louisiana is opposed, realizing what the proposed construction would mean to the port of New Orleans and the Mississippi Valley in general.

"With Portland it would be much the same as with Boston. The project would be ruinous to this port.

"The statement that there are votes enough in the Senate to defeat ratification is, therefore, good news to this port, as it is to the rest of the Atlanic coast."—Portland Express.

[From the Rome (N.Y.) Sentinel, Feb. 1, 1934]

THE DOLLAR VERSUS THE CANAL

The question was propounded in Rome this morning: "What effect will the President's devaluation of the dollar have on the estimates for the construction of the proposed St. Lawrence waterway and, in particular, upon that part of the cost the United States is expected to pay out for Canadian labor?" As the President's monetary policy has been freely conceded by himself as experimental, it may be said at the outset an answer to the foregoing question can be no more than speculative, yet it calls up some interesting thoughts.

The pending treaty, negotiated by the Hoover administration, applies to the whole water course from the head of Lake Superior to Montreal, Canada, is required to do so much work and this country the remainder. A large part has already been completed or begun and each Government is credited with its share. Thus, Canada's recent completion of the new Welland Canal affords her a comfortable allowance. Obviously what each Government has already expended stands in the original amounts, however the relative value of the currencies chance to be at the moment.

Since most of the nations, including our own, went off the gold standard, it has been most difficult for the man in the street to retain in mind the worth of the dollar in the respective currencies of other lands. Tuesday of this week, before Mr. Roosevelt issued his proclamation, the worth of the paper dollar, based on quotations of the French franc, ranged from 61.80 to 62.38. The Federal Reserve bank's price of $34.45 for gold was held to indicate a valuation of 60 cents for the dollar. Yet on the same day Canadian exchange was quoted at from 99.25 to 99.62. In other words, in placing the official value of the paper dollar at 59.06 cents in gold, the President is seeking to hold the monetary situation virtually as it was at the beginning of the week rather than to effect a change in the near future.

As for engineers' estimates, they have always been subject to modification after the lapse of any appreciable lapse of time. The dollar in the past has never been stable for long respecting purchasing power. Estimates made today might prove to be too high or too low after the expiration of a year or so. If the administration really should succeed in pegging the dollar through the application of its $2,000,000,000 fund to foreign exchange and its various experiments within the United States, a revision of the estimates today would doubtless apply to the cost of construction throughout the whole period of the work after it is once begun. Otherwise today's figures would be wholly speculative.

[From Troy (N.Y.) Record, Feb. 3, 1934]

AGAINST SEAWAY TREATY

The proponents of the St. Lawrence ship canal from the Great Lakes to the Atlantic Ocean have tried to create the impression that the opponents of the project are confined to railroad interests and a few ports on the Atlantic seaboard. The fact is that the expert opinion of the operators of the ships on the Great Lakes, the St. Lawrence River, and the ocean is against the canal. These men should know what they are talking about and among the organizations representing them are the Lake Carriers' Association and the Ocean Traffic Bureau, pronounced opponents of the project.

A list of the commercial and shipping organizations opposed to the ratification of the treaty is extended and includes scores of powerful civic bodies located in all sections of the country east of the Rocky Mountains. The more thoroughly the proposition is understood the stronger becomes the opposition to the treaty. Even its advocates cannot present a tenable argument for its ratification. The project is impractical and un-American in every respect, with not the remotest prospects of benefiting either this country or Canada in a transportation way. While in the course of construction the vast sums of money that this country will have to provide to pay for Canadian labor and material might help the Dominion temporarily, but the canal itself will be of practically no value to either country.

[From the New York Review of Reviews, February 1934]

THE ST. LAWRENCE WATERWAY

It became evident before the middle of January that there was likely to be a continuance of the good relations between the White House and Congress that had prevailed last year in the short session. Appropriation bills on Budget lines of economy were moving with gratifying speed. The President was following up his opening address by short messages dealing with one topic at a time. Liquor taxes had been put into effect at once by concurring action of the Senate on January 10. Farm credit bonds, on White House advice, to the extent of $2,000,000,000 were guaranteed as to principal, thus making them as marketable as any direct Government obligations. Everyone knew that there would be differences of opinion about the extent to which the Government

ought to go in its monetary policies, but it was also well understood that the President's experiments would not be seriously disturbed.

The proposed St. Lawrence waterway, with its plans for navigation improvement and power development, forms no part of the emergency program for business recovery. It has been a subject of controversy for many years. As Governor of New York, Mr. Roosevelt became one of the foremost supporters of this scheme, chiefly through his interest in having the State develop and control the St. Lawrence water power. In Minnesota and the Dakotas the entire interest has related itself to the shipment of wheat to Europe by continuous water passage. The mistake of the Northwest lies in the fact that there will be no American wheat moving to Europe when our agriculture becomes suitably adjusted. As for hydroelectric power, we have more development already than we can use.

President Roosevelt sent a persuasive message to the Senate on January 10 advocating the ratification of the treaty recently negotiated with Canada, providing for joint completion of this St. Lawrence enterprise. Many Senators, led by Mr. WAGNER, of New York, are strongly opposed to any present commitment of this kind. In taking the view that the project is ill-considered, we are merely maintaining a position that we have held ever since the organized movement in its favor was urging its support with remarkable persistence, and with arguments that seemed to us, in large part, fallacious.

There is no doubt in our minds as to the desirability of cultivating closer trade relations with Canada. But the proposed waterway is designed not to assist trade between the two halves of North America, but to make America still more subject to the commercial dominance of Europe. Canada's present prosperity and future advancement are chiefly due to the fact that this federated democracy is situated on our side of the Atlantic, and stretches for 3,000 miles along an unfortified line that brings it into as close proximity to the United States as Scotland of the lowland counties is to the northern part of England. If Scotland were entering into preferential trade relations with the United States, and were sharply discriminating against England, there would be some loud speaking in Parliament and in the newspapers of Lord Beaverbrook and Lord Rothermere.

Until proper trade relations are established by deliberate and far-seeing statesmanship between Washington and Ottawa, we should do well to postpone projects like the St. Lawrence waterway, that can perhaps serve the purposes of the British Empire, but can bring only scant return to the people of the United States. Doubtless it is more the fault of narrow and short-sighted statesmanship at Washington than of imperialistic propaganda at Ottawa that the Canadians now turn their eyes toward Europe, seeming to forget that they live in North America like the rest of us.

[From the Huntington (W.Va.) Advertiser, Feb. 5, 1934]

A FRANKENSTEIN

"Economically unsound, politically unwise, and commercially inexpedient" is the description Elon H. Hooker, president of the Hooker Electrochemical Co., gives to the projected Great Lakes-St. Lawrence shipway, now dependent upon the United States Senate's disposition of the American-Canadian Treaty.

Mr. Hooker's attack upon the project featured his recent address before the New York Secretaries Conference. He considered the Midwest grain growers' anticipation of great economic gain through decreased transportation costs more an illusion than anything else.

"The advantage to the American wheat grower", declared Mr. Hooker, "is questioned in many responsible quarters. Whatever savings are made would be divided with European consumers. There is a fair possibility that, with the expansion of acreage in Canada, farm prices of wheat in the United States might tend to be lowered by the opening of the St. Lawrence seaway. During the prosperous years of 1922 to 1926 all the grain exports from northern Atlantic ports averaged 60,000,000 bushels.

"Even a saving of 5 cents a bushel on this would amount to only $3,000,000. Even if all the export grain in the United States were sent through the canal such a saving would be only a fraction of the interest and amortization. Canada's wheat production is 60 bushels per capita, while ours is less than 7. Canada's willingness, therefore, to undertake the project is not necessarily a reason for our reaching the same conclusion."

The northwestern grain growers have been the most persistent and clamorous of all the groups demanding the canalization of the St. Lawrence River at the expense of the American taxpayer. Mr. Hooker's discount of the gain they hope for seems a most logical one. If the project is finally approved, they stand to suffer hardly less than millions of their fellow citizens who are dependent upon industry and existing transportation services in the Eastern States for a livelihood. Verily, a Frankenstein monster is being nurtured for all. Every citizen can play a part in averting this catastrophe by direct appeal to the Senators from his State to vote against the ratification of the pending treaty in its present form.

[From the St. Louis (Mo.) Globe-Democrat, Jan. 30, 1934]

ST. LAWRENCE SEAWAY TREATY

With the President's gold revaluation bill off its hands, the Senate this week will resume discussion of the St. Lawrence Seaway Treaty, which it has had under consideration from time to time as circumstances permitted since the opening of the session. The debate on the subject has already been quite extensive, and it has made certain, what was previously understood, that the opposition to the treaty in the Senate is strong, and its defeat would be sure but for the support which the President is giving to it. Whether that support will be sufficient to overcome the opposition remains to be seen. All that can be said now is that it makes the issue doubtful.

The disposition of the present Congress to act in accord with the President's wishes has been frequently manifested in all the measures he has submitted for congressional action, but such measures have dealt exclusively with recovery programs, and Congress realizes that for them the President has very strong public support. The St. Lawrence Treaty is a matter of different complexion. It is in no sense a recovery measure. Nor is it a Roosevelt measure. The negotiations for the waterways were inaugurated many years ago, and the treaty now under consideration was signed by President Hoover. It was planned, that is to say, and the preliminary terms agreed upon during our period of greatest prosperity. It would, to be sure, provide a certain amount of employment for its construction, but that obviously was no part of its intent. It, therefore, cannot be considered either an administration or a recovery measure, and the reasons which have caused Congress to give support to the President's recommendations in other matters do not apply to this. Moreover, this is a question that is exclusively within the jurisdiction of the Senate, one with which the House has nothing to do. The Senate has always acted with great independence in the exercise of its prerogative in relation to treaties, often excessively and unreasonably so, and the confirmation of a treaty requires a two-thirds majority of the body. In this case, accordingly, the President's support of the treaty is not necessarily conclusive.

The opposition to the treaty in the Senate is not only strong, it is widespread. The Atlantic coast Senators are almost, if not quite, unanimously against it, and it is significant that both of the Senators from the President's own State are among them. The Mississippi Valley Senators are generally opposed to it. Nothing has so far developed to indicate the attitude of the southern or western Senators toward the treaty. And there are many and varying reasons for the opposition. Only the Senators from the region of the Great Lakes and the Northwest are actively supporting the measure.

We have said the Senators from the Mississippi Valley States are opposed to it. This statement, however, requires qualification. They are not, if we understand their position, opposed to the general idea, the main plan, or the purpose of the seaway, but to the provision of the treaty as it stands which they believe imperils the usefulness of the Lakes-to-the-Gulf waterway. The sentiment of this region has been in the past acquiescent, even favorable, to the St. Lawrence project. But when there was incorporated in the treaty a limitation upon the amount of water that could be diverted from Lake Michigan into the Illinois Canal and River so small in amount as to jeopardize the operation of this internal waterway for adequate navigation, that sentiment turned against it in self-defense. While different engineers have made widely differing estimates of the amount of water required, the mere fact of their differences makes it seem essential to the interests of this region that the treaty should leave this question open to the test of actual experience. It does not do this. It places a definite and low limit on the volume of water, and under the terms of the treaty this could never be increased except with the consent of the Canadian Government. This would make the future of this waterway, which is entirely within the United States, subject to the opinion and action of a foreign government, a condition that seems to this section and to us utterly intolerable. Unless a reservation is made to the treaty and accepted by Canada, leaving the amount of water that may be diverted from the lake into the Illinois Canal for future determination by the American Government, the treaty should not be ratified. There are other objections to the treaty, but this one is paramount.

[From the Oneonta (N.Y.) Star, Feb. 6, 1934]

UNSUBSTANTIATED CLAIMS

Not long since Secretary of War Dern journeyed to Superior and Duluth to attend a gathering to promote the St. Lawrence seaway. Among his assertions was one to the effect that the canalizing of the St. Lawrence would help in restoring manufacturing activity in the central valleys. He described the seaway as an important element in the Nation's program of public works. Other speakers stressed the value of the seaway in increasing the prices of farm products.

Not one of these claims will stand the test of careful examination and scrutiny. It is probably true that the industries of the central valleys have suffered by the cheap Panama Canal route from the industrial East to the Pacific ports, but the remedy will never be found in the St. Lawrence project. Were it possible for the proposed seaway to move the Central States bodily to the Gulf of St. Lawrence, the manufacturing cities on the east coast, to say nothing of the Gulf of Mexico coast, would still have a decided advantage in distance and freight rates to the Pacific coast. No relief can or will come from any development along the St. Lawrence.

The assertion that the Midwest farmers will benefit from the seaway is equally unfounded on facts. Scarcely a bushel of wheat from the Western States has found its way to European countries

for several years and the campaign of the Department of Agriculture to reduce our wheat output offers little or no hope that we shall ever again become an important wheat-exporting nation. Under these circumstances what justification is there for holding out the hope that the St. Lawrence seaway will to any appreciable extent benefit the wheat growers or any other producers of the Middle and North West? The chief benefits will be secured by our Canadian neighbors, who seem to have driven a very advantageous bargain in the treaty it is now proposed the United States ratify.

[From the Maysville (Ky.) Independent, Feb. 7, 1934]

ST. LAWRENCE SEAWAY TREATY

Strong opposition to Senate ratification of the St. Lawrence Waterway Treaty is being voiced in Kentucky, just as objections are being raised along the Atlantic Coast States and in the Mississippi Valley.

To the people of southeastern Kentucky, whose livelihood comes from the coal fields of the region, ratification of the treaty would mean the loss of a market for 15,000,000 to 25,000,000 tons of their coal annually. The seriousness of this condition has led the Kentucky Senate to adopt a resolution memorializing Congress to reject the treaty.

Thus far only the Senators from the region of the Great Lakes are actively supporting the measure, while nothing has developed to indicate the attitude of the southern and western Senators. The Mississippi Valley Senators object to a clause in the treaty limiting the amount of water that could be diverted from Lake Michigan into the Illinois Canal and River, believing that it would imperil the usefulness of the Lakes-to-the-Gulf waterway.

Defeat of the measure would be assured save for the support which the President is giving to it. The disposition of the present Congress to act in accord with his wishes has been frequently manifested in all measures he has submitted for congressional action, but such measures have dealt exclusively with recovery programs, and Congress realizes that for them the President has very strong public support.

The St. Lawrence Treaty is a matter of different complexion. It is in no sense a recovery measure. Nor is it a Roosevelt measure. The negotiations for the waterway were inaugurated many years ago, and the treaty now under consideration was signed by President Hoover. It was planned, that is to say, and the preliminary terms agreed upon, during our period of greatest prosperity. It would, to be sure, provide a certain amount of employment for its construction, but that obviously was no part of its intent. It therefore cannot be considered either an administration or a recovery measure, and the reasons which have caused Congress to give support to the President's recommendations in other matters do not apply to this. Moreover, this is a question that is exclusively within the jurisdiction of the Senate, one with which the House has nothing to do. The Senate has always acted with great independence in the exercise of its prerogative in relation to treaties, often excessively and unreasonably so, and the confirmation of a treaty requires a two-thirds majority of the body. In this case, accordingly, the President's support of the treaty is not necessarily conclusive.

[From the Black Diamond, Chicago, Ill., Feb. 3, 1934]

WATCH THE BACK DOOR

Coal and rail interests had a new angle to the St. Lawrence waterway to ponder recently with the appearance in several of the Canadian newspapers of long and detailed accounts of the large Russian coal deposits that have been uncovered near the Sea of Azov. These carried with them the lure of cheaper fuel for our northern neighbor and the possibilities that would be afforded with an all-water route to the head of the Lakes.

Rail interests already have taken notice and have been unifying the effort to balk the passage of the enabling acts before the Government in Washington that would create the basis of a treaty with Canada whereby the power and waterway project could be proceeded with.

Now the carriers have tied in coal production and distribution with their own cause. They have pointed out that beside the elimination of millions of tons of coal that the power generated would displace other millions of tons used for heating and domestic purposes all can be expected to go by the board.

Canada, naturally, is more interested in Welsh coal than that which might come from the land of the Soviets. In fact, the solving of one of Canada's fuel problems has been one of the motivating rams of interest attached to the project.

With low labor costs and low-water haulage costs, no imagination is needed to see the wings by which this Canadian trade will take flight. Railways, naturally, are concerned over the loss of tonnage through channels long established, but how more vital is this matter to the coal industry!

Welsh coals, and it is understood those from the Azov region, cannot be fought on the ground of quality. Thus it would appear that once there is a straight path for ships from the Gulf of St. Lawrence to the head of the Lakes not alone the Canadian coastal towns along the long line of the Lakes but inland cities will be due for consideration of coal from other than the accustomed American sources.

It is not a nice picture, but one that well might be weighed by the coal-producing States before their representatives commit themselves to the expenditure of hundreds of millions of dollars to make the St. Lawrence dream come true.

[From the Albany (N.Y.) News, Feb. 5, 1934]

INVESTIGATE FIRST

Debate in the United States Senate on the St. Lawrence Treaty, so far as the proponents are concerned, discloses a constant repetition of the generalities that have been invoked to gloss over the lack of factual evidence. An attempt is being made to set up the tonnage estimates by the Army engineers and the report of the Federal Power Commission as proving the case.

The fallacy of these contentions lies in the fact, admitted by the Chief of Army Engineers, Major General Markham, that no actual economic survey has been made; no practical investigation to determine the effects or use of the projected seaway has been undertaken.

And as to power, the whole truth is that no contracts have been made with utilities for distributing the power, and it is not actually known at what price the energy can be furnished to the householder and farmer. The significant statement of the Power Commission suggesting the use of public transmission lines has seemingly been overlooked. Estimates of the transmission-line cost have run as high as $75,000,000, as compared with the $89,000,000 New York State is to pay for the power dams and generating equipment.

Yet it is proposed to ratify the treaty first and find out afterward how it will work. The difficulty with it all is that there is no limit to the amount of funds that the United States may be called upon to supply, both for navigation and for power development, and there is no withdrawal possible, once ratification is voted. The danger of loss to the power structures in construction is large because of the winter ice and strong river currents.

The greatest gap in the whole argument for the treaty is that there has been no consideration of economic conditions, and the main prospect of ratification is the further impoverishment of the country through the diversion of trade to a foreign channel.

[From the Salina (Kans.) Sun, Jan. 25, 1934]

THE ST. LAWRENCE SEAWAY

Whether or not the St. Lawrence Seaway Treaty is ratified by the United States Senate, a great many facts have been brought out regarding it which should be of great interest to everyone. One of these is the popular delusion regarding the extent of territory which the seaway would benefit and the reduction in freight rates which might reasonably be expected to follow its completion. The State of Kansas has been included in the list of those which would receive benefits, but how this claim can be supported—when very little of our grain is carried as far north as the Lakes, which are only available for traffic about 7 months in the year, and when our present or prospective export trade in grain has been reduced to practically nothing—is more than we can comprehend.

Furthermore, if any grain was to move through the Lake ports rather than Galveston, New Orleans, Baltimore, or Newport News, short-haul rates to the Lake ports would be applied rather than the lower, long-haul rates which now apply on the through shipments to the Atlantic and Gulf ports. The saving in this respect would be so small as to be practically negligible.

The power service proposed is so far away as to offer this State no benefit whatever, and this feature was not brought into the question until it was foreseen that some other argument besides navigation must be introduced. The section of country adjacent to this development is already supplied with adequate power lines, in which enormous amounts have been invested by their promoters, and it would seem that as we have one costly experiment in this line in operation, another to be available in a few years, and still another under construction which will supply current to a large part of the Middle West, it would be unwise, to say the least, to press the building of this greater experiment at this time.

Another serious objection to this treaty is the proposal to surrender our right to the waters of Lake Michigan to joint control of this country and Canada, thereby limiting the use of these waters by the waterway to the Gulf, which is already in operation entirely within our borders, in favor of one whose outlet and main development is wholly in Canadian territory.

[From the Buffalo (N.Y.) News, Feb. 5, 1934]

A MORGAN BOGIE

All the stock arguments in favor of the St. Lawrence Seaway Treaty having been knocked into a cocked hat, Senator ROBERT M. LA FOLLETTE now seeks to drum up support for it by representing that the firm of J. P. Morgan & Co. is the inspiration of those who are opposed to ratification.

Senator LA FOLLETTE declares that the "Power Trust never fights in the open" and that "the principal competitor of the St. Lawrence power development is the Niagara Hudson Corporation", which is "absolutely controlled by J. P. Morgan & Co."

But the Senator is in error in saying that the Niagara Hudson is opposed to the development of power on the St. Lawrence. When Franklin D. Roosevelt was Governor, the corporation agreed to cooperate with the State in the distribution of St. Lawrence power over its transmission lines. The power authority of the State now has an understanding with the Niagara-Hudson regarding this matter.

If officials of the power organization once entertained the idea of gaining control of the St. Lawrence development, they do not now—nor have they for some time. They are well aware that it is far out of their reach; that the people of New York State never would consent to such a delivery. However, the people are

not opposed to the use of the transmission facilities of the organization to get St. Lawrence power to market, if the terms proposed are reasonable. They are not disposed to expend needlessly many millions for duplicate transmission lines on top of the $90,000,000 which they are expected to pay to the Federal Government for the St. Lawrence power development. They are perfectly willing to enter into partnership with the Power Trust, and the Power Trust is of the same mind as Barkis.

Thus the new argument in which Senator LA FOLLETTE offends reason and the record. There is no substance to it; it is pure fiction.

[From the Poughkeepsie (N.Y.) Eagle-News, Feb. 6, 1934]

DIRTY TACTICS

The extreme uncertainty of the fate of the St. Lawrence Waterway Treaty with Canada has been the jockeying which has been going on in Washington over the date on which the vote on ratification is to be taken. Last week, the forces opposing the treaty figured that they were sure of more than the one-third vote that they needed to block ratification, whereupon the administration forces refused to permit the test and began to exert new forms of pressure to coerce opponents to shift sides.

One of those forms of pressure, according to very candid statements in our "Behind the News" column this morning, is the use of what amount to threats that Senators who vote against ratification may find that the States which they represent will lose allotments of Public Works Administration funds already approved but not yet given out.

Politics, to be sure, is politics. But to our mind there can be nothing much more reprehensible than the attempt to use the Public Works Administration, organized for the relief of unemployment, as a means of blackjacking Members of Congress. It may be well enough for an administration to use patronage to whip Congressmen into line to support the measures it wants. But to use relief funds for that purpose—funds set aside to combat destitution—is something very different. We cannot believe that President Roosevelt, much as he desires ratification, would stoop to such tactics, and we think that if subordinates are using them he ought, in General Johnson's phrase, to crack down on them with every ounce of vigor he can muster. The Senators who are opposing the treaty are doing their country a patriotic service. That their constituents should be made to suffer from blows hit below the belt is outrageous.

[From the Sioux City (Iowa) Tribune, Jan. 24, 1934]

ST. LAWRENCE TREATY

Within a few days the Senate will settle down to work in earnest on the St. Lawrence Seaway Treaty, to determine whether this country shall spend $500,000,000 for the benefit of Canada and the doubtful benefit of midwestern American enterprise. In the opinion of the Tribune this treaty should be rejected.

The treaty should be rejected because it is inequitable and to the disadvantage of the United States from the standpoint of costs.

It should be rejected because it internationalizes Lake Michigan, which now is an all-American lake, and gives Canada a voice in the matter of disposing of the waters of that lake.

It should be rejected because the Lakes-to-Gulf waterway will serve middle-western enterprise adequately and to better advantage than the St. Lawrence seaway, being open to navigation for a longer period each year.

It should be rejected because the necessity for a power-cost "yardstick", if such necessity exists, will be adequately supplied by Muscle Shoals, Boulder Dam, and Fort Peck Dam.

It should be rejected because production of the products the proposed seaway would serve best is being curtailed to comply with domestic requirements. Particular reference is made to wheat. Export wheat can move over the Mississippi as well as the St. Lawrence, so why give our Canadian competitor the same advantage of cheap transportation for which we would pay most of the cost?

The Tribune believes the $500,000,000 the St. Lawrence project would cost this Nation can be spent to better advantage on strictly domestic undertaking. The St. Lawrence project does not analyze from any standpoint, and the Tribune hopes and trusts that every middle-western Senator will vote against it.

[From the Norfolk (Va.) Ledger-Dispatch, Feb. 5, 1934]

THE ST. LAWRENCE TREATY

Most commentators seem to take it for granted that the question of ratifying or rejecting the St. Lawrence Waterway or Seaway Treaty between the United States and Canada will lead to something very like a tug-of-war between the President and the Senate.

At this time of all times we should like to see anything even resembling a conflict between the President and the Senate averted—certainly a conflict growing out of such a question as the St. Lawrence Treaty.

For this treaty and the purposes behind it have no bearing on the President's general recovery plan. It is not going too far to say that the average American citizen, no matter how puzzling and uncertain, even unsound, any given feature of the President's general program may seem to him, is unwilling to oppose it. To the contrary, he is disposed to say, either openly or tacitly: "Well, nobody has proposed anything else. We'd better try what he proposes." This in nowise applies to the St. Lawrence Treaty. This treaty and its involvements constitute a wholly independent project.

Indeed, the plan was Mr. Hoover's before it was Mr. Roosevelt's. Briefly, it looks to the development of a great outlet from the Great Lakes to the Atlantic—even though that outlet will be ice-bound for a considerable part of the year—and to the development of cheap hydroelectric power for New York and New England. Obviously, one of the chief purposes of the development is to provide cheap transportation for the Middle West to the sea. Canada's chief purposes are similar, of course, but we are not concerned with those.

Still briefly, if the proposed development were to attain the scope planned, the result, or one result, would be the creation and maintenance of still another dangerous competitor for American railroads, which already are being heavily financed by the Federal Government, and for American Atlantic ports—including, of course, the port of Hampton Roads. This competition would be established, too, by the expenditure of a huge sum by the United States, not to speak of sums to be expended by Canada. Thus the taxpayers of the United States would be called upon to pay still more heavily for inland-waterway development, which has never been financially successful in general and which in this instance would impose another burden upon already existing agencies.

The Ledger-Dispatch earnestly hopes the Senate will either pass by or reject the St. Lawrence Treaty.

[From the Grand Island (Nebr.) Independent, Jan. 27, 1934]

It has been pointed out in these columns that never before has a St. Lawrence project given as much to Canada as has the treaty which is known as "Hoover's gift to Canada"—the latest drafted document embodying provisions for the construction of that waterway. Very recently the following illumining point was made by Senator CLARK, of Missouri, as shown by the CONGRESSIONAL RECORD:

"Mr. CLARK. If I may at this point interrupt for a moment, the Senator [SHIPSTEAD], of course, will recall that in the treaty of 1909 no settlement was made of the diversion, because the United States, under the leadership of Mr. Secretary of State Elihu Root, refused to consider in the negotiations the question of the diversion at Chicago, on the ground that Lake Michigan neither came within the definition of boundary waters nor within the definition of tributary waters. In other words, the United States Government maintained the proposition that the subject was not open to discussion, because we had a right to take what we pleased and refused to consider the question (of the diversion of waters of our own lake) in the negotiation of that treaty."

[From the Wilmington (N.C.) Star, Feb. 7, 1934]

ANOTHER SHOT AT THE ST. LAWRENCE

Another voice is now raised in opposition to the St. Lawrence Canal Treaty as the St. Louis Globe-Democrat turns its guns on the proposal. Mayor Blair, of Wilmington, was among the first in this section to render opposition to this proposal, and his reasons are not greatly different from those of the Globe-Democrat, which says:

"With the President's gold revaluation bill off its hands, the Senate this week will resume discussion of the St. Lawrence Seaway Treaty, which it has had under consideration from time to time as circumstances permitted since the opening of the session. The debate on the subject has already been quite extensive, and it has made certain, what was previously understood, that the opposition to the treaty in the Senate is strong and its defeat would be sure but for the support which the President is giving to it. Whether that support will be sufficient to overcome the opposition remains to be seen. All that can be said now is that it makes the issue doubtful.

"The disposition of the present Congress to act in accord with the President's wishes has been frequently manifested in all the measures he has submitted for congressional action, but such measures have dealt exclusively with recovery programs, and Congress realizes that for them the President has very strong public support. The St. Lawrence Treaty is a matter of different complexion. It is in no sense a recovery measure. Nor is it a Roosevelt measure. The negotiations for the waterways were inaugurated many years ago, and the treaty now under consideration was signed by President Hoover. It was planned, that is to say, and the preliminary terms agreed upon during our period of greatest prosperity. It would, to be sure, provide a certain amount of employment for its construction, but that obviously was no part of its intent. It therefore cannot be considered either an administration or a recovery measure, and the reasons which have caused Congress to give support to the President's recommendations in other matters do not apply to this. Moreover, this is a question that is exclusively within the jurisdiction of the Senate, one with which the House has nothing to do. The Senate has always acted with great independence in the exercise of its prerogative in relation to treaties, often excessively and unreasonably so, and the confirmation of a treaty requires a two-thirds majority of the body. In this case, accordingly, the President's support of the treaty is not necessarily conclusive.

"The opposition to the treaty in the Senate is not only strong; it is wide-spread. The Atlantic coast Senators are almost, if not quite, unanimously against it, and it is significant that both of the Senators from the President's own State are among them.

The Mississippi Valley Senators are generally opposed to it. Nothing has so far developed to indicate the attitude of the southern or western Senators toward the treaty. And there are many and varying reasons for the opposition. Only the Senators from the region of the Great Lakes and the Northwest are actively supporting the measure.

"We have said the Senators from the Mississippi Valley States are opposed to it. This statement, however, requires qualification. They are not, if we understand the position, opposed to the general idea, the main plan, or the purpose of the seaway, but to the provision of the treaty as it stands which they believe imperils the usefulness of the Lakes-to-the-Gulf waterway. The sentiment of this region has been in the past acquiescent, even favorable, to the St. Lawrence project. But when there was incorporated in the treaty a limitation upon the amount of water that could be diverted from Lake Michigan into the Illinois Canal and River so small in amount as to jeopardize the operation of this internal waterway for adequate navigation, that sentiment turned against it in self-defense. While different engineers have made widely differing estimates of the amount of water required, the mere fact of their differences makes it seem essential to the interests of this region that the treaty should leave this question open to the test of actual experience. It does not do this. It places a definite and low limit on the volume of water, and under the terms of the treaty this could never be increased, except with the consent of the Canadian Government. This would make the future of this waterway, which is entirely within the United States, subject to the opinion and action of a foreign government, a condition that seems to this section and to us utterly intolerable. Unless a reservation is made to the treaty and accepted by Canada, leaving the amount of water that may be diverted from the lake into the Illinois Canal for future determination by the American Government, the treaty should not be ratified. There are other objections to the treaty, but this one is paramount."

[From the Middletown (Conn.) Press, Feb. 6, 1934]

MORE FOR RELIEF

Yesterday the House in Washington voted $1,185,000,000 more for relief purposes. Only one Member shouted "no", claiming the proposal was unconstitutional. And he came from Texas, too.

Of this sum, $950,000,000 goes to the Civil Works Administration. It is needed, too, for there is not enough left of the original billion appropriated to make full payments on Saturday.

Of the balance, $200,000,000 is assigned to aid two more agricultural products by processing—beef and dairy—and $35,000,000 is to make seed loans. With the Government asking that cotton, wheat, and some other products be reduced or destroyed, yet it is to continue to loan seed to raise more of these and other things. Well, that is the way they are doing things, and few in Congress or elsewhere are disposed to protest. Everybody hopes the experiment will hasten recovery.

The House passed this proposal after 40 minutes of discussion. Such trouble as the leaders experienced was in heading off amendments to make the various sums much larger. They do say it may be harder to halt the Senate in that direction. Perhaps so, for the present, but Congress seems to revel in voting out cash without thought of revenue.

In the brief talks on the matter it was pointed out that the Government had over $4,000,000,000 in the Treasury, whereas on February 1 it could show only $490,000,000. That gold-profit business and $1,000,000,000 borrowed made the gratifying change. No one in authority is worried at present over the debt changes. The future must take care of them.

As the program now is, this latest appropriation must last up to May 1, when the Civil Works Administration service is scheduled to end. That ending, however, is believed to depend upon general productive increase and the extent that it reduces unemployment.

Few acquainted with the temper of Congress believe that the employment the Government is providing through this instrument will end on the day named. At the same time, this situation, known to President Roosevelt, explains why he is trying to get the leaders to adjourn before May 1.

It will be fairly possible for the House leaders to direct the majority to so vote, but there is marked doubt as to what can be done in the Senate. The latter body has a vast calendar of measures now before it. Not one of the regular appropriation bills has been passed. The St. Lawrence Treaty is still under discussion. No agreement has yet been reached fixing a day for voting. Meanwhile great petitions are being filed against it, including one with 100,000 signatures from Connecticut.

Observers in Washington believe, however, that much of the obstruction now secretly carried on can be removed by the use of appointments or other influence.

An example of the consequences of opposition is disclosed in the case of Senator COPELAND, of New York. He is not to be supported for reelection because he has opposed some administration measures. No administration aid, it is announced, will go to any Senator who does not obey.

[From the Washington (Iowa) Journal, Jan. 24, 1934]

THE ST. LAWRENCE WATERWAY TREATY

There is considerable opposition to the ratification of the St. Lawrence Waterway Treaty even on the part of some who favor the waterway. They feel that Canada is taking our shirt away from us. For instance, by this treaty we assume a $200,000,000 probable cost, while Canada will pay less than $40,000,000.

That the treaty is a very pleasing one to Canada is indicated by the following quotations from the Toronto Mail and Empire.

"The United States abandons its ancient contention that Lake Michigan is an American lake. That great body of water has become forever, through this new treaty, an international body of water, which belongs to the St. Lawrence watershed instead of to the Mississippi watershed.

"Canada retains the specific right to construct at any time in the future, wholly within its own territory, alternative channel and canal facilities along the Great Lakes or in the St. Lawrence River, including the international section of the St. Lawrence. It has a right to use for such purely Canadian canal purposes whatever water there may be necessary for the operation thereof. As we indicated before, this clause places Canada in position to build an all-Canadian waterway, if at any time in the future it is deemed wise to enter upon the expenditure involved in such an undertaking. This is one of the most important and one of the most satisfactory points in a treaty which fairly bristles with satisfactory points."

Evidently the Mail and Empire is better satisfied with the treaty than are a lot of our people. Our folks recognize the fact that the treaty fairly "bristles with points" satisfactory to Canada. We should like a little of the bristling in our favor.

For instance, why make Lake Michigan an international body of water, when it's all in our yard, every bit of it, and its drainage zone is entirely in the United States. The withdrawal of water by the United States from Lake Michigan is limited by this proposed treaty, while Canada can pump all the water out of the Great Lakes she wants to, and that means that she can have more out of Lake Michigan than we, if she wants it.

Maybe, we may decide after all to fix the Erie Canal up so it will fill our requirements and get along with it for a while longer. It's a long, long trek for an artificial stream, and it would take a tremendous amount of work to make it a seaway, but it probably could be done. Anyway, why give away our shirt to Canada on a proposition that is of greater proportional value to her than to us?

[From the New York (N.Y.) Sun, Feb. 7, 1934]

THE SEAWAY TREATY

A count of noses over the week-end indicated that the administration is shy several votes of the necessary two thirds to insure the Senate's ratification of the St. Lawrence Seaway Treaty. Supporters of the proposal confidently expect the President to exert sufficient pressure to swing three or four Senators into line. If he does, he will commit a political blunder. For his own sake, for the sake of the Senate, for the sake of the country at large, it is to be hoped that he will refrain from the attempt. As an able strategist he himself should see the unwisdom of exercising coercion to put across a measure which is so strongly opposed by many who have thus far supported every policy he has advocated.

It is one thing for demagogues to assert that opposition to this treaty comes from wicked railroads and wickeder power companies, but it is quite another for the President of the United States to cover an argument so contemptible with the mantle of his great influence. Mr. Roosevelt knows that the opposition is widespread and sincere. He knows that great doubts of the economic feasibility of this scheme have been expressed by some of the Nation's foremost authorities on economics. He knows that the treaty would probably fail to command a majority in a plebiscite of his own State. He knows that the uneasiness it has caused in seaboard cities is genuine. He knows that the objection of the Mississippi Valley is firm and well reasoned.

If this were a policy of his own administration, his willingness to go the limit in procuring ratification could be understood. But it is not a policy of his own administration except insofar as it includes a policy of his former administration as Governor of New York. Negotiators for the Hoover administration tacked that gubernatorial policy to the tail of their own kite. They did so because they felt that there was no chance for the seaway without taking over the Governor's plan for public development of the power resources of the international section of the St. Lawrence. In doing so they effectively insisted that there should be no such development without the seaway. Either project standing alone was of questionable economic value; patched together they resemble a crazy-quilt.

The power scheme has been before the public ever since Mr. Roosevelt's own hand-picked commission presented a report which cast doubt upon certain aspects of its economic feasibility. Ratification of the treaty has been pending in the Senate long enough for Senators to examine it from all sides and make up their own minds. For the Executive at this late day to seek to impose his own predilections upon them would be to come perilously close to defeating that wise provision of the Constitution which makes conclusion of treaties with foreign powers a matter of divided responsibility.

It is eminently right and proper that the President, through his competent advisers, should negotiate bargains with the duly qualified representatives of other countries. In any such bargaining there must be give and take. There is always a risk, however, that in their ardor for bringing about an agreement, negotiators may give too much or take too little. Therefore the Constitution provides for a careful and detached review by the Senate. This ar-

rangement has saved us from grave mistakes in the past. It will save us from others in the future, unless we adopt the mischievous suggestion that in addition to negotiating treaties the Executive should put pressure on Senators to insure ratification.

[From the New Orleans (La.) Tribune, Feb. 1, 1934]

CANADIAN CANDOR

On July 19, 1932, the Toronto Mail and Empire bade all good Canadians rejoice. The St. Lawrence Waterway Treaty, now before Congress for ratification, had been signed at Washington the preceding day. And that treaty, declared the Mail and Empire, was a triumph for Canadian statesmen over the politicians of this country. So it was. This is an old story. That Canadian editorial has often been quoted. Parts of it are worth recalling at this juncture. Said the Canadian editor:

"On its face the treaty is more favorable to Canada than any previous arrangement ever made with the United States. * * * Though executed at the American Capital, it concedes to this country practically all the conditions long insisted upon by the most jealous guardians of Canadian rights. * * *

"The cost of the undertaking is to be borne largely by the United States. * * * We retain the right to build an all-Canadian waterway at any time in the future. * * * The judgment of the United States Supreme Court, requiring Chicago to reduce the extraction of water from Lake Michigan to a mere fraction of what it has been and is today is embodied in the treaty. * * *

"Not only this! The United States abandons its ancient contention that Lake Michigan is an American lake. That great body of water has become forever, through this treaty, an international body of water, which belongs to the St. Lawrence watershed instead of to the Mississippi watershed. * * *

"No feature of the treaty is more surprising or more satisfactory than the low cost to Canada at which the undertaking is to be carried out. * * * The cost to Canada will be only about $38,000,000 * * * the cost to the United States about $243,661,000. * * * Most of the construction work will be done in Canada. * * * Though the United States is to provide the $54,718,000 for works situated on the Canadian side in the International Rapids section, Canadian engineers, Canadian labor, and Canadian materials are to be used. * * *

"Most of the development occurs in Canadian waters. * * * The treaty has its power side as well as its navigation side. The work in the international section and in the national section will develop about 5,000,000 horsepower. * * * Canada is to obtain 1,000,000 of the 2,000,000 horsepower to be produced in the international section, but all of the 3,000,000 horsepower to be developed in the national section, which is wholly in Quebec, will belong to this country.

"This means that Canada is to obtain 4,000,000 horsepower and the United States 1,000,000 horsepower out of the whole St. Lawrence waterway development. We thus come in on the basis of 4 to 1. * * * To Mr. Herridge (Minister to Washington) goes the main credit for negotiating the treaty. He has obtained a treaty which places the bulk of the cost on the United States, which concedes to Canada practically all its demands, and involves the Dominion Treasury in an expenditure of less than $40,000,000. * * *"

[From the Scottsbluff (Nebr.) Star-Herald, Feb. 11, 1934]

STATESMANSHIP OR PORK?

Despite all the ballyhooing that has been done for the St. Lawrence waterway, and despite the repeated statements that the Lake States need, and want Congress to appropriate, more than half a billion dollars for the same, more than 108,000 citizens of Michigan have petitioned the State's Senators as follows:

"As a resident of Michigan I hereby petition yourselves and the great honorable Senate of the United States not to ratify the Great Lakes-St. Lawrence Deep Waterway Treaty for these reasons:

"The waterway is not needed. We have currently a Lakes-to-the-sea waterway and other wholly efficient transportation facilities. We cannot afford it. The woeful condition of public finances and our already grievous tax burden warrant no such vast expenditure. It will divert traffic from the adequately equipped railroads, thereby increasing their insolvency and otherwise destroying the vested rights of American citizens. It will not benefit the wheat grower or furnish farm relief. American labor will be one of the most serious losers from it. It will not "cure the depression." Nor is it desirable as unemployment relief. American ports will suffer. It is not necessary to our foreign trade. Our local markets will be at the mercy of cheaply produced foreign goods. Lastly, we must furnish the bulk of the money for a project (1) benefiting another nation more than our own and (2) lying more largely in foreign territory than in our own—doubly a source of more unwanted foreign debts and of delicate international situations.

"Voluntarily I, the undersigned, therefore, submit this my protest, and earnestly urge that you vote against such ratification."

Pretty strong for 108,000 signatures from a single State!

But will it have any effect?

Every other "barrel" that has appeared in the past 15 years in our country has been protested; but the country has not as yet been thoroughly awakened to the enormous drag on the taxpayers of the country, perpetrated by our engineers and our politicians.

How unreliable engineers' reports are was shown to the Senate a week or 10 days ago when the costs of several of the larger projects were compared with the original engineers' estimates. Senator GAGNER, of New York, Democrat and fifth ranking member of the Senate's Foreign Relations Committee, had sometime previously shown how, with each new period of spending, the estimates for the St. Lawrence have grown. In 1921 a Joint Board of Engineers estimated it at $250,000,000. By 1926 the estimates had grown to $536,000,000 and by 1929 to $712,000,000, while only a few days ago the estimate of one of New York's most competent and most highly reputable engineers put the cost at over a billion. Senator WAGNER also pointed out that since the project was first proposed conditions have changed so materially as to arraign every economic principle against the proposal. To quote:

"They are striving to improve our transportation facilities by the infusion of a new competitive element at a time when we know that competition has played havoc with transportation and when we are committed to the commencement of a program to unify and coordinate our transportation facilities. Rarely has any movement persisted so stubbornly in the face of the discrediting of every doctrine which gave it birth."

At a glance, thus, we see much opposition, in public opinion, in two widely separated States.

And, as has been pointed out previously, anyone pretending that the St. Lawrence can be of benefit to Nebraska's agricultural industry should be able to explain what the farmer can gain when—

He is being taxed to pay for the St. Lawrence to haul his grain more cheaply for export via the Canadian river; and when

He is being taxed for the Missouri development in order that his grain may be hauled more cheaply for export via the Mississippi to the Gulf; and when

He is being taxed, along with all the rest of us, for necessarily higher railroad hauls to ships or barges on either; and when

He is also being taxed, in common with everybody else, to reduce his acreage of grains so that there shall, in the first place, be no surplus to export, on either the St. Lawrence or the Mississippi.

Can one be censured for regarding that as "pork" instead of statesmanship?

[From the Albany (N.Y.) Knickerbocker Press, Feb. 4, 1934]

ST. LAWRENCE TREATY CLIMAX

The approaching climax of the St. Lawrence Treaty, when a vote will be taken, should arouse the country to the dangers it represents. Never in American history has there been so huge a Government project, and never has a large public work been approached with less actual determination of facts before the plunge was taken.

Deaf ears have been turned at Washington to the basic statement made by Maj. Gen. Edward Markham, Chief of Engineers, that no economic survey has been made to determine whether the seaway is necessary or justified from the national viewpoint.

To cite from page 349 of the hearing testimony taken in 1933 by the Senate Foreign Relations Committee:

"Senator WALSH. What is your idea, Colonel, as to whether ocean-going ships would avail themselves of this waterway if it is constructed?

"Colonel MARKHAM (now general). I have stated before coming to this hearing that I thought it would be unwise for the Engineer Corps to express curbstone opinions unless the committee prefers that. The Engineer Corps has not been called upon for anything related to the St. Lawrence River, except to answer an agenda of engineering questions. That it has done. It has not been called upon for an economic survey. Now, I have impressions, if that is what you prefer.

"Senator WALSH. I should be glad to hear from you."

"Impressions" were thereupon entered into the record of the hearings to the extent of hundreds of pages, but the fundamental questions involved were not then and have not since then been answered.

There has been no time for the Government to consult with the American shippers and manufacturers, or to make an actual survey of the trade that would move via the St. Lawrence, or to determine to what extent the existing water and rail routes through New York and the Mississippi Valley would and could do to solve the problem of the Midwest.

Such reports as have been presented to Congress as to computed tonnage are only generalizations, with the St. Lawrence "share" of business prorated on a geographic basis.

Against a mass of testimony that the opening of the Great Lakes coastline to world shipping will inevitably damage American trade, no off-setting proof has been gathered officially.

There has been no official computation and balancing of advantages and disadvantages of the project to learn whether or not the damage to American shipping and railroads will be overbalanced by advantages.

On the power phase there is quite as much reason to doubt the claimed benefits, as no goal of cheap power for the householder can result until an enormous industrial absorption of the firm power has been secured. The new developments in the field of electrical generation have been given no consideration in the official study of this project.

Long since the original causes that led to the St. Lawrence seaway agitation have disappeared in the world-trade barriers erected against this country, the decline of American wheat export, and the President's own policy of reducing production.

The President's statement that 13,000,000 tons of commerce will move by the St. Lawrence during the 7 months of open navigation clearly invites examination as to how railroads and other American transportation agencies are to be compensated for the

loss of this tonnage. Many millions of dollars of Government loans are being made to the railroads to keep them alive.

As to shipping, it is self-evident that American fleets will not be able to compete for foreign commerce with foreign ships on the Great Lakes, because the latter are built and operated so much more cheaply.

The main argument in behalf of the treaty has been that the Middle West wants it. Sound judgment has been relegated, and political outcry has taken its place. And therein the supreme danger lies. Now there are a few Midwest States still for it, but others have changed their minds. The St. Lawrence is not like the Panama Canal, controlled by the United States. Its international navigation is always technical, and in actual practice British trade regulations can adversely affect the American commerce moving upon it.

Even the treaty proponents admit that Montreal will, under the treaty, become a greater transfer point on business diverted from the American seaboard. And for such an outcome American money is to be invested and a good part of it thrown into Canada.

[From the Davenport (Iowa) Democrat, Feb. 2, 1934]

SEVEN REASONS WHY WE DO NOT WANT THE ST. LAWRENCE OUTLET

While the St. Lawrence waterway used to have some friends up here in the Northwest who thought it would help our wheat get onto the world markets, those friends now seem to have disappeared. Perhaps they went with our hopes of ever again having a world market.

At any rate, one doesn't hear many friendly expressions about the St. Lawrence waterway any more. We are in a fair way to have a waterway to the Gulf, in spite of some of our Congressmen who tried to beat Iowa out of her place in the sun, and therefore we shall not need the one to the Atlantic.

Our Mississippi Valley Association is definitely against the St. Lawrence project. In one of its latest bulletins it summarizes the reasons we don't want it in seven major points, as follows:

"1. Article 8 surrenders American sovereignty over Lake Michigan, an American lake lying wholly within the borders of this country and within the American watershed.

"2. The same article limits for all time the diversion from this lake to 1,500 cubic second-feet, a volume wholly insufficient to maintain a navigable channel in the Illinois waterway, but grants to Canada the right of unlimited diversion from boundary waters.

"3. The estimated cost of the St. Lawrence seaway to the United States is $243,661,000, while Canada will pay an estimated total of but $38,071,000. No consideration is given the United States for millions of dollars already expended to improve channels and harbors in the Great Lakes which will be used by the seaway.

"4. The treaty provides that $54,718,000 of the American taxpayers' money shall be expended for works to be constructed in Canada by Canadian engineers, Canadian labor, and Canadian materials.

"5. The treaty will give the Canadian grain producer, now enjoying lower rail rates to lake and ocean ports, an added advantage over his American competitor in the world markets.

"6. The treaty will give Canada 4,000,000 of the 5,000,000 electric horsepower developed, an advantage of 4 to 1.

"7. The treaty gives Canada exclusive ownership and control over all the structures built with American money on the Canadian side of the international boundary. This might result in the closing of the waterway to American ships in the event of war."

Those ought to be reasons enough. If we don't want it, we shall look for some of our Iowa Congressmen, who have been so expert in misinterpreting the desires of our people, to try to force it on us.

[From the Chicago (Ill.) Tribune, Feb. 2, 1934]

ANOTHER FALSEHOOD DISCLOSED

Perhaps the most exaggerated claim made by the advocates of the St. Lawrence seaway development is that the total cost to the United States will be in the neighborhood of $182,000,000. We are told that as soon as that expenditure has been made an ocean-going vessel drawing 26 feet of water will be able to load at Hamburg or Liverpool and clear for Chicago or Milwaukee. We have already made editorial mention of the fact that due to the difference in the buoyancy of salt versus fresh water the ocean draft would be limited to 23½ feet to enable the vessel to navigate in the 27-foot draft of the proposed St. Lawrence seaway. But after that, what? The ship would not be able to dock in Buffalo Harbor because there are only 21 feet of water available. She must avoid Cleveland, where there are only 19 feet of draft. She could not navigate the Detroit and St. Clair Rivers to Lake Huron, and even if she did she would not be able to dock in the 21 feet of water at Chicago or Milwaukee.

Another interesting fact is that natural harbors on the Great Lakes are very scarce, and that the outstanding ones are on the Canadian side, at Toronto and Fort William. On the American side, at Cleveland, Chicago, and Milwaukee, we have merely developed the mouths of rivers, and harbors must be constructed. In fairness to the people of the United States the proponents of the waterway should admit that the expenditure of $182,000,000 is only the first installment. For that price the waterway can be completed to the point where a vessel drawing not in excess of 23½ feet may clear from Liverpool for Toronto. Further installments running into 10 figures will be necessary to clear Great Lakes channels and construct harbors before navigation will reach either Chicago or Milwaukee. The operator of an automobile can well appreciate just what this means. There is a down payment of $182,000,000, after which we must produce further regular payments before we have a clear title to inland navigation—and in the meantime operating and repair expenses will accrue.

[From the Rutland (Vt.) Herald, Feb. 3, 1934]

AGAINST WATERWAY—LEADING MONTREAL NEWSPAPER TELLS WHY ST. LAWRENCE TREATY WOULD NOT BENEFIT CANADA OR UNITED STATES

The Montreal Gazette, commenting on the waterway project, summarizes the main objections thus:

"That the waterway would be unproductive for half the year; that if the money were spent on the railroads they could haul free of charge all the grain that would otherwise move through the waterway; that if the railroads were relieved of taxation, as the waterway would be, they could carry all the grain they now haul and all the estimated waterway grain without charge and still make money; that the estimated saving of 6 to 12 cents a bushel of wheat is impossible since this estimated saving is largely in excess of the actual cost of moving grain from the head of the Lakes."

Objection has also been raised on the score that the waterway would divert traffic from Buffalo, Albany, New York, and Boston, where enormous traffic and terminal facilities would be adversely affected. "It is held that the possible gains to the rest of the country are not only conjectural but, in any event, would not compensate these losses, and furthermore, that the power project would only add to developments already redundant, making for uneconomic competition with existing private producers."

Commenting on the leading argument that the proposed waterway would be a great advantage to the western wheat grower, the Gazette said further:

"The chief reason for this seaway, as far as the United States is concerned, is held to have disappeared, and for a reason which was publicly stressed by Mr. John Cornwell in New York last week at a great gathering of shippers and others interested in railway and water transportation.

"The reason is that when the St. Lawrence seaway was proposed the thought was to move the Atlantic Ocean 2,000 miles westward, via the Great Lakes, principally for the purpose of giving a cheaper export haul to the farmers of the great wheat areas of the Northwest. However, since that time the United States farmers have virtually ceased to export wheat. The American wheat growers are being paid to leave their wheat fields idle and the Department of Agriculture is striving to bring United States wheat production within the range of domestic consumption. Mr. Cornwell affirmed that he was second to no man in loyalty to the President and in readiness to support Mr. Roosevelt's gigantic efforts to bring about economic recovery. But he insisted that this loyalty and this support in no way bound him or anybody else to endorse a policy as mistaken as the prosecution of the St. Lawrence waterway project would be."

[From the Cincinnati (Ohio) Enquirer, Feb. 8, 1934]

THE DISPUTED SEAWAY

Mr. Walter Lippmann, in the Enquirer yesterday, presented a plausible case for the ratification of the St. Lawrence Waterway Treaty with Canada. Probably it is the most plausible case which has been made in nontechnical language. It contains some very inspiring ideas and most attractive appeal to the far-sightedness of our people. It is to be doubted, however, whether Mr. Lippmann is as realistic as he pretends to be.

According to this sponsor of the seaway, the American and Canadian peoples have been trying for 200 years to obtain access to the high seas. But that interval of time corresponds to the tremendous movement of population away from the sea. The American people particularly have sought their destiny in their own market, and it has led them westward, away from the ocean. The urge to obtain access deep-sea routes has been largely a thing of recent decades, and of restricted economic groups with a special interest in such commerce.

Again Mr. Lippmann contends that a waterway from the Lakes to the Atlantic will open up the interior of North America to the sea and augment the total volume of commerce. Perhaps it would be more accurate to say it will open up selected parts of a half dozen States to ocean shipping, and will increase the total of commerce only as we subsidize this restricted region by providing, through taxation, transportation at lower-than-cost rates.

The case for the seaway stands or falls on the accuracy of just one phrase, used by Mr. Lippmann. It will increase commerce, he says, because it provides more efficient transportation. But will it? Is transportation more efficient when its rates are made artificially low by the expenditure of colossal sums of the taxpayers' money? This is the question that expert testimony, Mr. Lippmann's reliance, does not answer.

If it can be proved that the proposed St. Lawrence seaway can be operated with low freight rates and still amortize its tremendous cost out of tolls, it is a sound project. Thus far, that has not been proved. On the contrary, the evidence leads us to believe that the seaway will provide cheaper transportation only at the expense of taxpayers. This is not the "more efficient transportation" to which Mr. Lippmann refers.

[From the Norwich (Conn.) Bulletin, Feb. 14, 1934]

DETERMINED OPPOSITION

While there is evidence of sparring for time in connection with the bringing of the St. Lawrence Treaty to a vote, there continues to pile up more opposition and a growing realization of the fact that new conditions are calling for a different consideration of the merits of the development.

Though administration pressure is being brought to bear on those known to be opposed to the treaty, and while certain of the objectors to the pact are being threatened with political opposition in that subtle way which the public is not supposed to recognize, there continues to be outspoken public sentiment against the seaway, and especially conspicuous in this respect is the renewed expression of the New York Merchants' Association, to which 4,500 concerns belong.

Attention is directed to the detrimental effects which the development would have upon the ports along the Atlantic seaboard as far south as Norfolk, the ports in the Mexican Gulf, the lake port at Buffalo, the Barge Canal, the iron-ore and coal industries, the grain elevators, and upon the railroads of the East.

In this connection it is not to be overlooked that with rail facilities to handle all the grain that can be offered the plan is now for the curtailment of the production of grain, thus decreasing the demand for Lakes-to-sea facilities. The Mississippi Valley States are raising a howl over the threat to the usefulness of the Lakes-to-the-Gulf waterway because of the limitation placed on the amount of water that could be diverted from Lake Michigan under the provisions of the treaty.

Thus, the objections come from several sections, each mindful of the harmful effects upon their particular interests, but recognizing, it would appear, that such legitimate causes for opposition exist in other regions as to make it unwise as a national proposition.

The idea of providing such a large amount of money for the purpose of buying Canadian materials and employing Canadian workmen doesn't appeal at this particular time, while the plan of putting the Government into additional competition with private enterprise on such a huge scale as is proposed for power development also has a large volume of opposition. Much significance is attached to the manner in which the New York Senators and the people of that State are registered as active opponents of the development, and, in the light of existing conditions and a careful consideration of what is involved, it is evident much difficulty is going to be experienced in breaking down the strong position which is held by the opponents.

[From the Boston Transcript, Feb. 13, 1934]

STATISTICS AS WEAPONS IN THE SEAWAY FIGHT

With the full force of the administration exerted in its favor, the St. Lawrence Treaty is apparently far from commanding the necessary two-thirds vote in the Senate. For several weeks Senators have been discussing both the seaway project and the provision of the treaty. The debate has strengthened the case against ratification. It has developed among other considerations the following:

The advocates of the seaway instead of placing the emphasis on claims that it would benefit the American farmer by reducing the cost of transporting grain to Europe have been stressing the estimate that 80 percent of the American traffic through the St. Lawrence would be in the coastwise and intercoastal trade. But figures relied upon to show savings in the cost of transportation in American commerce have been challenged, and apparently demonstrated to be erroneous.

One set of figures used in behalf of the seaway purported to show the saving it would effect in the cost of carrying lumber from the Pacific coast to the Great Lakes. In rejoinder there were presented rates for the haul by water to New York and by rail to the Lakes. The cost by this route was actually less than the purported saving by the other. It reduced the claim of the advocates of the seaway to the ridiculous. There were other such instances. They served to cast doubt on the entire case concerning the savings that might be effected in transportation charges were the seaway constructed.

The case before the Senate is twofold. There is the question of the value of the seaway itself. There is the question of the rights of Canada and the United States under the treaty. During the debate, opposition to the treaty has included the following specific objections: It gives Canada what is in effect a veto power on the withdrawal of water from Lake Michigan, and transforms it, in effect, into an international body of water. Under another provision, should Canada divert water from the Hudson Bay Watershed to rivers whose waters reach the Great Lakes, the quantity so diverted would be a Canadian monopoly at all points along the route to the lower St. Lawrence and the sea. But it was pointed out that, with nearly two thirds of the watershed of the Great Lakes in the United States, the treaty does not correspondingly limit Canada's share of the seaway waters. And objection was offered to the provision of the treaty which calls for the employment of Canadian engineers and workers, and the use of Canadian materials in structures paid for by the United States on Canadian soil. The amount of money involved is estimated at $53,000,000.

In short, the treaty was pictured as being the sum total of concessions by the United States. There was a suggestion that every time Miss Canada said she would not play unless she was given the thing she was demanding at the moment, Uncle Sam good-naturedly told her: "Oh, well, if you feel that way about it, take it." The Senate scrutiny of the treaty has undoubtedly made it more difficult to muster votes for it.

And the administration could hardly maintain that here was something essential to the recovery program, for it is estimated that it would take 8 years to construct the seaway. It would scarcely be started before the end of the depression, if the expectations on which the President and his advisers have staked so much are fulfilled. The Senate was thus free to act on the question as it might have acted had there been no depression. Senators were not under compulsion to yield their own judgment to that of the White House because of an emergency. The result is that, if it refuses to give the treaty the requisite majority for ratification, the Senate will have asserted its independence, and declined to play the part of the rubber stamp.

[From the Knoxville (Tenn.) Journal, Feb. 11, 1934]

ST. LAWRENCE TREATY

Congressional support of any measure proposed or approved by President Roosevelt is given with but scant discussion or opposition for the very good reason that the Members of Congress believe the people are overwhelmingly in sympathy with anything the President wishes. Undoubtedly a vast majority of the people are in favor of the President's recovery program in all of its ramifications, because they have confidence in his sincerity of purpose even though some phases of the recovery program are experimental. But this Nation-wide popular support of the President's recovery program does not necessarily extend to other measures approved by him and which have no direct relation to recovery. Such a measure is the St. Lawrence Power and Waterway Treaty now pending before the Senate.

Wide-spread opposition to the St. Lawrence Treaty has developed throughout the country in both political parties. Sections that cannot be benefited by the transportation facilities of the proposed waterway do not feel that they should be taxed to provide cheap transportation for Canada and the northwestern part of the United States, even if that can be accomplished. As a power project it has more merit than it offers for transportation, but without the transportation element of the proposal it would be an exorbitantly costly power development.

If the St. Lawrence waterway should develop as much freight tonnage as its proponents estimate, which is exceedingly doubtful, it would have the effect of building up a Canadian port at the expense of Gulf and North Atlantic ports of the United States, a circumstance that hardly could be relished by the areas adversely affected.

Another sound reason for opposition to the treaty is that it is in distinct conflict with another and wiser policy of President Roosevelt, that of rehabilitation of the railroads through elimination of destructive, wasteful competition. If the St. Lawrence waterway were to be as successful as a transportation line as its proponents claim, it would be grievously harmful to the railroads as a competitor which would deprive them of tonnage.

In addition to these reasons for opposition to the treaty, there are two other impressive facts: First, it would invite discord with a friendly neighbor, as disputes over water rights, power rights, rates, and other points inevitably would arise. Second, the proposal places the burden of cost largely upon the United States, while most of the money would be spent in Canada.

Unless the wishes of the President are to be regarded as equivalent to edicts, the St. Lawrence Treaty will be defeated by Senators who are thoughtful of the welfare of their respective constituencies.

[From the Buffalo (N.Y.) Courier-Express, Feb. 9, 1934]

INVESTMENTS AT STAKE

If Senator COPELAND's count of noses is correct, the St. Lawrence seaway advocates are not likely to press the treaty to a vote in the Senate today or tomorrow. Last week-end it was said that the protreaty side was only a handful of votes short of the two thirds necessary for ratification, and that Presidential pressure was expected to supply those in time for a vote today or tomorrow. But the senior New York Senator, a Democrat, says the maximum vote in sight for the treaty is 47, which is 17 below the required two thirds of the Senate's Membership of 96. The administration, needless to say, will not risk defeat, if defeat is as certain as those figures indicate.

Senator COPELAND, of course, may have counted with too unrestrained optimism. That happens sometimes when legislative fights are on. But whether the vote comes today, tomorrow, or later facts for the Senate to consider soberly are contained in the brief of opposition submitted by the Merchants Association of New York. Some of these facts are:

The estimated cost of constructing the proposed seaway comes from such prejudiced sources as to warrant skepticism; the interests adversely affected, if the seaway should prove successful, would be the $250,000,000 port of New York, the $100,000,000 port of Baltimore, the $40,000,000 port of Philadelphia, and the $60,000,000 port of Buffalo, New York State's $176,000,000 Barge Canal, the $10,000,000,000 railroad properties in the East, the $150,000,000 shipping and elevator facilities on the Great Lakes for the handling of grain, Michigan and Wisconsin iron ore, Pennsylvania and Central States' coal, which would be forced to compete with foreign ore and coal, and the Gulf ports, which would lose trade through the shifting of traffic from the Mississippi to the federally constructed St. Lawrence route.

All of these listed adverse effects would be contingent, of course, upon the success of the proposed seaway as an aid to navigation. Many believe that as a shipping route it would never pay its way, thus leaving the cost really chargeable against the water power for whose production it would provide. However that may be, it is necessary, as the Merchants Association has done, to reckon with the possibility of success as a shipping route in order to determine the potential adverse effects. The investments which would be hurt bulk large. Whether a nation can survive with one half economically hurting the other half is a question which the Senate may not ignore. New York's opposition to this treaty deserves consideration commensurate with the size of New York's investments to be endangered and the fact that she pays a quarter of the Nation's taxes. With taxes as sorely needed as they are now, it would seem the very essence of wisdom to conserve all revenue resources carefully, particularly the biggest resource of them all.

[From the Harrisburg (Pa.) Telegraph, Feb. 9, 1934]

ST. LAWRENCE SEAWAY

Harrisburg is not without concern over the proposed St. Lawrence seaway. Should this expansive scheme for using the St. Lawrence River to provide easy passage of cargoes from the West through the Great Lakes to the eastern seaboard be completed all the cities north and west of Harrisburg to the Canadian border would contribute to the financial betterment of cities on the Great Lakes, especially those at the eastern end. These would get profit at expense of the eastern seaboard communities and every ton of freight which would move over the proposed route would be taken away from some large railroad system, which would inevitably injure Harrisburg and all places in this area.

It should be noted that the large steel plant at Steelton is practically dependent upon railroad buying to keep in operation and a large share of the output of the Central Iron & Steel Co. is also used for railroad purposes. In all the rural districts within 100 miles of Harrisburg—especially to the north and west—Pennsylvania railroad purchases are the main stimulus for the sale of forest products, especially ties.

It is significant that the counsel of the Eastern Railroad offered to carry all grain from lake shores to the Atlantic seaboard free of charge, if the Government would donate money required for this waterway. It is amazing how little the public seems to understand this project which involves such heavy expenditures by the American Government in the building of the waterway. One student of the situation says it will cost at least 11 cents in taxes to save 4 cents for the shipper and as Pennsylvania pays so large a share of all national taxes the cost to the Commonwealth as a whole would amount to millions of dollars a year.

Senator DAVID A. REED is believed to be working for the best interests of the State in his opposition to the ratification of treaties covering the proposed waterway. One acute observer "cannot believe that Pennsylvania will receive any benefit so far as relief of unemployment is concerned in any way comparable with taxes that the residents of the State would have to pay toward the cost of the costly project, and in addition from the date of its completion Pennsylvania would suffer by reason of water competition." One writer says the American taxpayer would be required to pay about $4.50 a ton for the benefit of such shippers as would use the proposed St. Lawrence waterway route. Eminent consulting engineers conclude that "we can confidently expect the St. Lawrence project in all its ramifications to cost greatly more than published estimates." These published estimates of cost, as issued by the Department of State, total $543,429,000. Of this amount the United States is to spend $272,453,000 and Canada $270,976,000. However, these costs do not include interest during construction nor do they take into account the fact that few, if any, of the ports of the Great Lakes can accommodate ocean-going craft of the size and draft contemplated in a 27-foot waterway. Some estimates place the total cost as high as $1,450,000,000.

Briefly, the object of this waterway is to bring the Midwest nearer to the markets of the world. Its advocates especially stress benefits it will confer on the farmer with emphasis on cheaper transportation afforded for export wheat; but to achieve such savings it is pointed out the plan would necessitate free transportation from Duluth to Montreal. Somewhat similar benefits for the farmer were claimed for the New York State Barge Canal, but they failed to materialize. It is further held that the railroads of the eastern seaboard are not burdened to anywhere near their traffic capacity, and, furthermore, even if railroads were taxed to capacity the St. Lawrence waterway would not be of material assistance because it would be ice-closed during the very season of the year when the American railroads carry their heaviest burden of traffic. The conclusion is regarded as inevitable that present facilities for moving bulk freight eastward are ample and will be ample for many years to come.

What occasions pause in this formidable undertaking, which is being urged by certain interests, is the great burden which will be placed upon the American taxpayer—approximately $26,000,000 a year—to cover fixed charges, operation, and maintenance.

These charges are not to be paid by rates charged to shippers or tolls levied on shippers, for shippers and shipowners are to receive the waterway as a free gift from Uncle Sam, but the American taxpayer will be called upon to pay to the extent of $4.50 per ton of the estimated 5,500,000 tons of American traffic.

Alfred E. Smith was quoted recently as stating that it is "noteworthy that the Government has done little to contribute to a century of progress, while, on the other hand, much has been prevented, much has been thwarted, much has been hindered by the heavy, cold, clammy hand of bureaucracy."

He says, further, "it may be and will be urged that private industry often labors for private gain. It may be that its ends sometimes are selfish, it may be that there are times when it needs the curb and bit of Government regulation, but it is still vastly superior to Government planning and Government control of business."

[From the Elkader (Iowa) Register, Jan. 18, 1934]

SHOULD BE DEFEATED

We hope that the Senate will defeat the ratification of the St. Lawrence Waterway Treaty. It is our opinion that the project as proposed in that treaty will be of far more advantage to Canada than to the United States, and we would pay by far the larger part of the bill. Like the 9-foot channel on the upper Mississippi, it would be frozen up a considerable portion of the year. As a measure to employ labor it would help Canada more than our own country. Apparently the Canadian diplomats who negotiated the treaty were more clever than our own representatives.

[Clipping from the North Tonawanda (N.Y.) News, Feb. 9, 1934]

ST. LAWRENCE SEAWAY

Supporters of a St. Lawrence seaway try to discredit opposition by claiming that New York State critics of the project are actuated by selfish motives and that western New York, for example, is afraid of lost prestige to its Great Lakes ports, such as Buffalo, the Tonawandas, and, by next summer, Niagara Falls.

On the contrary, there is ample proof that the country as a whole would get much the worse of a bargain with Canada, and New York State in particular would pay out $89,000,000 without compensating advantages to its citizens, as pointed out by a joint committee on economies that recently completed a survey of the St. Lawrence River Ship Canal for important business and trade organizations of New York State.

Following are seven sound reasons why the United States should not thus join with Canada. It is remarkable that not one of them hints at loss of water transportation advantages to any part of New York State. They are the basis of opposition now fighting desperately against personal requests by both President Roosevelt and Governor Lehman.

1. Article 8 surrenders American sovereignty over Lake Michigan, an American lake lying wholly within the borders of this country, and within the American watershed.

2. The same article limits for all time the diversion from this lake to 1,500 cubic second-feet, a volume wholly insufficient to maintain a navigable channel in the Illinois waterway, but grants to Canada the right of unlimited diversion from boundary waters.

3. The estimated cost of the St. Lawrence seaway to the United States is $243,661,000, while Canada will pay an estimated total of but $38,071,000. No consideration is given the United States for millions of dollars already expended to improve channels and harbors in the Great Lakes which will be used by the seaway.

4. The treaty provides that $54,718,000 of the American taxpayers' money shall be expended for works to be constructed in Canada by Canadian engineers, Canadian labor, and Canadian materials.

5. The treaty will give the Canadian grain producer, now enjoying lower rail rates to lake and ocean ports, an added advantage over his American competitor in the world markets.

6. The treaty will give Canada 4,000,000 of the 5,000,000 electric horsepower developed, an advantage of 4 to 1.

7. The treaty gives Canada exclusive ownership and control over all the structures built with American money on the Canadian side of the international boundary. This might result in the closing of the waterway to American ships in the event of war.

[From the Brooklyn Citizen, Feb. 10, 1934]

SEAWAY TREATY DOOMED

The St. Lawrence Treaty is pending in the Senate, with no time set for a vote. Predictions are that it will never be ratified. Senator COPELAND, of New York, points out that a recent canvass shows that the treaty would not obtain more than 47 votes, which is 17 less than the two thirds necessary for its ratification.

Senator COPELAND is working on this matter, together with his colleague Senator WAGNER and many others, in the interests of the cities of the eastern seaboard, of Gulf ports, and of many business interests throughout the country, some of which have not begun to realize the menace to their prosperity involved.

There are many reasons why this treaty, which has so much opposition in New York and other States, should be defeated. Some of them are summed up in a brief presented to the Senate by the Merchants Association of New York, representing 4,500 corporations doing business in New York City.

Among the interests adversely affected the following are named: The port of New York with its investment of $250,000,000 in docks, piers, and other facilities; the port of Baltimore, with a total investment in port facilities exceeding $100,000,000; the port of Philadelphia, where, in addition to a previous huge investment, the city has expended something like $40,000,000 in the improvement of piers and bulkheads; the ports of Boston and Norfolk and others on the eastern seaboard; the lake port of Buffalo, with an investment of $60,000,000 in docks, warehouses, elevators, and mills.

Then there is the New York State Barge Canal, built by citizens of this State, who, having spent $176,655,250 in the construction of a waterway to serve the lake districts, are now called upon to pay nearly 28 percent of the cost of constructing a competing waterway. The railroads, particularly in the eastern section of the United States, where there is an investment of $10,000,000,000, would be hard hit if the treaty were to be adopted.

In the lake transportation service, which would also suffer greatly, there is an investment of over $150,000,000 in steamships, canal barges, and grain elevators. The coal mines of Ohio, Pennsylvania, West Virginia, and Kentucky would be drawn into competition with foreign-mined and foreign-transported coal. Coal exports of 16,000,000 or 17,000,000 tons to Canada would be subjected to competition with British coal. Foreign ores would come into competition with the iron-ore industry of Michigan and Wisconsin. The Gulf ports would lose trade which would be diverted to the St. Lawrence waterway. Other sufferers would be the grain-elevator industry of the United States, the wheat growers of Oklahoma, Kansas, Texas, and other points in the Southwest, labor on American railroads, and every taxpayer in the United States.

Truly there is much at stake in this matter, and it behooves every lover of the United States and its business activities to oppose the St. Lawrence Waterway Treaty.

[From the Bridgeport (Conn.) Telegram, Feb. 7, 1934]

GIFTS TO CANADA

Opponents of the St. Lawrence Canal are making the most of an editorial which appeared in the Toronto Mail and Empire, an influential Canadian newspaper, on July 18, 1932. This has been resurrected for the reason that every argument therein is a good argument for Uncle Sam's nonparticipation in the project.

The Canadian paper gloats over the fact that if the treaty is ratified, Uncle Sam will bear the major cost of the enterprise while Canada will reap the lion's share of the benefits. The agreement, says the Toronto paper, is more favorable to Canada "than anyone outside of a limited government circle could have hoped for."

"The cost of the undertaking is to be borne mainly by the United States. The Canadian 2-stage plan in the international section is adopted in place of the United States single-stage plan. Canadian sovereignty over the works in Canadian waters is absolutely established. Without altering in the slightest degree Canada's age-long policy of joint development of the St. Lawrence waterway we obtain a 27-foot navigation channel from the Atlantic to the head of Lake Superior."

And so on for two solid columns. Uncle Sam is to pay the bills, but all works on the Canadian side are to belong to Canada and to be built with Canadian labor and materials. Chicago is to be enjoined from diverting water from Lake Michigan except in very limited quantities. Of the water power developed, Canada is to get 4,000,000 horsepower as against 1,000,000 for the United States. Lake Michigan, which is now American territorial water, will be internationalized * * *. The negotiation of so favorable a treaty was a triumph for the Canadian negotiators, Bennett and Herridge.

The worst of it is that every boast of the Canadian paper is borne out by facts. It is all true. And the Senate of the United States seems bent upon making this great gift to Canada.

[From the Portland (Maine) Express, Feb. 9, 1934]

ST. LAWRENCE CANAL DEAD

A check-up of the Senate shows that the St. Lawrence Canal Treaty has only 43 votes in its favor, which is short of a majority, whereas a treaty requires a two-thirds vote for ratification. The Senate has been so prone to do as the President dictates, that there are those who say that if he should get out and make a fight for this measure, he might win over the 10 Senators who are now needed to ratify. This statement is coupled with an expression of opinion that the President will not do this.

The expected procedure is that the pact will be allowed to come to a vote, meet rejection, and that thereafter an attempt will be made to negotiate a new treaty that can be ratified. If this is to be the order of business, a great many years will elapse before the diggers will start work excavating for the waterway.

The defeat of the treaty will be a victory for Portland, the whole Atlantic coast, and the Mississippi Valley as well. The President favors the building of the canal, as Mr. Hoover did. On the general proposition that any improvement in transportation is progress, they are right. But there is serious question whether this construction would prove a real improvement. There is no doubt but the interests that would have to be sacrificed for it would be vast, sufficiently so at the present time to make it impracticable. In the first place the railroads would suffer. In saying this we encounter the argument that the greater the facilities for transportation, the more business there will be for everybody. But it is certainly true that at present there are plenty of facilities for bringing the Middle West grain crops to the seaboard.

It cannot be controverted that the North Atlantic ports would suffer greatly. A Boston mayor has said that if the canal were built the ocean terminal facilities in Boston would become obsolete.

It has been claimed for the project that it could be made profitable by the electric power that could be developed. That could hardly be true now for there is not sufficient work for the electric power already available to do. As to the cost, there is a wide difference of opinion. The engineers say approximately $275,000,000, other authorities name double that amount. The cost would not be a bar if the canal would be worth while. For the present at least it would not be. It is a project that can very well wait.

[From the Point Pleasant (W.Va.) Register, Feb. 14, 1934]

THE ST. LAWRENCE TREATY

St. Louis Chamber of Commerce, among many others, is taking an active part in steps to prevent final ratification of the St. Lawrence Power and Waterway Treaty now pending before the United States Senate.

(Let it be said, at the outset, that the Register is in accord with most of the innovations President Roosevelt has and is sponsoring. But this paper looks with disfavor upon his interest in developing the St. Lawrence waterway.

Mason County and most of the contiguous section of West Virginia are interested in farming. But this part of the Ohio Valley is served by two great waterways, Ohio and Kanawha, and two large railroads. So when we say that Mason County is directly interested in seeing that the treaty is not consummated, we mean that the interest is here because this section soon would feel its disastrous results were the treaty ratified.

Some of the reasons for opposition to the treaty are:

It would work a detriment to the ports of Baltimore, New York, and other leading Eastern cities.

It would hamper the shipment of Kanawha Valley coal to the Middle West, because foreign coal would come directly through the waterway to points now served in part by coal from this area.

It would add considerably to the National Budget, and this is no time to spend money unwisely.

The St. Lawrence waterway is ice-bound nearly half the year.

It would give Canada a say-so in Lake Michigan shipping.

The direct benefits, if any, seem to be of an intangible nature.

Canada, from all appearances, will get the better of the bargain.

It is a distinct departure from the principles of that now famous bluebird, the eagle.

[From the Erie (Pa.) Times, Feb. 7, 1934]

LOGROLLING ON THE SEAWAY

Advocates of the St. Lawrence seaway are making a drive for votes in the Senate with liberal use of logrolling methods. The opposition has dwindled, it is said, because Senators who are not in favor of the treaty fear that appropriations for projects within their home States will be withheld if they vote against it. Everyone who has observed the working of politics in Washington knows how vital river-and-harbor projects are to the welfare of those in Congress.

Interests seeking $99,000,000 from the P.W.A. to deepen the Mississippi River are said to be trying to allay any opposition to the St. Lawrence Treaty from Senators representing the Mississippi Valley. By favoring the St. Lawrence advocates they hope to be favored in turn. Senator LA FOLLETTE told his colleagues on Thursday that the Government is spending more money on the Mississippi and its tributaries than the St. Lawrence project will cost. Of course, the lake States are not complaining about this vast outlay in the river States, the Senator said, but in return they do ask for "just consideration" of the seaway.

The practice of trading votes on regional projects is thoroughly obnoxious. When an undertaking of such vital importance as the St. Lawrence seaway is involved this sort of a vote-rousing drive is also fraught with grave dangers.

Numerous issues of far-reaching importance ought to be decided before the Senate places a stamp of approval on the St. Lawrence Treaty. Since American wheat exports have dwindled to a small volume, most of which is shipped from Pacific ports with the aid of a Federal subsidy, the need for development of a ship canal between the Great Lakes and the Atlantic is today less apparent than ever before. Some interests in the Middle West claim that the proposed seaway would give Canadian farmers still greater advantage over our wheat growers than they now possess.

Those opposing the measure assert further that thereby the United States would lose its exclusive sovereignty over Lake Michigan under the treaty. At no point is this lake nearer than 50 miles to the Canadian border. Shall it now be designated an international body of water? The treaty would forbid the United States to divert more than an annual daily average of 1,500 cubic second-feet of water from Lake Michigan, which might be a matter of real concern to the Chicago drainage area.

[From the Bridgeport (Conn.) Telegram, Feb. 8, 1934]

OH, MR. LIPPMANN!

How our great minds do nod at times. Thus we find Walter Lippmann arguing in the Hartford Courant in favor of the St. Lawrence Canal, as follows:

"The project now before the Senate has been investigated for more than 12 years. It has been approved by the engineers on both sides of the boundary. It has been advocated by President Hoover. It is advocated by President Roosevelt. The general public does not need to investigate any further. A project which, after 12 years of debate, has the support of the two Governments, of the experts of both Governments, of the leaders of both parties, ought to be acceptable to the layman who has

no time to study the technical aspects of the question. For how are we ever to make up our minds about anything if we reject endorsements based on prolonged expert, nonpartisan, and international inquiry?"

The complete vaculty of this argument will be demonstrated in a flash, if anyone thinks back for so long a period as 12 months. Mr. Lippmann says that we, as people, should cease to have opinions when we are opposed by a Congress or two, an expert or two, and a President or two.

That was precisely the argument which was trotted out to bolster up the prohibition fallacy in its worst moments. A succession of Congresses had voted in favor of prohibition. Three successive Presidents had favored it. Therefore those persons who insisted upon examining the facts and making up their own minds should have acquiesced in all meekness.

That is just what Mr. Lippmann tells the critics of the St. Lawrence Canal to do.

Now we know that successive Congresses were either wrong, or venal; that the intimidation of vote-getting organizations had more to do with their so-called "judgment" on prohibition than their honest convictions. And the intimidation of vote-getting organizations, particularly in the north-central West, has more to do with the convictions of the President and Senate on the St. Lawrence Canal than anything else.

The most-quoted experts in the case of prohibition were those experts who were paid to give a verdict in favor of prohibition, and the experts favored by Mr. Lippmann in the case of the canal are in much the same category.

For our own part we are ready to thank God that there are still persons in this country who are able to form their own judgments without reading the statistics as to the number of Congressmen for or against the proposition which they are weighing.

[From the Lowell (Mass.) Courier-Citizen, Feb. 13, 1934]

THE WATERWAY TREATY

There is not entire agreement in the reports from Washington regarding the prospects of the St. Lawrence Waterway Treaty. It has been said that the majority in favor of it has already reached within 3 votes of the necessary two thirds, but it is asserted on the other hand that the opposition can muster 43 votes, a margin of 10 beyond the 33 that would be sufficient to defeat it. It may be remarked in this connection that the two-thirds requirement for the ratification of treaties, whether or not it was wisely stipulated by the framers of the Constitution for matters of foreign policy, is probably undesirable in principle where the issue is so largely domestic as it is in this case.

If there are really only 3 votes lacking for ratification, it is thought that a little pressure from the White House would be sufficient to carry the treaty through, but there is doubt whether that pressure will be forthcoming. The President has shown little disposition to use his prestige to carry out closely contested measures. He has, wisely no doubt, thought it best not to turn the sharp edge of his ascendancy by using it on refractory material. When possible he has aimed at nonpartisan support of his most important measures, and it is even more desirable that he should not attempt to exercise domination where his own party is divided. There seems to be no doubt that Mr. Roosevelt favors the treaty, but "it isn't his baby", after all, and he may not see fit to do much on its behalf in conflict with the Democratic Senators from his own State. At present the matter lies dormant and it may not be revived this session.

It has been said that the formidable opposition to the treaty is from selfish interests. Undoubtedly this is true to a certain extent. It is perhaps selfish in the people of the States having important seaports to object to a measure that would unfavorably affect the commerce of these ports. Doubtless the opposition of power companies which fear that the power expected from this project will enter into competition with them and force a reduction of their rates is even more selfish. Nevertheless, it has not been satisfactorily shown that the benefits to the country as a whole will outweigh the loss to be suffered by these selfish interests.

A powerful argument against accepting at their face value all the estimates originally made of the revenue to be gained from this enterprise is that they were made at a period of great, and it may prove abnormal, activity in American industry. If these calculations are to be taken as the extreme maximum, it might be better to wait until it may be determined what a fair yearly average over a long period might be expected to be. Admittedly it will take a good deal of business to make the waterway a paying investment and there is little assurance that the business will be forthcoming.

Since the treaty was signed, Empire agreements giving preference to the Dominions have somewhat altered the prospects of agricultural exports by way of the waterway, and this consideration would still be valid even if general industrial activity should get back to the 1929 level. Even if the farmers would benefit by the saving in freight rates, it must be remembered that the railroads also are in a serious condition. They must get their revenues somewhere, not merely for the sake of the stock and bond holders, but because they are a public utility that should be supported, rather than handicapped by immense public expenditures to establish a rival means of transportation. Taking everything into account, therefore, it will be no misfortune if the treaty is allowed to lie dormant for a while, until a clearer idea can be obtained of what it will actually accomplish for the country in return for the large amount of money it will cost.

[From the Morgantown (W.Va.) Dominion-News, Feb. 8, 1934]

CLARIFICATION NEEDED

The Northern West Virginia Subdivisional Coal Association has added its voice to the impressive body of opposition to ratification of the St. Lawrence Treaty and development of the waterway for transportation and the production of power.

The objections to the administration's plans with respect to the St. Lawrence River have reached a volume that must command attention. The coal industry, the railroads, the power interests, and many related and separate interests have joined in urging that the proposed treaty be turned down. Practical reasons for that action have been given.

In this situation, it would be helpful were the President to restate and amplify his reasons for lending such strong support to the program. It is not sufficient to charge that sectional interests are alined against the proposals. Sectional interests are not always selfish ones. The very economic life of the sections concerned may be at stake. They cannot be blamed for seeking to protect themselves.

No one believes that Mr. Roosevelt is consciously favoring one section or one interest over another. He must have reasons which, if generally known, would reassure those who fear the proposed development. It is to be hoped that he will decide to make them known with the force and clarity which usually characterize his utterances.

[From the Chillicothe (Ohio) Gazette, Feb. 3, 1934]

SEAWAY GUESSES

Debate in the Senate on the St. Lawrence Treaty emphasizes the remarkable transformation which has come to pass in the arguments offered in support of the project. The change leads to the impression that were the treaty to be rejected and revived some years hence, the seaway would be demanded for reasons which are not now given prominence when its construction is urged. The Middle West has in more than one important particular been called upon to revise its estimate of the uses to which the seaway would be put. It might be called upon to do that again.

Time was when people of the Middle West and beyond were entranced with the idea that the mightiest of vessels would soon be arriving at the lake cities. So Hon. Charles E. Townsend, speaking at a Great Lakes-St. Lawrence Tidewater Congress in 1920, exclaimed: "I want to live to see Detroit and the other great cities of these lakes in both countries become ocean ports into and from which will enter and clear the greatest ships of the world." But it soon became evident to the leaders of the enterprise that it was bringing it into ridicule to picture ships drawing channels 27 feet deep. The soft pedal was put upon oratory on the subject of the greatest ships in the world. There was a shift in the emphasis to the fact that the majority of the vessels that ply the ocean could float in the seaway.

On this new basis, the idea that the St. Lawrence route would be of vast value in international commerce persisted. It was still the day when the chief argument in its favor was found in the estimates of the lowered cost it would bring about in getting a bushel of wheat to the Liverpool market. It was thought of overseas business that occupied the middle-western mind. That mental state continued almost to the present day, although it was somewhat altered by diminishing the relative importance of wheat.

When the treaty was signed in 1932 a writer in the Milwaukee Journal went into rhapsodies over the prospect and pictured ships from all the world helping beer to make Milwaukee famous. The Cleveland Plain Dealer hailed the treaty with the declaration that "lake cities which have dreamed for years of the day when they should become ports of call for the shipping of the world now see their visions taking substantial form." Foreign trade was still the magic formula.

That was less than 3 years ago, but now there is another change in the emphasis. Senator PITTMAN, opening the debate, told the Senate that it was estimated 80 percent of the traffic of the seaway would be domestic traffic, although he thought the lakes would get their share of the overseas commerce. What that would be is, of course, a matter of opinion. The fact remains that the emphasis has shifted. It now is placed upon the possibilities of coastwise trade rather than upon the saving in the cost of transporting wheat. If that has not entirely faded from the seaway picture, as have the *Majestic* and the *Berengaria*, it is becoming dimmer and dimmer as the high lights are thrown upon domestic commerce.

Even when it comes to coastwise trade, opinions are subject to modification. Senator PITTMAN made the statement that the seaway would never carry goods that called for speed in transportation, or high insurance rates. That bars out of consideration a vast variety of products that move in coastwise trade. The seaway is to carry the bulk goods of low cost. Its spokesmen say, in effect, that it will not be of value in getting New England's high-grade products to middle-western markets. It suggests modification of claims concerning what would be brought here by the St. Lawrence route.

Today emphasis is thrown upon this 80 percent of domestic commerce. Tomorrow the case for the seaway may rest in chief upon some other estimate. Or, to use the shorter and uglier word, some other guess. Under the circumstances, the Senate would seem to be quite justified if it decided to wait and see how the colors arranged themselves at the next turn of the kaleidoscope.—Boston Transcript.

[From the Utica (N.Y.) Observer-Dispatch, Feb. 14, 1934]

READY FOR HARVEST

The city of Montreal believes in locking the stable door before the steed is stolen. It does not propose to wait until something happens and then get into perspiration in the effort to save itself.

In other words, Montreal is wise. It has decided to give official notice to the Governments of the United States and Canada that if the proposed St. Lawrence River seaway is constructed, the city will hold those Governments responsible for damage to trunk sewers, waterworks, hydroelectric works, streets, bridges, buildings, or any property whatever. Suitable reimbursement will be required for any additional costs to taxpayers if the ship channel is cut in such a manner as to derange works and plans for the future.

The idea is that the two Governments interested would have to include in their estimates sums to provide for the damage which Montreal would claim.

The Montreal Gazette points out that the idea of making the seaway a great water-carrying route for grain from western Canada and American States has not been abandoned and "we now hear of a newly inspired idea to make the seaway treaty 'a power treaty only'." The Gazette says that this would divest the scheme of a good deal of false pretense. The old notion that some day great ocean ships would carry produce of midwestern farmers from the Lakes right across the Atlantic was a gilded dream, the paper says. To present the project in its true significance as a power project, says the Gazette, is now the "inspired idea."

Being on the ground, and knowing St. Lawrence River transportation from constant association and observation, the Montreal paper is well qualified to judge as to the situation.

[From the Tyler (Tex.) Journal, Feb. 2, 1934]

THE ST. LAWRENCE WATERWAY

The President favors ratification of the proposed treaty with Canada whereby the two Governments will spend more than a half billion dollars, the United States spending by all odds the most of it, to make the St. Lawrence River into an ocean-going canal—a canal, let it be said, that will be ice-locked for half the year, and will be able, through Government subsidies, to destroy the billions of dollars invested in railways and power industries in those great States lying south of the river.

We are opposed to the treaty for the reasons too numerous to mention here. And the chief objection is that we just don't like to see the Government in competition with the business and investments of private citizens. If many of the present tendencies and practices of our Government are not driving us along the paths of socialism faster than Russia ever traveled them, then all the lessons of past history are erroneous. The Government is already engaging in more than 600 different lines of activities hitherto followed by individuals. You can't compete with Government, however honest your business methods, however great your efficiency, or however satisfactory your products or services. The Government in business can make up its losses in business ventures by taxing the whole people—and the Government can tax you out of your business—and out of your savings.

We just can't go with Franklin D. on this proposition—not a foot—and we hope our Texas Senators join in refusing ratification of the treaty.

[From the Morgantown (W.Va.) Dominion-News, Feb. 12, 1934]

THE SPIRIT OF ENTERPRISE

If there were not so many other things to excite interest, the country would find "plenty of excitement" in the proposed St. Lawrence Waterway Treaty with Canada, now before the Senate for ratification, Walter Lippmann, distinguished commentator, believes.

Mr. Lippmann is supporting the treaty. The easiest way to assure one's self that it should be ratified, he writes, "is to look at the arguments against it." Those, presented by Senator WAGNER, of New York, make up a "lame performance" by that able and public-spirited Senator. It is so lame that Mr. Lippmann suspects that "the Senator is opposing the treaty because he thinks it is his conventional duty to 'protect' the port of New York from the supposed competition of the seaway."

Of Senator WAGNER's objection that the treaty will play havoc with the railroads, Mr. Lippmann writes:

"There are two things to be said about that. One is that the railroads have been playing havoc with themselves throughout the depression by holding up rates at an uneconomic level * * *. But the more important argument is that cheaper transportation in the long run increases the volume of commerce; the fear that it will ruin the railroads is based on the fallacy that the volume of commerce is a fixed quantity which has to be divided up. It is not fixed. Commerce increases when costs are reduced. The effect of this seaway should be to increase the total of all goods that have to be transported and, therefore, the amount of goods which railroads can transport more efficiently than ships."

Mr. Lippmann disposes of other arguments against the project and says that, apart from the intrinsic merits of the project, "there is compelling reason why this would be an appropriate and dramatic moment to decide to carry it out. For nearly 4 years this country and the rest of the world have been overwhelmed with the sense that there were no great enterprises left, that the period of construction was over, that we were sunk under the weight of useless wealth, and that all that was left to do was to accept economic defeat and make the best of it. This is the psychosis of every great depression, and a nation does not emerge from depression until it breaks away from it and begins to believe again that there is more to be done in the future than was ever done in the past."

"To ratify this treaty now is to affirm our faith in the future, to act in the spirit of enterprise, to do the same sort of thing which men did when they spanned the continent with railways, when they opened Suez and Panama, when they believed, as all vital peoples must, that the breaking-down of the barriers to the movement of commerce is in the long view a benefit to everyone."

Probably Mr. Lippmann has caught something of the vision which is in the President's mind in his support of the treaty. But, engaging as the prospect is, the fear of industrial enterprises accustomed to the existing transportation system and the distribution of market opportunities which it has worked out, a fear that Mr. Lippmann ignores, persists. It would be helpful were Mr. Roosevelt to enlarge upon his reasons for believing that the proposed St. Lawrence development promises much of good to all sections affected.

[From the New Bedford (Mass.) Mercury, Feb. 13, 1934]

United States opponents of the St. Lawrence waterway have been using as one of their weapons the enthusiastic endorsement of the seaway from a Canadian standpoint, published in the Toronto Mail and Empire. Not all the Canadian press is so enthusiastic, as is evidenced by the following from the Montreal Gazette:

"In virtually all shipments except wheat, traffic on the Great Lakes increased last year, but in wheat it decreased. And since outside the circles of seaway boosters, students of wheat and shipping declare that it will tend to decrease rather than increase, the case for this stupendous St. Lawrence project as a necessity to meet the exigencies of water transportation is held to signally fail.

"Hence, we now hear of a newly inspired idea to make the seaway treaty 'a power treaty only.' This would at once divest the scheme of a good deal of false pretense, frankly acknowledge that the generation-old notion that some day great ocean ships would carry the produce of midwestern farmers from the Lakes right across the Atlantic was a gilded dream, and it would present the project in its true significance."

[From the Oklahoma (Okla.) Oklahoman, Feb. 18, 1934]

NOT AN EMERGENCY

Senators who see fit to oppose the ratification of the St. Lawrence Waterway Treaty cannot be accused justly of opposing the recovery program of the President. It will take at least 8 years to construct the sea-going canal, even if the treaty shall be ratified, and the depression will end long before the 8-year period is ended, if the recovery program succeeds, as the President so fervently hopes. Instead of being an emergency measure designed to help cure the depression, the waterway project is merely a great construction project that is presented in the midst of emergencies.

Since the project is in no sense a part of the national recovery program, it can be considered on its merits without regard to other measures designed to bring depression to an end. And since it is no part of the recovery program, Senators who dislike the treaty can oppose it without being guilty of trying to obstruct relief policies and without being guilty of trying to embarrass the administration. There are measures so essential to economic recovery that a Senator is justified in supporting them even though his conscience may disapprove them, but the St. Lawrence Waterway Treaty is not one of those measures.

The crisis through which the country is passing does not call for the authorization of an improvement project that cannot be completed for at least 8 years. On the contrary the existent crisis presents a rather forcible argument in favor of the treaty's rejection. For the country has sore need and immediate need of the tens of millions of dollars that the Treasury would have to pay for this waterway completion. When the country lacks sufficient funds to supply work for American laborers, just why should it spend immense sums to provide employment for Canadian laborers? As is well known, the pending treaty provides that the major portion of the construction work shall be done by Canadian labor and that the major portion of the material used shall be Canadian material.

While it is true that the President in fighting for the inauguration of this great project is merely carrying on a fight he began as Governor of New York, there is a great difference between New York and the United States and a difference equally great between the duties of a New York Governor and the duties of an American President. Nearly the whole of New York would benefit from the completion of the canal, but the greater portion of the United States would not be benefitted, and certain sections would be materially injured. While the President has the right to urge the ratification of the pending treaty, Senators from sections that might be injured by the project's completion have the right to oppose the treaty and are duty-bound to oppose it.

In a way, the treaty involves an abbreviation of American sovereignty. No longer will the United States enjoy unlimited authority over the wide expanse of Lake Michigan; and that inland sea, which is now the possession of the United States, will become

in some part the possession of Canada. For the treaty gives the Canadian Government authority to say how much water shall be diverted from the lake. If the lake were a stretch of land instead of a stretch of water, it is doubtful if a single Senator would vote for such an abbreviation of American sovereignty.

[From the Providence (R.I.) Journal, Feb. 13, 1934]

THE ST. LAWRENCE DELAY

Satisfaction is to be found in realizing that the Senate is not hurrying consideration of the St. Lawrence Waterway Treaty for which President Roosevelt has asked approval. Senator PITTMAN explains that the delay in voting on the matter is caused by the absence of about half a dozen Senators who are temporarily engaged elsewhere. Spokesmen for the substantial group opposed to ratification of the treaty say, however, that the real reason for the delay of the proadministration St. Lawrence bloc is that they have not yet been able to round up sufficient votes to assure adoption of the resolution.

However that may be, the fact stands out that in the last few weeks since the President's recommendation was sent to the Senate there has been conducted a more intensive examination of the whole project than has been made at any time since the data essential for writing the international pact were gathered. This serious study of the past few weeks has revealed that the fundamental situation, so far as the United States is concerned, has markedly changed.

When the original study was made, for example, it was assumed that the agricultural Northwest and Middle West would make substantial use of the improved waterway to transport grain to Europe and elsewhere. But the agricultural emphasis today is on restriction of grain production in this country. Then we were in the new era of industrial and commercial prosperity which suggested, so the apostles of that era insisted, that New England and other eastern seaports and the railroads would be surfeited with business regardless of how much the St. Lawrence improvement might divert from both ports and rail carriers. Four years' experience with depression has altered that attitude.

Furthermore, in spite of the increasing tendency of the Federal Government to plunge heavily into the power field, there are those who still firmly believe that restrictions should be placed upon Government participation in this industry. Such believers are not yet convinced that Government ownership and control of basic industries is sound economic procedure. Especially do they feel that, with two mammoth Federal power projects already in process of building in Boulder Dam and Muscle Shoals, it might be advisable to see how they actually operate before constructing any more Government laboratories of this character.

[From the Lewiston (Idaho) Tribune, Feb. 9, 1934]

THE PRESIDENT FACES HIS FIRST CONGRESSIONAL DEFEAT

Mr. Paul Mallon, whose judgment is not infallible albeit he has a remarkable record for accurate political and economic prognostication, ventures the forecast that the St. Lawrence Waterway Treaty between the United States and Canada is doomed to defeat when it comes before the Senate for ratification, which would also mean President Roosevelt's first major legislative set-back. The President might save the treaty if he came out with a strong demand for favorable action, but Mr. Mallon sees no indication that he will resort to such whip-cracking tactics.

The reasons for this prospective situation are not as ominous as they might appear at first glance, nor are they difficult to find.

The prime purpose of the seaway is to permit ocean-going vessels to ascend the St. Lawrence River into the Great Lakes, opening a 2,437-mile-long channel for marine commerce into midcontinental America. All but 120 miles of this course already has been improved with a 21-foot channel, permitting light-draft traffic which has been growing in volume each year. The principal work remaining to be done is building 2 giant dams and 3 locks in the international rapids section of the river, which incidentally would generate 2,200,000 horsepower of hydroelectric energy, to be divided equally between the 2 countries. The entire channel from the mouth of the river to Duluth is to be dredged to a minimum depth of 27 feet.

The waterway would permit ocean ships to pass without transfer of cargo to the head of the Lakes, thus avoiding the present cost of unloading from lake vessels and reloading on ocean vessels. Proponents of the project declare the economy through reduction of railway mileage on export trade would give cheaper transportation through a broad stretch of territory extending southwest from westen New York through western Pennsylvania, the South Atlantic States, westward through Tennessee, Arkansas, Oklahoma, and Colorado, northward through Utah and Idaho to the Canadian boundary. They deny this loss in traffic would prove disastrous to the eastern railroads, asserting the project would be an impetus to industry on the Great Lakes, which would create new high-class traffic to compensate for the low-class traffic the railways might lose.

There is no unanimous enthusiasm in Congress for this project, however. The opposition is wide-spread and divided in political and sectional groups. Some of it is purely selfish and obstructive in nature; some of it is sincere and reasonable.

The railroads are against the seaway as a matter of principle. The Atlantic seaboard States oppose it because they fear the diversion of their maritime commerce. New York State opposes it because it prefers the so-called "all-American canal route" through that State and down the Hudson to New York.

The Mississippi Valley and the Chicago region of the Great Lakes are opposed to the treaty on several grounds. There is an objection to the surrender of complete jurisdiction over the waters of Lake Michigan, as would result with its "internationalization" by the seaway treaty. The most reasonable protest is over the disputed point as to whether the project would endanger the mid-West inland-waterway system, connecting the Great Lakes with the Gulf of Mexico. This group maintains that the treaty as it now stands will place such restrictions on the diversion of water from Lake Michigan into the Illinois waterway that there would not be sufficient depth to permit operation of barges over the mid-West system throughout the year. It is declared that inland commerce should not be jeopardized for the benefit of foreign trade, especially at a time when we are embarking on a policy of national economy.

The President, in laying the treaty before the Senate, argued that local interests should yield their opposition to the waterway in deference to the general welfare of the vast regions it is intended to promote, and expressed his belief that the benefits will be general and no permanent sectional injuries will be done. In view of the wide-spread nature of the opposition, however, and the fact that it requires a two-thirds vote of the Senate to ratify the treaty, its passage is doubtful. While Congress is in complete accord with the President on his recovery program, this treaty is only in a small sense a part of that policy, and the decision will be based upon different motives. The negotiations for the waterway were inaugurated in 1919, and the treaty itself was signed by President Hoover and first presented by him for Senate ratification. President Roosevelt also is a long-time advocate of the project since the days of his New York governorship, and he would like to see it started at once as a contribution to the national employment program.

If the Senate rejects the treaty, as seems probable, it will mean another delay, but not necessarily the end of the project. The most formidable objection is to the limitations it provides on diversion of water from Lake Michigan into our own inland waterways system, and perhaps a defeat for the treaty now will place the President in a better position to ask Canada to negotiate another and more acceptable pact in regard to these provisions.

[From the Shreveport (La.) Journal, Jan. 24, 1934]

THE ST. LAWRENCE WATERWAY

The United States Senate is again giving consideration to the St. Lawrence Waterway Treaty, submitted by President Hoover shortly before his retirement, attention to which was called by President Roosevelt since the regular session of the Seventy-third Congress was convened. Vigorous protests continue, with opponents of the waterway project offering numerous and, to our mind, valid objections.

Under the terms of the treaty agreement reached between representatives of the United States and Canada, the St. Lawrence is to be made navigable from the ocean to Duluth, with an enormous power plant to be constructed at the Beauharnois Rapids. The whole investment (these figures were made within the past 2 years) would be in the neighborhood of $550,000,000. Engineers say, however, the present cost would be almost twice that sum.

There are many reasons why the treaty should be rejected by the Senate, the first being that there is no actual necessity for the waterway. The second argument against the plan is the cost, of which this country is expected to bear by far the greater part. In the third place, such a waterway would further cripple the railroads, which the Government is trying its level best to protect. And finally, it would take business away from the Lakes-to-the-Gulf route, in which the entire Mississippi Valley has a direct interest.

No difficulty need be experienced in finding ways to spend our money just now, and with the annual deficit increasing at a terrific rate, as the national debt climbs to hitherto unknown heights, it would be extremely unwise for the United States Government to engage in any enterprise about which there is such wide difference of opinion. The St. Lawrence waterway project can wait until times are flush again and we have money to "throw at the birds."

The PRESIDING OFFICER. The Chair recognizes the Senator from Missouri [Mr. CLARK] to make an announcement.

Mr. CLARK. Mr. President, in view of the fact that today is the deadline on the presentation of reservations, I ask unanimous consent to address the Senate for not to exceed 2 minutes on the subject of the reservations which I have heretofore submitted.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Missouri is recognized for 2 minutes.

Mr. CLARK. Mr. President, I have heretofore presented and have on the table four reservations which I thought were designed to clarify the treaty and in a constructive way possibly afford a basis for an agreement on which the treaty might be ratified. These reservations have not met with favor at the hands of the proponents of the treaty or at the hands of the administration. Therefore, I believe

that presentation and consideration of the reservations simply tend to muddle the situation, rather than clarify it.

Consequently, I give notice now that I do not intend to call up and offer the reservations. I make the announcement at this time simply in order that some other Senators may not be lulled into security on the theory that I intend to present the reservations, and because they may desire to present reservations on their own part.

The PRESIDING OFFICER. The Senator from Missouri announces the withdrawal of his four reservations.

Mr. LEWIS. Mr. President, one of the reservations presented by the able Senator from Missouri [Mr. CLARK] has to do with the status of Lake Michigan. I had tendered a reservation which recited that this body of water is an American lake and in nowise international water, and desired the Senate to vote upon it.

I agree with the Senator from Missouri that consideration of the reservations would consume considerable time. All the questions which they involve are included in the treaty itself. The eminent Senator from Michigan [Mr. VANDENBERG], who now presides over this body, and myself have from time to time discussed the varying phases. I, too, wish to announce that, as the subject matter has been discussed and fully dealt with in general debate on the treaty, I wish to withdraw my proposed reservation also in order that it may not burden the Senate.

The PRESIDING OFFICER. The Senator from Illinois withdraws his tendered reservation. The question is on the pending reservation proposed by the committee.

Mr. PITTMAN. Mr. President, I thought we had disposed of all uncertainties with regard to the report of the Board of Engineers which was authorized by Congress under act of July 3, 1930, to determine this question. As I said the other day, General Brown made a very good guess at it when he guessed 4,000 or 5,000 cubic feet. At the same time he testified before the committee that which the Senator from Louisiana [Mr. LONG] just read; General Brown made this statement:

> It is estimated that by 1938 the domestic pumpage will be approximately 1,900 cubic feet per second, in addition to the amount of 1,500 feet provided by the decree, giving a total permissible flow through the drainage canal and waterway of 3,400 cubic feet per second.

That, by the way, is also the testimony of General Markham in the letter which I have just read, dated January of this year, based upon the report of the board that was based on the congressional act of 1930.

Just another point. That only lacks 1,600 feet of being the 5,000 feet he talks about, but that is not all. At that same hearing General Brown had this to say:

> It has been contended that the flow at Lakeport as limited by the treaty will destroy the usefulness of Illinois waterways. This contention is without basis of fact, as will be seen by a study of the table set forth below.

Mr. President, on last Friday and Saturday I read the letter of General Markham addressed to me in January on this subject. I have placed in the RECORD the report of the board of engineers, which was submitted in December 1933 in response to the act of Congress of 1930 requiring a survey. General Markham has stated emphatically that the Department never looked upon the Great Lakes or Lake Michigan as a water supply in connection with the Mississippi River project. The language is plain and distinct that provision is made not only for the 9-foot channel that is now proposed for the Missouri River, but, he said, for any future practical development.

I know there is a doubt in the minds of some Senators as to whether that is a fact. I heard the distinguished Senator from Missouri [Mr. CLARK] state this morning that it was not known how great a canalization of the Mississippi River might be necessary in the future. Nevertheless, this great board of engineers have found as a fact that there is ample water within the Mississippi River system and watershed without taking water out of another watershed.

I thought that proposition was quite clear, Mr. President. I thought it was absolutely settled. I do not think there is any evidence today that there is any danger whatever to the Mississippi River project or to any of the tributaries of the Mississippi. The evidence is conclusive that there is not such danger, and no evidence to the contrary has been brought to us, so we take that as clear.

The opponents of the treaty talk about taking unlimited quantities of water out of Lake Michigan. Whether Canada were in existence or not, that act would be questioned by the States of Wisconsin, Ohio, Indiana, and New York, which are on the Great Lakes. The right of diversion through the Chicago artificial canal into the Illinois River was questioned by those States, and not by Canada. Those States said they had a right of navigation in the Great Lakes; that this water was within their natural watershed; that this water could not be taken out of its natural watershed into the Mississippi watershed to their damage; and the Supreme Court of the United States, while not deciding the amount of water necessary for navigation, did decide the question as to whether or not the States of Wisconsin, Ohio, Indiana, and New York had vested rights in the waters of the Great Lakes.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. LONERGAN in the chair). Does the Senator from Nevada yield to the Senator from Missouri?

Mr. PITTMAN. I do.

Mr. CLARK. I do not want to take the Senator's time, because I know it is limited, but I am certain the Senator will agree with me that, while the Supreme Court decision to which he refers held that the States of Wisconsin and Michigan and the other lake States had vested rights as against the State of Illinois and the Chicago Sanitary District, it did not hold that those rights were any infringement of the power of the United States Government in its Federal capacity to take water from Lake Michigan for a great national waterway project.

Mr. PITTMAN. I do not think we are far apart; but I do say unquestionably that the decision was for the protection of the riparian and navigation rights and rights of sovereignty of those States in the waters of the Great Lakes.

Mr. CLARK. If the Senator will yield just a moment further——

Mr. PITTMAN. I yield.

Mr. CLARK. I am certain the Senator will also agree with me that the testimony before his committee of the Army engineers, and of every other engineer who appeared before the committee, shows conclusively that so far as the riparian rights or the navigation rights of the lake States are concerned they may be fully taken care of by compensatory works which the United States now has in progress at an expense of many millions of dollars.

Mr. PITTMAN. Compensatory works, of course, are being required. Nevertheless, when the flow of water through that canal was limited to 1,500 second-feet, it was done in obedience to the injunction of Congress, which by its act told the Board of Engineers to determine the minimum amount of flow that would be necessary for the navigation project in the Illinois River. That was what Congress commanded them to do; and they found that 1,500 second-feet would be the minimum flow necessary for the navigation of the Illinois River under the project they provided.

That is plain; but when the Senator from Louisiana speaks of bringing sectionalism into this matter, I desire to remind him that in the very first speech I made here I stated that that was one of the unfortunate things brought to light in the discussion of this treaty. Different sections of the United States, through selfishness, are fighting this treaty.

The Mississippi Valley Senators are fighting the treaty because, in spite of the evidence, they are afraid there may possibly be some development somewhere else that will take a little freight away from their section of the country or will possibly prevent them from having a maximum development. The basis of their opposition is fear; it is selfishness; it is greed. The great ports on the Atlantic are undoubtedly actuated by greed and selfishness that has blinded them to the necessary development of the country. Because possibly 4 percent of the freight in 8 or 9 years from now

will be diverted by way of this seaway, instead of going by the railroads at the high cost that would involve, they are against it. The fight is a sectional one straight through; and, as I warned those in the different sections of this country, if they cannot look upon the development of inland waterways and the development of harbors in this country from a national standpoint, they will be constantly engaged in fighting each other, because there is no doubt whatever that the misguided ownership of the railroads of this country today is against any internal waterway development.

Mr. President, I do not desire to proceed with my main speech on the treaty tonight. I desire to make that tomorrow. I ask, however, that the reservation reported by the committee be submitted for a vote.

The PRESIDING OFFICER. The question is on agreeing to the reservation reported by the committee. [Putting the question.] The ayes have it, and the reservation is agreed to.

The reservation was, at the end of the resolution of ratification, following "July 18, 1932", to insert:

this advice and consent being subject to and conditioned on the agreements, provisions, and interpretations set forth in an exchange of notes between the United States and Canada, dated January 13, 1933, respecting private diversions of water on the St. Lawrence River.

So as to make the resolution of ratification read:

Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty between the United States and Canada, signed at Washington, July 18, 1932, this advice and consent being subject to and conditioned on the agreements, provisions, and interpretations set forth in an exchange of notes between the United States and Canada, dated January 13, 1933, respecting private diversions of water on the St. Lawrence River.

Mr. McNARY. Mr. President, is it the intention of the chairman of the committee to offer any further reservations this evening?

Mr. PITTMAN. It is not the intention of the chairman of the committee to do so.

COMPENSATION OF WAR VETERANS

Mr. SCHALL. Mr. President, I ask leave to insert in the RECORD, and have referred to the appropriate committee, a letter just sent me by William H. Gaston, commander of a post of the Spanish War veterans in St. Paul, Minn.

There being no objection, the letter was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

ST. PAUL, MINN., *March 8, 1934.*

The EDITOR PIONEER PRESS,
St. Paul, Minn.

DEAR SIR: The Senate Plays with Fire.

This editorial appeared in the Pioneer Press on the 1st instant. I quote from this editorial: "As a protection to the national credit, the Economy Act was designated to insure a balanced Budget of current expenses, which is one of the foundation elements of the whole recovery plan. With credit impaired in connection with the regular Budget, there would be less solid footing for the emergency measures to promote economic rehabilitation."

On this subject we beg to differ. Is it really possible that the editor thinks that in order to promote a program of rehabilitation it is necessary to reduce the purchasing power of the scantily paid Government employees and the small pittances that were paid to the widows and orphans of the Nation's defenders? Can he really feel that pensions and hospitalization should be taken from the veterans, from the war-service men of this country?

Pass 45 and the great industries refuse to employ. Seventeen years past this age limit, and this law to save the credit of the Government allows the sum of $6 per month; that is, for a veteran of 62 years of age. That is, the veteran has 17 years to starve, from the time he is out of employment at 45 until he is 62 years, when he can draw a pension of $6 per month. This is saving the credit of the Government with a vengeance!

No; these Senators are not playing with fire. But rather they are endeavoring to stamp out the flames of distrust and faltering patriotism, ignited by the most cruel cut of ingratitude that can be accorded to the defenders of a nation. These Senators are trying to preserve the respect for our Nation's flag. They are trying to put out a great conflagration that threatens to sweep our dear country with starvation, death, and civil war.

Every war has its heroes and hoarders. The heroes are those who undergo all the hardships of war. They are the ones who suffer, bleed, and die. They are the ones whose flesh are torn with shot and shells, whose maimed bodies endure a living death. The hoarders are those who build great fortunes on the sufferings of humanity, accumulate wealth from the slaughter of men, and the starving of women and babes. The more dreadful and lasting the conflict the more bountiful the reward of the hoarders. At the insistence and instigation of these money-mad vultures, our country now stands on the verge of chaos and ruin. Through their subtle mechanisms they have sucked the Nation's blood and now we stand trembling on the verge of complete collapse.

These men who robbed the country of billions in both peace and war now cry economy. What can this heartless taking away the small pittances from these defenseless defenders of our country mean to the unemployed millions? The pensions of the veterans were used to purchase the necessaries of life for themselves and their dependents. But these men who advocate this kind of economy are the men who fail to pay their income taxes on their vast incomes and build yachts costing $3,500,000; these men who use every device to grasp and hold the Nation's wealth now weep crocodile tears offer the Nation's credit. This smoke screen of economy is used to blind the public. This masterpiece of heartless hypocrisy was put over even by falsifying the CONGRESSIONAL RECORD. How many editorials have condemned this bold piece of criminality? Representative MCFADDEN, of Pennsylvania, offered legislation that would have raised for the Nation more than $2,000,000,000. This would not have constituted depriving veterans and Government employees. Senator LONG, of Louisiana, offers legislation that would raise more than $15,000,000,000 for the United States Treasury, but this is not advocated by the ultra-rich; that is, big business. And why? If adopted, this would force some of the billions from their hiding. On the bodies of our dead heroes these fortunes were built. The toiling millions who had wheatless days, and meatless days, who went without sugar, the purchasers of Victory bonds, and Liberty bonds that made it possible for this country to win the war that made the world safe for democracy, on these men the builders of these great fortunes were resting. But the men who toiled, the men, women, and children who suffered, they hold the sack.

Will our Senators and Representatives allow themselves to be made the vassals of the ultra-rich? Will they not hear the cries of the suffering millions? Will they be blinded by the crocodile tears of those who compose the Economy League?

The veterans and the Government employees have not the columns of the big daily papers, the big broadcasting stations, the films, and the stage at their command. But they will proclaim their wrongs from the house tops; they will make them sound to high heaven.

The preservers of this country are the men who endured the lice, the rats, and stink, the disease and poisonous foods and the gases in the trenches. Upon the lives of these men the security of the Nation rests. Upon the lifeless forms of those who died on foreign fields these fortunes were built. These owners of mansions, these hoarders of the Nation's wealth know full well that the benefits received by the veterans will not impair the Nation's credit. But fraudulent contracts and big subsidies given to big business and false tax returns are the means of depleting the Nation's Treasury. We ask the question, Should the Nation protect its protectors and defend its defenders? Should the burden of caring for the veterans that are old, decrepit, and disabled be placed on the community? Should the veterans be driven to seek aid from charitable institutions? The Senators are endeavoring to answer these questions. The veterans expect at least a fraction of the consideration extended by the Government to banks, railroads, and insurance companies. Hundreds of millions of dollars can be poured out by our Nation to relieve the distress of these big institutions.

The veterans cannot pour out millions to conduct a campaign to tell the Nation their plight. Think of the ocean of gold that has been poured out to rob the veterans of the small pensions! Think of the exaggerated promises to veterans going to war. The sufferings and suicides of veterans, and the sufferings of their widows and orphans are a disgrace to the Nation. A disgrace to civilization. Imagine the income of one man amounting to more than $6,000,000 a year. Imagine a veteran 62 years of age receiving $6 per month! One man receiving more in 1 minute than the Government allows a veteran of 62 years of age in 1 month to live on! We tell you such conditions are ridiculous! It is outrageous! These Senators are endeavoring to silence the distant rumblings of discontent through this act of justice and mercy. They are trying to extinguish the flames that threaten to consume the Nation.

I am yours truly,

WM. H. GASTON.

Mr. SCHALL. Mr. President, the American veteran went to war to fight to make the world safe for democracy after the country had voted in 1916 against going into the World War. He won the war, and came home to find he was not going to be treated as he was promised. While he was away fighting for his country he found ordinary help had received as high as $15 and $20 a day, while he got only a dollar a day or so.

The munition makers, the railroads, the contractors, and the profiteers stayed home, waved the flag, and built an army of war profiteers—25,000 of them. They came in and were paid promptly. The veteran had lost his job. He asked for some compensation to reimburse him in a small

way for his losses while at the front. He got a promise to pay in 1945.

The Republicans paid him compensation for his injuries, and were paying at the rate of $800,000,000 a year when the country decided to return to office in 1932 the same wrecking crew that got us into the war in 1917. They promptly set up a plea that the country had to balance its Budget and had to economize at the expense of the veteran.

After balancing the Budget at his expense they set about to appropriate money by the billions. First, $400,000,000, and then $950,000,000 for relief, to pay men for brushing leaves from one side of the road to the other; but, of course, the Budget is balanced. The country takes in $3 for every $10 it spends; but the Budget is balanced, and the Economy League says we cannot afford to increase allowances for the veterans, for that would unbalance the Budget, so they say!

President Hoover had the good sense to pay one half of the so-called "bonus" in 1931, and if he had paid the other half the country would have had just that much more purchasing power distributed, and the country would have had just that much more of its debts paid, instead of incurring money for all sorts of unproductive and useless work since to provide relief while the veteran remains unpaid.

For good measure the Democrats included Civil War veterans, their widows, the Spanish War and their widows, and every veteran to make sure no one would escape. Their age and their service mean nothing. Even the Spanish War veterans have to show service connection—now 35 years after the service—when most of their evidence is lost, and the Government has none of it in their files.

In this way the Democrats felt certain there was no way these veterans could get back on the rolls. They had to balance the Budget, you know, and it might unbalance it if some disabled veteran got his pension back. So now, when we are trying to rectify an injustice done to them, we hear the same cry again: "Don't do that. You will unbalance the Budget."

But it could not be worse. They are now only taking in $3 for every $10 they spend. So the veteran should wait again until 1945, or some other time, until he is dead, so that that magic Budget can be balanced.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

The Senate, as in Committee of the Whole and in open executive session, resumed the consideration of Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed July 18, 1932.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 5 o'clock and 17 minutes p.m.) the Senate, in executive session, took a recess until tomorrow, Wednesday, March 14, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 13 (legislative day of Feb. 28), 1934

APPOINTMENTS IN THE REGULAR ARMY

TO BE MAJOR GENERALS

Brig. Gen. Lucius Roy Holbrook, United States Army, from December 28, 1933, vice Maj. Gen. Edward L. King, died December 27, 1933.

Brig. Gen. Frank Sherwood Cocheu, United States Army, from March 1, 1934, vice Maj. Gen. Ewing E. Booth, retired February 28, 1934.

TO BE BRIGADIER GENERALS

Maj. Gen. Guy Vernor Henry, Chief of Cavalry (colonel, Cavalry), vice Brig. Gen. Lucius R. Holbrook, nominated for appointment as major general.

Col. John Lesesne DeWitt, Infantry, vice Brig. Gen. Frank S. Cocheu, nominated for appointment as major general.

Maj. Gen. John Wiley Gulick, Chief of Coast Artillery (colonel, Coast Artillery Corps), from April 1, 1934, vice Brig. Gen. John F. Madden, to be retired from active service March 31, 1934.

Col. Harry Edward Knight, Infantry, from May 1, 1934, vice Brig. Gen. Walter C. Short, to be retired from active service April 30, 1934.

Col. Charles Michael Bundel, Field Artillery, from September 1, 1934, vice Brig. Gen. Howard L. Laubach, to be retired from active service August 31, 1934.

Col. Charles Douglas Herron, Field Artillery, from October 1, 1934, vice Brig. Gen. James H. Reeves, to be retired from active service September 30, 1934.

Col. Percy Poe Bishop, Coast Artillery Corps, from December 1, 1934, vice Brig. Gen. William M. Cruikshank, to be retired from active service November 30, 1934.

TO BE QUARTERMASTER GENERAL, WITH THE RANK OF MAJOR GENERAL, FOR A PERIOD OF 4 YEARS FROM DATE OF ACCEPTANCE, WITH RANK FROM FEBRUARY 3, 1934

Col. Louis Hermann Bash, Quartermaster Corps, vice Maj. Gen. John L. DeWitt, Quartermaster General, whose term of office expired February 2, 1934.

TO BE ASSISTANT TO THE QUARTERMASTER GENERAL, WITH THE RANK OF BRIGADIER GENERAL, FOR A PERIOD OF 4 YEARS FROM DATE OF ACCEPTANCE, WITH RANK FROM MARCH 1, 1934

Col. William Richie Gibson, Quartermaster Corps, from March 1, 1934, vice Brig. Gen. Henry C. Whitehead, Assistant to the Quartermaster General, retired from active service February 28, 1934.

TO BE CHIEF OF FIELD ARTILLERY, WITH THE RANK OF MAJOR GENERAL, FOR A PERIOD OF 4 YEARS FROM DATE OF ACCEPTANCE, WITH RANK FROM MARCH 10, 1934

Col. Upton Birnie, Jr., Field Artillery, vice Maj. Gen. Harry G. Bishop, Chief of Field Artillery, whose term of office expired March 9, 1934.

TO BE CHIEF OF COAST ARTILLERY, WITH THE RANK OF MAJOR GENERAL, FOR A PERIOD OF 4 YEARS FROM DATE OF ACCEPTANCE, WITH RANK FROM MARCH 22, 1934

Col. William Frederick Hase, Coast Artillery Corps, vice Maj. Gen. John W. Gulick, Chief of Coast Artillery, whose term of office expires March 21, 1934.

TO BE CHIEF OF CAVALRY, WITH THE RANK OF MAJOR GENERAL, FOR A PERIOD OF 4 YEARS FROM DATE OF ACCEPTANCE, WITH RANK FROM MARCH 22, 1934

Col. Leon Benjamin Kromer, Cavalry, vice Maj. Gen. Guy V. Henry, Chief of Cavalry, whose term of office expires March 21, 1934.

TO BE CHIEF OF ORDNANCE, WITH THE RANK OF MAJOR GENERAL, FOR A PERIOD OF 4 YEARS FROM DATE OF ACCEPTANCE, WITH RANK FROM JUNE 3, 1934

Brig. Gen. William Harvey Tschappat, Assistant to the Chief of Ordnance, vice Maj. Gen. Samuel Hof, Chief of Ordnance, whose term of office expires June 2, 1934.

TO BE ASSISTANTS TO THE CHIEF OF ORDNANCE, WITH THE RANK OF BRIGADIER GENERAL, FOR A PERIOD OF 4 YEARS FROM DATE OF ACCEPTANCE

Col. Herman Walter Schull, Ordnance Department, vice Brig. Gen. William H. Tschappat, Assistant to the Chief of Ordnance, nominated for appointment as Chief of Ordnance.

Col. Edward Marsh Shinkle, Ordnance Department, from September 1, 1934, vice Brig. Gen. Edwin D. Bricker, Assistant to the Chief of Ordnance, whose term of office expires August 31, 1934.

TO BE ASSISTANTS TO THE CHIEF OF THE AIR CORPS, WITH THE RANK OF BRIGADIER GENERAL, FOR A PERIOD OF 4 YEARS FROM DATE OF ACCEPTANCE

Lt. Col. Jacob Earl Fickel, Air Corps, from July 1, 1934, vice Brig. Gen. Charles H. Danforth, Assistant to the Chief of the Air Corps, whose term of office expires June 30, 1934.

Lt. Col. James Eugene Chaney, Air Corps, from July 17, 1934, vice Brig. Gen. Henry C. Pratt, Assistant to the Chief of the Air Corps, whose term of office expires July 16, 1934.

TO BE REAPPOINTED ASSISTANT TO THE CHIEF OF ENGINEERS, WITH THE RANK OF BRIGADIER GENERAL, FOR A PERIOD OF 4 YEARS FROM DATE OF ACCEPTANCE, WITH RANK FROM JUNE 27, 1930

Brig. Gen. George Bigelow Pillsbury, Assistant to the Chief of Engineers, whose term of office expires June 26, 1934.

PROMOTIONS IN THE NAVY

Rear Admiral Claude C. Bloch to be Judge Advocate General of the Navy, with the rank of rear admiral, from the 1st day of June 1934, for a term of 4 years.

The following-named lieutenant commanders to be commanders in the Navy from the 1st day of March 1934:

Elroy L. Vanderkloot.

Wilbur J. Ruble.

John R. Palmer.

Lt. Stephen K. Hall to be a lieutenant commander in the Navy from the 30th day of June 1933.

Lt. (Jr. Gr.) William V. Deutermann to be a lieutenant in the Navy from the 1st day of November 1933.

Lt. (Jr. Gr.) George M. Brydon, Jr., to be a lieutenant in the Navy from the 1st day of January 1934.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 5th day of June 1933:

Francis E. Bardwell.

Raymond N. Sharp.

HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 13, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Lord, our Lord, as destinies hang on our labors, bless us with the spirit that leads us to the shadow of the Most High. With Thy guidance we would put on a cheerful courage. Herein is the victory that overcomes the world, the grace that resists every evil influence and turns to advantage every vicissitude of life. Look into all hearts and bring peace and give succor to everyone according to his need. O Spirit of God, create an illuminating inspiration upon all minds and keep us turned toward the invisible realm of our Heavenly Father's kingdom. Do Thou fill all minds with glowing conceptions of Thy truth and wisdom. Be unto us always a God of patience, of abundance, of forbearance, of forgiveness, and a God of love. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3025. An act to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed a bill and joint resolution of the House of the following titles:

On March 10, 1934:

H.R. 93. An act to authorize the Secretary of War to sell to the Plattsburgh National Bank & Trust Co. a tract of land comprising part of the Plattsburgh Barracks Military Reservation, N.Y.; and

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934.

LEGISLATIVE APPROPRIATION BILL, 1935

Mr. LUDLOW, from the Committee on Appropriations, reported the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes (Rept. No. 962), which was read a first and second time and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. SINCLAIR reserved all points of order.

INDEPENDENT OFFICES APPROPRIATION BILL, 1935

Mr. WOODRUM, from the Committee on Appropriations, reported the bill H.R. 6663, making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, with Senate amendments, which, together with the accompanying papers, was referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. WOODRUM. Mr. Speaker, this report is very short, and I ask unanimous consent that the report may be read for the information of the House.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read as follows:

Report No. 963

The committee to whom was referred the bill H.R. 6663, making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, together with the amendments of the Senate thereto, reports the bill and the Senate amendments to the House with the recommendation that all of such Senate amendments be disagreed to and that the conference requested by the Senate be granted.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes preparatory to submitting a unanimous-consent request in reference to this bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, the independent offices appropriation bill, as we all know, is having some considerable difficulties at the present moment. These difficulties, legislatively speaking, have arisen because of a number of amendments inserted in this bill in the other legislative branch, amendments not only adding something over $300,000,000 to the amount already appropriated, but carrying with them sweeping fundamental changes in a number of respects.

The bill has come back to the House and has been sent to the Appropriations Committee. The Appropriations Committee has brought it back to the House asking that it go to conference. Most highly controversial legislative proposals are finally adjusted, not by what I think ought to be done, or what you think ought to be done, or what the other legislative body thinks ought to be done, or even what the Chief Executive thinks ought to be done, but by what all of us think after we have gotten together around the table in a spirit of conciliation and tried to adjust our differences.

The Appropriations Committee very earnestly hope that the House will permit its report to be adopted and that this highly controversial bill will go to conference in order that your representatives may have an honest, fair opportunity to compose the differences between the two bodies and the Chief Executive. There were 23 amendments added to the bill in the Senate. Only two of them I believe are of such controversial nature that we need to mention them for the purpose of what I am saying to you. One is amendment no. 14 dealing with restoration of pay of Federal employees, and the other is amendment no. 22, which comprises some 13 separate sections, dealing with increases for Spanish-American War veterans, World War veterans, and other matters with reference to veterans.

Referring to amendment no. 14, dealing with restoration of salaries, I think there will be no serious difficulty either

in the House or in committee or in conference in arriving at some solution of this part of the problem; but when we come to amendment no. 22, carrying increases for Spanish War veterans and World War veterans, of course, we get into most serious difficulties. May I say that I believe it to be the wish of an overwhelming majority of this House that there should be some proper, equitable, and just readjustment of the benefits for Spanish War veterans. I share in that opinion. I believe it to be the wish of a vast majority of this House that there should be some further liberalization with reference to World War veterans, especially the presumptive cases and more especially the tubercular and the neuropsychiatric or mental cases. I also share in that desire.

If we are sincerely and honestly desirous of obtaining some concessions in these respects, then in my deliberate judgment there is only one earthly way this can be accomplished, and that is to give us an opportunity to compose these differences in conference. If we will be content to go back to our constituents, those of us who have promised to try to do something for the Spanish-American War veterans and the World War veterans and the employees, and present them with a copy of a very eloquent speech which we have made, all well and good; but if we want to carry back more tangible results, even if they are not as complete and as sweeping as we should like to have them, then we must approach the matter in a spirit of conciliation and with a willingness to make reasonable concessions. I think there is every reason to believe that the President of the United States is willing to meet the legislative branch of the Government in a spirit of conciliation and that he is willing to compose the differences, provided he is not called upon to sacrifice fundamental principles or throw overboard his economy program.

I direct your attention to the fact that since the passage of the Economy Act somewhat over $150,000,000 of benefits taken from veterans of both the Spanish-American War and the World War have been reinstated and given back to them by a revision and liberalization of Executive orders.

[Here the gavel fell.]

Mr. SNELL and Mr. RICH asked unanimous consent that Mr. WOODRUM's time be extended 5 additional minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOODRUM. I am not so optimistic as to hope that the conferees of this House can bring back a bill that will suit everybody or, perhaps, that in all respects will suit anybody, but I am optimistic enough to hope that if this House is willing to allow its conferees to go to the representatives of the other body in a fair spirit and sit down and try to work out these problems, we may be able to bring you back a bill that will meet the occasion and get the legislation passed.

So, Mr. Speaker, with this hope and for this purpose, and in order that you may give us a chance to work out these problems, remembering, of course, that whatever the conferees may do, you will have, finally, an opportunity to pass upon it by turning it down or accepting it, I want to prefer, sir, a unanimous-consent request.

Mr. SNELL. Will the gentleman yield for a question before submitting his unanimous-consent request?

Mr. WOODRUM. Yes; certainly.

Mr. SNELL. I want to see if I am correct in my understanding of the situation. As I understand the situation that is before us at the present time, there is no real difference in principle between the amendments offered by the Senator from South Carolina [Mr. BYRNES] and the position taken by the House. The only difference that remains at the present time is the difference in amount between what Senator BYRNES agreed to accept and what was carried in the Steiwer and McCarran amendments.

Mr. WOODRUM. No; I do not think that is exactly correct. The so-called "Byrnes amendment", affecting World War veterans, as offered in the Senate, restored all of the presumptive cases on a 75-percent basis pending a final determination of their appeal, and in debate, it seems the Senator from South Carolina committed the Veterans' Administration to a re-review of all the cases that have already been passed upon, and I may say to the gentleman that I believe there would be some hope that in conference, certainly, something approximating that with respect to presumptive cases might be obtained for World War veterans.

Mr. SNELL. How much is actually at stake between the 75 percent that Senator BYRNES is willing to stand for and the 90 percent called for in the Steiwer amendment? Is not that about $4,000,000?

Mr. WOODRUM. Is the gentleman referring to World War or Spanish War veterans?

Mr. SNELL. I had in mind World War veterans.

Mr. WOODRUM. The World War veteran amendment, as presented by Senator BYRNES, restoring the presumptive cases to a 75-percent basis, would cost about $10,000,000 a year. The Steiwer amendment, which restored them to their former rating, would cost about $14,000,000 a year; but the Steiwer amendment restores them permanently, while the Byrnes amendment restores them pending a final review.

Mr. SNELL. But the difference is only $4,000,000?

Mr. WOODRUM. The Spanish War amendment, as presented by Senator STEIWER, restored all the Spanish War cases on the rolls March 19, 1933, the date of the Economy Act, to 90 percent of their then rate, and for the Spanish War veterans and their dependents, this would cost about $69,000,000, as I recall, while the Byrnes amendment, restoring them to 75 percent would cost about $50,700,000, as I recall the figures.

Mr. SNELL. There is no very great difference in the disagreement as to these two items.

Mr. WOODRUM. There is no very great amount in disagreement between the two items, but complete frankness, which is what I want——

Mr. SNELL. That is what I think the House ought to have.

Mr. WOODRUM. I do not want the House to grant my unanimous-consent request under any misapprehension. It appears by inspecting the record that the administration has never consented to the Byrnes Spanish-American War amendment. So, while it was presented by the Senator in charge of the bill in the Senate, it has not, so far, according to the records, been accepted in principle by the administration.

Mr. SNELL. Of course, I was taking it for granted that the amendments presented by Senator BYRNES were acceptable to the administration.

Mr. WOODRUM. I think most of us did that; but if the gentleman will examine the RECORD, he will see that the Senator especially disclaimed any purpose to bind anybody.

Mr. SNELL. But acting under the presumption that these amendments are acceptable to the administration, as I understand the situation, there is not to exceed around $115,000,000 in dispute.

Mr. WOODRUM. There is not that much—not over $60,000,000.

[Here the gavel fell.]

Mr. SNELL. Mr. Speaker, I ask unanimous consent that the gentleman from Virginia may proceed for 3 additional minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNELL. The gentleman says not to exceed $60,000,000?

Mr. WOODRUM. May I ask the gentleman from New York [Mr. TABER] as to that amount?

Mr. TABER. It is about $60,000,000 on the veterans' amendments.

Mr. SNELL. I meant the veterans' amendments and the pay-cut amendment would bring the amount to $115,000,000.

Mr. TABER. I think you might say $125,000,000, because I think the amount is $65,000,000 for the pay-cut amendment.

Mr. SNELL. Would the gentleman from Virginia be willing to allow the House to express itself on the pay cut if



the whole proposition of veterans' legislation were sent to conference? The pay proposition is separate and not mixed up with any legislation. Would the gentleman be willing to allow us to express ourselves on the pay cut?

Mr. WOODRUM. I will say to the gentleman that the gentleman from Virginia is willing to have the House do anything it wants to do, but it seems, unfortunately, in this appropriation bill we have a lot of legislative provisions.

Mr. SNELL. Some of the various legislative provisions I agree should go to conference and be acted upon in conference.

Mr. WOODRUM. My hope is that the House will give the conferees a chance to work out something that is acceptable to the House. If we do not, the House may turn down the conference report.

Mr. SNELL. We know that when you bring in a conference report, there will be no chance for the House to express itself on any particular item. The only thing a Member can do is to vote against the conference report or in favor of it. The Members of the House will not have an opportunity to express themselves on any item if we let the unanimous consent go through. If the gentleman will modify it and give us a vote on some of these separate propositions, it may be more satisfactory to some of us.

Mr. BRITTEN. Will the gentleman yield?

Mr. WOODRUM. I yield to the gentleman from Illinois.

Mr. BRITTEN. The gentleman is always very frank with the House. There are Members of the House who would like to express themselves, not only on the amendments to the veterans' legislation, but on the restoration of the 15-percent salary cut without political and demagogic attachments. I am prepared to vote for an immedate restoration of the entire 15 percent [applause], and I should like my people to know that.

I do not know what unanimous-consent request the gentleman is about to prefer, but I hope that he will find it consistent to make his request so that the House at least may express itself on the 15-percent salary restoration, and on such other items in the bill as are distinctly controversial. Can the gentleman consistently do that?

Mr. WOODRUM. I will say that I do not think that that will get us anywhere. The gentleman from Illinois has put himself fairly and squarely and vehemently in favor of the restoration of the pay cut.

Mr. BRITTEN. I have not yet expressed myself, but in the words of Gen. Hugh Johnson, who said the other day, "You ain't heard nothin' yet." [Laughter.]

Mr. TABER. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. TABER. I want to suggest that it is of extreme importance that we get some agreement on this independent offices appropriation bill. I call attention to the fact that the legislative situation is this: If this bill is not carried through, if it does not become a law, automatically the economy provisions with relation to employees and with reference to Members of Congress die as of July 1, but the economy provisions with reference to veterans go on, unless this bill goes through with some modification. To my mind, it is very important that we reach an agreement on this subject.

Mr. WOODRUM. Am I at liberty to assume that the gentleman is agreeable to the unanimous-consent request which I will make?

Mr. TABER. I think the House ought to be assured before any unanimous consent goes through that the conferees will not bring back a report that does not do something for the Spanish War veterans and does not do something for the presumptive cases.

The SPEAKER. The time of the gentleman from Virginia has again expired.

Mr. BRITTEN. Mr. Speaker, I ask unanimous consent that the gentleman be given 5 minutes more.

There was no objection.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. COOPER of Ohio. There is not a man in the House that I have more respect for than I do for the gentleman from Virginia [Mr. WOODRUM]. I realize the tremendous job he has on hand in handling this bill. But I have not forgotten that when this question came before the House during the consideration of the independent offices appropriation bill, we did not have an opportunity to express ourselves on veterans' compensation and the restoration of the 15-percent salary cut for Government employees. The rigid gag rule prohibited us from considering these two important questions. I believe we should have an opportunity now to express ourselves, and I for one do not feel as if I can agree to unanimous consent to send the bill to conference unless we have the assurance that the House will have an opportunity to vote on compensation and pensions for World War and Spanish-American War veterans.

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. KVALE. Am I correct in the assumption that if an objection is interposed at this time, the only consequence will be a delay of 1 day, until tomorrow, at which time a special rule will be brought in to seek to achieve practically the same purpose?

Mr. WOODRUM. The gentleman is correct.

Mr. KVALE. And would not a vote upon that rule then indicate the general desire of the House as to these things that are being submitted?

Mr. WOODRUM. I can only say to the gentleman that it is the purpose of the Appropriations Committee to ask for a rule to send the bill to conference. Whether the Rules Committee will grant that rule, and whether the House will pass the rule, I cannot say. The gentleman is familiar with the situation, and he knows as much about it as I do.

Mr. KVALE. In view of the fact that we know that the members of the committee of conference as appointed by the Speaker, which will reenter negotiations with the conference committee from another body, will be substantially the same, and in view of the fact that an objection will mean a delay of only 1 day, and for reasons I have previously stated, I am constrained to take the responsibility of objecting. I regret to do it, but I feel that I should do so.

Mr. WOODRUM. I have not yet preferred the unanimous-consent request. I shall do so now. Mr. Speaker, I ask unanimous consent to discharge the Committee of the Whole House on the state of the Union from further consideration of the bill H.R. 6663 and the Senate amendments thereto; that the House disagree to the Senate amendments and agree to the conference asked by the Senate; that the Speaker shall immediately appoint conferees without intervening motion; and that the conferees on the part of the House be authorized to agree to any Senate amendment, notwithstanding the provisions of clause 2, rule XX.

The SPEAKER. The gentleman from Virginia asks unanimous consent to discharge the Committee of the Whole House on the state of the Union from the further consideration of the bill H.R. 6663 and the Senate amendments thereto; that the House disagree to the Senate amendments and agree to the conference asked by the Senate; that the Speaker shall immediately appoint conferees without intervening motion; and that the conferees on the part of the House be authorized to agree to any Senate amendment, notwithstanding the provisions of clause 2, rule XX. Is there objection?

Mr. CONNERY. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

Mr. TAYLOR of South Carolina. Mr. Speaker, I object.

EVENING SESSION FOR CONSIDERATION OF PRIVATE CALENDAR

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes on a noncontroversial subject.

The SPEAKER. Is there objection?

Mr. MOTT. Mr. Speaker, I reserve the right to object; and in connection with this I call the attention of the distinguished majority leader to the fact that, in reply to my protest on the 2d of March to sending the Independent Offices bill to the Appropriations Committee, he assured us that the Appropriations Committee——

Mr. O'CONNOR. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is, Is there objection?

Mr. MOTT. Reserving the right to object, and I shall object unless I be allowed to finish my statement——

Mr. O'CONNOR. Mr. Speaker, I demand the regular order.

Mr. BYRNS. The matter I want to talk about is purely noncontroversial, of interest to the gentleman as well as to every other Member of the House.

Mr. MOTT. I just want to call the attention of the majority leader to the assurance that he gave us at that time.

Mr. O'CONNOR. Mr. Speaker, I demand the regular order.

The SPEAKER. Is there objection to the gentleman from Tennessee?

Mrs. ROGERS of Massachusetts. Mr. Speaker, I reserve the right to object.

Mr. O'CONNOR. I demand the regular order.

The SPEAKER. Is there objection?

Mrs. ROGERS of Massachusetts. Mr. Speaker, reserving the right to object, I ask——

Mr. O'CONNOR. Mr. Speaker, I demand the regular order.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, I have asked this time simply to explain to the House that a number of Members on both sides of the Chamber have talked to me with reference to the Private Calendar. They are very anxious that some time shall be given to its consideration. I have told them that I would ask the House, and, of course, it is up to the House, for unanimous consent to take up the Private Calendar next Thursday evening, beginning at 7:30 o'clock, to consider bills on the Private Calendar unobjected to, and I make that request.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question?

Mr. BYRNS. Yes.

Mr. SNELL. Can the gentleman explain what the program will be for the balance of the week? Perhaps we can get in some day and avoid the evening session, though I shall not object to it.

Mr. BYRNS. I do not see any chance of that this week. We have the cotton production bill now under consideration, and the legislative appropriation bill has just been presented to the House. The gentleman understands that it is important that those bills be disposed of, and it was simply in the interest of disposing of some of the bills on the Private Calendar that I have submitted this request.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I agree with the gentleman from Tennessee [Mr. BYRNS] that there are many pieces of legislation pending that are much more important than anyone's private bill. Hence I am constrained to object to a night session this week for the consideration of private bills.

Mr. KELLER. May I ask the gentleman why?

The SPEAKER. The gentleman from Tennessee asks unanimous consent that on Thursday next it shall be in order to move to recess until 7:30 o'clock p.m., and that at 7:30 o'clock p.m. it shall be in order to consider bills on the Private Calendar, unobjected to, beginning with the star bill. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

COTTON CONTROL ACT

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8402, the Cotton Control Act, with Mr. HILL of Alabama in the chair.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, this is a far-reaching bill. I can think of many objections to its passage. One can always think of numerous objections to any new step that may be undertaken. But after all of those objections are made and considered, after you place the light of your reason and the logic of your analysis upon them and consider all of them, the cold, pulseless fact remains that the bill is necessary, or some such step is necessary. That much, in the light of circumstances, stands out in the clear.

Some method must be found to handle the tremendous carry-over of American cotton that is overhanging the market. A little study of the history of the carry-over shows its vital relation to price.

In 1925 the carry-over was 1,439,400 bales; the price was 22 cents per pound.

In 1926 the carry-over was 1,503,800 bales; the price was 19 cents per pound.

In 1927 the carry-over was 3,400,000 bales; the price was 12½ cents per pound.

In 1929 the carry-over was 2,400,000 bales; the price was 18 cents per pound.

In 1931 the carry-over was 4,300,000 bales; the price was 9½ cents per pound.

In 1932 the carry-over was 6,200,000 bales; the price was 5 7/8 cents per pound.

In 1933 the carry-over was 9,500,000 bales; the price was 6½ cents per pound.

In the above instances the carry-over is listed as at the beginning of the season. The carry-over at the beginning of the present season is very large. If, through the medium of this bill, the carry-over at the start of the new season can be reduced to a normal one of about 4,000,000 or 5,000,000 bales, it will be of very great help, regardless of whether the operation of the law is then continued.

We are face to face with a state of facts. It is not sufficient for a man to make a general speech in objection. General statements must always yield to a specific state of facts. It is essential that the one who objects should offer a remedy, otherwise his objections are captious. Has anyone something better than the measure that is offered? I tried to think of something. This character of step runs contrary to the whole stream of my political philosophy. But in looking down the long years of the past and viewing its failures and then laying these alongside the cheer that has come from the new program, I realize that its benefits must be preserved.

Anyone who has lived in the South and who will look back over the long trail of those who have engaged in the production of cotton, must realize that it is necessary for them to have a program. This is not a matter that is being saddled onto them. The question was submitted to them, and 95 percent of them, wanting to go along with the program, wanting to make the voluntary program a success, were met with the fact that there were 5 percent of chiselers—of racketeers in the business—who were unwilling to play the game. That has been the result for years. You Members from the South have known of cotton meetings for years, when the farmers would gather in their local communities and say, "Let us get a method of voluntary reduction in cotton production so that we may have a proper price." There are always a few fellows who go back home and say, "Now is the time for me to plant to the limit." With blanched faces and despair in their hearts the farmers

have faced the proposition of picking cotton in the blazing sun, even the women going out and picking cotton, in order to barely eke out an existence.

Does anyone want this condition perpetuated?

I listened with interest to the keynote speech of the self-starting candidate for President, the distinguished gentleman from New York [Mr. WADSWORTH]. And, by the way, if the country is ever foolish enough to go back to the control of his party, I do not know of a better man they could have for the position. The gentleman made some statements in the way of a discussion of general principles that were very interesting, most of them sound, and if the time ever comes when those principles are applicable to the subject before you for discussion, I commend them to your favorable consideration; but whenever those principles touched the question we have before us today, he showed that, while he may know a lot about a great many things, and he does, he knew very little about the subject he was undertaking to discuss.

I just want to read one or two statements. He said:

I saw the contracts in my part of the country. Many of my neighbors brought them to me. They asked me what I was going to do, as a wheat producer. I told them I could not do anything, because there is a law upon the statute books which prohibits a Member of Congress entering into a contract with the Government, so that let me out.

And with a satisfied smile on his face he gave utterance to that expression. He did not want to go along with the program; and it is just such men as that we are trying to reach in this program, the men who will not go along, the men who will not deal fairly with their neighbors, the men who will not join with those who are producing and go along with them and say, "Let us have a program in the benefit of all, instead of a dog-eat-dog match."

I may add that the law has been amended so that the gentleman has full liberty to join with the voluntary wheat-reduction program. It would be interesting to know whether he is doing so.

Mr. KOPPLEMANN. Will the gentleman yield?

Mr. JONES. I prefer to make a connected statement; but, if the gentleman really wants to ask me a question on this subject, I will yield.

The gentleman from New York had much to say about liberty. I always listen to him with interest, because I do recognize his ability and his polish; and when he makes a statement, whether it is in the form of a polished essay or a well-prepared speech, it is always interesting. He discussed liberty, the finest word in the language of man, a word that means more, perhaps, to Americans than any other word, a word we all love, and, therefore, a word that should be used carefully and accurately. He talked as though the proposed measure would take away all the liberties of men who are engaged in the cotton business. Exactly the contrary is true. We are undertaking to adjust it to the welfare of all. That is the very essence of organized government. The direct question was submitted to the farmers in an open letter by the Department of Agriculture, and I want that letter printed in my speech at this point.

LETTER OF TRANSMITTAL

DEAR SIR: Many cotton producers and others in the Cotton Belt have proposed that amendments to the Agricultural Adjustment Act be enacted to compel the cooperation in cotton-reduction programs of every producer who is eligible to participate. These proposals have been caused in large part by the tendency of some non-cooperators to maintain or even expand their cotton production at the same time that reductions are being made by cooperators who act for the best interests of the majority.

The Cotton Section of the Agricultural Adjustment Administration has complete confidence in the willingness of a majority of cotton producers to cooperate with the Administration and with each other in adjusting the production of cotton to a profitable market demand. The Cotton Section desires to know, however, how representative cotton producers feel as to the desirability of enacting additional legislation to compel every eligible cotton producer to cooperate in reduction plans sponsored by the Administration and approval by a majority of cotton producers. In order to obtain the opinion of cotton producers regarding such proposed legislation, you are being asked to supply us with the information requested on the reverse side of this sheet.

Please keep in mind that this questionnaire has no bearing whatever on the present cotton-reduction campaign now being conducted by the Agricultural Adjustment Administration. Rental and parity payments and the other benefits provided under the terms of the 1934 and 1935 cotton acreage-reduction contracts will be paid to cooperators regardless of whether such additional legislation is enacted or not.

We should appreciate it very much if you will answer the questions asked and return this questionnaire at your earliest possible convenience. If by mistake you receive two questionnaires, kindly turn one over to a neighboring cotton producer and ask him to send us his answers to the questions. The enclosed envelop, which requires no postage, may be used.

Remember that the Government itself is not proposing compulsion. If the Department of Agriculture is to advocate legislation providing for compulsion, it will be because the answers to this questionnaire disclose the unmistakable sentiment of the South.

Thanking you for your cooperation, I am,

Very truly yours,

H. A. WALLACE,
Secretary of Agriculture.

QUESTIONNAIRE

1. Do you favor a plan of compulsory control of cotton production to compel all producers to cooperate in cotton-adjustment programs? (Answer "yes" or "no.") ———.

2. Approximately what percentage of the cotton farmers in your community are in favor of compulsory control and would cooperate in its enforcement? ——— percent.

3. If your answer to question 1 is "yes", which one of the following plans or control do you consider preferable? (Answer by marking "X" after the plan you prefer.)

(a) Impose a tax that would apply to all cotton to be ginned or sold but which in practice would operate to exempt the average production on the acreage permitted to be planted by those who cooperate voluntarily in adjustment programs. (———.)

(b) Assign to each cotton producer a definite number of bales that he may gin or sell during any given season, and prohibit the ginning or selling of more than that amount. (———.)

(c) Require that when a majority of cotton producers have approved an acreage-reduction program, all cotton producers would be compelled to accept the program and make the necessary reduction in cotton acreage, even to the extent of licensing each farm. (———.)

The answers to the above letter show that 95 percent of those engaged in cotton production favor some method of inducing those on the outside to work in harmony with the movement.

Mr. SNELL. Will the gentleman yield right there?

Mr. JONES. I ask you if it is liberty, and what kind of liberty it is if the 5 percent are able to dictate to the other 95 percent?

Was not that just the kind of liberty that Al Capone wanted? Was not that the kind of liberty that for a time he exercised? Why, liberty is not worth much unless it is ordered liberty. I have a right to swing my hands around as I please in any direction, but when I swing my hand in such a way that I hit this man's nose, my liberties end where his rights begin. Order was Heaven's first law. In other words, a liberty that is not organized is a savage liberty. Do you want the liberty of the racketeer? Do you want to destroy all organization and order that some international bankers may have the liberty of imposing on the faith and trust of a people? Do you want a concern that has a natural monopoly to have the liberty of charging any price it wants, because you would be destroying liberty if you undertook to regulate the subject of the monopoly?

It seems to me that the proposition is absurd when you undertake to apply it to a practical proposition.

The gentleman tries to draw an analogy between the eighteenth amendment and the principle of this bill. For years I have listened to speeches on that subject, but I have never made one in the House. The burden, the tenor, and the hue of their cry, however, has been that the main reason that act was not as successful as some had hoped it might be was because the majority in certain communities were not for it and that a law the people were not for could not be enforced in a satisfactory manner. When, however, 95 percent of a people—at least a great majority—want some form of compulsory control, and so state through their representatives, it seems to me that is not taking anything away from them; that is giving them local control, the very essence of American government.

I notice the distinguished gentleman from New York discussed the slaughter of pigs. He shed tears over the slaughter of these pigs, these innocent pigs. He cried until his

boots were filled, emptied them and filled them again, almost boo-hooed over the slaughter of the innocent pigs.

Mr. DOXEY. May I interrupt the gentleman to ask who was the gentleman to whom he refers?

Mr. JONES. The gentleman from New York who spoke on the subject on Saturday [Mr. WADSWORTH].

The gentleman had forgotten the fact that in the dairies of New York—I have visited some of the best dairies up there, and they have some wonderful ones—every dairyman slaughters the male calf when he is 2 or 3 days old because he is not worth his feed unless the dairyman wants to keep him for reproduction purposes. It is a matter of having a proper handling of the property, that is all. I do not justify the particular pig program. It probably would not have been my choice on that particular phase. It is a very difficult program to handle. I think it would have been amazing had it been handled without any mistakes; but on the basis on which it is criticized, the criticism is full of flaws.

Just to show you how far from the truth a man may get when he is not familiar with the facts, I want to read you some facts and figures. He said the program was wholly worthless, that prices went down after they started that program. I am discussing his statements as I go along for the reason that it seems to fit into the program as it develops, and he seems to be the big gun who has been put up to demolish the hopes of the South. On last December a year ago when this program was first started, hogs were at the lowest price they had been in 54 years. They were $3.04 per hundred. At the time the program was put into effect, due to the fact that it was apparent that it was going to be put into effect, hogs had increased somewhat in price.

The Secretary of Agriculture said at that time that the pigs that were being slaughtered would not normally go on the market until about March of this year, and that the sows which were slaughtered would not produce litters that would go onto the market until this fall and that, therefore, it would take a long period for the program to show its effects At the time the pigs would have gone on the market in March, the price of hogs had gone up $1 per hundred over what they were a little more than a year ago. If you look at the price of cattle in December, a year ago, it was higher than it reached again until just a day or two ago when the prospect of a measure on cattle caused the price to go up, apparently. Until that time the price of cattle had gone down; and the price of hogs had gone up. So, the basis of his argument is altogether wrong on that feature of the proposition.

He speaks of this as the slaughter of innocent pigs. Well, if you are going to start in on a basis of sympathy for animals I wonder how he feels toward the baby beef, a piece of which he may have eaten the day before, the poor little innocent bawling calf which was killed in order that his hunger might be satisfied.

According to his philosophy it is all right for a boy or girl in the South with patched clothes to go hungry and to work in the blazing sun, picking cotton, because some chiseler is not willing to do his part, if only we can save the innocent pigs. What a strange and cruel philosophy!

I do not know whether this proposition will work or not; nobody knows. We have safeguarded it in every possible way. The President may call it off any minute. It is only a 2-year program. If it fails it will affect only the South which has asked for it. Somebody must bear the burden of every progressive step that is taken. Why should you gentlemen object to the South trying this and seeing whether it will work? If it does not work it will be discarded without hurting you. If it works, then you can try it if you want to.

The corn-hog program is just getting started. This program cannot work out in a moment.

I hear the criticism every once in a while about the slowness of recovery. It is pretty hard to expect the present occupant of the White House, notwithstanding his ability, to sweep all the trash out of the White House that has accumulated there in 12 long years. It takes a little time to work out these programs.

Mr. KVALE. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Minnesota.

Mr. KVALE. I noticed an article in the St. Louis Post-Dispatch to the effect that the reduction program in the cotton States was bearing down most heavily on the share croppers, who found their condition worse than in recent years. I wonder if the gentleman will give us some information on this matter.

Mr. JONES. I do not know whether I read the particular article to which the gentleman refers, but I did read a similar article in a magazine shown me by my friend from Iowa [Mr. GILCHRIST]. The article is so filled with misstatements, misconceptions, and misinterpretations that I do not think it deserves an answer. Of course, in many instances the tenant in the South has been in hard shape and has had a hard time. This is largely because of the fact that the South has been a cotton country. Cotton is an export commodity, and on account of its nature is essentially so. After the Civil War the South was destitute. It had to bend its back and grow cotton. The country had a tariff system—and I will not go into the merits of that system—in which by the very nature of things it could have no part. It has had to bear the burden of this tariff system without any corresponding advantages.

Whatever sorrows attending the tenant situation in the South have grown up under the system for which the opponents of this measure are pleading.

Mr. McFADDEN. Will the gentleman yield for a question?

Mr. JONES. I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. Will the gentleman tell the House something of the authorship of this bill? I should like to know where it originated.

Mr. JONES. I will endeavor to do that, but I do not think it makes very much difference. The real question is not its authorship, but its merits. I hope the gentleman will not divert me from the substance to the shadow.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield myself 10 additional minutes.

May I say to the gentleman that, notwithstanding those articles, more than half of the plow-up money of last summer went to the tenants, according to the records of the Department of Agriculture, and it went to them in just the same division that their contracts called for. The tenant got an advantage because he did not have to pick the cotton. He did not have to do anything beyond the plow-up stage. If you had gone through the South, as I have in many parts of the South, and had seen the traces of despair and evidences of hunger and want that existed throughout the years, especially during the depression, and then had gone down there after this program went through and had seen their lighted faces and their fine expressions and the trade going on, tenants coming in there that had not bought anything for 2 or 3 years, buying the children dresses, something to eat, and maybe a little candy, you would say that those gentlemen who criticize the program went down there for propaganda purposes.

Mr. KVALE. Will the gentleman advise us as to the truth of the statement that the families who have that employment and who are in these more fortunate circumstances are sharply reduced in number? In other words, there is an increased number of families who cannot find a plot of ground upon which to operate.

Mr. JONES. I will say to the gentleman that that is an error. There are a few chiselers who will not play the game. Most of the landlords have been fair. Both they and their tenants are making more money with less cotton and making more with less work following the program. I realize the tenant problem is a serious one in many parts of the South. I wish it were not so. But that condition has grown up under the old system. Why not change it a little?

Mr. KOPPLEMANN. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Connecticut.

Mr. KOPPLEMANN. I am in sympathy with the argument and the measure the gentleman is discussing. My

question definitely is this: In my district we have similar conditions to those existing in the South, except that our commodity is tobacco, whereas in the South the commodity is cotton.

Mr. JONES. If the gentleman has a question to ask about this bill, I wish he would ask it. I do not want to go into another phase of the matter.

Mr. KOPPLEMANN. Would the same provisions that are found in this bill apply in connection with the tobacco question, with which I think the gentleman is familiar?

Mr. JONES. Maybe so, but I do not think we ought to take up more than one subject at a time, and each ought to be considered on its merits.

Mr. McFADDEN. Will not the gentleman answer my question?

Mr. JONES. I am coming to that directly.

Mr. McFADDEN. I hope the gentleman will answer my question.

Mr. JONES. I decline to yield further. May I say to the gentleman from Minnesota on the question of tenants that they have been taken care of in this year's contracts. The contracts make provision for them, and this does not interfere with them. This protects the tenant insofar as a law can, and we have everywhere in the bill written in a protection for the tenant on the share-crop basis. These things must be tied to the land, because that is where the legal rights are.

May I further say, for the information of the gentleman who is anxious to find out something about the authorship of this bill, that the Bankhead brothers first introduced it. My attention was first called to it last year by Senator BANKHEAD, who made an effort to get consideration at that time. The administration did not seem to favor it last year. He introduced it again this year, and it has been thoroughly gone over. The committee has added a great many amendments.

Mr. MILLARD. The gentleman from Pennsylvania wants to know who prepared the bill, not who presented it to the Senate and House.

Mr. JONES. I am stating that, if the gentleman will listen. Senator BANKHEAD introduced the bill again this year.

It came before the House Committee, and the House Committee practically rewrote the bill in many respects. We put in about 50 or 60 amendments and changed the bill from a permanent to a temporary bill. If the gentleman is interested, he may go back and get a copy of the original bill and compare it with the one we have before us today. He will find the bill has been worked on in collaboration with the BANKHEAD brothers and with various Members of the committee who are interested.

Mr. McFADDEN. Will the gentleman yield?

Mr. JONES. I am sorry, I cannot yield further.

Mr. McFADDEN. I am trying to get some information.

Mr. JONES. Is the gentleman for the bill?

Mr. McFADDEN. I do not know. I want some information that will decide the matter. I want to know the origin of the first bill, and my reason, if the gentleman will let me state——

Mr. JONES. I do not care about the reason. Sitting back there is the man who introduced the first bill, and I know he has been working on it a long time.

Mr. McFADDEN. It is not a question of the introduction of the bill. It is the principle involved in the original legislation. I should like to know whether it came from Mr. Tugwell and Mr. Ezekiel.

Mr. JONES. I have never discussed the terms of this measure with either of those gentlemen. So far as I know it is Mr. BANKHEAD's idea. Of course the question of taxing excess production as a means of control has been long discussed. I have heard it for years. There are not many new ideas in the world. I think that this has been discussed for years, but usually there is an enterprising man who has industry enough to take an idea that has been floating around, capture it, and reduce it to terms. So far as I know, Senator BANKHEAD has the honor of having done just that very thing.

He introduced a very similar measure at the last session. He did not press it at that time and introduced a much more elaborate bill at the present session. I would rather he would furnish the information, if the gentleman is interested. He is sitting in the Chamber, and I know he will be happy to tell the gentleman. Personally I do not care whose brain child it is, I only want to know whether it is worthy.

Mr. MARSHALL. Will the gentleman yield?

Mr. JONES. I must decline to yield further at this time.

The plan, generally, I wish to state very briefly, is this. We have an allotment plan whereby practically all the farmers growing cotton have been allotted their pro rata production on an acreage basis. Of course, by the use of fertilizer, the purchase of which has been doubled this year, they can practically destroy that program from within the program. Men have a perfect right, perhaps, to do this, and the fact remains they will do it if they are left with that privilege.

Mr. TAYLOR of South Carolina. Will the gentleman yield?

Mr. JONES. I would rather not yield; but if the gentleman has a question, I yield.

Mr. TAYLOR of South Carolina. I want to ask the gentleman if he does not think that the people who are contracting to receive the benefits from the Government and then increase their use of fertilizer and intensify their cultivation in order to stimulate production, are as much chiselers as those who decline to take advantage of the plan.

Mr. JONES. I do not regard them as much so, but I do not think they ought to do it. I think, in a sense, they might come under a mild form of that term, but the fact remains that the contracts do not forbid their doing it, and they have not signed an agreement not to do it. I think practically all of them are perfectly willing to have the law written so they will be required to refrain from that form of increase if the other fellow will do the same thing. This has been the trouble all along. The men were willing to do the proper thing if they could get the other fellow to do it, but there has always been somebody who would not go along. Naturally, if I am going to use additional fertilizer and you are my neighbor, you are also going to want to use additional fertilizer. That is the law of life.

Mr. TAYLOR of South Carolina. I may say to the gentleman that I am in thorough sympathy with his remarks——

Mr. JONES. If the gentleman will permit, I would rather not yield further. The gentleman can get some time under the 5-minute rule. I am sure the gentleman is in thorough sympathy with the thought expressed here.

This allots to the various people producing cotton their part. In order to see that they live up, not only to the letter of it, but the spirit of it, they have asked almost unanimously that we try a method that certainly will produce the results, if it is upheld by the courts; in other words, that a man be allotted not only on an acreage basis, but a baleage basis of cotton; and after he has produced his allotment, which he may produce without any tax at all, then he shall be taxed as much as 50 percent of the excess production.

This is fair. Everybody who is willing to go along with the program gets his part free; and if he exceeds the program, he pays a tax. Now, what could be fairer than this?

[Here the gavel fell.]

Mr. JONES. I yield myself 5 additional minutes.

He pays the tax if he produces extra cotton. We safeguard this in many ways. We provide that if nature blesses him and he produces more, he may hold it over for a year without paying the tax, but subject to the lien, and may use his bale tags which have been allotted to him the next year and not pay the tax on the bales so used.

Mr. JOHNSON of Texas. If the gentleman will permit, a great many small farmers in my district have been some-

what apprehensive about whether the bill would penalize the farmers who heretofore have reduced their acreage.

Mr. JONES. I may state for the benefit of the gentleman that there is a provision in the bill which authorizes that to be taken into consideration and that part is covered in one of the amendments put on the bill.

Mr. JOHNSON of Texas. Then the chairman of the committee assures the House that this feature of it will be taken care of?

Mr. JONES. Yes; that feature is taken care of in the bill, and, I think, very properly so.

Mr. McFADDEN. Will the gentleman yield?

Mr. JONES. I am sorry I cannot yield. I am taking time that I have promised to other people, and I must go on now without yielding further.

Mr. BUSBY. The gentleman does not care to yield at this time?

Mr. JONES. I would rather not. We expect to have some discussion under the 5-minute rule, and I will ask my friends to wait until that time, because there are some features of the bill that a number are interested in that I should like to explain. We will discuss the other features as we come to them.

I wanted to have time to discuss the legal phases of the bill, but I shall not have time to do anything more than refer to them.

Mr. McFADDEN. Mr. Chairman, I make the point of no quorum. The gentleman is refusing to answer pertinent questions in regard to this bill, and I think we should have a quorum present.

The CHAIRMAN (Mr. BUSBY in the chair). The gentleman from Pennsylvania makes the point of no quorum. The Chair will count. [After counting.] One hundred and three Members present, a quorum.

Mr. JONES. I happened to be a member of the committee when the first Grain Futures Act was passed. This was held unconstitutional because it was using the taxing power in a prohibitive sense and for purposes of regulation. The *Hill* v. *Wallace case* (259 U.S. 44) and the second child-labor case (259 U.S. 20) are the cases most frequently cited by those who question the legality of the pending bill.

These two cases are distinguished from the oleomargarine case, the *McCrea case* (in 195 U.S.), in which a 10-cent tax on oleomargarine is sustained. The law involved in that case levied a 10-cent tax on certain types of oleomargarine. This was a higher percentage of the value of oleomargarine at the time of the enactment of that law than this is of cotton. It was more prohibitive, from the standpoint of violation of the taxing power, than is the present case, and yet it was sustained on the ground that they would not inquire into the motives of the Congress, so long as the purposes were lawful.

Mr. COX. Will the gentleman yield?

Mr. JONES. I yield.

Mr. COX. The gentleman weakens his position if he says that the two cases are analogous.

Mr. JONES. The principles are not analogous, but it will take too long now to explain it. I think they are clearly distinguishable, but I did want to say that even taking these particular cases aside and accepting the statement of the gentleman that the case will apply, still there is not a thing in those cases that the bill does not meet the terms of. In the light of the recent trend of decisions, there is every reason to hope that the terms of this bill will be sustained.

My friends, I am sorry that I have been in such shape physically that I could not prepare the data as I want them and that I have not been able to present it in a fashion that I should like.

I want to say that every argument leveled against the bill so far has been on the basis of property rights. I believe in property rights. I think one of the chief glories of our Constitution is the fact that you cannot take the shirt from the back of a ragged street urchin without either securing the lad's consent or paying him for the rags.

But there is a more important principle than property. Property was created for people and not people for property. Between property rights and human rights there is little choice. We ought to keep on the side of the human rights.

Property is not progress. Automobiles and radios and airplanes are not progress, they are the outward manifestation of progress; all true progress is mental and spiritual.

Back of every lawyer, every doctor, every farmer, every merchant is the man. If you are not a man before you enter the professions, you will not be a man afterwards. The man makes the profession. The profession does not make the man.

Back of every form of government is the people. There can be no great government without a great people. This is not the Government we are undertaking to help administer here. It is the form, it is the machinery of government. The real government is made up of the people in the various communities that make up our country. Let us go back to them as our guiding star.

These people who are growing cotton are interested in the passage of this bill which affects their property rights, and which they think rises far above the level of their property rights and promotes the welfare of their community. Are you people who do not grow cotton going to deny these people the right to try this experiment in which they are so much interested?

I am willing as one of the committee to meet the proposition. I should be willing for you to try an experiment on some other commodity if you want to do it and let us wait a year, if any of you want to try the experiment.

Mr. COX. Let me ask the gentleman a friendly question. While, of course, the principle laid down by the courts applies as to taxation, still does not heavy excessive taxation imply force——

Mr. JONES. It is not the principle of force. Man does not make law, he discovers it. Laws properly grow out of the habits of the people. If you undertake to make a law which does not grow out of the habits or the customs of the people, you cannot enforce it. When a custom is adopted by a vast majority of the people, then it should be crystallized into a law which is easy of enforcement. That is what we are undertaking to do.

It will not touch the man who wants to go along, and he will not be protected in any other way. Let us give him this opportunity.

Mr. MARSHALL. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. MARSHALL. I do not rise to defend——

Mr. JONES. Oh, please ask the question. I have promised all my time, and I have already used too much myself.

Mr. MARSHALL. If the gentleman does not want to yield, very well.

Mr. JONES. Oh, I yield to a question. The gentleman is a member of the committee.

Mr. MARSHALL. I wanted to ask a question, but I could not do it without one brief statement as to the reason.

Mr. JONES. Very well, go ahead.

Mr. MARSHALL. I said I do not rise to defend the speech of the gentleman from New York [Mr. WADSWORTH], but I do want to ask this question. Does not the gentleman from Texas feel that in the discussion of this bill, which has to do with the liberty of the people, the question of liberty is one of the outstanding principles that ought to be discussed?

Mr. JONES. I certainly do thing so; but when a man assumes that liberty means a license to do as he pleases, without regard to his neighbors' rights, he abuses the term. A civilized nation defines the rights of its citizens in order to promote real liberty. The very organization of government means that if it means anything. Those who would construe it otherwise would adopt a policy that would permit the financial wizard liberty to enslave his fellowman, in-

dulge in all kinds of abuses, and produce ultimate chaos. "O Liberty, how many crimes have been committed in thy name!"

Let us have an ordered liberty that protects the rights of all and assures equal rights to all. Equality and liberty should go hand in hand. That is liberty in its finest form.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HOPE. Mr. Chairman, I yield myself 20 minutes. I sincerely hope that my friends from the cotton States will not feel that in opposing this bill I am doing so because of any ill feeling for the cotton industry or because I lack any interest in the welfare and prosperity of that great part of our Nation known as the "cotton States." I do not believe that this is a bill which concerns the cotton-producing section of this Nation alone. This bill is a part of the President's program. The chairman of the Committee received a letter directly from the President urging that the Committee make a favorable report upon this bill, and the theory upon which the bill is predicated, or rather the theory upon which we are being urged to enact the bill, is that the voluntary system of crop-production control has broken down. If, in the opinion of the President, it has broken down as far as cotton is concerned, then I take it that it is the idea of the administration it is going to break down as to every other commodity upon which it is being tried, because I believe it is the general consensus of opinion on the part of all those who have studied this matter that the voluntary plan will operate on cotton better than on any other major agricultural commodity. Therefore this is not a question that concerns the cotton-producing section alone, because if the principle of this bill is right, then there is every reason to think that it will be and should be extended to cover every major agricultural commodity and we are going to be asked to enact legislation for the compulsory control of all agricultural commodities. For that reason I think every Member of this House is vitally interested in whether or not the bill is going to become a law.

We passed a measure at the special session last spring which gave the Secretary of Agriculture rather extensive powers; and, proceeding under the authority that was given the Secretary by that act, we have had an agricultural program developed during the past few months which has embraced most of the major agricultural commodities, and I think that on the whole that program has been a success. Representing the greatest wheat-producing district in the country, I feel that it has been successful as far as wheat is concerned, and I think that most of you gentlemen who represent the cotton section will concede that it has been a success so far as cotton is concerned. But the difference between the plan under which we are operating now—the voluntary plan—and this compulsory plan which we are asked to substitute in its place is as great as the difference between day and night. There is nothing in the plan that has been offered so far to the American farmer which compelled him in any way to go into the program. An effort has been made in outlining the program to offer an inducement to him which would make it worth his while to go into the program, and in every major agricultural commodity a majority of the producers have found it advisable to enter into that program. But if we enact this measure then, as to cotton, every producer is forced into a program whether he likes it or not. This bill is being offered upon the theory that an emergency exists, an emergency in the production of cotton in this country; and I submit that going as far as this bill does, we certainly are not justified in even considering it unless a most extreme emergency exists. But you have not heard in the course of debate on this bill, and the Committee on Agriculture did not hear in the course of rather extensive hearings which we conducted on the bill, any evidence to show that an emergency exists in the production of cotton. If this bill had come up a year ago or 2 years ago, it might have been possible to produce some evidence to show the existence of an emergency in the cotton industry, but such is not the case at this time.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Briefly.

Mr. BLANCHARD. Did the Secretary of Agriculture actually sponsor this bill at any stage of the hearings?

Mr. HOPE. The Secretary of Agriculture appeared before the committee, but I did not reach any conclusion in my own mind, at least, that he was very favorable to the bill. Certainly he did not come out and endorse the bill. His explanation of his interest in the bill, as I got it, simply went to the extent that he thought it would be an interesting experiment to try; and if the South was willing to submit itself for the experiment, it might be a good idea to let them try it.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. HOPE. I would rather not yield right now. I would rather make a connected statement for the time being.

As I just said, a year ago it might have been possible to say there was an emergency in the cotton industry. Cotton was selling at that time for about 6 cents a pound. There was a cotton carry-over of 13,000,000 bales in this country, and cotton consumption was declining. There was no plan in effect which it seemed would be effective in bringing about a reduction in cotton production. But that situation has changed today. Instead of cotton being 6 cents a pound, it is 12 cents a pound. And let me say in passing that the price of cotton today more nearly approaches the parity price than the price of any other agricultural commodity.

Instead of there being a carry-over of 13,000,000 bales, that carry-over has been reduced until next July 1 it will only be 10,000,000 bales. That is a large carry-over, but, with consumption increasing and with the voluntary plan of production control in effect, that carry-over is going to be reduced.

In other words, while a year ago there was a very serious situation existing in the cotton industry, the tide has turned. Conditions are getting better. Prices are higher. The carry-over is less. Consumption has increased, and we have in effect the voluntary plan for the reduction of cotton production, which has been agreed to by the farmers who farm 85 percent of the cotton acreage of this country. I submit there is no other branch of agriculture today which is in as enviable a position as cotton, from any of the standpoints I have mentioned. But the contention is made that although there has been a sign-up of 85 percent of the cotton land in the South, still we are in danger of overproduction because the farmers who have signed those contracts do not intend to keep the spirit of them, but intend, by very thorough cultivation and the extensive use of fertilizer, to produce a larger crop upon a smaller acreage. I have not seen anyone who had any evidence to bear out that contention. Before the committee there were vague statements that there were increased sales of fertilizer this year, and that farmers were cultivating their land more intensively than ever before, and that there was land which had not been in cotton production, which was being put into production this year; but there was absolutely nothing before the committee, and the hearings will bear me out if you care to examine them, setting out any facts in that connection. Likewise in the discussion of this bill before the House nothing has been brought out in that regard.

Let us look into this question of fertilizer. That is the "big bad wolf" which it is said is going to cause the breakdown of the voluntary plan. I have secured from the National Fertilizer Association their figures as to the sale of fertilizer in the 11 cotton States from 1928 down to the present time, and also have the figures which are set out in the Department of Agriculture Year Book for 1933. I have also a letter from the National Fertilizer Association showing comparative fertilizer sales for February from 1928 to 1934, inclusive. I want to call your attention, first, to the February fertilizer sales, because those are the latest figures to which we have access. Going back to 1928, we find the fertilizer sales during February were 1,112,546 tons; in 1929 they were 816,419 tons; in 1930, 1,067,935 tons; or a total

of 2,996,900 tons, or an average for that 3-year period of 998,987 tons. That is the period from 1928 to 1930, inclusive. Approximately 1,000,000 tons a year.

Now, for the last 3 years, 1931, 1932, and 1933, I will not take the time to give the figures for each year, but the total was 1,259,402 tons, and the average was 419,809 tons for the 3-year period.

The February 1934 tag sales, which are the best index we have as to the sales of fertilizer, amounted to 501,000 tons, or approximately half what they were on the average during the period 1928 to 1930 and only about 19 percent more than they they have been during the past 3 depression years.

I also want to call attention to the total sales of fertilizer for the preceding 6 years. In 1928 they were 5,523,000 tons; in 1929, 5,458,000 tons; in 1930, 5,556,000 tons; or an average of about 5,500,000 tons during that period. For 1931 they were 4,051,000 tons.

Mr. BANKHEAD. Will the gentleman yield? The gentleman surely must be mistaken. Five and a half million tons a year?

Mr. HOPE. In the 11 cotton States.

Mr. BANKHEAD. Where did the gentleman get his figures?

Mr. HOPE. The figures I am giving now are from the Department of Agriculture Year Book. The first figures I gave as to February were from the National Fertilizer Association, and the figures I am about to give for 1932 and 1933 are from the National Fertilizer Association, as the last year book does not contain those figures.

In 1932 the sales were 2,617,344 tons; for 1933 they were 3,155,172 tons; so that the sales of fertilizer in those 11 States during the last 3 years were approximately three fifths of the amount during the preceding 3 years.

Now, I want to call your attention to the fact that in 1928 when we used 5,523,000 tons of fertilizer, the average yield per acre of cotton was 152.9 pounds. In 1929, when we consumed 5,458,000 tons of fertilizer, it was 155 pounds per acre. In 1930 the consumption was 5,556,000 tons of fertilizer, and the production was 147.9 pounds per acre. In 1931, when we consumed 4,050,000 tons of fertilizer, it was 201 pounds per acre. In 1932, with a consumption of 2,617,000 tons of fertilizer, it was 162 pounds per acre, and in 1933, with a consumption of 3,155,000 tons, it reached 209.4 pounds per acre.

No one can contemplate those figures without realizing that the use of fertilizer is only a minor factor in the yield of cotton. There are a great many other factors which have just as important influence upon production as fertilizer. So even assuming there were greatly increased sales of fertilizer this year, which there are not up to the present time, that would be no reason for assuming there will be an increased production of cotton per acre this year or that the voluntary plan will break down on that account.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. FULMER. I should like to call the gentleman's attention to the fact that we have a very good increase in fertilizer this year that is to be put on acreage in that region where 15,000,000 acres were taken out of production. This increased fertilization will tremendously increase the production per acre.

Mr. HOPE. That is subject to this limitation. Of course, 15,000,000 acres are not being taken entirely out of cultivation—they are taken out of cotton; but they will be planted with something else, and I assume fertilizer will be used on it, too; yet there is only a 19-percent increase in fertilizer sales this February over the average for the last 3 years; and the sales are 50 percent less than they were for the 3 preceding normal years. Likewise, we must expect that with only three fifths of the normal amount of fertilizer being used during the past 3 years, that it will be necessary to use an increased amount for several years in order to restore the land to its usual productive capacity.

Mr. WEARIN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. WEARIN. May I inquire of the gentleman whether or not the fertilizer sales he mentioned for these 11 States is with reference to one particular company?

Mr. HOPE. The National Fertilizer Association is an association of all the manufacturers of fertilizer, and these figures are for sales by all companies selling fertilizer; they are sales for the entire industry.

Mr. SWICK. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. SWICK. Has the gentleman there the figures prepared by the Federal Government on the limitation of the cotton crop in these 11 cotton-producing States?

Mr. HOPE. I have not those figures before me, but they are available.

Mr. SWICK. Will not the gentleman be good enough to insert them in the RECORD?

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Certainly.

Mr. MILLARD. Did not the Secretary of Agriculture twice say while he was before the committee that he preferred the voluntary plan rather than the compulsory plan contained in this bill?

Mr. HOPE. A little later on I will read what the Secretary said when he appeared before the committee.

Mr. CHRISTIANSON. I was very much interested in the gentleman's observation that the voluntary allotment plan has succeeded. In that connection I should like to ask the gentleman whether he considers that the voluntary allotment plan has succeeded in reducing the acreage of wheat in his own State of Kansas? The information has come to me that the net reduction is going to be very small for the reason that those who have not produced wheat before are going into wheat-raising and that those who raised wheat in former years but who did not sign the allotment agreement are increasing their acreage. Can the gentleman give us some enlightenment on this point?

Mr. HOPE. I may say to the gentleman from Minnesota that the best information I have available at this time is that the reduction in the acreage of winter wheat in Kansas has been about 11 percent. In my own district it has been about 20 percent. There has been a large decrease there over what the Government has asked for; and 97 percent of the producers in my own district have signed up under the voluntary allotment plan.

Now, getting back to this bugaboo of the great increase in cotton production under the voluntary plan, the suggestion is made that we are going to have a lot of new land brought into cotton production.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield myself 10 additional minutes.

In this connection let us remember that there is no virgin soil, except possibly in some parts of west Texas, that can be brought into new cotton production at this time. Any land which comes into cotton production this year, which has not been in cotton production recently, is going to be land that has been farmed and been found unsuitable for cotton production. It may be true now, as it has been true on past occasions, that some marginal land will be brought into cultivation when there is a prospect of higher prices, but that land is not going to greatly increase the amount of the cotton production; and it seems perfectly ridiculous even to think that when 85 percent of the producers have signed up to make a reduction of 37 percent in the cotton acreage, that a mere 15 percent of the producers could set out and bring in cultivation enough other land, poor land, unsuitable for cotton production, to seriously increase production.

So it seems to me that, as far as this emergency is concerned, it is purely an imaginary emergency existing in someone's mind and not based upon any facts or a study of existing conditions.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. McFADDEN. I tried to elucidate from the chairman of the committee, of which the gentleman is the ranking member, the origin of this idea. He was reluctant to answer definitely, although I am of the opinion that he knows. Since asking the gentleman for this information I have learned the authorship. The authors of the plan are Mordecai Ezekiel, Mr. Tugwell, and others of those gentlemen who have been preparing the socialistic plan.

This is part of the whole plan of setting up a corporate state in the United States.

Mr. HOPE. I thank the gentleman for his contribution.

Mr. FOCHT. It is molded after the Soviet Government.

Mr. HOPE. Now, as to whether the voluntary plan is successful: Nearly everyone who has spoken for the bill has praised the voluntary plan. There was not a witness who appeared before the committee from Secretary Wallace down who did not say generally that the voluntary plan had been a success; and in this connection I wish to call attention to the statement made by Secretary Wallace on this very point. The Secretary was asked:

Do you consider that your whole reduction program is going to fail unless we adopt some legislation of this type which will bring about compulsory control?

The Secretary said:

I have much more faith in the voluntary approach than many people have.

You feel, then, that the voluntary plan has been a success?

Secretary Wallace answered:

I think it has been a remarkable success.

Let me also call attention to the statement of Oscar Johnson, who is connected with the A.A.A., formerly as its director of finance, I believe, and now as the man who is in charge of the cotton loans, Mr. Johnson being a large producer of cotton, and a man who demonstrated to the committee that he was very well-informed upon the subject of cotton production.

What does Mr. Johnson say?—

The voluntary plan, in my judgment as a producer, is so attractive that no producer can afford to stay out. It is so attractive, in my judgment as a business man and a farmer, that no man can afford to deprive himself of the certainty of rental payment and of the certainty of parity prices for so much of his 1934 crop as he has contracted to raise; that no man can afford to take the chance or hazard of the uncertainty and risk that must be taken by the man who stays out.

Continuing, he says:

If you ask my opinion, I would say that I do not think that compulsory control is necessary. If you ask my opinion whether I would favor a general policy of compulsory control, I would say yes, if it were the last resort in saving the industry and that it is necessary to resort to such a program; but I say no such emergency confronts us at this time with cotton selling at 12½ cents spot, with the next October quotation running around 13 cents, with the pre-war parity price at 14.9, I do not think that any such emergency or any such demand exists for such radical legislation.

May I also call attention to the fact, while we are on this question of the possibility of an enormous crop this year breaking down the cotton-control program, that last year we had an extraordinary yield of 209.4 pounds of cotton per acre. There has never been a time in all the history of cotton production when a 200-pounds-per-acre crop has followed another such crop. If you will look up the figures of the Department of Agriculture, you will find that a crop of this kind has always been succeeded by a smaller crop. In the last 3 years we have had two 200-pounds-per-acre crops of cotton, so in all probability, if the law of averages is worth anything, we will have a crop this year with a yield per acre much lower than we had last year. With an average yield of one third of a bale per acre, the acreage reduction which has taken place this year will mean a cotton crop of somewhere between eight and nine million bales.

Now, in the brief time remaining I want to discuss some of the details of this bill. I wish I had more time for that purpose. In the first place, I wonder how many Members of this House have examined the penalty provisions of the bill. I wonder how many of you know what your constituents are going up against if they happen to violate some of the rules and regulations promulgated under this act.

May I call attention to subsection (d), reading as follows:

Any person who violates any provision of this act or any regulation—

Of the Department of Agriculture—

promulgated under this act shall on conviction be punished by a fine of not to exceed $5,000 or imprisonment for not to exceed 2 years, or both.

Then going on down the paragraph there is the following:

Anyone who has in his possession any forged or counterfeited bale tags is subject to the fine of $5,000 or imprisonment.

He might be the innocent possessor of this tag. There is no requirement that he shall have guilty knowledge, but nevertheless he is subject to this fine and imprisonment. If he has in his possession any paper in imitation of the paper used in the manufacture of bale tags, he is subject to this fine and imprisonment. If he refuses to destroy bale tags, which some inspector for the Department of Agriculture thinks ought to be destroyed, then he is subject to a fine of $5,000 or imprisonment for 2 years. I am not going to enumerate all the offenses that a man may commit in connection with this measure, because no one knows how many there will be. There might be a hundred regulations issued by the Secretary of Agriculture which a man might violate and subject himself to a fine of $5,000 or imprisonment for not exceeding 2 years.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield myself 5 additional minutes.

Mr. CHRISTIANSON and Mr. BANKHEAD rose.

Mr. HOPE. I yield to the gentleman from Minnesota first.

Mr. CHRISTIANSON. For the purpose of informing myself, and perhaps other Members of the House, as to the provisions of this bill, will the gentleman state how the allotments of individual farmers are determined under the machinery set up in this bill?

Mr. HOPE. I am very glad the gentleman asked that question. Under the machinery which is set up, it is left to the Secretary of Agriculture to determine the allotment to each State, to each county, and to each individual producer.

These State allotments are based on the average production of cotton in that State during the preceding 5-year period. Then, with the exception of 10 percent of the State allotment, an allotment is made to the counties upon the same basis. I will not go into detail to point out how the 10 percent is allotted, but in the main it goes to producers in counties who would not be entitled to come in under the regular allotment plan. Then the county allotment is allotted to the producers in each county upon any one of three different bases determined by the Secretary of Agriculture.

First, it can be based upon a percentage of the average annual cotton production of the farm for a fair, representative period, but it is provided in the bill that that method cannot be used after this year. Second, it is provided that the Secretary may make the allotment upon the basis of taking the entire acreage of the farm and having someone figure out how much cotton that farm would have produced if it had all been in cotton during a fair representative period, then giving that farm the same proportion of the cotton that is assigned to the county. In other words, each farmer would get the same proportion of cotton for his farm that his farm bore to the cultivated land of the county.

There is another method. The Secretary of Agriculture may make an allotment upon any basis he deems fair and just. If he adopts this method, it is up to him to determine how he is going to make the allotment. Does that answer the gentleman's question?

Mr. CHRISTIANSON. If I were to buy 240 acres of land that had not been devoted to the raising of cotton and I wanted to plant this land in cotton, I would have no assurance that I could plant a single acre of that land in cotton?

Mr. HOPE. That is true this year if the first plan should be adopted. Next year the gentleman might get an allot-

ment, even though no cotton had ever been grown on the land, and even though he did not desire to grow any cotton he might get an allotment for 25 or 30 bales of cotton. What the gentleman would do in that case, if he did not want to grow cotton, would be to go to some of his neighbors who might want to grow cotton and say, "I have an allotment here for some cotton exemptions. What will you give me for them?" He could go ahead and grow corn or anything he wished to raise and thus collect tribute from his neighbors who are so unfortunately situated that they were compelled to grow cotton but did not have a sufficient allotment for their farms. In my opinion this is one of the indefensible parts of this bill.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. HOPE. I believe I promised to yield first to the gentleman from Alabama.

Mr. BANKHEAD. The gentleman was talking about the possible penalties that might be imposed under these regulations. The gentleman has been familiar with many regulatory measures affecting agricultural products and livestock and stockyard operations; and does not the gentleman know that in order to effectuate a program of this sort it is necessary to provide some penalties to prevent violations, and penalties are provided under regulations put out by a Secretary of the Cabinet.

Mr. HOPE. I think that is absolutely necessary, and I do not think, even with these penalties, you are going to be able to prevent bootlegging and law violations that are necessarily going to take place when you put as oppressive a measure as this upon a great branch of American agriculture. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Chairman, the gentleman from Kansas [Mr. HOPE], who has just spoken, apparently is very fearful that perhaps the cotton program put into operation last year under my bill known as the "Agricultural Adjustment Act" has broken down in the South. I may say to the gentleman that the program is going strong and has worked wonders for the South which has meant much to the country at large. The purpose of this bill is twofold: First, to preserve and continue what we have done and are doing for the cotton farmers of the South, and, in the next place, we hope within the next 2 years to be on a normal basis in the production of cotton and the price of cotton and do away with the processing tax that we placed on cotton some time ago.

The gentleman from Massachusetts [Mr. MARTIN] Saturday was very fearful that this bill would increase the price of cotton and thereby interfere with the prosperity of the cotton mills of New England. The same interests, representing the New England mills as well as the mills of the South, when we had the Agricultural Adjustment bill up for consideration, came before the Committee on Agriculture, both House and Senate, and lobbied around here with one of the strongest lobbies we have ever seen against this bill, especially the processing tax. They feared that if we put a processing tax on cotton it would ruin the cotton mills of New England and the South; in fact, as in this instance, as stated by Mr. MARTIN that it would. The gentleman well knows that today the cotton mills of New England and the South are running more spindles, have engaged more employees, and are doing a better business than they have done for years under the processing-tax program which we now have.

I want to congratulate the gentleman from Ohio [Mr. TRUAX] for the statement he made Saturday wherein he said that when the South had a fair and normal price for cotton it meant everything to the people of his State of Ohio.

Mr. Chairman, it is amazing to me to see my good friend from Kansas [Mr. HOPE], as well as men from various other Western States that do not grow cotton, opposing this legislation, apparently not realizing that, today, if we were able to secure 20 cents for cotton, the gentleman's State could not produce mules and horses, and various products grown in that country, fast enough to take care of the needs and the actual demand of the South, which we would now be buying from you if we had 20-cent cotton. Between the years 1905 and 1920, as a large supply merchant in South Carolina, I used to buy carload after carload of western mules, flour, and various other products. I have bought many a carload of hay from Terre Haute, Ind., the freight on which cost me more than the actual price of the hay. My people want to produce cotton if they are able to secure a fair price. We will engage in growing other crops and engage in the dairy business on a large scale in competition with you only if we are unable to get a fair price for cotton. The colored people of the South are happy and satisfied when they are able to produce cotton at a price that will enable them to pay their obligations and buy other products that can be abundantly produced in the South which, in a great many instances would be in direct competition to many of the agricultural States of the Union.

My good friend, Mr. KVALE, of Minnesota, a few minutes ago, in questioning my colleague, Mr. JONES, the chairman of this committee, apparently was deeply concerned about just what this bill would do to tenants and share-croppers.

Why, Mr. Chairman, during the period of my business in South Carolina, these share-croppers and these tenants were renting land and running their own independent farming, and, in fact, a great number who are now operating in the capacity of tenants and share-croppers owned their own lands.

This applies to colored as well as thousands of white people. These people have been driven from their independent farming operation because of the ruinous price which they have been receiving for their cotton.

Now, what is the purpose of this bill? We propose under this bill to do for farmers what they should do for themselves but are unable to do because they are not organized.

I may say to you, Mr. Chairman, I do not know anything about any other section of this country when it comes to organizing farmers, but, so far as the South is concerned, the cotton farmer has never been organized and never will be. In the words of Abraham Lincoln, it is the purpose of this bill to do for cotton farmers that which it is impossible for them to do for themselves.

My friends, we are simply proposing under this bill largely to do just what the Government is doing under the N.R.A. to and for every other line of business, except we have taken into consideration more seriously in providing for the small farmer and the small tenant and the share-cropper. In words, if a large landowner in South Carolina or any other cotton State should want to drive from his farm his tenants or share-croppers because of this program, the Secretary of Agriculture would be in a position to cut his allotment, which would force him to do the thing which is perfectly right and which he should do under the program.

In the passage of this bill we are going to strengthen and help carry out the 1934–35 voluntary plan so as to be more nearly fair to small farmers and farmers who have been properly cutting acreage and production during the last few years, the thing which all farmers should have done. The farmer who has been planting his regular acreage or perhaps increasing his production, and who has been really responsible to a large extent for the surplus which we now have, under this bill will be cut down so as to be put on a fair basis with the small, independent farmer, the share-cropper, and everybody else.

Mr. Chairman, unless we pass this bill, we are going to have a crop of cotton around 15,000,000 bales. This will mean 5- or 6-cent cotton, and the $150,000,000 or more which you have already put in this program and the millions that you expect to put into the program this year at the expense of the taxpayers of the country will be just like putting that much money in a rat hole. And the prosperity that has begun in the South and, as stated, will surely extend to Kansas and other agricultural States, as well as the various industrial centers of the country, including every line of business, if we had a fair price, will have to be but an idle dream.

I want to state frankly, I have never known of any period during my life when we had a prosperous agriculture in the South but what every line of business in every section of this country was prosperous. It is my candid opinion, speaking from this experience, that if you wanted to start normal prosperity in every section of the country, if you want to put the unemployed back to work, if you want to start up various industries that are now idle and put the railroads to work, the passage of this bill will bring about these much-desired results.

For the last few years I, as a cotton farmer, have been cutting production, while some of my neighbors have actually been increasing production. Naturally, under the voluntary plan, my neighbors would have an advantage over me. The only way that I might overcome this disadvantage would be to increase the amount of fertilizer per acre, thereby increasing my production. Right or wrong, the average farmer, being human, would do this.

In that overproduction will be taxed when sold, regardless of whether or not the bill is being operated, there will be no incentive on the part of any farmer to overproduce. In the meantime, if a farmer had a short crop and failed to produce his allotment, the next year he could increase his production so as to take care of both years.

In allocating cotton to the various States we have tried to be fair to every cotton State. We have given the Secretary of Agriculture the right to set aside 10 percent of the amount of cotton, say allocated to South Carolina, for the purpose of where a county has had some disaster or infestation, and the production has been cut short for any 1 or more years during the period under which the allocation is to be made, so as to increase the allotment of that county on a fair basis with other counties where they have had a normal production. This applies also to the individual farmer.

Mr. TARVER. Will the gentleman yield?

Mr. FULMER. I will yield to the gentleman.

Mr. TARVER. Why should not the same principle be applied to the allocation of tax-exempt cotton as between the States? The gentleman has pointed out where the bill provides for taking into consideration the action of the individual in reducing production, and he has pointed out where the conditions of a county or a community within a State may be taken into consideration. Why should not the Secretary of Agriculture as between the States take into consideration, for example, the State of Texas, that from 1932 to 1933 increased its acreage almost 3,000,000 acres, whereas other States remained at the same level?

Mr. FULMER. Will state to my friend from Georgia that we considered this very seriously. We gave consideration in working out a base period, a 10-year period, a 5-year period up to and including 1932, also up to and including 1933. It was the general opinion of the members of the committee representing cotton States that a period representing 5 years up to and including 1933 would give the best average to the majority of the cotton States.

I want to say that the Representatives of South Carolina and Georgia, as well as the people of these States, ought to be tickled to death today in that Texas and Oklahoma are willing to go along with us in controlling cotton production. Texas at this time is producing about one third of the total cotton produced in the United States. They usually produce from three and one half to five million bales. They can easily increase this to six or seven million bales, and they do not have to buy fertilizer. Therefore, they can produce cotton from 2 or 3 cents a pound cheaper than we can grow cotton in South Carolina and the other cotton States. It is my candid opinion that if we do not restrict cotton production in Texas, it will go a long way in forcing South Carolina and Georgia out of the cotton business.

This bill differs very materially to the original bill as introduced by Senator BANKHEAD in the Senate, as well as the bill introduced by Congressman BANKHEAD in the House. In other words, for days and days the Members from the cotton States on the Agricultural Committee worked in season and out of season to so perfect the bill as to meet the constitutional requirements and to be fair to each cotton producer regardless of his position financially or as to the size of the farm operated by a producer.

We received many helpful suggestions from our constituents from time to time. We changed the ginning and taxing features of the bill very materially. In fact, the bill, as it is now written, is absolutely in line with the suggestion made by my good friend and constituent, Mr. Tom McMichael, of Orangeburg County, wherein farmers who do, for any reason, overproduce, will be permitted to gin this overproduction rather than be forced to keep same stored on their farms as seed cotton. Also, the tax was reduced from 12 cents per pound, which was confiscatory, to a rate of 50 percent of the actual price of cotton at the time of the sale of this overproduction.

It has been stated by some of the opponents of this bill that we are placing with the Secretary of Agriculture the power to dictate to farmers in such a manner that eventually the Government will be able to control the production of cotton in this country to the actual needs of the United States, as well as be able to eliminate from the farm small farmers and, what some people term, inefficient farmers.

This bill, as written, will terminate within 2 years, with a proviso that if we are still burdened with a surplus the President, by proclamation, may extend the provisions of same for an additional year. However, the operations of the bill will not be put into force and effect unless and until the Secretary of Agriculture finds that the persons who own, rent, share crop, or control two thirds of the land on which cotton is produced in the United States favor a levy of a tax on cotton produced in excess of the allotment made to meet the probable market requirements and determines that such a tax is necessary to carry out the policy declared in section 1 of the bill. In other words, it is up to the actual producers of cotton to determine whether or not the production of cotton shall be controlled, and not the Secretary of Agriculture or the Government of the United States.

While the bill states that the tax shall be paid at the time of ginning, farmers who are desirous of ginning their overproduction for the purpose of carrying it over to be used in their next year's allotment, or to be sold at a later date, will not have to pay any tax at the time of ginning in case the cotton is used, as previously stated, in their next year's allotment, or until the cotton is actually sold. In the meantime this bill does not apply to any cotton now in the hands of cotton farmers, cotton merchants, or cotton mills. In other words, this cotton now on hand can be placed on the market at will, free of any tax, as usual.

Out of all of the witnesses appearing before our committee there was only one to oppose the bill. This was a Mr. Oscar Johnston, from the State of Mississippi. I want to call your attention to the following taken from the hearings on this bill:

Mr. Johnston on the witness stand.

Mr. BANKHEAD. I believe you say that you have about 49,000 acres in cotton?

Mr. JOHNSTON. No; I said that we have about 48,000 acres in the plantation, and about 25,000 acres in cotton cultivation.

Mr. BANKHEAD. Now, is that not all tenanted by share croppers?

Mr. JOHNSTON. Practically all of it; yes.

Mr. BANKHEAD. They are all colored tenants, are they not?

Mr JOHNSTON. Yes; practically all.

Mr. BANKHEAD. You have no white tenants on the farm?

Mr. JOHNSTON. Probably two or three.

Mr. BANKHEAD. How many families are on that farm?

Mr. JOHNSTON. On the 3 farms, about 1,600 families; fifteen or sixteen hundred families.

Mr. BANKHEAD. Who owns that property, Mr. Johnston?

Mr. JOHNSTON. The property is owned by a corporation; a part of the stock is owned in this country, but about 60 percent of it is held in England, a majority of it. About 40 percent of the stock is held by various persons in America, including myself.

My friends, if I had my way about it, I would be delighted to pass a bill in Congress which would permit no one man or corporation, and especially where the majority of the stock is owned in some foreign country, to plant any such acreage as contained in the farm operated by Mr. Johnston, which, as a matter of fact, is largely responsible for the surplus cotton we now have on hand and which has cost the average producers of cotton millions of dollars

because of this overproduction which has reduced the price even below 5 cents per pound in a great many instances. If the production is not controlled, Mr. Johnston can very easily comply with the voluntary program cutting the acreage, and, on account of his very large acreage, receive thousands of dollars from the Government in the way of rents and other benefits. In the meantime, he will be able to purchase additional quantities of fertilizer, bringing about a serious overproduction and feed into the market, at advanced prices, all of which, as stated, is absolutely at the expense of the average cotton farmer. This is the very thing which we are proposing to control under the bill.

Out of all of the letters which I have received from my district and my State I have not received a single letter opposing this bill. In the meantime I have received numerous letters and telegrams along the lines as indicated in a telegram received from Mr. J. F. Bland, one of the largest cotton farmers and cotton ginners in my district, which is as follows:

I plant 3,700 acres of cotton and have signed contracts to reduce 40 percent. Think very essential to back up reduction contracts by tax on excess cotton ginned. This could be accomplished by issuing permits to producer to gin number of bales entitled to. Under present reduction contract, ginners would be required to punch or stamp each bale ginned. Any excess ginned should be heavily taxed at gin.

And another telegram which I received from Mr. Burrows, a large cotton planter, in my district, as follows:

We, the cotton committee of Sumter County, believe that the Bankhead bill is the only practical means by which the production of cotton can be controlled, and we urge your support of it to the end that the splendid work to date of the Recovery Administration affecting cotton may not be brought to naught.

I understand that Mr. B. F. Taylor, of Columbia, secretary to the State Cotton Seed Crushers' Association, states that this legislation will be very destructive, and will operate against the producers of cotton, especially the small producers. In other words, it would appear that Mr. Taylor is perfectly willing to permit the overproduction of cotton, which would mean cheap cottonseed for the cottonseed-oil industry of the country, which certainly would be a selfish motive at the expense of the cotton producers of the South. Perhaps Mr. Taylor has forgotten the Cotton Seed Oil Crushers' Association trade-practice conference, held in Memphis, Tenn., in 1928, where they formulated trade-practice rules whereby this association was able to control the cottonseed-oil mills of the country to the extent that they were able to fix monopolistic prices not only in buying cottonseed from farmers but in selling their products to farmers and to the consumers of cottonseed-oil mill products. Perhaps Mr. Taylor has also forgotten when, in trying to defend the interest of cotton farmers, I made charges on the floor of the House in Congress that not only were these mills fixing cottonseed prices at the expense of farmers but they were also controlling the price of cottonseed by making loans to ginners and by buying up cotton gins and independent cottonseed-oil mills for the purpose of controlling same.

Of course, at that time Mr. Taylor made the statement that I did not know what I was talking about and that the Congressman should inform himself on these matters. However, the investigation was made shortly thereafter; and although it took the Federal Trade Commission, the same Department of Government which had endorsed the trade-practice rules for this association at Memphis, Tenn., about 2 years to finish this investigation, they found that every charge made against the cottonseed-oil industry by me was absolutely true and the trade-practice rules were canceled, and, I understand, a number of these operators were turned over to the Department of Justice for prosecution.

Pass this bill, gentlemen, and then help me pass my "net-weight bill", so as to get rid of excess "tare" (bagging), thereby saving cotton producers from $6,000,000 to $15,000,000 annually, and which would also enable us to use cotton bagging, then a bill placing a proper tax on the importation of jute which comes from India, the largest cotton-producing competitor to the United States of any country growing cotton in the world.

With this bill to get rid of the surplus, and with the passage of these other bills, which should have been passed by the Congress years ago, I can assure you that never again will the cotton producers of the South be called upon to plow under 4,000,000 bales of perfectly good American cotton at the expense of the taxpayers of this country.

Mr. JONES. Mr. Chairman, I now yield to the gentleman from Ohio [Mr. POLK].

Mr. POLK. Mr. Chairman, as a farmer and a Representative from a fine agricultural district in southern Ohio, I am glad to add my support to this proposed legislation.

As a member of the Committee on Agriculture of the House of Representatives, I listened to practically all of the testimony presented to our committee with reference to this cotton control bill.

On last Saturday I listened to the debate heard on the floor of the House, and, while I did not originally plan to take up the time of the House by speaking on this bill, since hearing the previous debate, I have decided to take a few minutes of the time of the House to speak for this measure.

From the remarks of the speakers in opposition to this bill who have preceded me, it is apparent that there are two main classes of objections to the legislation now under consideration. The first class of objections may be termed "political objections", which arise because most all those interested in a personal way in this measure are southern Democrats, and, consequently, it is evidently the plan of our friends, the Republican political strategists, to endeavor to discredit this as dangerous legislation and thus cause those of us from the Northern States to vote against it.

With reference to the purely political opposition to this bill, I believe few will take such opposition seriously. We in the North know that our prosperity is closely tied up with the prosperity of the Southern States. We know that when the people of the Southern States are prosperous they will buy the products from our fields and our factories. We know that when they are not prosperous we will all suffer from the business stagnation. While we in the North, as consumers of cotton, must protect ourselves against excessively high prices for cotton goods, there is no danger that this legislation will cause any shortage in cotton, in view of the present surplus of over 10,000,000 bales carried over from previous years.

On the political side of this argument I listened to the gentleman from New York, who has so often been mentioned as one of the receptive Republican Presidential candidates for 1936 [Mr. WADSWORTH], attack the present activity of the Agricultural Adjustment Administration in behalf of agriculture. He bitterly criticized what has been done and what is being done and what it is proposed to do under this legislation. He bitterly assails all those in authority, including the President. He speaks of a "regimented people obedient to the bureaucracy of the Capital." I cannot agree with the logic of his outburst against the President. If this is his opening gun in his campaign for the Presidency in 1936, I can assure him that he will have to use much heavier artillery than he has used here in his denunciation of the efforts of the President in behalf of agriculture. In this connection I cannot help but remember the misdirected efforts of his party during the years they were in power; one illustration of which was the $500,000,000 Federal Farm Board fiasco. While you wasted hundreds of millions of dollars in endeavoring to buy enough grain to raise farm prices, the present administration is now sending money back to the farmers in the form of checks for acreage reduction.

This is benefiting the farmers instead of the grain brokers. Our friend the gentleman from New York also attacks the President on the grounds that such legislation as is herein proposed destroys the constitutional liberties of the American people. He makes much use of the phrase "preservation of liberty to our people."

I believe the distinguished former United States Senator from New York is not so much interested in the preservation

of the liberty of the cotton farmers of the South as he is in the preservation of the powers of wealth as represented by the Mellon-Mills-Insull crowd. I believe that he fears for the liberties of those who have for so long grown rich at the expense of the farmers and at the expense of labor and at the expense of small businesses which they have striven to crush. I believe that he fears that under the leadership of President Franklin D. Roosevelt the so-called "liberties" of these unscrupulous powers are threatened, and it is because of his interest in them that he has risen in his place and so vigorously denounced the President and his policies.

The second class of opposition to this proposed cotton-control measure seems to come for the most part from those sections of the country engaged in the manufacture of cotton cloth.

I do not criticize these manufacturers for desiring cheap raw materials; however, this brings me to what I believe is the fundamental question involved with reference to this legislation. This question is, Is it sound economic policy that for the sake of the cheap cotton desired by the manufacturing centers to keep a great portion of the population of the 16 cotton-growing States in poverty?

I believe that any fair-minded person will agree that the prosperity of the cotton-growing States is of more importance than the meager financial rewards which may accrue to those interested in having cheap cotton.

The essential principle contained in this legislation is an effort to force the production of a definitely specified amount of cotton by means of a tax which must be paid on each pound of cotton ginned in excess of the quota assigned. This tax is levied only, as stated in the bill on page 3, section 3, when the persons who "own, rent, share crop, or control two thirds of the land in the United States on which cotton is produced" favor the levying of such a tax. In other words, this bill becomes operative if and when the cotton farmers who control two thirds of the cotton acreage in the United States want it. It forces the minority to agree to the wishes of the majority. It forces those large landowners who will not cooperate with the present form of voluntary reduction as has been in operation during this past year to pay a tax on that part of their ginned cotton which is in excess of the quota.

It was brought out in the hearings that a certain number of large cotton planters were unwilling to cooperate in helping to reduce the present surplus of cotton, and by the use of machinery, fertilizer, and by the narrowing of the space between the rows of cotton, they have increased their production. They have thus been evading the efforts of the Agricultural Adjustment Administration to bring about the necessary reduction in the production of cotton in order that cotton may sell at a price above the cost of production.

This bill is aimed primarily at those who have thus selfishly refused to do what is conceded by all to be for the best interests of the cotton growers throughout the South.

As I have just mentioned, we have heard something with reference to the effect of the use of machinery upon the cotton crop, and I wish to digress just a minute to pay my respects to what I believe is one of the greatest enemies of American agriculture today. I refer to the Farm Machinery Trust. It is my belief that no one single organization has done more and is now doing more to rob those engaged in agriculture than those large companies which control the farm-machinery business in the United States. They have for all practical purposes a complete monopoly on the business. They maintain the prices of their products at war-time rates and force the farmers of the entire country to bear the burdens of the excessive salaries they pay their executives.

In this connection I hope our President may soon direct Dr. Tugwell or some other member of the so-called "brain trust" to investigate this unjust situation for the purpose of bringing about lower prices for farm machinery.

In conclusion, may I state again that I favor this legislation? While it is specifically emergency legislation, to be in effect for 2 years, I believe it will materially help to restore prosperity in the South without placing an excessive burden on any other section of the country. While in operation it should enable the disposal of the present tremendous surplus of cotton which has such a distressing effect upon the market. Most important of all, it should enable the cotton farmer to receive the cost of production plus a fair profit for his cotton.

When the cotton farmers of the South can secure the cost of production for their cotton they should be in a position to enter again into profitable trade relationship with other sections of the Nation to the mutual benefit of the entire country. [Applause.]

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from Louisiana [Mr. SANDLIN].

Mr. SANDLIN. Mr. Chairman, the cotton-growing sections of this country owe a debt of gratitude to Senator BANKHEAD of Alabama and to his illustrious brother, our own beloved BILL BANKHEAD of the House. In all my 14 years of service in this House I have not voted for a measure with more pleasure than I shall vote for this one, because I believe it will be of great material benefit, not only to the southern section of the country, but to the whole United States. I am for this bill, because those affected are practically unanimous for it. I am for it, because the only way in which the production of cotton can be controlled is on the bale basis; it is the only way in which it can be intelligently handled, and I am for it because it will confer a benefit on my section, and on every other district in the United States. No district represented by any Member of this House but will be benefited by the passage of this measure. There is no way that cotton can be controlled by common consent. Those of us who have lived in the South all of our lives and have heard this question discussed know that it cannot be done. Of course, when this measure is put into effect, there will be some dissatisfaction. When you tell a man who has been raising 10 bales of cotton that he cannot put more than 8 bales of it on the market he will be dissatisfied, but the final result will be satisfactory to him. The farmers are for it, with practically no objection to it. They want to try it. If it is not satisfactory it does not have to become a permanent law. The body which passes the law can repeal it. I feel sure that it will pass this House by an overwhelming majority and be accepted by the body at the other end of the Capitol, and finally be approved by the President, and when it is done the price of cotton in the South will be stabilized, and we will not be afraid every day that cotton will go down to 5 or 6 cents a pound. I am happy to support the measure. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, during the past 3 years I have at various times expressed my opinion with reference to the program for the relief of agriculture. I have favored the Frazier bill as a method for refinancing agriculture, and I have favored the Swank cost of production bill as the most effective way of getting adequate prices for the farmer for his agricultural commodities. I am still convinced that that program is the ideal program and the program that would give most relief to agriculture. However, we have not adopted that program. The Congress of the United States and the President of the United States have adopted the program embodied in the Agricultural Adjustment Act and I believe that so long as we have that program, so long as that is the only program that we are using to relieve agriculture, we should utilize that program and make it as effective as possible, perfect it wherever we possibly can and do as much as we can in the matter of giving relief to our farmers.

Consequently, I am going to vote for this measure because I believe it does give a good deal of assistance to the cotton farmers of the country and because I feel it will help the cotton section of this country and because I know they are in need of that assistance.

There has been a good deal of discussion about the compulsory features of this bill. Many Members of the House

have discussed the compulsory features of the bill and have used that as their main argument against the bill. Also, several Members, speaking in opposition to the compulsory features, have said that they would be in favor of the bill if, instead of compulsion, it contained a provision that made it more persuasive, or if it provided more of an incentive to the farmer to reduce his production. They have said they would favor the bill provided the program was so inviting that the farmer would be, through good business judgment, compelled to voluntarily come under the provisions of the bill and reduce his production.

So far as I am concerned, I do not see where there is such a very great difference between compulsion in one form or in another. Mr. Oscar Johnson has been quoted here, and he made a statement before the committee. I think it is significant to note that he changed his remarks quite materially the second time he testified before the committee. This is what he said on the second day, after he spent much of his time the first day talking about compulsion and opposing that feature of the bill:

> I should like to see it made possible for the cooperator to get an advantage that could not be received by the man who stays on the outside, so that the man on the outside would be compelled to come in by the dictates of good business practice, and not by fear of fine and imprisonment.

He believes in the principle of compelling the farmers to come under the provisions of the bill, because he realizes that unless you do compel them you cannot get the cooperation that is necessary to make this program a success. He suggests one method of compulsion; the bill suggests another. As far as I am concerned, it seems like tweedledum and tweedledee. I am going along with the bill because I do not think it does any harm to other kinds of farmers, and because the cotton farmers of the country are unanimous in their demand for it.

There has been some question raised as to whether or not the cotton farmers really do want it. Statements have been made before our Committee on Agriculture which would indicate there is a strong sentiment in the cotton section for this bill. Although suggestions have been made that perhaps that does not express the opinion of the greater percentage of the farmers, not one word has been presented on this floor nor in the committee which refutes the presumption that the farmers actually do want it. If they want it, I am going to help, as far as I am able, to give it to them. I believe in helping the farmers in all sections of the country.

This bill, as originally drawn, did not meet with my approval. I felt I could not go along with the bill because it enabled the cotton farmers to reduce their acreage in cotton, and plant those idle acres in wheat or tobacco, or use it to pasture dairy cows or beef cattle, or to expand their production of other agricultural commodities. I felt that if the cotton farmers came here asking for relief, they should come with clean hands, and should be satisfied to have a provision incorporated in the bill that would prohibit them from using that land to compete with farmers who are not getting benefits from the bill. I am pleased to say that the committee has accepted such an amendment, and that amendment is written in the bill in the shape of a committee amendment, and I assume there is no opposition on the part of those in favor of the bill and that that amendment will be adopted by the House.

Mr. FULMER. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. FULMER. The gentleman comes from a great dairy State. I believe the milk or butter fat that is produced there is used largely in making cheese. I want to say that if the South should become prosperous by receiving a fair price for cotton, which would be equally distributed among every class, especially the colored people, there would be an increased market for the gentleman's cheese, because they are the greatest cheese-eating people in the world, and it would be of more benefit to the gentleman's people than anything else.

Mr. BOILEAU. I want to commend them for their good judgment, because there is nothing in which there is more nourishment than dairy products.

I am in accord with this bill, because it will help the cotton farmer, and it will hurt nobody else. When we can get a program of that kind, I think we should all support it as far as we are able.

Some questions were asked about share-croppers and tenant farmers. The committee has gone as far as it possibly can go to protect the interests of the share-cropper and the tenant. If it did not have those protective provisions, many of us on the committee would not have supported the bill and voted to report it out, but the bill goes as far as is humanly possible to protect the interest of the share-cropper and the tenant farmer. They will be protected, and there will be no danger of their being discriminated against.

These voluntary agreements under the Agricultural Adjustment Act have been successful, but there are a certain percentage of cotton farmers who have been chiselers; and if we are going to have a program such as this, it requires the cooperation of all producers of that commodity; and as long as we are having a program incorporating the principles of the Agricultural Adjustment Act, we should have as much compulsion as possible in the bill, so that the Administration can enforce cooperation on the part of those who would like to chisel and who would like to get the benefits of an increased price, but who do not want to sacrifice anything for the common good of all those who produce that particular commodity.

This bill adopts a principle that is unique in our treatment of agricultural problems. Because it happens to be unique and is a departure from what we have known in the past is no reason why we should not adopt it today. Because we have not tried it before does not argue that it is an ineffective way of handling the situation.

We in this Congress are all ready and willing to travel untrodden paths, and we are inclined, especially during this depression, to try something new to give relief to the people who are in need of relief. Because a suggested method happens to be a little unusual and, perchance, some of its provisions might be a little harsh, does not argue against the merits of the bill or the propriety of its provisions. I know that if this were a bill to help the dairy farmers, and if it happened to be a little harsh, and an unusual departure, I would nevertheless support it if I were convinced it would help the farmer. I am willing to do for the cotton farmer what I would expect you men to do for us. If the bill is sound, if it will give relief, we should all unite in an effort to grant the relief that the bill contemplates.

Mr. CULKIN. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CULKIN. If the principle in this bill were applied to dairy products, in which the gentleman's State and district are interested, would he vote for it? Would he say this bill would help the dairy industry?

Mr. BOILEAU. I would say that if this bill were advocated for the dairy industry, I should go into it as thoroughly as I possibly could with all those men whom I respect as leaders in the dairy industry. I would say that my inclination at the present time would be to favor it.

I do want to say, however, that I would not feel competent to suggest this as a program for the relief of the dairy industry without having the advice of the able men in my State and in the gentleman's State who understand the dairy program, and who could contribute to the sum total of our understanding of the wisdom of such contemplated action with respect to the dairy industry. I can see, and I think the gentleman will readily understand, that there are many phases of the dairy industry that would make this a little more difficult of application than it would be with regard to cotton.

I do want to emphasize that I am for controlled production of dairy products. I am for control for the purpose of reducing the surplus production of milk that goes into cheese, butter, and other products. I am for the control of milk in my own State as well as in every other State of the country, because I believe we must accept the principle of controlled production if we are to maintain relatively high

market prices at the present time under present circumstances.

Mr. CULKIN. I assume the gentleman refers to the principle contained in this bill, compulsory control.

Mr. BOILEAU. This bill goes to the point of making control compulsory; but it is my contention that with any kind of controlled production, there must be some method of compulsion whether it be by direct mandate of law saying that if you produce more than your share you shall go to jail, or whether you compel the farmer, by artificially creating a situation that makes it compulsory for him to come in the program, by using good business judgment. The old A.A.A. agreements have been in operation about a year. It is compulsory. Take for instance the cotton and the wheat programs of the A.A.A. The farmers are given cash benefit payments for cooperating. This in effect compels everybody to cooperate. You do not know of very many wheat farmers who are not cooperating at the present time. We have heard statements to the effect thta the voluntary-reduction program is failing because some few farmers are not cooperating and that, therefore, the provisions of this bill must be made compulsory. We see in this bill merely a different method of compulsion. The bill does not say they shall not grow more cotton; but the provisions of this bill have been made so inviting, that all cotton farmers will want to come under the program. We give every cotton producer a fair allotment which is exempt from taxation; and the allotment is the amount to which production must be restricted if we are to successfully carry on the program. We say that, with respect to the individual's allotment of production, he is exempt from taxation; but that does not say that he cannot grow more. The bill merely provides that when the farmer grows more than the specified allotment, a tax is imposed on the excess production at the time it is ginned; and the tax is of such a nature that it makes it very inviting for them not to produce more than the quota; it is very persuasive.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. HOPE. Is there not this difference in the two methods, however: While in both cases the Secretary makes an allotment to each farmer, under the voluntary method if a man is not satisfied with the allotment—and I may say from my own experience with the wheat allotment that about 50 percent of the farmers are not satisfied—he does not have to take it; but under the compulsory method the Secretary says, "You can grow 9 bales of cotton and no more unless you pay a prohibitive tax." Is not that the difference between the voluntary method and the compulsory method?

Mr. BOILEAU. The farmer can still produce as much as he wants to; but for such cotton as he sells above his quota, he will receive only half price.

Mr. HOPE. Through the operation of a prohibitive tax.

Mr. BOILEAU. That is the persuasion to which Mr. Johnson referred; that is the part that makes it so important from the standpoint of good business judgment for the farmer to come into the program and limit his production. There is a difference of method; yes; but there is not so much difference in principle. Through this method we are making it so inviting that the chiseler will be compelled to come in and cooperate with the rest of the farmers. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 4 minutes to the gentleman from Mississippi [Mr. ELLZEY].

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. ELLZEY].

Mr. ELLZEY of Mississippi. Mr. Chairman, about a year ago a group of Congressmen formed a farm bloc, and under the leadership of the gentleman from Texas [Mr. SUMNERS], night after night we met in open forum in the room of the Judiciary Committee to discuss remedial legislation that would be beneficial to the farmers. Especially did we study the refinancing of farm loans and also methods to increase the price of agricultural commodities, particularly cotton and wheat. Please bear in mind that at that time the price of cotton was approximately 4 cents per pound and wheat 25 cents per bushel. Many farmers were on the verge of losing their homes because of the foreclosure of mortgages on same. It was my privilege to be assigned to a subcommittee to study legislation which would make possible the refinancing of farm mortgages throughout the Nation. Under the Roosevelt administration it is most gratifying to all of us that legislation has been enacted into law which has made possible the refinancing of farm lands. In my section of the country it required quite a long time for the Government agencies to begin functioning, but finally the organization has been perfected with the result that many farmers have been permitted to retain their homes.

During the early days of the present administration the Committee on Agriculture caught the vision and sponsored the enactment of the Agricultural Adjustment Act which made possible the present cotton program.

I want the Chairman and members of the Committee on Agriculture to know that, in my humble judgment, the Agricultural Adjustment Act brought the greatest hope of happiness and prosperity to the South of any agricultural legislation ever enacted. Permit me to congratulate you, therefore, for the splendid service you have rendered to the Southland. Especially, Mr. Chairman, do I feel that the State of Mississippi is particularly fortunate in having as one member of this Committee on Agriculture our good friend Hon. WALL DOXEY, who is rendering such excellent service in behalf of the Mississippi farmers and is always vitally interested in their welfare.

Splendid progress has been made thus far under the program which fostered acreage control. With your permission, I should like to enumerate some of the benefits derived from the cotton program of this administration:

First. Cotton has advanced in price from 4 to 12 cents a pound. For short-staple cotton last year most of the farmers received from 8 to 10 cents per pound and for long staple 12 to 14 cents per pound.

Second. In my own State of Mississippi during the year 1933 the profits derived from the cotton program amounted to the sum of $15,235,791. For the year 1934 the program calls for Mississippi growers to receive a total profit of $13,413,645.

Furthermore, let us bear in mind that the total profits paid the farmers throughout the Cotton Belt during the year 1933 was $160,000,000, and the total profits proposed for the year of 1934 is $126,000,000.

Third. Many farmers of my State have been enabled to pay their back taxes, old debts, and to buy the necessities of life. In addition to this, most of them have been able to keep their children in school, and to support their churches.

Fourth. Those of you representing the industrial sections of this Nation, I call to your attention the fact that, as a result of a higher price, made possible by the present cotton program, it is now possible for the South to continue purchasing the manufactured products from your industrial sections. With the South receiving a good price for cotton, it is always glad to purchase the manufactured products of industry. Let me emphasize the fact that it is impossible for us to buy your goods unless we do have a fair commodity price for our cotton. This increased purchasing power alone would easily justify the passage of the Bankhead bill, which in reality will guarantee the continued success of the cotton program.

May I tell you the necessity for additional legislation? First of all the program is threatened with defeat because of intensive cultivation and the application of high-priced commercial fertilizer. It is possible by intensive cultivation and the application of high-priced fertilizer to produce as much cotton on 6 acres as hitherto produced on 10 acres.

An unofficial report from nine Southern States shows a tremendous increase in the sale of commercial fertilizer, to wit:

	Tons
In year 1931 (December)	19,000
In year 1932 (December)	36,000
In year 1933 (December)	126,000

In the second place, there is a very small group, approximately 10 percent of citizens, who are unwilling to cooperate with the program of the other 90 percent. Unless the Bankhead bill, which provides for baleage control in addition to acreage control, is passed, this small group is likely to defeat the entire program.

In reference to this matter I have a letter here to which I call your particular attention. This letter comes from an agricultural committee of a typical county in my State.

FAYETTE, MISS., *March 2, 1934.*

Hon. RUSSELL ELLZEY,
Member of Congress, Washington, D.C.

DEAR MR. ELLZEY: We find in checking cotton contracts that estimates are in many cases very much too high, and we believe that unless there is some measure of compulsion employed that these producers will not agree to the reduction necessary that our county may be accepted.

We further believe that unless something is done to prohibit the use of fertilizer, that if we have a normal season, cotton reduction will not be lowered materially by the 1934 cotton-reduction program. We have discussed this matter with numbers of farmers, and we find that in almost every instance that these farmers are of the same opinion that we are voicing in this letter; therefore we earnestly urge that something be done to prevent the failure of the 1934 cotton-reduction campaign.

Yours very truly,

L. D. STARNES,
Chairman.
M. R. SMITH,
C. A. SHELTON,
County Control Committee.
JAMES H. PRICE,
County Agent.

In addition to this letter I have received a telegram from Mr. A. D. Stewart, vice president of the Mississippi Cooperative Cotton Association. In part he stated that sentiment of 80 percent of the cotton farmers in Mississippi favor the Bankhead bill. Also, in his communication in behalf of the membership of this association of the farmers of this State, he urged me to use my influence in behalf of the Bankhead bill.

I should like to call to your attention what I believe may happen if the baleage control is not enacted into law. First of all, I think an overproduction of cotton for the year of 1934 is clearly evident. In the second place, instead of receiving the present price of 12 cents or more per pound for cotton, in my judgment, we will again be paid from 4 to 5 cents per pound for our cotton. This would absolutely destroy the purchasing power of the people throughout the entire Southland.

Third, many industries of the industrial sections would be forced to close their doors because the people of the Cotton Belt would be unable to purchase their manufactured products. Gentlemen, I believe, therefore, that you Representatives from the industrial sections should be vitally interested in the success of this program and the passage of the Bankhead bill.

Fourth, if the present cotton program should collapse, and I am fully convinced that it will unless we have definite baleage control, I fully believe that many farmers now engaged in the cotton industry would be forced into other industry. My section, and I dare say a good part of the entire South, is well adapted to the dairy industry.

If our farmers are forced out of the cotton industry, many of them will become interested in an enlarged dairy program. May I remind you of the fact that we have far shorter winters than you do in the dairy sections of Iowa, Minnesota, Wisconsin, and New York? Certainly we have cheaper labor. Hitherto our dairy farmers have been unable to finance their cooperative creameries, but under this Administration the Farm Credit Administration makes it possible for the dairy farmers to establish creameries and manufacture milk into all of its various products. You can readily see, therefore, gentlemen, that the South could become your greatest competitor in the dairy industry. I do not think that our farmers will be interested in such an extensive program if our cotton program continues to be such a splendid success. Otherwise we shall be forced to go to other industries, and I submit this thought, therefore, to you gentlemen who are interested in the dairy industry.

Mr. CULKIN. Will the gentleman yield?

Mr. ELLZEY of Mississippi. Yes; I gladly yield to the gentleman from New York.

Mr. CULKIN. Does the gentleman suggest that the Administration is going to finance the dairy industry in the South?

Mr. ELLZEY of Mississippi. May I say this, and I am sure the gentleman is familiar with the facts, that the Farm Credit Administration is organizing institutions which will finance groups of farmers and assist them in the marketing of their farm products.

Mr. CULKIN. But the gentleman does not mean that the Administration will increase the output of the dairy industry over what it is today?

Mr. ELLZEY of Mississippi. I mean to say that the administration plans to finance farmers in the production and distribution of farm products, and we are going to take advantage of these plans. I presume the people in the gentleman's section will do likewise.

Mr. CULKIN. Of course, we cannot raise cotton in our climate. It does not seem to me to be sound governmental policy to increase the dairy output in any portion of the United States.

Mr. ELLZEY of Mississippi. In that respect I am not arguing with the gentleman. I simply want to make certain that our cotton program is a success. If it is a success, we shall doubtless not be interested in engaging in the dairy industry on such an extensive scale.

Mr. CULKIN. If the South does go into the dairying industry, that will make them worse off than they are, because it not only intensifies the desperate condition of the northern dairymen but will increase their own misery.

Mr. ELLZEY of Mississippi. I realize that fact. We want a guaranty of a successful cotton industry, and that is what this bill provides in baleage control. Let us consider some of the objections offered thus far. It has been said that the Bankhead bill would be unconstitutional. In connection with every act of this recovery program thus far this has always been objection no. 1. Another gentleman said it would take away the liberty of the farmers. I wonder if that is a true conception of liberty. If we do pass this bill, we may have such so-called "liberty" as we had under that gentleman's administration when cotton was 5 cents a pound and wheat was 25 cents per bushel.

The whole truth of the matter is simply that this bill makes possible the cooperation of about 10 percent of our farmers who are now unwilling to cooperate. This is the whole crux of the matter. I appeal to you to pass this bill. Coming from a great cotton belt, as I do, I believe the passage of this act will make this program a continued success, and we shall have happiness and the restoration of purchasing power. Our people in the South will march forward with contentment and prosperity.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield the gentleman from Georgia [Mr. BROWN] 4 minutes.

Mr. HOPE. Mr. Chairman, I also yield 4 minutes to the gentleman from Georgia.

Mr. BROWN of Georgia. Mr. Chairman, my district produces more cotton by 20 percent than any district in Georgia. My district is situated in the piedmont section of Georgia, and the cotton produced in the piedmont section of Georgia and the Carolinas is considered the best staple cotton of the South. We all realize that the main money crop of the South is cotton and the second largest money crop is cottonseed.

The present Bankhead bill does not materially affect any class except the cotton farmers of the South; and if the farmers of the South want this bill enacted into law, I feel that other sections of the country should not object. I am not in favor of any legislation which would foster interest in one section of the country and at the same time paralyze the struggling energies of another section of this country. On the other hand, I feel that when one section of the coun-

try can be really benefited by legislation which will not retard the progress of any other section, the Members from other sections should join in making laws to benefit the section affected. [Applause.]

During my campaign for election to Congress last summer, when the voluntary cotton-control program was first announced, I did not think the cotton farmer would cooperate as he should, but I am glad to say that at least 90 percent of the farmers in my district followed the suggestion of our great President and plowed up their cotton. These same people, almost unanimously, after the cotton was gathered borrowed 10 cents per pound on the cotton as collateral. I repeat that almost to a man they followed our great leader. Whether or not the voluntary plan in the future will be successful is problematical. Mr. Oscar Johnson testified before the Committee on Agriculture that he thought it would and that the production of cotton probably could be reduced to 10,000,000 bales by the voluntary plan. But a great majority of the people believe unless the Bankhead bill is passed that cotton will decrease as much as 3 or 4 cents a pound immediately after defeat of the bill.

The large and small mills of the country are trying to get information as to the probability of this bill passing; and, if not, they are anxious to rush the cotton on the market at once, as they believe cotton will immediately be reduced in price. I was hopeful that the voluntary plan of production would be tried out for this year without resorting to compulsory reduction; but such a large majority of the cotton growers of the South are asking for the compulsory method, I shall support the Bankhead bill, though there are many objectionable features in it which I hope will be eliminated.

If the essential features of this bill are not enacted into law, I am satisfied the speculators of the country will put cotton down 3 or 4 cents a pound overnight. Whether the voluntary plan will work or not, it looks like, under the present circumstances, in order to hold cotton at the present price, the expedient thing to do is to enact the principles of this bill into law immediately.

I believe that the cotton average for 15 years would be fairer than the cotton average for 5 years, in view of the fact that the boll weevil visited some sections of the Cotton Belt before others 15 years ago, and within the 15-year period they have destroyed cotton in practically every section of each State. Some States, like Georgia and the Carolinas, began to diversify and leave cotton to some extent. For this reason I am afraid the 5-year average would be an injustice to some sections of the Cotton Belt.

The main problem of the country 1 year ago was to increase the purchasing power of the people and to put idle men and women back to work. To do this meant that the whole country must work as a unit. Every group, every individual, must cooperate for the common good. As a means of accomplishing this Nation-wide drive to bring back prosperity the Recovery Act was made a law. It is undoubtedly the boldest step that this or any other Government has ever taken to protect its citizens from ruin and starvation. It was labeled as an experiment in the beginning, but with its leaders very positive and concrete results are being obtained already.

In the 1 year that has elapsed since the inauguration of our President, business activity over the country has increased to a very large degree, and over 4,000,000 people have been reemployed. Weekly wage payments have risen, thereby increasing the real purchasing power of workers by a large percent. Our whole industrial machinery has taken on new life, and is throbbing like a great ship leaving the perilous narrows and entering the open sea of prosperity. The completion of the major codes under the Recovery Act has contributed immensely to this progress. Many enthusiasts proudly and unhesitatingly proclaim the Blue Eagle, emblem in the new deal, to be in reality the blue bird of happiness. Average minimum wage rates have risen from about $7 to nearly $15 per week, and the weekly hours have dropped from 55 or 60 to 40 and less. It is estimated that over 5,000,000 people will be reemployed simply by the operation of all the codes. This shows what united effort can do. This shows what courage in the face of depression can accomplish. This shows the folly of accepting anything as inevitable fate. In the few brief months we have demonstrated that by working together under fine leadership we have the ability to win and maintain prosperity. [Applause.]

But it must be remembered that despite these pleasing and significant gains, they have been confined to preliminary encounters with the forces of depression. The real battle lies ahead. In spite of the truth that business throughout America is improving, the long pull is certainly ahead. Abuses of long practice and flaws of our economic policies cannot be eradicated by the simple act of signing a bill or of writing laws on our statute books. Human nature is not going to be changed as by a miracle, though it can be altered gradually by necessity to conform with the law of self-preservation. Just because the rules of the game have changed does not mean that anyone has been excused from playing. There is no magic in the N.R.A.; there is nothing in it that will automatically lift us from the depths of depression to a land of abundance where there will be no work to do and where our worries will cease. It is a man-made plan, but it will work if we want it to work. The same sound principles of buying and selling will be applicable under the new deal. Men and women will continue to buy good wares. Keen thinking, analytical judgment, and decisive action will be just as much or more in need than before. They will never be affected by a moratorium.

When the President was inaugurated there were about 12,000,000 men and women in this country who were walking the streets in an agonized search for means of livelihood. They had to be helped and helped quickly.

The second phase of the National Recovery Act planned to give these unemployed some work to take care of them temporarily. This was the purpose of the $3,300,000,000 Public Works fund. This money was turned into channels of trade to act as a stimulant, or primer, until the complete program has been put into effect. Of course, we knew it would take time for every section and every industry of the country to realize equal benefits from the remedies. As our President said in his speech to the American people a few months ago, "We must be patient until the whole program has been put into operation." Working out a plan for the whole country, so that every class and every industry will be benefited alike, presents more difficult problems than we sometimes think in our impatience. We need to continue in our efforts to bring about a permanent prosperity.

The public is always anxious to see things move rapidly. But when the destiny of a nation is concerned, when the lives of people are at stake, it is never wise for a leader to take steps until he knows he is right. This wise policy accounts in some part for the delay in the expenditure of some of the money that was appropriated for Public Works. Another reason for delay in the actual spending of this huge sum is that it was necessary to set up an organization to handle the funds and to prepare a comprehensive program. In order to select the most useful and valuable projects the Administrator has established an organization that reaches outward into every State. The State, county, and city projects must first be submitted to and approved by the State engineers. Then they must be carefully studied by the State advisory boards, the regional advisors, and finally by examining boards at Washington before they are finally adopted. There are obvious good reasons for such an organization, even though it may take longer for these funds to reach the pay envelops of work-hungry citizens.

The authority in power ruled that each project must be socially desirable and that it should contribute something of value to the community, and that it must not be a useless, temporary project that is undertaken simply to supply work for the unemployed.

One phase of the new deal that is perhaps of more vital interest and concern, especially to the cotton farmers of the South, is that which deals with the agricultural situation.

In his speech to the Nation on July 24, 1933, President Roosevelt said that the farm act—

> Is based on the fact that the purchasing power of nearly half our population depends on adequate prices for farm products. We have been producing more of some crops than we can consume or can sell in a depressed world market. The cure is not to produce so much.

There in a few words he gave the cause and the remedy for the ills of the farmers. With half the people of the United States dependent directly or indirectly on agriculture for a living, it is a very evident fact that the prosperity of practically every business is dependent on agricultural prosperity, and that this depression cannot and will not definitely end until the prices of farm products rise high enough to give the farmers some profit over the cost of production. All former depressions have ended when the farmers had money to spend for things besides the bare necessities of life. This depression that we are passing through will be no exception.

It is true that the farmers have gone on year after year producing more than the world could consume. Overproduction and large surpluses of farm products presented one of the major problems that the administration had to solve before anything could be done to help the farmers out of their plight. Acreage was reduced last year after the cotton crop was planted, but the situation has not been helped as much as was expected. In spite of the reduced acreage we have had a large crop, and cotton prices have lagged below what was anticipated and are certainly all out of proportion to the prices of manufactured products which the farmer has to buy. Something must be done to level up these prices. It seems to me that the only permanent solution of the agricultural problem is through some form of controlled production. However, I think the present Bankhead bill is rather drastic and should be amended in some particulars. For instance, I think it would be better to limit this production to 1 year, and if it is successful it can be extended by the next Congress in January. I also think the tax feature should be eliminated and the surplus cotton over and above the allotment should be held and not ginned and placed on the market as a part of the allotment for each individual cotton grower. This would accomplish the same end and would not be quite as harsh a remedy as the tax feature of the present bill.

A great majority of the farmers in my district seem to be in favor of the principles of the Bankhead bill, and I appreciate the fact that the cotton farmers of the South are the most independent people, in thought and action, you will find anywhere in this country, and for this reason it would be much wiser to control the production by having the cotton raised above the allotment for each individual farmer carried to the next year as part of the allotment for the next year rather than paying the penalty of taxing the same.

On the opening day of this session of Congress I introduced a bill (H.R. 6145) providing for the establishment of growers' cooperative commodity markets for the sale, exchange, storage, and processing of all agricultural, horticultural, poultry, livestock, and dairy products.

My bill fits in with the present program of the Government for curtailment of production of cotton and other commodities in different sections of the country, by providing for the marketing of crops, particularly perishable products, produced on land taken out of cotton production or production of other commodities which the Government is trying to reduce, especially for the small producer.

In my own State 1,250,000 acres of land is being taken out of cotton production. Part of it is some of the best land in the State. It cannot always be idle. This situation is true in many other States of the Union.

My bill provides for the operation of markets by the growers as distinguished from markets operated by business men and municipalities. This bill, if enacted into law, in my opinion, would be more beneficial than anything else that could be done in the present crisis not only to the cotton growers but also to the farmers in every section of this Nation who have only one main money crop.

Another handicap under which the cotton farmer has been forced to work for many years is the fact that his product was sold in a competitive market, and he was forced to buy in a protected market. I understood that the processing tax was primarily intended to correct this condition by giving to the farmer this tax which was levied upon the consumer. This is the same form of protection that has been given to the manufacturers for years and years through the protective tariffs. I do not think that the floor stocks should have been subject to this tax and perhaps it would have been better for the farmers and the mills, especially the small mills, if the collection of this tax had been postponed until this year, and this fund borrowed from the Reconstruction Finance Corporation until that time. If the processing tax remains, we must fight for a tax on cotton substitutes to keep the buying public from turning away from cotton.

Our program cannot succeed when half the buying public is broke. The farmers must have a restored purchasing power before the factories can operate profitably, and before the merchants can do an increased business, and before we can have a permanent prosperity.

But regardless of the ultimate results of the various and untried plans that are being worked out for our salvation, we can say today that the operation of the National Recovery Administration has demonstrated again the extraordinary capacity of the American people to organize and govern themselves. It has demonstrated that we need not drift helplessly or surge impatiently into revolutionary violence as long as we have leaders with the vision and the courage to mobilize the energies of the American people.

Mankind must recognize the necessity for change in everything. We cannot stand still. Cicilization is going forward or it is going backward. Those who refuse to tolerate change or admit that it is inevitable soon find themselves alone, hopelessly lost, floating in a sea of bewilderment.

My friends, I am not pessimistic about the outcome of the policies of the present administration. I have faith in our President and I have faith in the American people. And if the administration of Franklin D. Roosevelt made no other contribution to our history he would deserve imperishable fame as the President who restored the faith of the American people in themselves. [Applause.]

Let us make no footsteps backward. Let us go forward, and with our eyes fixed upon the stars of determination and hope, hand in hand and heart to heart with our great and heroic leader, Franklin D. Roosevelt. Let us strive to insure the life, the progress, and future greatness not only of Georgia and the other Southern States, but of all the States of the American Union, and point the way to prosperity and happiness and peace to the human race. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Minnesota [Mr. CHASE].

Mr. CHASE. Mr. Chairman, I ask unanimous consent to extend my remarks and to be permitted to quote very briefly from a few statements, campaign platforms, and certain speeches.

The CHAIRMAN. The gentleman from Minnesota asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

COMPULSORY CONTROL OF PRODUCTION

Mr. CHASE. Mr. Chairman, ladies and gentlemen of the Committee, the question which overshadows all other questions pertaining to this innocent-appearing cotton bill is whether or not the Congress shall commit America to the principle of compulsory control of production.

That question must be met, faced squarely, and answered by this House on this bill.

The personality of the bill's sponsor before this body is not an issue here. If it were, the measure would carry unanimously, so great is the respect and esteem felt by all Members for the distinguished gentleman from Alabama [Mr. BANKHEAD]. I would welcome the privilege of supporting any measure sponsored by him.

The possibility of pleasing the cotton growers is not an issue. Of course, Members will help gladly in a constructive program to assist the cotton States, and we of the Middle West would be happy to go along with the Representatives of the cotton States on any worthy measure. But how can the bill be amended to a point where we honestly and honorably can support it? The proposal is frankly an experiment, which may or may not succeed, and conceivably may harm rather than help the South.

I wish this afternoon to speak very briefly on one point only, and that is the principle of compulsory control of production.

I have a great admiration for the chairman of my committee, the Committee on Agriculture. My admiration was never greater than when I heard him talk for 35 minutes this afternoon, and during that address, using all his splendid oratorical ability, he did not say one thing in support of this particular bill.

But for 15 minutes he excoriated the Representative of the State of New York [Mr. WADSWORTH], and I respectfully declare that the more men in this Chamber of the charming personality and most unusual ability of the gentleman from New York [Mr. WADSWORTH], the greater will be the worth-while improvement in this body. It is a privilege to be associated with him in the House. [Applause.]

Here is what the distinguished chairman of my committee did say:

> This bill is necessary, or some step is necessary, in order to handle this situation.

The chairman of the committee made the statement that this question was submitted to the cotton farmers of the South and 95 percent of them endorsed it. Manifestly the statement was a slip. It was submitted to 1 percent of the cotton farmers of the South, and a little more than half of that 1 percent answered, and 95 percent of that one half of 1 percent endorsed some plan of production control, not this plan.

In excoriating my distinguished colleague from the State of New York the chairman said, "Do you want the liberty of the racketeer?" I answer, "No"; we want the liberty of our forefathers; we want the liberty guaranteed us by every major candidate of the Democratic Party, and in every national platform of the Democratic Party.

Then, the gentleman discussed little pigs and told us that our brilliant colleague from New York shed tears in his shoes over the slaughter of the little pigs. Just what was the purpose of the assertion, what was its value, and how does it justify compulsory control of cotton production?

I should like, if I may, to devote my attention squarely to the one main point in the bill under discussion, presenting the argument under two main heads. First, the evolution of the principle of compulsory control from the original socialistic economic philosophy; second, its violent conflict with the accepted ideals of the Democratic Party.

No one claims that any increased emergency exists, although Representatives from the cotton-producing States may know whether or not one is imminent.

Also the matter of the measure's constitutionality may be presented by others.

The purpose of this address is to discuss frankly the wisdom and the need of this country now—today—abandoning the fundamental principle of voluntary action that has served it since colonial days, and substituting therefor the principle of compulsory control of production, or autocratic regulation by a designated bureau, of the business of free American citizens, who until this time have been deemed independent as well as free.

The proposed action would constitute the first definite step from the highway America thus far has traveled, down the unfamiliar road that points to Soviet economic planning and leads to and beyond State socialism.

Consider briefly the economic philosophy of socialism as it has developed from the days of Karl Marx.

In his Communist Manifesto Marx declared:

> You are horrified at our intending to do away with private property. But in your existing society, private property is already done away with for nine tenths of the population; its existence for the few is solely due to its nonexistence in the hands of those nine tenths. You reproach us, therefore, with intending to do away with a form of property, the necessary condition for whose existence is, the nonexistence of any property for the immense majority of society.
>
> In one word, you reproach us with intending to do away with your property. Precisely so; that is just what we intend.

In A History of Socialist Thought, Laidler says of Fabian socialism:

> PUBLIC CONTROL PROBABLY FIRST STEP
>
> If we were sensible we would bring these combinations under common ownership immediately. But the human race generally contrives to exhaust every device which stupidity can suggest before the right line of action is ultimately taken. I think therefore, that some probably inefficient method of taxation and public control over combination will, as a matter of fact, be adopted. Such legislation will immensely restrict individual liberty in certain directions, will produce much friction, and may possibly hamper production; until by a long series of experiments men shall discover what is the most reasonable way of acquiring for the community as a whole the wealth which it produces. But in any case individualism or anything whatever in the nature of laissez faire goes by the board.

Later, in discussing post-war socialist thought, Laidler says:

> THE ECONOMIC SCHEME
>
> Kautsky discusses at length the so-called "economic scheme" proposed after the war by Rudolf Wissell and Dr. Otto Neurath. Under their plans the individual capitalist would remain the owner and manager of his business, but he would not be permitted to decide what he would produce.

Is not the "economic scheme" referred to a reasonably exact statement of the real principle offered the country in the guise of compulsory control of production in this bill we are discussing here this afternoon?

Now turn for a moment from the socialism of Germany to that of Russia. Valerian Obolensky-Ossinsky says on page 97 of Socialist Planned Economy in the Soviet Union:

> The plan for the specialization of agricultural production has in view the distribution of crops on a scientific basis, so that the most profitable crops and the most valuable branches of agriculture from the point of view of the national economy will be rationally introduced. The distribution and specialization of state farms and machine and tractor stations is subordinate primarily to the plan of the distribution of agriculture.

Now from Russia come back to the socialism of the United States. I quote from the Political Science Quarterly of December 1928, and invite the attention particularly of the gentlemen from Iowa:

> It is not generally remembered in discussing farm relief that we are now on the verge, probably, of a vast technological reconstruction of the industry. Ancient axioms, which have seemed almost native to the soil, are being called in question. The corn crop, for instance, the king of all American farm products, may very well disappear. Its cultivation contributes to erosion; it is costly to raise; it has new but formidable enemies, such as the borer.

The author was R. G. Tugwell, of Columbia University, and I wonder if Professor Tugwell in preparing the statement quoted deemed it his "social duty to encourage" the passage of corn from American agriculture and to promote a policy of bureaucratic control of agriculture through compulsory control of agriculture.

And now let us turn to the cotton-growing State of South Carolina. In his book, America Goes Socialistic, published in January of this year, Henry Savage, Jr., says:

> Less patent but really more pregnant with socialism is another quality of our bureaucracy—that of having delegated to it (contrary to the Constitution) the power to make regulations having the force of law. Many of the bureaus have such legislative powers. * * * And already a great bureaucracy is in the making to administer the Industrial Recovery Act, another under it to control the oil industry, another to administer the farm measures, and yet another to care for the execution of the provisions of the security regulation bill.
>
> This delegation of law-making authority is called pregnant with socialism because it means that self-regulating bureaus, not directly answerable to the voters, are put in a position to exalt themselves, to gather unto themselves more power, greater efficiency of administration without fear of the individual or his legal rights. It is pregnant with socialism because it involves a confession on the part of the legislatures that parliamentary government has seen its day; that such a form of government cannot even pretend to consider all the legislation called for by the functions undertaken by the Government; that the rapidity of change and intricacy of our modern social and technical order call for a new

form, or revolutionary changes in the old form of government, on the legislative side at least. No better illustration of this statement can be adduced than the special session of the Seventy-third Congress in the spring of 1933. Almost every measure passed by it was a complete delegation of its powers in the matter.

If this is the noncritical opinion of an authoritative writer on socialism upon the legislation enacted by this Congress prior to this day, what must his conclusion be should we write into American statutory law the principle of compulsory control of production?

Is it necessary for us to take this road? Was the economic philosophy of our fathers a mistake? Are changing conditions in modern life and American agriculture producing problems beyond our thinking? And how do the American people regard the proposals made to this Congress?

To the last question the following editorial from the February 23 issue of the Norman County Herald, published at Ada, Minn., is an arresting answer:

REGIMENTING THE FARMERS

We have heard rather disquieting reports from Washington about some ideas for the closer regulation of agriculture, which are said to be moving in the minds of some of the people who have had a great deal to do with the Agricultural Adjustment Administration.

We are prepared to believe almost anything these days, but we can hardly take seriously the belief that the Government is planning to set up as complete and drastic control over farming as exists in Soviet Russia. If the rumors that reach us are true, the talked-of plans would involve a complete regimentation of all farmers. Nobody would be permitted to grow any crop for market without first having a Federal license; he would be fined if he violated any of the Federal regulations, and the Government could go into court and get an injunction against him if he persisted in sowing oats when his license permitted only barley, for example.

We are told that these proposals have emanated from some of the "legalistic" minds in Washington and that they are being seriously discussed. We can understand the passion for planning and regulating human affairs; most thoughtful youngsters share it, before they have lived long enough in the world to understand human nature and to realize that human affairs are not conducted according to plan and that people generally resent being regulated. If this were a logical world, it would be easy to run it. It is a perfectly illogical world, in which the principal obstacle to smooth running is the obstinate persistence of most of us in doing what we like in the way we like to do it.

We do not think American farmers are ready to be relegated to the position of serfs or of robots.

And this is unbiased, nonpolitical comment upon the principle of this bill which you gentleman plan to pass, committing this country to regimentation of agriculture by instituting for the first time in American history a program based upon the application of compulsion in regulating production of an agricultural commodity.

Now, from this road of socialistic planning and compulsory control to which America has been invited, turn back for a moment to the old, familiar, traveled highway of our fathers.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. CHASE. It is a real pleasure to yield to the gentleman.

Mr. OLIVER of Alabama. Was the gentleman in favor of the McNary-Haugen bill?

Mr. CHASE. With the permission of the gentleman from Alabama, I shall devote my attention exclusively to this one point of compulsory control, but I shall be happy to have him make a statement at this point if he desires to do so.

Mr. OLIVER of Alabama. The reason I asked the question was not to interject an immaterial issue, because I feel that it is a pertinent inquiry at this time in view of the fact that the gentleman has just quoted one who is deeply interested in farm legislation. I felt that it was not only pertinent but proper to suggest to the farm leaders of the West that those of us from the South who are interested in farm legislation gave very hearty support to the McNary-Haugen bill, the provisions of which I know the gentleman is familiar with. That bill had the united and strong support of the farmers of the West, and Members from the South supported it on that account even though the bill was not one that primarily was drafted at the instance of Southern farmers.

Mr. CHASE. It has been a pleasure to yield to the gentleman from Alabama.

Mr. CHRISTIANSON. Will the gentleman yield to me?

Mr. CHASE. Certainly; I am happy to yield to my colleague.

Mr. CHRISTIANSON. What was the newspaper from which the gentleman quoted?

Mr. CHASE. The name of the paper is the Norman County Herald, published at Ada, Minn., and the editor is Mr. W. C. Lee.

Mr. CHRISTIANSON. That is a Farmer-Labor newspaper, is it?

Mr. CHASE. I do not say that it is a Farmer-Labor newspaper, or Democratic or Republican. I would call it a Progressive newspaper.

Mr. CHRISTIANSON. How does the gentleman distinguish between the policy of this bill and the policy of the Farmer-Labor Party?

Mr. CHASE. I make no effort to distinguish between them.

Mr. McFADDEN. Will the gentleman yield?

Mr. CHASE. I gladly yield to the gentleman from Pennsylvania.

Mr. McFADDEN. I want to ask the gentleman whether he is familiar with the bill which is in the offing and will be presented to Congress in the near future, to amend the A.A.A. Act. I saw a typewritten copy of that bill, and it provided for a licensing system, limitation of acreage, limitation of farm production, and fixed a penalty.

Mr. CHASE. I am somewhat acquainted with some features of the bill, and desired to discuss some prospective legislation in connection with the pending legislation but decided that the bill immediately before the House is sufficient for me to bring to your attention the problem, even speaking exclusively on this one point.

Mr. McFADDEN. Let me say that there is a great similarity between this bill and that bill, and I am informed and believe that the two bills originated under the direction of Mordecai Ezekiel and Mr. Tugwell.

Mr. BANKHEAD. Will the gentleman yield?

Mr. CHASE. I yield with pleasure to the gentleman from Alabama.

Mr. BANKHEAD. I want to tell the gentleman from Pennsylvania that there is not a scintilla of basis for the suggestion he has just made. Neither gentleman he referred to, as far as I know, and I think I know something about this bill, has been consulted or had any hand in the preparation of this bill. The gentleman from Pennsylvania is drawing vividly on his imagination.

Mr. JONES. Will the gentleman from Minnesota yield to me?

Mr. CHASE. With pleasure, to my chairman.

Mr. JONES. I want to say that neither one of the gentlemen referred to by the gentleman from Pennsylvania appeared before the committee, and no member of the committee had anything to do with them, as far as I know.

Mr. McFADDEN. My authority is as responsible as anything that has been said on this floor. I want to call the attention of the gentleman to this significant fact. And that is that this bill fits into the form of government that is being advocated by Mr. Tugwell and those associated with him.

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. CHASE. Gladly, to my colleague. Will you wait just a moment for me to address the Chair?

Mr. Chairman, I have had my original time cut from 30 minutes to 15 minutes, and now ask unanimous consent to include in the extension of my remarks a platform statement of the President of the United States.

The CHAIRMAN. The gentleman from Minnesota asks unanimous consent to include a platform statement in his remarks. Is there objection?

There was no objection.

Mr. CHASE. Mr. Chairman, I am pleased now to yield to the gentleman from Minnesota [Mr. JOHNSON].

Mr. JOHNSON of Minnesota. Mr. Chairman, for the information of my friend here, the Farmer-Labor Governor of Minnesota, Governor Olson, is for a compulsory reduction. He believes, as I do, that the voluntary is all right so far as it goes, but it should be compulsory, so that it would not allow chiselers to come in.

Mr. CHASE. That is a more serious charge than I would make about either my colleague or the Farmer-Labor Governor of Minnesota. It is particularly astonishing in view of the fact that compulsory control is also a doctrine of the Communist Party, which in its national platform is vigorously critical of the Farmer-Labor Party.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. CHASE. Gladly.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. CHASE. I yield myself 5 more minutes to answer these questions.

Mr. GLOVER. I am interested in the gentleman's statement in his discussion of Karl Marx and all of his kind up to now, and socialism; but for the life of me I cannot see the reasoning of his argument about this bill, which is democratic in its form, which provides that two thirds of those interested in this plan shall have it within their power to say whether or not this act becomes effective. Is not that Democratic and is it not Republican?

Mr. CHASE. The gentleman will in a minute. If he will listen now, he will hear some good Democratic doctrine.

Thomas Jefferson declared:

> The true foundation of republican government is the equal right of every citizen, in his person and property, and in their management.

Said Woodrow Wilson:

> The last thing that any American could contemplate with equanimity would be the introduction of anything resembling Prussian autocracy into the food control in this country.

The first plank in the Democratic platform of 1856 was:

> That the Federal Government is one of limited power, derived solely from the Constitution; and the grants of power made therein ought to be strictly construed by all the departments and agents of the Government; and that it is inexpedient and dangerous to exercise doubtful constitutional powers.

The Democratic platform of 1892 enunciated this policy:

> * * * we solemnly declare that the need of a return to these fundamental principles of a free popular government, based on home rule and individual liberty, was never more urgent than now, when the tendency to centralize all power at the Federal capital has become a menace to the reserved rights of the States that strikes at the very roots of our Government, under the Constitution, as framed by the fathers of the Republic.

In no platform before 1856 or since, did the Democratic Party ever declare for or suggest such a program as compulsory control of production. The agricultural plank in the 1932 platform was as follows:

> We favor the restoration of agriculture, the Nation's basic industry; better financing of farm mortgages through recognized farm-bank agencies at low rates of interest on an amortization plan, giving preference to credits for the redemption of farms and homes sold under foreclosure.
>
> Extension and development of farm cooperative movement and effective control of crop surpluses so that our farmers may have the full benefit of the domestic market.
>
> The enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost.

That is definite, is it not? There is nothing there about compulsory control of production, is there?

With the tremendous power granted to it by the American people, the Democratic Party necessarily has the corresponding duty to shape legislation in accordance with American ideals, the pledges of its platforms, and the promises of its presidents.

In his speech at Topeka, Kans., September 14, 1932, Governor Roosevelt said this:

> I want now to state what seem to be the specifications upon which most of the reasonable leaders of agriculture have agreed, and to express here and now my whole-hearted accord with these specifications.
>
> * * * * * * *
>
> Fourth. It must make use of existing agencies and so far as possible be decentralized in its administration so that the chief responsibility for its operation will rest with locality rather than with newly created bureaucratic machinery in Washington.
>
> * * * * * * *
>
> Sixth. The plan must be insofar as possible, voluntary. I like the idea that the plan should not be put into operation unless it has the support of a reasonable proportion of the producers of the exportable commodity to which it is to apply. It must be so organized that the benefits will go to the man who participates.

At Baltimore on October 25, 1932, Governor Roosevelt said in part:

> Of course it is absurd to talk of lowering tariff duties on farm products. I declared that all prosperity in the broader sense springs from the soil. I promised to endeavor to restore the purchasing power of the farm dollar by making the tariff effective for agriculture, and raising the price of farmers' products. I know of no effective excessively high tariff duties on farm products. I do not intend that such duties shall be lowered. To do so would be inconsistent with my entire farm program, and every farmer knows it and will not be deceived.

In his inaugural address President Roosevelt said:

> The basic thought that guides * * * is the insistence, as a first consideration, upon the interdependence of the various elements in and parts of the United States—a recognition of the old and permanently important manifestation of the American spirit of the pioneer. It is the way to recovery. It is the immediate way. It is the strongest assurance that the recovery will endure.

And last week he said:

> I am always a little amused and perhaps at times a little saddened—and I think the American people feel the same way—by those few writers and speakers who proclaim tearfully either that we are now committed to communism and collectivism or that we have adopted fascism and a dictatorship.

That surely does not sound as though the President favors the Soviet system of compulsory control of cotton production or the regimentation of the cotton farmers. On the contrary, it is apparent that from Jefferson to Roosevelt, in its platforms and the public pronouncements of its Presidents, the Democratic Party has stood for a national ideal, based on free, independent, voluntary action by individuals and States.

Now bring the argument to the basic principle in this bill under discussion here.

On February 16 the President wrote the Chairman of the Committee on Agriculture, urging "reasonable assurance of crop limitation" and referring to "some form of control." He did not mention compulsory control and did not endorse compulsory control.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. CHASE. With pleasure.

Mr. McFADDEN. In view of what the gentleman has just said, I recall that Theodore Roosevelt, the year that he passed on, made a statement to the effect that Felix Frankfurter is the most dangerous man in the United States to our form of government.

Mr. CHASE. Mr. Chairman, I had intended to confine my later observations entirely to citation of Democratic authorities, but find that the Farmer-Labor Party and the Republican Party have been introduced also. Please note that this has been by no act of mine.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. CHASE. It is a pleasure to do so.

Mr. MAY. I should like to suggest something here and call the attention of the gentleman from Texas [Mr. JONES], and the author of the bill [Mr. BANKHEAD] to this. If the gentlemen in the Department of Agriculture, Mr. Tugwell and Mr. Ezekiel, are to have something to do with the enforcement of this legislation, what is the reason for disclaiming any connection of theirs with the preparation of of the bill?

Mr. JONES. I do not know that there is any reason for it except that it is not so.

Mr. CHASE. Mr. Chairman, permit me now to finish my statement.

The spokesman for the administration on this measure should be the Secretary of Agriculture. If this bill becomes

law, responsibility for its enforcement will rest on him. Does he favor the bill? Does he favor the radical, socialistic innovation of compulsory control? Let him answer. I quote from page 42 of the committee hearing:

The CHAIRMAN. Mr. FLANNAGAN has a question, Mr. Secretary.

Mr. FLANNAGAN. Mr. Secretary, I should like to know what you think of compulsory control as a policy of our Government.

Secretary WALLACE. Mr. FLANNAGAN, I believe you have asked me such a leading question that I am going to ask to be excused.

Mr. FLANNAGAN. I will excuse you from answering it. To say the least, it is embarrassing. I believe it is a dangerous policy, myself.

I believe, as a matter of policy, it is dangerous for us to adopt a system of compulsion affecting matters of this kind. Now, do you not think it would be much better, as suggested by Chairman JONES, to leave the voluntary plan in effect, and do you not think that we could accomplish the same result, as Mr. JONES suggested, by a minor amendment to the present law?

Secretary WALLACE. Well, it has been my hope that we could.

Does that show much enthusiasm for compulsory control on the part of either the Secretary or the Congressman?

In conclusion, please remember that this socialistic innovation of compulsory control is unnecessary.

This is true because there is no pressing emergency.

It is true because voluntary action is the American way. The American farmer is not a serf. And voluntary control of cotton production has proved and is proving successful.

Again let the hearings provide the proof. I quote from three men—a cotton producer, a member of your Committee on Agriculture, and the Secretary of Agriculture.

First, on page 47, from the statement of Mr. Oscar Johnston, farmer and cotton producer, Bolivar County, Miss., and also connected with the Department of Agriculture as manager of the Nation's cotton pool:

The voluntary plan, in my judgment as a producer, is so attractive that no producer can afford to stay out. It is so attractive, in my judgment as a business man and a farmer, that no man can afford to deprive himself of the certainty of rental payments and of the certainty of parity prices for so much of his 1934 crop as he has contracted to raise; that no man can afford to take the chance or hazard of the uncertainty and risk that must be taken by the man who stays out.

I believe that we can get by voluntary action everything that is asked for by the present bill.

Second, on page 42, the gentleman from Arkansas, Judge GLOVER, said this:

I think you can depend upon practically all of the farmers signing up; they have signed up in my community and in my State, and I do not know of but very few who will not sign up, and I think the plan is working very well.

I understand that practically all of them have signed up under the present plan and that there is no complaint. At least, that is true in my State.

Third, on page 38 of the hearing, is this informing colloquy between the ranking Republican member of the Committee on Agriculture and the Secretary of Agriculture:

Mr. HOPE. Do you consider that your whole production program or reduction is going to fail unless you do adopt some legislation of this type which will bring about compulsory control?

Secretary WALLACE. I have much more faith in the voluntary approach than many people have.

Mr. HOPE. You feel, then, that the voluntary plan has been a success?

Secretary WALLACE. I think it has been a rather remarkable success.

Please not the unanimity of opinion; the cotton grower who is absolutely an expert, the representative on the committee from the cotton-growing State of Arkansas, and the Secretary of Agriculture, who must administer the act, are all in accord that the voluntary plan is a success.

Their position was endorsed in this Chamber Saturday by the gentleman from Mississippi [Mr. DOXEY] when he declared "the voluntary plan has been a wonderful, wonderful, splendid success."

If voluntary action is securing results, compulsory action is unnecessary, and there exists no sound reason for introducing in liberty-loving America the Soviet plan of regimenting agriculture even to the extent of enacting a law to provide compulsory-production control.

The CHAIRMAN. The time of the gentleman from Minnesota has again expired.

Mr. CHASE. Mr. Chairman, I yield myself 2 more minutes.

In summary, it is conceded that no pressing emergency confronts the cotton industry just now, and it is proved that the principle of voluntary control has been a remarkable success.

Then, why this bill?

Why give to a Federal bureau the power to regulate arbitrarily the business of a free American farmer and compel the farmer to comply with said bureau's ruling under penalty of $5,000 fine, 2 years imprisonment, or both?

Shall America abandon the ideals of its founders and kneel at the feet of the Soviet? Have results in Russia demonstrated beyond doubt the superiority of this socialistic-economic philosophy?

Even the depression does not justify a hasty step, so radical, so dangerous, and so unnecessary.

I yield back the remainder of my time. [Applause.]

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from Minnesota [Mr. JOHNSON].

Mr. JOHNSON of Minnesota. Mr. Chairman, the bill now being considered by this body is of great importance; and although I intend to vote in behalf of this measure, nevertheless I did not intend to make any speech on the floor, feeling that the bill could be best presented by members of the Committee on Agriculture. However, I must rise and defend the party of which I am a member and the charges made by my colleague [Mr. CHRISTIANSON] of Minnesota, who is trying to drag the Farmer-Labor Party in this bill.

I am proud of the Farmer-Labor Party and the principles upon which it was brought into being. My colleague takes in considerable territory when he refers to communism and other "isms"; and may I state that if the principles upon which this great progressive third party were carried out by the two old parties, much of the misery and suffering would not have been visited upon this great Nation during the past 4 years. I am very happy that the Democratic Party has realized the present conditions, and it is indeed gratifying to see that many of the measures now sponsored by the Democratic Party and which are being made a reality were for many years urged by members of my party.

I am a farmer, and I believe that I know something about farming, raising and selling crops, and the problems that confront the farmers of today. I have served as an officer and have taken an active part in many cooperative organizations and know the stumbling blocks that face the farmers who market through cooperatives and the difficulties that we farmers have to face in order to be able to demand fair prices. I make these statements to support this legislation.

What would have happened to the hog prices if they had not killed off the little pigs and the brood sows a year ago? I wrote the Secretary of Agriculture and asked him how it was that the packers were allowed to put back the processing tax on the producer instead of the consumer, because they admitted they could not put it onto the consumer. They made their millions. That is one thing I ought to mention before I forget it. I understand from a report I got from the Department of Agriculture that they marketed almost 2,000,000 more hogs in 1933 than they did in 1932. What would have happened in 1934 if those pigs had not been taken out of the market, because they would have been ready at this time to come on the market?

(Here the gavel fell.)

Mr. JONES. Mr. Chairman, I yield to the gentleman from Minnesota 1 additional minute.

Mr. JOHNSON of Minnesota. I think perhaps the administration has made mistakes. There is no question about that, but they are trying to do what they possibly can. When the Republicans talk about communism in this country, I want to tell you right now there would be communism and socialism in this country much faster if this rock-ribbed Republican Party would have been in power a few years longer. [Laughter and applause.]

(Here the gavel fell.)

Mr. BOILEAU. Mr. Chairman, I yield 15 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, I am against the Bankhead bill, H.R. 8402, not because I am against the administration—I am for it—but because I am against bureaucracy and plutocracy. I am against the centralization of more power in the departments here in Washington. These departments are getting too internationally minded. I am against the international bankers' communism of Professors Tugwell, Mordecai Ezekiel, and Louis H. Bean, all of whom are now safely lodged in the Department of Agriculture, and from that point of vantage bravely talk about regimentation of the farmers. They little know the temper of the American farmer. When that temper breaks, it will break with a vengeance. These professorial communists are not the communists of the street, of the working people, who believe in the equality and brotherhood of all mankind, but are the self-assuming superior class-conscious communistic economists of the coupon clippers.

They talk glibly about the regimentation of agriculture and of subsistence homesteads. In their ignorance they would attempt to put 30,000,000 men, women, and children who live on the farms under the yoke and tie them to the Department of Agriculture so that this professorial staff could direct their very lives and their very existence and regulate their number by birth control. That is the ultimate outcome of this class of legislation. This bill would definitely commit this Nation to a policy of compulsory control of agricultural production. Such legislation I do not believe the Members of this House will approve.

I have always maintained that the person who does not know, and knows he does not know, is not dangerous to society, but the person who does not know and does not know that he does not know, is dangerous, and especially if he believes he belongs to the so-called "brain trust"; then he is not only dangerous but becomes a nuisance. We have altogether too many of that class in swivel chairs in the departments of government, who, in their ignorance, attempt to lord it over the people. There is too much bureaucracy and plutocracy.

The trouble is not so much with an overproduction of cotton as with a maldistribution—with underconsumption. Thousands of millions of our population could use more cotton, more clothes. Millions still go to bed without mattresses, without sheets, and without proper bedding, while millions are wearing cast-off, second-hand, germ-infested, disease-laden clothes which the Boy Scouts were asked by the administration a few weeks ago to gather and distribute to the needy. Why this inconsistency? Why not, in place of these filthy, germ-infested, disease-laden, second-hand clothes, take the cotton and let some of the 12,000,000 that are still unemployed manufacture it into finished clothes for these people? Why always go back end forward?

Under these conditions, it is foolish to talk of overproduction. The remedy is not by surrendering our markets to foreign countries. Markets once surrendered are seldom, if ever, recovered—and especially in this age of keen competition and substitution. Nor is the remedy by surrendering to the Department of Agriculture here in Washington not only the individual liberties of the farmers, but those of their children and the children to come. We are informed that the actual growers or producers of cotton are not in favor of this compulsory measure. Some of the landlords and landowners may be for it, but the tenants are not. The tenants realize that the tax burden provided for in this measure will be passed on to them by the landlords.

This is the beginning of the regimentation of the farmers—the beginning to license him—to tag him—to bring him under the absolute control of a bureaucracy here in Washington. It is the age of planned starvation and of planned rags. The more that are hungry, the more that are ragged, the more the farmer is asked to reduce the things needed to feed the hungry and clothe the poor. Sponsors of this program forget that the greatness of this Nation is due to the fact that we always had sense enough to produce an abundance of all things that we needed.

The next victim after cotton, in the regimentation of agriculture, will be the sugar industry. We produce only about 40 percent of the sugar domestically consumed, yet we are told that our sugar producers must be limited to their present acreage so that foreign producers may prosper—may sell us the other 60 percent. Our Department of Agriculture is apparently more concerned with the welfare of the sugar producers in Cuba, the Philippine Islands, and other countries than it is with the welfare of our own citizens.

We are informed that the Secretary of Agriculture feels that the beet-sugar industry in the North is a hothouse plant, and that the sugarcane industry in the South is commercially unsound. Therefore sugar production in the United States must forever be limited to 40 percent of domestic consumption. All this so that our Secretary may so journey, with his professorial staff, in foreign lands seeking foreign markets for our international manufacturers, such as the International Harvester Co. and the like—all this at the expense of American agriculture.

We are getting altogether too internationally minded. We have just established a new bank, the Export-Import Bank of Washington, with a capital of $11,000,000 furnished entirely by the Reconstruction Finance Corporation—that is, by the Government of the United States. The operation of this bank is limited exclusively to international trade—to barter away American agricultural markets by the use of American credit abroad and through limitation of production at home; by regimentation of the farmers; by surrendering our foreign markets and opening our home markets to foreign competition. Two other such banks are in the process of being created. These banks will undoubtedly loan millions of American dollars and billions of American credit to foreign countries to enable them to buy American-made goods from our international manufacturers and to enable them to more successfully compete with our farmers in our own domestic markets.

No wonder that we hear so much of the necessity of the regimentation of the farmers—of subsistence homesteads. Why not once more be American-minded first and internationally minded afterward?

If we must search for foreign markets, let us limit that search to the Western Hemisphere. We have had enough of European diplomacy, European hatred, European intrigue and war. Let us follow the advice of George Washington and mind our own business. The Western Hemisphere produces everything we need. It is not necessary for us to surrender our agricultural industry to Europe, Asia, or any other country. America and American youth will forever go forward, will expand. Let us develop our own markets and our own country. The deserts will forever grow smaller, not larger.

The Secretary of Agriculture is not now so sure that he can get away with compulsory control of agriculture. Testifying on this measure before the Senate Committee on Agriculture on January 20 last, he stated:

> I shall confine my remarks to the broad principles involved. I think most of you are aware that we have been very skeptical about approaching the agricultural problem in a compulsory manner. We hesitated to advocate bringing in powers of government in such a way as to have the appearance of licensing the farmers' fields, or controlling in a compulsory manner the movement of the products to market. That is the position that we took last spring, and we still feel that it would be very dangerous to invoke governmental compulsion except under rather unusual circumstances • • •.
>
> I have felt very strongly that when the time comes for abandoning the processing tax we should be exceedingly careful to see that the transition is handled in such a way that it will not be greatly destructive to agriculture. I have felt that the danger might be that the thing would be done so suddenly that we would fumble the ball during the transition.

The Secretary of Agriculture says that he is afraid that in abandoning the processing tax, they might fumble the ball. To fumble the ball seems to be the established practice in the Department of Agriculture. The Secretary, during the special session, opposed the Norris-Simpson amendment, which would have given the farmers of this Nation the cost of production with a reasonable profit for that part of their products domestically consumed. He suggested that parity

prices and processing and parity taxes would get them more. Let us see now whether or not he fumbled the ball.

On January 15, 1934, the average farm price for barley was 43.7 cents per bushel; the parity price was 71.8 cents. Did the farmer get the parity price? He did not. On the same date the average farm price for wheat was 69.4 cents per bushel, and the parity price was $1.025 per bushel. Did the farmer get parity? He did not. On the same day the average farm price on rye was 53.6 cents per bushel, and the parity price was 83.5 cents. Did the farmer get parity? He did not. And again on the same date the average farm price on flax was $1.614, and the parity price was $1.962. But why bother about flax? The Secretary of Agriculture says we have no business producing flax. He is going to regiment flax out of existence although we produce about 50 percent of our domestic consumption. We are going to surrender the production of flax to the Argentine and Russia in order to get foreign trade for the manufacturers of farm machinery.

But that is not all. On February 28, 1934, the Agricultural Adjustment Administration released notice to the distillers advising them of an additional parity tax as follows: On field corn a parity tax of 29.5 cents in addition to the 0.5 cent processing tax; on barley a parity tax of 30.3 cents; on rye a parity tax of 28.8 cents; on wheat in addition to the processing tax of 30 cents, a parity tax of 3.2 cents; on oats a parity tax of 15.3 cents. What becomes of this parity tax? Does the farmer receive it? He does not. Barley, rye, oats, and flax are not considered as basic commodities under the Agricultural Adjustment Act. Therefore, the farmers receive no benefit from this parity tax, but, on the other hand, if the law of supply and demand governs at all, the parity tax will reduce the price to the farmer somewhere near the amount of the tax.

The funds derived from these extra taxes are made to the Agricultural Adjustment Administration and are said to be available for benefit payments to farmers participating in crop production control programs, but since, as we have said above, barley, oats, rye, and flax are not considered basic commodities, the farmers producing these products receive no benefit payments. The parity tax tends to reduce the price paid to the farmers to the amount of the parity tax.

This parity tax has undoubtedly been used together with millions of dollars of the processing tax for the purchase of relief food for the poor and unemployed. The Wall Street Journal states this amount to be over $33,000,000. The farmer is made the goat and is now compelled to take care of the unemployed for whose condition the Wall Street gamblers in stocks and bonds are responsible. Surely, in the light of that record of the Agricultural Adjustment Administration we should hesitate to give them any more control over agriculture. We certainly should not permit them to regiment the farmers.

Let us now take a look at another picture in connection with the program of control of farm-crop production. I notice in a recent bulletin of the Department of Commerce, that the United States in 1933 imported 62,474,911 pounds of meat products of which 43,024,989 pounds were canned meats. That meat practically all came from the Argentine Republic. It required about 100,000,000 pounds of fresh beef, dressed weight, to yield 40,000,000 pounds of canned meat. Therefore, the imports in 1933 of this one item was equal to 100,000,000 pounds of dressed beef. This, in turn, was equal to 250,000 head of cattle.

Why continue to talk about reducing American production when at the same time we are deliberately importing the same commodity from other parts of the world? Why pretend that we are trying to raise the prices of our own farm products when at the same time, we are destroying the prices of our own farm products by importing the cheapest and lowest grade of the same product and using that as a basis for determining the price of our own product at home.

The report of the Department of Commerce, to which I have just referred, shows that this more than 40,000,000 pounds of canned beef had a foreign invoice value of only $2,812,806, or only about 6.25 cents per pound. Since it required 2½ pounds of dressed beef to produce 1 pound of canned beef, the prices of the dressed beef, without any allowance for processing, would be only about 2 cents per pound. Thus we pour into the United States literally the equivalent of 100,000,000 pounds of fresh beef in the form of canned beef with a starting price at not more than 2 cents per pound.

Of course this forced all of the low-grade old dairy and beef cows from American farms into the sausage market and reduced the prices on beef cattle all up the line, and thus destroyed the whole price structure. Why go through the foolish gesture of limiting American production when at the same time we are importing tremendous quantities of the same products? Why continue to make the gesture of improving the prices to the farmers while at the same time we are destroying the prices by importing tremendous quantities of the lowest grade of the article in question?

I have been reliably informed that some of this canned meat was actually purchased by the United States Government at the prices which I have indicated, and used by our Army and in the Civilian Conservation camps. Our American boys, working on American projects in the interior of this country, were fed the old cows and bulls from the Argentine, and this in competition, in many cases, with their own parents, who were producing American meats. This I am informed has now been stopped.

Thus, while one arm of the Government asked the farmers to reduce production and pretends that it will help to advance the price, another arm of the Government imports the article in question at the lowest possible price, thus setting the bottom level to which all of the domestic products are related. Undoubtedly, the bringing in of this canned meat, which represents more than 100,000,000 pounds of dressed beef of the lowest character during the last year, laid the foundation for the destructively low prices for the 7,000,000,000 pounds of beef produced in the United States. No wonder that American livestock was selling from 1 to 2.75 cents per pound last fall in our western markets. Under this show, are we in favor of the regimentation of agriculture here in Washington?

Let us look at another illustration. According to the monthly summary of foreign commerce of the United States, published by the Department of Commerce, we find that in the calendar year of 1933, while the Agricultural Adjustment Administration was proposing a reduction in the production of dairy products, and while the dairy industry was approaching destruction because of low prices, we imported 50,000,000 pounds of cheese. It would require between half a billion and a billion pounds of fresh milk to produce this amount of cheese. Why should we continue to talk about restricting the production of dairy products and continue to talk about raising the prices to the farmers and at the same time import tremendous quantities of the very same article at prices which mean the absolute ruination of the farmer?

I know that it will be said that this cheese, which is imported, differs in some slight manner from American cheese, and that our farmers do not know how to make the sort of cheese which we import. But the report of the Department of Commerce specifically sets forth that more than 10,000,000 pounds of this cheese was the common ordinary type of Swiss cheese which Members of Congress eat daily in the House restaurant every time they order a Swiss-cheese sandwich. And still our dairy farmers are told that they must kill every tenth cow only in order that we may import more Swiss cheese and other dairy products so that we may surrender our domestic market to foreign competitors.

May we not add one or two more practical illustrations of this ridiculous situation? The rice farmers of Louisiana, Arkansas, and Texas have been prevailed upon to cut down on production and let their lands lay idle. Yet, we find in this same report of the Department of Commerce, that during 1933 we imported over 30,000,000 pounds of rice. Again, the farmers of the Spring-Wheat Belt in the Northwest have been asked to cut their acreage 15 percent. In my State, North Dakota, this means a reduction of 1,500,-

000 acres among the wheat farmers. They have responded to this demand, thinking that they would be protected against imports.

Now we find, however, that enough rye has been imported during recent months to more than equal the reduction of wheat from this 1,500,000 acres. In other words, with the return of beer the consumers have turned to the consumption of rye bread, and so our farmers are told to discontinue the production of wheat while we import rye with which to feed our people, and our farm land lies idle. This 8,000,000 bushels of rye imported is equivalent to 1,000,000 rye acres. In other words, if the farmers of North Dakota could use the land that they are now allowing to lie idle and paying taxes on, they could use the 1,500,000 acres and produce the rye that we are now importing from Canada and Poland.

Our agricultural legislation in the special session of Congress has been a failure. It has been make-believe and not real relief. The refinancing of farm indebtedness under the Farm Credit Administration has proven utterly inadequate to save the farm homes. Hundreds and thousands of farm foreclosures are pending or in process at this very time, and hundreds and thousands of farm families will lose their homes and their all unless something intelligent is done during this session.

Equally inadequate has been the Agricultural Adjustment Act. In spite of the dialogs between Henry and Rex, which bewilder us and amuse us, it has not been much of a success. False propaganda is being sent out to the industrial East and agricultural South concerning the success of the allotment plan in the North and West, and equally false propaganda is sent out to the North and West telling us about the success of the Agricultural Department's cotton operations in the South. The bill now before us brands that propaganda as false and shows us that the Cotton Adjustment Act is a failure. In order to bolster it up, we are now asked to regiment the farmers of this Nation—to place their future under the control of a bureaucracy and plutocracy here in Washington.

I am glad that the Secretary of Agriculture doubts the wisdom of that. He used to be a westerner—he used to be for the Frazier-Lemke bill and for the cost of production—but since he got mixed up with all those doctors and professors he has become somewhat bewildered and does not know where he is going.

May I ask the Secretary of Agriculture to come back to agriculture and view it, not from the pencil-pushers' views here in Washington but from the practical side of agriculture? The gang that he is with now do not know how to play ball. They just fumble it. If he will come back to us and play with us, we will guarantee him that we will make a touchdown in the first quarter and we will name that the Frazier-Lemke bill, which will refinance the farmers at 1½-percent interest and 1½-percent principal on the amortization plan, not by issuing bonds but by issuing Federal Reserve notes direct; and we will guarantee another touchdown in the second quarter, the Swank-Thomas bill, giving to the farmers the cost of production for that part of their products domestically consumed. There will be no fumbling of the ball. We will put it straight across the goal line.

In conclusion, let me say to the Members of the House who have not already signed the petitions to discharge the committees having charge of the Frazier-Lemke and the Swank-Thomas bills that these petitions are here at the Speaker's desk. Come and sign them. Give agriculture a "new deal" and a "square deal", and not merely a "new shuffle." [Applause.]

Mr. COX. Mr. Chairman, will the gentleman from Mississippi yield?

Mr. DOXEY. Certainly.

Mr. COX Can the gentleman inform the Committee if any friend of this bill intends to make any serious attempt at justifying it on constitutional grounds? I have been sitting here all day hoping to hear that phase of the question discussed, but I have heard nothing on it yet

Mr. DOXEY. I certainly cannot inform the gentleman as to the character of the speeches yet to be made, but I can refer him to the speeches printed in the RECORD of March 8, wherein the constitutionality of the measure is explained; and I can refer him to speeches that have been made heretofore in reference to this bill, specifically by my colleague [Mr. WHITTINGTON] on Saturday. If he will refer to the RECORD, I think the gentleman will be convinced absolutely one way or the other about it. Certainly the decisions are cited. I hope this answers the gentleman's inquiry.

Mr. Chairman, I yield 6 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Chairman, the gentleman from Wisconsin [Mr. CHASE] undertook to quote from the speech delivered by President Roosevelt at the meeting of the code authorities in the city of Washington a week ago yesterday, some views which he conceived to be in accord with the conclusions he had reached as to what disposition should be made of this bill; but he did not quote that portion of the President's address which pointed out in more forceful terms than I am able to, the impropriety in times like these of undertaking to criticize what is being attempted to be done by the Government without endeavoring at the same time to suggest something in lieu of what is proposed which constitutes a remedy for existing ills. To use the thought if not the language of the President in regard to the statement of the gentleman from Wisconsin [Mr. CHASE] a situation dangerous in the extreme faces the cotton farmers of the South with a cotton crop of some 14,000,000 or 15,000,000 bales impending for this year despite the efforts of the Agricultural Adjustment Administration, and the possibility of prices for cotton of 6 or 7 cents a pound this fall. Under these conditions a remedy is suggested by, let us say, the Committee on Agriculture, a remedy which has the approval as we are informed of the President of the United States, yet the gentleman from Wisconsin and other gentlemen criticize it on the floor; but what do they suggest in place of it; what would they suggest as a means of preventing the catastrophe with which the farmer is face to face at this time.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. TARVER. I regret I cannot yield. I have only 6 minutes whereas the gentleman from Kansas consumed nearly 20 minutes.

I first considered the principle involved in this bill with a great deal of misgiving. I believe that the liberties and the rights of the farmers in this country are just as near and as dear to me as they are to any Member of this House. The spirit of independence of the American farmer is, to my mind, the principal assurance we have in this country today that our Government will continue to endure. Entertaining the views I do, I am very reluctant to crib, cabin, and confine the cotton farmers of this country by an act of Congress saying how much of their lands they shall be allowed to plant in cotton and what they shall do with lands not planted in cotton or withdrawn from cotton production, or at least delegating this authority to the Secretary of Agriculture.

I believe there is serious doubt as to the constitutionality of this measure. I say this frankly. I would not consider voting for it for a moment if it were not for the fact that we have been assured by the Secretary of Agriculture that more than 90 percent of the cotton farmers of this country who have communicated their views to his Department have expressed themselves as in favor of this bill; and were it not for the further provision contained in the bill itself that it shall not be made effective until the Secretary of Agriculture shall have ascertained that those who control, share crop, rent, or own two thirds of the land devoted to cotton production are in favor of such action.

The cotton farmer of America has been shown a mighty cold deal during the last few years of Republican administration, and it was not until March 4, a year ago, that any consideration whatever was given him by the Government of the United States or those in charge of it. Since that time,

however, there can be no question but that there has been an honest, sincere effort on the part of the American Government to do something for the cotton farmers of the South, as well as for the farmers of the rest of the country. Under such conditions, when, according to conservative estimates, more than 90 percent of the cotton farmers of the country, together with the administration, come to Congress and ask for authority to carry into effect this plan, I do not see how anybody, especially one who comes from the South, who represents a section devoted to the production of cotton, can feel that he is properly representing his people unless he votes to go along with the administration on this bill.

I have received some 400 or 500 letters from cotton farmers in my district regarding it. I have received only two letters indicating opposition to its terms. [Applause.]

There is a general feeling that since a vast majority of the cotton farmers have voluntarily signed the acreage-reduction contracts, those who have refused to sign should not be allowed to profiteer at the expense of those who have signed by planting more acreage to cotton this year than ever before in an effort to make a "killing" at the expense of those who are cooperating with the Government. I heartily concur in that feeling, and I am willing to go to the limit of what Congress may constitutionally do in order to aid the farmer who is cooperating. I shall submerge my doubts as to the wisdom and constitutionality of this bill in order to go along with what I believe the cotton farmer wants. The purposes of the bill are good. Without some legislation I anticipate a tremendous cotton crop this year despite the acreage-reduction program. The cotton farmer cannot stand that. Something has got to be done for him, and this is the only thing that is offered. It may not work out as we hope; he may kick me in the pants this fall for voting for it, but I would rather leave Congress than to vote against the only chance he has for help in a tremendous emergency.

I am glad it is not a permanent measure. I wish that it were definitely restricted to 1 year. Congress will be in session again next January, and if it works out satisfactorily, it will be no trouble to reenact it. Experimental legislation ought to be tried out before it is written permanently into law. There are some amendments I should like to see made to it, and I intend to offer at least two if I have the opportunity. I should like to see the bill provide for at least 4 bales of tax-exempt cotton to be allotted to the head of every family having as many as 5 dependents. Without regard to previous cotton production, 4 bales of cotton is mighty little to allot to a family of 6 people when it is the only money crop they have.

I should like to see the bill amended so as to allow the Secretary of Agriculture, in making allotments between States, to take into consideration the extent to which some States have reduced production, while others have increased. The farmers of my own State have for years been diversifying their crops, reducing cotton production, doing all they could by themselves alone to solve the cotton problem. If all other States had followed their example there would be no cotton problem today. But other States have in some instances increased production by leaps and bounds. It is unfair to the farmers of my State, and of some other States, not to take these facts into account in allocating tax-exempt cotton as between the States. The bill as drawn provides for similar relief in cases where individual farmers have reduced production out of proportion to others. If it is fair to do that as between individuals, it is fair to do it as between States. It is my earnest hope that the bill may be amended to provide for it.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, while you, doubtless, will not look upon me as an expert in cotton production or cotton control, yet I want you to believe me when I tell you that I am interested in the situation confronting the men interested in this great southern crop. We in the North know that when you in the South are prosperous we have a better market for the goods we manufacture. I wish to discuss this bill in the light of history and in the light of present-day events throughout the world; and I have reduced what I have to say to as small a compass as I could and yet do justice to the subject.

The first General Assembly of Virginia met July 31, 1619, at Jamestown. The first law passed by that historic legislature was one fixing the price of tobacco. It was enacted that the price for the best grade of tobacco should be 3 shillings a pound, and 19 pence a pound for the second grade.

Following the enactment of this price-fixing legislation the cultivation of tobacco increased so rapidly that by 1631 the price had fallen to 6 pence a pound. The plan to fix the price by law having failed, the right to cultivate tobacco was restricted to 1,500 plants per poll. This law went so far as to forbid carpenters and other mechanics from planting tobacco "or to do any other work in the ground."

Notwithstanding these drastic measures the price of tobacco continued to fall. The price per pound in 1639 was only 3 pence. At this juncture the Legislative Assembly of Virginia enacted a law that half of the good tobacco and all of the bad tobacco grown should be destroyed. Furthermore, it was provided that the crop raised in 1640 should not be sold for less than 12 pence a pound, nor should the crop produced in 1641 sell for less than 25 pence per pound, under penalty of forfeiture of the whole crop. This legislative effort was no more effective in maintaining the price than the previous measure had been. The price of tobacco in 1645 was only 1½ pence and in 1665 only 1 pence per pound.

The plan to limit production in its various phases having failed in Virginia, it was thought it would be more successful if the area were extended. Therefore, steps were taken to broaden its field of operation. The Colonies of Virginia, Maryland, and Carolina entered into a treaty in 1666 to stop planting tobacco for 1 year in order to raise the price. This treaty was duly ratified and the plan to restrict planting was adopted.

The combined action of the three Colonies utterly failed to maintain the price. Finally, the price dropped so low in 1683 that large groups of people joined in a petition urging more drastic action. This request being denied, the people organized groups to go through the country and destroy tobacco plants wherever found. This movement assumed the proportions of a riot. In April 1664, to prevent the wholesale destruction of property and crops, the assembly enacted a law that if persons to the number of eight or more should go about destroying tobacco plants, they should be adjudged traitors and suffer death.

Now that over 300 years have elapsed since the Virginia Assembly sought to fix and stabilize prices by legislative control and later by treaty, it will be interesting to see how far present legislative action will overcome the law of supply and demand.

The chief purpose and the major concern of the advocates of the production-control plan now under consideration in Congress is to increase and then stabilize the price of cotton.

Inasmuch as the provisions of the cotton control bill are drafted for the benefit of cotton, I desire to discuss the problem which it is sought to solve by legislation. That there is a surplus of cotton and that the price is very low, no one disputes. The cotton acreage, in the United States, however, has increased during the past decade from 33,000,000 acres to 48,000,000 acres. This increase in acreage has been largely in the States of Oklahoma and Texas. Since the year 1800 American cotton growers, until recent years, have enjoyed almost a monopolistic control of the world's market. Because of this advantage the American producer of cotton has been able heretofore to dictate the price. This advantage no longer exists. Conditions have changed.

A very thorough investigation of the cotton industry has been made by Mr. Robert I. C. Pecard, M.A., of the McGill Graduate School of Economics. In a recent article in a Canadian publication he shows the extent to which cotton production has increased in India, British Africa, and the

Anglo Egyptian Sudan; also, he calls attention to the potential acreage suitable and available in these areas for cotton growing.

Without going into detail I shall summarize by quoting those parts of Mr. Pecard's statement which are pertinent to the problem of low prices caused by overproduction. Referring to the cotton industry, he states:

> The whole organization of the cotton industry is now highly centralized, and the East India Cotton Association, formed in 1921, controls both spot and future markets.

Continuing, he says:

> Over 26,000,000 acres are under cultivation and exports in 1929 and 1930, over 4,000,000 bales, were double those of 1920–21. There is good reason to believe that with continued improvement in the staple grown and in marketing operations, India can hope to take a much larger share of Canadian requirements than the present insignificant amount.

Speaking of British East Africa, Mr. Pecard points out that:

> Cotton was introduced into Egypt in 1863. By 1911, 2,807 square miles had been planted, and exports were about 600 bales. Three years later, 1914, over 1,384,000 bales were shipped abroad.

Commenting on the production of cotton, actual and potential, in the Uganda he states:

> The plant was first cultivated to any extent in 1896 and by 1912 the output had reached 50,000 bales. * * * An American expert estimates that 10,000,000 acres, or 16 times the present area, are "ideally suited" for cotton.

Mr. Pecard then shows the possibilities of cotton production in the Sudan. I quote briefly from his article:

> The Sudan, it would appear, will likely become the greatest Empire producer of cotton of the longer staple variety, capable of serving all Canadian demands in addition to those of many other manufacturing countries. * * * While the Canadian demand may not appear to be very extensive, $22,000,000 worth of raw cotton is an order not to be neglected without much consideration as to possible future supplies.

Mr. Chairman, I ask your serious attention to a new phase of the international question as it relates to cotton. A report has recently been issued by the Ministry of Foreign Affairs of Brazil under date of 1933. Here is what this report reveals: Areas in cultivation, 650,000 hectares (2½ acres in a hectare) or 1,625,000 acres in cultivation. Areas capable of cotton cultivation, 88,800,000 hectares, or 222,000,000 acres, approximately 150 times the present area under cultivation.

Concessions have been granted by Brazil to Japanese colonization companies for the opening up of agricultural colonies in Brazil's cotton-growing regions. This fact and the further fact that over 30,000 Japanese migrated from Japan to Brazil during the period from 1930 to 1932 is not without significance to our cotton growers.

It was thought for a long time that only the eastern portion of Brazil was suitable to the raising of cotton. It has now developed that there is an unlimited area equally suited to the growth of cotton. The source of my information is the Brazilian Ministry of Foreign Affairs. Our own Department of Agriculture has just sent a cotton expert to Brazil to study the potential production of cotton there in the next few years in relation to our Government's limitation of production here. Brazil has granted concessions to Japan to carry out a colonization scheme, and within 3 years over 30,000 Japanese workers have gone into Brazil to raise cotton. It is not my intention to go into detail with regard to what is going on between Japan and Brazil, but the great market for cotton products is over in the Orient. But in Brazil there are 222,000,000 acres ideally suited for the raising of cotton with low costs of labor. The ministry reports that there are 369 textile factories working in the country and employing nearly 118,000 workmen, which reflects the importance of a product whose agricultural and industrial activities give employment to nearly 6,000,000 people, or 13.6 percent of the country's population.

There is another side to the picture that must not be lost sight of. Canada has a cotton industry, the products of which are valued at over $225,000,000 annually. If it be the future policy of Canada to purchase as much raw cotton as possible from British sources, and if she is in a position to manufacture cotton textiles for export, it would seem to me that nothing should be done to cripple the cotton-textile industry of the United States.

I feel that forethought and good judgment would suggest the highest measure of protection to the American cotton-textile industries. Under present conditions the cotton farmer needs our domestic textile industry as an outlet for his cotton, and this will become increasingly so in the years to come.

A legislative policy that increases the cost of production of textiles, that diminishes the purchasing power of labor, that suffers and permits our textiles to be displaced by textiles imported from other countries, is unsound and unwise.

A survey conducted by one of Canada's leading publications covering its tariff policy refers specifically to the cotton industry, the woolen industry, and the rayon industry. I quote from the survey:

> In these three branches of the textile industry, accordingly, the new employment resulting this year from the tariff, providing it is only reasonably effective, will mean a total of 18,000 new jobs. Last year's average wage in the industry—men, women, and learners considered—was a little in excess of $900. On such a basis, this year's disbursements of wages to new employees, not considering the increase which full-time operations will bring to old, will reach a total of more than $16,000,000.

The cotton farmer, the cotton-textile manufacturer, and the American laborer should pause before bartering away a dependable home market which is of the highest importance to each of them.

The elation manifested by our foreign competitors over recent proposals is not altogether reassuring to those of us who believe that a domestic market which absorbs 95 percent of all that we produce should be carefully guarded from foreign exploitation.

The cotton acreage under cultivation in the United States increased from 35,878,000 acres in 1920 to 45,091,000 in 1930. With 26,000,000 acres devoted to cotton growing in foreign lands and 10,000,000 more acres to be added as rapidly as the land in the Uganda can be brought under cultivation, the importance of protecting the textile industries of the United States from foreign competition cannot be overemphasized. The cotton-textile industries of the country will eventually be the last line of defense for the farmers of the South. During the year 1929 there were 424,916 wage earners in the United States employed in the manufacture of cotton goods.

What about the cotton-textile industry in India? The cotton mills in the fiscal year 1930–31 produced 867,045,000 pounds of yarn and 2,561,133,000 yards of cloth of which 133,426,000 yards were exported. Recent figures show that India has 278 spinning and weaving mills employing 324,600 hands; and in all India 8,702,760 spindles and 161,952 looms.

The control plan coupled with the A.A.A. and N.R.A. programs as it applies to cotton presupposes for its success a higher tariff wall to protect our textile industry than has ever been erected under previous tariff acts.

The fact that for 2 years foreign industries have been permitted to flood our market with textiles and thus deprive our men and women of the opportunity to work holds out little hope for adequate protection to insure the ultimate success of the cotton-control plan.

The chief hope for American agriculture and American industry today is the preservation of the domestic market. It is this market that must of necessity determine the future weal of the American people. [Applause.]

Mr. Chairman, I am in dead earnest about this situation and I will tell you why. We have a bill before the Ways and Means Committee which proposes to permit the President to enter into reciprocal foreign-trade agreements with various foreign countries. Your markets are going to be your own spindles at home. Look up the record of Japan, of India, and of Great Britain. I believe it is absolutely suicidal to the cotton farmers of the South at this particular juncture, before a real effort is made to build up their own

domestic market for manufactured goods, to start off on a plan to destroy cotton areas. I think it would be well for you gentlemen who are really interested in the Southland to examine very carefully into the intricacies of the new-planned economy for agriculture and see where you are headed. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, I am well aware of the significance of the subject that we have before us. I am a farmer. I raise wheat, cattle, sheep, and hogs. I am not interested particularly in cotton, but I cannot see how anyone, whether he be farmer, merchant, or lawyer, can fail to see the problem that is just ahead of us. I recommend to the gentleman from Minnesota the reading of Secretary Wallace's recent speech before the Foreign Policy Association, America Must Choose. Is it nationalism, internationalism, or is it the middle course which we must choose?

I have given much thought to this subject, and as far as I am concerned, I am willing to accept the challenge of the gentleman from Minnesota [Mr. CHASE], who spoke so deliberately about liberty and controlled production. I am willing to accept the challenge of the gentleman from New York and the others who contend so seriously that this is a curtailment of liberty and the end of American ideals.

Mr. McFADDEN. Will the gentleman yield?

Mr. PIERCE. I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. May I call the gentleman's attention to the fact that the article of Secretary Wallace, to which the gentleman refers is a copyrighted article by the Foreign Policy Association, one of our leading international associations that is working to internationalize the United States?

Mr. PIERCE. It is either that or nationalization, as I understand Henry Wallace. He seeks a middle course by which we may admit a certain amount of foreign commodities and continue to do a certain amount of exclusive business in this country. If we draw the line simply on nationalism, even then we must curtail production. What made the steel business so very profitable? The control of production. What made it possible for the International Harvester Co. to pay such great dividends? Exclusively controlled production or monopoly of the mowers and binders which they made. They did not throw them on the market beyond demand. This cannot be done by the farmer. Agricultural production can be controlled and regulated only by Government agencies.

I shall vote for H.R. 8402, the Bankhead cotton bill. My reasons are:

First. It is an emergency measure that may be abandoned at any time should the Executive department of our Government determine it is best to do so.

Second. The great majority of the Congressmen from the cotton-producing districts want the bill enacted into a law.

Third. Before it can go into operation two thirds of the cotton producers must vote for its enforcement.

Fourth. The land now in cotton which cannot continue to grow cotton, should this bill become a law and go into operation, cannot be used to grow other basic commodities.

Fifth. The bill provides that any excess over the allotment grown one year, by reason of favorable weather conditions, may be available any following year to make up for a short crop.

Sixth. This plan of control of production must be tried. Cotton appears to be the commodity on which such an act can be most easily enforced, because all cotton from the producing fields must go through the gin, where it will be comparatively easy to check up and assume control.

Seventh. Cotton needs this control more than any other farm commodity, as a larger percentage of it has to be exported.

Eighth. Should a producer wish to market cotton in excess of his allotment, the tax of 50 percent of the average central market price is reasonable.

Ninth. The bill is fair in the method of allotment to State, county, and individual. It takes a 5-year average and gives a chance for cotton protection to those districts that have not been producing their share on account of causes beyond their control.

Tenth. The bill wisely grants great discretionary power to the Secretary of Agriculture. If we must have absolute control of production, then it must be enforced with justice, sympathy, and understanding.

PERIODS OF AGRICULTURAL PROSPERITY

If I read the story of agriculture correctly, there have been three great periods of prosperity for the American farmer. The first period was one of 25 years, commencing at the inauguration of our present Government and lasting down to Napoleon's defeat at Waterloo. Historical records disclose that it was not generally believed the debts of the Revolution assumed by the Federal Government under the Hamilton assumption bill could ever be paid. The total value of all imports was not enough to pay the interest, but the interest was met and the debts were reduced in Washington's time and paid in full during Jefferson's administration. What was the cause of this unexpected prosperity during the first quarter of the nineteenth century? Certainly it was due to the demand for agricultural products, and that demand came from Europe's tragedy.

The same year that Washington was inaugurated the French mob showed its head, and a few months later the French Revolution was in full swing. The French boys from the Gironde came marching down the streets of Paris singing the Marseillaise. Modern nationalism was born, and national songs were chorused throughout Europe. The mob's master appeared in Napoleon, who, in an eventful quarter of a century, led the French armies from the shifting sands of Egypt to the drifting snows of Russia.

Europe, during that period, afforded a ready cash market for all farm products, at what then seemed fabulous prices. American debts to foreign countries were paid. The American people enjoyed a period of relief from financial pressure, and the American farmer actually prospered.

Then, for 40 years, came the settlement of the Mississippi Valley, bringing much new land into cultivation, resulting in falling prices for farm commodities. Had it not been for the increased prices of farm lands, there would have been great distress during this period among the farmers. Then came that unjustifiable War between the States, creating a ready market at high prices for all the beef, cotton, wheat, and bacon that could be produced. The American farmer of the North again prospered by reason of war, which brought the usual financial gains to business and industries. The brief war between France and Germany in 1870–71, with Europe calling for food they could not produce in sufficient quantity, continued prosperity for American farmers. Then followed another period of 40 years, which was generally a time of falling prices. During this period the American frontier disappeared under the pressure of the westward movement of hopeful, land-hungry, pioneering American farmers.

Then came the greatest catastrophe of all history, the World War. As the boys suffered, fought, and died in the trenches, the American farmer again prospered through the war-created call for food, and all he had to sell brought a ready cash price.

CHANGE FROM DEBTOR TO CREDITOR NATION

From a debtor Nation at the beginning of the World War, paying annually $200,000,000 in interest to foreign nations, we found ourselves at the end of the war a creditor Nation, demanding from the foreign nations $500,000,000 in interest annually. During the half century from Appomattox to the Marne, when we owed that $200,000,000 annual interest, the countries to which we made this yearly contribution were glad to take our surplus farm products, wheat and cotton in quantity, in lieu of gold. During the 20 years in which we have been a creditor Nation, we have constantly built our tariff walls higher and higher. We have said to our debtors, "You defaulters, pay us what you owe

us, $500,000,000 interest each year in bars of gold. We do not want your manufactured articles, because we can make better articles here in America ourselves. We cannot use your paper money. Give us gold, gold." The debtor nations replied, "America has almost half of the known gold of the world used as money. We have little of it, how shall we pay?" Is it any wonder that we cannot sell our farm products on foreign shores when we refuse to take their commodities in exchange?

THE OUTLOOK FOR AGRICULTURE

The American farmer has been exceedingly prosperous for about one third of the time since Washington was inaugurated as President, about one third of the time fairly prosperous, and the other one third of the time in dire financial distress. Now what are the prospects? Shall we again be able to sell our wheat and cotton in foreign markets? With what is the foreigner to pay? We refuse his goods, he does not have gold.

Barring war or famine, a sufficient foreign market for our surplus farm products under the present world conditions is an iridescent dream. There is but one certain effective method for dealing with surplus farm commodities, that is, controlled production. You do not like it, I do not like it. You say, if it must come, let it be voluntary, but, when voluntary, it does not come with sufficient force to be effective. You may talk about liberty and freedom, but we face a condition. One man's liberty extends clear up to the place where another man's liberty commences. If a group of men insist on producing an article like cotton in such quantity that his neighbors cannot market theirs, the higher law, the "greatest good to the greatest number" must be set in operation by social organization.

Indeed, we are far on the road toward that place where all will be able to eat, to live, and to hope, and where no one can, by honest or dishonest methods, acquire such a quantity of the world's goods as to deprive others of their just share. Call it whatever you wish, a new deal, a new era.

IS CONTROLLED PRODUCTION PERMANENT?

Do I fear that this emergency cotton bill will become permanent? I do not care if it does, if it proves to be a good system, if it meets the emergency. Will it come in wheat? I hope not. I dread to see the day come when an official will come to my farm in Oregon and say, "Plant this field to oats, this field to alfalfa, this field to wheat, leave this field unplanted", with power to enforce this decision, making compulsory, strait-jacket control of agriculture. Long before this becomes universal and American freedom of action disappears, the powers that control the economic world can meet and solve the greatest of the problems confronting every civilized nation, the problem of unemployment.

Thirty millions or more of men and women with dependents are today helpless victims of our economic maladjustment. When they have work and homes, and money to spend, the agricultural surplus will vanish. It may be wiped out by catastrophe of nature, by war, or by redistribution of earning power.

Because of machinery, there can be no comparison between the present time and any time in the past. We must continue to use it, but its profits must belong to the entire people and not to a few who, by all sorts of methods, acquire control. While recognizing that machinery has been the great cause of unemployment, we must never lose sight of the fact that money and the control thereof is the root cause of the unequal distribution of the world's goods, and this must be remedied.

Let us give the Bankhead cotton bill a chance, a fair, honest trial. The day has passed forever when a person, yes, even in free America, can do entirely as he wishes even with his own. His own must be used that it will do the least possible injury to others. Whether we like it or not does not matter. The world has moved on, the day of laissez-faire has passed. The day of rugged individualism has gone forever. The cotton planter of Texas must not, by use of machinery and fertilizer, financially ruin the cotton planter of Carolina. These things must be ordered and arranged. No longer can they be left to chance and greed.

During the days of the World War, this Government assumed the right to take your boy or mine and send him into the shell-ridden trenches of the western front to save what we call democratic civilization. This same civilization is today in danger, the foundations are giving away. Millions are starving, millions wanting jobs, millions have become bankrupt. If it takes a regimented control of agriculture to save the marvelous achievement of the inventive genius of the world, let it come. The last century has made the world a neighborhood; we now strive to make it a brotherhood. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. JEFFERS].

Mr. JEFFERS. Mr. Chairman, this is an important day in the history of agriculture. We have at last come to the actual consideration of this far-reaching legislation of interest to our agricultural people—the Bankhead bill—which provides a plan for the control of the production of cotton, the great commodity crop of the South. Leading up to the consideration of this legislation, I desire to review briefly the striking events of the past 12 months which have so materially revolutionized the agricultural situation throughout the Cotton Belt, and, indeed, the entire economic condition of our Southland.

When we passed the Agricultural Adjustment Act in May last year the new deal for agriculture was inaugurated. The 1933 cotton crop had already been planted and was then growing and flourishing. On account of the ideal weather conditions then prevailing it was estimated that we were faced with a production of 17,500,000 bales of cotton for 1933, which would have been the second largest crop in history. In addition to that, there was in existence a carry-over, or surplus, of something over 12,000,000 bales. That huge surplus was the disheartening price breaker, the millstone around our necks. If nothing had been done about the situation, and nature allowed to take its course, we would have had on our hands in the fall of 1933 about 30,000,000 bales of cotton. It is easy to see that if that had happened the price of cotton last fall would have fallen far below the cost of production, as had been the case in 1932 and 1931. It would have probably fallen to below 5 cents per pound, if, indeed, there would have been any market for it at all. This would have meant the absolute bankruptcy of the entire South, and a great proportion of our agricultural people would have been on the road to a state of peasantry. Those who now stand on the side lines and condemn and criticize the honest efforts of the A.A.A. to help our agricultural people to get back on their feet seem to ignore the fact that the average American farmer was headed for peasantry as fast as he could go a year or two ago, and that something had to be done and done quickly.

The new administration in Washington was given a clear picture as soon as possible of the deplorable condition confronting the cotton-producing States, and as soon as Congress passed the Agricultural Adjustment Act the Government agencies immediately swung into action and offered a working plan to the farmers of the South, which was generally referred to as the "plow-up" campaign. It will ever be a wonderful and romantic chapter in the history of agriculture how then our southern agricultural people rallied almost unanimously to the support of the new and startling proposal which had been placed before them by their Government, bringing about the quick success of this movement in the Cotton Belt. It was a magnificent accomplishment which soon became the talk of this Nation and the world. Within a few short weeks the extension service in the several States and in every county had been furnished the details of the plan which they were called upon to superintend. More than 25,000 local committeemen were speedily selected, and these loyal and patriotic citizens worked day and night, giving unselfishly of their energy and their time, with the remarkable result that in an incredibly short time the campaign was completed and more than 1,000,000 farmers had actually signed contracts to take 10,400,000 acres of growing cotton out of production. The farmers of the South turned the roots of that cotton up to the sky—cotton which, had it been allowed to mature, would have amounted to around

four and one-half million bales and would have brought the 1933 crop up to at least 17,500,000 bales, and that amount, with the huge surplus already on hand, would have undoubtedly pushed the price down to ruinous levels.

Permit me to say here that I feel proud of the fact that, as one Member of this Congress, it was my privilege to have a part in the enactment of the legislation which provided the machinery for this great cooperative movement between our governmental agencies and our agricultural people.

Taking into consideration the $112,148,000 paid to the 1,000,000 farmers who participated in the plow-up campaign and $48,000,000 covering the option cotton, and the amount the crop itself finally brought, we find that the total value of the lint of the 1933 cotton crop was $777,864,000, which was more than twice as much money as the South received for the crop of 1932 or 1931.

The fact that the cotton producers themselves had almost unanimously cooperated in the plow-up campaign was regarded as a splendid achievement, and made it possible to secure from the Agricultural Adjustment Administration, and from the President himself, approval of the 10-cent loan which followed. Had we not been able to secure the 10-cent loan on cotton, thereby pegging the price just at that time, it is undoubtedly true that the price of cotton would have fallen several cents per pound within the next few days on the strength of the next crop estimate which was published.

This 10-cent-per-pound loan on cotton was agreed to by the President following the cotton conference held in Washington last fall and which was attended by delegations from the cotton-producing States. At the conclusion of the deliberations of that cotton conference, over a period of 4 days, a committee of 15 was selected to call upon the President and lay before him the distressed condition of our cotton producers which existed at that time. Senator BANKHEAD was the chairman and spokesman for this committee. I had the honor of serving as one of Alabama's representatives on this committee when we placed the case before the President, and other members of the committee from Alabama were Congressmen ALLGOOD and HILL. We cannot estimate how much the 10-cent loan did really mean to us by steadying the price of cotton and preventing a sharp decline in price at that time, but we do know that the 10-cent loan would not have been possible at all if the producers had failed to cooperate with the Government in the preceding plow-up campaign.

The great credit for all that has been accomplished thus far must go to our southern cotton producers themselves and their spirit of cheerful cooperation won for them the commendation and plaudits of the people of the Nation. The dramatic success of the several steps which were included in the 1933 cotton campaign is sufficient proof that, given the proper incentive and leadership, farmers can and will cooperate honestly and successfully for the betterment of their own conditions. In other words, agriculture has begun to learn to speak the language of intelligently controlled industry, which does not destroy prices by flooding the market with more goods than can be sold at fair value. We must now bring about 100-percent cooperation.

Surveying the splendid results of the efforts already made, we can look to the future with renewed hope. Our agricultural people, for whom I have the honor to speak, especially those in my district, are facing the future with greater confidence, and I think they feel that they are closer to their Government and that their Government is closer to them than ever before in history.

In the address that President Roosevelt delivered before a joint session of the two Houses of Congress on January 3, 1934, he said:

> We have plowed the furrow and planted the good seed; the hard beginning is over. If we would reap the full harvest, we must cultivate the soil where this good seed is sprouting and the plant is reaching up to mature growth.

The agricultural people of the South have indeed made a good beginning, and we must not and cannot turn back. Through the unanimous cooperation of all of our people success and prosperity will crown our efforts.

We all realize that the task is not finished with the accomplishments of 1933. In fact, we have just begun to work to attain the ultimate goal. The farmers of the Cotton Belt, realizing the necessity for unanimous cooperation among the producers themselves have expressed themselves very forcibly in favor of a workable compulsory control plan. While I was in my district last fall I had the privilege of addressing several great gatherings, composed not only of farming people, but of business men of every class, and in each instance the opinion was practically unanimous in favor of legislation providing for a real compulsory control plan with teeth in it. The Secretary of Agriculture had indicated that he wanted to have clear and unmistakable evidence from the cotton growers themselves that they really did desire a compulsory control bill. We have brought him the answer direct from our farmers, and the Secretary has also received the answer from the thousands of questionnaires which were sent out through the Cotton Belt.

So, my friends, I bring to your attention at this time the necessity of supporting this Bankhead bill as a further forward step. We of the agricultural South need now the support of the other agricultural sections of our Nation. This means much to us. We will aid you in your worthy undertakings, and we earnestly solicit your support to our cause now. The people who will be affected by this legislation have told us that they desire its passage. They desire the opportunity of operating under its terms and provisions, because they believe that the unanimous cooperation which will be brought about by the control plan embodied in this bill will enable them to steadily maintain an intelligent control of the amount of cotton to be placed upon the market each year, so that they may be assured from year to year of an equitable price for the great commodity crop of the South, which is produced by their labors, and which will mean a fair margin of profit to the producers themselves over and above the cost of production, and so that they and their families may be enabled to enjoy the necessities and comforts of life to which they are so justly entitled, and that eventually the life of our agricultural people may achieve its ultimate of fullness and happiness. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. RUFFIN].

Mr. RUFFIN. Mr. Chairman, I have been interested in this principle of legislation since I first read the discussions in reference to this matter in the Senate some 2 or 3 years ago. There is no particular reason why I cannot vote on this matter free from any pressure whatever, representing as I do the State of Missouri. There are only about a half dozen counties in my State that raise cotton. I have not been asked to vote for or against this bill. I am not certain that the bill is constitutional. I am assuming that it is. I have had doubts about the constitutionality of other laws we have passed.

This bill marks another step in the onward rush of events of this country. It is compulsory control of production. If we have controlled production of cotton, it is only going to be a few months until we will have controlled production of wheat and controlled production of the other basic agricultural commodities. This, of course, also will eventually mean controlled production of everything that we manufacture. This is inevitable. I see no more opportunity of blocking this onward course of events than I do of damming up the Mississippi River. We may be able to control or divert the river but we have no way of stopping it. I am voting for this bill realizing fully that no man knows where we are going to come out and what is going to happen next, with the hope that we can control these great forces that are cracking all around us, and that in some way or other, with the help of the Lord and such assistance as we can command through constituted government, we will come out on top.

Mr. DOXEY. Mr. Chairman, I yield 4 minutes to the gentleman from Kansas [Mr. CARPENTER].

Mr. CARPENTER of Kansas. Mr. Chairman, I recognize there is some considerable sentiment in the South for this legislation and that their Representatives are impelled by

conscientious motives in behalf of their constituents in supporting this legislation, and for that reason I have been wondering whether it is wise for me to speak on this bill, but I have some thoughts in my system in regard to this kind of legislation which are hard for me to suppress, so I might as well express them.

Generally when a proposition of this sort comes up which only affects one section of the country it is the usual practice to say, "Well, if this only affects that section, all right; let them have it." This is what I would be pleased to do in this case. But when such a revolutionary measure as this comes up for serious consideration by this Congress, of which I am a Member, I do not see how I can sit here and keep my mouth closed, or how I can explain to my farmers back home why I sat here and permitted such a measure, that may be the beginning of like legislation affecting all agricultural commodities, to pass this body without my protest. I am in favor of any voluntary proposition for the regulation of agricultural commodities, or anything else in this country, but I am opposed to the involuntary servitude that is incorporated in this bill. This is the first step in establishing the Government of this country as the landlord of every farmer in the United States, and it is this first step that I am opposing.

What does this law propose to do? In short, it gives the Secretary of Agriculture the right to tell every cotton producer just how many bales of cotton he can raise. To my mind this is against the principles on which this Nation was founded and would lead us into a sort of Russian communistic state in this country.

I think there are other ways to adjust our agricultural difficulties in this country: Such as tariff legislation, silver legislation, and providing the naked and hungry with our surplus commodities. As I have said, in my opinion such legislation as is included in this proposed Bankhead bill is against the principles upon which this Government was established, those principles that were responsible for the Boston Tea Party. Evidently the tea was good, but the tax was not so good, and the tax is not so good in this bill.

I have had some legislative experience, both here and in other legislative bodies, and it has been my experience that it is the desire of every legislator to include some kind of a tax provision in his proposed bill. I do not know of any provision in the Constitution, either of my State or of the Federal Government, that provides that every bill introduced in either the State legislature or in the Congress of the United States must include some variety of a new tax. If any meritorious bill is brought before the legislative assembly, either State or national, that does not have a new tax provision in it, it does not get very far, but if you can suggest some kind of a new tax to further add to the burden of the already tax-burdened people of this country, the bill generally has very little difficulty in being enacted into law.

Congress in this emergency has already delegated considerable power of taxation to the Secretary of Agriculture, and if we keep constantly creating additional taxes, where is this power of taxation going to lead us?

Those advocating this proposed legislation appear to have great hopes for its success and therefore I say, I fear its success, so far as the future liberty of the citizens of this country are concerned, more than its failure. While it would appear from the committee hearings on this bill that the Secretary of Agriculture was not very enthusiastic for it and stated it was "very nice of the South to offer itself as an experimental economic laboratory", and that "it would be very interesting to see the varied human reactions coming out of trying such a program", he made this statement, reported on page 32 of the committee hearings:

> It has been suggested to me by some of our attorneys that if this measure should be challenged in the courts, the position of those whose duty it would be to sustain it would be materially strengthened if the measure was enacted only for the duration of an emergency. If the committee agrees that this suggestion is valid, it might be well to include in the title of the bill a declaration of emergency.

The principal reason therefore, given for this kind of legislation at this time, is based upon a declaration of emergency. I care not what the emergency is, it is not great enough to start this country on a course of further governmental interference that will lead us to such a state wherein we will be denied the "blessings of liberty to ourselves and our posterity", as set forth in the preamble of the Constitution of the United States.

Mr. DOXEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. HILL of Alabama, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill H.R. 8402, the cotton control bill, had come to no resolution thereon.

H.R. 8402—A BILL TO PLACE THE COTTON INDUSTRY ON A SOUND COMMERCIAL BASIS

Mr. CRAVENS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CRAVENS. Mr. Speaker, I feel had the farmer been let alone originally and allowed to proceed in his own way and had he not been discriminated against by a high protective tariff, he could easily have worked out his own salvation without any special legislation for his benefit.

However, because of discrimination and because of lack of purchasing power of the people of the world, the farmer today faces utter ruin, and it is only proper that the National Government should offer such aid as is in its power to give—the same aid it has already extended by legislation to other classes of our citizens.

The farmers of the North, the West, and Middle West are not personally or directly interested in the bill under discussion—the Bankhead cotton control bill—except insofar as it shows the attitude of the administration and Congress to aid and help them solve their problems, which, no doubt, are just as great as those of the cotton growers of the South.

This bill affects only the South, and but for the enormous carry-over of around 10,000,000 bales the cotton farmer would need no aid, but this enormous carry-over hangs over his head like the sword of Damocles.

It has been said on reputable authority, if only the poor of India and China had a change of clothing there would not be a spare pound of cotton in the United States or the world; and, I feel reasonably sure, if these same poor were properly fed there would not be any surplus of wheat, corn, hogs, or cattle, but the poor are going hungry and naked, in spite of the abundance with which they could be both properly clothed and properly fed. Poverty is on every hand, not only in this country, but in every nation in the world, and some remedy must be found to restore the people of this country, at least, to some measure of prosperity and happiness.

After the financial crash of 1929, the Republican Party was in full power for 3 years, yet in that time nothing was done or even seriously attempted to remedy the terrible conditions confronting our people, except giving out false and unfounded assurances that prosperity was just around the corner.

In my judgment, our great surplus of cotton, corn, wheat, hogs, and cattle can in some degree be reduced if the President of the United States is given the requested power of entering into reciprocal agreements with foreign nations and given the right to adjust the tariff to meet present-day conditions, and I sincerely trust this authority will be granted in the fullest measure by the present Congress.

No man in the history of our country has shown himself so well informed as to the needs of the great masses of our people, nor in such wonderful sympathy with them, as President Roosevelt; and so far as I am concerned, except in cases where already committed otherwise to the people of my district, I am willing to follow his lead, and in the present instance the bill under consideration, we are advised, has his hearty approval.

This bill affects directly only the people of the South, and it is beyond my understanding why it should be opposed by a single Member of Congress, Democrat or Republican, who has the welfare of the farmer really at heart.

A very distinguished Republican Member of this House stated on last Saturday, "This Bankhead cotton control bill is only another step in turning over the Government to absolute control by bureaucracy"; and I would like to inquire if the Republican Party has not fathered and fostered the spirit of bureaucracy since the founding of this Government. However, I deny this bill is anything but democratic in its tendency, but, even if so, it is the least undesirable form of Government interference in business, for it could not become effective until approved by two thirds of those vitally interested and affected.

We must, for the redemption of the South from poverty and distress, from the loss of homes, farms, and business, do away with this specter of such an enormous carry-over; and no solution so fair or so generally acceptable to those directly affected has yet been devised by the mind of man.

This bill does not affect the Northeastern States, States of the West, Middle West, or any other part of our great country, unless they care to look at it from a purely selfish standpoint.

It only directly affects the cotton-growing States, and, if, as said by some, it is an experiment, why not let the South experiment, if it chooses, and the experiment cannot possibly injuriously affect any other section of the country.

This bill is not an attempt to force something on the cotton farmer he does not want, but, on the contrary, an attempt to help him get what he does want and must have if he is to survive—a profit from his cotton.

This bill, when made effective by the will of at least two thirds of those affected, enables that large majority to compel those selfishly inclined to limit their production so as to insure a reasonable profit for all.

The land taken out of cotton production by this bill, while available for other useful purposes, in no way competes with any other section of the country, so there can be no reasonable objection offered by a Member whose district produces corn, wheat, or any other staple crop.

During this debate I have heard it said many times that the farmers of the South were in better condition financially than the farmers of other sections, but personally knowing the conditions in many parts of the cotton-growing section, I hardly think these statements are correct, but even so, it affords no reason for opposing the bill, which is in the nature of a bill initiated by the people themselves and only operative when approved by at least a two-thirds majority, and for that reason alone the objection that it is a menace to liberty, or an unwarranted interference by the Government in business fails.

This bill, in my judgment, will restore to the South a measure of prosperity, which in the end will rebound to the benefit of the entire Nation. It will enable the cotton farmer to pay his debts and save his home and, in addition, will give him a purchasing power to be felt throughout the Nation.

The time has come when the agricultural sections of the United States should give some thought to cooperation, regardless of locality or the kind of crops they are best suited to produce, and this is an opportunity afforded the other agricultural parts of the United States to show the South a spirit of friendly cooperation, with full assurance the South will not fail to respond whole-heartedly to the needs of all other sections.

The committee amendment to section 6 affords ample protection to all other farming sections of the United States against the South using the land taken out of cotton production in competition with the crops of those sections, therefore I cannot understand the attitude of any Member of Congress representing an agricultural district opposing this bill.

The measure is democratic in its tendency, as it allows those affected to decide the question for themselves without interference from others. It is purely a local question for the South, and all we ask is that the South be allowed to decide it.

COTTON MARKETING CONTROL—GOVERNMENT UNDER TWO-THIRDS RULE CONSIDERED JUST

Mr. HOEPPEL.. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOEPPEL. Mr. Speaker and Members of the House, the bill under discussion has been attacked in reference to the constitutional question involved in the limitation it seeks to place through a marketing tax upon the production of cotton. Candidly, when this bill was first advanced, I was opposed to it, but after hearing the debate and ascertaining that the majority of the Representatives from the Southern States are in favor of it, I am inclined to favor the passage of the bill. I have also observed that the leading members of the farm group and outstanding agricultural representatives from the Northwest and the Western States seem to favor this measure. Therefore, I am inclined to the belief that the bill must have merit in the interests of the cotton grower, otherwise these outstanding farm specialists from the West and Northwest who are not themselves interested in cotton would not espouse it.

No one can deny that we are in a state of economic battle—even more serious in its prolonged consequences to our own citizens than war, and as the Congress of only 531 Members has the right to declare war, affecting all of our citizens, it would seem that 66 percent of the actual cotton growers ought to have the right to agree to a plan which their representatives and they themselves consider the means to their economic salvation. Inasmuch as cotton production is sectional, I doubt whether Members of Congress outside of this sectional area should enforce their will by a negative vote over the expressed desire of the Representatives from the South and the people in the Cotton Belt.

By analogy from the standpoint of my own State, I feel that if the Membership of Congress from California were practically in accord on a proposition for the protection of the citrus-fruit and grape-growing industry in our State, subject to the expressed will of 66 percent of those engaged in those industries, I should look askance at opposition to the interests of California from any other sectional group. For this reason, I propose to vote for this bill, notwithstanding that I am not in accord with the general idea of bureaucratic control from Washington with its throng of office holders and wastage in Government finances through the various avenues of bureaucratic control and administrative "red tape."

The cotton industry is of such importance to millions of our citizens within a sectional area that it may be expedient to accept this bill as an experiment which, if found to be efficacious, might be applied later to other groups of a basic nature.

I wish to state, however, that basically I am opposed to any form of governmental control of private business as long as there are other alternatives. We have as yet failed to enact, or even to advance, legislation which in my opinion would obviate the necessity of the various bureaucracies with their surplusage of personnel. The expenditure by the Government for the next fiscal year of approximately $1,000,000,000 to the farmers of America to obtain the reduction of basic commodities appears as an unnecessary subsidy. It is my opinion that if the Government were to enact legislation remonetizing silver on the basis of 16 to 1, or approximately in that ratio, stimulation through subsidies would be necessary. But with a single metallic standard, the international banking ring will continue to crucify the American people on a cross of gold!

Any form of rehabilitation of silver as a circulating medium on an established parity with gold will weaken or destroy the power of the financial group which has dominated the governments of the world and brought on wars and economic distress through the power of contraction and

expansion of currency, predicated upon a single metallic standard—gold.

The farm group in the Congress has consistently advanced the suggestion that the extension of governmental credit direct to the farmers at a very low rate of interest would alleviate the situation of the legitimate farmer and make unnecessary the subsidies we are now paying.

The subsidies we are extending to entrenched wealth of America through the continued issuance of tax-exempt bonds, which add a double burden to ourselves and posterity, are an evidence of the lack of sympathy on the part of Congress for the common man. How long we can continue to vote subsidies to the farm groups of America and to the banking hierarchy of Wall Street, which subsidies the consumers must eventually pay notwithstanding their diminishing purchasing power, remains to be seen.

The solution of the problems of the depression does not lie in subsidies of any sort to any individual or group. Until we restore the purchasing power of the Nation by the extension of Government credit direct to the individual at a very low rate of interest and upon a basis of sufficient collateral, I feel that we will continue to flounder and fail to reach the proverbial corner which was the dream of the former administration.

The inordinate debts and the excessive interest rates which the people must pay with their present diminished purchasing power, predicated as these debts and interest rates are on the cheap dollar of our more prosperous years, adds a double burden to the debtor class. In the midst of this emergency we should not criticize any expenditures for the relief of our unfortunate unemployed and distressed citizens, nor should we, under any circumstances, add to our burdens by permitting monopolistic control of our currency and credit by the international banking crowd which dominates the Federal Reserve System. The right to coin money and to extend credit should be reaffirmed by the Congress of the United States and immediately applied directly, and if this is done we will not be called upon to vote for measures of this kind which are of doubtful value.

BANKHEAD COTTON BILL

Mr. MITCHELL. Mr. Speaker, I as unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MITCHELL. Mr. Speaker, I do not believe the proposed act is constitutional. I do not believe this bill is for the best interest of the people of the South or my congressional district.

I fear we will lose the world market for cotton from the South and give it to foreign countries by this bill.

We export 60 percent of our cotton. The price is therefore fixed in the world market. To reduce production so as to improve the price at home means a reduction of our domestic consumption. If one of our own Southern States will not reduce production for another cotton-producing State, how do we expect cooperation from foreign countries? Why not expect an increase from them because of the enactment of this law. It is inevitable that we will reduce cotton production in the South and that foreign nations will increase production. Cotton is our greatest export product.

As has been well said, England lost the world market on rubber by similar action to this we are about to take and will never get it back. She tried to reduce her production and force up the world price of rubber, and by so doing lost her market to other countries.

By reducing cotton production in the South we will increase production in Egypt, Brazil, India, China, and Japan. This is already being done.

We are selling our opportunities to the people of other nations. Why do this? We deprive many of our people of the right to earn their own living.

It is said Egypt will increase its crop this year by 455,000 bales. If cotton sells for 12 cents per pound this will mean a transfer of $27,000,000 of production and purchasing power from the South to Egypt. Argentina is now growing greater cotton crops. Brazil, it is said, can raise 15,000,000 bales of cotton. England is raising cotton. Why give the rest of the world the advantage of our reduction to let them increase their acreage and their national income at our loss and expense?

Cotton must move in the world market. We must again recognize the inexorable law of supply and demand. We cannot ignore this basic principle in government. We cannot lift ourselves by our own bootstraps. I am willing always for the people to regulate their own internal affairs in the respective States. I believe in their sovereignty. I do not believe in compulsory regulation by the Government in the different States.

This bill is quite different from the Agricultural Adjustment Act, which permits voluntary production by signed agreements of the farmers and producers who are affected. The provisions of this bill are mandatory and not voluntary. It is most drastic in its provisions. Why have additional legislation on this subject at this time? Give the legislation already provided under the A.A.A. time in which to have effect. We can then determine whether more drastic legislation of the kind here proposed should be considered.

As a member of the Committee on Agriculture, I listened to the hearings and found no reason for this legislation, which so vitally affects the future welfare of my people in the Southland. I am not prepared to agree to the necessity for, or wisdom of, compulsory control of production. Give voluntary-reduction program a chance and trial. The people can determine for themselves and instruct their Representatives in the future if they want their liberties and property rights taken from them by the Federal Government. I refuse to support legislation of this kind. I am not in favor of a permanent Government maintained by Representatives out of Washington. I am against carpet-bag rule. We had enough of that following the Civil War to last our people and their descendants throughout all time. I am not in favor of the farmer of my district having a policeman or deputy United States marshal at his elbow all the time, or prowling around the farm homes of the South, looking for something to tax, or an opportunity to arrest some farmer and hale him before the Federal court, because he has a bale of cotton stored in the barn on his premises without a tag or label. I believe in the sovereignty and independence of the people. We fought for this right in the early history of this country and have sacrificed blood and treasure to maintain it from that day to this.

The allotment plan in this bill means the farmer can only raise his average number of bales for the past 5 years. All over this is taken up in taxes by the Government. He cannot cultivate his own farm land in wheat, corn, peanuts, tobacco, or any other basic-commodity crop without being subject to a fine and penitentiary sentence. Think of legislation of this kind in America! I am persuaded that this bill will never pass in the opposite side of the Capitol. I am sure it will pass here, for the Members of this body are really not familiar with the provisions of the bill. They are deceived in its terms and purposes. It is too drastic. It is un-American, undemocratic, and unworthy of the South, from whence it has its origin. I am opposed basically to any form of Government control of private business. I am opposed to unnecessary and expensive boards and bureaus of control which a bill of this kind will require. I am opposed to the principle of the bill. I am opposed to the harsh punishment set out in the bill, to be visited upon the farmers if they ignorantly violate the rules and regulations that may be prescribed by the Secretary of Agriculture in Washington. Even he is not asking for the passage of the bill. He says, in effect, that if the southern farmer wants to put his head in the noose, he will draw the rope.

How unfair to our people back home, who do not know of the harsh provisions of this bill! Had the bill passed the Committee on Agriculture as it was originally drawn and presented, before it was amended, it would have caused

bloodshed in the South. The present bill, if passed, will work untold injury to our people. They will no longer be free in their person and property, but ever subject to Government inspection and control. The farmers of my district are unwilling for the Federal Government to tell them what crops they can plant, and in what field and the number of acres they may cultivate. They will rise up in mass against legislation of this kind; yet that is exactly what this bill does. It is intended to put our dairy farmers entirely out of business, so as to help the producers in the East and Central States and the Northwest.

It would force us to leave millions of acres of land out of cultivation. It will throw millions of the tenant farmers in this country out of work and put them on charity. What is needed is more men employed and made self-sustaining, and fewer to be fed from the C.W.A. This must reach an end, or there will be no one left to pay the tax burdens in this country.

What is needed is fewer taxes, instead of additional processing taxes. This bill commits us to a policy of Government control of agriculture.

Already there is signed up 85 percent of the cotton acreage in the United States for this year by the farmers of the South, under the voluntary-control program. This guarantees a reduction of cotton this year. Why disturb a situation that is working so admirably now by all those interested in cotton production? This bill is pressed without any necessity for its passage. The surplus in cotton has decreased rapidly in the past few months. No new or drastic method like the one before us should be tried on our people, who are already uneasy and nervous over the many experiments in government which we have enacted during the past year. We need to give the public a rest. Let business and industry have an opportunity to recover without so many serious remedies.

This bill says to every cotton farmer, "You can produce so many bales, but no more." It is most difficult for those not already engaged in cotton raising to ever get into the business. All land taken out of cotton production, to comply with the terms of this bill, must become subject to the rules and regulations of the Secretary of Agriculture. He is not allowed to put this land back in any staple crop that would be a competitive crop to any other section of the country. He can grow peas or small grass, but must use this on his farm and not sell it. We take away the right to work. The farmer cannot raise his cotton crop, sell what he makes and keep his money, but all over his quota that he makes—and this quota is figured here in Washington (by experts and professors)—he is required to give one half of it to the Government. If he does not do this, he has violated the law, is tried as a criminal and sent to the penitentiary because he has tried to do as he pleased with his own property which he has worked and accumulated. He has raised cotton and sold it in the past and paid for his farm, and now he is to be tried and fined under this law if he seeks to raise cotton upon it and sell in the world market. Why not let us continue to be free American citizens? Free in our person and free in our property rights. I will never vote to send a citizen to the penitentiary whose only crime is that he has failed to pay a tax on the production of a bale or two of cotton. Send him to the penitentiary for producing more cotton than some chief of a bureau here in Washington has figured he is entitled to raise on his own farm. You first confiscate his property by a tax on it and then penitentiary him because he does not, and cannot, pay it. You call him a tax dodger. You, in effect, say, by this bill, "If a farmer raises more cotton than the Secretary of Agriculture says he is entitled to, on his land, he is guilty of a felony and may be sent to the penitentiary." He has committed no greater offense than to toil in the sun "to earn a living by the sweat of his brow."

I cannot support legislation of this kind. It is tyranny. It makes the Secretary of Agriculture a czar, with greater and more far-reaching authority than the kings and emperors of the Dark Ages. I respect the farmers of my district too much to vote to conscript their land and take away their rights and liberties to do as they please with what they have worked for and have a deed to. We have enjoyed the blessings of liberty too long. We have enjoyed the freedom of our homes too many years to surrender now to any new and untried theory of this kind. No one knows what drastic and technical rules the Department will prescribe to enforce this law. We are now doing everything possible under the voluntary crop-reduction plan, and let us go on with this program. We are helping all classes of farmers under its provisions. Why wreck the plan in force by surrendering all the rights that are dear to a brave and chivalrous people who have been famed and renowned throughout the world as the guardians of liberty and the defenders of State rights? Let us stand by the landmarks of the fathers and be sovereign in our homes and farms. Let us stand by the traditions of the South, and continue in opposition to the Federal Government interfering in our local affairs.

We do not need 15,000 "revenue officers" on the pay rolls, to harass and annoy the people. This bill should not pass. If this bill is passed, the same law will soon be proposed for corn, wheat, tobacco, and all other farm products.

This bill, when enacted into law, means that where a farmer has been assigned a certain quota of cotton, as ascertained by the Secretary of Agriculture and his agents, say, 10 bales, he is then entitled to 10 bales of tax-exempt certificates. When his crop is picked he hauls the cotton to the gin. He presents his tax-exempt certificates and is then released from the payment of any tax on that allowance or quota.

If he attempts to gin more than 10 bales he is required to pay 50 percent, or one half, of the market price levy on all cotton above the amount called for by his exemption certificates.

He is required to pay a prohibitive tax on every pound he grows in excess of his allowance. In other words, if, under favorable weather conditions, the farmer grows 15 bales instead of 10, then one half of the 5 bales is conscripted by the Federal Government as a tax.

If we reduce one half the acreage of cotton production in the South, what will become of the one half of our citizens now engaged in its production? Must they be thrown out of employment and forced to surrender to the mandates of the Government one half of the farm lands they now own and in which their life earnings are involved?

I do not favor a farm dictator for our people. I do not favor a policy of government for agriculture, which means, if not now, in the near future, a license will be required on every field and farm before it can be cultivated by its owner. This should never be.

The present voluntary plan is working well. Farmers are now urged to reduce their acreage and crops and are paid for the same.

Americans, a free people, are not willing to surrender freedom of speech and action in never-ending Government regulation, inspection, and taxation. This bill should not be passed.

Governments are created as agencies of men for their protection and service and not that men are made to be governed. I do not believe in one-man rule. I do not believe in autocrats or bureaucrats. "A people are best governed who are least governed." I believe in personal liberty and personal initiative for our people. These principles of government are as true and sacred today as when spoken by Jefferson, the founder of the Democratic Party.

THE INDEPENDENT OFFICES APPROPRIATION BILL

Mr. O'CONNOR. Mr. Speaker, by direction of the Committee on Rules, I present the following privileged report (No. 967) for printing under the rule.

The resolution is as follows:

House Resolution 299

Resolved, That immediately upon the adoption of this resolution the Committee of the Whole House on the state of the Union be, and it is hereby, discharged from the further consideration of the bill H.R. 6663 and the Senate amendments thereto; that the said Senate amendments be, and hereby are, disagreed to by the

House; that the conference requested by the Senate on the disagreeing votes of the two Houses on the said bill be, and hereby is, agreed to by the House; that the Speaker shall immediately appoint the conferees without intervening motion; and that the conferees on the part of the House are hereby given specific authority to agree, with or without amendment, or disagree to any amendment of the Senate to the bill H.R. 6663, notwithstanding the provisions of clause 2 of rule XX.

DISPENSING WITH BUSINESS ON CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the business on Calendar Wednesday, tomorrow, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, as gentlemen of the House are aware, we have a rule in the morning which will have to be considered before we take up the pending cotton bill. I believe it may result in our getting away earlier tomorrow evening if we meet at 11 o'clock. I therefore ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. MAPES. Reserving the right to object, has the gentleman from Tennessee consulted with the leader on the Republican side?

Mr. BYRNS. No; I have not had that opportunity. Mr. Speaker, I will withdraw my request.

PAYMENT OF EXPENSES OF REPRESENTATIVES TO ISTANBUL, TURKEY (H.DOC. NO. 283)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Foreign Affairs and ordered to be printed:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State, to the end that legislation may be enacted authorizing an appropriation in the sum of $90,000, or so much thereof as may be necessary, for the expenses of representatives of the United States to meet at Istanbul, Turkey, with representatives of the Turkish Republic, for the purpose of examining the claims presented by either Government against the other, and for the expense of proceedings before an umpire if necessary.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 13, 1934.*

PAYMENT OF CLAIMS OF OFFICERS AND EMPLOYEES OF THE FOREIGN SERVICE (H.DOC. NO. 284)

The SPEAKER also laid before the House the following message from the President of the United States which was read and with the accompanying papers referred to the Committee on Foreign Affairs and ordered to be printed:

To the Congress of the United States:

I enclose herewith a report which the Secretary of State has addressed to me in regard to claims of certain officers and employees of the Foreign Service of the United States for reimbursement of losses sustained by them by reason of catastrophes, war, and other causes, during or incident to their service in foreign countries.

I recommend that an appropriation in the amount suggested by the Secretary of State be authorized in order to relieve these officers and employees of the Government of the burden these losses have occasioned.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 13, 1934.*

EXTENSION OF REMARKS

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to insert in the RECORD an editorial entitled "We Must Create More Jobs."

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. LAMBETH. I object.

Mr. HOEPPEL. Will the gentleman withhold his objection for a moment?

Mr. LAMBETH. I will.

Mr. HOEPPEL. I want to say to the gentleman that this is boosting the administration.

Mr. LAMBETH. The gentleman can boost the administration in his own remarks, but I object to making the RECORD a scrapbook.

Mr. GILCHRIST. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD an address before the Iowa Hog Corn Committee by R. M. Evans.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

Mr. LAMBETH. Mr. Speaker, I shall have to object.

Mr. GILCHRIST. All right. I will add this to my remarks tomorrow.

EDUCATION

Mr. ALLGOOD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address that I made before the Committee on Education.

The SPEAKER. Is there objection?

There was no objection.

Mr. ALLGOOD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

The CHAIRMAN. I should like to call on Representative ALLGOOD, of Alabama. Mr. ALLGOOD, you may have all the time you wish.

Mr. ALLGOOD. That is very kind of you, Mr. Chairman, but I will not intrude on your time. I wish to make a few remarks and express my interest in legislation of this character.

I realize that as a rule it has not been the policy of the Federal Government to appropriate money for public education, yet there are exceptions to the rule. For instance, we have appropriated money for vocational education which has been well spent and for a worthy cause. I believe the program of vocational education has worked well throughout the Nation. I know it has in Alabama. It has made possible the giving of scientific training in agriculture to the farm boys of my State. For the girls and young ladies in high school it has made possible training in home-making arts such as cooking, sewing, interior decorating, home care of the sick, canning and preserving of foods, and other related arts. I have on several occasions been invited to attend these schools and to see first-hand the value of the teaching these vocational teachers are doing. It has been my pleasure to attend several of these schools and I assure you that I cannot praise the good work that has been accomplished by them too highly. I therefore know that this money of the Federal Government has been well spent in my State. Thousands of young men and women throughout the South have been trained to go out and fight successfully the battles of life. No curtailment should ever be considered in this type of Federal aid.

If we go back in the history of the country to the period of the War between the States, commonly known as the "Civil War", we can get a picture of a condition that is altogether different to the conditions that exist now as regards the South. Through the authority of the emancipation proclamation 4,000,000 Negroes held in servitude were given freedom. They were illiterate and penniless and were faced with the responsibilities of earning a living in a poorly prepared manner. As a race or class we find that today the Negro of the South owns very little property and therefore pays little or no taxes. The education of the Negro children has been the burden of the white taxpayers of the South. Furthermore, I desire to call to your attention the fact that the war was fought mostly upon southern soil. Our property was destroyed and our wealth exhausted. A great part of our wealth of the South was invested in slaves, and as a result of the war this wealth was totally wiped out. Thus we had a bankrupt South with the sudden addition of added educational responsibilities. We have tried to meet these responsibilities, and in the main the education which has been given the Negroes has been paid for by the white people of the South. For these reasons the white taxpayers of the South have had extra burdens to bear which other sections of the Nation have not had. In my judgment no better use of $100,000,000 could be made so as to supplement the revenues of our States for public education. This money to be spent and supervised by State authorities. Our national well-being rests primarily on an educated citizenship. The need is great. The call comes from every section of the Nation.

If you will take the Comptroller General's report of 1930, Mr. Chairman, you will find some facts that show more conclusively the serious needs of the South. From this report we find that the per capita savings in the State of Massachusetts is approximately $650, while that in Alabama is less than $100 per capita. The average checking account in Massachusetts is around $900, while in Alabama it approximates $150. So we see what happens when a panic comes—and they have been coming—that we have not in the South any large surplus to act as a shock absorber and to keep us going. We could not ourselves have kept the schools going in my State this year. They were forced in some instances to close their doors and turn the children away and place the teaching force in the ranks of the unemployed.

I have given this background of conditions in my State because I am familiar with the deplorable conditions confronting the superintendents of education and the teachers of my State and district. I was in conference with the county superintendents of education in my district last November and I was thus brought face to face with the critical needs of the common schools of the rural counties of Alabama. Our schools were faced with closing at midterm. For this, as well as other good reasons, I supported President Roosevelt's call for $950,000,000 of additional relief aid, and then, without hesitancy, I called upon Administrator Hopkins for the use of a part of this relief fund to keep the common schools of this Nation from closing. For these efforts of mine I have letters and telegrams in great number from superintendents, teachers, parents, and children of my district.

I desire to add one other fact by answering the common question which the opposition to this bill always asks. The question is this: Why go into this field of education that is a State function and add more expense and burden to the Federal Government? My answer to that question is a plain straightforward and honest statement. The Federal Government has gone into almost every other field of service. The Federal Government has provided pensions, hospitalization, and retirement pay for the soldiers as well as Government employees. It has extended billions of credit to banks, railroads, life-insurance companies, and other corporations. It has provided subsidies to shipping interests and for the transportation of mail. It has provided food and clothing for free distribution to needy people, and through the C.W.A. we have given emergency employment to 4,000,000 unemployed people during this winter. I maintain that it is as justifiable for this Federal Government to assist in keeping the schools open for the childhood of the Nation.

In conclusion, I wish to call your attention, Mr. Chairman, to the fact that the schools of the Nation will begin the next school term in September of this year and the Congress will not be in session again until next January, so, therefore, if we mean to do anything for public education let us do it now by reporting out this bill and then work with all our might for its passage.

WILD LIFE

Mr. WALTER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address by the gentleman from Pennsylvania [Mr. BERLIN].

The SPEAKER. Is there objection?

There was no objection.

The address is as follows:

Ladies and gentlemen of the radio audience, I was agreeably surprised and pleased on my arrival at the studio to learn that my very dear friend, Seth Gordon, former secretary of the Pennsylvania Game Commission, was to introduce me to this audience.

Mr. Gordon is now secretary of the American Game Association, with offices in the city of Washington, and, in my opinion, one of the ablest and best-informed persons in the United States on wild life and the conservation thereof. He has made a life study of this subject and deserves, from everyone interested, the very greatest commendation for his contributions to this great cause.

I am sure that there are many listening tonight who during the last year visited one or more of the national forests or the national parks. I am sure of this because better than one out of every four men, women, and children of the land were entertained in these natural areas in 1933. Thirty-two millions is the number estimated to have visited the national forests. Three millions visited the national parks, which are, of course, fewer, thus accounting for the great discrepancy in figures.

What do these figures mean? They mean to me that a vast majority of the people in this country are truly interested in nature and the wild animal life these areas support and protect. So it is that I feel that my appeal tonight will not fall upon unfriendly or indifferent ears.

Let us say that you visited one of the national forests last year. Perhaps as you emerged into a clearing or suddenly came upon an eminence of rock and looked about, a deer, a bear, or perhaps only a tiny chipmunk suddenly appeared to share the scene. Your attention was immediately drawn to the animal, no matter the beauty and grandeur of the scenery itself.

Take another set of circumstances. Here in Washington we have the National Academy of Sciences. It contains all manner of mechanical and scientific contrivances, many of which are so arranged that a visitor may operate them by pressing a button. It is a truly fascinating place.

Here in Washington we also have one of the finest zoos in the country, supported by the Federal Government.

Where do you find the most visitors? Where lies the greater interest? The zoo is the answer. The exhibits of wild life are of far greater interest and, I dare say, of far greater educational value than the cold and inanimate wheels, cogs, and cams exhibited at the Academy.

Just as upon that mountainside, or in that clearing, it is the animal life that first attracts your attention—the bird, the slender-legged, white-tailed deer, or old bruin himself lumbering through the underbrush. Who has not thrilled to the bound of the snowshoe rabbit across white ground or to the works of that industrious and intelligent little creature of the crystal streams—the beaver? It seems impossible that there lives a man or woman who, having seen these things, does not respond with a desire to see them again. This appreciation of the creatures that inhabit field, forest, and stream leads, I am sure, to a wish that they be perpetuated—that they have adequate breeding grounds, adequate water, adequate protection. And it is just there that we fail in our duty—we do not put force into our desires and convert them into realities, with the result that year by year the wild life which we so admire grows less and less, all from a variety of causes which we could prevent did we but exert ourselves the slightest bit.

So I want to tell you about the steps that the Congress is taking toward the goal which, I am certain, we would all like to have achieved. Of course, achievement is not possible without your support—without the expression of your desire that the Nation's wild animals, its upland birds and its migratory birds, and its fishes have the care and protection that their immense value to us justifies.

We are, I think, just a little lazy, you might say, in our attitude toward this problem—and it is a very pressing and important problem.

We, perhaps, hike through miles of virgin forest, enjoying every step of the way, breathing in the piney odor, the scent of balsam or fir. We mark the flight of the wild turkey, the partridge, or the lilting songbird with delight. Returning home we feel that it has been an inspiring day. We have seen much game, many birds; we have tramped through apparently endless forest.

So, we say, truly the forests must be endless and the game inexhaustible. Or, at best, we say there seems to be plenty of animal and bird life about. Nature is indeed prodigal.

The actual fact, however, my friends, is that the forests are not endless nor the game inexhaustible, even though nature be prodigal. Man has encroached upon the forests and the home of its inhabitants we so admire. Man has been thoughtless, careless, and selfish in his exploitation of these invaluable natural resources, just as he has with others. We cannot sit back and rest upon the inspiration we derived from our walk through the forest or along the stream. We must not let our sentimental reactions obliterate the realities. It is a case, indeed, where what we do not see will hurt us.

So, taking up these realities, we come to three bills now before the Congress. The first is the so-called "Robinson bill", introduced by Senator ROBINSON of Arkansas. This measure would permit the President of the United States to set aside refuges for game and fish in national forests and upon other public lands with the consent of the States in which those lands may be located. These refuges are absolutely necessary if we are to keep the supply of game and fish we now have and encourage the breeding of more.

The other two bills are identical. One was introduced in the House and the other in the Senate. These twin measures provide for the coordination of the efforts of the Federal Government departments that are working out projects involving the wild life of the Nation.

That you may have some idea of the need for coordination, consider that there are five departments of the Government having authority affecting wild life. They are the Navy Department, the War Department, Department of Commerce, Department of the Interior, and the Department of Agriculture. In the latter are 2 bureaus whose activities touch this subject, in the Commerce Department are 2 more, and in the Interior Department are 3.

With the activities of these bureaus uncoordinated as they touch upon conservation of our wild-life resources, the opportunity for confusion and wasted or duplicated effort is enormous.

As an illustration, let us say that the Reclamation Service of the Department of the Interior decides to drain a large area in the Southwest with the idea of converting it into farm land. At the same time, the Bureau of Biological Survey enters a nearby area intent upon establishing wild-life refuges and breeding grounds. Presently the drainage project is completed and the land is found unfit, for one reason or another, for agricultural purposes. The money is wasted. But that is secondary. What is more serious is a fact that the homes and breeding ground of countless thousands upon thousands of valuable migratory birds have been destroyed. Meanwhile, the Biological Survey is going ahead with its nearby project, whereas, had the work of the two bureaus been coordinated—had they been in a position to get together before either had embarked upon the individual project, things would have been done more efficiently and the country would have been spared the loss of much money and invaluable wild life.

Take another example. On the upper reaches of the Mississippi, the Federal Government was supporting, financially, refuges and breeding grounds for the hard-pressed wild life of that large area. The War Department, meanwhile, decided to build two dams not far away. The result would have been to destroy the effect of the Government's campaign to preserve the wild life there. Happily, the situation was discovered in time, and the two departments involved were brought into conference. The upshot of it was that the War Department changed its plans and decided to build a series of low dams instead of the two big ones, thereby insuring continuance of the valuable conservation program. However, the plans for the big dams necessitated considerable expense, of course, and these had to be scrapped. Had the Robinson bill been effective then, all this time and money would have been spared for all affected departments would have known what projects affecting wild life were contemplated.

You hear a great deal these days, in connection with the Department of Agriculture's efforts to rehabilitate farming, about marginal lands. These are the lands which the Government is seeking to remove from cultivation because they are poor, extremely poor, areas to farm and in many cases they afford the

cultivator less than a living. However, once abandoned, and the occupant moved to more productive acres, these lands may often be used as ideal refuges and breeding grounds for wild life. That they be used for such purposes has been recommended to the Government, and it is to be hoped that the recommendation be accepted and acted upon.

There is one more bill before the Congress which I should like to call to your attention. It is called the "duck stamp" bill—no; it is not a design for a new commemorative stamp. It is far more practical and real than that. The duck stamp bill provides that all hunters of migratory birds be compelled to take out a Federal license in the form of a $1 stamp before their regular hunting license is valid.

This, you might say, is a self-liquidating project. Ninety percent of the money received for the stamps is to be used for the purpose of restoring and maintaining refuges and breeding grounds, the balance of the funds to be used for expenses of administration, such as printing the stamps, and so forth.

Surely $1 could not be more prudently invested by the sportsman, and I might say here there is nothing in the law to prevent him from buying as many of these stamps as he wishes, and thus contributing further to the work in which he has a direct interest.

These four bills, the Robinson, the twin measures for coordination, and the duck-stamp measure have the support of President Roosevelt. Action upon them should not be delayed, and I am happy to say there does not appear to be any insurmountable opposition to their passage, but that does not mean that your active interest is not necessary. It is essential, and I appeal for the support of the millions in our land who have a keen love for field, forest, and stream.

As to what can be done in the matter of preserving and encouraging wild life, I point with pride to my own State of Pennsylvania, where there is in practical operation one of the most successful and efficient conservation programs in the country. This model project is financed by the comparatively modest sum of two and one-half million dollars annually. One and one-half millions come from the sportsmen of the State, through payment of license fees.

And as a simple illustration of what such program as that of Pennsylvania means to the native wild life, consider that the famous black bear, the "clown of the woods" as he is called, and the joy of every child, is more abundant in Pennsylvania than in any other State of the Union. A system of game refuges, unequaled anywhere else, and a persistent and wisely directed restocking campaign is responsible for this happy conditions.

Since my election to Congress I have been honored by appointment to the House Committee on Conservation of Wild Life Resources, and as a member of that committee I am applying my best efforts along the lines which I have outlined to you tonight, using as a basis for my action 30 years of association with conservation activities in Pennsylvania.

To emphasize the conditions which confront us, I am going to quote the words of J. N. Darling, the famous politicial cartoonist known to millions as "Ding." Mr. Darling, in phrases as graphic as his pen-and-ink drawings, said in a recent article on conservation: "The absent-minded professor, who came down to breakfast, poured the maple sirup on his bald head and scratched his pancakes, was no more disorderly in his progress toward the goal of his physical needs than have been the inhabitants of this North American Continent in their misdirected utilization of the Nation's natural resources. The mess which we have created for ourselves is equally astonishing and inexcusable."

Ladies and gentlemen, the work which we in Congress are attempting to do is directed toward the untangling of the unfortunate knot into which we have drawn these resources. As such, it is work which affects every one of us, and so your support is justified and utterly necessary if we are to succeed.

This work is, you might say, the first step in an orderly program for the conservation which the country faces as a necessity. Other steps are being considered. Mr. Darling, whose words I just quoted, was a member of the President's Committee on Wild Life Restoration. That committee has made its survey and presented its report to Mr. Roosevelt. If the recommendations it contains are presented to the Congress for study and legislation is subsequently drawn up to give force and authority to them, then more valuable steps will have been taken toward our goal.

This committee says, and I quote from its report: "A national wild-life-restoration program is economically justifiable and immediately practical by utilizing submarginal and commercially-unprofitable agricultural lands now contributing largely to the surplus of agricultural products."

The committee then goes on to propose the use of $25,000,000 of Public Works and Civil Works funds to start acquisition of the areas recommended for game refuges and breeding grounds.

So, you see, a program is actually being formulated. It will take considerable study and careful planning, but the movement is under way. Action is being taken, and you can stimulate the progress of this action by making your enthusiastic support known to us here in Washington. Your Congressman will be glad to receive your commendation of this work, so do not hesitate to express yourself on this vital subject. Your endorsement will mean passage of the required legislation sooner and action was never more necessary than it is this time.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein a newspaper article on aviation by Elliott Roosevelt, a son of the President of the United States.

The SPEAKER. Is there objection?

Mr. LAMBETH. Mr. Speaker, I object.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a statement by Mr. Andrew W. Mellon, a former Secretary of the Treasury, in answer to the charges that his income taxes were not correct and denouncing the Government action against him for alleged tax evasion as politics of the crudest sort.

The SPEAKER. Is there objection?

Mr. O'MALLEY. Mr. Speaker, I object.

THE AIR MAIL

Mrs. ROGERS of Massachusetts. Mr. Speaker, would the floor leader, the gentleman from Tennessee [Mr. BYRNS], yield to me for a question?

Mr. BYRNS. Certainly.

Mrs. ROGERS of Massachusetts. I am very anxious to know when the bill will come out that will send the carrying of the air mail back to the commercial companies. I notice that the President said in his instructions to the Secretary of War to cooperate with the Department of Commerce and the Post Office Department, that he thought the commercial pilots who were in the future to fly the air mail——

Mr. O'MALLEY. Mr. Speaker, I demand the regular order.

Mr. SNELL. This is the regular order.

Mrs. ROGERS of Massachusetts. Be asked to instruct the Army pilots in flying.

Mr. O'CONNOR. Mr. Speaker, what is the regular order? The gentleman from Tennessee [Mr. BYRNS] has not obtained the floor.

The SPEAKER. The Chair recognizes the gentleman from Tennessee now, and the lady will propound her inquiry.

Mrs. ROGERS of Massachusetts. The President seems to know apparently what companies will be getting the air-mail contracts. That is, I infer that from his statement.

Mr. BYRNS. I am very sorry that I cannot give the lady the slightest information in regard to just when that bill will come out. I hope very soon. It is now in the committee, I understand, in the course of preparation. Whether or not hearings are being held on it at this time I do not know, but I am very hopeful, and I think it is the intention of the committee to report it out at the earliest possible date.

Mrs. ROGERS of Massachusetts. I believe the gentleman would be just as anxious as I to return the air mail to the commercial companies.

Mr. BYRNS. I do not know whether the lady and I would agree in every particular about that, but I am very anxious to see the matter settled so that we can carry the mail with the least possible loss of life. I hope satisfactory terms can be reached whereby commercial companies can be employed, but I do not want companies which have been guilty of fraud in the past recognized.

Mrs. ROGERS of Massachusetts. I realize that fully, so far as the gentleman personally is concerned, I also know that the gentleman would like to have the industry started again and service given not only to the air-mail public, but to the people who travel by air.

Mr. BYRNS. I should be delighted to see that done and I am sure the lady will agree with me in my expectation that the contracts that are made will be above criticism and not open to the same criticism which has been leveled at some of the contracts previously made.

Mrs. ROGERS of Massachusetts. Of course that is a matter that has not been settled yet, I think the gentleman will agree. I know the gentleman is anxious, and I feel sure that he will hasten the matter.

Mr. BYRNS. I hope the bill will come out very soon, and I have every expectation that it will but I have no direct information.

Mrs. ROGERS of Massachusetts. The gentleman has no information as to which companies will be given the contracts?

Mr. BYRNS. Oh, no.

Mrs. ROGERS of Massachusetts. I thought perhaps the President knew, because he spoke of the training of Army pilots through cooperation with private companies, who later on will carry the mails.

Mr. O'CONNOR. I hope those companies which practiced fraud on the last Postmaster General, a member of the Republican National Committee, do not get the contracts back again.

Mr. SNELL. As long as the gentleman has started the matter of fraud, will the gentleman state just which companies committed fraud?

Mr. O'CONNOR. The contracts were made by those companies, and were put in there by a Republican national committeeman, the former Postmaster General.

Mr. FISH. What about the present Democratic Postmaster General?

Mr. SNELL. As far as any information has come to the public, they have not proved any fraud committed by any one of them.

Mr. BYRNS. Oh, I think we have abundant prima facie evidence, that has convinced the country, whether it convinced the gentleman or not.

Mr. FISH. Mr. Speaker, I ask unanimous consent that the gentleman from Tennessee may have 1 hour in which to discuss this subject.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 3025. An act to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes; to the Committee on Banking and Currency.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 7199. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 28 minutes p.m.) the House adjourned until tomorrow, Wednesday, March 14, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE PUBLIC LANDS

(Wednesday, Mar. 14, 10:30 a.m.)

Room 328, House Office Building.

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Wednesday, Mar. 14, 10 a.m.)

Continue hearings on H.R. 7147, 7148, and 7149. In committee room.

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Wednesday, Mar. 14, 1934, 10 a.m.)

Continue hearings on air mail.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

382. A communication from the President of the United States, transmitting supplemental estimates of appropriation pertaining to the legislative establishment under the Architect of the Capitol for the fiscal year 1934, in the sum of $248,820.02; also a draft of proposed legislation affecting an existing appropriation (H.Doc. No. 282); to the Committee on Appropriations and ordered to be printed.

383. A letter from the Assistant Secretary of Labor, transmitting pursuant to law a report that there is an accumulation of miscellaneous material in the office of the Secretary, the Bureau of Labor Statistics, the Children's Bureau, and the United States Employment Service which will be of no further use in the transaction of official business, and which have no historical value; to the Committee on Disposition of Useless Executive Papers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LUDLOW: Committee on Appropriations. H.R. 8617. A bill making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes; with amendment (Rept. No. 962). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHRISTIANSON: Committee on Indian Affairs. H.R. 7085. A bill to amend the act approved June 28, 1932 (47 Stat.L. 337); without amendment (Rept. No. 965). Referred to the Committee of the Whole House on the state of the Union.

Mr. McDUFFIE: Committee on Insular Affairs. H.R. 8573. A bill to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes; without amendment (Rept. No. 968). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLACK: Committee on Claims. H.R. 471. A bill for the relief of Physicians and Surgeons Hospital, Ltd.; with amendment (Rept. No. 931). Referred to the Committee of the Whole House.

Mr. THOM: Committee on Claims. H.R. 1306. A bill for the relief of Clarence A. Wimley; with amendment (Rept. No. 932). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H.R. 1308. A bill for the relief of John Parker Clark, Sr.; with amendment (Rept. No. 933). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H.R. 1345. A bill for the relief of John Parker Clark, Jr.; with amendment (Rept. No. 934). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. H.R. 1794. A bill for the relief of Bertha A. Bishop; with amendment (Rept. No. 935). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. S. 1949. An act for the relief of C. J. Mast; with amendment (Rept. No. 936). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4387. A bill for the relief of Mary A. Rockwell; without amendment (Rept. No. 937). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on Claims. H.R. 5064. A bill to pay certain fees to Maude G. Nicholson, widow of George A. Nicholson, late a United States commissioner; with amendment (Rept. No. 938). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 5400. A bill for the relief of Thomas F. Olsen; with amendment (Rept. No. 939). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H.R. 5566. A bill for the relief of Gerald Mackey; with amendment (Rept. No. 940). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H.R. 5817. A bill for the relief of the Mary Black Clinic; with amendment (Rept. No. 941). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 6284. A bill for the relief of John R. Novak; with amendment (Rept. No. 942). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on Claims. H.R. 6625. A bill for the relief of Charles Farr; with amendment (Rept. No. 943). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H.R. 6654. A bill for the relief of Nephew K. Clark; without amendment (Rept. No. 944). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on Claims. H.R. 6857. A bill to reimburse officers, enlisted men, and civilian employees of the Army and their families and dependents, or their legal representatives, for losses sustained as a result of the hurricane which occurred in Texas on August 16, 17, and 18, 1915; without amendment (Rept. No. 945). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H.R. 7163. A bill for the relief of the D. F. Tyler Corporation and the Norfolk Dredging Co.; with amendment (Rept. No. 946). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. H.R. 7367. A bill for the relief of Sarah Smolen; with amendment (Rept. No. 947). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. H.R. 7728. A bill for the relief of James Slevin; with amendment (Rept. No. 948). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8077. A bill for the relief of the Allegheny Forging Co.; with amendment (Rept. No. 949). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8078. A bill for the relief of the Allegheny Forging Co.; with amendment (Rept. No. 950). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8079. A bill for the relief of the Allegheny Forging Co.; with amendment (Rept. No. 951). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8108. A bill for the relief of Jeannette Weir; with amendment (Rept. No. 952). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8115. A bill for the relief of May L. Marshall, administratrix of the estate of Jerry A. Litchfield; with amendment (Rept. No. 953). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8157. A bill for the relief of First Lt. Walter T. Wilsey; with amendment (Rept. No. 954). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8328. A bill for the relief of the heirs of C. K. Bowen, deceased; with amendment (Rept. No. 955). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 170. An act for the relief of Patrick Henry Walsh; with amendment (Rept. No. 956). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. S. 620. An act for the relief of Catherine Wright; with amendment (Rept. No. 957). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1191. An act for the relief of the Sultzbach Clothing Co.; with amendment (Rept. No. 958). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. S. 1401. An act to pay a gratuity to Emma Ferguson Starrett; with amendment (Rept. No. 959). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. S. 1430. An act for the relief of M. Thomas Petroy; with amendment (Rept. No. 960). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. S. 1516. An act for the relief of Michael Bello; with amendment (Rept. No. 961). Referred to the Committee of the Whole House.

Mr. CARTWRIGHT: Committee on Indian Affairs. H.R. 7543. A bill to compensate the heirs of James Taylor, a deceased Cherokee Indian, for all their title, interest, or claim to certain lands in the State of North Carolina, now held by the United States as a part of the forest reserve, and for other purposes; with amendment (Rept. No. 964). Referred to the Committee of the Whole House.

Mr. CHRISTIANSON: Committee on Indian Affairs. H.R. 8448. A bill for the relief of N. Lester Troast; without amendment (Rept. No. 966). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LUDLOW: A bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes; to the Committee on Appropriations.

By Mr. ELLENBOGEN: A bill (H.R. 8618) to reduce the fees in naturalization proceedings, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. COCHRAN of Missouri: A bill (H.R. 8619) to authorize the Reconstruction Finance Corporation to make loans to aid in the operation and maintenance of institutions for religious instruction and worship, and for other purposes; to the Committee on Banking and Currency.

By Mr. ELLENBOGEN: A bill (H.R. 8620) to reduce the fees charged for copies of naturalization certificates, to supplement naturalization laws, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. SMITH of Washington: A bill (H.R. 8621) to provide for the construction of a post-office building at Centralia, Wash.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 8622) to provide for the construction of a post-office building at Shelton, Wash.; to the Committee on Public Buildings and Grounds.

By Mr. LUDLOW: A bill (H.R. 8623) to provide for the conservation and settlement of estates of absentees and absconders in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. McSWAIN: A bill (H.R. 8624) to authorize the retirement of a certain officer; to the Committee on Military Affairs.

By Mr. FERNANDEZ: A bill (H.R. 8625) to provide for the addition or additions of certain lands to the Chalmette National Monument in the State of Louisiana, and for other purposes; to the Committee on the Public Lands.

By Mr. EDMONDS: Resolution (H.Res. 298) directing the Committee on Expenditures in the Executive Departments to make certain investigations; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CROSS of Texas: A bill (H.R. 8626) granting a pension to Lucy Mahala Tuggle; to the Committee on Pensions.

Also, a bill (H.R. 8627) granting a pension to Georgia L. Grubb; to the Committee on Pensions.

Also, a bill (H.R. 8628) granting a pension to Edward Wright; to the Committee on Pensions.

By Mr. DOCKWEILER: A bill (H.R. 8629) for the relief of Eugene F. Lawler; to the Committee on Military Affairs.

Also, a bill (H.R. 8630) for the relief of Jessie P. Bleakley; to the Committee on Claims.

Also, a bill (H.R. 8631) for the relief of Samuel Kaufman; to the Committee on Military Affairs.

By Mr. EDMONDS: A bill (H.R. 8632) for the relief of Edith W. Foley; to the Committee on Claims.

By Mr. FOCHT: A bill (H.R. 8633) granting an increase of pension to Mary E. Dile; to the Committee on Invalid Pensions.

By Mr. HENNEY: A bill (H.R. 8634) for the relief of the National Cheese Producers' Federation of Plymouth, Wis.; to the Committee on Claims.

Also, a bill (H.R. 8635) for the relief of Clarence H. Lowell; to the Committee on Military Affairs.

By Mr. McGUGIN: A bill (H.R. 8636) granting an increase of pension to Nancy E. Pettit; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H.R. 8637) granting a pension to Sarah L. Ellison; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2958. By Mr. CULKIN: Petition of the Woman's Christian Temperance Union of Beaver Falls, N.Y., urging the approval of House bill 6097 providing for Federal supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

2959. By Mr. DONDERO: Petition of citizens of the State of Michigan, protesting against certain phases of the Economy Act and the regulations thereunder, and petitioning Congress to take action to restore all benefits as of March 19, 1933, to disabled veterans with service-connected disabilities; to the Committee on World War Veterans' Legislation.

2960. By Mr. ENGLEBRIGHT: Petition of citizens of Sonora, Jamestown, Columbia, Red Bluff, Redding, Downieville, Loyalton, Goodyears Bar, Santa Paula, and Petaluma, requesting restoration of pensions, hospitalization, and care of veterans of Spanish-American War as existed prior to enactment of Public Law No. 2, Seventy-second Congress; to the Committee on Pensions.

2961. By Mr. GUYER: Petition of 6,000 citizens of Kansas, protesting against monopolistic control of radio broadcast, and asking especially for freedom of broadcast for religious services; to the Committee on the Merchant Marine, Radio, and Fisheries.

2962. By Mr. FULMER: Petition of the postal employees of the Columbia post office, Columbia, S.C., respectfully urging that you use your influence to have promulgated and passed the necessary legislation to eliminate, for the fiscal year ending June 30, 1935, the provision of existing law whereby the furlough without pay of postal and other Government employees can be invoked by heads of departments; to the Committee on the Post Office and Post Roads.

2963. Also, petition of the postal employees of the Orangeburg, S.C., post office, respectfully urging that you use your influence to have promulgated and passed the necessary legislation to eliminate, for the fiscal year ending June 30, 1934, the provisions of the existing law whereby the furlough without pay of postal and other Government employees can be invoked by heads of departments; to the Committee on the Post Office and Post Roads.

2964. By Mr. KENNEDY of New York: Petition of the Legislature of the State of New York, that the Congress of the United States provide funds of the Federal Government to supplement the appropriations of the State of New York for the proper river regulation and flood control of the waterways and enact the necessary legislation in carrying into effect such work; to the Committee on Flood Control.

2965. By Mr. KENNEY: Petition of the mayor and Council of the Borough of Northvale, county of Bergen, State of New Jersey, endorsing House bill 3082, entitled "A bill to amend the Reconstruction Finance Corporation Act so as to extend the provisions thereof to provide emergency financial facilities to the municipalities of the Nation"; to the Committee on Banking and Currency.

2966. Also, petition of the Common Council of the City of Englewood, N.J., approving and endorsing House bill 3082, entitled "A bill to amend the Reconstruction Finance Corporation Act so as to extend the provisions thereof to provide emergency financial facilities to the municipalities of the Nation"; to the Committee on Banking and Currency.

2967. By Mr. KINZER: Resolution of the Lancaster sector, Army of the United States, Lancaster, Pa., requesting provision to accept and train full quota of applications for citizens' military training camps; to the Committee on Appropriations.

2968. By Mr. LINDSAY: Petition of Meyer, Lyra & Co., Inc., general exporters, New York City, favoring House bill 8430; to the Committee on Ways and Means.

2969. Also, petition of Michael M. Helfgott, attorney, New York City, urging the passage of House bill 8409; to the Committee on Invalid Pensions.

2970. By Mr. LUDLOW: Petition of members of the Second Baptist Missionary Society of Indianapolis, Ind., favoring early hearings and favorable action on the Patman motion picture bill (H.R. 6097) providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2971. By Mr. MANSFIELD: Petition of 140 cotton farmers of Matagorda County, Tex., favoring cotton allotment on basis of total land in cultivation, but opposing allotment on basis of previous cotton production; to the Committee on Agriculture.

2972. By Mr. MARTIN of Massachusetts: Petition of Minnie A. Knapp and sundry residents of Attleboro, Mass., favoring old-age compensation as provided in House bill 7019; to the Committee on Labor.

2973. By Mr. RUDD: Petition of Meyer, Lyra & Co., Inc., New York City, favoring the passage of House bill 8430; to the Committee on Ways and Means.

2974. By Mr. TRAEGER: Petition of the Council of the city of Los Angeles, dated February 27, 1934, that the United States Government transfer its official designation of an air-mail aviation field for the city of Los Angeles to the Los Angeles Municipal Airport, together with other Federal aviation services pertaining thereto, for permanent location; to the Committee on the Post Office and Post Roads.

2975. By the SPEAKER: Petition of the Sumter County Ministerial Association, respectfully petitioning your honorable body for early hearings and favorable action on the Patman motion-picture bill (H.R. 6097) providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2976. Also, petition of the municipal government of Sarrat, Province of Ilocos Norte, P.I., urging passage of the King bill for Philippine independence; to the Committee on Insular Affairs.

2977. Also, petition of the municipal government of Nasugbu, Batangas, P.I., urging passage of the King bill for Philippine independence; to the Committee on Insular Affairs.

SENATE

WEDNESDAY, MARCH 14, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

The Senate met as in executive session at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Monday, March 12, and Tuesday, March 13, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bulow	Dickinson	Hastings
Ashurst	Byrd	Dieterich	Hatch
Austin	Byrnes	Dill	Hatfield
Bachman	Capper	Duffy	Hayden
Bailey	Carey	Erickson	Hebert
Bankhead	Clark	Fess	Johnson
Barbour	Connally	Frazier	Kean
Barkley	Coolidge	George	Keyes
Black	Copeland	Gibson	La Follette
Bone	Costigan	Goldsborough	Lewis
Borah	Couzens	Gore	Logan
Brown	Cutting	Hale	Lonergan
Bulkley	Davis	Harrison	Long

McAdoo	O'Mahoney	Russell	Townsend
McCarran	Overton	Schall	Tydings
McGill	Patterson	Sheppard	Vandenberg
McKellar	Pittman	Shipstead	Van Nuys
McNary	Pope	Smith	Wagner
Metcalf	Reed	Steiwer	Walcott
Neely	Reynolds	Stephens	Walsh
Norris	Robinson, Ark.	Thomas, Utah	Wheeler
Nye	Robinson, Ind.	Thompson	White

Mr. HEBERT. I desire to announce that the Senator from South Dakota [Mr. NORBECK] is necessarily absent from the Senate.

Mr. LEWIS. I desire to announce the necessary absence of the Senator from Virginia [Mr. GLASS]; also, that the Senator from Arkansas [Mrs. CARAWAY], the senior Senator from Florida [Mr. FLETCHER], the junior Senator from Florida [Mr. TRAMMELL], the Senator from Utah [Mr. KING], and the Senator from Oklahoma [Mr. THOMAS] are necessarily detained from the Senate on official business.

I regret to announce that the Senator from Iowa [Mr. MURPHY] is detained from the Senate on account of a severe cold.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

The Senate resumed the consideration of Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932.

The VICE PRESIDENT. The question is on agreeing to the resolution of ratification, with the reservation reported by the committee.

Mr. LA FOLLETTE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LA FOLLETTE. It is my understanding that the committee reservation was agreed to yesterday.

The VICE PRESIDENT. The reservation was agreed to yesterday; and the question is on agreeing to the resolution of ratification, as so amended.

Mr. LEWIS. Mr. President, the reservations submitted by the Senator from Missouri [Mr. CLARK] and those by myself having been withdrawn, and others, I think, more or less withdrawn from consideration, I wish to yield to my colleague [Mr. DIETERICH], who wishes to present his view as to reservations offered by him.

Mr. DIETERICH. Mr. President, on February 9 and February 13 I gave notice of the presentation of certain reservations to be offered as amendments to the resolution of ratification. It seems that all the other reservations, other than the committee reservation, have been withdrawn. It is not my desire to try to prolong the argument on the pending treaty. After conferring with my colleague [Mr. LEWIS], who has been leading the fight against the ratification of the treaty, conscious of the argument he has presented which would clearly indicate that, even though these reservations were adopted, the treaty would be so objectionable that I could not support it, I have determined that I will not offer the reservations which I have heretofore submitted.

The VICE PRESIDENT. The reservations submitted by the Senator from Illinois are withdrawn. The question is on agreeing to the resolution of ratification as amended by the reservation reported by the committee.

Mr. LA FOLLETTE. Mr. President, in my time I ask unanimous consent that there may be read at the desk an editorial appearing in this morning's Washington Herald.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

[From the Washington Herald, Wednesday, Mar. 14, 1934]

UNITED STATES SENATE SHOULD RATIFY ST. LAWRENCE TREATY WITH CANADA

The completion of the St. Lawrence waterway from the Great Lakes to the sea depends upon the ratification by the Senate of the so-called "St. Lawrence Treaty with Canada."

One cannot read the speeches of Senators on this subject without realizing how feigned and unsubstantial are the arguments against ratification.

In a special message from President Roosevelt to the Senate on January 10 the case for ratification was summed up perfectly with a brevity and comprehensiveness which are characteristic of the President, who based his plea properly upon "broad national reasons."

His message is accompanied by an admirable presentation of the facts forming the inducement and the justification of the treaty.

The two main considerations are navigation and power.

The completed seaway from Duluth to the Atlantic Ocean will provide a waterway in which ocean-going vessels may move with unrestricted speed over 97 percent of the total distance.

The capacity of the existing waterway is practically absorbed by the commerce of today. With a return of normal conditions it will be greatly exceeded.

The completion of the project will create a new seacoast for the United States, a new shore line 3,500 miles in length reaching into the heart of the Nation and converting 30 American cities, located on the Lakes and connecting channels, into virtual seaports.

This extended coast line of the United States—for it is nothing else—practically brings to 28 of the 48 States a proximity to the great sea routes, which will give them in many important respects the advantages of a maritime position.

It will open up a region which has a production and consumption capacity comparable with the North Atlantic States.

Such a vast development cannot fail to be of benefit to the Nation as a whole.

The second great objective relates to electric power.

As the President says, the St. Lawrence River is a source of incomparably cheap power located within a short distance of a great industrial and urban market and within cheap and easy transmission distance to millions of consumers.

While Canada can develop a huge amount of new power at the two rapids which lie wholly within Canadian territory, the power resources of the portion of the St. Lawrence River which lies in American and Canadian territory jointly cannot be developed without the aid of this treaty.

Such power development will be one of the most economical on the continent. Its transmission cost to the thickly populated areas which constitute the market for it will afford great relief from burdensome and excessive charges.

It will provide a yardstick on electrical costs which will afford protection against the too-familiar and long-existing exploitation of the public in the matter of rates.

And it will assure a great industrial section of the United States that its future growth in population and industry will not find the vital public need of cheap and abundant power unprovided for.

The President, referring to the familiar and rather overworked arguments of the treaty's opponents, makes a telling reply when he says:

"Let us be wholly frank in saying that it is better economics to send grain or other raw materials from our Northwest to Europe via the Great Lakes and St. Lawrence than it is to send them around three sides of a square—via Texas ports or the Mississippi, thence through the Gulf of Mexico, and thence from the southern end of the North Atlantic to its northern end. It is well to remember that a straight line is the shortest distance between two points."

Again he alludes to the historic fact that every great improvement directed to better commercial communications, whether in the case of railroads into new territory, or the deepening of great rivers, or the building of canals, or even the cutting of the Isthmus of Panama, have all been subjected to opposition on the part of local interests.

He dismisses these fears as imaginary and conjured up. The people who are under their spell fail to realize, he points out, that improved transportation always results in increased commerce, benefiting directly and indirectly all the sections.

From careful surveys it has been demonstrated that the building of the St. Lawrence seaway will not injure the railroads or throw their employees out of work.

It will not in any way interfere with the proper use of the Mississippi River or Missouri River for navigation, and it contains adequate provision for the needs of the Chicago Drainage District and for navigation between Lake Michigan and the Mississippi River.

Why should there be any hesitation to ratify this treaty?

There is no undertaking which the mind can envisage which is so sure eventually, and in the near and immediate future, to be accomplished.

It is certain! It is destined!

Why should it not be done now, when in addition to every other reason for not delaying it, there is the pressing duty of providing work for the thousands who are unemployed?

Opposition to this treaty will not be a source of pride or pleasant recollection to any Senator who is so mistaken or deluded as to cast a vote against it!

It is a vote against the country's interests, and against the desires of the people!

Mr. LEWIS. Mr. President, the able Senator from North Carolina [Mr. BAILEY] having tendered previously a reservation, in his desire to join with us in removing as early as possible any wholly unnecessary matter previous to the vote upon the main question, I am authorized by him to state that he withdraws his reservation, and to ask that it be

treated as withdrawn along with others which were withdrawn under my suggestion.

The VICE PRESIDENT. The reservation offered by the Senator from North Carolina [Mr. BAILEY] is withdrawn.

Mr. LA FOLLETTE. Mr. President, I have data which I had prepared, dealing with two aspects of the pending problem, which under limitation of debate it has been impossible for me to submit to the Senate. I, therefore, ask unanimous consent that the material dealing with the diversion of water at Messina, N.Y., may be inserted in the RECORD as a part of my remarks, together with certain data and tables dealing with the question of commerce from ports along the Atlantic and Gulf coasts.

I also wish to place in the RECORD a telegram received some weeks ago from Mr. D. B. Robertson, president of the Brotherhood of Locomotive Firemen and Enginemen.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The telegram and data are as follows:

MIAMI, FLA., *February 5, 1934.*

Senator ROBERT LA FOLLETTE,
Senate Office Building, Washington, D.C.:

President Roosevelt's statement in his message that Canada could complete the Great Lakes-St. Lawrence seaway alone without the power project if United States failed to cooperate presents a factor which is sufficient, in my opinion, to warrant reconsideration of whole subject by railway labor organizations, because United States would be placed at a disadvantage as against Canada if St. Lawrence seaway was completed by Canada alone, and we should lose opportunity of power development. So far as the public power project on the St. Lawrence is concerned, you will remember that railway labor has always strongly favored similar developments in the public interest at Muscle Shoals and Boulder Dam. The railway labor organization of which I am chief executive would place no obstacle in the way of public development of the St. Lawrence project, and does not countenance or support any effort to make a vote upon the treaty a test of support of our legislative program.

D. B. ROBERTSON.

(Mr. Robertson is president of the Brotherhood of Locomotive Firemen and Enginemen. He appeared before the Senate Committee on Foreign Relations on Friday, Dec. 2, 1932, to present the views then held by the railroad labor organizations concerning the Great Lakes-St. Lawrence Treaty.)

COMMERCE OF THE OCEAN AND GULF PORTS

Out of the States on the oceans or the Gulf only two have leading seaports which consistently show a larger percentage of foreign than coastwise and intercoastal commerce.

The only ports in the United States in this classification are New Orleans, La., and Baltimore, Md. Both of these ports, however, show more domestic than foreign commerce when all shipping handled in their harbors is taken into consideration.

These two cities occupy a uniquely favored position among all the ports on the Atlantic, Gulf, and Pacific coasts, due in part to advantages of geographical location and in part to enormous expenditures by the Federal Government to promote the commerce that passes through their harbors.

New Orleans is the chief beneficiary among all the seaports of the United States of channel, flood control, and other work on the Mississippi River system undertaken by the Federal Government.

Up to June 30, 1933, Congress had appropriated $504,471,484.04 for the improvement of navigation on the Mississippi River system plus $359,435,763.12 for flood control. In addition $44,000,000 has been allotted by the Public Works Administration within recent months for flood control on the Mississippi River proper, plus $33,500,000 for locks and dams on the upper Mississippi. This appropriation of $941,407,247.16 in Federal funds takes no account of harbor improvements, the construction of the intracoastal waterway, and other items which increase the total to upward of $1,000,000,000.

Like New Orleans, Baltimore enjoys a great natural advantage which no project in another section can adversely affect due to its location as the great port of an inland waterway.

Situated on Chesapeake Bay, with the Susquehanna and Potomac Rivers emptying into this great watercourse, Baltimore has an enormous interest in the shipping of heavy, bulky products which do not flow in the commerce designated as intercoastal or coastwise trade. Nevertheless, this trade gives employment and profit to the harbor in volume and accounts for a large portion of the total shipping of the harbor.

The shipping of the port of Baltimore for the year 1931 was as follows:

Water-borne commerce of Baltimore Harbor, 1931

Classes of commodities	Foreign		Coastwise		Internal		Local	Total
	Imports	Exports	Receipts	Shipments	Receipts	Shipments		
	Tons	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*
Animals and products	2,879	11,654	4,381	2,745	22,371	3,874	1,310	49,214
Vegetable food products	624,613	346,628	67,266	143,371	129,238	82,327	33,797	1,347,440
Other vegetable products	86,454	11,375	8,757	6,115	4,788	8,496	5,851	131,836
Textiles	12,764	2,139	17,313	2,675	35,301	7,114	1,581	78,937
Wood and paper	292,547	13,460	128,748	6,547	42,666	1,839	3,220	489,024
Nonmetallic minerals	1,865,372	240,229	1,965,612	207,545	845,641	1,820,928	1,334,357	8,379,684
Ores, metals, and manufactures	1,442,618	133,289	46,630	418,754	324,794	136,577	46,429	2,549,091
Machinery and vehicles	895	8,433	2,655	11,607	15,666	4,979	790	45,020
Chemicals	160,324	117,019	208,234	110,135	33,779	432,892	93,252	1,155,635
Unclassified	5,872	6,515	189,232	271,068	147,835	69,886	404,015	1,094,443
Total	4,394,338	890,796	1,758,825	1,280,782	1,602,079	2,568,912	1,924,592	15,320,324

Value: Foreign, $115,613,229 (total 5,285,134 tons); coastwise, $210,169,893 (total 3,939,607 tons); internal, $133,701,350 (total 4,170,991 tons); local, $51,937,592 (total 1,924,592 tons). Percent: Foreign tonnage, 34.5; domestic tonnage, 65.5.

The work in the jetties in the Southwest Pass of the Mississippi River had required $24,228,199.80 in Federal funds to June 30, 1933.

According to the report of the Chief of Engineers, the United States Army, for 1933, New Orleans showed a heavy preponderance of domestic over foreign commerce in 1932, when the internal shipments and receipts of this magnificent harbor near the mouth of the Mississippi are included.

In the report of the Chief of Engineers for 1932 the same showing is made for 1931, with the following table showing principal items of shipment and receipt and value of same:

Water-borne commerce of New Orleans Harbor, 1931

Classes of commodities	Foreign		Coastwise		Internal		Total
	Imports	Exports	Receipts	Shipments	Receipts	Shipments	
	Tons	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*
Animals and animal products	26,029	56,845	737	28,291	203,036	12,924	327,862
Vegetable food products	1,210,436	441,399	213,152	248,569	225,479	368,502	2,707,537
Vegetable products, inedible	102,535	75,466	38,365	4,534	15,561	4,289	240,750
Textiles	109,547	267,768	21,000	66,382	208,678	64,552	737,927
Wood and paper	102,684	559,405	24,424	96,421	80,593	31,976	895,503
Nonmetallic minerals	342,519	719,718	2,309,588	1,499,203	1,088,661	110,245	6,069,934
Ores, metals, and manufactures	280,260	47,181	49,039	19,877	88,549	23,460	508,366
Machinery and vehicles	1,736	15,450	7,644	1,138	15,075	2,060	43,103
Chemicals	117,066	51,896	48,111	17,423	44,934	37,340	316,775
Unclassified	7,070	1,781	122,320	119,374	16,149	49,464	316,158
Total	2,299,882	2,236,909	2,834,380	2,101,217	1,986,715	704,812	12,163,915

Value: Foreign, $227,763,294 (total 4,536,791 tons); coastwise, $137,591,584 (total 4,935,597 tons); internal, $148,366,789 (total 2,691,527 tons). Percent: Foreign tonnage, 37.3; domestic tonnage, 62.7.

Additional traffic: Cargoes in transit, 5,187,168 tons, valued at $150,124,517; ferry traffic, 14,491,813 tons, valued at $2,001,422,454, which includes transfer of 8,891,479 tons of locomotives and railroad cars (weight empty).

In the calendar year 1921 the port of Galveston exported 3,265,605 tons delivered by rail at the port.

Of this total, 15 States tributary to the Great Lakes-St. Lawrence project shipped 1,125,317 tons to Galveston for export. Of the shipments from these States to Galveston for export, 994,717 tons consisted of hard winter wheat, originating in four States, Colorado, Kansas, Nebraska, and Missouri.

Excluding the wheat, the 15 tributary States shipped 130,600 tons to Galveston for export, or approximately 4 percent of exports.

Of the exports, Texas was the origin of 1,304,192 tons, including 424,544 tons of cotton, 165,079 tons of sulphur, 154,491 tons of cottonseed cake and meal, and 512,897 tons of wheat.

In the same year imports handled through Galveston by rail amounted to 1,748,212 tons.

Of these imports, 18,939 tons, or 0.01 percent, were destined for the 15 States tributary to the Great Lakes-St. Lawrence project.

Texas was the destination of 1,609,149 tons, including 1,037,629 tons of company oil, 455,435 tons of commercial oil, and 64,837 tons of sugar.

A later study of all the ports on Galveston Bay, including Galveston, Houston, Texas City, and Corpus Christi, for the calendar year 1926 shows that oil from Mexico was the chief import and Texas its principal destination. Cuban sugar ranked second, destined chiefly for refineries in Texas and Louisiana.

Petroleum was the principal export in 1926, the total being in excess of 1,800,000 tons, originating chiefly from Texas refineries. The bulk of the grain exports, 1,200,000 tons, was hard winter wheat originating in north Texas, Colorado, Kansas, Missouri, and Oklahoma.

Cotton exports of 625,632 tons ranked third in the commodity list. The petroleum and cotton exports originated entirely outside the 15 States tributary to the Great Lakes-St. Lawrence and the exports originating in the seaway area were almost exclusively confined to hard winter wheat.

(Source: Port Series No. 6, revised 1928, Corps of Engineers, U.S. Army, U.S. Shipping Board.)

The figures for 1921 are as follows:

Origin and destination of exports and imports of Galveston, Tex., in seaway area

State	Origin of exports	Destination of imports	Hard winter wheat included in exports
Wyoming	7,010		
Colorado	117,162	210	103,476
North Dakota	2,841		2,841
South Dakota	2,471	186	2,439
Nebraska	70,319	186	69,510
Kansas	555,393	145	539,431
Minnesota	48,573	1,994	48,501
Iowa	24,922	266	24,861
Missouri	285,819	2,050	284,300
Wisconsin	45	497	45
Illinois	10,762	10,169	10,470
Michigan		33	
Indiana		3,054	
Ohio		149	
Kentucky			
Total	1,125,317	18,939	1,083,874

Source: Port Series No. 6, prepared and published 1924, Board of Engineers for Rivers and Harbors, War Department, in cooperation with the Bureau of Research, U.S Shipping Board.

As these figures show, an analysis of the commerce of the leading ports of the United States indicates that no existing seaport in this country will suffer any diversion of its export and import trade which will not be more than offset by the increased domestic commerce which will follow the opening up of the Great Lakes ports of the Middle West to our coastwise and intercoastal commerce.

The figures presented for each of the leading ports on the Atlantic coast can be duplicated by analysis of the commerce of of ports on the Gulf and the Pacific coasts.

For all our ports, taken as a whole, the domestic commerce exceeds foreign exports and imports in a ratio of about 4 to 1. Furthermore, since our domestic, coastwise, and intercoastal commerce is confined by law exclusively to the use of American ships, the completion of the Great Lakes-St. Lawrence seaway will increase the use of such ships and greatly benefit the American merchant marine and the shipbuilding industry.

What is true of individual ports is likewise true of the States which are tributary to these ports.

The President has submitted to the Senate a report showing that the completion of the Great Lakes-St. Lawrence project will extend the coastline of the United States by 3,576 miles. Thus the United States will be bordered for thousands of miles on each of its four main boundaries by great natural watercourses providing ocean navigation. This will mean the maximum development of our home market. Only four States east of the Mississippi River, each within a few hundred miles of deep water, will remain without a coastline—Vermont, West Virginia, Kentucky, and Tennessee. Vermont will ultimately gain access to the St. Lawrence seaway through development of the Lake Champlain project. West Virginia, Kentucky, and Tennessee are within the area bordered by the Ohio and Mississippi Rivers with their inland-waterway projects already under improvement.

Taking the 48 States represented in this body there is not a single State which can be adversely affected by this great national project, if we are to accept the results of the exhaustive study which the President caused to be made before submitting his message to the Senate.

Of the 28 States which will have direct access to ocean navigation upon completion of this project the ports of 26 States show an overwhelming preponderance of coastwise trade over foreign exports and imports. The only exceptions—Maryland and Louisiana—as has been shown, have a greater interest in the maintenance and development of their domestic commerce than in foreign trade, when the enormous internal shipping handled by the ports of Baltimore and New Orleans are taken into account.

There follows a complete analysis of the commerce of the leading ports of the 28 coastal States. The preponderance of domestic over foreign commerce, in the case of these ports, runs as high as 99 percent in the case of New Haven, Conn.; Bridgeport, Conn., 98 per cent; San Francisco, Calif, 80 percent; Boston, Mass., 79 percent; Portland, Oreg., 72 percent; Providence, R.I., 84 percent; Beaumont, Tex., 95 percent; Port Arthur, Tex., 83 percent; Seattle, Wash., 74 precent; Norfolk, Va., 81 percent; Newport News, Va., 90 percent; Philadelphia, Pa., 70 percent.

Even the great port of New York, with its enormous foreign trade, shows nearly 60 percent of its total commerce in the coastwise and intercoastal trade, excluding entirely the internal and local commerce which must properly be classed with the domestic shipping of the harbor.

The table is as follows:

Ratio of domestic commerce to total commerce, calendar year 1930

[Commerce in cargo tons of 2,240 pounds]

State	Port	Intercoastal commerce	Coastwise commerce	Total domestic commerce	Foreign commerce	Total commerce	Ratio of domestic commerce to total commerce
							Percent
Alabama	Mobile	259,072	1,076,261	1,335,333	775,992	2,153,780	65.01
California	Los Angeles	4,055,195	17,050,072	21,105,267	6,502,105	28,121,981	75.04
Do	San Francisco	2,067,295	16,612,177	18,689,472	3,187,406	23,273,776	80.30
Connecticut	Bridgeport	969,326	16,314	985,640	18,012	1,003,652	98.20
Do	New Haven		2,201,334	2,201,334	11,123	2,212,457	99.49
Delaware	Wilmington			(1)			
Florida	Jacksonville	37,170	1,657,367	1,694,537	591,556	2,290,763	73.97
Do	Tampa	16,449	1,819,832	1,836,281	1,267,937	3,131,445	58.64
Georgia	Savannah	31,534	1,052,926	1,084,460	765,178	1,853,348	58.35
Louisiana	Baton Rouge	10,700	1,699,705	1,710,405	1,119,601	2,830,006	60.43
Do	New Orleans	268,096	3,042,130	3,340,226	6,018,043	9,610,468	34.75
Maine	Portland	130,111	1,994,800	2,124,911	820,149	2,945,200	72.14
Maryland	Baltimore	1,369,382	2,613,731	3,983,113	6,471,654	10,703,918	37.21
Massachusetts	Boston	651,061	9,727,250	10,358,311	2,660,891	13,099,275	79.12
Do	Fall River	10,187	1,270,796	1,280,983	731,898	2,012,881	63.63
Mississippi	Gulfport			(1)			
New Hampshire	Portsmouth			(1)			
New Jersey	Camden (included in figures for port of Philadelphia).						
New York	New York (includes Newark, Jersey City, Hoboken, and other New Jersey ports).	3,564,641	31,227,616	34,792,257	23,180,883	58,666,998	59.30
North Carolina	Wilmington			(1)			
Oregon	Portland	549,841	2,740,202	3,290,043	1,212,591	4,520,786	72.77
Pennsylvania	Philadelphia	1,534,738	12,957,580	14,492,318	5,982,492	20,674,397	70.06
Rhode Island	Providence	179,983	3,531,804	3,711,787	684,388	4,396,259	84.43
South Carolina	Charleston	41,331	1,251,736	1,293,067	584,801	1,877,868	68.85

[1] Less than 1,000,000 tons.

Ratio of domestic to total commerce, calendar year 1930—Continued

[Commerce in cargo tons of 2,240 pounds]

State	Port	Intercoastal commerce	Coastwise commerce	Total domestic commerce	Foreign commerce	Total commerce	Ratio of domestic commerce to total commerce
							Percent
Texas	Beaumont	37,970	9,030,273	9,078,243	474,318	9,550,896	95.05
Do	Galveston	61,810	1,780,115	1,841,925	1,621,905	3,498,429	52.65
Do	Houston	110,952	6,879,667	6,990,619	4,504,465	11,627,337	60.12
Do	Port Arthur	98,660	6,413,965	6,512,625	1,221,657	7,755,317	83.97
Washington	Everett	317,423	653,310	970,733	216,408	1,194,116	81.29
Do	Grays Harbor	268,188	564,287	832,475	348,373	1,196,833	69.55
Do	Seattle	542,313	4,131,630	4,673,943	850,157	6,250,979	74.77
Do	Tacoma	347,847	1,452,967	1,800,814	850,490	2,754,113	65.38
Virginia	Newport News	12,672	7,286,360	7,299,032	777,317	8,082,014	90.31
Do	Norfolk	158,743	9,473,634	9,632,377	2,145,725	11,797,475	81.64

Source: U.S. Shipping Board, Bureau of Research Rpt. No. 295, Department of Commerce.

Water-borne commerce, Great Lakes ports, calendar year 1930

[In cargo tons of 2,240 pounds]

State	Port	Total	Total commerce		Foreign commerce			Coastwise commerce		
			Inbound	Outbound	Total	Inbound	Outbound	Total	Inbound	Outbound
Illinois	Chicago	11,317,915	9,932,313	1,385,602	352,970	277,861	75,109	10,964,452	9,654,452	1,310,493
Indiana	Gary	6,169,740	6,002,474	167,266	31,606		31,606	6,138,134	6,002,474	135,660
Do	Indiana Harbor	5,815,700	4,655,513	1,160,187	165,874	2,421	163,453	5,709,826	4,653,092	1,056,734
Do	Buffington	1,121,699	1,114,235	7,464				1,121,699	1,114,235	7,464
Michigan	Detroit (including Rouge River)	8,946,897	8,310,597	636,300	1,470,826	1,295,597	175,229	7,476,071	7,015,000	461,071
Do	Calcite	7,815,109	82,688	7,732,421				7,815,109	82,688	7,732,421
Do	Escanaba	4,255,420	198,567	4,056,853	215,178		215,178	4,040,242	198,567	3,841,675
Do	Marquette	3,109,714	173,343	2,936,371	157,150		157,150	2,952,564	173,343	2,779,221
Do	Ludington	1,975,656	769,774	1,205,882				1,975,656	769,774	1,205,882
Do	Alpena	1,549,264	225,363	1,323,901	6,590	3,451	3,139	1,542,674	221,912	1,320,762
Do	Wyandotte	1,400,503	1,399,459	1,050	146,620	145,570	1,050	1,253,889	1,253,889	
Do	Frankfort	1,294,120	702,333	591,787				1,294,120	702,333	591,787
Minnesota	Duluth-Superior	40,902,646	10,107,526	30,795,120	697,053	129,933	567,120	40,205,593	9,977,593	30,228,000
Do	Agate Bay	6,431,380	90,171	6,341,209				6,431,380	90,171	6,341,209
Ohio	Toledo	17,446,071	3,201,512	14,244,559	2,160,018	673,707	1,486,311	15,286,053	2,527,805	12,758,248
Do	Cleveland	10,511,679	8,560,972	1,950,707	774,106	120,051	654,055	9,737,573	8,440,921	1,296,652
Do	Conneaut	9,458,096	7,651,898	1,806,198	110,742		110,742	9,347,354	7,651,898	1,695,456
Do	Ashtabula	9,040,558	5,722,220	3,318,338	368,690	3,342	365,348	8,671,868	5,718,878	2,952,990
Do	Sandusky	7,154,953	50,985	7,103,968	1,017,554	49,563	967,991	6,137,399	1,422	6,135,977
Do	Lorain	4,835,297	3,039,499	1,795,798	474,925	10,132	464,793	4,360,372	3,029,367	1,331,005
Do	Fairport	3,500,861	2,741,768	759,093	278,913	12,281	266,632	3,221,948	2,729,487	492,461
Do	Huron	1,665,997	899,805	766,192	20,808	2,126	18,682	1,645,189	897,679	747,510
Wisconsin	Superior (included in Duluth-Superior, Minn.)-Milwaukee	6,886,130	5,466,618	1,419,512	23,369	12,082	11,287	6,862,761	5,454,536	1,408,225
Do	Ashland	5,764,015	716,954	5,047,061	252,631	142,848	109,783	5,511,384	574,106	4,937,278
Do	Manitowoc	1,794,875	1,164,129	540,746	5,573	5,573		1,699,302	1,158,556	540,746
Do	Green Bay	1,616,704	1,349,922	266,782	20,214	20,214		1,596,490	1,329,708	266,782

Source: U.S. Shipping Board, Bureau of Research Rpt. No. 295, Department of Commerce.

It is fair to conclude that the 28 coastal States thus stand to gain rather than to lose tonnage for their harbors through extension of the coastline of the United States to the great markets of the Middle West.

Of the 20 interior States which will not border directly on this extended coastline, 10 are within the tributary area of the Great Lakes-St. Lawrence seaway and will thus directly benefit by being brought hundreds of miles nearer to deep water for the shipment of their products and receipt of consumers' goods. These States are: North Dakota, South Dakota, Nebraska, Iowa, Kansas, Kentucky, Missouri, Colorado, Montana, and Wyoming.

The remaining 10 interior States which can suffer no possible diversion of traffic simply because they have no ocean ports will certainly benefit from any project that insures a stimulus to the trade and development of the Nation as a whole. These States are: Arizona, Arkansas, Idaho, Nevada, New Mexico, Oklahoma, Tennessee, Utah, Vermont, and West Virginia.

The President has, indeed, wisely summoned this body to consider the pending treaty from the broad national point of view. Upon analysis it is clearly shown, as the President states, that "local fears of economic harm to special localities or to special interests are grossly exaggerated."

When the facts are looked squarely in the face; when the existing commerce of all the ports on the Atlantic, Gulf, and Pacific coasts is subjected to analysis; when the relation of this project to each of the 48 States is considered, no one can deny the truth of the President's statement that "local or special interests conjure up imaginary fears and fail to realize that improved transportation results in increased commerce benefiting directly or indirectly all sections."

DIVERSION AT MASSENA, N.Y., BY THE ALUMINUM CO.

One phase of the pending treaty which has not received consideration thus far in the debate in the Senate is the direct interest of the Aluminum Co. of America in blocking ratification and thus preventing the public use and development of the power resources of the St. Lawrence River.

On June 5, 1933, the Senator from Nebraska [Mr. NORRIS] touched upon this subject briefly in a colloquy with the Senator from Missouri [Mr. PATTERSON].

On page 5076 of the CONGRESSIONAL RECORD the following appears:

"Mr. NYE. The Republican Party, in its convention at Chicago in 1932, adopted the following plank by a unanimous vote:

"'The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. * * *'

"Has there been anything to indicate that the treaty that has been negotiated is repugnant to the Republican Party?

"Mr. PATTERSON. Yes, indeed; there have been a number of things that have transpired since that time. Among other things we surrendered by the treaty our sovereignty over Lake Michigan, something we have insisted upon for more than 100 years. * * *

"Mr. NORRIS. The Senator from North Dakota asked whether there is any difference between the project as the Republican Party endorsed it and the treaty now pending. I think there is one difference, and there is only one that I know of. There has been an amendment to the treaty (in committee) that takes away from Mr. Mellon and his associates the perpetual right that they otherwise would have had."

The change that was made in the treaty to which the Senator from Nebraska referred was an exchange of notes between the United States and Canada on January 13, 1933. These notes committed both nations to the categorical declaration that: "The effect of the Great Lakes-St. Lawrence Waterway Treaty signed at Washington, July 18, 1932, is not in any respect to recognize, confirm, or establish any rights or claims of any person or corporation in respect to the diversion of water for power purposes through the Massena Canal and Grass River, or to limit the freedom of the United States or the State of New York, or other competent authority to treat the question of the continuance, control, or elimination of such diversion as a domestic question."

The diversion of the water of the St. Lawrence referred to in these notes has for 28 years been made by the Aluminum Co. of America to develop water power for its private use and profit at its manufacturing plant at Massena, N.Y.

The Aluminum Co. has for years diverted an average of 20,000 cubic second-feet of water from the St. Lawrence for this purpose. This diversion is equal to one fifth of the entire American share of the flow of the St. Lawrence River. If devoted to the public

use under the terms of the pending treaty, it would produce electricity of a value sufficient to amortize the entire cost of New York's public power project in a period of 40 years, or an estimated value of $100,000,000. This water has been diverted by the Aluminum Co. for 28 years without paying a dollar of revenue in consideration therefor to the State or Federal Treasuries.

While Andrew W. Mellon was connected in an official capacity with the last administration the pending treaty was under negotiation. An item at that time was inserted in the plans for the works covering an expenditure of $1,318,000 for the construction of a weir at the mouth of the Aluminum Co.'s canal by which this diversion to the Aluminum Co. plant might be maintained and increased in volume. It was this item to which the Senator from Nebraska referred and which was eliminated by the Committee on Foreign Relations in reporting the treaty to the Senate.

The late Senator Thomas J. Walsh, of Montana, took the initiative in the committee in obtaining the exchange of notes between the United States and Canada to prevent the Aluminum Co. from setting up any claim to the right to divert water from the St. Lawrence under the terms of the treaty. In statements before the committee and in official communications to the Power Authority of the State of New York, Senator Walsh repeatedly expressed the view that ratification of the treaty in its pending form would absolutely extinguish any right claimed by the Aluminum Co. to continue the present diversion.

He based this opinion upon the fact that once the Federal Government takes jurisdiction over the St. Lawrence River to develop the stream for navigation purposes, the claims of private parties to the use of such waters are thereby extinguished. The State Department expressed the same view in the hearings before the committee through Assistant Secretary of State Rogers.

The State of New York has likewise officially asserted its power to terminate the Aluminum Co. diversion upon ratification of the treaty with Canada providing for the development of the St. Lawrence for navigation and power purposes.

A brief covering this subject in detail has been prepared by Frank P. Walsh, the distinguished lawyer appointed by Governor Roosevelt in 1931 as chairman of the Power Authority of the State of New York.

In this brief Chairman Walsh makes it clear that the Aluminum Co. of America has an enormous stake in the defeat of the pending treaty and that it will profit to the extent of millions of dollars every year that the public power project on the St. Lawrence River is postponed from fulfillment.

The following excerpts are quoted from this brief:

"The Aluminum Co. of America owns the Massena Power Canal and operates it through its subsidiary, the St. Lawrence River Power Co., which it bought in 1906. The canal is 3 miles long. It diverts the waters of the St. Lawrence above the projected dam (provided at Crysler Island under the pending treaty) and conducts them through its power plant into the Grass River which returns them to the St. Lawrence below the dam.

"The average flow of the St. Lawrence River is slightly in excess of 200,000 cubic feet a second. If permitted, this diversion would reduce the power to be developed by the public project by about 150,000 horsepower, or more than 1,000,000,000 kilowatt-hours per year. At $15 per horsepower-year this would mean a loss of about $2,250,000 per year, or a total of nearly $100,000,000 over the 40-year period in which the capital cost of the public project would be amortized. This loss would be imposed for the benefit of the Aluminum Co. at the expense of the public project and of the consumers of electricity."

As a result of the notes exchanged between the United States and Canada which are made a part of the treaty as reported from the Committee on Foreign Relations, the Aluminum Co. is deprived of any color of claim to a right of diversion under the treaty which would place this burden and inflict this injury upon the public power project of the State of New York.

By the same token, the defeat of the treaty will preserve the existing diversion by the Aluminum Co. and protect it from interference by the Federal Government.

As a practical matter, the Aluminum Co. has nothing to fear in the continued enjoyment of the use of this natural resource so long as the Federal Government is prevented from developing the St. Lawrence for navigation. The water which is now diverted at Massena cannot be devoted to the public use without ratification of a treaty with Canada and without the public development of power at the dam provided by the treaty below the Aluminum Co.'s diversion canal.

It is true that the State of New York might revoke the charter under which this canal was dug since this charter was made conditional upon the use of the canal for navigation. It never has been, in fact, used for any other purpose than the development of hydroelectric power. Until the treaty is ratified, however, the Aluminum Co. through its lobbyists and attorneys could effectively argue that the present diversion merely utilizes for private profit a natural resource which is now running to waste.

If the treaty is ratified, on the other hand, it is certain that the State of New York will be able to exercise its power to end this diversion and devote the entire American share of the waters of the St. Lawrence to the benefit of the public project and of the consumers of electricity. In the brief prepared by Chairman Walsh, of the Power Authority, the following is stated:

"Whatever rights the Aluminum Co. of America or its subsidiary may possess in the Massena power canal are derived from chapter 484 of the Laws of 1896 and chapter 542 of the Laws of 1898 of the State of New York. These acts chartered the St. Lawrence Power Co., which the Aluminum Co. subsequently acquired for a period of 50 years and gave it the right to construct a canal for power and navigation with the proviso that 'the canal and locks of said company shall be open to the public use for navigation by vessels, boats, and other craft upon payment of just and reasonable tolls and compensation therefor and under reasonable regulations.'

"The canal was never operated as a navigation canal. It was constructed for the sole purpose of developing power. There are no facilities for public navigation, nor is there any need for such facilities.

"Whatever rights were granted to the company are a bald gratuity. There is no provision in the law requiring it to pay a rental or other compensation to the State nor is there any other provision in the act to compensate the State for utilization of the diverted waters.

"With respect to the status of such conditional grants, the opinion of the appellate division of the Supreme Court of New York in an action brought by the State in 1923 against the New York & Ontario Power Co., Frontier Corporation, et al., may be quoted, as follows:

"'All grants of gift or grants for private beneficial use and not for the benefit of the public are conditional grants, made subject to the paramount right of the State to improve the stream. Conditional grants are in effect licenses only. * * * The recapture of property which the legislature has unconditionally granted is a taking of property for a public use for which compensation must be paid (*Langdon* v. *Mayor, supra*); but, since all property and rights within a conditional grant are held subject to the paramount right of the State, the recapture thereof is not a taking within the meaning of the Constitution (art. I, ch. 6) and compensation may not be had therefor.'

"It is the position of the Power Authority, as it was the view of the St. Lawrence Power Development Commission, upon advice of its counsel, that the State has the power to revoke whatever rights may have been granted to the Aluminum Co. or its subsidiary to divert water from the St. Lawrence River through the Massena Power Canal.

"The Joint Board of Engineers, in its report of June 24, 1921 (p. 25, par. 87), to the International Joint Commission, stated:

"'The amount of water ordinarily used at the Massena plant is somewhat in excess of 20,000 cubic feet per second. The head at this plant is about 33½ feet and the total drop from the intake of the power canal to the outlet of Grass River is 47.8 feet.'"

After the exchange of notes between the United States and Canada and the assertion of the policy of the State of New York to terminate this diversion upon ratification of the pending treaty, the opposition of the Aluminum Co. to this public project has been manifested through many different channels.

On February 2, former Gov. John S. Fisher, of Pennsylvania, president of the Pittsburgh Chamber of Commerce, addressed a letter to the junior Senator from Pennsylvania [Mr. DAVIS], which appears on page 1922 of the CONGRESSIONAL RECORD of February 5.

Governor Fisher was nominated and elected and served as chief executive of his State during the period when Andrew W. Mellon sat in the Cabinet as Secretary of the Treasury and dominated the Republican machine in Pennsylvania. The letter signed by Governor Fisher, February 2, 1934, as president of the Pittsburgh Chamber of Commerce, reads as follows:

"At a public hearing on the St. Lawrence seaway project, held today at the Pittsburgh Chamber of Commerce, at which the trade industrial transportation and power interests were fully represented, strong protest against ratification of this treaty was unanimously recorded. Pending full report of our meeting will you not call attention of the Senate to action taken?"

On February 12, the junior Senator from Pennsylvania [Mr. DAVIS] inserted in the RECORD on pages 2381–2384, inclusive, another communication from the Pittsburgh Chamber of Commerce, dated February 8, 1934. This was in the form of a letter addressed to President Roosevelt, copy of which was furnished to the Senator from Pennsylvania. There was also attached a resolution adopted by the Pittsburgh chamber. The letter and the resolution vigorously attacked the President's message to the Senate recommending ratification of the pending treaty.

The resolution was as follows:

"*Resolved*, That the Chamber of Commerce of Pittsburgh vigorously oppose the ratification of the St. Lawrence Seaway Treaty, providing for the construction of the Great Lakes-St. Lawrence seaway, including canals, locks, and dams for navigation and power purposes, which is now pending in the Senate of the United States * * *."

The resolution recites 12 separate grounds upon which defeat of the treaty is demanded.

Accompanying the resolution was a report restating nearly all of the familiar arguments which have been used over and over again in the propaganda which has been directed by special interests against the treaty.

The report conjures up the "imaginary fears of local, special, and sectional interests", to which the President referred in his message. It charges that the coal industry will be adversely affected; that "the proposed canal would divert a large volume of freight from railroads that serve the district"; "that the estimated costs of the project variously range from $543,000,000 to $1,350,000,000"; "that the saving in transportation cost would be inconsequential"; "that Lake Michigan should not be internationalized, as it will be under the proposed treaty"; and "that the entire body of the Great Lakes should not be opened to foreign ships which are not subject to the La Follette Seamen's Act."

Every one of the above statements, as shown by the reports submitted to the Senate by the President from five separate agencies of the Federal and State governments is inaccurate or wholly false, and could only be circulated by the Pittsburgh Chamber of Commerce, in the face of the record, for the purpose of arousing unfounded and unreasoning prejudice against the pending treaty.

The report accompanying the resolution contains numerous inconsistencies and contradictions of statements of fact contained elsewhere in this document.

After charging that the seaway will seriously damage the railroads and their employees, the report states that its maximum capacity will be only 6 percent of the traffic carried by the Baltimore & Ohio, Chesapeake & Ohio, Erie, New York Central, Norfolk & Western, and Pennsylvania Railroads.

The report sets forth as an estimate of the cost of the project the figure of $1,350,000,000, attributing it to Hugh L. Cooper.

Before this report was written, Mr. Cooper had repudiated this estimate in a telegram to the Senator from Michigan, Mr. VANDENBERG, published in the CONGRESSIONAL RECORD, stating that his estimate had no relationship to the project provided by the pending treaty and had been made in reference to an entirely different project covering power developments unrelated to the treaty.

The report also uses an estimate of $800,000,000 which it attributes to President Hoover. This estimate was publicly repudiated by the former President when it was first attributed to him in connection with this treaty.

The Mellon family, of Pittsburgh, is well known as a dominant factor in the power and public-utility industry. Its interest is by no means confined to the diversion of water from the St. Lawrence River for use at its plant at Massena.

There have already been published in the RECORD during the debate numerous references from the public papers of former Governor Smith and President Roosevelt, while serving as chief executive of the State of New York, to the attempt of the Aluminum Co., in combination with the Du Pont and General Electric interests, to obtain a lease upon all the water-power resources of the St. Lawrence for private exploitation.

The report from the Pittsburgh Chamber of Commerce centers its attack upon the navigation features of the treaty, but devotes a few paragraphs to an attack upon the public power project on the St. Lawrence.

It repeats the statement that "out of approximately 5,000,000 horsepower, the ultimate capacity of the three sections, the United States will have but 1,000,000 horsepower—20 percent."

The paragraph dealing with this subject is so cleverly worded that it is evident its purpose is to impress upon the minds of readers the false impression that the United States will receive only one fifth of the water power developed under the treaty, of which the United States secures half, while 3,000,000 horsepower lies within wholly Canadian territory and has no relationship whatever and is unaffected by the terms of this treaty.

Mr. LA FOLLETTE. Mr. President, I also ask unanimous consent to have printed in the RECORD as a part of my remarks a letter received by me from William Nelson Pelouze, chairman of the Illinois Deep Waterway Commission, under date of March 12, 1934.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

GREAT LAKES-ST. LAWRENCE TIDEWATER ASSOCIATION,
Chicago, Ill., March 12, 1934.

Senator ROBERT M. LA FOLLETTE, JR.,
Senate Office Building, Washington, D.C.

DEAR SENATOR LA FOLLETTE: For 11 years I have been the chairman of the Illinois commission appointed by the different governors in accordance with the acts of the several legislatures, and feel that I am thoroughly conversant with the benefits that will accrue to Chicago and Illinois if the St. Lawrence Treaty is ratified. I believe, also, that I know the source of the propaganda that has brought about the opposition in Illinois.

The United States Army Engineers have assured the President that there will be ample diversion to make the Illinois waterway practical for commercial navigation. They have also stated that in addition there will be plenty of water diverted to meet the requirements for the removal of sewage. No mention has ever been made of any diversion for the purpose of power development or was any diversion of water intended to be used for the purpose of power development. And while water now being diverted is used for the development of power at Lockport plant, it is doubtful whether there will be sufficient water diverted for that purpose in 1938.

It is this doubt that is the real cause back of the propaganda opposing the ratification of the St. Lawrence Treaty. All other propaganda is only a subterfuge and a smoke screen for power development.

The sanitary district has within the past year applied to the Federal Power Commission for permission to build 3 additional power plants—1 on the Desplaines River and 2 on the Illinois River. It has been reported that the profits from the Lockport power plant might be estimated at about $1,000,000 annually, and assuming that each of the other 3 power plants is built would result equally as profitable, the profits of the 4 power plants would be only $4,000,000 annually.

It is strikingly significant that the principal opposition to the ratification of the St. Lawrence Treaty emanates from a comparatively few men who are now or were closely affiliated with the sanitary district. I refer to Mayor E. J. Kelly, chief engineer of the sanitary district; Col. R. R. McCormick, publisher Chicago Tribune, former president of the sanitary district, who is or has been a legal adviser of the sanitary district; and Col. Robert Isham Randolph, president of the Mississippi Valley Assocation, said to have been in the employ of the sanitary district for many years as an engineer. No mention of power development ever appears, it is superbly camouflaged, but remains the smoke screen shadowing the propaganda opposing the ratification of the treaty.

With Chicago a great ocean port, ships flying the flags of all nations will come to Chicago. Every ship will have to pay the usual pilot and health fees and will have to recoal and be supplied with commissary subsistence sufficient for the return trip. The ships will have to be painted, repaired, and new equipment purchased, bills of lading and clearance papers will be negotiated through our Chicago banks, insurance on cargoes will be placed with our local insurance companies, by all of which it is conservatively estimated Chicago will profit to an extent of $100,000,000 annually, and when you add to this amount the saving in freight, the benefits will be more than doubled. Remember that Chicago will have the same base ocean rate to the markets of the world now enjoyed by New York and the other Atlantic seaboard cities.

Should we sacrifice the great potential benefits that will surely accrue by allowing the St. Lawrence Treaty to be defeated simply because there may not be enough water diverted for power development with its consequent benefits so limited in comparison?

Chicago and Illinois are destined to benefit more than any other State or city on the Great Lakes because of their strategic position, situated at the intersection of the two waterways—the St. Lawrence and the Illinois.

At first the opposition stressed the fact that there would not be enough water diverted for navigation purposes. This claim has been so thoroughly disproven by the United States engineers that now very little is said on that subject and much stress is given to the patriotic appeal that Lake Michigan is not an international body of water and, therefore, should not have been mentioned in the treaty. Another "smoke screen" for power development.

The States of Michigan and Wisconsin have far greater area bordering on Lake Michigan than has Illinois, and yet those States are enthusiastic advocates for the ratification of the St. Lawrence Treaty. As a matter of fact, the people of Chicago and Illinois have not been told the truth.

Very truly yours,

WM. NELSON PELOUZE.

The VICE PRESIDENT. The question is on agreeing to the resolution of ratification with the reservation, which will be read.

The Chief Clerk read as follows:

Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty between the United States and Canada, signed at Washington, July 18, 1932, this advice and consent being subject to and conditioned on the agreements, provisions, and interpretations set forth in an exchange of notes between the United States and Canada, dated January 13, 1933, respecting private diversions of water on the St. Lawrence River.

Mr. LONG and other Senators demanded the yeas and nays.

The yeas and nays were ordered, and the roll was called.

Mr. LA FOLLETTE. I have been requested to announce the unavoidable absence of the senior Senator from South Dakota [Mr. NORBECK] and to state that if present he would vote "yea."

Mr. LEWIS. I am authorized to announce that a pair has been arranged between the Senator from Iowa [Mr. MURPHY] and the Senator from South Dakota [Mr. NORBECK], on the one hand, and the Senator from Virginia [Mr. GLASS] on the other. I am informed that if present the Senator from Iowa and the Senator from South Dakota would both vote "yea." I regret to announce that the Senator from Iowa is detained from the Senate by a severe cold.

I am also requested to announce the necessary absence of the Senator from Virginia [Mr. GLASS] and to state that were he present and voting he would vote "nay."

I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Arkansas [Mrs. CARAWAY], the Senator from Utah [Mr. KING], the senior Senator from Florida [Mr. FLETCHER], the junior Senator from Florida [Mr. TRAMMELL], and the Senator from Oklahoma [Mr. THOMAS].

Mr. FESS. I am advised that a special 2-to-1 pair has been arranged on this vote for the Senator from Virginia [Mr. GLASS], with whom I maintain a general pair. Therefore I will allow my vote to stand.

The result was announced—yeas 46, nays 42, as follows:

YEAS—46

Ashurst	Costigan	Hayden	Robinson, Ind.
Bachman	Couzens	Johnson	Schall
Bankhead	Cutting	La Follette	Sheppard
Barkley	Dill	Logan	Shipstead
Black	Duffy	McAdoo	Smith
Bone	Erickson	McKellar	Thomas, Utah
Borah	Fess	Norris	Thompson
Brown	Frazier	Nye	Vandenberg
Bulkley	Gibson	O'Mahoney	Van Nuys
Bulow	Gore	Pittman	Wheeler
Byrnes	Harrison	Pope	
Capper	Hatch	Robinson, Ark.	

NAYS—42

Adams	Dickinson	Lonergan	Russell
Austin	Dieterich	Long	Steiwer
Bailey	George	McCarran	Stephens
Barbour	Goldsborough	McGill	Townsend
Byrd	Hale	McNary	Tydings
Carey	Hastings	Metcalf	Wagner
Clark	Hatfield	Neely	Walcott
Connally	Hebert	Overton	Walsh
Coolidge	Kean	Patterson	White
Copeland	Keyes	Reed	
Davis	Lewis	Reynolds	

NOT VOTING—8

Caraway	Glass	Murphy	Thomas, Okla.
Fletcher	King	Norbeck	Trammell

The VICE PRESIDENT. On this question the yeas are 46, the nays are 42. Two thirds of the Senators present and voting not having voted in the affirmative, the resolution of ratification is not agreed to, and the treaty is not ratified.

Mr. GORE. Mr. President, I desire to state that it had been my intention to submit a few remarks on the treaty today, but the roll call had commenced when I entered the Chamber.

Mr. TRAMMELL. Mr. President, I desire to announce that the vote on the St. Lawrence Waterway Treaty having occurred much sooner than I had expected from a reading of the unanimous-consent agreement, I was absent temporarily at the White House, and so was not able to vote. Had I been present, I should have voted in the affirmative.

Mr. GLASS. Mr. President, I had been given to understand that the vote on the St. Lawrence Waterway Treaty would take place at 6 o'clock. When the voting began, I was sick in bed at my hotel and could not be here. However, on learning that the vote was being taken, I took a taxi immediately and arrived in the Senate Chamber just as the result of the vote was announced.

Had I been present, I should have voted against the ratification of the treaty. I understand that I was paired against the treaty, but I desire to have it known more generally that I was against it.

Mr. ROBINSON of Arkansas obtained the floor.

Mr. LONG. Mr. President, will the Senator yield to enable me to make a motion? I desire to move to reconsider the vote by which the resolution of ratification was rejected, and to lay that motion on the table.

Mr. LEWIS. Mr. President, I ask that the motion be deferred at this time. It is not parliamentary, I will say to my able friend. I ask him for the present to withhold it. It is my intention to make the motion to reconsider at the proper parliamentary stage; and I suggest to my friend that at this moment he defer it.

The VICE PRESIDENT. The Senator from Arkansas did not yield for that purpose.

Mr. ROBINSON of Arkansas. I do not yield for that purpose.

As the Senate is in executive session, I suggest that we proceed with executive business for a few minutes.

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in order.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported back favorably the nominations of sundry postmasters.

Mr. TRAMMELL, from the Committee on Naval Affairs, reported back favorably the nominations of sundry officers in the Navy and the Marine Corps.

Mr. KING, from the Committee on the Judiciary, reported back favorably the nomination of Florence E. Allen, of Ohio, to be United States circuit judge, sixth circuit.

The VICE PRESIDENT. The nominations will be placed on the calendar.

The calendar is in order.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations of postmasters are confirmed en bloc.

That completes the calendar.

LEGISLATIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate resume legislative session.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to, and the Senate resumed legislative session.

SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR ARMY AIR CORPS (S.DOC. NO. 153)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the War Department, fiscal year 1935, to be expended in the discretion of the President and under his direction, for the Air Corps of the Army, to be immediately available, amounting to $10,000,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from Mrs. Catherine O'Brien, of New York City, N.Y., praying for the prompt passage of legislation for the payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

He also laid before the Senate the memorial of Mrs. Clara E. Carr, of Chicago, Ill., remonstrating against the enactment of the so-called "Vinson-Trammell naval construction bill", which was ordered to lie on the table.

Mr. FESS presented resolutions adopted by the Chambers of Commerce of Columbus and Toledo, in the State of Ohio, protesting against provisions of Senate bill 2693, the proposed National Securities Exchange Act of 1934, which were referred to the Committee on Banking and Currency.

Mr. CAPPER presented a petition of sundry citizens of Frankfort, Kans., praying for the passage of the so-called "Frazier farm refinancing bill", which was referred to the Committee on Agriculture and Forestry.

He also presented memorials, numerously signed, of sundry citizens of Wichita and Hutchinson, in the State of Kansas, remonstrating against the passage of the so-called "Copeland-Tugwell bill" to prevent the manufacture, shipment, or sale of adulterated or misbranded foods and drugs and to prevent the false advertisement of such commodities, which were referred to the Committee on Commerce.

He also presented a telegram in the nature of a petition from Thomas O. Barcus Post, No. 1368, Veterans of Foreign Wars, of Neodesha, and sundry citizens of Tonganoxie, all in the State of Kansas, praying for the passage of legislation providing for the prompt payment of the so-called "soldiers' bonus", which were referred to the Committee on Finance.

He also presented a petition of sundry citizens of Morris County, Kans., praying for the passage of legislation imposing a tax of 5 cents per pound on imported coconut oil and sesame seed, which were referred to the Committee on Finance.

OLD-AGE PENSIONS

Mr. WHEELER presented a letter from Richard W. Hogue, director Independent Legislative Bureau, of Washington, D.C., with an accompanying clipping from the Washington Star of the 9th instant, which were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

INDEPENDENT LEGISLATIVE BUREAU,
Washington, D.C., March 14, 1934.

Hon. BURTON K. WHEELER,
Senate Office Building, Washington, D.C.

DEAR SENATOR WHEELER: As one of those who wished to attend the meeting of the Cosmos Club on last Thursday evening but were unable to do so you will, I know, be glad to see the enclosed article from the Washington Star. Its account of the meeting is accurate, fair, and comprehensive.

Because of your interest in legislation of a humane character and for the public good, you will be gratified to know of the unqualified success of this meeting. I think you will agree that it was one of the most unique and impressive gatherings of its kind ever assembled in Washington. It is a very rare occurrence when such a representative number of members of both parties, in the Senate and the House, meet for an evening of nonpartisan consideration of important social legislation. The fact that economists, social scientists, editors, and religious leaders were also present adds to its impressiveness and value.

The matters discussed are of immediate and great importance. The need for legislative action upon them is being urged by a wide-spread, disinterested, and well-informed public opinion. They are to be brought to the floor of both Houses of Congress very soon. For the benefit of those Members who were unable to be present on Thursday night, I wish to suggest the value of placing in the CONGRESSIONAL RECORD the enclosed article, together with the explanatory comment contained in this letter.

Cordially yours,

RICHARD W. HOGUE.

[Enclosure]

[From the Washington Star, Mar. 9, 1934]

THIRTY CONGRESSMEN PLEDGE HELP FOR OLD-AGE PENSIONS—WILL SUPPORT ENACTMENT OF DILL-CONNERY AND WAGNER-LEWIS BILLS—CAPPER PROMISES AID IN SECURING PASSAGE—OTHER SPEAKERS AT SOCIAL SECURITY DINNER FAVOR PENDING MEASURE

Approximately 30 Senators and Representatives pledged their support to enactment of the Dill-Connery bill for old-age pensions and the Wagner-Lewis bill for unemployed insurance last night at a dinner given in the Cosmos Club by the American Association for Social Security.

Senator DILL, of Washington, long a leader in the fight for old-age pensions, said: "It costs less under this system than under the old-fashioned scheme of living among relatives or in 'poor-houses.' A realization that the aged poor in the United States must be cared for by some form of Government subsidy has brought the theory of old-age pensions to the fore in recent years."

The bill, which the Washington Senator is sponsoring, would provide that one third of the funds needed for the care of the aged would be paid by the Federal Government and two thirds by the States. The age at which pensions would become active under this bill is 65 years. Approximately forty to fifty millions of dollars would be the total annual cost and would provide comfortable livings for about one half million persons, it was explained.

WOULD TAX MANUFACTURERS

The Wagner-Lewis bill, of which the Senator from New York has been an advocate during many sessions of Congress, would provide an excise tax on manufacturers, who would pay a certain income each year to the Federal Government, which amount would be regulated by any existing unemployed insurance agreements between manufacturers and States at the time the Federal legislation became effective. It was pointed out that this form of insurance would be a "leveling" influence since at this time manufacturers in some States are subject to such assessments, while those in other States are not. As a result, manufacturers claim they are placed at an unfair trade disadvantage, when they are forced to pay the tax and a manufacturer in a nearby State does not.

"I feel certain the bill for old-age pensions will pass the Senate, for 27 States already are operating under similar legislation, and Senators from those States, I'm sure, will favor the national bill", Senator DILL said in conclusion.

Senator CAPPER said that, as an employer of thousands of men, he was firmly behind Senator WAGNER'S unemployed-insurance bill. The old-age pensions bill, the Kansas Senator added, is needed legislation for the Nation and for the District. "I pledge my support to securing the passage of this legislation", he concluded.

BISHOP REVIEWS NEED

Bishop James E. Freeman inspired the meeting in a brief review of the need for this type of support.

"Measures that have to do with humanitarian interest meet today with complete unanimity of opinion and popularity among the peoples of every country", he said. "By reason of the pressure of recent events human needs are receiving greater sympathy. This legislation has no political slant, but comes out of our hearts, and there will be more of this sort of legislation in the days which lie ahead", the bishop concluded.

Senator WAGNER, in referring to his bill, said that it was a piece of legislation intended to supply a more assured and independent life for everyone.

"Obligation of government to see that workers and the general public are protected for greater security is needed, and will be assured by this legislation", the New Yorker declared. "Only 3 years ago I had intimate friends accuse me of 'socialism' when I proposed this legislation, while today it is being met with enthusiasm", the Senator added.

Senator BLACK, of Alabama, voiced a further development in future legislation when he said that at this time he had refrained from introducing a bill for national "health insurance" only because he feared that it might endanger the possibility of the passage of the old-age pensions and unemployed-insurance measures.

"Experience has proved that millions of people become unemployed and a burden under the present system", Senator BLACK said, "and I am of the belief that in future the national wealth will and must be used for the people of the Nation.

MORE UNITED STATES AID NEEDED

"I believe in the changing ideals. The only way to assure economic stability for everyone is through more Federal aid", the Alabaman said.

Representative CROSSER, of Ohio, assured the Members of Congress and other guests that he would support this legislation, but pleaded for them to "look deeper" and to "search for the fundamentals behind this remedial measure, and to try for curing the evils at the root and not above ground."

Senator CAREY, of Wyoming, said he was very much interested and advocated passage of both legislative measures.

Senator BONE, of Washington, declared: "We must destroy some of the abuses which have made our civilization difficult. In fact, our civilization stands indicted when we realize that we have the most highly industrialized machine in history and yet our people are destitute and hungry. We must give our people security. Poverty in old age in this day is ridiculous", he concluded.

Senator FRAZIER, of North Dakota, said he believed that many people never would be able to take care of themselves and that "we must take care of them through some assured form of income."

Prof. Paul Douglas, of the University of Chicago, author and lecturer on economic subjects, said the new deal is heading toward security and that these are not just temporary measures. "These are measures which are being enacted to relieve distress and assure people of their livelihood", he said.

Representative CONNERY, joint sponsor of the old-age pension bill, spoke briefly of his fight to get it accepted, and said any compromise would be agreeable to him—that what he wanted was its passage.

Father John O'Grady, of the Catholic Charities of the District of Columbia, who has been prominent in social-service reforms for many years, said:

"The present method of the conduct of the District of Columbia's welfare system under direction of a board is a mistake and should be changed to be under the direct supervision of one man, who will be responsible to the District Commissioners."

Col. E. G. Bliss, representing the Washington Chamber of Commerce, which has adopted a resolution backing the enactment of old-age pensions for the District, said that his greatest surprise had been the willingness and enthusiasm of the members of his committee, which had recommended its passage.

Abraham Epstein, executive secretary of the association, presided over the meeting.

Other Members of Congress attending were Senators BULKLEY, of Ohio, HATCH, of New Mexico, MCCARRAN, of Nevada, O'MAHONEY, of Wyoming, SHIPSTEAD, of Minnesota, THOMAS, of Utah, and TOWNSEND, of Delaware; and Representatives COLLINS, of Mississippi, O'MALLEY, of Wisconsin, DUNN, of Pennsylvania, RAMSPECK, of Georgia, KVALE, of Minnesota, WEST, of Ohio, ELLENBOGEN, of Pennsylvania, OLIVER, of Alabama, KELLER, of Illinois, LESINSKI, of Michigan, LEMKE, of North Dakota, and GOLDSBOROUGH, of Maryland.

A number of other Members of Congress were called from attending the meeting by a Democratic caucus held last night. However, they sent assurances that they intended supporting the measures.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 770) for the relief of certain claimants who suffered loss by fire in the State of Minnesota during October 1918, reported it with an amendment and submitted a report (No. 470) thereon.

Mr. WHITE, from the Committee on Claims, to which was referred the bill (S. 2809) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the International Arms & Fuze Co., Inc., reported it with an amendment and submitted a report (No. 471) thereon.

BANKRUPTCY AND RECEIVERSHIP PROCEEDINGS—EXPENSES OF SPECIAL COMMITTEE

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the resolution (S.Res. 203) increasing the limit of expenditures of the special committee to investigate bankruptcy and receivership proceedings, reported it without amendment and moved that the resolution be re-



ferred to the Committee to Audit and Control the Contingent Expenses of the Senate, which motion was agreed to.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 3049) authorizing the Secretary of the Interior to grant a patent of certain lands to Truman H. Ide; to the Committee on Public Lands and Surveys.

By Mr. COPELAND:

A bill (S. 3050) for the relief of the Sachs Mercantile Co., Inc.; to the Committee on Claims.

A bill (S. 3051) to provide for a preliminary examination and survey of Echo Bay, New Rochelle, N.Y. (with an accompanying paper); to the Committee on Commerce.

A bill (S. 3052) for the relief of Lt. Philip Egner; to the Committee on Military Affairs.

A bill (S. 3053) to amend section 39 of title 39 of the United States Code (with accompanying papers); to the Committee on Post Offices and Post Roads.

By Mr. TRAMMELL:

A bill (S. 3054) authorizing the Reconstruction Finance Corporation to make loans to municipalities, counties, school and road districts, or political subdivisions of States to aid in the refinancing of their outstanding indebtedness; to the Committee on Banking and Currency.

By Mr. TYDINGS:

A bill (S. 3055) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes; to the Committee on Territories and Insular Affairs.

By Mr. COSTIGAN:

A bill (S. 3056) to amend the Legislative Appropriation Act, fiscal year 1934, with respect to expenses of the investigation of banking and stock market practices by the Senate Committee on Banking and Currency; to the Committee on Appropriations.

By Mr. CONNALLY:

A bill (S. 3057) to permit claimants for damages by reason of failure of patents to lands patented by the United States on the Texas-Oklahoma boundary line to file suit in the Court of Claims, and for other purposes; to the Committee on Claims.

By Mr. TRAMMELL:

A bill (S. 3058) to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes; to the Committee on Naval Affairs.

STATISTICAL STUDIES BY DEPARTMENT OF LABOR—AMENDMENT

Mr. WALSH, on behalf of the Committee on Education and Labor, submitted an amendment intended to be proposed to the bill (S. 2689) to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes, which was ordered to lie on the table and to be printed.

EXPENSES OF INVESTIGATION OF BANKING AND SECURITIES EXCHANGES

Mr. FLETCHER submitted the following resolution (S.Res. 208), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Banking and Currency, or any subcommittee thereof, authorized by Senate Resolution 84, agreed to March 4, 1932, and extended by subsequent resolutions, to investigate dealings in securities, effects of same, the business of banking, and the practices of securities exchanges, hereby is authorized to expend from the contingent fund of the Senate $50,000 in addition to the amount heretofore authorized for such purpose.

AMERICAN RIGHTS AND INTERESTS IN GREAT LAKES-ST. LAWRENCE TREATY

Mr. NYE. Mr. President, I send to the desk a resolution and ask that it be read.

The VICE PRESIDENT. The clerk will read the resolution.

The resolution (S.Res. 207) was read, as follows:

Whereas it has been publicly charged that the Great Lakes-St. Lawrence Deep Waterway Treaty, now pending in the Senate, betrays American rights and interests to a foreign nation; and

Whereas this charge has repeatedly been made by the members of a political organization known as the "Republican Party" among others by the temporary chairman of the last Republican National Convention, and by a member of the Cabinets of Presidents Harding, Coolidge, and Hoover, under whom the treaty was negotiated: Be it

Resolved, That a select committee be appointed by the Chair to investigate these charges, said committee to consist of the Senator from Iowa [Mr. DICKINSON], the Senator from Pennsylvania [Mr. DAVIS], the Senator from Oregon [Mr. McNARY], the Senator from Rhode Island [Mr. HEBERT], the Senator from New Jersey [Mr. KEAN], the Senator from New Hampshire [Mr. KEYES], the Senator from Connecticut [Mr. WALCOTT], the Senator from Delaware [Mr. HASTINGS], and the Senator from Maine [Mr. HALE]; and be it further

Resolved, That a select committee forthwith summon the Secretaries of State by whom this treaty was negotiated, and by whom it is charged American rights and interests have been betrayed, namely, Charles Evans Hughes, of New York, Secretary of State from 1921 to 1925; Frank B. Kellogg, of Minnesota, Secretary of State from 1925 to 1929; and Henry L. Stimson, of New York, Secretary of State from 1929 to 1933.

Mr. NYE. I ask unanimous consent for the immediate consideration of the resolution.

Mr. McNARY. Mr. President, I have not had time to read this amusing resolution, and I want time to examine it. For that reason I ask that it go over.

The VICE PRESIDENT. The resolution will lie over under the rule.

SURVEY OF INDEPENDENT BONDHOLDERS' COMMITTEE FOR COLOMBIA

Mr. BARBOUR. Mr. President, I ask unanimous consent that the report of a survey of the Independent Bondholders' Committee for the Republic of Colombia be printed in full in the RECORD.

The chairman of this committee is the Honorable Robert L. Owen, former Senator from Oklahoma. A similar report was presented to the Senate last year by the Senator from Oklahoma [Mr. THOMAS].

There being no objection, the report was ordered to be printed in the RECORD, as follows:

COLOMBIA—FINANCIAL MEASURES AND THEIR EFFECT UPON HOLDERS OF COLOMBIAN EXTERNAL OBLIGATIONS

Disposition of foreign exchange unequal: Following the restrictions imposed upon foreign exchange and the movement of gold in the fall of 1931, the Colombian Government adopted measures for the regulation of service payments upon the external debts of the departments and municipalities, as well as the private mortgage banks. Consequently, under decree no. 1951, executed in October 1931 the National Government instructed the departments and municipalities which had dollar bonds outstanding in New York to deposit with the Banco de la Republica for the account of the bondholders, in pesos, the amount of interest payments. Under this decree various departments and municipalities deposited during November and December 1931 and January 1932 within Colombia in pesos certain funds amounting to approximately 2,000,000 pesos.

These regulations were accompanied with a proposal whereby the National Government would issue its own scrip to the American bondholders, bearing interest at 6 percent and covering interest requirements due upon the departmental and municipal bonds for 18 months, effective as of the date of the suspension of cash payments. In return, the National Government would appropriate the peso deposits which were to correspond to the issued scrip.

Since the financial position of Colombia became temporarily strained, while, at the same time, the various departments and municipalities did not approve the proposed scrip plan, and refused to conform with the decreed regulations of the National Government regarding the depositing of debt service in pesos for the account of the bondholders, decree no. 280 was executed on February 16, 1932, authorizing the departments and municipalities to cease making such deposits, thereby violating the trust agreements.

Following this decree, the departments and municipalities defaulted on their dollar bonds altogether. This decree also permitted the private mortgage banks to disregard the provisions of decree no. 1951, while it sanctioned the default of the private mortgage banks on their external bonds. Contrary to this, the Government continued to service, in full, its own bonds and short-term debts, as well as those of the Agricultural Mortgage Bank. The Government, however, suspended sinking-fund installments on both its own and guaranteed bonds of the Agricultural Mortgage Bank as of January 1932.

Authorized the purchase of bonds: The above decree, no. 280, in addition made various other provisions regarding mortgage debts and imposed measures regulating the relation of the mortgage

banks and their customers. Furthermore, the decree authorized the Banco de la Republica to earmark monthly $150,000 in foreign exchange and make such foreign exchange available pro rata to mortgage banks with which they would buy mortgage bonds in New York for the account of their debtor customers upon the deposit of the corresponding funds in pesos. These bonds, taken at 80 percent of par, were to be applied for the discharge of mortgage obligations to the respective banks. The market price of the bonds had depreciated to about $20 (average) in New York because of the omission of interest payments and the suspension of sinking-fund installments.

Decree no. 711, executed April 22, 1932, supplemented decree no. 280, and authorized the Banco de la Republica to set aside an additional sum of $150,000 in foreign exchange monthly, the proceeds to be utilized by the debtors of the commercial banks for the purchase of national bonds in New York. These bonds were to be tendered for the discharge of commercial debts due to the banks, the bonds taken at 80 percent of par value, as compared with their market value in New York of between $17 and $35. The dollar bonds thus acquired by the commercial banks were to be converted into internal peso bonds of the national government, carrying 6-percent interest.

Distribution of exchange for purchase of bonds unjustified: Under the last two decrees Colombia authorized the Central Bank to earmark monthly $300,000 in foreign exchange to be used for the purchase of Colombian bonds (national and mortgage bank bonds) at depreciated prices in New York. Through these measures approximately $7,500,000 par national bonds were retired up to the close of June 30, 1933, and approximately $7,500,000 par mortgage bonds were thus liquidated. In addition, it is estimated that approximately a million dollars worth of sterling securities were retired through the same process.

In its news bulletin released August 21, 1933, the Consulate General of Colombia published certain data of the Office of Control of Exchange and Exports covering the operation of that office for the first 6 months of 1933, in which it was reported that ₱3,272,500 in foreign exchange were sold for the purchase of foreign securities, while for the full year approximately ₱6,000,000 were appropriated for this purpose. This obviously refers to the purchase of the national bonds of Colombia and those of the Colombian mortgage banks in the foreign markets, mainly in New York, where over 90 percent of the Colombian bonds are outstanding.

Up to this time we find, therefore, that the Colombian Government restricted foreign payments because of an alleged shortage of foreign exchange and gold, but such restrictions were imposed only upon the departments and municipalities and private mortgage banks. The Government itself continued to make cash payments to its own creditors. In other words, while the Government claimed that there was no foreign exchange and gold for meeting the departmental and municipal obligations, there was made available foreign exchange for interest payments on the national bonds and those of the Agricultural Mortgage Bank.

This act of the national Government of Colombia obviously discriminates against the holders of the Colombian department and municipal bonds because of the fact that, while the Government claimed shortage of gold and foreign exchange for the payment of interest on the departmental and municipal and mortgage bonds, it authorized the utilization of at least $3,600,000 in foreign exchange annually (and perhaps more) for the purchase of Colombian bonds at depreciated prices. This is aside from the fact that interest on the national bonds and short-term notes, as well as the bonds of the Agricultural Mortgage Bank, was paid in full, despite the fact that the servicing of the departmental and municipal bonds should have priority because the latter bonds were distributed among the American investors before the National Government issued its own bonds and contracted short-term obligations to the American bankers.

It is estimated that if that amount of foreign exchange authorized for the purchase of bonds would be allowed to be used by departments and municipalities for the payment of debt service on their bonds, as would be proper, the American bondholders would receive approximately 63 percent of the interest due them. The interest due on the bonds now outstanding and held by the American investors is $4,202,000 annually on the departmental debt and $1,706,000 on the municipal bonds. Furthermore, the Colombian Government imposed new decrees through which property belonging in reality to the bondholders was arbitrarily appropriated.

Appropriation of bondholders' property confiscatory: Decree no. 970, promulgated June 4, 1932, authorized the Banco de la Republica and other banks in Colombia holding funds on deposit for the American bondholders to return to the departments and municipalities the respective deposits made pursuant to decree no. 1951. This decree was supplemented by decree no. 1212, executed July 15, 1932, whereby the Banco de la Republica, which was finally the sole depositary, was ordered to refund these deposits to the original depositors. These funds were reported to have been used, upon withdrawal by the various departments and municipalities, for the purpose of subscribing to the national defense bonds or for the construction of public works.

The funds on deposit for the American bondholders amounted to approximately ₱2,000,000, and were distributed as follows:

Antioquia (department of)	₱762,011
Cundinamarca	325,056
Caldas	117,166
Cauca Valley	133,119
Santander	99,131
Bogota (municipality of)	257,548
Cali (approximately)	100,000

Foreign exchange modifications unequal: Unfortunately, the Colombian Government did not cease ordering additional measures which proved to be detrimental to the interests of the holders of the department and municipal bonds. At the end of September 1933, when the regulations controlling international payments and foreign exchange were modified, no consideration was given to the effects which the decreed measures would have upon the holders of department and municipal bonds. Although the Government set aside a certain amount of foreign exchange over and above its own current requirements, it did not provide for similar treatment for the departments and municipalities and did not allow these debtors to acquire foreign exchange on equal terms.

These modifications provided that the exporters place at the disposal of the Banco de la Republica 15 percent of the export bills at the stipulated rate of ₱113 per $100 United States currency. Proceeds of this were to be offered to the Government to meet their own obligations abroad. It is estimated that foreign exchange to the extent of about $7,500,000 will thus be made available to the Government, as compared with the interest requirements of only $1,500,000—the equivalent of one-third payment in cash of the interest due upon the National and the Agricultural Mortgage Bank guaranteed bonds—leaving a balance of approximately $6,000,000. This amount would be sufficient to provide for full-interest payments upon the outstanding bonds of the departments and municipalities.

An interpretation of these measures leaves no doubt that these measures were discriminatory to the holders of the departmental and municipal bonds. Furthermore, the Banco de la Republica was authorized to set aside $250,000 foreign exchange weekly to liquidate old obligations, while the defaults of the departments and municipalities continue to remain the implied policy of the Government.

Summary and conclusion: In summarizing briefly the various decrees and measures which the Colombian Government imposed during 1931, 1932, and 1933 we find that when restrictions were imposed upon international payments and foreign exchange, these restrictions were applied only to the holders of the department and municipal bonds. In the second place, the Colombian Government decreed the default of the departments and municipalities and actually returned to them property belonging to the American bondholders when it authorized the withdrawal of peso deposits which were set aside for the bondholders.

Furthermore, the appropriations of foreign exchange for the purchase of bonds at depreciated prices, which drop in prices was caused by the omission of interest payments and the imposition of other arbitrary measures which impaired the credit standing of Colombia, is not justified under any circumstances when the Colombian Government claimed its inability to provide foreign exchange for the payment of interest on the department and municipal debts. Finally, the unequal treatment which the various creditors, and in particular the holders of the department and municipal bonds, received regarding the assignment of foreign exchange reserves, in the various decreed regulations, was without any consideration whatsoever for its creditors.

We should not lose sight of the fact that the department and municipal bonds were distributed to the American bondholders before the Colombian Government placed its own bonds in New York; and consequently the former must have priority in any monetary or debt regulation of the Colombian Government. Moreover, the Colombian department and municipal bonds are all secured by assets such as railroads, highways, public utilities, and by tax revenues which are today in excess of the service requirements on the respective bonds.

Under the provisions of the trust agreements under which the various loans were negotiated, the revenues derived from the pledged assets and tax sources should be placed aside until the amount due to the bondholders would be satisfied, providing the decreed measures would be removed. In a like manner the modification of the discriminatory measures in the assignment of foreign exchange and foreign payments would permit the transfer of such funds to dollar exchange and thereby the interest due to the American bondholders would be paid.

MEASURES AFFECTING THE MORTGAGE BANKS

Aside from the measures discussed in the previous paragraphs which are equally applicable to the private mortgage banks and their bondholders, the Colombian authorities have instituted additional measures which are injurious to the holders of the mortgage bank bonds.

Among other provisions, these decrees authorized the liquidation of mortgage debts to the mortgage banks by the tender of internal and external bonds of the respective banks, while the remaining debts were arbitrarily reduced by 40 percent, thus reducing correspondingly the face value of the assets of the banks.

It is obvious that the purchase of mortgage bonds in New York, with funds which otherwise should be applied for the payment of the interest on the bonds, is not justified; but the injustice thus done the bondholders is far surpassed by the effects which will be produced by recent agreements regarding the mortgage banks of Colombia.

Under the auspices of the Government, certain agreements were entered into between the private mortgage banks—which consist

of the Mortgage Bank of Colombia and the Mortgage Bank of Bogota—and the Government-owned and operated institutions—the Agricultural Mortgage Bank and the Central Mortgage Bank of Colombia. These agreements concerning the Mortgage Bank of Colombia and the Mortgage Bank of Bogota on the one hand, and the Agricultural Mortgage Bank and the Central Mortgage Bank of Colombia on the other, are somewhat different in detail, but the main goal is the liquidation of these banks and the transfer of the assets, as well as the liabilities, to the above-mentioned Government institutions in a manner which will practically wash out the interest of the American bondholders and provide for a larger return to local Colombian interests of what remaining assets there are. These agreements are not only illegal but they are misleading to the holders of the private mortgage bank bonds.

Method of transfer of assets detrimental to bondholders: The agreement of the Mortgage Bank of Bogota with the Agricultural Mortgage Bank of Colombia provides for the transfer of certain assets and the assumption of liabilities arising from the foreign dollar bonds, from the former to the latter, at such a level at which the book value of the assets will be equal to the face value of the dollar bonds. The Agricultural Mortgage Bank promised to issue to the Mortgage Bank of Bogota its own bonds for 50 percent of the difference between the book value of the assets taken over and the liabilities assumed for the dollar bonds of the latter. The bonds thus received are to be distributed among the shareholders as the equity arising from the difference between the assets and liabilities. This, however, does not constitute an equitable distribution for the foreign bondholders, inasmuch as the Agricultural Mortgage Bank does not guarantee in full the liabilities assumed from the Mortgage Bank of Bogota regarding the outstanding dollar mortgage bonds.

The Mortgage Bank of Colombia has also entered into an agreement with the Agricultural Mortgage Bank and the Central Mortgage Bank for the transfer of its assets and liabilities to the latter two institutions. The Central Mortgage Bank promised to accept certain assets pertaining particularly to liens and loans to departments and municipalities and to issue, in exchange, its own mortgage bonds. Both transactions to be accomplished on a 60 percent basis. The Agricultural Mortgage Bank takes over such assets at book value as would cover the face value of the dollar bonds; but the extent of liability assumed will be determined by the value of the assets realized. In addition, the Agricultural Mortgage Bank is to take over the balance of the assets over and above the assets received by the Central Mortgage Bank and the Agricultural Mortgage Bank under the above-mentioned agreement, giving in consideration 2,000,000 pesos (in 100,000 monthly cash installments) in cash and the balance in bonds. Such assets to be taken at 60 percent of their face value. The cash is to be used for the liquidation of short-term credits due to American banks to the full extent, or by 100-percent payment. The balance of the bonds thus received are to be distributed among the shareholders, who, in effect, would receive approximately 50 percent of their original investment.

LIABILITY TO BONDHOLDERS RELEGATED TO LAST PLACE

Although both plans would appear to be harmless on the surface and would secure for the American bondholders certain value realized from the liquidation of the respective assets, an analysis of the plan certainly indicates that the whole affair will work out to the disadvantage of the American bondholders.

In the first place, assets of the banks are not specifically allocated by statute for the satisfaction of any class of liabilities, and nothing can prevent the responsible authorities from allocating good assets to the satisfaction of the internal bondholders or the shareholders of the banks. On the other hand, it is a well-known fact that both mortgage banks, in particular the Mortgage Bank of Colombia, have portfolios consisting of poor assets (good assets have been liquidated in the past 2 years through the purchase of mortgage bonds in New York in the open market) and the assignment of such assets for the satisfaction of the outstanding dollar bonds of the mortgage banks will not measure anywhere near the liability existing to the American bondholders.

The Agricultural Mortgage Bank, which in both cases assumes the foreign bonds of both mortgage banks taken over, does not guarantee full liability for these bonds; but it agrees to make good for such a percentage of these bonds as the assets taken over will permit. That is, the Agricultural Mortgage Bank takes over these assets and promises to pay the American bondholders as much as these assets will yield.

In the absence, therefore, of the allocation of any specific assets to the dollar bonds, it is difficult to determine what is likely to be the final value of these assets for the satisfaction of the American bondholders. Furthermore, the allocation of assets to the shareholders before the creditors and bondholders are satisfied, or receive such compensation as the liquidation of all assets will permit, does not appear to be equitable under any circumstances.

The adopted proposals, despite assurances to the contrary, appear to be discriminatory to the American bondholders, inasmuch as, in effect, the plans place the American bondholders as the last beneficiaries of the mortgage banks, while, by statute and under the trust agreements, the bondholders are the preferential creditors of these banks.

MEASURES AFFECTING THE HOLDERS OF THE NATIONAL BONDS

The Colombian Government decreed various other measures which also affect the holders of the national bonds. On March 29, 1933, decree no. 643 was introduced, which authorized the President of the Republic to suspend, partially or totally, the service payments on the external debts of the Republic, including the guaranteed bonds of the Agricultural Mortgage Bank. The same decree authorized the President to negotiate with bondholders regarding the payment of interest, amortization, and other conditions regulating the debts of the Republic.

Although this decree placed the creditors of Colombia on an equal basis, the Colombian Government, soon after this decree was executed, entered into an agreement with its short-term creditors whereby the interest was paid to the extent of 3 percent in gold and 2 percent in paper pesos, earmarked in Colombia for the account of the banking syndicate. On the other hand, the Colombian Government authorized the payment of only 2 percent in cash on interest due to the bondholders, meeting the balance of 4 percent in scrip.

Unfortunately, even this arrangement is not likely to be carried out by the Colombian Government, inasmuch as the Colombian Congress has been reported as having authorized the Government to suspend totally interest payments on the national debts, as well as the bonds of the Agricultural Mortgage Bank.

Complete suspension of payments due to all foreign creditors of Colombia would appear to place them on an equal footing, but it is regrettable that the authorities have already made arrangements to pay to a banking syndicate which holds short-term notes of the Colombian Government 2-percent interest, payable in Colombian pesos. On the other hand, it appears that the Colombian Congress authorized the Government to meet the service on the national bonds wholly in scrip, bearing interest at 4 percent for the year 1934. This scrip would be amortizable in 10 years, beginning 1936.

Revenue is sufficient for debt service: Suspension of payment by Colombia is not warranted by the budgetary position of the Republic. In the first place the payment of interest in full on the external debt would require approximately ₱4,800,000, which is only 12½ percent of the total revenue of ₱39,897,000 realized in 1933. Total interest payment on the external and internal debt would absorb approximately ₱7,500,000, or 18.8 percent of the total revenue.

Comparing the relationship of debt-service payment to total budget in Colombia with that of Argentina, the only Latin-American country which maintains full payment on its external debt, we find that debt-service payments in the case of Argentina absorbs 35.3 percent of the total budget, as compared with 18.8 percent in the case of Colombia. Past experience has proven that national governments can earmark at least 30 percent of their budget for debt service without placing a strain upon their financial position.

The budgetary results of the Colombian Government for the year 1933 were satisfactory. The ordinary budget showed a surplus of ₱6,349,883 with revenues reaching a total of ₱39,897,331 and ordinary expenditures ₱33,547,448. This surplus was appropriated for national defense and for reserves to cover deficiencies of former years. In addition, the Colombian Government has been spending considerable sums of money for public works and subsidies which, however, have been financed through an extraordinary budget and the flotation of internal bond issues. Budgetary equilibrium was attained by the creation of new revenues and drastic reduction of normal expenditures in the past 4 years.

The national budget promulgated for 1934 provides for an estimated revenue of 36,428,000 pesos, at which level expenditures are to be balanced. During parliamentary discussions of the budget, it was reported that appropriations set aside for war expenditures were 10,000,000 pesos. It is very unfortunate that Colombia should appropriate so large a sum of money for war purposes when this expenditure will absorb 27½ percent of the total budget, as compared with only 12½ percent, the total requirements of interest payments on all the external debts of the the national government.

Balance of payments favorable: In a similar manner the balance of international payments in Colombia indicates that payments on the external debts could be effected without straining the credit and currency position of the nation.

Colombia has normally an excess of exports over imports; while she is also a producer of a substantial amount of gold. The merchandise surplus of exports in 1932 was approximately 37,000,000 pesos, while in 1931 it was 56,000,000 pesos. For 1933 the export surplus was reduced to approximately 13,000,000 pesos, but without including the value of exports of petroleum products which exceeded 9,063,000 pesos for the year.

Excluding the income from the exports of the oil and banana industries, because the major portion from these exports accrue to the foreign interests which own and control them, and Colombia derives only the cost of labor paid for the development of these industries and taxes paid by foreign companies, the net surplus in the visible trade balance is still sufficient to meet interest requirements on all the foreign debts of Colombia, providing, of course, that foreign payments were effectively controlled and reserves were not diverted to other purposes.

During 1933 the office of control of exchange and exports purchased 56,224,753 pesos in foreign exchange and sold 57,524,263, leaving a deficit of 1,299,510 pesos. Out of these sales it is understood that approximately 8,000,000 pesos were handed over to the Government for the purchase of war materials abroad. The control office sold also to the Government 3,200,000 pesos for the payment of interest on their external debts. In addition, 6,000,000 pesos in foreign exchange were sold for the purchase of Colombian securities in foreign markets, mainly in New York, where the bulk of Colombian bonds are outstanding.

It is evident that for the year 1933 Colombia appropriated 32 percent of its income from exports to buy war materials, the

purchase of Colombian securities abroad, and for other foreign expenditures. More than 10 percent of this income alone was devoted to the purchase of Colombian securities abroad at depreciated prices.

The amount of interest due on the Colombian foreign debts presently outstanding does not exceed 13,500,000 pesos annually, calculated at the par of the exchange. This is made up of about 4,800,000 pesos for the national Government, 1,150,000 for the agricultural mortgage bank, 5,650,000 for the departmental and municipal debts, and about 1,900,000 for the bonds of the private mortgage banks. Total interest requirements would absorb approximately 25 percent of the effective income from exports, excluding the income from the oil and banana industries. Despite a drop in the favorable trade balance in 1933, the surplus was just sufficient to meet interest requirements on the entire external debt of Colombia.

Full payment of service on the external debt would require approximately 25 percent of the exports, a ratio which is a better showing than in the case of many other nations which have external debts. This ratio in the case of Argentina reaches approximately 40 percent. Furthermore, Colombia produces a substantial amount of gold, which, calculated now at the value of $35 per ounce, set by the United States Treasury, will yield more than $13,000,000—an amount sufficient to pay in full interest due on all the external public obligations of Colombia, including bonds and short-term debts of the national Government, bonds of the departments and municipalities, and bonds of the private and public mortgage banks. The amount of gold produced in 1933 was 373,729 ounces.

United States monetary policy highly beneficial: Not only the gold-purchasing program of the United States Treasury will prove of great advantage to Colombia, but the general policy of the United States Government to raise commodity prices is decidedly of distinct benefit to this Republic. Benefits are already visible. The price of coffee has advanced from an average of 11½ cents per pound in the fall of 1933 to approximately 15 cents per pound at present. The value of Colombian coffee exported in 1933 reached a total of approximately $45,000,000, whereas the same volume of coffee taken at current prices will yield an estimated value of $64,000,000 in 1934, or a gain of approximately $19,000,000. This increase in the value of coffee alone can now take care of the interest due on the external debts of Colombia with a wide margin. This increment is about 150 percent over the annual interest requirements of $12,850,000, due on the external debts of Colombia.

Furthermore, the trade relationship between Colombia and the United States offers a convincing argument that Colombia should not delay any further payment of interest due to the American bondholders.

Colombia's chief money crop is coffee, which contributes annually more than 70 percent of the total exports. However, in effect, coffee contributes more than 90 percent of the income derived from the exports. The United States consumers absorb approximately 85 percent of the Colombian coffee, thus, in effect, providing 94.4 percent of the effective annual income of Colombia. In addition we absorb most of the petroleum products exported and their banana shipments sent abroad. In other words, the United States public, who are the creditors of Colombia, buy the coffee output of that country and thus provide, in effect, 95 percent of their wealth.

In 1931 the total exports of Colombia were approximately ₱98,000,000, of which ₱81,000,000 were exported to the United States. Of total exports of over ₱70,000,000 in 1932, approximately ₱54,000,000 were shipped to the American markets. On the other hand, our exports to Colombia were ₱17,000,000 in 1931 and about ₱13,000,000 in 1932. The surplus of exports of Colombia to the United States, therefore, was ₱66,000,000 in 1931 and ₱41,000,000 in 1932. Although the aggregate export surplus dropped in 1933, it is estimated that Colombia's foreign-trade balance with the United States was about ₱30,000,000. On the other hand, the amount of interest requirements due on Colombian bonds outstanding in the United States is approximately $11,300,000 annually.

It is true that Colombian currency has depreciated and is still quoted at a discount in comparison with the American dollar, but a substantial improvement has taken place since the gold-purchasing program of the United States Government was adopted. Whereas the discount in October 1933 was approximately 65 percent, it is now only 44 percent. This discount should be normally further reduced, because of the fact that Colombia has an excess of exports over imports and produces a substantial amount of gold, enabling the Republic to balance its foreign payments. Despite the inflationary measures taken by the Colombian Government to stimulate industry and increase prices, as well as to liquidate the debt problem at home, and despite the extraordinary drain of gold and foreign-exchange reserves for the purchase of war material abroad and the repatriation of Colombian bonds, the gold reserves of the Banco de la Republica are now approximately ₱18,000,000, as compared with approximately ₱12,000,000 at the beginning of 1931.

In summarizing, the Independent Bondholders Committee for the Republic of Colombia finds that the defaults of Colombia are not justified by its economic and financial position, as well as its trade relations with the United States, especially as these factors have been aided by the monetary policy of the United States Government. The national income of Colombia and its budgetary situation, as well as the budgets of its political subdivisions, have been gradually improving, while its banking and currency position should be readjusted in time. Its international balance of payments is also amenable to satisfactory arrangements so as to provide sufficient surplus of dollar drafts to Colombia to effect payments to the holders of Colombian bonds in the United States.

MOTOR TRANSPORT—ARTICLE BY SENATOR REYNOLDS

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD an article which appeared in last Sunday's New York Herald Tribune, entitled "Car Influence Helps Nation", written by the junior Senator from North Carolina [Mr. REYNOLDS].

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CAR INFLUENCE HELPS NATION, SAYS REYNOLDS—UNITED STATES SENATOR EMPHASIZES BENEFITS WHICH FOLLOW EXTENSION OF MOTOR TRANSPORT

(The following article on the effect of automotive transportation throughout this country is the first of a series of three by Senator ROBERT R. REYNOLDS, of North Carolina. Senator REYNOLDS is a vice president of the American Automobile Association.)

(By ROBERT R. REYNOLDS, United States Senator from North Carolina)

Shortly after I assumed my duties as a Member of the United States Senate in 1932 considerable attention was focused on my small roadster parked in the Senate garage. Numerous newspaper stories were written about its vintage and scars of long service. Photographers snapped pictures of it alongside the blooded models owned by my senatorial colleagues. But its story was only half told.

Without an automobile I could not have entered the race for the office I am now honored to hold. The reasons are not far to seek. My only hope for success lay in a whirlwind campaign that would enable me to present my political cause in every polling precinct in my State. Such a campaign could not have been made by older forms of transportation, even if the time and money had been available. This is true because many sections of North Carolina are accessible only by highway. Thus I can say in all frankness that the automobile made it possible for me to achieve my great ambition to become a Senator.

I mention this, not because it has any unusual significance but because it is an instance of the importance that individual transportation—the automobile and the open road—has assumed in the daily affairs of millions of Americans. And my own experience has caused me to often pause to wonder if our people as a whole have grasped fully the profound significance the automobile has in our modern scheme.

Of all the mechanical inventions and scientific discoveries of the last half century, motor transportation has, in my opinion, exercised the greatest influence on our economic and social structure.

Before discussing this in more detail, however, let us glance at the magnitude of our rubber-tired system of transportation. When considered as an agency of national service, its size is almost staggering. It represents an investment of roughly $25,000,000,000 in rolling stock, replacement and service plants, and highways. It includes 23,500,000 vehicles scattered over our land—1 to every 5 persons. It moves over 3,000,000 miles of highways, of which almost a million miles have been surfaced. And it employs, directly and indirectly, about 10 percent of the "gainful workers" in the United States. This number is, of course, in addition to the many millions at work in hotels, shops, and other channels of trade largely dependent upon the patronage and trade of those who drive automobiles.

FLEXIBLE TRANSPORT REVIEWED

Nevertheless, I fear that too many of us never view our highway transport as a great national industry, but rather in terms of the individual automobile. The result is that many persons driving along a highway scowl at the driver of a truck without any consideration of the importance of that truck in their own day-to-day existence. They condemn the use of the highways by busses without any regard for the part they play in the economical transportation of millions. In other words, the great mass of our citizens have never appreciated the tremendous advances in the progress of our Nation that are directly attributable to the cheap and flexible transportation offered by the motor car.

To say that it is the very basis of our national well-being is not putting it too strongly. One has only to consider that the annual retail turn-over in our highway transport system is in the vicinity of $9,000,000,000 a year, or roughly one fourth of all consumer expenditures, to realize the deep-rooted effect highway transport has on our country. To think of the motor vehicle merely as a speedier substitute for the horse is to underestimate its range.

The invention of the automobile and its wide diffusion has influenced the shift of our population, aided the growth of suburbs and affected the size of villages; marketing areas have been completely changed; the isolation of the farmer has been lessened; our educational system has been revolutionized, with the rural consolidated school replacing the one-room schoolhouse and its limited facilities; highway transportation, along with electricity, has dispersed our factories, with the result that manufacturing is no longer limited to certain regional areas, and, equally as important, the American people have learned to play and now enjoy a new-type vacation.

POPULATION CHANGE EMPHASIZED

Obviously all the effects of motor transportation cannot be covered at any length within the brief space of this series of articles. So I shall touch only on the more important. Population change, particularly since the advent of the automobile, is deserving of special mention.

One of the striking features of population change in the United States during the first third of the present century may be described in general terms as a shift from the country to the city. Improved farm facilities lessened the need for man power and the new mobility offered a ready means of reaching large municipalities. In these there were constantly being developed new opportunities not offered on the farm. As a result, cities grew fast and the new residents absorbed city influences and became "urbanized."

And as population of the cities increased the ease and rapidity of travel by motor car made it possible for the cities to extend their borders and bring in much territory that was formerly rural. Small communities within a wide radius of large municipalities are no longer isolated, but offer much of the city itself.

The net result has been that suburban areas surrounding metropolitan centers are growing faster than the central cities, largely due to the convenience of the automobile in providing transportation. Recent census figures revealed a 39.2-percent increase in the population of suburbs as against 19.4 percent in the central cities.

More recently there has been fresh evidence of a complete turn in the movement toward the cities and we may anticipate a new gain in the farm population. Here again the mobility offered by the automobile has been a factor, although the influence of the depression, with decreased employment in the cities, must not be discounted. Many of those leaving the cities once were farmers, or families of farmers, who see in rural life the security of at least a self-sufficient existence. An unprecedented number of inquiries received by Federal and State Departments of Agriculture, farm-loan agencies, and other farm groups indicate that many people are feeling the urge to return to the country. Farms at their present low prices are in larger demand than for some years past. Time alone can tell whether the movement from city to farm will continue or is a temporary condition.

But certain things are evident. The open country has found a new interdependence with the rest of the country, which has brought about a changed situation in villages and small towns. Highways and automobiles now make it possible for the farmer and his family to drive to or through several villages in the routine of delivering farm commodities or shopping. The village is also a crossroads for city travelers and visitors from other villages. Therefore the rural trading post has come to occupy an enlarging place in our national make-up.

All this, of course, has changed marketing areas. This is particularly true of the marketing territories of most cities. The trading area has expanded greatly in recent years. Stores in many cities deliver merchandise regularly within a radius of from 25 to 100 miles. Motor transportation is responsible for our new regionalism. The passenger car determines the scope of the social community, and the truck is a factor in the dimensions of the economic region. And the truck is still basically a private rather than a common carrier.

DEPENDENCE ON MOTOR VEHICLES

Here, again, are reasons for a better appreciation of our motor transportation. Suppose we consider what would happen if there were a sudden halt in the movement of vehicles over our highways. There would be an immediate threat of at least semi-starvation in some localities until such time as our whole distributing system could be readjusted. Farmers, who own more than 5,000,000 motor vehicles, could neither readily nor cheaply transport their livestock and products to market. Distribution of the limited supplies of foodstuffs in local areas could not be made and retail outlets would have their shelves speedily emptied.

Furthermore, our daily supply of groceries and meat and milk could not be delivered properly; many housekeepers could not go to market; fire apparatus could not respond to calls; freight trains would move comparatively empty because they are largely filled with merchandise brought in trucks; our rural free delivery would be at a standstill, and 45,000 towns and villages without rail facilities would be isolated.

Of course, I mention the above, not with any thought that such an eventuality will ever come, but because it shows the importance of a transportation system we are sometimes inclined to accept as commonplace.

In discussing the effect of the automobile on travel, I am more at home. Travel has always been my hobby. At home and abroad, the motor car has been my means of transportation on numerous trips to new fields of adventure. In 1924 it was my good fortune to travel around the world under motor power, visiting many lands where the automobile was still a curiosity. Thus it is a great source of gratification to me to find my fellow Americans more and more responding to the urge to travel.

It is today an objective of every man, woman, and child. It is evidence of national restlessness—the urge to go places and see things. We have literally come to the point where "hop in" is more than an expression; it reflects a state of mind.

URGE TO TRAVEL IS EXTENDED

This new desire for travel is an outgrowth of individual transportation; its effect upon attitudes and ideas cannot be accurately summarized. But there is clearly an enhancement of geographic consciousness. The farmer departs from the Kansas wheat field to see the cities, the mountains, and the ocean; the resident of the seaboard leaves home to see the wheat fields and the plains. Except in very isolated sections of our country, it would be difficult to find those persons, quite common a century ago, who had never left the countries of their birth. Today our people from every section are constantly meeting.

The importance of these personal contacts cannot be overestimated. They have in large measure eliminated imaginary boundaries and with it provincialism and isolation. The far-flung areas of our country are being knitted closer together. We have a new solidarity of purpose. It would have been difficult 10 years ago to have conceived the Blue Eagle of the N.R.A., with all its meanings, as a universal emblem.

In the first of these articles, that I have undertaken at the request of the New York Herald Tribune, I have mentioned a few of the many effects of the automobile on the life of our country. In the second I shall discuss some of the problems ahead that must be solved if the development of motor transportation is to continue on anything comparable to the scale of recent years. In the third article I hope to deal with the opportunities for further motorizing lands abroad as well as the opportunities for recreational travel in new fields.

If the series results in a better appreciation of our highway transport on the part of my readers, I shall feel that my objective has been gained and my effort rewarded.

THE TARIFF

Mr. METCALF. Mr. President, I send to the desk an editorial from the Boston Evening American of Wednesday, March 7, 1934, on the subject of the tariff. The editorial reflects the wisdom of the editorial policy of Mr. William Randolph Hearst insofar as it relates to this important subject. I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Boston American, Mar. 7, 1934]

GOVERNMENT BY PERSONAL WHIM IS DESPOTISM

We are advancing fast toward absolutism. We are retreating fast from constitutional democracy.

Encroachment after encroachment upon popular liberties follow one another.

Usurpation leads to further usurpation of dictatorial authority.

The President seems to think he can easily enlarge his already extended powers by merely weaving into a request for new authorizations some passing references to the existing emergency and the prevailing unemployment.

This is the familiar balustrade upon which he again leans in casually asking Congress for power personally to negotiate and conclude tariff treaties without their submission to the Senate for ratification, without recommendation or guidance by the Tariff Commission, without check from any quarter, without the concurrence of any other person or official body, without revealed method or proven principle or established precedent or even thorough survey of the facts.

Autocratic authority is so substituted for constitutional prerogatives and procedure.

The President becomes the Grand Panjandrum of American business, with power, by personal treaties, independently of any action by the representatives of the people, to raise or lower tariff rates 50 percent in all trade bargaining with foreign nations.

Conceding the virtuous intentions of the President and without dwelling upon the naive insensibility to business actualities revealed in his proposals, it is manifest—clear beyond all shadow of doubt—that this power should not be given at all.

The authority belongs to Congress and should be exercised by Congress.

If Congress, in its servile desire to surrender its functions, should confer more of its powers on the President, that power in this instance should be limited strictly to the right to raise tariff rates as a reprisal for prohibitive rates or quotas imposed by foreign nations on American products.

This power would at least be the right to defend American industry.

But the power to lower tariff rates 50 percent is the power to destroy American industry!

It is the power to cripple the 95 percent of production and employment which supplies domestic markets in order to favor the 5 percent which competes in foreign markets.

Such a policy is not only allowing the tail to wag the dog; it is destroying the dog to save the tail.

And the tail would be utterly valueless without the dog, not only in the simile but in the actuality.

There is another reason—although no other reason is needed for not giving the President power to make these bargains with foreign nations—and that reason is that the bargains will not be scrupulously carried out by foreign nations, most of which are unreliable in their dealings with America, and some of which are definitely dishonest.

The American Government is an utter innocent in the diplomatic field, and the foreign nations know it.

They borrow money of us and do not pay it. They make agreements and do not keep them.

To use the popular phrase, they are sharpers and we are hicks. We play their shell game and they make fools of us.

We buy their green goods and they laugh at us. We lose our money, and they take it and spend it to compete with us.

We labor under a load of taxation inherited from their war, and they show their appreciation by piling their taxation upon us on top of our own.

They have not even the gratitude which a sharper should show toward the simpletons who support him.

If we open our home markets to their goods, on their worthless pledges, we will find that we have sacrificed American industry and American labor for a bond that is without value, and a word that is without honor.

Take Mr. Roosevelt's historic apple swap, an example of ingenuous innocence which has never been matched in the whole history of our fatuous foreign relations.

Under this arrangement the United States permits the entry of some $10,000,000 worth of French wines and France agrees to allow the importation of some $1,000,000 worth of American apples.

For some reason or other even this one-sided agreement has not operated reciprocally, various shipments of American apples having been left to rot on the French docks or seek a market elsewhere.

We confidently leaned again on the broken reed of French sincerity and honest intent and experienced the usual consequences.

What reason have we to believe or to hope that other bargains would be more scrupulously kept, or that the United States can ever depend on the pledges of nations which repudiate their debts and dishonor their agreements?

The reaction of Congress to this startling proposal of the President's will be watched by thoughtful Americans with profound concern.

Perhaps it is with the issue here presented that real recovery in the United States will begin—the recovery of itself and its self-respect—the recovery of its constitutional rights, its independence and its liberty.

CARRIAGE OF AIR MAIL BY THE ARMY

The Senate resumed the consideration of the bill (H.R. 7966) to authorize the Postmaster General to accept and use equipment, landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

Mr. CAREY. Mr. President, I move that this bill be referred to the Committee on Military Affairs.

As I understand, the bill turns over to the Post Office Department the air equipment of the Army. The testimony taken the other day before the Committee on Appropriations led me to believe that the Army is not equipped to carry the mail. As the Army is involved, I think the Committee on Military Affairs should have an opportunity to consider the advisability of passing this measure.

Mr. ROBINSON of Arkansas. Mr. President, I move to lay on the table the motion of the Senator from Wyoming.

Mr. ROBINSON of Indiana, Mr. FESS, and other Senators called for the yeas and nays, and they were ordered.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. What is the motion of the Senator from Wyoming?

The VICE PRESIDENT. The motion of the Senator from Wyoming is to refer the bill under consideration to the Committee on Military Affairs. The question is on the motion of the Senator from Arkansas to lay that motion on the table.

Mr. McKELLAR. The motions refer to the temporary air mail bill.

The VICE PRESIDENT. The clerk will call the roll on the motion of the Senator from Arkansas.

The Chief Clerk called the roll.

Mr. ROBINSON of Indiana (after having voted in the negative). I inquire if the junior Senator from Mississippi [Mr. STEPHENS] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. ROBINSON of Indiana. I have a general pair with that Senator, and since he has not voted, it will be necessary for me to withdraw my vote.

Mr. LEWIS. I desire to announce that the Senator from Arkansas [Mrs. CARAWAY], the Senator from Mississippi [Mr. STEPHENS], and the Senator from Oklahoma [Mr. THOMAS] are necessarily detained from the Senate on official business. I desire further to announce that the Senator from Iowa [Mr. MURPHY] has a general pair with the Senator from South Dakota [Mr. NORBECK].

The result was announced—yeas 61, nays 29, as follows:

YEAS—61

Adams	Copeland	La Follette	Robinson, Ark.
Ashurst	Costigan	Lewis	Russell
Bachman	Couzens	Logan	Sheppard
Bailey	Dieterich	Lonergan	Shipstead
Bankhead	Dill	McAdoo	Smith
Barkley	Duffy	McCarran	Thomas, Utah
Black	Erickson	McGill	Thompson
Bone	Fletcher	McKellar	Trammell
Brown	Frazier	Neely	Tydings
Bulkley	George	Norris	Van Nuys
Bulow	Glass	Nye	Wagner
Byrd	Gore	O'Mahoney	Walsh
Byrnes	Harrison	Overton	Wheeler
Clark	Hatch	Pittman	
Connally	Hayden	Pope	
Coolidge	King	Reynolds	

NAYS—29

Austin	Fess	Kean	Steiwer
Barbour	Gibson	Keyes	Townsend
Borah	Goldsborough	Long	Vandenberg
Capper	Hale	McNary	Walcott
Carey	Hastings	Metcalf	White
Cutting	Hatfield	Patterson	
Davis	Hebert	Reed	
Dickinson	Johnson	Schall	

NOT VOTING—6

Caraway	Norbeck	Stephens	Thomas, Okla.
Murphy	Robinson, Ind.		

So Mr. CAREY's motion was laid on the table.

DEPARTMENT OF AGRICULTURE AND FARM-CREDIT APPROPRIATIONS

Mr. RUSSELL. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of the agricultural appropriation bill.

Mr. McKELLAR. Mr. President, in view of the fact that the Senator from Georgia assures me that it will take but a short time to dispose of the agricultural appropriation bill, I am glad to join in the request.

The VICE PRESIDENT. Is there objection to the request of the Senator from Georgia?

There being no objection, the Senate proceeded to the consideration of the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. RUSSELL. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, and that the bill be read for amendment, committee amendments to be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will state the first amendment of the committee.

The first amendment of the Committee on Appropriations was, under the heading "Title I—Department of Agriculture, Office of the Secretary, Salaries", on page 2, line 23, after the word "appropriation", to strike out "unit" and insert "unit,"; so as to read:

For the Secretary of Agriculture, Assistant Secretary, and for other personal services in the District of Columbia, and elsewhere, $548,560: *Provided*, That in expending appropriations or portions of appropriations contained in this act for the payment for personal services in the District of Columbia in accordance with the Classification Act of 1923, as amended, with the exception of the Assistant Secretary, the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act as amended: *Provided further*, That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service, or (2) to require the reduction in salary of any person whose compensation was fixed as of July 1, 1924, in accordance with the rules of section 6 of such act, (3) to require the reduction in salary of any person who is transferred from one position to another position in the same or different grade, in the same or different bureau, office, or other appropriation unit, (4) to prevent the payment of a salary under any grade at a rate higher than the maximum rate of the grade when such higher rate is permitted by the Classification Act of 1923, as amended, and is specifically authorized by other law, or (5) to reduce the compensation of any person in a grade in which only one position is allocated.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Dairy Industry, salaries and general expenses", on page 29, line 5, after the words "Bureau of", to strike out "Dairying" and insert "Dairying,", so as to read:

For carrying out the provisions of the act approved May 29, 1924 (U.S.C., title 7, secs. 401–404), establishing a Bureau of Dairying, for salaries in the city of Washington and elsewhere, and for all other necessary expenses, as follows.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Plant Industry, salaries and general expenses", on page 31, line 17, after the word "and", to strike out "improvements" and insert "improvement", so as to read:

Drug and related plants: For the investigation, testing, and improvement of plants yielding drugs, spices, poisons, oils, and related products and byproducts, $34,101.

The amendment was agreed to.

The next amendment was, on page 33, at the end of line 2, to strike out "$187,066" and insert "$237,066", so as to read:

Forest pathology: For the investigation of diseases of forest and ornamental trees and shrubs, including a study of the nature and habits of the parasitic fungi causing the chestnut-tree bark disease, the white-pine blister rust, and other epidemic tree diseases, for the purpose of discovering new methods of control and applying methods of eradication or control already discovered, and including $117,600 for investigations of diseases of forest trees and forest products, under section 3 of the act approved May 22, 1928 (U.S.C., supp. VI, title 16, sec. 581b), $237,066.

The amendment was agreed to.

The next amendment was, on page 33, line 3, before the word "and", to strike out "Fruits" and insert "Fruit", and in line 7, after the word "related", to strike out "plants" and insert "plants", so as to read:

Fruit and vegetable crops and diseases: For investigation and control of diseases, for improvement of methods of culture, propagation, breeding, selection, and related activities concerned with the production of fruits, nuts, vegetables, ornamentals, and related plants, for investigation of methods of harvesting, packing, shipping, storing, and utilizing these products, and for studies of the physiological and related changes of such products during processes of marketing and while in commercial storage, $990,936.

The amendment was agreed to.

The next amendment was, on page 35, line 22, after the figures "$100,848", to insert "and in addition thereto, $12,000 of the unexpended balance for this purpose for the fiscal year 1933 is continued available for the same purpose for the fiscal year 1935", so as to read:

Western irrigation agriculture: For investigations in connection with western irrigation agriculture, the utilization of lands reclaimed under the Reclamation Act, and other areas in the arid and semiarid regions, $100,848, and in addition thereto, $12,000 of the unexpended balance for this purpose for the fiscal year 1933 is continued available for the same purpose for the fiscal year 1935.

The amendment was agreed to.

The next amendment was, on page 36, line 1, after the name "Bureau of Plant Industry", to strike out "$3,426,342" and insert "$3,476,342"; and in line 2, after the word "exceed", to strike out "$1,427,637" and insert "$1,435,137", so as to read:

Total, Bureau of Plant Industry, $3,476,342, of which amount not to exceed $1,435,137 may be expended for personal services in the District of Columbia and not to exceed $3,750 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

The amendment was agreed to.

The next amendment was, under the heading "Forest Service—Forest-Fire Cooperation", on page 44, line 5, after the word "act", to strike out "$1,198,619" and insert "$1,498,619", so as to read:

For cooperation with the various States or other appropriate agencies in forest-fire prevention and suppression and the protection of timbered and cut-over lands in accordance with the provisions of sections 1, 2, and 3 of the act entitled "An act to provide for the protection of forest lands, for the reforestation of denuded areas, for the extension of national forests, and for other purpses, in order to promote continuous production of timber on lands chiefly valuable therefor", approved June 7, 1924 (U.S.C., title 16, secs. 564–570), as amended, including also the study of the effect of tax laws and the investigation of timber insurance as provided in section 3 of said act, $1,498,619, of which $23,859 shall be available for departmental personal services in the District of Columbia and not to exceed $1,500 for the purchase of supplies and equipment required for the purposes of said act in the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 45, line 1, to change the total appropriation for the Forest Service from $8,244,323 to $8,544,323.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Entomology and Plant Quarantine" on page 49, after line 11, to insert the following subhead: "Salaries and general expenses."

The amendment was agreed to.

The next amendment was, on page 50, at the end of line 17, to strike out "$203,010" and insert "$279,030", so as to read:

Japanese bettle control: For the control and prevention of spread of the Japanese bettle, $279,030.

The amendment was agreed to.

The next amendment was, on page 51, line 22, after the figures "$45,462", to strike out the comma and "and no expenditure shall be made for these purposes until a sum or sums at least equal to such expenditures shall have been appropriated, subscribed, or contributed, by State, county, or local authorities, or by individuals or organizations for the accomplishment of such purposes", so as to read:

Phony-peach eradication: For determining and applying such methods of eradication, control, and/or prevention of spread of the disease of peach trees known as phony peach as in the judgment of the Secretary of Agriculture may be necessary, including cooperation with such authorities of the States concerned, organizations of growers, or individuals, as he may deem necessary to accomplish such puposes, including the certification of products out of the infested areas to meet the requirements of State quarantines, $45,462: *Provided*, That no part of the money herein appropriated shall be used to pay the cost or value of trees or other property injured or destroyed.

The amendment was agreed to.

The next amendment was, on page 52, at the end of line 24, to strike out "$262,701" and insert "$362,701", so as to read:

Cereal and forage insects: For insects affecting cereal and forage crops, including surgarcane and rice, and including research on the European corn borer, $362,701.

The amendment was agreed to.

The next amendment was, on page 53, line 5, after the word "cotton", to strike out "$114,763" and insert "$136,000, and in addition thereto $39,000 of the unexpended balance for this purpose for the fiscal year 1933 is continued available for the same purpose for the fiscal year 1935", so as to read:

Cotton insects: For insects affecting cotton, $136,000, and in addition thereto $39,000 of the unexpended balance for this purpose for the fiscal year 1933 is continued available for the same purpose for the fiscal year 1935.

The amendment was agreed to.

The next amendment was, on page 55, lir. 1, after the figures "$552,966" to insert "and in addition thereto $95,000 of the unexpended balance for this purpose for the fiscal year 1933 is continued available for the same purpose for the fiscal year 1935", so as to read:

Foreign plant quarantines: For enforcement of foreign plant quarantines, at the port of entry and/or port of export, and to prevent the movement of cotton and cottonseed from Mexico into the United States, including the regulation of the entry into the United States of railway cars and other vehicles, and freight, express, baggage, or other materials from Mexico, and the inspection, cleaning, and disinfection thereof, including construction and repair of necessary buildings, plants, and equipment, for the fumigation, disinfection, or cleaning of products, railway cars, or other vehicles entering the United States from Mexico, $552,966, and in addition thereto $95,000 of the unexpended balance for this purpose for the fiscal year 1933 is continued available for the same purpose for the fiscal year 1935: *Provided*, That any moneys received in payment of charges fixed by the Secretary of Agriculture on account of such cleaning and disinfection shall be covered into the Treasury as miscellaneous receipts.

The amendment was agreed to.

The next amendment was, on page 55, after line 19, to insert:

Dutch-elm disease: For control and prevention of spread of the Dutch-elm disease in the United States, $300,000.

The amendment was agreed to.

The next amendment was, on page 55, after line 21, to insert the following:

Gypsy and brown-tail moths: For the control and prevention of spread of the gypsy and brown-tail moths, $360,000.

The amendment was agreed to.

The next amendment was, on page 56, line 2, before the word "of", to strike out "$2,882,309" and insert "$3,739,566", and in line 3, after the word "exceed", to strike out "$632,430" and insert "$674,430", so as to read:

Total, Bureau of Entomology and Plant Quarantine, $3,739,566, of which amount not to exceed $674,430 may be expended for personal services in the District of Columbia, and not to exceed $12,750 shall be available for the puchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

The amendment was agreed to.

Mr. SMITH. Mr. President, I desire to take this occasion to call the attention of the Senate to the fact that the most important bill affecting agriculture does not come to the Committee on Agriculture and Forestry for consideration. Under our confused system of the Budget and the mix-up we have in our procedure, a bill is presented, and, although we have appointed a committee whose duty it is to devote their time to matters affecting agriculture, the bill which makes appropriations for the functioning of the Department of Agriculture never goes to the Committee on Agriculture.

As far as I am concerned, I am not asking for work, but I do think that the Senate ought to take cognizance of this absurd procedure, and say that things which pertain in their very essence to certain committees shall be considered by those committees.

The only chance that any members of the Agricultural Committee have officially to investigate the provisions of such a bill, which has been considered and decided entirely outside the jurisdiction of the Committee on Agriculture, is when they are named as conferees on the measure when it goes to conference.

Mr. President, I enter my protest here and now against such procedure, and I hope that a sufficient number of Senators on both sides of the Chamber will join with me in order that we may remedy this absurd situation. I wanted to make that statement now in order that the Senate might be advised of my position in regard to this question.

Of course, a good many Senators already recognize the fact that, as far as appropriations are concerned, we are merely a ratifying body for the so-called "Budget Bureau." Inasmuch as the people of America have confidence enough in men to select them to come here to represent them, I think the time has come for us to modify the overlordship of that Bureau. We know the needs of agriculture. We are the ones to make the appropriations, and that function ought not to be restricted within the jurisdiction and will of mere appointees in the Government.

Mr. GLASS. Mr. President, I had supposed that the Appropriations Committee of the Senate was the committee appointed to frame appropriation bills, but under the custom and practice we have three members of the Committee on Agriculture sitting in and assisting in the framing of the bill. So that no discourtesy was either intended or has been practiced against the Committee on Agriculture and Forestry.

Mr. SMITH. Mr. President, I was not talking about discourtesy. I was talking about our policy. I was a Member of the Senate when bills of this kind were considered by the Committee on Agriculture, and when bills with reference to finance were considered by the Committee on Finance. I am talking about the policy the Senate has adopted, which is an absurd policy. There is no question of discourtesy involved, Mr. President. Whenever one Senator wants to be discourteous to another, the one against whom the discourtesy is aimed can take care of himself. I can take care of myself, and I presume other Senators can take care of themselves. I am merely talking about the policy at this time, which, I repeat, in my opinion, is an absurd one.

Mr. ROBINSON of Arkansas. Mr. President, the present system of making appropriations for the departments was worked out after a great many years of study. There is necessity for coordination of authorities who frame the appropriation bills, otherwise the old system of having committees for the various departments, which might be described as an effort to see which one could get the most from the Treasury, would prevail.

The present system contemplates that the legislative committees shall consider and report and have charge of, in both Houses, various measures of legislation authorizing the appropriations. When the appropriations have been authorized, under the prevailing practice the making of the appropriations is concentrated in a single committee known as the "Appropriations Committee." There is something, of course, that can be said on the other side of the proposition, but I feel justified in saying that it appears to me that the weight of the argument supports the present system.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield to the Senator from Georgia.

Mr. RUSSELL. The Senator from Arkansas is, of course, more familiar with the reasons for the change in the rules than I am, but I might point out to the Senator that at the present time the rules require that three members of the standing committee dealing with the Department of Agriculture shall be members of the subcommittee on appropriations to handle agricultural appropriation bills. The three Members who are on that subcommittee are the Senator from South Carolina [Mr. SMITH], the present Chairman of the Committee on Agriculture and Forestry; the minority leader, the Senator from Oregon [Mr. MCNARY], who was formerly Chairman of the Committee on Agriculture; and the senior Senator from Montana [Mr. WHEELER]. Therefore, the standing committee has representation by virtue of having these ex-officio members of the standing committee on the subcommittee of the Committee on Appropriations, and under the rules they are members of the subcommittee which handles the appropriation measures for the Department of Agriculture.

Mr. ROBINSON of Arkansas. The Senator from Georgia is entirely correct in his statement. So, in addition to what I have already said, the advice and assistance of the ranking members of the Committee on Agriculture are available to the Committee on Appropriations. If each committee, as under the old practice, were authorized to serve as an appropriations committee, we would have a very difficult problem in keeping appropriations anywhere near within revenues. I do not desire to enter into a prolonged discussion of the subject at this time, but I felt constrained to make the statement which I have made.

Mr. SMITH. Mr. President, I want to state that my position is that when it comes to the question of the needs of any one department, and let us take, for example, the Department of Agriculture, the committee charged with ascertaining what are the needs of agriculture or what are the needs of finance officials to carry out the needs of that Department, should be the committee charged with studying those needs—in this case, the Committee on Agriculture and Forestry.

Mr. ROBINSON of Arkansas. Will the Senator from South Carolina yield?

Mr. SMITH. Just one more word. When it comes to the question of the amount necessary, Mr. President, our present procedure is tantamount to charging the Department with no regard for the Treasury, no regard for the needs of that particular division of our organized life, and, therefore, we must hedge it about with extraneous and outside policies in order that those who are charged with the work and charged with the duty of looking after the welfare of agriculture, or any other one of the divisions for which the committees are set up, shall be limited. It is not a question of the matter of finance, it is a question of the honesty of the committee in meeting the conditions that confront

them with reference to any one of the departments. That, Mr. President, is the position I take.

We have now before us for consideration an agricultural appropriation bill. I do not think that three men are competent to pass upon what are the actual needs of various sections of our country. The members of the Committee on Agriculture are appointed from different parts of the country in order that the committee having charge of agriculture may know the needs of the different sections and may know what is necessary to meet the demands. We have the Department of Agriculture and we have the Committee on Agriculture, but under the Budget system they do not have a great deal to say about appropriations for agriculture. I believe the old system was infinitely superior to the present system when it comes to the question of saving money and keeping the country out of debt.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from South Carolina in his statement apparently overlooks the fact that the legislative committee that authorizes appropriations for the Department of Agriculture is the Committee on Agriculture, of which he is the chairman. When an appropriation is authorized it is true that there is no compulsion upon the Committee on Appropriations actually to make available the funds authorized, but practically every item of appropriation that is carried in these general appropriation bills has been authorized by law, which law was first considered and reported by the proper legislative committee.

The system that prevails is that the legislative authority shall be distributed among a large number of standing committees of the Senate but that the appropriation authority shall be concentrated in a single committee of the Senate. Of course there are emergencies in which the rule has not been followed, but, as stated by the Senator from Georgia, the rule is designed to prevent excessive and ill-considered expenditures. I had a number of years' experience under the old system prior to the adoption of the present plan, and I think that the present plan is more conducive to wholesome public service and to the conservation of the public interest than the old plan, under which there were often efforts made by the various departments to secure large appropriations that could not well be comprehended within a budget. One may make little of a budget, if he wishes to do so, but, after all, there is incontrovertible necessity for some plan of coordinating expenditures with revenue; otherwise deficits will always exist.

Mr. SMITH. Mr. President, one more word and I shall be through. I do not want to take up any more time in the consideration of the pending bill, but on the proper occasion I shall desire to give a digest of what is contained in the bill; and I think I shall be able to show that the Agricultural Department will be materially crippled by the passage of the pending measure.

The VICE PRESIDENT. The clerk will state the next amendment of the Committee on Appropriations.

The next amendment was, under the heading "Bureau of Agricultural Engineering", on page 64, line 2, after the word "and" to insert "general"; so as to make the subhead read: "Salaries and general expenses."

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Agricultural Economics—Salaries and general expenses", on page 67, line 21, after the word "cotton", to strike out "or corn", so as to read:

Crop and livestock estimates: For collecting, compiling, abstracting, analyzing, summarizing, interpreting, and publishing data relating to agriculture, including crop and livestock estimates, acreage, yield, grades, staples of cotton, stocks, and value of farm crops, and numbers, grades, and value of livestock and livestock products on farms, in cooperation with the Extension Service and other Federal, State, and local agencies, $603,701: *Provided*, That no part of the funds herein appropriated shall be available for any expense incident to ascertaining, collating, or publishing a report stating the intention of farmers as to the acreage to be planted in cotton.

The amendment was agreed to.

The next amendment was, on page 70, line 5, after the word "staple", to strike out "estimates" and insert "statistics", so as to read:

Cotton grade and staple statistics: To enable the Secretary of Agriculture to carry into effect the act entitled "An act authorizing the Secretary of Agriculture to collect and publish statistics of the grade and staple length of cotton", approved March 3, 1927 (U.S.C., supp. VI, title 7, secs. 471–476), $207,174.

The amendment was agreed to.

The next amendment was, at the top of page 81, to insert:

INTERNATIONAL PRODUCTION CONTROL COMMITTEES

During the fiscal year 1935 the Secretary of Agriculture may expend not to exceed $10,000, from the funds available for carrying into effect the Agricultural Adjustment Act approved May 12, 1933 (Public, No. 10, 73d Cong.), the share of the United States as a member of the International Wheat Advisory Committee or like events or bodies concerned with the reduction of agricultural surpluses or other objectives of the Agricultural Adjustment Act, together with traveling and all other necessary expenses relating thereto.

The amendment was agreed to.

The next amendment was, under the subhead "Grasshopper control, Bureau of Entomology", on page 81, line 21, after the word "expenses", to strike out "$2,000,000" and insert "$2,354,893", so as to read:

For the application of such methods of control of grasshoppers as, in the judgment of the Secretary of Agriculture, may be necessary, in cooperation with such authorities of the States concerned, organizations, or individuals as he may deem essential to accomplish such purposes, including the employment of persons and means in the District of Columbia and elsewhere, printing and binding, rent outside of the District of Columbia, and for other expenses, $2,354,893, to be available during the fiscal years 1934 and 1935, and to be immediately available, of which amount not to exceed $7,500 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 82, line 11; after the word "indicated" and the colon, to strike out *"And provided"* and insert *"Provided"*, so as to read:

Provided further, That no part of this appropriation shall be used to pay the cost or value of farm animals, farm crops, or other property injured or destroyed.

The amendment was agreed to.

The next amendment was, on page 83, at the end of line 8, to strike out "$59,428,887" and insert "$60,991,037", so as to read:

Total, title I, Department of Agriculture, $60,991,037.

The amendment was agreed to.

The VICE PRESIDENT. That completes the committee amendments.

Mr. RUSSELL. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 3, line 13, it is proposed to strike out "$20,000" and to insert "$22,990."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia.

The amendment was agreed to.

Mr. RUSSELL. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment offered by the Senator from Georgia will be stated.

The CHIEF CLERK. On page 3, lines 19 and 20, it is proposed to strike out the words "but not to exceed $720 may be so used for any one person."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. RUSSELL. I offer another amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 22, line 11, it is proposed to strike out the word "provided" and in lieu thereof to insert the word "provide."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. RUSSELL. I offer another amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 2, line 4, after the word "Agriculture", it is proposed to insert:

Under Secretary of Agriculture, $10,000, and there is hereby established in the Department of Agriculture the position of Under Secretary of Agriculture, to be appointed by the President, by and with the advice and consent of the Senate, and whose compensation shall be at the rate of $10,000 per annum.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia.

The amendment was agreed to.

Mr. RUSSELL. I offer another amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 18, after line 9, insert the following:

Meteorological station, Missoula, Mont.: For the establishment, equipment, and maintenance of a meteorological station upon a site to be selected by the Secretary at Missoula, Mont., $10,000, to be immediately available.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

CARRIAGE OF AIR MAIL BY THE ARMY

The Senate resumed the consideration of the bill (H.R. 7966) to authorize the Postmaster General to accept and use equipment, landing fields, men, and material of the War Department, for carrying the mails by air, and for other purposes.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

Mr. FESS. Mr. President, yesterday the leader of the majority of the Senate, the Senator from Arkansas [Mr. ROBINSON], in speaking in reply to what had been said by the Senator from Indiana [Mr. ROBINSON], made this statement:

For many months the subject matter of those contracts has been under investigation by a special committee of the Senate. So far as my information goes, there can be no controversy as to the conclusion that in the initiation of the contracts there was fraud and collusion.

The Senator from Arkansas said, "So far as my information goes." I think I am willing to admit that statement based upon information so far as it has gone. If that qualification was not there it would be a very serious statement. But the Senator from Arkansas has had no opportunity of making an examination of the facts and I think that his conclusion in the matter is very largely, I regret to say, what the public has come to believe, because of the accusations that have been made and the general tendency which has been evidenced to reach conclusions without first hearing the other side of the issue. So, after reading the statement of the Senator from Arkansas, which was quite offensive to me yesterday, it is not so today, for it is based upon the information he has, so far as that information goes. If I were to make up my mind from what has been stated, there having been no chance to refute the charges made, in all probability I would reach exactly the same conclusion as that which the Senator from Arkansas expressed yesterday.

Mr. President, I wish to take the time, and shall exercise the right under the rules of the Senate, to show the other side of this question which has never as yet been presented. I probably will not be able to get through with the testimony today, but I will take the time, whatever may be necessary, in order that the Senate and the country may know the other side of this controversy.

Mr. President, the problem that confronted a previous Postmaster General when he undertook to build up the great aviation industry was rather complicated. That industry had been builded in a haphazard way. Certain interests in various localities had become interested in establishing a route to give air-transportation facilities to their citizens. The air-mail business is not old; in fact, it is very youthful. I recall seeing the two Wright brothers flying one of the original planes in a field that is located only 4 miles from my home. I recall that thousands of people came there when it was announced that a demonstration flight would be made. One could hear people detailing descriptions of the flight. They would say, "Long before we reached the field we could see the air men in the air." It was a most romantic story. I recall very distinctly the first effort that was ever put forth to use the airplane for commercial purposes. That was when Phil Parmalee carried a roll of 800 yards of silk from the city of Dayton to the city of Columbus. The plane which he used went over the town in which I lived. The route which the plane would take had been announced in advance, as well as the time when it would reach the college over which at that time I was presiding. I dismissed the students for the time being, stating to them that they had an opportunity to witness the first effort in history to carry a commercially salable article from one city to another. That was only a little while ago. Then came the World War.

When that terrific convulsion broke upon our country and upon the world there was an opinion in some quarters that the decision would be made in the air. Never before or since was there a time when those in control of the affairs of the country undertook to such an extent to call together the genius of invention and discovery for such an important purpose. The problem confronting the Government then under the leadership of Woodrow Wilson was to build an airplane engine that would be capable of meeting any air force of the enemy. Today, in the old historic house on the Wilbur Wright Field, 7 miles from Dayton, are stored hundreds upon hundreds of the old Liberty motors that were built at that time as the climax of achievement in this particular field of activity. The war had not progressed very long until the advantage of the combat plane was made obvious.

After the war closed, following the terrific stimulus to the building of aircraft for military purposes, our people seemed to forget that there was any necessity to maintain this new industry and to make such inventions and improvements as would be demanded by a new system of transportation involving the hazards of the heavier-than-air plane.

President Coolidge in 1925, realizing that we had fallen behind other countries and that they were fast surpassing us, in the use of the airplane not only for military purposes as a matter of national defense, but for commercial possibilities as well, became convinced of the wisdom of making a study of the possibilities of aircraft, military and commercial. In response to that conviction on his part he was authorized by Congress to appoint a national aircraft board. That board was headed by the distinguished Dwight Morrow, not then a Senator, not at that time regarded in any political light whatsoever. But the President, having known him from the days when they were college men together, had confidence in him and called upon him to serve.

The outcome was the appointment of a board composed of Mr. Morrow and other eminent gentlemen, the first of whom was Maj. Gen. James G. Harbord, retired, of New York City. It is quite probable that the able Senator from North Caroline [Mr. BAILEY], now presiding over this body, will recall that at one critical moment during the World War, I think after Belleau Wood, the report came that General Harbord had been killed. When the report reached the distinguished and brilliant Gen. Charles G. Dawes he said, "It cannot be true, because I have no message from Hades", which was a suggestion that General Harbord very much enjoyed, as evidenced by his letters home, which were later published.

With General Harbord were associated Rear Admiral Frank Fletcher, retired; Mr. Howard E. Coffin, of Detroit, a

famous engineer called in for consultation purposes; Col. Hiram Bingham, later a United States Senator; Hon. Carl Vinson, of Georgia, a distinguished Democratic Member of the House; Hon. James S. Parker, who recently passed away, also a distinguished Member of the House, later becoming chairman of the Committee on Interstate and Foreign Commerce of that body; Hon. Arthur C. Denison, of Michigan, of the United States Court of Appeals; and William F. Durand, of Stanford University, president of the American Society of Mechanical Engineers.

The board, which was headed by Mr. Morrow, represented the legislative branch of the Government—the Senate and the House; it represented the judicial department of the Government in the person of Judge Denison, still adding honor and glory to the Federal Court of Appeals; it represented the executive department; it represented the Army and the Navy; and represented the finest skill in engineering and business in America.

That aircraft board started its studies. It collected facts for 4 months. It had more than 100 men, representing the highest standard of talent, before it prior to the time it made its findings. Before the board came to any definite conclusion a subcommittee was appointed, headed by Judge Denison, of Michigan; and after studying, analyzing, and classifying the data presented by this group of rather superior minds, the board made their recommendations.

The report submitted at that time indicates how many planes we had. Unfortunately, the showing was not very good:

More than 16,000 airplanes, with motors, were delivered by American manufacturers. In addition approximately 25,000 motors were produced and at the time of the armistice were being provided at the rate of 4,000 per month. Competent authorities believe that by March 1919 the country could have been producing 10,000 Liberty motors a month.

That is a statement of the air situation. The board raised certain questions as a basis for investigation and recommendation.

The first question was:

In determining an aviation policy for the United States Government, what should be the relation between the military and civilian services?

In that connection, the argument was made that, while the two fields developed a similar service, the one service was for maneuverability, for combat contest, while the other service was for commercial purposes—wholly different in requirements, in equipment of planes, and in the training of personnel.

Their second question was:

How can the civilian use of aircraft be promoted?

It was answered that it could be promoted by a certain amount of encouragement on the part of the Government, and also by a stimulation of public interest in the various municipalities and locations.

The argument for Government interest in the development of an aviation service was that—

It creates a reservoir of highy skilled pilots and ground personnel. Whatever is done to increase the use of aircraft, to spread familiarity with aircraft among the people, and in general to develop "air-mindedness", will make it easier rapidly to build up an expanded air power if an emergency arises.

* * * * * * * *

There has been no more inspiring chapter in American enterprise and courage than the establishment and conduct of the United States air mail.

Mr. President, was that statement made by an authoritative body? Was that declaration made by men of ulterior purposes? Was that judgment reached on a basis of collusion, on a basis of fraud? Who will charge these men with fraudulent intent when they make the statement that—

There has been no more inspiring chapter in American enterprise and courage than the establishment and conduct of the United States air mail.

Then the board goes on to speak of certain things that should be done and certain burdens we ought to avoid:

We recommend the progressive extension of the Air Mail Service, preferably by contract, and also that steps be taken to meet the manifest need for airways and air-navigation facilities, including an adequate weather service maintained by public authority and planned with special reference to the needs of air commerce.

That is the recommendation of this group of men—that the Air Mail Service be built up, preferably by contract. That is the basis on which Mr. Brown is assailed.

Not only that, but there has been much talk about avoiding competitive bidding. Let us see what this report states as to avoiding competitive bidding:

Existing statutes covering the procurement of supplies and requiring competitive bidding be modified where necessary to allow putting the recommendations previously made into effect.

What should every contract look to establish? This group of men, free of political bias, with no ulterior purposes—no purpose except to build up an air industry—make this recommendation, and the special agency by which it is to be done is the air mail:

We therefore recommend—

Says this board—

(1) The adoption of a policy of continuity in orders and of a standard rate of replacement.

(2) Production orders be given only to companies which maintain design staffs of reasonable size and keep them active.

Mr. President, that is a sound principle upon which to build an air service; and that is precisely why this board recommended that it be done by contract, instead of by competitive bidding, because bidding may be participated in by companies that do not maintain a design staff, that are not capable of producing planes that meet the requirements of the Commerce Department of the Government. I will read the recommendation again:

Production orders be given only to companies which maintain design staffs of reasonable size—

And have the ability to keep those staffs alive and abreast of the growing needs. When Mr. Brown said, "I will not accept a bid from any company that does not comply with that requirement", those that could not comply find fault with him and say that he discriminated against them.

The board also recommends that—

(3) Proprietary rights in design be fully recognized.

What do they mean by that? If there is a design that is not patented, or even one that is patented, the contract ought to preserve the rights of the designer, just as the copyright and patent laws of the country are intended to secure those rights to the individual.

I think that is wise. Also, that is one of the features in the subsequent contracts that were made.

(7) Governmental research in aeronautic science be actively continued and the testing facilities of the various department agencies should be made readily available to the civil industry.

This report is signed by Dwight W. Morrow, Judge Arthur C. Denison, William F. Durand, Hiram Bingham, J. S. Parker, Carl Vinson, James G. Harbord, Frank F. Fletcher, and Howard E. Coffin.

They recommended that there be three Assistant Secretaries appointed:

(1) An Assistant Secretary of War, to have charge of Army aviation.

(2) An Assistant Secretary of the Navy, to have charge of naval aviation.

(3) An Assistant Secretary of Commerce, to have charge of commercial aviation.

And those men, in pursuance of the authorization of Congress, proceeded to build an American aviation system.

The first law of any consequence touching air mail was enacted back in 1920. Then it was provided that a plane might carry mail under certain conditions, especially if it did not cost more than if carried in the usual way.

Mr. McKELLAR. Mr. President, I know the Senator does not want to get his facts wrong, and he is inadvertently doing so. The first air-mail route authorized by the Government was in 1918, and an appropriation of $100,000 was made for it for the purpose of carrying the mails between here and New York, and Army planes and Army flyers were to carry that mail.

Mr. FESS. Perhaps the Senator is right, so far as the Government's carrying the mail is concerned. I am speaking, not of the Government's carrying the mail, but of commercial agencies' carrying the mail.

Following that, we made an appropriation of $1,250,000 for the installation of an air route from New York to the Pacific coast. That amount of money was taken out of the appropriation for the mail service of the country.

Then in 1925 Congress enacted a law which permitted a company to carry mail under a contract, provided it did not cost more than three fourths of the revenue.

In 1926 another law was enacted, enlarging the air-mail authority. That law was in this language:

> The Postmaster General is authorized to contract with any individual, firm, or corporation for the transportation of air mail by aircraft between such points as he may designate, and to further contract for the transportation by aircraft of first-class mail other than air mail at fixed rates per pound, including equipment, under such rates, rules, and regulations as he may prescribe, not exceeding $3 per pound for air mail for the first 1,000 miles and not to exceed 30 cents per pound additional for each additional 100 miles.

Mr. President, that was the law of 1926. Then a further law was enacted May 17, 1928, and contained this provision:

> That the Postmaster General may by negotiation with an air-mail contractor who has satisfactorily operated under the authority of this act for a period of 2 years or more arrange, with the consent of the surety, * * * that the holder shall have the right of carriage of air mail over the route set out in the certificate so long as he complies with such rules, regulations, and orders as shall from time to time be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting air-mail operations to the advances in the art of flying.

Mr. President, some criticism of Congress for the enactment of that law may be justified. There may be some reason why that authority should not have been granted. It was granted, however. The very thing about which there is complaint now is the law. It is charged that Mr. Brown ignored competitive bidding and made contracts, as if he had not any authority to do so, when the law is specific that the Postmaster General not only shall have authority to carry on negotiations but that he may make such rules and regulations as he sees fit to adjust the air-mail operations to the advance in the art of flying, in the interest of the aviation industry. That law is on the statute books untouched. Let me read it again:

> The Postmaster General may by negotiation with an air-mail contractor who has satisfactorily operated under the authority of this act for a period of 2 years or more.

Of course, if a bid were submitted by one who had not had 2 years' experience in flying, he would be disqualified to enter into a contract, and that might lead to complaint on the part of some disappointed individual who wanted a Government contract.

The Postmaster General, in the name of such air-mail contractor, shall provide—

> That the holder shall have the right of carriage of air mail over the route set out in the certificate—

Note this—

> so long as he complies with such rules, regulations, and orders as shall from time to time be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting air-mail operations to the advances in the art of flying.

Mr. President, that is the authority the Postmaster General may exercise which it has been charged here is arbitrary. As I have stated, whether the law should have been passed or not may be questioned; but there is no question as to the authority of the Postmaster General to act under it.

The next law that was enacted was dated May 17, 1928, and that is the one about which we have been talking, the McNary-Watres Act. Please note this law of 1928, which provides—and I want Senators to realize the import of this language:

> *Provided*, That such certificate—

Referring to the certificate issued by the Postmaster General to the contractor—

> *Provided*, That such certificate shall be for a period not exceeding 10 years.

That is, 10 years from the beginning of carrying the mail under the contract. Notice into what confusion we may fall. Under the law of 1928, a contract might extend 10 years. The contract is to be the result of negotiation. There are to be very few limitations. There is a provision that after the contractors serve 2 years, then their certificates may be extended for the remainder of the period, but not beyond 10 years from the beginning of the contract.

Let me repeat that statement, so that there may be no misunderstanding. The extension of a contract could not be made until the contractor had operated for 2 years under it. Then the maximum extension could not be more than 8 years, because it could not go beyond 10 years from the beginning of the contract.

The compensation was to be paid under the former law, for the subsequent law did not change the former law in that respect. What was that provision? The rate was not to be more than $3 a pound.

What is the situation? All the contractors who entered into contracts under the law of 1928 have, in their own right, if they meet the requirements of the law, the privilege of demanding extensions of their contracts so that the contracts shall run 10 years from the beginning.

There was such a hodge-podge, such a crazy-quilt method of figuring costs to the Government that it was universally disliked. For example, the cost of carrying the mail from Boston to New York was $3 a pound; from New York to Chicago, only 86 cents a pound, owing to the enormous amount of mail carried; from Chicago to the Pacific coast, $3 a pound; from the city of Cleveland to the city of Pittsburgh, only a short distance, $3 a pound; from New York to Miami, only 76 cents a pound. It was a crazy-quilt, a hodge-podge.

The Postmaster General, very desirous of building up aviation, saw the lack of logic in the arrangement of what we call the air map. He found one route from coast to coast made up of four links, one link owned by one company, another link owned by a second company, another link owned by a third company, another link owned by a fourth company, most of them controlled by local interests. California would be interested in the far-western link, New York in the eastern link, Denver in the middle link, Salt Lake City, likewise, in the middle link. What happened? Mail going over that disjointed route, with four companies operating, would cost the Government $8.81 a pound.

The Postmaster General said:

> I will let no contract for a transcontinental route that is not under one management. I will make no contract where the companies are different so that mail must be transferred at four or five different points on the way. I want such a contract that, when the mail is loaded at New York for San Francisco, it will go through without being changed to another plane, if that is possible, and if it is changed to another plane, it must be changed under the management of the same company.

Where is the man outside of the insane asylum who would say that that was not good business and was not in the interest of the public welfare? Of course, those who did not want to merge would find fault with it, thinking they ought to have a separate contract, a contract broken up in the fashion just described. We can see why the Postmaster General would not do such a thing.

Mr. President, let it be kept in mind that under the law there was provided a contract period of 10 years maximum, and also that the contractors could, after serving 2 years, have that maximum secured to them, with the poundage basis of cost fixed upon us, and with an illogical method of carrying the mail fixed upon us. There was a desire to remedy the condition, but how could it be done?

Mr. Brown, soon after he took office, recognizing that under the law he would be called upon to make the extensions, because the contractors could demand them after 2 years of service, tried, as any other wise man would have done, to ascertain whether he could find a different yardstick with which to adjust payment for carrying the air mail. He did not like the idea of the differentiation by reason of which the charge was $3 a pound at one place, 86 cents a pound at another place, 76 cents a pound at another. So what did he do? Did he sit down at his table and ignore information

that could be gotten from the people who knew the problem because they were in the business? He did not. He called all the operators to meet him in the Post Office Department. He laid the problem before them. He pointed out the crazy-quilt structure. He said to them, "We are going to modify this thing. I will not continue to make contracts under this plan." He asked all the contractors operating under the law then in effect to go into a conference and work out a plan, which would be an adjustable one, and after they had worked it out to bring it to him.

All the contractors met with the Postmaster General. Let it be noted that this occurred in 1928. It was the first big problem the Postmaster General had before him. They studied for days and days as to how they could agree on a uniform rate. They reported that it was impossible for them to reach an agreement, because some of their routes were through mountainous sections, some of them were along coasts where there was much fog, almost continuously, and some of their routes were over a flat country where the carriage was not difficult.

Those who could carry mail more cheaply, and urged a cheaper rate, were opposed by those who could not carry it at a cheap rate because of the hazards of the routes their planes had to fly. The contractors returned to Mr. Brown and notified him that they could not reach an agreement as to a yardstick with which to measure costs.

The Postmaster General then asked them to appoint a subcommittee. This was in 1928. They did so, and authorized that subcommittee to make a study of a uniform yardstick of cost so that the Government might know whether it could make better contracts.

That subcommittee went to work. In 60 days the contractors were back with the Postmaster General to receive the subcommittee's report. The subcommittee was unable to reach any specific recommendation, and the second meeting of 1928 had to be abandoned on the ground that they could not agree among themselves as to a basis of cost.

Mr. President, the Postmaster General is now being indicted because he called together the only people who knew the cost of operation, in order to get information from them as to whether they could reduce rates or agree upon some common yardstick. They could not do so.

Then the Postmaster General for the third time said:

I want you to look into it further with the understanding that, if you do not reach some agreement among yourselves, I will have to take the matter over myself, and I will do it myself.

The third time they came back unable to agree.

Then the Postmaster General called into conference his interdepartmental committee to study the problem. That committee decided that they could not do what they wanted to do without a new law. They decided it would be necessary to have the law of 1928 modified, that there was authority needed which was not contained in the law. They went to work with a knowledge as to how they wanted to solve the problem, and they went to work to outline a law, and in due time laid that proposed law before the two branches of Congress. Mr. KELLY, of the House, who knows more about mail matters than any other man in either branch of the Congress, introduced the bill in the House. Mr. Watres was the chairman of the committee, and for that reason the bill bears his name.

The distinguished Senator from Oregon on this side of the House introduced the bill in the Senate. What was that bill for? It was to enable the Postmaster General, after having been in consultation for months, to have the authority under which to build a great air-mail service, which he could not build under the law as it then was.

What is that law? I will read it:

The Postmaster General is authorized to award contracts for the transportation of air mail by aircraft between such points as he may designate to the lowest responsible bidder at fixed rates per mile for definite weight spaces, 1 cubic foot of space being computed as the equivalent of 9 pounds of air mail, such rates not to exceed $1.25 per mile.

That is the change of the method of computing air-mail cost. Before that it was $3 a pound without reference to distance. Under the new law it is based upon space. It is computed on the basis of a fixed, definite weight space, "1 cubic foot of space being computed as the equivalent of 9 pounds of air mail", and the maximum price cannot be above $1.25 per mile. That law mentions, it will be noted, competitive bidding:

Provided, That where the air mail moving between the designated points does not exceed 25 cubic feet, or 225 pounds, per trip, the Postmaster General may award to the lowest responsible bidder, who has owned and operated an air transportation service on a fixed daily schedule over a distance of not less than 250 miles and for a period of not less than 6 months prior to the advertisement for bids, a contract.

Mr. President, that provision is to permit an enlargement. It says if it does not exceed 25 cubic feet or 225 pounds per trip, then the Postmaster General can receive new bids, but the qualification of the bidder is that he must have a route not less than 250 miles on a daily schedule of not less than 6 months already in operation, with this provision as to rates:

A contract at a rate not to exceed 40 cents per mile for a weight space of 25 cubic feet, or 225 pounds.

And whenever the space is not filled up by the air mail, the Postmaster General is authorized to require them to accept any mail of the first class to fill it up.

That is a provision of the first section of the famous Watres Act, which was the result of the consultations of the interdepartmental committee.

The Postmaster General had in mind that in the case of transcontinental routes there should be competitive bidding. And let it not be forgotten that every one of the transcontinental routes was let after competitive bidding. So the contracts were made specifically in accordance with that section of the law.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Does the Senator from Ohio yield to the Senator from Tennessee?

Mr. FESS. I yield.

Mr. McKELLAR. I am quite sure the Senator does not want to make that statement.

Mr. FESS. I do not wish to make any misstatement.

Mr. McKELLAR. I think the Senator is in error about one statement. In the case of one transcontinental line which, according to my recollection, ran originally from New York to Cleveland, or perhaps from Boston to Cleveland, and then was continued through Louisville, Ky., and afterwards through Nashville and Memphis and Little Rock and Dallas and on through to Los Angeles, if I remember correctly, the only actual route that was established was the one from New York or Boston to Cleveland, and the remainder of the route was arranged by extensions.

Mr. FESS. Mr. President, the Senator says "by extensions"?

Mr. McKELLAR. Yes; in other words, the contractor who had the beginning of the route from Boston or New York to Cleveland just had the Postmaster General extend it from time to time.

Mr. FESS. I might as well settle that question right here.

Route no. 17, New York to Chicago, was awarded to the National Air Transport by competitive bidding April 2, 1927—

That was under the old law—

by way of Cleveland to Chicago and return.

This route was granted a route certificate October 22, 1930.

That was under the present law, which I had intended to read later on, but I will read it now so that there may be no confusion in the minds of those who are listening to me.

Mr. FLETCHER. Mr. President, may I interrupt the Senator to make an inquiry?

Mr. FESS. Yes.

Mr. FLETCHER. I understood the Senator was reading from what was known as the Kelly Act or the Watres Act. Is that the latest law on the subject?

Mr. FESS. Yes; that is, the Watres law is the last act passed by Congress on the subject.

Mr. President, I think that there may be some confusion over the route certificate under which this company operated. Let me read the provision of the law.

That the Postmaster General may by negotiation with an air-mail contractor who has satisfactorily operated under the authority of this act for a period of 2 years or more, arrange, with the consent of the surety for the contractor and the continuation of the obligation of the surety during the existence or the life of the certificate provided for hereinafter, for the surrender of the contract and the substitution therefor of an air-mail route certificate, which shall be issued by the Postmaster General in the name of such air-mail contractor.

That is the law. Under that law route no. 17, which had been contracted under competitive bidding in 1928, was granted a route certificate October 22, 1930, after the passage of the Watres Act. That route certificate would end April 5, 1936. This route company was taken over by the Boeing Air Transport Co., a division of the United Aircraft & Transport Corporation by purchase during the year 1931. So, route no. 17 was let by competitive bidding.

Route no. 18, Chicago to San Francisco, was awarded to the Boeing Airplane Co. and Edward Hubbard by competitive bidding on January 29, 1927, by way of Iowa City, Des Moines, Omaha, North Platte, Cheyenne, Salt Lake City, Reno, Sacramento to San Francisco, and return. This route no. 18 was let by competitive bidding.

Route no. 19, New York to Atlanta, was awarded to Pitcairn Aviation Co. by competitive bidding March 18, 1927, via Philadelphia, Washington, Richmond, Greensboro, N.C., Atlanta, and return. The name of Pitcairn Aviation was changed to Eastern Air Transport Co. January 18, 1930, after the enactment of the Watres Act.

Route no. 25, Atlanta to Miami, was awarded to the Pitcairn Aviation Co. by competitive bidding by way of Jacksonville, Miami, and return. The name of Pitcairn Aviation Co. was changed to Eastern Air Transport January 18, 1930. A route certificate was granted Eastern Air Transport November 7, 1930, expiring April 5, 1936.

That was in direct compliance with the law of 1928.

All these routes, Mr. President, were authorized before Mr. Brown took charge of the office of Postmaster General.

Route no. 33—this was under Mr. Brown—Atlanta to Los Angeles, was awarded to Robertson Aircraft Co. and Southwest Air Fast Express by competitive bidding October 1, 1930, which was after the Watres Act was passed, this act having been passed in April 1930. This route goes by way of Birmingham, Dallas, Fort Worth, El Paso, and touches points in New Mexico and Arizona. It is designated "American Airways", which became the subcontractor for the route on June 30, 1931.

No. 34, New York to Los Angeles, Calif., was awarded to Western Air Express & Transcontinental Air Transport by competitive bidding October 1, 1930. This route goes by Philadephia, Pittsburgh, Columbus, Indianapolis, St. Louis, Kansas City, Amarillo, Tulsa, Albuquerque, Los Angeles, and return. This route was granted a certificate February 1, 1933, which expires April 5, 1936.

These are the records, and they cannot be disputed verbally merely from memory.

Now, let us see where the authority is to grant a contract without competitive bidding.

Section 6 of the Watres Act provides:

The Postmaster General may, if in his judgment the public interest will be promoted thereby, upon the surrender of any air-mail contract, issue in substitution therefor a route certificate for a period not exceeding 10 years from the date service started under such contract to any contractor or subcontractor who has satisfactorily operated an air-mail route for a period of not less than 2 years, which certificate shall provide that the holder thereof shall have the right, so long as he complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the advances in the art of flying and passenger transportation, to carry air mail over the route set out in the certificate or any modification thereof at rates of compensation to be fixed from time to time, at least annually, by the Postmaster General, and he shall publish in his annual report his reasons for the continuance or the modification of any rates.

Mr. President, language cannot be made clearer than that. It is specific that the Postmaster General may issue a route certificate to any contractor who is willing to surrender his contract, and that route certificate may remain in effect for a period not exceeding 10 years. That provision of the law does not require competitive bidding; there is no element of competitive bidding about it.

Mr. President, the question is being asked, Why should we not require in all cases competitive bidding? Of course, when the present administration undertakes to act, it will not require competitive bidding. It will see the hopelessness and the foolishness of any such requirement.

I have been amazed at what has been said on the floor of the Senate, and in the committee conducting the investigation, with reference to the question of competitive bidding, as if to avoid such bidding is a corrupt act. Why do we not require competitive bidding in the carrying of the mail by the railroads between New York and Chicago, the two greatest mail centers on the globe? We find the New York Central Line crossing almost the same territory as that covered by the Baltimore & Ohio, crossing almost the same territory as does the Pennsylvania Railroad; and, with only a slight modification, crossing the same territory as does the Nickel Plate route or what is now called the "Van Sweringen system", including the Chesapeake & Ohio.

Who ever thought of suggesting that the Government should ask for bids from transcontinental railroads for carrying the United States mails? The Government fixes the price, whether it be by the pound or by space, and that is the contract rate paid the various railroads to carry the mail. The Senator from Tennessee [Mr. McKELLAR] and I served together in the House and were on the same side of the issue in one of the most terrific fights ever had in the House when we changed the method of dealing with the railroads in the carrying of the mail. We saw that the Government was losing too much money by paying for full space when only part of the space was used. The question of competitive bidding was not involved. It was a question of what the Government could pay and the service the railroads could furnish upon that basis. We fixed the basis by law, and that is the basis today. Yet when we talk about making contracts to carry the mail through the air, a hullabaloo is raised if it is not done by competitive bidding. It is perfectly asinine to suggest such a thing.

On the other hand, in many instances the Government does not resort to competitive bidding. Away back in 1908 there was a law enacted by Congress doing away with competitive bidding in the Ordnance Department, and we have never had competitive bidding there from that day to this. The Aircraft Board recommended that competitive bidding be abolished in the aircraft business. There are plenty of precedents. Competitive bidding is not employed in the Army, nor is it employed in the Navy, for reasons that must be obvious to everyone.

Mr. President, when we want to make use of the skill of research men, when we want to make use of the rare knowledge of the expert inventor, we do not seek for it on the basis of competitive bids in competition with men who merely want to sell stock or to make money out of the business. The Government does not do business in that way. It does not do it that way in the air-mail business, as it should not have done it.

The law provides that where there are transcontinental lines and it is desired to have the mail transported by one of the lines, competitive bids may be asked for if that seems to be wise, but the Government kept the matter open so that the system of competitive bidding did not necessarily fasten upon the carrying of the air mail.

We have, first, the section providing for competitive bidding. Under that section air-mail routes have been established. Secondly, we have the provision for a surrender of a contract and obtaining a route certificate to take the place of the contract. That is not competitive bidding.

I come now to section 7 of the Watres Act. This is the provision that my friend from Tennessee has been assailing. Let me read section 7:

The Postmaster General, when in his judgment the public interest will be promoted thereby, may make any extension or consolidation of routes which are now or may hereafter be established.

That language is as broad as language can be. There is no limit to it except when, in the judgment of the Postmaster General, it is in the public interest. Whether it is in the public interest is not a matter of my judgment, it is not a matter of the judgment of the Senator from Tennessee; but, as the law provides, it is a matter in the judgment of the Postmaster General. If he exercises the authority in a way that I may think is not in the interest of the public, he exercises it because the power is given to him in as plain language as can be written.

Let me read the language again. I have heard in the committee and I have heard from the lips of the senior Senator from Tennessee [Mr. McKELLAR] that the Postmaster General granted extension. Suppose he did? The law authorizes him to do so, and that is what was needed to be done to build up the air-mail map. Let me read the provision again:

> The Postmaster General, when in his judgment the public interest will be promoted thereby, may make any extension or consolidation of routes which are now or may hereafter be established.

It is not confined to routes which now exist. It extends to any that may hereafter exist. There is no limitation on that authority. It is true that my good friend from Tennessee has been assailing it, but he was in favor of the extension provision when the bill was before us for consideration. Why he should now, although an advocate of it at that time, assail the Postmaster General for doing the very thing that he then wanted him to do, is a difficult thing for me to understand.

Mr. President, after the Postmaster General had appeared before the committee that was considering the new bill, and had stated categorically what he wanted done, the bill was reported.

The Postmaster General had considerable controversy with some members of the committee in reference to the competitive feature. Mr. KELLY said:

> Of course, General, the yardstick idea was never contemplated under the previous system.

That refers to the complaint of the Postmaster General that one part of the bill fixed a rate of $3 a pound and another 86 cents, and so forth.

> The yardstick—

Said Mr. Kelly—

> was a matter for each individual route, based on competitive bidding, and naturally it was determined by the bidders, just the same as star routes, mail-messenger contracts, and other things of that kind.

Note what Mr. Brown said to the committee in answer to Mr. KELLY's suggestion:

> Postmaster General BROWN. Well, competitive bidding in the air-mail business is of doubtful value and is more or less of a myth. In the case of most of the contracts there has been only one bidder, and in other cases I think if we were to throw the whole matter open today to competitive bidding, we would have very few competitive bids. That is to say, we would have very few people come in and bid who knew anything about the business. We would have promoters come in and bid against air-mail operators; we would have people come in who had stock to sell and who hoped to get their stock sold before their losses were so great in carrying on the business that they could not sell the stock.

Before this committee the Postmaster General made it clear why the air-mail map could not be built up under bids limited to competitive bidders; that we would have to have, supplemental to competitive bidding, the power of negotiation and the power of extension.

When this bill was reported to the House Mr. KELLY had this to say (p. 7373, CONGRESSIONAL RECORD, Apr. 21, 1930):

> Mr. Speaker—

I digress to say that there is no man in either branch of Congress who is a more persistent, consistent opponent of anything like monopolistic movements than Mr. KELLY. I have known him ever since he entered the House of Representatives, he and I having entered that body together in 1913.

> Mr. Speaker, this measure as it now stands is an amendment of the present air-mail law and is a sound and logical step in the progress of air-mail and commercial aviation.
>
> It will do four things. First, it changes the system of payment to air-mail contractors from a poundage to a mileage basis, with proper consideration for the space and weight factors. * * *
>
> Second. It puts air mail and first-class mail on qualified passenger lines. * * *
>
> Third—

Now, note:

> Third. It permits the extension and consolidation of routes, so that some present illogical features of the air-mail map may be remedied.

Mr. President, the things for which Mr. Brown is assailed here, and as to which he is charged with fraud, are the things that were not only in the law but were specified in the law by the Member of the House who, above all others, never would yield to anything looking toward monopolistic tendencies through omitting the competitive-bidding feature.

The bill passed the House without opposition. It passed it under suspension of the rules. It was passed by the unanimous vote of that body, with all of the things in it the exercise of which has subjected a great public servant to the infamous charge that he was in collusive and fraudulent transactions.

The bill was presented in this body on April 24, 1930, by the then Senator from Colorado, Mr. Phipps, chairman of the Committee on Post Offices and Post Roads. The ranking member of the Post Office Committee at that time was the Senator from Tennessee, Mr. McKELLAR, the colleague of the present Presiding Officer of this body [Mr. BACHMAN in the chair]. The bill came up by unanimous consent. The Senator from Tennessee could easily have prevented it; but what did he say?

When the bill was presented by the then Senator from Colorado, Mr. Phipps, he asked unanimous consent for its immediate consideration. I read from page 7618 of the CONGRESSIONAL RECORD of April 24, 1930:

> The VICE PRESIDENT. Is there objection to the consideration of the bill?
>
> Mr. McKELLAR. Mr. President, I have no objection to its consideration; I want to have the bill passed.

If the Senator had stopped there, I could have believed that probably his objection was not understood then; but he gave as the reason why he desired to have the bill passed the thing he is now assailing. Let me read what the Senator said:

> I merely wish to say that it was stated by the Postmaster General and his assistant in charge of the Air Mail Service that new lines are to be constructed, among others one from Nashville, Tenn., to Memphis and Little Rock and Dallas. I hope the bill may be passed.

So said the Senator from Tennessee [Mr. McKELLAR], when this bill was up, containing all the consolidation features and all the powers of extension.

I mention this to indicate that the things of which complaint is now made on the ground that there was no authority were not only in the bill but they were endorsed by the Senator from Tennessee.

Now, I read from the statement of the Postmaster General. I stated the other day that the President was misled. I repeat that statement. There is no man in this body or elsewhere who can induce me to believe that if the President had all the facts before him he would have permitted the deed to be done and the wrong to be committed. He was wrongly advised.

While I cannot exculpate the Postmaster General, because he must be held responsible for what he has done, I do indict an ignorant counselor at law who evidently did not know what the law was. This is what that counselor put in the mouth of the Postmaster General:

> At the time of the passage of the Watres Act in 1930 there were many reasonably well-established air transport passenger lines desirous of obtaining air-mail contracts which received no consideration whatever. There were several short, disconnected air-mail lines which were operating under contracts executed during the latter part of 1925 and the early part of 1926.

That is true. Under the old law some of the contracts were ending under limitation of law. They were ending in 1929. Here is the language:

Five of these contracts—

That were issued under the law of 1925 or 1926—

were executed November 7, 1925, and would have expired by operation of law November 7, 1929—

Because the limit of the contract then was 4 years—

except for an order issued on November 6, 1929, by Second Assistant Postmaster W. Irving Glover extending these contracts for a period of 6 months, so as to make them terminate May 7, 1930. I am satisfied that the extension of these contracts for said period of 6 months was illegal.

Mr. President, that is the first statement of the Postmaster General. Now, let us look into the situation. Here is a law which is inadequate to enable the Postmaster General to build an air map. In order that a logical air map may be built, a new law is proposed, with the promise that it would be speedily passed in both Houses of Congress. But before that law could be enacted five contracts would end. As I have said, under the law of 1928 any contract which had run for 2 years could be extended for a period not to exceed 10 years. So the contracts now expiring, if extended under the old law, would be extended for the period permitted by the law and would provide for carriage of the mail under the poundage system, from which the officials were trying to get away.

With the assurance that a new law was in process of enactment and the system of fixing costs was being changed, and that provision was being written into the new law so that the Postmaster General would be required to revise the contracts upon examination, at least annually, would it have been ordinary common sense to have extended the contracts then expiring for any period under the old law? Certainly it would not have been.

Not only that, but many of the contracts, most of them except five, would have extended beyond the period required to enact a new law, and if we had had to wait for these contracts to expire, then we would have had a continuation of the hodge-podge.

There are two things in the law.

One is that a contractor can surrender a contract for a route certificate, and then, upon the route certificate, a contract can be made. If it were possible to hold contracts in abeyance, and not renew them until the new law could be enacted, when the new law had been enacted all the contracts could be made at one time at a uniform rate and under uniform conditions.

Mr. President, that is the situation which faced the Postmaster General. Why did he extend these contracts? Five of them expired under the old law. The Postmaster General made this statement:

Five of these contracts were executed November 7, 1925, and would have expired by operation of law November 7, 1929, except for an order issued on November 6, 1929.

Mr. President, the hearings upon the law about which I am speaking, which the Postmaster General was making an effort to have enacted so that he could build a logical air-mail map, were held in February 1930. During the November before that five contracts had expired. What was he to do? Was he to let those men go out of business? If not, should he renew the contracts? If so, under what law? The only law was the old law, which there was a desire to get rid of. That was unfortunate. What could he do?

Mr. President, I read from the United States Statutes this language:

In all cases of regular contracts the contract may, in the discretion of the Postmaster General, be continued in force beyond its express term for a period not exceeding 6 months.

That statute was passed in 1872. That is the law now and has been the law since 1872.

I read from the rules and regulations of the Post Office Department and, mark you, there is provision in the law giving the power to the Postmaster General to make the rules and regulations necessary to put into force the requirements of the law. Section 18 (a), Postal Laws and Regulations, provides:

Except as otherwise provided by law, no contract for carrying the mail shall be made for a longer term than 4 years.

That is still the law and was enacted years ago.

2. In all cases of regular contracts the contract may, in the discretion of the Postmaster General, be continued in force beyond its express term for a period not exceeding 6 months, until a new contract with the same or other contractors shall be made by the Postmaster General.

Mr. President, let me read the statement of this counselor upon whose advice the Postmaster General acted:

Five of these contracts were executed November 7, 1925, and would have expired by operation of law November 7, 1929, except for an order issued on November 6, 1929, * * * extending these contracts for a period of 6 months, so as to make them terminate May 7, 1930.

That is precisely what the law authorized the Postmaster General to do, and he did it, because the new law changing the poundage basis of the old law for the mileage basis, and giving the power to the Postmaster General annually to reduce the cost, was not yet in force, but the Postmaster General had every assurance that it would be in force, so in November he issued the extension, under this authority, not to run beyond 6 months, so that it would end in 1930. The new law was passed in April 1930 giving the Postmaster General an opportunity, instead of renewing these five contracts for a period not exceeding 10 years, on the old basis, to extend them on the old basis for 6 months, and then afterward make the new contracts under the new law. Yet he is charged with fraud because he did that thing.

This man says, "That, in my judgment, is illegal." If I were the President, I would kick that man out of office before 24 hours had passed.

Mr. LEWIS. Mr. President, will the Senator be kind enough to inform me who this man is? I am interested in the Senator's speech. To whom did the Senator allude when he said "this man"?

Mr. FESS. Let me say to the Senator that I do not care to use names.

Mr. LEWIS. I beg pardon. I thought the Senator was reading from a record.

Mr. FESS. Oh, no. I will tell the Senator in confidence.

Mr. LEWIS. I apologize. I misunderstood the Senator.

Mr. FESS. I do not care to use names.

Let me refer now to another point upon which the Postmaster General relied. The Postmaster General, when he was before the committee, was as frank in the statement of the facts as any one could have been. He stated that of course he could not carry the details of these laws in his mind.

He stated almost like a parrot, because he repeated it over and over, that he took the testimony and the documents and the council of his advisers or the advice of his counselors, whichever way he put it, and upon that he acted.

Here is another of the Postmaster General's statements:

I am convinced that before any of the air-mail contracts were awarded those interested held meetings for the purpose of dividing territory and contracts among themselves. Indeed, certain air-transport operators who had not been invited to attend were refused admission when they attempted to gain entrance. These conferences were held during May and June of 1930. Some of the meetings were held in the Post Office Department and were attended by Postmaster General Brown and Second Assistant W. Irving Glover. Mr. William P. MacCracken, Jr., of the Transcontinental Air Transport (now a part of the North American Aviation Corporation), was named as chairman of these meetings and the minutes prepared by himself list the following as present:

Then he gives the names of the companies. He says further:

These meetings resulted in a division of all air-mail contracts of the United States and the practical elimination of competitive bidding. A written report embodying the recommendations and an agreement for a division of territory was filed with Postmaster General Brown June 4, 1930.

This he pronounces as collusion and fraud.

Mr. President, the meeting that was held on May 19, 1930, was a meeting about which there is no dispute. The pur-



pose of the meeting was perfectly clear. I took time in the early part of my remarks to indicate how Postmaster General Brown had in 1928 called the operators together. He had three meetings with them. Their purpose was to find a common yardstick upon which they could change an erroneous method of mail pay by the Government to a more logical method. Those meetings were called in the open. They were in the interest of the public. There was nothing secret about them. They were justified from every standpoint. The meetings were held in order to find whether, under the present law, an air-mail map could be built. The conclusion was arrived at that it could not be done, and the decision was reached that new legislation would be required.

So the new legislation was presented. It was unanimously adopted in the two Houses. With the new legislation, the very first thing that Mr. Brown did was to call the same operators into a meeting in order to put the law into effect, having respect for the rights and equities of the men who already had the contracts. Had he not done so he would not have been wise. Could the Postmaster General in disregard of the rights of the contractors or in ignorance of the equities, go ahead and demand something without any information from those who could give him the information?

Where is the man free of political prejudice who would find fault with the Postmaster General for talking with the operators before the law was passed? Where is the fair-minded man free of political prejudice who would find fault with the same Postmaster General calling the same contractors into a conference after the law was passed? Mr. President, it is a pitiful charge.

Why did the Postmaster General call the operators in conference? There were 25 companies, some of them operating long routes, some of them short routes, some of them operating prosperous routes, some of them operating routes which never should have been built; some of them operating in thickly settled sections of the country and some of them in sparsely settled sections; most of them, with a few exceptions, operating in the "red." Some of them were operating with mail contracts and no passenger service. Some of them were operating with passenger service who wanted mail contracts. Some of them would inevitably be denied mail contracts. Before the Postmaster General could deny them contracts it would be necessary for him to hear what they had to say as to their rights and their equities as the pioneers in the aviation field.

Mr. President, every city in the country grew anxious to have an airport. The beautiful city of Springfield, Ohio, 9 miles from my home, wanted an airport. It could not be directly on the line between Columbus and Chicago if the line were to go over Dayton. It could not be on the line between Columbus and Chicago unless the direction of that line were changed. Dayton had more recognition in the air business than any city of the world. Dayton is home of the Wrights. Four miles from where I live is the old hangar in which the first plane that ever flew was builded. It stands there as a relic in a museum. I hope the time will come when the pride of the Smithsonian Institution will be sufficiently brushed aside so this first plane that was flown down at Kitty Hawk by the Wright brothers in 1903, may be brought back from England and allowed to rest permanently in Washington. That, Mr. President, is the only common sense thing to do, and I hope it will be done.

Dayton was a center of aviation. Not only did we have the first great field named in honor of Wilbur Wright, the name it still bears, but we have the McCook Field. McCook Field is the center for research in aviation in the United States. The McCook Field was located somewhere within the limits of the outskirts of Dayton, and the field was not large enough to do the work that ought to be done. Consequently the public-spirited people of Dayton, led by a great citizen, donated to the Government of the United States 5,000 acres of ground on the edge of the city, to which to remove McCook Field. There today is a magnificent plant. All the area surrounding my section of the country is air-minded because of the great doings in that center stimulated by the Wright brothers.

Springfield is only a little distance away—24 miles away. It wanted an airport, and went to the expense of building one. It was on the line from Cleveland to Louisville. I did what I could to have it furnished air-mail service. It was not a paying center, and I had to undergo the very bitter criticism of the public-spirited people of Springfield because I could not induce the Postmaster General to continue that as one of the airports. I did not turn about and charge the Postmaster General with fraud or favoritism because he saw fit not to continue the extensions, which action was based largely on the fact that the field did not quite fit the dimensions under the Commerce Department's regulations.

All over the United States airports were built. Airports sprang up virtually overnight. The whole country became air-minded. Cities would get behind a group of aviators, and would have juvenile flyers, and student flyers, and amateur flyers, and it was a problem to know how under these conditions to build a logical air map to serve the country, not only in the matter of mail but in passenger service as well. So under the law the Postmaster General said, "I want every air-mail contractor to equip his planes for passenger service. I have two reasons for that. One is I want aviation to be a success as an industry, and it never will be so if it shall be limited to carrying the mail." Contractors did not want to do it, because carrying passengers is hazardous; it is dangerous; it requires additional equipment. Those lines which were carrying passengers as a venture and did not have any air-mail contracts insisted that they had a right to carry mail, since they were then carrying passengers. The Postmaster General, with the problem of building an aviation industry, had in the background, first, the question, "How can I induce the air-mail contractors to install suitable planes for passenger service, and, second, how can I require passenger routes if they carry mail to carry it upon our terms?" With that object in view, the Postmaster General was willing to recommend that the Government should, in a sense, give some aid to routes that would carry passengers.

Some persons do not like that; they talk about that being a subsidy. My dear, good friend from Tennessee [Mr. McKELLAR], I think, is going to throw a fit when he reads what it is reported the present Secretary of Commerce is going to recommend should be done in reference to American ships. He is, I understand, going to recommend a direct subsidy. I have no doubt he is correct in his conclusion, but it is the subsidy item that becomes so vicious in the mind of the Senator from Tennessee.

It is true that in the beginning of an industry of this kind it is necessary to accord some favor, and the Government has done that by paying rather a high cost for the carriage of the air mail; but the law under which the Post Office Department is operating requires the Postmaster General to revise, examine, and review the rates once a year. During one year Postmaster General Brown reviewed them twice, with the result that the cost of the air mail has been reduced from $1.09 to 42 cents a mile. The Postmaster General, from the beginning, held that there was no possibility of building an air service to be self-supporting except in the way he inaugurated it. Consequently he proceeded to build the air map.

Mr. President, not every route connecting two cities would justify the expenditure of Government funds for carrying air mail; the volume of mail would not be sufficient. Under the stimulus of the aviation spirit many lines were installed that could not continue to exist and had to be discontinued. All of them wanted mail contracts to help them. The Postmaster General could not give such contracts to them all.

With the problem before him, he proceeded to work it out. I have asked for an air map on which would be shown the various routes—a line, for instance, from San Francisco to New York, portrayed in such a way as to indicate the base line and the extensions made from time to time, so that Senators, in glancing at the map, might see what the route

is, what its original base was, what company owns it, when the extensions were made, when the contract was entered into, and the cost of carrying the mail on the route. Unfortunately the map has not yet reached me.

It is charged that in connection with the extensions that the Postmaster General would favor one company as against another company. I will discuss that charge, but before doing so, I feel I must refer to the meeting which has been denominated collusion. There are many companies, 25 at least, competent and qualified under the law. The law specifies what the qualifications shall be. A company must have pursued a schedule daily for a certain length of time; the route must be no shorter than a certain number of miles, and so forth. Any company which owned a route and which could qualify under the law was admitted to that meeting; in fact, was invited to attend. However, there were organizations which had not even incorporated, but which were ambitious to gather money, buy up a route, and then get a mail contract. The representative of such an organization came to me and wanted me to intercede with the Postmaster General for them. They did not even have a company incorporated, let alone any financial responsibility. Of course the representative of that kind of an organization would not be admitted to the meeting which was held, because those whom he represented were not qualified under the law. So, because Mr. Brown limited the invitations to the companies that could qualify under the law it is charged that there was a closed meeting, an illegal meeting. Such an allegation is perfectly ridiculous.

At that meeting Mr. Brown talked with the representatives of these companies, laid the law before them, and told them what was required. What troubled him, when he came to entering into the mail contracts with the different companies, was to decide which of those who were qualified would have to be denied a contract and which would be given a contract.

Some of them were pioneers. They demanded their rights as pioneers. They had builded routes; they had undergone the expense; they had taken all the risk, and they contended that as pioneers they had equities and they wanted to be considered in the letting of the contracts.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Louisiana?

Mr. FESS. I yield.

Mr. LONG. I am sure the Senator speaks without complete knowledge on that subject, because down in my section of the country a pioneer concern, the Weddell-Williams Co., had developed one of the fastest planes in the United States, and yet they were most grossly discriminated against in the awarding of the contracts. The correspondence shows that they were expecting some kind of litigation to be filed in connection with which they did not feel they had a standing in court.

I am not undertaking to defend anything that happened on either side in this matter, and yet I could not let the Senator's statement pass without calling attention to the fact that not only under the past administration but also under the present one, so far as that is concerned, there was the rankest kind of discrimination against the leading pioneer in this field of late years—the Weddell-Williams Co. Neither one of these administrations considered them at all, but practically left the concern that has done more than any others down there to whatever they might chance to get rather than to have the help of the Government.

Mr. FESS. Mr. President, I think the Senator from Louisiana misunderstood what I said. I did not say that persons who had pioneer rights got them. I was discussing the fact that Mr. Brown called them into conference to hear them discuss their rights as pioneers; I did not say anything at all to the effect that those who had a pioneer right got it, because I do not know anything about that.

Mr. LONG. I think the Senator is right and that the pioneer should have been considered. That is why I am now placing our claims of record here. I say "our claims" because these gentlemen are in our State. In the awarding of the contracts the rankest kind of discrimination has been resorted to against the people of my section of the country who have done as much in modern ways for airplane development as anybody in the business. If this matter terminates now in an effort to leave out those interests, we intend to have a great deal more to bring before the Senate in relation to the subject.

I hope, however, that whatever legislation we may enact will not leave unlimited authority in the hands of the Postmaster General. I do not know what the previous Postmaster General did, but I would hate to trust the one we have in there now if this matter is ever left to him.

Mr. FESS. Mr. President, I want the Senator from Louisiana to understand that what I meant to say is that the Postmaster General called the conference in order that he could hear the claims of the pioneers who wanted their rights and equities preserved. One of the purposes of calling the meeting was that it was obvious that not every one who wanted an airplane contract could get it. There might be competing lines wanting the same thing. One of them would in all probability get it as against the others. The Postmaster General wanted to hear the claims with reference to the pioneer rights.

I wish to invite the attention of the Senator from Louisiana to the provision that Mr. Brown wanted incorporated in the law. By the very provision which he asked to have written in the law, he indicated his desire to have pioneer rights respected. That was in the original bill, but the House struck it out.

Mr. LONG. I have not read the new bill that is now pending. Is it proposed to leave this matter as it was under Postmaster General Brown? Are we to remain under this system that we claim resulted in irregularities and leave the settlement of these questions to this gentleman who got the $20 hat and free grub?

Mr. FESS. I think we must have confidence in the good sense of the Postmaster General.

Mr. LONG. In the good sense of which one—the one we have there now or the last one?

Mr. FESS. Any of them.

Mr. LONG. I think the one who was there before is no worse than the one who is there now, but any man who will accept a free trip and a free hat and free gasoline and a free ride from an outfit that is not even on an air-mail route ought not to be permitted to have anything to do with this matter. We ought to get Jesse James back here and have him write a code for the burglars of the country if we are going to have that kind of business done. If that is what the Senator is seeking, after all this talk, he is evidently going to leave us to the tender mercies of a man who could be taken out for $20, and evidently the Senator is not trying to give us much relief. I had hoped that the Senator would come to the point of submitting some logical means and methods for correcting the situation. We know what we are in for with the man who is there now.

Mr. FESS. I can only repeat what I said. We must lodge the necessary authority somewhere to build from the ground up, as was the case in this particular industry. It is a more or less arbitrary power, but the Postmaster General is better equipped to exercise it than we are, because with 96 men in the Senate and 435 men in the House there is no possibility of unity of decision. We have to lodge the power somewhere.

Mr. LONG. Let me ask one more question: If that is true, then about the best thing I could tell my people to do would be to send Mr. Farley a new hat and an airplane for a free trip so they might be on an equal basis with the crowd that has been riding him around down there. I merely wanted to get the Senator's viewpoint, which apparently is that I should advise the people of Louisiana, who have done so much for aeronautics, that, in order for them to be on an equal basis, they had better send the Postmaster General a hat and give him some free grub and a free trip. In order that they may start out on an even basis, that would seem to be all that is left to us. I just want to find out where we stand, because if we are not now on an equal basis in

this business, then we want to know it and we will try to meet the conditions. We will give him a hat. I will give it to him this evening if the Senator knows his size—I mean the size of his head for a hat and not the size inside of his head, because that is a dimension which I would not ask even the Senator from Ohio to give. [Laughter.]

Mr. FESS. Mr. President, in the Watres bill, as it was submitted by the Postmaster General, this language was included:

> In awarding air-mail contracts the Postmaster General will give proper consideration to the equities of air-mail and other aircraft operators with respect to the routes which they have been operating and the territories which they have been serving.

It was the purpose of the Postmaster General to respect those rights, and he could not know what those rights were unless he had the people before him to get their position as they knew it. That is why the meeting was called. Yet it is said that that was collusion and that fraud was involved. There was no collusion.

In the first place the superintendent of mails was the secretary of the meeting. He kept the minutes and submitted a memorandum. That memorandum sets out the matters that were discussed. There is nothing in it that even mentions discretion or raises the question of discretion. The Postmaster General was dealing with a group of people whose claims were varied, different ones holding different rights that were in confusion, and the Postmaster General, having to come to a decision that would be for or against those men, wanted them not one at a time but wanted them all there together so the various rights could be discussed in the presence of one another.

When they got together on May 19 they considered the problem and came to the conclusion that they could not agree upon what were the individual rights of the several contestants. Therefore, they appointed a subcommittee. The subcommittee was to report to another meeting of the contractors to be called in the future. That meeting was held on June 4, only 2 weeks after the first meeting. The subcommittee submitted its report. There were five plans suggested. It was thought perhaps one of those plans could be adopted. The report was submitted to the Postmaster General. The Postmaster General made the remark, "You have taken all the meat and left only the bones", and added, "Your report is inadequate; it is inequitable", and he refused it and stated that he would be compelled to proceed without their advice.

How could there be collusion when what they agreed upon was rejected and the Postmaster General did not accept it? Instead of their being in agreement, there was hostility, as every fair-minded man will see if he will study the testimony which was given by the witnesses who were called here, adverse witnesses speaking against those who were qualified to make the contracts, charging on the one hand that there was collusion and yet admitting that the plan submitted was rejected by Mr. Brown.

Mr. President, another complaint upon which the mail contracts were canceled is that the right of extension was abused. It is said that that was abused by taking a short line and adding to it a long line. Often I heard in the committee's testimony that it was a case of the tail wagging the dog; that the short line became the base, and the long line, which ought to have been considered the base, was made the tail.

Let us see how that worked.

Here is a line from New York to Chicago, a thousand miles in length, an ideal route for mail. An air-mail route is not of any value if the mail leaving one city at the close of the business day cannot be read in the other city in the morning before business hours. That mail can be carried by train just as well as by air. There is no advantage in an air-mail route in such a case. But the fastest rail line that goes from New York to Chicago will not be able to do that. When a man in Chicago wishes to do business in New York, or vice versa, it means a trip of two nights and a day if he travels by rail. Traveling by air, however, he can take his breakfast at home in Chicago, fly to New York, take his lunch there, have 2 or 3 hours for transacting business, and return and eat his dinner in Chicago.

That is an ideal route. That is a prosperous route—prosperous in mail because New York and Chicago are the two largest cities of America. It goes through an area that has 50 percent of the entire population of the United States. It is a great route in expressage. It would be a great route in passengers. A route established between those two cities would be prosperous, and would have abundant capital back of it. There would be no danger of that route failing.

Here is another route from Chicago to Salt Lake City. That is double the length of the other, if not still longer. That route is not prosperous. It is in the red. It carries few passengers, not much mail, little expressage. That route ought to be a part of the transcontinental route. Would any sane man say that the base of that route is the one that is longer, and the extension should be the shorter route; or would the base be the prosperous route, and the extension the less prosperous one, although it is double the length of the other?

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Maryland?

Mr. FESS. I do.

Mr. TYDINGS. I take it that what the Senator is saying is that some of these routes carry so many passengers that they are self-sustaining from the revenue derived from carrying those passengers.

Mr. FESS. Yes.

Mr. TYDINGS. I wonder, therefore, if it would be necessary to have an air-mail subsidy on those particular routes.

Mr. FESS. It certainly would not be necessary later on. A route of that kind certainly would get to the point where it would be self-supporting.

Mr. TYDINGS. Has the Senator any figures showing how many of the air lines would be abandoned if the Government were permanently to withdraw any air-mail subsidy?

Mr. FESS. No; but I understand there are quite a number. I have not the figures.

Mr. TYDINGS. Let me point out to the Senator that, as I understand, there are six States in the Union where now there is no air-mail service at all; and, so far as I am able to observe, they seem to be a part of the Union, and are no worse off than the States that have the air-mail lines.

Mr. FESS. I agree with the Senator.

Mr. TYDINGS. I am just wondering, therefore, whether the airplane companies, like any other business, should not run on their own. Why should the Government support them in whole or in part?

Mr. FESS. If the Senator will recall, the Aircraft Board recommended that for a time the Government should give assistance until such time as the industry becomes sufficiently self-supporting to enable the Government to withdraw entirely; and it would appear that we are coming to that time. The mail cost in 1929 was $1.09 a mile. It is down to 42 cents a mile now.

Mr. TYDINGS. What the Senator is really saying in effect, however, is this: He has already said that in all probability some of these mail lines now carry sufficient passengers to make them self-supporting.

Mr. FESS. I should think that is true.

Mr. TYDINGS. Why should any air-mail subsidy at all be paid there?

Mr. FESS. I do not think there should be.

Mr. TYDINGS. The Senator also knows that there is a great desire in the country—because this is a gregarious thing—on the part of every State in the Union to have an air-mail line. The Senator knows that the Appropriations Committee—of which I happen to be a member, and I believe the Senator at one time was a member—is continually being asked to appropriate more money to the Post Office Department so that such and such a line can be further extended; and the Senator knows that in the case of some of those

lines it is very doubtful whether they will ever carry sufficient passengers and mail to bring them up to the point where they will be self-supporting without Government subsidy.

Mr. FESS. That is true.

Mr. TYDINGS. I am not taking issue with the Senator. What I am trying to bring out is this——

Mr. FESS. Let me make an observation for the Senator upon that point. Our present law looks to an ultimate condition where we can get clear out from under the subsidy, under the natural process of business. The law under which we are operating requires the Postmaster General to make a review every year, and in one case Mr. Brown made it twice in 1 year, with a view to reducing and ultimately entirely wiping out the subsidy.

Mr. TYDINGS. The point I wish to make is that now, at least from the primary aspect of the thing, there are certain lines in the United States carrying passengers which do not need any subsidy to continue their operations between large cities.

Mr. FESS. I do not know, but I think that is true.

Mr. TYDINGS. If that is true, why should we relet a Government mail contract to a company that does not need it in order to operate and make a fair profit for its stockholders?

Mr. FESS. It is not necessary to do it.

Mr. TYDINGS. And the Senator would not advocate it, would he?

Mr. FESS. No. The Senator would advocate, though, when a mail contract is made, that we proceed under the law which permits us ultimately to reach the point where the subsidy can be withdrawn.

Mr. TYDINGS. But the Senator even now would not advocate letting a mail contract anew to a company which does not need an air-mail contract in order to operate and make a fair profit for its stockholders?

Mr. FESS. Not on the basis of a subsidy. I should be perfectly willing to let the contract on the ordinary basis of compensation.

Mr. TYDINGS. I am talking about compensation along the line of a subsidy. So, assuming that there are such companies, the Senator now takes the position—and I take it, too—that we should not relet contracts on a subsidy basis to companies which do not need it.

Mr. FESS. I agree with the Senator. That is precisely my view.

Mr. TYDINGS. Now, may I ask the Senator about another phase of the matter? There are some lines in the United States which have carried very few passengers, and where the passenger traffic has picked up very little.

Mr. FESS. That is true.

Mr. TYDINGS. Does not the Senator believe, in these emergent times, that it would be better not to relet contracts on those lines if the volume of the service, as demonstrated by actual performance, does not seem to justify the belief that the lines will eventually be self-supporting?

Mr. FESS. Unless the mail service is of such importance that we should do it in the interest of the public, as we carry the rural mail, I should say no; not from the standpoint, at least, of passengers. Up in Alaska, for instance, we might need the Air Mail Service.

If the service is sufficiently important from the public standpoint, I should not say, merely because it costs more than we get from it, that we should deny the people the service. To my mind, it should stand on exactly the same basis as rural mail. The rural delivery does not pay for itself, and yet we do not want to deny the rural people the mail service. There is something in that argument.

Mr. TYDINGS. The Senator would not go so far as to believe that because one section of the country has an air-mail service, every other section of the country is entitled to an air-mail service?

Mr. FESS. No, Mr. President. Let me make just a comment on that suggestion.

The House committee of last year appointed a special committee to make an investigation along the lines of air mail. It reported that the air mail can be viewed in four different ways.

One is the military or national-defense aspect.

Another is the commercial aspect.

There are two others; namely, political and social. The House committee divided the political aspect into two subdivisions. One is where a Senator insists that his section should be served, and frequently induces the Postmaster General to give service. The other is the one referred to by the Senator, that here is a section of the country sparsely settled, but it is a State, and the people of the State say, "We have just as much right to have this air-mail service as some other State that is more populous than ours." We sometimes yield to that argument, and that is a political consideration. There are those two phases of the matter.

Mr. TYDINGS. That is the subject to which I was addressing myself. I may say to the Senator that I am sure he will agree that under congressional pressure, and the pressure from the air lines themselves, we have extended the air service to territories where there is no sound business basis for the extension of the service.

Mr. FESS. I believe that is obvious.

Mr. TYDINGS. Therefore, in reletting contracts, is it the Senator's opinion that only the routes that reasonably justify themselves ought to be reestablished?

Mr. FESS. If we assume that there are no contracts now, and there is no air mail, and therefore it is all a new matter, then if there is not any justification for the establishment of air-mail service either in its returns or in the other phase the Senator and I talked about—the service of people who really ought to have the service, although it does not pay for itself—I think we must take those facts into consideration.

Mr. TYDINGS. According to that argument, we would have to have at least one mail line in every State of the Union, and the State of West Virginia, which is one of the largest industrial States, according to the air-mail map, now has no air-mail line whatsoever. If we are to take the view that the service of the country demands air mail, then Vermont and New Hampshire and Maine, which now have no air-mail service, would be entitled to such service.

Mr. FESS. There is an argument in that behalf; but the service is not economical.

Mr. TYDINGS. If we are not going to give those States air-mail service, if they are to be denied because of one reason or another, why should we not revamp the contracts which are already in existence, when they shall have expired, and not reinstate them if there is not real need back of those contracts? Certainly we cannot deny the mails to Vermont, Rhode Island, Maine, West Virginia, and other States, but give such service to States away out West, in some States where there are even less people to be served than there are in the States I have mentioned. We have gone ahead without any regard to that consideration, and have extended these air-mail routes in certain cases where they cannot be justified on any basis at all.

Mr. FESS. Mr. President, I do not believe I differ at all from the viewpoint which has been expressed by the Senator from Maryland. All that he has said could be brought about under the present law. The present administration addressed a letter to the Comptroller General on the question of the cancelation of contracts under the present law, and the Comptroller General claims that under the power of reducing the returns on the basis of service the Department could reach the point of complete cancelation without a violation of the law. The Comptroller General gave that opinion, and I think it is a sound opinion. That point could be reached. The law was intended to reach it when it was originally enacted.

I agree with the Senator that under the impulse of the moment, when we were under the spell of a sort of air-mindedness, when everybody was thinking of aviation, many lines were established which should never have been established. They had not any right to exist, really, and cannot well exist. Naturally the proprietors of those lines want Government assistance in order to help them live; and if

sufficient pressure is brought to bear from legislative quarters, very likely the experiments will be tried. If they fail absolutely, there is authority to discontinue the contracts.

Mr. President, the Senator from Maryland diverted me from the line of thought upon which I was about to enter at the time of the interruption. I was trying to indicate the logical sequence of the steps the Postmaster General had taken in his effort to build up a very remarkable industry through the aid of the air mail. I was especially concerned about the charge as to the meeting on the 19th of May 1930. That was a meeting similar to the 3 meetings held before the law was passed, and was just as legal in every respect as any of the 3 preceding. Not only that, but when the appropriation had been cut so that activities which had required something like $19,000,000 must be carried on with about $14,000,000, the present Postmaster General called in the same people who had been called in by the Postmaster General preceding him, for the purpose of ascertaining how they could reduce their costs so that $14,000,000 could be spread out to do the work which theretofore nineteen million had done. He could have cut out this line or that line, but he would not want to do that without consulting those interested. Or he could have taken this city or that city off the air-mail route, but he would not want to do that without consulting those who had a right to be consulted. The most natural thing was for him to call in the operators in order to have them work out the problem that was before him.

Mr. President, that is exactly what Mr. Brown did. He did it four times; and while Mr. Brown is charged with collusion on the ground that he made the contracts, the present Postmaster General justifies his act on the ground that he was reducing the costs to the Government. To me that seems to be the most unfair statement of which anybody could be guilty. I am not for a moment suggesting that the meeting held in the Post Office Department last August under Postmaster General Farley had the slightest tint of fraud or illegality. It was called for a perfectly legitimate purpose. It was to deal with a problem the Postmaster General had to meet, and he did not want to do it without consulting the other parties to the contract. It was just as legitimate when Postmaster General Brown called in 25 people who had been in 3 meetings in 1929, before the new law was passed, to work out a common yardstick; and when they finally found it impossible, the Government, under the leadership of the Postmaster General, worked it out, after giving them a hearing. Then when he submitted his plan to Congress, Congress passed on it with remarkable unanimity. It passed the law in April; and in May the Postmaster General re-called these people into a conference to work out their own rights in the light of equities, so as to find what should be done with respect to the contracts without denying rights to the men who claimed under them.

That was collusion, and what the Postmaster General did was fraud, according to his critics, in the face of the fact that the companies submitted him a plan which he rejected on the ground that it was not an equitable plan.

Mr. President, I have stated over and over, again and again, that there was not a scintilla of fraud in those two meetings, as there had not been in the preceding meetings prior to 1929.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. VANDENBERG. Is not that precisely the formula that is followed by the N.R.A. in writing a code?

Mr. FESS. Precisely. There is another phase of this problem to which I wish to refer. Last year an investigation of the whole Air Mail Service was ordered by the House of Representatives, when the Speaker of the House was our much-beloved and distinguished Vice President, now the Presiding Officer of the Senate. The committee of investigation was authorized by House Resolution No. 226, which was adopted on June 21, 1932.

The committee made a thorough investigation, assembling data upon which it could make its recommendations for changes such as evidently were in the mind of the Senator from Maryland when he was speaking during his interruption of my remarks.

At the hearings on December 12 or 13, 1932, the special investigator of the committee, Prof. John B. Crane, of Harvard University, who made a survey of the industry, and had flown over all the lines during the summer, submitted his report to the committee. Please note that this was a committee appointed by the Democratic House of Representatives to make a thorough investigation of the whole air-mail situation with a view of collecting data upon which any new legislation, if any were necessary, could be based. Their special investigator was a distinguished Harvard professor.

The scope of that investigation was very wide, representing about seven fields, which are set out in the report. In the report adopted by the committee there are a few observations which are pertinent to what we have been saying here.

On page 16 the report of that investigation says:

> It is believed that there are certain pioneer operators who have never had an air-mail contract who would be glad to take advantage of a flat pound-mile payment and thus to supplement their present revenues as well as to provide a real postal facility. For instance, there has never been awarded an air-mail contract in Hawaii. The Inter-Island Waterways Co. has been rendering an efficient passenger and express service for several years. It operates out of Honolulu and has a 6-day-a-week service eastward and also a service to the westward.

Dr. Crane states that in general the air-mail map should not be extended; in fact, he thinks it may be subject to the criticism that it is already overdeveloped; but he recommends that there at least should be this extension; and then he also recommends an extension from Mandan, N.Dak., into Montana, a line that Postmaster General Brown recommended should be extended just before he left the office.

The report further says:

> It should be provided that those holders of route certificates under the present law, who desire to do so, may exchange such route certificates for an indefinite certificate entitling them to carry air mail over their present routes at the basic pound-mile rate.

There has been much criticism of route certificates, and yet here is the recommendation of the House Committee on the Post Office and Post Roads that the route certificates should be exchanged for indefinite certificates entitling the holders thereof to carry air mail. That is rather a far-reaching recommendation of the committee.

> There are certain extensions which have been made which are economically unjustifiable as a postal operation.

I am of the opinion that that statement is in all probability correct, and of course that condition should be remedied.

> Questions relating to extensions of routes before and after the Watres Act and the policy to be adopted as to future extensions received our consideration.

That is the very subject that has been the basis of so much complaint—the extensions by the Postmaster General.

> In the interest of efficiency and economical operation it is believed there should be embodied in the Air Mail Act a stipulation as to the minimum poundage required to keep extensions or feeder lines in existence. Under such a provision all extensions and feeders then in operation falling below the minimum would be canceled.

I understand from the Comptroller General's letter that he can cancel any contract which, under the requirement of the Postmaster General to review once a year, falls below what in his judgment is a profitable enterprise. That is the opinion of the Comptroller General.

I desire to have everyone within hearing distance of my voice recognize the fact that this committee reported a bill carrying out its views as to what ought to be done in regard to the air mail. I ask those who have been criticizing Postmaster General Brown to listen to the authority given the Postmaster General. I read:

> SEC. 4. The Postmaster General is authorized to place air mail on any aircraft operating on a fixed daily schedule, and under authority of the Department of Commerce, at the fixed rate of 3 mills per pound-mile.

Nothing is said there about competitive bidding. Much of the complaint against Mr. Brown is based on the alleged absence of competitive bidding. We now have the new bill which was recommended by the Committee on the Post Office and Post Roads, under the Democratic control of the House in the last session, and which was framed as the result of the investigations of that committee.

I read further:

The Postmaster General, when in his judgment the public interest will be promoted thereby, may make any extensions or consolidations of routes which are now or may hereafter be established, and may authorize the carrying of mail, and issue a route warrant therefor, on any new routes not carrying United States air mail on January 1, 1933, whenever such new-route service does not duplicate service already in existence and performed by a regular operator under a route warrant as provided by this act, and has a letter of authority from the Department of Commerce for the carrying of passengers over said route.

Mr. President, that is a broader authority given to the Postmaster General than is given under the present law. Should the bill become law, Mr. Farley would be given greater authority, more arbitrary authority than Mr. Brown had under the Watres Act, because it fixes a definite date with respect to any new routes not carrying United States air mail on January 1, 1933.

Mr. President, we hear much about subsidies. We hear that there ought not to be any recognition of subsidies. Let me read section 10 of the proposed law, which is to be the improvement on the present act, decided upon after an investigation by the committee of the Democratic House looking to some substitute for the Watres Act.

SEC. 10. The Postmaster General, when in his judgment the public interest will be promoted thereby, and upon application of any carriers who have surrendered their route certificates on or before July 1, 1934, may pay an amount in addition to the above fixed pound-mile rate, which amount shall be determined by the Post Office Department examination of the carriers' accounts as hereinafter provided, and shall be based upon the difference between gross revenues from all sources and expenses prorated on a mileage basis.

Do Senators grasp the significance of that provision? The Postmaster General is permitted to pay an amount in addition to the amount fixed. That is a subsidy. We never went that far in the present Watres Act. I mention this, Mr. President, to show that those who were anxious to correct what they thought were evils submitted the proposal that was introduced in the last Congress in the House containing the very items which are condemned in the committee's report, and the committee's proposal goes far beyond the provision of the present law.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Alabama?

Mr. FESS. I yield.

Mr. BLACK. The Senator himself does not approve a law which contains the two provisions he has just read, does he?

Mr. FESS. I am not so sure about that, Mr. President. I am not an opponent of the idea of the payment of a subsidy in the beginning of an industry. I should not hesitate a moment in voting for the principle of subsidy in the air industry and in the maritime industry. I have always questioned the wisdom of providing a subsidy; but rather than be driven off the sea because of the differences in costs between this country and foreign countries, I would rather pay a subsidy if it could be understood that it merely makes up the difference in cost and goes to labor. I would rather do that much than to lose our merchant marine; and I would do the same thing with regard to the Air Mail Service.

Mr. BLACK. My point is that I am sure the Senator would not want the law to repose such power as that mentioned, in the Postmaster General of any administration; would he?

Mr. FESS. Mr. President, referring to the inquiry of the Senator from Alabama, I think we must place power somewhere in the Executive, especially if the power is administrative in character, rather than retain it in Congress. I do not like the idea, as the Senator from Alabama must know, and I do not think it is a safe plan, to give arbitrary authority to any one head, unless it be in the development of an industry that has not yet been developed. It might be necessary to give such authority in that case. I am not criticizing the authority given by the Watres Act. I think that authority was essential; but the industry has been built up to such dimensions that I do not know whether that authority is now essential or not. I should prefer, however, to give it to someone rather than not to have it exercised at all.

Mr. President, here is a very remarkable statement by this special investigator from Harvard, Dr. John C. Crane. He is discussing in his report to the committee what would be the ideal system of mail service. I do not want anyone to fail to understand that this is the direct statement of the official investigator who had been appointed by the committee to make the survey and then to submit his report. His statement is taken from page 32 of the partial report of the House Committee on the Post Office and Post Roads, which was authorized to conduct an investigation of the postal Air Mail Service in the last Congress.

I quote Dr. Crane as follows:

The ideal status is one of "monopolistic competition" or balanced competition, where a limited number of trunk lines compete evenly with each other in service at all important terminals.

If Mr. Brown's action in undertaking the building-up of the Air Mail Service to give equal opportunities not only to the people who live on the coast but to those who live in the interior does not come within the ideal recommended by this investigator, then I do not know of anything that would.

Mr. Brown, in order to serve all the people, had to run counter to the wishes of some of the companies. We have had a very striking illustration of the contention and enmity that Mr. Brown created because of that action. Let me give one concrete example. The transcontinental route that ran from Atlanta to Los Angeles served the people along that line and the people of the southeastern section generally, but they had no air-mail facilities with the west coast except to Los Angeles. They had none with San Francisco. The northern line ran from New York by way of Chicago, with a terminus at San Francisco. So those living in New York had air-mail connection with San Francisco but not with Los Angeles, as those living in Atlanta and in the southeastern section generally had air-mail facilities with Los Angeles but not with San Francisco. Mr. Brown said to these companies, "I have got to let the people of New York have air-mail facilities with Los Angeles, and I must permit the people living in the southeastern section to have air-mail facilities with San Francisco; as it is, the North is denied such facilities with Los Angeles and the South is denied air-mail facilities with San Francisco." So he asked them to agree that the air-mail route running from Atlanta to New Orleans could go on to San Francisco and the air-mail route running from New York to San Francisco could go on down to Los Angeles. Those were competing companies; they did not want to do it; and after months and months of controversy over that very subject Mr. Brown ordered that the air mail starting from Atlanta to Los Angeles should find an outlet in a line from Los Angeles to San Francisco and the mail starting from New York to San Francisco should find an outlet going down on the same line or on a competing line to Los Angeles. He forced that to be done against tremendous opposition on the part of representatives of companies who have appeared before the committee to complain about the arbitrary methods of Postmaster General Brown.

Mr. Brown had but one thing in mind: He wanted to build an aviation industry. He knew he could not do it unless he could permit the lines carrying passengers also to have mail contracts and unless he could compel those carrying mail to install passenger service. If all the mail carriers would install passenger service and all the passenger lines, where it was justified, could get a mail route, through that method he could so stimulate aviation that it would become one of the great outstanding industries of America. That was his purpose. He had to make an air map to do it; he had to consult men who already had the contracts in

order to know how to do it without interfering with their rights in such contracts.

He proceeded on that basis. What was the result? In 1929 we had a very small aviation industry, but in 1933, when Mr. Brown left the field, it represented an investment of over $300,000,000. More than $90,000,000 were invested in the manufacture of airplanes; more than $160,000,000 were invested in municipal and governmental airports. I know nothing about how much it costs to light the airway and to equip the planes. There are at least a hundred million dollars in allied industries which are supplying the material for the making of airplanes and engines. During the 3 years, from 1929, when the depression came, to 1933, the development of aviation constitutes about the most stupendous achievement of which I have ever known. Yet the man who is largely responsible for it is now faced by the infamous allegation that he acted fraudulently; that what he did was done in collusion, when, as a matter of fact, everything he did was done in the wide open and in the interest of the public. I think it is an unspeakable shame. If men who devote their lives to the service of the public are to be thus treated, for whatever sordid motives, there can be but little incentive for any sensible man ever to want to enter public life.

It is said these contracts are fraudulent. Those making that statement overlook the fact, Mr. President, that we have an officer in the Government who is independent, who cannot be removed except by impeachment, who is responsible to no other authority except the Congress. It is his business to examine every contract and to ascertain when any payment is to be made under the law, whether or not such payment would accord with law or not.

At one time a distinguished Secretary of War, under a former President, complained because this officer of the law refused to allow the payment of an order that had been issued by that Secretary of War. The payment was of interest to a citizen of New Jersey; and a famous Governor of New Jersey, a personal friend of mine, wrote me a personal letter complaining of what he regarded as a most farcical performance, in that a Cabinet officer had allowed the claim of a citizen but an understrapper, as he said, in the Government had refused to allow it to be paid. The understrapper to whom he referred was the Comptroller General of the United States, whose power is next to that of the President. As I have said, he cannot be removed from his office, because he is the man who audits the accounts of the Executive instead of allowing, as heretofore, the Executive to audit its own accounts. I had to state to the Governor of New Jersey that that officer did precisely what the duties of his office required him to do, that if he thought that particular expenditure was not justified under the law, he would not allow it to be paid; and he did not allow it to be paid. Mr. President, every payment which is made by the Government in connection with carrying the air mail must go under the eye of that officer of the law. If there is any fraud, the payment will be denied. Where has there been any denial of any payment in the Air Mail Service for 3 years? That ought to answer the question conclusively.

My concern is with reference to the statement made by the Senator from Arkansas [Mr. ROBINSON], which I know he made in good faith. The statement is an honest one. He said, "So far as my information goes." The difficulty is that people reading the allegations and not having an opportunity to read the full facts in the case naturally come to the conclusion that what was said is true and that there must be fraud. I repeat, Mr. President, there is no fraud and there is no collusion. There is not even a hint of anything wrong in any of these air-mail contracts. What disturbs me is the controversy that has been raging over the cancelation of the contracts. I have complained about striking down of this industry without a hearing. I have complained of it as an un-American thing. I have complained of it as an inhumane thing. I have complained of the wrong committed against American citizens without first giving them a hearing. I have stated that in our system of jurisprudence no criminal is so mean that he does not have his day in court, but their day in court was denied the air-mail contractors in this case.

Every time a Senator rises to defend that indefensible action the statement is made that there was fraud involved and that the President had to act quickly. The President, of course, must take the responsibility for the cancelation of the air-mail contracts. Mr. Farley stated that he laid the matter before the President, and the President advised him what to do. Later on the President made the statement that it was the Postmaster General who did it. I assume the Postmaster General did it, but, of course, the President will have to assume responsibility for what any of his Cabinet officers do.

Then it is stated that the War Department was consulted, and the President was assured that the Army could carry the mail. We were told that the Army planes were not equipped for that purpose. Testimony to that effect comes from all sources. Yesterday there appeared before the Committee on Appropriations a witness who stated that all the planes were equipped. I had intended to read the testimony given before that committee yesterday in which it was stated by General MacArthur that he was not consulted at all. It was also stated by General Foulois that he had been consulted, that he had called into conference two men, and then had gone to his office and later had a second conference in order to be able to make reply, but that before they had concluded the conference he learned from an Associated Press representative that the cancelation order had been issued. That is the testimony given by the officers of the Army.

Now come other witnesses, not denying that testimony but claiming that the planes were equipped. How could they be equipped for carrying the mail when the pilots would be required in the wintertime to fly in open cockpits? It is a pitiable, flimsy effort to reduce the intensity of feeling in America regarding an action that was taken without rhyme or reason and should never have been taken by anyone, let alone the highest in authority in the United States. For that reason there is no way to avoid the responsibility. The responsibility must be placed where it properly belongs.

Mr. President, I recall a statement by the famous Mr. Gladstone in reference to the war in Afghanistan when he said:

> The torch in the hands of a madman in a night's time will burn down an edifice that it took the lavish expenditure of money and the skill and genius of the world to build.

I paraphrase that in a way. Aviation representing the country's newest and most modern industry, is to be stricken down in an hour's time with such haste that even the Army officers' report cannot be waited for, because it would mean a loss of the dramatic effect of the cancelation of the contracts, and delay would not fit into the picture that was being painted. I think the cancelation of the contracts ought not to be condoned. I cannot give my support to any proposal to continue the Army in this service.

Mr. President, I do not care to delay the Senate longer this afternoon. I suspend my remarks for a few days, when I shall undertake to read the testimony of Mr. Crowell as to the legality of the air-mail contracts, and when I shall also read the testimony of Mr. Brown, who under oath gave the facts which form the basis for what I have said.

Mr. SCHALL. Mr. President, the Senator from Ohio [Mr. FESS] in the course of his remarks referred to the Comptroller General and his unusual powers. In that connection I ask permission to have printed in the RECORD an article appearing in this morning's Washington Herald showing that the Comptroller General can be overruled.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Herald of Wednesday, Mar. 14, 1934]

JOHNSON WINS OVER MCCARL IN EAGLE ROW—N.R.A. HEAD APPEALS TO CONGRESS AFTER COMPTROLLER REJECTS $308,000 BILL FOR LABELS

A row between Comptroller General McCarl and the N.R.A.—the most serious of its kind to date—was disclosed last night when it was learned Gen. Hugh S. Johnson has had to go over

McCarl's head to a congressional committee in order to obtain approval of a $308,000 expenditure for printing Blue Eagles.

The developments only intensify the strife between McCarl and the emergency departments which continually are running afoul of his guardianship over public funds, since Johnson has proved for the first time that it is not necessary to obtain the Comptroller's approval of expenditures.

McCarl, who under the law must sanction each Government expense bill and who need answer only to Congress, steadfastly has refused to approve the N.R.A.'s expenditures for printing the Blue Eagles scattered over the land last summer.

He ruled they were illegal because the N.R.A. did not have the printing done at the Government Printing Office, but parceled the job out to 25 firms, and paid the $308,000 expense before he had a chance to pass on its legality.

McCarl's friends report the Comptroller General was astounded because there was a dearth of competitive bidding.

McCarl declared that since 308,000 of Uncle Sam's dollars had been illegally disbursed and the companies would not return them, the N.R.A. Chief Clerk would have to dig into his own pocketbook and refund $308,000 to the Treasury.

G.P.O. NOT EQUIPPED

Bradish Carroll, Jr., the Chief Clerk, draws a comfortable salary, and can afford to live at the Hay-Adams House. But $308,000 was too much.

General Johnson's emissaries came to his aid. They told McCarl the Government Printing Office had not the equipment for handling a rush order for 45,000 "Buy now" posters, 60,000 "Buy now" street-car cards, for 3,370,000 sets of Blue Eagles, including 80,000 consumers' stickers.

Why, they said, the orders had to be filled and delivered to every big city within 48 hours—and if there was no regular advertisement and call for bids, there was competition in that several firms in each of the cities where the N.R.A. wanted the printing done were canvassed by telephone for cheap prices.

M'CARL ADAMANT

But McCarl was adamant. If the eagles had to be distributed so fast, why had not the N.R.A. got to work on them sooner? Anyway, the N.R.A. procedure was contrary to law, and he never would permit the Government to foot the bills.

Finally somebody got the idea of appealing to the Joint Committee on Printing, which is composed of Senators and Representatives, does all the purchasing of paper for the Government, and alone has the authority to allow a department to patronize a private printing establishment.

The chairman, Senator FLETCHER (D.), of Florida, came to Johnson's aid with a retroactive order permitting him to patronize whoever he desired. There was nothing for McCarl to do after that but begin clearing N.R.A. vouchers again.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

Mr. STEIWER. Mr. President——

Mr. McKELLAR. I understood that the Senator from Oregon had an amendment to offer.

Mr. STEIWER. If the Senator will yield to me, I have an amendment.

Mr. McKELLAR. Will the Senator offer it at this time?

Mr. STEIWER. Yes, Mr. President.

Mr. CAREY. Mr. President——

Mr. McKELLAR. May I say to the Senator from Wyoming [Mr. CAREY] that I do not think there is any opposition to this bill, and I hope he will let us vote on it. Then the Senator can do as I am planning to do, make some remarks about it afterward.

Mr. CAREY. I should like to make a few remarks, if the Senator will yield to me for that purpose.

Mr. McKELLAR. Let us act on the amendment at this time, at any rate, and either agree to it or reject it.

Mr. STEIWER. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 3, line 1, beginning with the word "pension", it is proposed to strike out through the period in line 3, and to insert in lieu thereof the following:

Pension at the rate prescribed in part I, veterans' regulation no. 1 (a), and amendments thereto: *Provided*, That in the event of injury of any such officer or enlisted man, the degree of disability resulting therefrom shall be determined pursuant to the rating schedule authorized by veterans' regulation no. 3 (a).

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oregon.

The amendment was agreed to.

Mr. CAREY obtained the floor.

Mr. COPELAND. Mr. President, is the Senator from Wyoming about to speak?

Mr. CAREY. Yes.

Mr. COPELAND. I was about to suggest, if we cannot have an immediate vote on this bill, that we take up the War Department appropriation bill.

Mr. McKELLAR. I should have to object to that at the present time, because I think this bill can be passed in just a few moments. Does the Senator from Wyoming expect to speak long?

Mr. CAREY. I shall not speak for more than 10 minutes.

Mr. McKELLAR. Very well.

Mr. CAREY. Mr. President, I am not going into a general discussion of the air-mail controversy, although there is much I might say regarding it. I shall confine my remarks to a portion of this bill; namely, that part of the bill which transfers to the Post Office Department the Air Corps of the Army for the purpose of the carrying of the air mail.

This morning I made a motion to have this bill referred to the Committee on Military Affairs. My purpose in making the motion was not a political one, but for the reason that I felt that the Army is not properly equipped to carry the mail at this time.

I have always been a friend of the Army. I have always been willing to vote for any measure which I felt would help make a better Army or a more efficient Military Establishment. I feel that our Army has always done a good job, considering the amount of appropriations it has had and what it has had to work with.

From the testimony brought out before the Appropriations Committee, of which I am a member, I am convinced that when the Army started to carry the mail it was not prepared to do so. Anyone who will read the testimony of General Westover, in which he tells of the difficulties experienced, the lack of proper fields, suitable places at which to repair their planes, lack of proper types of planes, and the difficulties under which they operated, cannot help but be convinced that the Army should not at that time have undertaken to carry the mail; and I do not believe today they are prepared for this duty if it should be assigned to them.

The excuse for the disasters that occurred, for the deaths of 10 men, was that the planes encountered bad weather conditions, which I know is true; but I feel that if the men who lost their lives had had the same training, the same experience that commercial flyers have had, they would not have fallen to their deaths. In their efforts to fill the places of men trained in commercial aviation they gave their lives.

The failure of the Air Corps of the Army has been due largely to lack of appropriations. The program which was provided for by Congress, known as the "5-year plan", has not been carried out. Both the Budget and Congress must assume a part of the responsibility for the failure to provide funds for planes and training. While we have a large number of officers in the Air Corps, these officers, through lack of equipment, have not had the necessary training and have not had the number of hours in the air that they should have had to be properly trained. It would be much better to have fewer officers with more training than so many who spend insufficient time in the air.

A few days ago an article appeared in the Washington Herald by no other than Elliott Roosevelt, a son of the President of the United States. This article is signed by him as aviation editor of the Washington Herald. He states in this article that—

Entirely aside from the merits of the mail-contract cancelation, some of these facts are:

1. The Army failed to "deliver the goods" as a commercial aviation organization because the Army Air Service was undertrained, poorly equipped, and hamstrung with obsolete regulations and ancient red tape.

2. It failed because for years Congress has been starving it in appropriations for gasoline and other necessary expenses to keep Army pilots flying after they were trained.

* * * * * * *

4. And it failed because it was plunged into commercial flying operations without the necessary safety devices essential to bad-weather flying but heretofore not included in military ships.

Mr. Roosevelt also states in this article that—

Army training courses include 10 hours blind flying minimum and 20 hours minimum night flying. During the last fiscal year only 7 percent of the Army's flying was done at night.

It appears that most or some of the men who met their deaths in trying to carry on and carry out orders had comparatively few hours of training as compared to commercial pilots. I cannot give the information regarding all of the 10 officers who were killed in this "noble experiment" but can give the records of part of them.

On February 16, Second Lts. Jean D. Grenier and Edwin D. White, Jr., Air Reserve, were killed while flying between Cheyenne, Wyo., and Salt Lake City, Utah. They were flying over the mail route to familiarize themselves therewith.

Lieutenant Grenier was born at Manchester, N.H., November 24, 1909. He graduated in 1930 from the University of New Hampshire. Appointed flying cadet, Army Air Corps, he commenced flying training at the Primary Flying School, Randolph Field, Tex., July 2, 1932.

Graduated from Primary Flying School February 28, 1933, and from the Advanced Flying School, Kelly Field, Tex., June 29, 1933, specializing as attack pilot. Rated "airplane pilot" and commissioned second lieutenant in the Air Reserve, he was placed on extended active duty with the Third Attack Group at Fort Crockett, Galveston, Tex.

Lt. Edwin D. White, Air Corps Reserve, was born at Petaluma, Calif., February 10, 1910. Graduated from the University of California. Appointed flying cadet, Air Corps, and began flying training at Air Corps Primary Flying School, Randolph Field, Tex., in March 1932, graduating October 15, 1932. Graduated from the Advanced Flying School, Kelly Field, Tex., February 24, 1933, being commissioned second lieutenant in the Air Reserve and rated "airplane pilot." Assigned to extended active duty at March Field, Riverside, Calif. Total flying time as of February 1, 1934, 488 hours.

On the same day, February 16 last, Second Lt. James Y. Eastman, Air Reserve, piloting a bombardment airplane, was killed at about 10:50 p.m., about 7 miles from Jerome, Idaho. He was flying from Salt Lake City to Seattle, Wash., under the same conditions as were Lieutenants Grenier and White—all three were flying over the mail routes to which they were to be assigned in order that they might familiarize themselves with the routes and in spite of the fact that they had not been equipped with the kind of planes that were designed to carry mail.

Second Lieutenant Eastman was born at Huntsville, Tex., March 4, 1911. He graduated from Sam Houston Teachers College with the degree of B.S. in 1931. He attended the University of Texas for 1 year. He was appointed flying cadet, Army Air Corps, and commenced training at the Air Corps Primary Flying School, Randolph Field, Tex., July 2, 1932; graduated February 28, 1933. Graduated from the Advanced Flying School, Kelly Field, Tex., June 29, 1933. Rated "airplane pilot" and commissioned second lieutenant, Air Reserve. Assigned to extended active duty with the Thirty-first Bombardment Squadron at March Field, Riverside, Calif. Total flying time as of February 2, 1934, 419 hours.

MAIL WAS SAVED

Second Lt. Durward O. Lowry, Army Air Corps, was killed on the morning of February 22 near Deshler, Ohio. He was piloting an observation type airplane and was flying between Chicago and Cleveland, having taken off from Chicago at 4 a.m. Lieutenant Lowry was on a regular mail run when killed and was carrying the mail. He apparently had attempted to make an emergency parachute jump, for the rip cord was pulled and the pilot was caught in the tail of the airplane. But the mail was saved.

This officer was born at Chicago, Ill., October 4, 1903. He was educated at Ann Arbor High School from 1919 to 1921; at Northwestern Military and Naval Academy from Lake Geneva, Wis., from 1921 to 1923 and at the University of Michigan from 1923 to 1927. Appointed flying cadet, Army Air Corps, and commenced flying training at Primary Flying School, March Field, Riverside, Calif., February 27, 1928. He graduated October 26, 1928. Graduated from Advanced Flying School, Kelly Field, Tex., February 28, 1928; rated "airplane pilot", commissioned second lieutenant in Air Reserve, and assigned to active duty at Selfridge Field, Mount Clemens, Mich., with the First Pursuit Group. Passed examination for appointment in the Regular Army and commissioned second lieutenant, Air Corps, September 4, 1929. Graduated June 1931 from communications course at the Air Corps Technical School, Chanute Field, Rantoul, Ill., and returned to duty at Selfridge Field. Total flying time, 1,256 hours.

On February 23 last, Second Lt. George E. McDermott, Air Reserve, was lost at sea while en route from Floyd Bennett Field, Brooklyn, N.Y., to Langley Field, Va. Due to motor trouble, the plane made a forced landing on the water. Two other officers flying with him were rescued. This flight was for the purpose of ferrying pilots as fast as possible to air-mail stations to which they had been ordered.

CHERISH MEMORIES

Lieutenant McDermott was born at West Homestead, Pa., August 23, 1904. He was educated at the University of Pittsburgh, 1923 to 1927. Graduated from the Air Corps Primary Flying School, Randolph Field, Tex., February 28, 1933. Graduated from the Advanced Flying School, Kelly Field, Tex., June 29, 1933. Appointed second lieutenant, Air Reserve, June 29, 1933. Rated "airplane pilot and observer."

On March 9, First Lt. Otto Wienecke, Air Corps, was killed near Burton, Ohio, in a snowstorm while flying the mail in an observation plane. He had been in the Air Corps nearly 10 years. This is the War Department tribute to his efficiency: "Lieutenant Wienecke was an excellent officer of broad experience. He held the ratings of airplane pilot, airplane observer, airship pilot, and balloon observer. In addition to these ratings he was an expert radio operator. He had a total of over 1,850 hours in the air as a pilot."

This officer's home was in Patchogue, Long Island, N.Y., where his father and mother live. The flags of that town were ordered at half staff when the word of his sacrifice was received.

On the same day, March 9, Lt. F. L. Howard and Lt. A. R. Kerwin were burned to death near Cheyenne, Wyo., when their plane crashed in taking off on a trial run preparatory to flying the mail. Lieutenant Howard was from Shreveport, La., and Lieutenant Kerwin's home was in California, where his father, a lieutenant colonel in the Army, now lives. Both these officers were graduates of the Army's flying schools. Both had excellent records to their credit.

On the same fatal day, March 9, Pvt. Ernest B. Sell was killed and officers of the Army Air Corps were injured at Daytona Beach, Fla., when their plane carrying the mail to Jacksonville crashed. His home was near Willow Springs, Mo.

Of these flyers who have been sacrificed one of them, Lieutenant Kerwin, attended the high school in Cheyenne before he went to the United States Military Academy at West Point. I quote from an article in the Wyoming State Tribune regarding him:

The boy who left here in 1922 had found a life that suited his temperament perfectly when he became an Army flyer. He was happily married. It filled his immediate cup of cheer fully to sit in familiar Cheyenne homes, between his calls to air-mail duty, and to reminisce with members of his high-school "gang."

But young Kerwin was too familiar with the rugged terrain and the broad, sparsely populated sweeps of the Wyoming sector of his route not to be apprehensive of what might happen to a luckless flyer if anything "went wrong" with his ship "out there."

Here was a flyer who knew the country that he must fly over, yet he was fearful of what might happen to him and to other flyers assigned to flying a section which has required the most competent aviators in the United States. Quoting further from the Wyoming State Tribune regarding young Kerwin:

In what turned out to be one of his last chats with a group of friends here earlier this week, Lieutenant Kerwin said he was fearful there would be several early fatalities among the Army mail carriers during night flights because of their unfamiliarity with the various routes. "It's our duty to go out, though", he added, "and when we know the way better, things will be all right."

General Westover, in his testimony before the Appropriations Committee, told how the planes were left out in the weather for lack of hangars, how it had taken as much as 3 hours to get them warmed up in order that they might fly, and how it was necessary for them to be returned and to be refueled in order that there should be enough gasoline in them for their flight. The account in the Cheyenne paper tells of the condition of the plane in which Kerwin and another man were killed, describing the engine as sounding like a Ford car operating on two cylinders. Probably this plane had stood out all night, and the mechanics had had no opportunity to go over it.

Mr. President, I want to compare the training of these Army fliers with the training of the commercial fliers who were flying on the same line through Cheyenne. I made inquiries of the officials of the United Airlines about what they required of men before they employed them as pilots or copilots.

I find, first, that they will not employ an Army-trained aviator except as a copilot and he must serve as a copilot for at least a year before being given a ship. The officials of this company know that Army flying does not qualify a man for commercial flying. They require that a copilot shall have a minimum of 500 air-hours before he will be employed as a copilot, although there have been cases where they have taken exceptional men with fewer flying hours' experience.

Their copilots must fly for 1 year as copilots and have 1,200 flying hours before they are eligible to become pilots. A pilot must have a minimum of 1,200 certified hours of solo flying within the previous 8 years, 500 of which must have been in cross-country flying and 75 hours of solo flying at night. The average Army flier has 20 hours of night flying and 10 hours of blind flying. Also a copilot must have from 25 to 30 hours' blind flying before he is qualified

for promotion to the rank of pilot. Further than that, he must have at least 5 hours' experience in flying the particular type of plane which he is to take out. When a new pilot is placed on a run, he must be accompanied by the chief pilot of the line for at least two round trips, flying both day and night. The chief pilot makes a final check-up on his qualifications before he is put in charge of a ship.

Each pilot must have a minimum of blind flying of 2 hours per month the first year, and 1 hour per month for each year thereafter. This would amount to 24 hours per year as compared to an average total of 10 hours of blind flying for the Army aviator.

The average number of hours for the pilots of that line for the year 1933 was 852. The pilots employed on this line have an average of over 4,000 flying hours. Of the 10 Army flyers who were killed in the experiment of carrying the air mail, 1 officer in flying for 10 years had had but 1,850 hours in the air. Another had 1,256 hours, while another had flown but 419 hours. Some had been graduated from flying schools less than a year.

Mr. President, I am calling attention to these figures and lack of training in order to show that the Army is not prepared for the kind of a job that is contemplated in the pending bill. I feel that to continue the Army in this line of work before proper preparation has been made will only result in the deaths of more men.

There has been much criticism of the President of the United States for ordering the Army to fly the mail. It is unfortunate that he did not make more careful inquiry as to the ability of the Army to handle the job. While I want to see the air mail continued, and feel that there was no justification for the cancelation of the contracts, I would prefer to have no air mail if it means a further sacrifice of Army flyers, who, while they lack training in flying, have been taught to obey orders. Such men will carry on regardless of the consequences. If the Army must carry the mail, give them the training and equipment necessary to do the job.

The VICE PRESIDENT. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the amendments of the Senate to the bill (H.R. 7808) to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes.

WAR DEPARTMENT APPROPRIATIONS

Mr. COPELAND. Mr. President, I move that the Senate proceed to the consideration of the War Department appropriation bill.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes, which had been reported from the Committee on Military Affairs with amendments.

Mr. COPELAND. Mr. President, I ask that the formal reading of the bill be dispensed with, and that the bill be read for amendment, committee amendments to be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will state the first amendment of the committee.

The first amendment of the Committee on Appropriations was, under the heading "Title I—Military activities and other expenses of the War Department incident thereto—Salaries, War Department", on page 2, line 8, before the word "of", to strike out "two Assistant Secretaries" and insert "Assistant Secretary"; and in line 9, after the word "services", to strike out "$256,611" and insert "$248,511", so as to read:

For compensation for personal services in the District of Columbia, as follows:

Office of Secretary of War: Secretary of War, Assistant Secretary of War, and other personal services, $248,511: *Provided*, That no field-service appropriation shall be available for personal services in the War Department except as may be expressly authorized herein.

The amendment was agreed to.

The next amendment was, on page 3, line 20, after the name "War Department", to strike out "$4,184,380", and insert "$4,176,280", so as to read:

In all, salaries, War Department, $4,176,280.

The amendment was agreed to.

The next amendment was, on page 4, line 10, before the words "of War", to strike out "Secretaries" and insert "Secretary", so as to read:

In expending appropriations or portions of appropriations, contained in this act, for the payment for personal services in the District of Columbia in accordance with the Classification Act of 1923, as amended, with the exception of The Assistant Secretary of War, the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act, as amended.

The amendment was agreed to.

The next amendment was, under the subhead "Contingent expenses, War Department", on page 5, line 13, after the word "exceed", to strike out "$2,500" and insert "$4,000", and in line 19, after the word "expenses", to strike out "$175,178" and insert "$173,631", so as to read:

For stationery; purchase of professional and scientific books, law books, including their exchange; books of reference, pamphlets, periodicals, newspapers, maps; typewriting and adding machines, and other labor-saving devices, including their repair and exchange; furniture and repairs to same; carpets, linoleum, filing equipment, photo supplies, towels, ice, brooms, soap, sponges; for the purchase of a passenger-carrying automobile for the official use of the Secretary of War at not to exceed $4,000, including the value of a vehicle exchanged; maintenance, repair, and operation of motor trucks and one motor-propelled passenger-carrying vehicle, to be used only for official purposes; freight and express charges; street-car fares, not exceeding $750; postage to Postal Union countries; and other absolutely necessary expenses, $173,631; and it shall not be lawful to expend, unless otherwise specifically provided herein, for any bureau, office, or branch of the War Department or of the Army having or maintaining an office in the War Department proper, at Washington, D.C., any sum out of appropriations contained in this act (or accruing thereto) made for the Military Establishment for any of the purposes mentioned or authorized in this paragraph.

The amendment was agreed to.

The next amendment was, under the subhead "Travel, military and civil personnel", on page 10, line 10, after the word "duty", to strike out "$2,810,074, of which sum $287,177 shall be available exclusively on account of travel in connection with river and harbor and flood-control activities under the Corps of Engineers" and insert "$2,976,678", and in line 20, after the word "camps", to insert "the nonmilitary activities of the Corps of Engineers", so as to read:

For mileage, reimbursement of actual traveling expenses, or per diem allowance in lieu thereof, as authorized by law for official travel on military and nonmilitary duty under the War Department, to commissioned officers (including discharged officers to their homes), warrant officers, contract surgeons, and expert accountant, Inspector General's Department; for transportation of troops, Philippine Scouts, nurses, flying cadets, enlisted men (including discharged enlisted men to their homes or places of enlistment); for transportation of recruits and recruiting parties and of applicants for enlistment between recruiting stations and recruiting depots; and rejected applicants for enlistment; for transportation of dependents of officers, warrant officers, and enlisted men as provided by law; for transportation of general, paroled, escaped, and discharged prisoners and persons discharged from St. Elizabeths Hospital after transfer thereto from the military service to their homes or elsewhere as they may elect, the cost in each case not to be greater than to the place of last enlistment; transportation of cadets and accepted cadets from their homes to the Military Academy and discharged cadets, including reimbursement of traveling expenses; for traveling expenses of civilian witnesses before courts-martial; for traveling expenses of attendants accompanying remains of military personnel and civilian employees; and for traveling expenses of civilian employees and other persons under the War Department authorized by law to travel on departmental, military, and nonmilitary duty, $2,976,678, and no

other appropriation in this act shall be available for any expense for or incident to travel of personnel of the Regular Army or civilian employees under the War Department, except the appropriation "Contingencies of the Army" and the appropriations for the National Guard, the Organized Reserves, the Reserve Officers' Training Corps, citizens' military training camps, the nonmilitary activities of the Corps of Engineers, and the Panama Canal, and except as may be provided for in the appropriation "Air Corps, Army."

The amendment was agreed to.

The next amendment was, on page 10, line 22, after the word "Army", to strike out the semicolon and the following proviso:

Provided, That no appropriation contained in this act shall be available for the payment of passenger transportation at a rate in excess of the lowest rate available to the public at the time of the performance of travel for the class of transportation to which the traveler may be entitled by or in pursuance of law.

And in lieu thereof to insert:

Provided, That no appropriation contained in this act shall be available for the payment of passenger transportation at a rate in excess of the lowest rate available for the type of transportation used.

The amendment was agreed to.

The next amendment was, under the subhead "Finance Department—Pay, Etc., of the Army", on page 11, line 9, after the word "officers", to strike out "$28,617,645, no part of which sum shall be available for the pay of more than 11,750 commissioned officers whose commissions are dated prior to June 1, 1934" and insert "$30,000,000", so as to read:

For pay of not to exceed an average of 12,000 commissioned officers, $30,000,000;

The amendment was agreed to.

The next amendment was, on page 11, line 15, after the word "exceed", to strike out $1,579,110" and insert "$1,776,997", so as to read:

Aviation increase to commissioned and warrant officers of the Army, not to exceed $1,776,997,

The amendment was agreed to.

The next amendment was, on page 11, line 18, after the word "captain", to insert "at a rate in excess of $1,440 per annum", so as to read:

None of which shall be available for increased pay for making aerial flights by nonflying officers above the grade of captain at a rate in excess of $1,440 per annum;

The amendment was agreed to.

The next amendment was, on page 12, line 1, after the words "pay to", to strike out "not to exceed four", and in line 2, after the word "duty", to strike out "$4,620" and insert "$316,140", so as to read:

Increased pay to retired officers on active duty, $316,140;

The amendment was agreed to.

The next amendment was, on page 12, line 3, after the figures "$11,610,000", to insert "increased pay and allowances to retired enlisted men on active duty, $26,750."

The amendment was agreed to.

The next amendment was, on page 12, line 14, after the word "available", to strike out "$5,386,397" and insert "$5,653,077", so as to read:

Rental allowances, including allowances for quarters for enlisted men on duty where public quarters are not available, $5,653,077.

The amendment was agreed to.

The next amendment was, on page 12, line 24, after the word "allowances", to strike out "$5,290,066" and insert "$5,412,786"; on page 13, line 7, after the words "in all", to strike out "$121,758,094" and insert "$124,065,706"; in line 10, after the word "discharges", to strike out "$121,473,094" and insert "$123,780,706", and in line 14, after the word "increased", to insert "by transfer from any other amount therein", so as to make the proviso read:

Provided, That during the fiscal year ending June 30, 1935, no rental allowance shall accrue to any officer of the Government in consequence of the provisions found in section 10, title 37, United States Code, while occupying quarters at his permanent station not under the jurisdiction of the service in which serving but which belong to the Government of the United States, or to a corporation the majority of the stock of which is owned by the United States, in excess of the rental rate charged for such quarters on March 5, 1934; subsistence allowances, $5,412,786; interest on soldiers' deposits, $30,000; payment of exchange by officers serving in foreign countries, and when specially authorized by the Secretary of War, by officers disbursing funds pertaining to the War Department, when serving in Alaska, and all foreign money received shall be charged to and paid out by disbursing officers of the Army at the legal valuation fixed by the Secretary of the Treasury, $100; in all, $124,065,706, less $285,000 to be supplied by the Secretary of War for this purpose from funds received during the fiscal year 1935 from the purchase by enlisted men of the Army of their discharges, $123,780,706; and the money herein appropriated for "Pay, Etc., of the Army" shall be accounted for as one fund except that no amount in this paragraph specifically limited may be increased by transfer from any other amount therein:

The amendment was agreed to.

The next amendment was, under the subhead "Expenses of Courts-Martial", on page 15, line 8, after the word "services" to strike out "(which for the purposes of title II of the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, as amended, shall not be deemed to be personal services)"; so as to read:

For expenses of courts-martial, courts of inquiry, military commissions, retiring boards, and compensation of reporters and witnesses attending same, contract stenographic reporting services, and expenses of taking depositions and securing other evidence for use before the same, $55,000.

The amendment was agreed to.

The next amendment was, under the subhead "Quartermaster Corps", on page 18, line 13, after the words "in all" to strike out "$15,705,898" and insert "$17,691,828"; so as to read:

Subsistence of the Army: Purchase of subsistence supplies: For issue as rations to troops, including retired enlisted men when ordered to active duty, civil employees when entitled thereto, hospital matrons, applicants for enlistment while held under observation, general prisoners of war (including Indians held by the Army as prisoners, but for whose subsistence appropriation is not otherwise made), Indians employed by the Army as guides and scouts, and general prisoners at posts; for the subsistence of the masters, officers, crews, and employees of the vessels of the Army Transport Service; hot coffee for troops traveling when supplied with cooked or travel rations; meals for recruiting parties and applicants for enlistment while under observation; for sales to officers, including members of the Officers Reserve Corps while on active duty, and enlisted men of the Army. For payments: Of the regulation allowances of commutation in lieu of rations to enlisted men on furlough, enlisted men when stationed at places where rations in kind cannot be economically issued, including retired enlisted men when ordered to active duty and when traveling on detached duty where it is impracticable to carry rations of any kind, enlisted men selected to contest for places or prizes in department and Army rifle competitions when traveling to and from places of contest, applicants for enlistment, and general prisoners while traveling under orders. For payment of the regulation allowances of commutation in lieu of rations for enlisted men, applicants for enlistment while held under observation, civilian employees who are entitled to subsistence at public expense, and general prisoners while sick in hospitals, to be paid to the surgeon in charge; advertising; for providing prizes to be established by the Secretary of War for enlisted men of the Army who graduate from the Army schools for bakers and cooks, the total amount of such prizes at the various schools not to exceed $900 per annum; and for other necessary expenses incident to the purchase, testing, care, preservation, issue, sale, and accounting for subsistence supplies for the Army; in all, $17,691,828:

The amendment was agreed to.

The next amendment was, on page 20, at the end of line 9, to increase the appropriation for regular supplies of the Army under the Quartermaster Corps from 2,576,880 to $3,092,663.

The amendment was agreed to.

The next amendment was, on page 21, line 18, to increase the appropriation for clothing and equipage for the Army from $4,207,112 to $5,502,824.

The amendment was agreed to.

The next amendment was, on page 23, line 13, after the word "exceed", to strike out "$461,812" and insert "$562,065", and in line 22, after the words "in all", to strike out "$7,192,211" and insert "$8,655,005", so as to read:

Army transportation: For transportation of Army supplies; of authorized baggage, including packing and crating; of horse equipment; and of funds for the Army; for the purchase or construction, not to exceed $10,000, alteration, operation, and repair

of boats and other vessels; for wharfage, tolls, and ferriage; for drayage and cartage; for the purchase, manufacture (including both material and labor), maintenance, hire, and repair of pack saddles and harness; for the purchase, hire, operation, maintenance, and repair of wagons, carts, drays, other vehicles, and horse-drawn and motor-propelled passenger-carrying vehicles required for the transportation of troops and supplies and for official military and garrison purposes, maintenance and repair expenditures on motor-propelled vehicles not to exceed $562,065, exclusive of labor; for hire of draft and pack animals; for travel allowances to officers of National Guard on discharge from Federal service as prescribed in the act of March 2, 1901 (U.S.C., title 10, sec. 751), and to enlisted men of National Guard on discharge from Federal service, as prescribed in amendatory act of September 22, 1922 (U.S.C., title 10, sec. 752), and to members of the National Guard who have been mustered into Federal service and discharged on account of physical disability; in all, $8,655,005, of which amount not exceeding $250,000 shall be available immediately for the procurement and transportation of fuel for the service of the fiscal year 1935.

The amendment was agreed to.

The next amendment was, on page 24, line 14, before the word "no", to insert "effective January 1, 1935"; and in line 18, after the word "tractors", to insert "tanks and their carriers, ambulances, fire trucks, rebuilt trucks, vehicles in use by Reserve Officers' Training Corps units, and such other vehicles as can be operated economically"; so as to make the additional proviso read:

Provided further, That, effective January 1, 1935, no appropriation contained in this act shall be available for any expense of any character, other than as may be incident to salvaging or scrapping, on account of any motor-propelled vehicle procured prior to January 1, 1920, except tractors, tanks and their carriers, ambulances, fire trucks, rebuilt trucks, vehicles in use by Reserve Officers' Training Corps units, and such other vehicles as can be operated economically:

The amendment was agreed to.

The next amendment was, on page 25, line 3, after the figures "1932", to strike out the colon and the following additional proviso:

Provided further, That no appropriation contained in this act shall be available for any expense incident to the operation of the Fort Benning railroad.

The amendment was agreed to.

The next amendment was, under the subhead "Horses, draft and pack animals", on page 25, at the end of line 24, to strike out "$144,789" and insert "$294,789", so as to read:

For the purchase of draft and pack animals and horses within limits as to age, sex, and size to be prescribed by the Secretary of War for remounts for officers entitled to public mounts, for the United States Military Academy, and for such organizations and members of the military service as may be required to be mounted, and for all expenses incident to such purchases (including $69,789 for encouragement of the breeding of riding horses suitable for the Army, in cooperation with the Bureau of Animal Industry, Department of Agriculture, including the purchase of animals for breeding purposes and their maintenance), $294,789.

The amendment was agreed to.

The next amendment was, under the subhead, "Barracks and quarters and other buildings and utilities", on page 27, line 13, after the word "posts", to strike out "$9,015,902" and insert "$9,155,695", so as to read:

For all expenses incident to the construction, installation, operation, and maintenance of buildings, utilities, appurtenances, and accessories necessary for the shelter, protection, and accommodation of the Army and its personnel and property, where not specifically provided for in other appropriations, including personal services, purchase and repair of furniture for quarters for officers, warrant officers, and noncommissioned officers, and officers' messes, and wall lockers and refrigerators for Government-owned buildings as may be approved by the Secretary of War, care and improvement of grounds, flooring and framing for tents, rental of buildings, including not to exceed $900 in the District of Columbia, provided space is not available in Government-owned buildings, and grounds for military purposes and lodgings for recruits and applicants for enlistments, water supply, sewer and fire-alarm systems, fire apparatus, roads, walks, wharves, drainage, dredging channels, purchase of water, disposal of sewage, shooting galleries, ranges for small-arms target practice, field, mobile, and railway artillery practice, including flour for paste for marking targets, such ranges and galleries to be open as far as practicable to the National Guard and organized rifle clubs under regulations to be prescribed by the Secretary of War, for furnishing heat and light for the authorized allowance of quarters for officers, enlisted men, and warrant officers, including retired enlisted men when ordered to active duty, contract surgeons when stationed at and occupying public quarters at military posts, officers of the National Guard attending service and garrison schools, and for recruits, guards, hospitals, storehouses, offices, the buildings erected at private cost, in the operation of the act approved May 31, 1902 (U.S.C., title 10, sec. 1346), and buildings for a similar purpose on military reservations authorized by War Department regulations; for sale of fuel to officers; fuel and engine supplies required in the operation of modern batteries at established posts, $9,155,695, and $2,500,000 of this appropriation shall be available immediately for the procurement and transportation of fuel for the service of the fiscal year 1935:

The amendment was agreed to.

The next amendment was, under the subhead "Corps of Engineers—engineer service, Army", on page 39, at the end of line 15, to strike out "$332,988" and insert "$344,509", so as to read:

For the design, development, procurement, maintenance, alteration, repair, installation, storage, and issue of engineer equipment, instruments, appliances, supplies, materials, tools, and machinery required in the equipment and training of troops and in military operations, including military surveys and the Engineer School; for the operation and maintenance of the Engineer School, including (a) compensation of civilian lecturers and (b) purchase and binding of scientific and professional books, pamphlets, papers, and periodicals; for the procurement, preparation, and reproduction of maps and similar data for military purposes; for expenses incident to the engineer service in military operations, including military surveys and including (a) research and development of improved methods in such operations, (b) the rental of storehouses and grounds within and outside of the District of Columbia, and (c) repair and alteration of buildings; for heat, light, power, water, and communication service, not otherwise provided for; and for the compensation of employees required in these activities, $344,509.

The amendment was agreed to.

The next amendment was, under the subhead "National Guard—arming, equipping, and training the National Guard", on page 47, line 26, to strike out "$10,302,949" and insert "$11,756,221", so as to read:

For pay of National Guard (armory drills), $11,756,221.

The amendment was agreed to.

The next amendment was, on page 48, line 4, before the word "drills", to strike out "42" and insert "48", so as to make the proviso read:

Provided, That the appropriations contained in the Naval Appropriation Act for the fiscal year 1935 for drills for members of the Naval and Marine Corps Reserve forces shall be available for the conduct of 48 drills for each of such forces.

The amendment was agreed to.

The next amendment was, under the heading "Citizens' military training—Reserve Officers' Training Corps", on page 55, line 21, after the word "injury", to insert "or contract disease", and on page 56, line 11, after the word "vehicles", to strike out "$3,108,701" and insert "$4,467,461", so as to read:

For the procurement, maintenance, and issue, under such regulations as may be prescribed by the Secretary of War, to institutions at which one or more units of the Reserve Officers' Training Corps are maintained, of such public animals, means of transportation, supplies, tentage, equipment, and uniforms as he may deem necessary, including cleaning and laundering of uniforms and clothing at camps; and to forage, at the expense of the United States, public animals so issued, and to pay commutation in lieu of uniforms at a rate to be fixed annually by the Secretary of War; for transporting said animals and other authorized supplies and equipment from place of issue to the several institutions and training camps and return of same to place of issue when necessary; for purchase of training manuals, including Government publications and blank forms; for the establishment and maintenance of camps for the further practical instruction of the members of the Reserve Officers' Training Corps, and for transporting members of such corps to and from such camps, and to subsist them while traveling to and from such camps and while remaining therein so far as appropriations will permit, or, in lieu of transporting them to and from such camps and subsisting them while en route, to pay them travel allowance at the rate of 5 cents per mile for the distance by the shortest usually traveled route from the places from which they are authorized to proceed to the camp and for the return travel thereto, and to pay the return travel pay in advance of the actual performance of the travel; for expenses incident to the use, including upkeep and depreciation costs, of supplies, equipment, and matériel furnished in accordance with law from stocks under the control of the War Department; for pay for students attending advanced camps at the rate prescribed for soldiers of the seventh grade of the Regular Army; for the payment of commutation of subsistence to members of the senior division of the Reserve Officers' Training Corps, at a rate not exceeding the cost of the garrison ration prescribed for the Army,

as authorized in the act approved June 3, 1916, as amended by the act approved June 4, 1920 (U.S.C., title 10, sec. 387); for medical and hospital treatment until return to their homes and further medical treatment after arrival at their homes, subsistence during hospitalization and until furnished transportation to their homes, and transportation when fit for travel to their homes of members of the Reserve Officers' Training Corps who suffer personal injury or contract disease in line of duty while en route to or from and while at camps of instruction under the provisions of section 47a of the National Defense Act approved June 3, 1916 (U.S.C., title 10, sec. 441), as amended; and for the cost of preparation and transportation to their homes and burial expenses of the remains of members of the Reserve Officers' Training Corps who die while attending camps of instruction, as provided in the act approved April 26, 1928 (U.S.C., supp. VI, title 10, sec. 455); for mileage, traveling expenses, or transportation, for transportation of dependents, and for packing and transportation of baggage, as authorized by law, for officers, warrant officers, and enlisted men of the Regular Army traveling on duty pertaining to or on detail to or relief from duty with the Reserve Officers' Training Corps; for the maintenance, repair, and operation of motor vehicles, $4,467,461, of which $400,000 shall be available immediately.

The amendment was agreed to.

The next amendment was, on page 57, line 10, before the word "units", to strike out the comma and "Medical Corps, Dental Corps, or Veterinary", so as to make the additional proviso read:

Provided further, That none of the funds appropriated in this act shall be available for any expense on account of any student in Air Corps units not a member of such unit on May 5, 1932, but such stoppage of further enrollments shall not interfere with the maintenance of existing units.

The amendment was agreed to.

The next amendment was, under the subhead "Citizens' Military Training Camps", on page 59, line 7, after the word "injury", to insert "or disease contracted", and in line 12, after the words "in all", to strike out "$987,213" and insert "$2,687,213", so as to read:

For furnishing, at the expense of the United States, to warrant officers, enlisted men, and civilians attending training camps maintained under the provisions of section 47d of the National Defense Act of June 3, 1916, as amended (U.S.C., title 10, sec. 442), uniforms, including altering, fitting, washing, and cleaning when necessary, subsistence, or subsistence allowances and transportation, or transportation allowances, as prescribed in said section 47d, as amended; for such expenditures as are authorized by said section 47d as may be necessary for the establishment and maintenance of said camps, including recruiting and advertising therefor, and the cost of maintenance, repair, and operation of passenger-carrying vehicles; for expenses incident to the use, including upkeep and depreciation costs, of supplies, equipment, and matériel furnished in accordance with law from stocks under the control of the War Department; for gymnasium and athletic supplies (not exceeding $20,000); for mileage, reimbursement of traveling expenses, or allowance in lieu thereof as authorized by law, for officers of the Regular Army and Organized Reserves, and for the travel expenses of enlisted men of the Regular Army, traveling on duty in connection with citizens' military training camps; for purchase of training manuals, including Government publications and blank forms; for medical and hospital treatment, subsistence, and transportation, in case of injury or disease contracted in line of duty, of members of the citizens' military training camps and for transportation and burial of remains of any such members who die while undergoing training or hospital treatment, as provided in the act of April 26, 1928 (U.S.C., supp. VI, title 10, secs. 454, 455); in all, $2,687,213.

The amendment was agreed to.

The next amendment was, on page 61, line 4, to strike out "$15,631" and insert "$17,178", so as to read:

NATIONAL BOARD FOR PROMOTION OF RIFLE PRACTICE, ARMY

QUARTERMASTER SUPPLIES AND SERVICES FOR RIFLE RANGES FOR CIVILIAN INSTRUCTION

To establish and maintain indoor and outdoor rifle ranges for the use of all able-bodied males capable of bearing arms, under reasonable regulations to be prescribed by the National Board for the Promotion of Rifle Practice and approved by the Secretary of War; for the employment of labor in connection with the establishment of outdoor and indoor rifle ranges, including labor in operating targets; for the employment of instructors; for clerical services, including not exceeding $15,000 in the District of Columbia; for badges and other insignia; for the purchase of materials, supplies, and services; and for expenses incidental to instruction of citizens of the United States in marksmanship and their participation in national and international matches, to be expended under the direction of the Secretary of War, $17,178.

The amendment was agreed to.

The next amendment was, under the heading "Title II—Nonmilitary Activities of the War Department—Corps of Engineers, Rivers and Harbors", on page 65, line 24, after the word "law", to strike out "$23,702,645, of which sum $25,000 shall be available for conducting a survey of Governors Island, N.Y., to determine its usefulness and adaptability as an airport and the cost of accomplishing all work incidental to effecting the change", and insert "$23,966,645", so as to read:

To be immediately available and to be expended under the direction of the Secretary of War and the supervision of the Chief of Engineers:

For the preservation and maintenance of existing river and harbor works, and for the prosecution of such projects heretofore authorized as may be most desirable in the interests of commerce and navigation; for survey of northern and northwestern lakes, and other boundary and connecting waters as heretofore authorized, including the preparation, correction, printing, and issuing of charts and bulletins and the investigation of lake levels; for prevention of obstructive and injurious deposits within the harbor and adjacent waters of New York City; for the expenses of the California Débris Commission in carrying on the work authorized by the act approved March 1, 1893 (U.S.C., title 33, sec. 661); for examinations, surveys, and contingencies of rivers and harbors; and for printing, including illustrations, as may be authorized by the Committee on Printing of the House of Representatives, either during a recess or session of Congress, of surveys under House Document No. 308, Sixty-ninth Congress, first session, and section 10 of the Flood Control Act, approved May 15, 1928 (U.S.C., supp. VI, title 33, sec. 702j), and such surveys as may be printed during a recess of Congress shall be printed as documents of the next succeeding session of Congress, and for the purchase of motor-propelled passenger-carrying vehicles and motor boats, for official use, not to exceed $122,417: *Provided*, That no funds shall be expended for any preliminary examination, survey, project, or estimate not authorized by law, $23,966,645.

The amendment was agreed to.

The next amendment was, on page 66, after line 13, to insert:

Flood control, Mississippi River and tributaries: For prosecuting work of flood control in accordance with the provisions of the Flood Control Act, approved May 15, 1928 (U.S.C., supp. VI, title 33, sec. 702a), $50,000,000: *Provided*, That this sum shall be reduced by an amount equal to any amount that may hereafter be allotted for the purposes named herein from any Federal relief or other Federal emergency appropriations.

The amendment was agreed to.

The next amendment was, on page 67, line 3, to strike out "$318,114" and insert "$341,291", so as to read:

Emergency fund for flood control on tributaries of Mississippi River: For rescue work and for repair or maintenance of any flood-control work on any tributaries of the Mississippi River threatened or destroyed by flood, in accordance with section 7 of Flood Control Act, approved May 15, 1928 (U.S.C., supp. VI, title 33, sec. 702g), $341,291.

The amendment was agreed to.

Mr. COPELAND. Mr. President, I have one further amendment to offer on behalf of the committee, which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 36, after line 5, it is proposed to insert the following:

For an additional amount for the Air Corps, Army, to be expended in the discretion and under the direction of the President, for improvement, development, and augmentation of military aviation matériel, and for training of military aviation personnel, including the purchase and/or construction of buildings and other necessary military aviation facilities, and employment of civilian personnel, notwithstanding the limitations contained in any appropriations for Air Corps, Army, fiscal year 1935, to be immediately available, $10,000,000.

The amendment was agreed to.

Mr. SHEPPARD. I move to amend on page 52, line 7, after the word "all", by striking out "$3,986,859", and inserting in lieu thereof "$6,500,000." My amendment would insert the figures originally requested by the War Department.

Mr. President, if the present figures stand, it means that Reserve officers will train only once every 6 years, whereas the amount originally requested by the War Department would enable them to train once every 3 years. This is the training under which a Reserve officer can maintain his efficiency for active duty.

The War Department has for its ideal the training every year of every combat Reserve officer

It is easily seen that training only once in 6 years represents practically no training at all. The War Department feels that it can maintain a substantial degree of efficiency by training the officers once every 3 years.

Mr. COPELAND. I have no objection to the amendment.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. DICKINSON subsequently said: Mr. President, it is my understanding that the War Department appropriation bill was passed a little while ago and that there was presented from the floor of the Senate an amendment involving $10,000,000 in the following language:

For an additional amount for the Air Corps, Army, to be expended in the discretion and under the direction of the President, for improvement, development, and augmentation of military aviation matériel, and for training of military aviation personnel, including the purchase and/or construction of buildings and other necessary military aviation facilities, and employment of civilian personnel, notwithstanding the limitations contained in any appropriations for Air Corps, Army, fiscal year 1935, to be immediately available, $10,000,000.

I call attention to the fact that this is just a continuation of the centralization of power in the Executive to which I have been objecting from the beginning. It means that we have given to the President of the United States, to do with as he pleases, $10,000,000 more to be played with in the aviation field. I called attention to this item in the committee. It was there held out of order. Now it has been presented from the floor as an amendment and has been adopted. I was necessarily absent from the Chamber at the time of the adoption of the amendment and therefore I could not make this statement at that time.

Mr. President, for many years we have been developing an air corps in the Army. There is no reason why this $10,000,000 should not have been added to the regular appropriation for the Army if we want to increase the air facilities of the Army; but instead of that the amendment is offered in such form as to constitute a special jack-pot fund in the hands of the President to do with as he pleases.

I think this is merely another step along a line which I believe to be in the wrong direction. We have facilities for the development of the aircraft in the Army and if we want to appropriate additional money for that purpose it should have been granted in the regular way.

Instead of doing that we are continuing the policy that has been in vogue ever since this administration came into power, of putting other funds into the hands of the President to do with as he pleases. I think it is a vicious type of legislation. I think we ought not to submit to it. I think we ought to call especial attention to it every time such legislation is presented. In the end I believe we ought to come back to the old practice of permitting the business of government to run in the usual channel, permitting the appropriations to be handled by the usual authorities, and that we ought to pursue that course in the future for such extensions as we want to make in the different bureaus and departments of the Government.

CARRIAGE OF AIR MAIL BY THE ARMY

Mr. McNARY. Mr. President, a desire has been expressed for a record vote on the measure known as the "McKellar bill", the bill providing for the carriage of the air mail by the Army. I therefore ask unanimous consent that the vote by which the bill was passed be reconsidered.

The PRESIDING OFFICER (Mr. COPELAND in the chair). Is there objection? The Chair hears none, and the vote is reconsidered.

Mr. ROBINSON of Arkansas. Mr. President, I have no objection to the request. I understand that the Senator is ready to have a vote taken on the bill. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Barkley	Brown
Austin	Bankhead	Black	Bulkley
Bachman	Barbour	Bone	Bulow
Byrd	Gibson	Lonergan	Russell
Byrnes	Goldsborough	Long	Schall
Capper	Gore	McGill	Sheppard
Carey	Hale	McKellar	Shipstead
Clark	Harrison	McNary	Smith
Connally	Hastings	Metcalf	Steiwer
Copeland	Hatch	Neely	Thomas, Utah
Costigan	Hatfield	Norris	Thompson
Couzens	Hayden	O'Mahoney	Townsend
Davis	Hebert	Overton	Trammell
Dickinson	Johnson	Pittman	Tydings
Dieterich	Kean	Pope	Vandenberg
Dill	Keyes	Reed	Van Nuys
Fess	King	Reynolds	Walcott
Frazier	La Follette	Robinson, Ark.	Walsh
George	Logan	Robinson, Ind.	Wheeler

The PRESIDING OFFICER. Seventy-six Senators having answered to their names, a quorum is present.

The question is, Shall the bill pass?

Mr. ROBINSON of Arkansas. I ask for the yeas and nays.

Mr. REED. Mr. President——

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. REED. I will ask recognition after the roll call.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. HATFIELD. I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. I understand that, if he were present, he would vote "yea." If I were at liberty to vote, I should vote "nay." I withhold my vote.

Mr. FESS (after having voted in the negative). I have a pair with the senior Senator from Virginia [Mr. GLASS]. I transfer that pair to the junior Senator from Maine [Mr. WHITE], and will let my vote stand.

Mr. WALCOTT. I have a general pair with the junior Senator from California [Mr. McADOO]. I thought he was in the Chamber, but find he is not. I therefore withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WALSH. My colleague [Mr. COOLIDGE] is unavoidably absent. If present, he would vote "yea."

Mr. ROBINSON of Indiana (after having voted in the negative). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. Has that Senator voted?

The VICE PRESIDENT. He has not voted.

Mr. ROBINSON of Indiana. Then, Mr. President, in his absence, I am forced to withdraw my vote.

Mr. HEBERT. I desire to announce that the senior Senator from Missouri [Mr. PATTERSON] is paired with the junior Senator from New York [Mr. WAGNER]. The Senator from Missouri [Mr. PATTERSON] would vote "nay" if present. I am advised that the junior Senator from New York [Mr. WAGNER] would, if present, vote "yea."

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Wisconsin [Mr. DUFFY], the Senator from Montana [Mr. ERICKSON], the Senator from Florida [Mr. FLETCHER], the Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. McADOO], the Senator from Nevada [Mr. McCARRAN], the Senator from Mississippi [Mr. STEPHENS], the Senator from Oklahoma [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] are necessarily detained from the Senate on official business.

I regret to announce that the Senator from Iowa [Mr. MURPHY] is detained from the Senate on account of a severe cold, and that the Senator from Virginia [Mr. GLASS] is detained by illness.

Mr. HEBERT. I desire to announce that the Senator from Idaho [Mr. BORAH], the Senator from North Dakota [Mr. NYE], the Senator from New Mexico [Mr. CUTTING], the Senator from South Dakota [Mr. NORBECK], the Senator from Missouri [Mr. PATTERSON], and the Senator from Maine [Mr. WHITE] are necessarily absent.

The result was announced—yeas 51, nays 22, as follows:

YEAS—51

Adams	Brown	Copeland	Gore
Bachman	Bulkley	Costigan	Harrison
Bailey	Bulow	Couzens	Hatch
Bankhead	Byrd	Dieterich	Hayden
Barkley	Byrnes	Dill	Johnson
Black	Clark	Frazier	King
Bone	Connally	George	La Follette

Logan	O'Mahoney	Russell	Trammell
Lonergan	Overton	Sheppard	Tydings
McGill	Pittman	Shipstead	Van Nuys
McKellar	Pope	Smith	Walsh
Neely	Reynolds	Thomas, Utah	Wheeler
Norris	Robinson, Ark.	Thompson	

NAYS—22

Austin	Fess	Kean	Schall
Barbour	Gibson	Keyes	Steiwer
Capper	Goldsborough	Long	Townsend
Carey	Hale	McNary	Vandenberg
Davis	Hastings	Metcalf	
Dickinson	Hebert	Reed	

NOT VOTING—23

Ashurst	Erickson	McCarran	Stephens
Borah	Fletcher	Murphy	Thomas, Okla.
Caraway	Glass	Norbeck	Wagner
Coolidge	Hatfield	Nye	Walcott
Cutting	Lewis	Patterson	White
Duffy	McAdoo	Robinson, Ind.	

So the bill was passed.

AGREEMENT TO CONSIDER CALENDAR TOMORROW

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that tomorrow, after the morning business shall have been concluded, the Senate proceed to the consideration of unobjected bills on the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

BONDS OF HOME OWNERS' LOAN CORPORATION

Mr. BULKLEY. Mr. President, I move that the Senate proceed to the consideration of the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

Mr. ROBINSON of Arkansas. Mr. President, I will state that if the bill the Senator from Ohio has in mind is made the unfinished business, it is my purpose to move an adjournment of the Senate this evening.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Ohio.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, which had been reported from the Committee on Banking and Currency without amendment.

Mr. ROBINSON of Indiana. Mr. President, because of the unusual confusion in the Chamber I was unable to hear the Senator from Ohio. May I inquire of anyone who may be able to supply the information what was the motion of the Senator from Ohio [Mr. BULKLEY]?

The VICE PRESIDENT. The motion was that the Senate proceed to the consideration of the Home Owners' Loan bill. That motion has been agreed to.

Mr. ROBINSON of Arkansas. And the Vice President has laid the bill before the Senate and it now is the unfinished business of the Senate.

The VICE PRESIDENT. That is correct.

ADJOURNMENT

Mr. ROBINSON of Arkansas. I move that the Senate adjourn until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 7 minutes p.m.) the Senate adjourned until tomorrow, Thursday, March 15, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 14 (legislative day of Feb. 28), 1934

POSTMASTERS

ARKANSAS

William Edgar Bradley, Alma.
Ralph A. Dickey, Altheimer.
Mary H. Morgan, Ashdown.
John R. Harkness, Belleville.
Robert D. Reagan, Danville.
Walter R. Dunn, Foreman.
Lillie Q. Lowe, Gillett.
Robert Roy Millwee, Nashville.
Myrt Walrond, Pocahontas.
Guy M. Veazey, Sheridan.
Fred W. Knickerbocker, Sparkman.

CONNECTICUT

Daniel J. Kelley, Deep River.

GEORGIA

John H. Sheram, Tennille.

IDAHO

Lowell H. Merriam, Grace.

IOWA

Hilda Blau, Alexander.
Nels A. Christensen, Alta.
Thomas B. O'Donnell, Anthon.
Celia Boom, Aplington.
John S. Vifquain, Belle Plaine.
Wilbur H. Fishman, Cherokee.
Herbert A. Lowenberg, Donnellson.
Clifford J. Hayes, Dunkerton.
Harry R. Merchant, Garrison.
Martin C. Ennor, George.
Howard C. Shafer, Hampton.
William J. Lindaman, Little Rock.
Asa Earl Boyer, Maquoketa.
Walter R. Meier, Readlyn.
George Ritz, Rockwell City.
Justin Foley, Sanborn.
Henry M. Michaelson, Sergeant Bluff.
William J. Hollander, Sheldon.
Lewis E. Mease, Truro.
John S. Cullen, Whittemore.
Paul Max Clark, Woodbine.
H. Clyde Calonkey, Woodward.

KANSAS

Walter J. Barnum, Barnard.
Charles E. Mansfield, McCune.
Pearl W. Smith, Meade.
John W. Sheridan, Paola.

KENTUCKY

Arthur E. Smith, Fordsville.
Frank W. Mimms, Trenton.

MARYLAND

Taylor R. Biles, Rising Sun.

MICHIGAN

George W. Hackney, Mount Morris.
James O. McCarthy, Thompsonville.

NEW YORK

Jacob C. Kopperger, Stottville.

OHIO

Carroll S. Irvin, Adena.
Ira A. Foglesong, Barnesville.
Abner C. Barnhouse, Caldwell.
Owen W. Gray, Convoy.
James J. Zerla, Dillonvale.
Ralph L. Jacobs, Gates Mills.
Clifford Carlile, McClure.
Frank J. McCauley, Marietta.
Roland E. Jackson, Neffs.
Philip B. Mason, Pickerington.
Florence J. Hunter, Rayland.
Lesta C. Murphy, Rogers.
Ida L. Flenniken, Smithfield.
George Wiest, Uhrichsville.
William E. Passmore, Washington Courthouse.
Robert Wilson, Westerville.

PENNSYLVANIA

Joseph C. McCormick, Marion Center.
Thomas J. Devon, Moylan.
Esther F. Rivers, Ogontz School.

TENNESSEE

Kleber D. Dunklin, Gallatin.

VIRGINIA

Harry B. Jordan, Bedford.
Alfred C. Darden, Fortress Monroe.
Eddie L. Southard, Standardsville.

WASHINGTON

Curtis M. Wormell, Asotin.
Roy E. Carey, Hartline.
Bertha W. Welsh, Prescott.
Wilson Howe, Tenino.
Louis O. Cochrane, Yelm.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 14, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Blessed Lord and only Savior, we rejoice that Thou art back of human appeal and human response. Thou dost crown the path where once we failed; Thou dost brighten the day where once we wandered; Thou dost bless the labor where once we fainted; and Thou dost complete the journey where once we halted. Glory be unto Thy name, O Lord, Most High. We praise Thee, our Heavenly Father, that when heart and flesh have been weary with the heat and burden of the day, Thou hast been the haven of comfort and rest. Do Thou bestow blessings of happiness and peace upon all humanity, and may it be guided and administered by men of truth, honor, and unselfishness. Heavenly Father, make us all increasingly better and wiser, and each day may we strive toward an expanding estate of a newer manhood. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had appointed Mr. WALSH and Mr. BORAH members of the joint select committee on the part of the Senate as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of useless papers in the Department of Labor.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 7513) entitled "An act making appropriations for the Departments of State and Justice and for the Judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes", requests a conference with the House thereon, and appoints Mr. MCKELLAR, Mr. RUSSELL, Mr. PITTMAN, Mr. HALE, and Mr. NYE to be conferees on the part of the Senate.

CONTESTED ELECTION—ANNE E. FELIX *v.* MICHAEL J. MULDOWNEY

The SPEAKER laid before the House the following communication from the Clerk of the House, which was read, and, together with the accompanying papers, referred to the Committee on Elections No. 2, and ordered printed:

HOUSE OF REPRESENTATIVES,
CLERK'S OFFICE,
Washington, D.C., March 13, 1934.

The SPEAKER,
House of Representatives, Washington, D.C.

SIR: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives for the Seventy-third Congress of the United States for the Thirty-second Congressional District of the State of Pennsylvania, *Anne E. Felix* v. *Michael J. Muldowney*, notice of which has been filed in the office of the Clerk of the House; and also transmit herewith original testimony, papers, and documents relating thereto.

In compliance with the act approved March 2, 1887, entitled "An act relating to contested-election cases", the Clerk has opened and printed the testimony in the above case, and such portions of the testimony as the parties in interest agreed upon or as seemed proper to the Clerk, after giving the requisite notices, have been printed and indexed together with the notices of contest, and the answers thereto and original papers and exhibits have been sealed up and are ready to be laid before the Committee on Elections.

Two copies of the printed testimony in the aforesaid case have been mailed to the contestant and the same number to the contestee, which, together with the briefs of the parties, will be laid before the Committee on Elections to which the case shall be referred.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

PAY OF OFFICERS AND EMPLOYEES IN FOREIGN SERVICE

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, H.R. 7808, to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes, with Senate amendments, and concur in the Senate amendments. The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 8, after "officers", insert ", enlisted men."
Page 2, line 6, after "officers", insert ", enlisted men."
Page 2, lines 9 and 10, strike out "except the Comptroller General of the United States."
Page 2, line 11, after "officers", insert ", enlisted men."

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. MCREYNOLDS]?

Mr. BRITTEN. Mr. Speaker, reserving the right to object, is this the bill which raises the salaries of Foreign Service officers 50 percent?

Mr. McREYNOLDS. I do not agree that that is provided for in this bill. That is what the gentleman calls it.

Mr. BRITTEN. The Foreign Service officers' bill?

Mr. McREYNOLDS. Yes.

Mr. BRITTEN. I should like to say that on the day when the committee became very unruly on that Foreign Service officers' bill, I had an amendment which was sent to the Clerk's desk, but which, because of the noise, could not be heard nor understood, but was voted down, principally by the Democratic side of the House, which provided for the inclusion of the enlisted men in that pay increase. We took care of all the officers; we took care of all the highly paid men and women, but we ignored the enlisted men at that time. I am very glad to see that the Senate has amended the bill properly.

Mr. FISH. I want to substantiate what the gentleman has said.

Mr. BLANTON. Mr. Speaker, I reserve the right to object, so that we may get some information about one very important amendment, the one relating to the Comptroller General of the United States. When Congress created this office nearly a dozen years ago, it made the Comptroller General responsible only to the Congress of the United States. He has saved multiplied millions of dollars of the people's tax money, by holding departments in check and making them track the law and in refusing to allow them to spend public money in ways not authorized by law. I quote the following from today's Washington Herald:

JOHNSON WINS OVER MCCARL IN EAGLE ROW—N.R.A. HEAD APPEALS TO CONGRESS AFTER COMPTROLLER REJECTS $308,000 BILL FOR LABELS

A row between Comptroller General McCarl and the N.R.A.—the most serious of its kind to date—was disclosed last night when it was learned Gen. Hugh S. Johnson has had to go over McCarl's head to a congressional committee in order to obtain approval of a $308,000 expenditure for printing Blue Eagles.

The developments only intensify the strife between McCarl and the emergency departments which continually are running afoul of his guardianship over public funds, since Johnson has proved for the first time that it is not necessary to obtain the Comptroller's approval of expenditures.

McCarl, who under the law must sanction each Government expense bill and who need answer only to Congress, steadfastly has refused to approve the N.R.A.'s expenditures for printing the Blue Eagles scattered over the land last summer.

He ruled they were illegal because the N.R.A. did not have the printing done at the Government Printing Office, but parceled the job out to 25 firms and paid the $308,000 expense before he had a chance to pass on its legality.

McCarl's friends report the Comptroller General was astounded because there was a dearth of competitive bidding.

Finally somebody got the idea of appealing to the Joint Committee on Printing, which is composed of Senators and Representatives, does all the purchasing of paper for the Government, and alone has the authority to allow a department to patronize a private printing establishment.





The chairman, Senator FLETCHER (D.), of Florida, came to Johnson's aid with a retroactive order permitting him to patronize whomever he desired. There was nothing for McCarl to do after that but begin clearing N.R.A. vouchers again.

Of course, to anyone who is posted the above statements are ridiculous. Since the Comptroller General is by law responsible only to Congress, neither the Joint Committee on Printing, nor any Senator, nor any chairman in either body, could go over the head of the Comptroller General. Only Congress itself could do it. He answers to no one but Congress. His authority is supreme.

I want to ask the gentleman from Tennessee some questions. The last amendment made by the Senate strikes out the words "the Comptroller General of the United States." Just what effect, generally, on his authority does that have in this bill? Does that permit all expenditures under it to be made without the audit and authority of the Comptroller General of the United States? If it does, then we ought to strike that amendment from the bill.

Mr. McREYNOLDS. It is simply this: The rates of exchange in the different countries are not uniform, and it is absolutely impossible for the Comptroller General to figure these different propositions at different times, with any regularity.

Mr. BLANTON. If it involves only exchange rates, that is unimportant. Then the only thing that is taken away from the authority of the Comptroller General of the United States by this amendment, as I understand the gentleman, is the right to figure the exchange?

Mr. McREYNOLDS. That is what I understand.

Mr. BLANTON. Is that the only thing it changes?

Mr. McREYNOLDS. That is the only thing, as I understand it.

Mr. BLANTON. If that is so, then I shall not object. But the article in the Herald this morning has made me apprehensive. Ever since we established this position of Comptroller General, and required him to audit all expenditures, and to see that none were made by any department without due authority of law, attempt after attempt has been made, year after year, by department after department, seeking to override his authority. But he, being the creature of Congress, and he, being accountable only to Congress, we have always backed his efforts to keep expenditures within the law. And departments might just as well realize, now and at all times, that they cannot run roughshod over the Comptroller General, and they cannot override him, and they cannot ignore him, but they must respond to his orders, when he catches them spending money unlawfully. We clothed him with his authority, for the express purpose of watching them, and checking up on them, and stopping them, when they exceed their lawful authority.

There is no committee of this Congress that has authority to override the power and authority of the Comptroller General of the United States. Only the Congress of the Nation can override him, and it can do it only by passing a law that repeals the authority he now possesses. It requires a law and not action by a committee. I am a little watchful for these amendments which "strike out the Comptroller General" of the United States.

Mr. McREYNOLDS. I am thoroughly in sympathy with what the gentleman has stated.

Mr. KELLER. Reserving the right to object, I should like to have that section read again, to be sure about that, because I agree with the gentleman from Texas.

Mr. McREYNOLDS. I can assure the gentleman it is all right.

Mr. KELLER. Mr. Speaker, I withdraw my request.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. McREYNOLDS]?

There was no objection.

The Senate amendments were agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. GRAY. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes on the public character of Oscar Underwood and the World War soldiers of the South.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. BLANTON. Mr. Speaker, we have important business to come before the House; and while I am as good a friend as the gentleman from Indiana has here, and I was a good friend and great admirer of Oscar Underwood, and I have proved my friendship for the World War soldiers of the South, however I must object. We have unusually important business to attend to today both for veterans and farmers. I object.

INDEPENDENT OFFICES APPROPRIATION BILL, FISCAL YEAR 1935

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 299.

The Clerk read as follows:

House Resolution 299

Resolved, That immediately upon the adoption of this resolution the Committee of the Whole House on the state of the Union be, and it is hereby, discharged from the further consideration of the bill H.R. 6663 and the Senate amendments thereto; that the said Senate amendments be, and hereby are, disagreed to by the House; that the conference requested by the Senate on the disagreeing votes of the two Houses on the said bill be, and hereby is, agreed to by the House; that the Speaker shall immediately appoint the conferees without intervening motion; and that the conferees on the part of the House are hereby given specific authority to agree, with or without amendment, or disagree to any amendment of the Senate to the bill H.R. 6663 notwithstanding the provisions of clause 2 of rule XX.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. Speaker, as probably everybody knows, the purpose of this Resolution 299 is to send the independent offices appropriation bill to conference. The rule, if adopted, sends the bill to conference and gives the conferees on the part of the House power to agree to any of the Senate amendments, with or without amendment offered by our own conferees, or to disagree to any of the Senate amendments.

The resolution also contains, in the last two lines, a waiver of the provisions of clause 2 of rule XX.

Clause 2 of rule XX provides—

No amendment of the Senate to a general appropriation bill which would be in violation of the provision of clause 2 of rule XXI, if said amendment had originated in the House, nor any amendment of the Senate providing for an appropriation upon any bill other than a general appropriation bill, shall be agreed to by the managers on the part of the House unless specific authority to agree to such amendment shall be first given by the House by a separate vote on every such amendment.

Clause 2 of rule XXI referred to in the foregoing quotation provides:

No appropriation shall be reported in any general appropriation bill, or be in order as an amendment thereto, for any expenditure not previously authorized by law, unless in continuation of appropriations for such public works and objects as are already in progress. Nor shall any provision in any such bill or amendment thereto changing existing law be in order, except such as being germane to the subject matter of the bill shall retrench expenditures by the reduction of the number and salary of the officers of the United States by the reduction of the compensation of any person paid out of the Treasury of the United States, or by the reduction of amounts of money covered by the bill: *Provided*, That it shall be in order further to amend such bill upon the report of the committee or any joint commission authorized by law or the House Members of any such commission having jurisdiction of the subject matter of such amendment, which amendment being germane to the subject matter of the bill shall retrench expenditures.

Under the terms of this resolution before us, the foregoing provisions are waived, and, as I understand, for convenience and expedition.

There has been a great deal of misunderstanding about the procedure in reference to this bill. When a bill originating in the House is amended in the Senate, under the regular rules of the House, the Speaker is obliged to refer the Senate amendments to the committee which had jurisdiction over the bill to consider those amendments. For reason of expedition, however, this rule is usually, and almost invariably, obviated by the unanimous consent of the House sending the bill to conference.

The rule can also be obviated by a special order, or by suspension of the rules. In this particular instance it was

apparent to all and undeniable that unanimous consent to send the bill to conference would not be given, that the request to send the bill to conference would be objected to; so the Speaker sent the bill to the Appropriations Committee in the regular way.

The bill should have been sent to conference, and to send it to conference now, in my opinion, deprives no Member of either body, deprives no person who might benefit by these amendments of any of his rights. When our conferees and the Senate conferees sit down with this measure and consider these Senate amendments, they will bring a report back to the House. That report can be voted up or voted down. If the report is not satisfactory to a majority of the Members of this body, then the report can be voted down and the amendments considered and voted on separately, or they can be amended, as the Membership of this House see fit. In other words, this House can always function by a majority of its Members, and no individual here, and no committee or group here, can ever prevent a majority of the Members functioning as it sees fit. We pride ourselves on this feature of our rules which does not obtain in some other bodies.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield for a brief question.

Mr. BRITTEN. When the report comes back, will it be possible for the House to vote on any separate item in the report?

Mr. O'CONNOR. Not without voting down the report.

Now, I fully realize the responsibility placed on all of us today. I am willing to accept mine. Let me say in good faith that I hope that action on the resolution will not resolve into a partisan issue. If it is true, as reported, that the Republicans will unanimously oppose this resolution, the responsibility for the consequences will be theirs, because, Mr. Speaker, it is my opinion that the net result of a defeat of this resolution will be that the veterans of our wars will not obtain any relief whatsoever in those cases of which they have been complaining. That is going to be the unfortunate result if this bill does not go to conference. Let us face the situation fairly and squarely. It has already been stated on the Republican side of the House, I think by the gentleman from New York [Mr. TABER], that if this bill does not go to conference, or if some agreement is not worked out as to these Senate amendments, and the bill is vetoed, we shall have no legislation in reference to these matters contained in this bill, with the unfair and disastrous result that the veterans will get no relief whatsoever while the Federal employees will have restored to them their entire 15 percent pay cut. The reason for this is, of course, because veterans' compensation, and so forth, is permanent law while the pay cuts expire June 30.

If I were compelled to choose between the interests of the veterans of our wars and the interests of our Federal employees, there is only one choice I could conscientiously make. I would take my stand with the veterans. [Applause.] At the same time I am most anxious to do something for the Federal employees as I am especially anxious to do something for the veterans; but unless this matter is worked out satisfactorily, the veterans of this country are going to be the only losers. Do you want that to happen? Do you want to face your own constituents and answer that by reason of what you did here today you increased your own present salary by $1,500 and at the same time accomplished nothing for the veterans?

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield for a brief question.

Mr. MOTT. Is the gentleman undertaking to tell us that unless we agree to do something that the President approves of in advance that the President will veto this legislation and that the veterans will get nothing?

Mr. O'CONNOR. Is that the gentleman's question?

Mr. MOTT. That is the gentleman's question.

Mr. O'CONNOR. I have not said that, and nobody else has said any such thing. It is conjured in the gentleman's mind. All I am asking is that this bill be handled in this House in the usual way, that it be sent to conference where the conferees of both Houses may consider it. If they do not succeed in working out some agreement, they can come back to us and the matter is still in our control; that ends it as far as the conference committee is concerned. Then nobody but a majority of this House can defeat the control of the House over this bill or its adoption or amendment in any way desired.

Mrs. KAHN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mrs. KAHN. Does the gentleman mean to say that if the Republicans vote against this bill, they will be responsible for its defeat? Does not the gentleman realize that we have not enough votes on this side to defeat a rule; that if it is defeated it can only be done by Democratic votes? [Applause.]

Mr. O'CONNOR. No; I do not realize anything of the kind. If the Republicans—or even 40 or 50 of them—would support this resolution, it would be adopted; and I may say this, further, that if the information I gather out of the atmosphere here is correct, and I predict just such unity of action, that the Republican group in this House does vote as a unit against this resolution, let it be recorded in the permanent RECORD that if the veterans lose anything, the Republican Party alone is responsible.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BLANTON. The truth of the matter is that the Democratic administration leaders headed by the distinguished gentleman from Tennessee [Mr. BYRNS], whom we Democrats elected as our Democratic floor leader, and the Rules Committee, are sponsoring this rule in the interest of the veterans and the employees and the Democratic Party. If this rule is adopted, and this bill is allowed to go to conference, it is quite likely that an agreement can be reached, that will grant justice to employees, and justice to all veterans of all wars, and at the same time meet with the approval of the President, and become law. Whereas if the rule is voted down, and we should not be able to send this bill to conference, we may not be able to secure any benefits for veterans. Just as the minority leader Mr. SNELL and the Republican leaders of this House voted against the Patman bill the other day, and against paying the adjusted-service certificates, they are now organizing to cast a solid Republican vote against this rule. Are we Democrats going to be led off by Leader SNELL and his Republicans?

Mr. GOSS. Mr. Speaker, will the gentleman yield for a question?

Mr. O'CONNOR. For a brief question.

Mr. GOSS. If this bill goes to conference without the conferees being instructed, and if the conferees on the part of the Senate should withdraw, then the House bill would become law; is that correct?

Mr. O'CONNOR. That is undoubtedly true, but it takes a far-fetched imagination to vision any such result happening.

Mr. GOSS. Of course, if the conferees withdrew, then the House bill would pass.

Mr. O'CONNOR. There is another consideration that faces us. I am sure that all the Members of this House have an equal interest in the affairs of all the veterans of all our wars. They surely feel that there is no reason to favor the veterans of one war over the veterans of another war. Propaganda has reached my desk this morning from someone claiming to represent the veterans of one small war, demanding that this resolution be defeated and the bill not sent to conference. This morning, also, all Members received a two-page letter from the American Legion signed by the vice chairman of its legislative committee, in which there appears no opposition to sending this bill to conference. The American Legion requests that three of the amendments adopted by the Senate be finally adopted in the bill. Of course, this may and can be the result if the bill is sent to conference, and the sending of the bill to conference will not in the slightest way interfere with the final adoption of the program of the American Legion, nor will such a procedure interfere at all with the complete restora-

tion of allowances to Spanish War veterans, nor will such a procedure interfere one iota with the complete restoration of the pay of the Federal employees.

We should, of course, treat all our veterans alike. If they served our country, whether they served in one war or any other war, a big war or a little war, we should make no distinction among them. Mr. Speaker, I earnestly hope, in behalf of the veterans and our Federal employees that the problem before us will be solved in the usual, customary way and that this resolution will be adopted, sending the bill to conference, so that it may be brought back to us, when the responsibility will be placed upon us in the final action we take after every effort has been made to work out in conference the differences between the two Houses. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 8 minutes to the gentleman from New York [Mr. SNELL], the Republican floor leader.

Mr. SNELL. Mr. Speaker, I am not at all surprised at this rule. It is the regular Democratic rule. As far as I remember, since they have been in control of the House of Representatives during the last 2½ years, they have used every effort possible to deprive the individual Member of his rights as a Member in expressing himself on the legislation before the House. If I remember correctly—and I think I do—I do not recall a single piece of important controversial legislation that has been allowed to come before the House under the general rules of the House where the individual Member of the House had the right to express himself and had the right of debate and the right to vote the dictates of his own conscience in regard to the legislation carried in the act.

Mr. DOXEY. Will the gentleman yield?

Mr. SNELL. Not now.

Mr. DOXEY. What about the Bankhead bill?

Mr. SNELL. From the very beginning you have run absolutely opposite to the professed and proclaimed desire on the part of the Democratic Party during the 12 years the Republicans were in control of this House. I cannot help but think of the number of times that nearly every one of you older Members has taken the floor and proclaimed to the world, "When we get control of the House we will give the individual Members an opportunity to express themselves and to vote their convictions on every measure before the House." You have never done this in a single instance. [Applause.]

Mr. KELLER. Will the gentleman yield?

Mr. SNELL. Not at the present time. As a matter of fact, several statements made by the distinguished gentleman from New York [Mr. O'CONNOR] are not worthy of comment, because they are so far from the facts in the case; but there are one or two to which I desire to call attention.

The gentleman said, "When you adopt this rule it does not deprive a single Member of the House of one of his rights." I know the gentleman from New York [Mr. O'CONNOR] did not mean that statement. This rule absolutely deprives you of every single right in connection with any one of the individual items carried in this appropriation bill and the legislation that was put on in the other body. The only thing left for you to do if this rule is adopted is to vote up or down a conference report. When the gentleman made the further statement that this was the usual way, all I may say in reply is I have been here nearly 20 years and it has never been done before since I have been a Member of this House; and if my friend from New York can mention one single instance where it has ever been done, I will yield for that purpose.

Mr. O'CONNOR. What I intended to say in that respect was sending the bill to conference was the usual way.

Mr. SNELL. That is not the way the gentleman used it in his argument and he knows it. That was not the impression you intended to leave with the Members.

Mr. O'CONNOR. Yes; it was.

Mr. SNELL. No; it was not. I will leave that to the House.

When the gentleman says that the veterans will not get any legislation unless we send the bill to conference in this way, I dispute the statement, for every intelligent Member knows it is not so, and we will prove it to you before the day is over.

Mr. KVALE. Will the gentleman yield?

Mr. SNELL. No; I am not going to yield at the present time.

When he gives credit to the minority party for controlling the House, and we have 115 against 315, he pays us a great compliment and does not speak very complimentary of his own side and his own organization. [Applause.]

Mr. Speaker, the House is entitled to consider this legislation in detail and on its merits. Over in the Senate they have added to an appropriation bill an entirely new legislative bill, so to speak, that affects the policy of this Government in one of its most important branches, and I maintain that the Members of the House have the right to express themselves on each individual item of this important legislation. As far as I am personally concerned, I do not intend to vote for every one of the Senate amendments, but I have the right as a Member of this House to express myself on each one of them whether I am for or against them. I think it is a pretty sad commentary on a party that has a 200 majority in this House to say to the world that you have not confidence in the intelligence and the understanding of your own Members, or else you have not faith enough in the merits of the legislation you are sponsoring, to allow it to come up for free and open discussion on the floor of the House.

It seems to me you are trying to do here just what the administration is trying to do in every other department of this Government. You are trying to make the House of Representatives a collective, socialistic state, where only two or three of you speak for the rest of us. When we consider your whole action in the last 2 years since you have been in control—if you will excuse me for making the remark—in my judgment, in trying to make a new deal you have made a 100-percent misdeal. [Applause.]

Mr. Speaker, I yield back the balance of my time.

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Speaker, it is rather surprising to hear the minority leader [Mr. SNELL] protest against rules on veterans' legislation. During the time since I first came to Congress, beginning in the Sixty-seventh Congress, on down through the Seventieth Congress and later on, when the Republicans were in control of this House, not a single piece of veterans' legislation has been brought up on the floor of this House in a way that the Membership could vote on the legislation. [Applause.] It always came up under suspension of the rules or under a rule.

I was on the Veterans' Committee part of that time, and during those years we attempted to have legislation brought up on the floor for free and full consideration by everyone. But no; there is something eating the gentleman from New York [Mr. SNELL] this morning, and it is not the veterans——

Mr. BLANTON. Politics.

Mr. BULWINKLE. Because yesterday the only question asked the gentleman from Virginia that mostly concerned the gentleman from New York was whether or not the House could pass upon the raise in pay for Government employees. The question of veterans' legislation did not apparently concern the gentleman.

Mr. Speaker, I am as much interested in the welfare of the veterans as any man in this House. I do not yield to anyone in that respect; but we all know full well that this bill has to be sent to conference in order that Senate amendment no. 22 may be considered, and this amendment takes in all the legislation for the veterans.

Presumptives? Yes; I am interested in them, and I want to see many of these presumptive cases put back upon the compensation rolls, as they should be.

Mr. HOEPPEL. Will the gentleman yield?

Mr. BULWINKLE. Not now.

Mr. HOEPPEL. I should like to bring out a question about the Democratic platform with reference to veterans.

Mr. BULWINKLE. I would rather not yield just now.

We would all want a great many of them on the rolls, and this can be arranged in conference. This can be arranged by the gentlemen representing the House on the conference committee, both on the Democratic and Republican sides, who will bring back a fair proposition for the House to consider.

Spanish-American War veterans? Yes; but from what I have heard on the floor here there are very few of you who favor the emergency officers.

There are provisions in this bill which you do not want included in the Senate amendment. The gentlewoman from California [Mrs. KAHN] was frank enough to ask the question and to state what you would do on that side, stating that you would vote against this rule and then run out on it.

Mrs. KAHN. I did not say anybody would vote against this rule. I said if we voted against the rule we could not defeat it, because we would need Democratic votes to do that.

Mr. BULWINKLE. If the gentlewoman please, it seems it would, from her inquiry, be the policy of the minority to vote against the rule for political purposes, but the responsibility rests upon you on that side with respect to these veterans just as it does upon our side of the House. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield myself 2 minutes.

I am opposed to the rule, because it prevents a vote upon the merits of the pay-cut legislation.

Surely, the Members who voted for the bonus, to be consistent, must vote this gag rule down, so as to return to the Spanish War veterans, their widows and orphans, all the benefits denied them by the so-called "Economy Act."

Owing to the increased cost of living, business is told it must pay higher wages to labor. What argument, therefore, have you that the Federal employees should not receive the 15 percent picked from their pockets by the so-called "Economy Act"? You have found money for everything and everybody but the Spanish War veterans, the World War veterans, and the Federal employees.

I sincerely hope that you vote this rule down. [Applause.]

Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, as Al Smith says, "Let us look at the record." The record is that the independent offices bill came to this House a month or so ago under the most obnoxious, vicious, and revolutionary rule that any measure has ever been introduced under before.

Now it is proposed under a drastic gag rule to again regag the individual Members of the House so that they cannot express their opinion on this legislation. Politics makes strange bedfellows. Only a few days ago I was alined with, if not actually leading the fight for, the administration against the bonus; and this afternoon I am allied with the opposition to the President's program in relation to the restoration of the full pay for Federal employees and, likewise, full restoration of the compensation and benefits to the veterans of the World War with service-connected disabilities and the Spanish War veterans.

The devaluation of the dollar to 59 cents by act of Congress and the increased cost of living, also as a result of congressional action, requires immediate adoption of the proposed legislation to correct obvious injustices. However, there is a far more important issue involved in the pending gag rule than the pay cut, far more important than the restoration of the compensation for the disabled soldiers, and that is the restoration of representative government in the House of Representatives.

You Democrats who come here after having promised your constituents back home that you would vote to liberalize the rules, and vote today to regag yourselves, must forever remain silent on the question of liberalizing the rules of the House.

The other day we passed the bonus bill. The American Legion never asked for the bonus bill, it never approved the bonus bill; the American Legion, however, specifically denounced inflation in their last annual convention. The bonus bill carries inflationary proposals for fiat money, greenbackism, and printing-press methods which are inconsistent with the action of the Legion convention.

The American Legion, however, is squarely behind the bill that is before us with the Senate amendments. The American Legion, Veterans of Foreign Wars, and the Disabled American Veterans are asking for this legislation, whereas the Legion did not ask for the bonus bill.

This bill is merely doing justice to the disabled veterans and to the Federal employees who have been crucified on a cross of inflation and economy. As one who voted for the economy bill, this is the only way of righting the wrong that resulted from the passage of the Economy Act. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. PATMAN].

HOW DIFFERENCES CAN BE SETTLED

Mr. PATMAN. Mr. Speaker, there are differences between the House and the Senate on this bill. I do not know of any other way to settle those differences except we have a conference committee, unless we are in favor of what the Senate has done.

WEAPON IN HANDS OF ENEMIES

If I thought any improper amendment was put on by the Senate and I was unobligated, I would vote against the rule, but I think the best way to solve the situation is to send the bill to a conference committee. I do not think we can afford to vote for the amendments. I think it will place, as far as the veterans are concerned, the same club, the same weapon, back into the hands of the enemies of the veterans that they had before the passage of the Economy Act.

If you are in favor of the Senate amendments, you are in favor of putting back on the pension roll those who did not serve during the war, and you are in favor of putting back on the roll remarried widows of veterans and leaving off the widows of veterans who collected 100 percent service-connected pay at the time of their death, and because they did not die of particular injury their dependents have not received any compensation, although they waited on their veteran husbands 10 or 15 years after the war.

The bill does not do anything for them, but it puts remarried widows of Spanish-American War veterans back on the rolls and puts the widows of non-service-connected veterans back on the rolls at $30 a month.

RETIRED EMERGENCY OFFICERS

There is another feature of the bill that you cannot defend. There is a difference of opinion among Members of the House as to the wisdom of this legislation. I recognize the views of my colleagues. I do not impugn their motives. They have as much right to their opinion on this as I have to mine, but the retired emergency officers loaded down the pension rolls at one time and brought the veterans in this country into disrepute.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I cannot yield. If we vote for these amendments we vote to put the retired emergency officers back on the rolls, several thousands of them, and let them receive from $105 to $416 a month each retired pay for disability, the same disability that an enlisted man by his side receives only $30 a month for. You will let these officers, although they are rich, remain on the rolls, and you fix it so in the Senate amendments that they will draw this money regardless of their wealth and income, and you will fix it so that the Spanish-American War veterans, although they work for the Government and get a large salary each month, will not have to take the reduction to $6 a month that other veterans do. It is full of discriminations and you cannot justify them.

There is only one way that I know of to correct this situation, and that is to send the bill to conference and let these differences be ironed out, if possible, and then let the conferees submit the bill back to this House. Then if we are in favor of it, we will adopt the conference report; if we are against it, we will reject it. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, these gentlemen who have spoken in favor of this rule seem to take the position that if this rule in its present shape is not adopted, the bill cannot go to conference. That is nonsense. Furthermore, the gentleman who has just spoken takes the position that unless this rule be adopted in its present form we have to accept the Senate amendments in toto. That is also nonsense.

This rule provides two things which are not usual in rules sending bills to conference. One is contained in the language of the rule, which reads as follows:

That the Speaker shall immediately appoint the conferees without intervening motion.

That means that this House is deprived of the right to instruct its conferees. Next, at the end of the resolution we find the following language:

To agree, with or without amendment, or disagree to any amendment of the Senate to the bill H.R. 6663, notwithstanding the provisions of clause 2 of rule XX.

That means that the House can vote only when the conferees report upon the bill—shall they kill the appropriation bill, or shall they accept, without an opportunity to vote on any individual proposition, the work of the conferees?

If you vote down this rule, what will happen? We will have an opportunity to vote on a straight rule to send the bill to conference, under which we can debate these amendments when it comes time to instruct the conferees, and give them such instructions as we see fit; but if we wish to send the bill to conference without instructions, then when it comes back, and we see what the conferees have done, we can take up provision after provision and vote them up or down without defeating the entire appropriation bill.

Consequently, you cannot escape your responsibility either to the veterans or the employees; you cannot evade the promises that you have made by hiding yourselves behind this rule, by which you are gagging yourselves, when everybody in the country knows that you are purposely gagging yourselves in order to get out of those promises.

Mr. O'CONNOR. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Speaker, I have read somewhere the caution, "Beware of Greeks bearing gifts." I have been sitting in the front row here, and I saw the distinguished minority leader take the floor and shed crocodile tears, claiming the Members of the majority were being gagged. I am overwhelmed with grief when I consider the solicitude the gentlemen on the Republican side have for us. It has been said by some newspaper writers that the leader of the minority, the distinguished gentleman from New York [Mr. SNELL], lacks a sense of humor. I deny that statement most emphatically, after the statement he made here this morning—he, the father of the worst gag rules that were ever brought into this House. Yet he stood here with a placid countenance, although upon close scrutiny I thought I detected behind his calm demeanor the glimmer of a faint smile—I think he had his fingers crossed—when he bemoaned the fate of the Democrats who are in power in the House, and who have the responsibility in this House, telling them you are gagged, you are gagged, you are gagged. Therefore, I repeat, let no one again charge our minority leader with lacking a sense of humor. Everyone who spoke on the minority side has used the word "gagged", and the last man who spoke used it three times. They all want to pull the wool over your eyes and say that the majority is gagged. I deny it, and the best refutation is what happened here 2 days ago. When, under Republican rule, could 145 Members discharge a committee? Never in the 12 years that I have been here could it be done. During that period every amendment to the Veterans' Act brought in was passed under a stringent gag rule or passed under suspension of the rules.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BOYLAN. I exceedingly regret my inability to yield. I have not the time. I want to bring home only one thing, and that is this: I have consistently been a friend of the Federal employees and of the veterans during the 12 years that I have been here. The RECORD will show that; and I am still their friend. But I really want to do something for them. I do not want to give lip service on the floor of this House; I do not want to give a mere vote; these things will not pay their bills. I want to give them something substantial, and I warn you, my friends, whom I honor and respect and whom I want to see returned to this House, to watch what you do today, because if you will analyze the situation you must realize that the only way that the veterans can be helped—and I know you want to help them, and I want to help them—is by adopting this rule. Do not be carried away by this word "gag", which our dear friends on the Republican side have used because they are utterly insincere. They seek to divide our party. The responsibility is ours, and the very liberalization of the rules brought about by this Democratic leadership gave you the opportunity that you exercised this week.

I ask and implore you, therefore, to remember your duty not only to the veterans and to the Federal employees but the duty that you owe to the Democratic Party and to responsible Democratic government now in power in this Nation. The only way to do that is to support this rule. [Applause.]

The SPEAKER. The time of the gentleman from New York [Mr. BOYLAN] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Speaker, this vote today is going to determine the future political destiny of many Members on the floor of this House now on both sides of the aisle. A vote in favor of this rule, my friends, will be construed at home as a vote of cowardice. You are afraid to take action yourselves, and so you delegate your authority and your power to three or five conferees named by the Speaker. Tools! That is all they are. Tools of a political cause that will wreck the Democrat who thinks he can fool the war veteran and the Federal employee. A vote for this gag rule indicates that you are afraid to stand up and take your medicine; afraid to vote your sincere convictions; afraid you may lose a Federal job or two. I ask you to vote down this rule today and determine for yourselves what should go in the bill.

Mr. Speaker, the time has now arrived to take the Federal Government out of the realm of inconsistency and to do for it what it would have others do for themselves.

No Member of this body, and particularly those on the other side of the aisle, can longer refuse to listen to the voice and appeal of the President of the United States for the raising of salaries and the lowering of hours of work in each week. Nor can we disregard the words of his National Recovery Administrator, Gen. Hugh S. Johnson, while addressing some 5,000 code representatives of all of the industries in the country, when he requested them to reduce by 10 percent their weekly work hours and to increase by 10 percent the hourly wages of their employees.

Both the President and General Johnson laid great stress upon improving the purchasing power of the consumer, particularly the man of small wages. This in turn would benefit production in every walk of life, and that in turn would provide for employment. The wage earner, the storekeeper, the salesman, the distributor, the wholesaler, the transporter, the manufacturer, and, finally, the tiller of the earth would be benefited alike. Each would get his share of the fleet-footed dollar, and this is the true basis for the national recovery hopes.

Failure to promote salaries that will permit living on American standards will defeat the entire plan for recovery.

When President Roosevelt, on March 5 in a national broadcast hook-up, called upon everyone within the hearing of his voice to raise salaries in the interest of the great consuming public, and when he was followed on March 6 by Gen. Hugh Johnson, who reiterated the President's appeal for shorter hours and more money, but in much stronger language, I naturally assumed that these distinguished leaders of the Government could not be talking to

all of America exclusive of Congress and exclusive of Federal executive officers. Congress is the paymaster for every Federal officer, employee, and enlisted man, and as such is bound to do its duty as we see it toward the vast number of Federal employees scattered throughout the United States, who are compelled to eat and live and contribute their part to the national recovery that is expected of every other wage earner.

Mr. Speaker, President Roosevelt has been in office just 1 year, and since that time the cost of living has gone up, while he with his so-called "Economy Act" has reduced all Federal salaries 15 percent and in addition has prescribed mandatory furloughs and lay-offs without pay, so that in many instances the Federal employee is at his wits' end as to just how to keep the wolf from the door, while at the same time trying to properly educate and clothe his children. Surely the President cannot intend that everyone in America should benefit by his recovery program except the Federal employee and those dependent upon him. I cannot believe this to be so.

Congress should today return the entire 15 percent, retroactive as of February 1, 1934, and in doing this we would be doing our duty in strict accord with the language of President Roosevelt and Gen. Hugh Johnson as applied to the American wage earner in every walk of life.

The only agency that has the power to direct the biggest employer in the United States to restore its salaries to pre-Roosevelt time is the United States Congress. If we are to follow the dictates of our leader, the chosen leader of the people, then we will today refuse to pass a gag rule which takes from Congress and places in the hands of a few conferees the entire responsibility for properly caring for the Nation's wards. They cannot go on strike nor march upon the Capitol with banners objecting to unfair treatment, they cannot call mass meetings in protest to the niggardly action of their Government. They are more or less powerless to help themselves, and that is why it is all important that Congress should do so. We should not delegate our power to three or five House conferees who will be swayed by their political affiliations or obligations to a machine.

The fact of the matter is the great humane democracy, of which we have heard so much, is definitely and unalterably opposed to the restoration of salaries for Federal employees, although it continually cracks down on the industries of the country for failure to increase salaries and reduce working hours at the same time. It is truly hard to understand the inconsistency of so enlightened a government. It would appear that the man or woman who works for the Federal Government is not entitled to the same fair and square treatment as is the man or woman who works in the mill, in the mine, in the factory, or in the store.

Mr. Speaker, the time has come to say that there shall no longer be a national recovery administration for private industry and a national destruction administration for the Federal Government. General Johnson should no longer be permitted to hold up the private employer to ridicule and contempt for not doing something which the Government itself refuses to do.

When President Roosevelt and General Johnson last week challenged the 5,000 industrial code representatives to reduce working hours and increase wages, their words fell upon many deaf ears for the very reason that the Government did not practice what it preaches. It was demanding increased industrial wages at a time when the Government was actually reducing monthly pay. The insincerity of the proposal is the greatest weakness in the national recovery movement. Uncle Sam should lead the way, rather than refuse to follow.

Every argument against the restoration of salaries was knocked into a cocked hat by the address of the President to the N.R.A. code authorities. Surely no Member will arise in his place and say that he is concerned about the balancing of the Budget this year. Surely no Member will dare to say that this restoration of salaries is not in accord with the President's financial policy. The President himself told us that the national deficit would be $7,000,000,000 this year and probably $2,000,000,000 more next year. Any talk of balancing the Budget is pure bunk, and any reference to the President's financial policy as being in conflict with salary restoration would be the rankest kind of evasion because no one, not even the President himself, knows what his financial policy is to be from day to day. It is constantly changing. Millions, actually billions, are being expended for public works, private works, power plants, road sweeping, fence painting, tree planting, ditch digging, and in a thousand other directions, with a view to stimulating the movement of currency through the wage earner and the consumer. These expenditures are not confined to the United States, for we are now setting up a series of banks to lend money to Russia, to Cuba, and elsewhere in the world. A million-dollar gift to the Virgin Islands, where the bay leaf makes the finest bay rum in the world, appears to be but a drop from our golden bucket. The rum business is important to the Virgin Islanders. They are citizens of the United States. The underpaid substitute postal clerk and carrier, the underpaid Federal employee generally, is also a citizen of the United States. He cannot enter into the manufacture of rum nor anything else for that matter; his principal duty is to wait upon Uncle Sam and his people. While jumping all over the world with our golden investments, let us not put the Federal employee in a class with the forgotten man.

Mr. Speaker, I sincerely hope that the House will vote down this gag rule and then take upon itself the duty of immediate passage of the independent offices bill, with its various controversial amendments. If certain Senate amendments are undesirable, it is the duty of the House to change them. If certain Senate amendments are in line with public thought and principle, then they should be accepted by the House, irrespective of what our political leaders might think about it. We owe this duty to ourselves and to our constituency. To do otherwise would but charge the House with being a rubber stamp, and this no Member would enjoy.

Mr. Speaker, all war veterans were frightfully shocked by the results of the President's Economy Act. No one could have foretold its hardships. No one could reasonably have presumed that the Presidential knife would cut so deeply. Today we have an opportunity to right this terrible wrong. The House will do its duty if it votes down this un-American gag rule. [Applause.]

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. RANSLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, I hope that this rule will be voted down, in order that we may have a chance on the floor of this House to recede and concur with the Senate amendments. The Senate amendments comprise three of the four-point American Legion plan. These amendments are favored by the American Legion, by the Veterans of Foreign Wars, by the Disabled American Veterans of the country. They want the Senate amendments agreed to, and I would like to see this House have an opportunity by motions to recede and concur with the Senate amendments, thus to get a proper bill. The gentleman from Texas [Mr. PATMAN] spoke about the disabled emergency officers. I do not agree with the gentleman on that. I fought to put that bill in the law.

The Army, the Navy, and the Marine Corps regular emergency officers were already on the rolls, and the National Guard and the National Army officers were discriminated against, and that is why they are in the law today; but if you do not like that, vote them out by a motion to recede and concur with an amendment. Vote against the Borah amendment, which would make it impossible, eventually, for a poor man to go to Congress. They tell you you are voting for your own salary if you vote against the Borah amendment. Well, voting for a decent living salary is better than having a group of dollar-a-year men in the Congress of the United States doing what they are told to do by big business, instead of men and women who are trying faith-

fully to represent the great mass of the American people. [Applause.]

I hope that this rule will not pass and that we will take up the Senate amendments with motions to recede and concur with amendments, and thereby give an opportunity to this House to vote on every proposition, which can go to the Senate and be passed. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts [Mr. CONNERY] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 1 minute to the lady from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, I have told the Members before what I thought of their gag rules. I tell you now what I think of your blunder rule. For this is a blunder rule. Tennyson said:

> Not though the soldiers knew
> Someone had blundered;
> Theirs not to reason why;
> Theirs but to do and die.

That is the spirit our Army air pilots showed. They knew that someone had blundered. Their action showed, "We who are about to die, salute you."

You know, the administration, time after time, has had to admit its blunders. It admitted them when it had to restore some of the cuts it made so unjustly to our service-connected disabled veterans. You are going to pay for the blunder you made when you would not increase the appropriation for more training for Army pilots. You are going to blunder again if you do not kill this rule. The administration blunders and then it admits its blunders and it pays, but it pays too late—for the men are dead. While the codes of the N.R.A. were being written, the C.O.D., or the Code of Death, for the Army pilots was made. During the Wilson administration of 1916, John Jacob Rogers, in speaking of the death of Lt. Henry Adair, killed at Carrizal, Chihuahua, by an American bullet in an American gun, quoted:

> The funeral honors are done, Adair,
> And under the earth your body lies;
> Thrilling and sweet on the vibrant air
> That last long wail of the bugle dies.
> Well was your duty done, Adair,
> And duty to us alone may call;
> And the blood you shed, how red, how red!
> Cries like a bugle from Carrizal.

[Applause.]

The SPEAKER. The lady from Massachusetts has consumed 1 minute.

Mr. RANSLEY. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr JENKINS].

Mr. JENKINS of Ohio. Mr. Speaker, there can be no doubt but that a majority of this House is in favor of a vote on these four amendments. That being true, we ought to have such a vote. If we cannot have such a vote, it is because a rule has been interposed. Consequently we should vote against the rule.

Let me call your attention to what the leader of the Spanish-American War veterans sends out this morning in a telegram:

> The real purpose of the rule proposed by the Rules Committee is to prevent justice being accorded Spanish-American War veterans and their dependents. To send the independent offices bill to conference under that rule will result in the Spanish War veterans' amendment being annihilated.

Mr. PATMAN. Will the gentleman yield for a question?

Mr. JENKINS of Ohio. I do not yield.

The SPEAKER. The time of the gentleman from Ohio [Mr. JENKINS] has expired.

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

Mr. BLANTON. Mr. Speaker, I reserve the right to object to call the gentleman's attention to the fact that the author of that telegram he read, Gen. Rice W. Means, has been drawing $240 a month retired pay from the Government of the United States until we cut him off last year because his disability is not service connected, and the Senate amendment puts him back on the pay roll.

The regular order was demanded.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JENKINS of Ohio. Under leave given me, I wish to say that the gratuitous remarks by the gentleman from Texas cannot blot the record of the gentleman to whom he refers, for that gentleman enjoys the distinction of having served with distinction in the Spanish-American War. He served in many a conflict in the Philippines, and his record is one of which any soldier might well be proud. He was a colonel in the World War and his regiment under his direct command saw much service in the muddy trenches and under severe enemy fire. His efforts in behalf of the soldiers of all wars has given him a reputation with the veterans that no one can tarnish. He was largely responsible for securing a hearing for the claims of the veterans in the Senate, which adopted the amendments that we have under consideration now. The House was prevented from considering the same by the interposition of the now famous gag rule, which was advanced by Democratic leaders with the approval of the administration.

Nothing can be gained by the veterans by reference of this matter to a conference committee, but much might be lost. Until now nobody has came forward to state with authority what the President will recommend. We were misled about a year ago with those honeyed words of promise. Now is the time for honest action. Every man here knows what he wants to do, so why not proceed to do it.

Mr. O'CONNOR. Mr. Speaker, I yield one half minute to the gentleman from Texas [Mr. PATMAN].

TWO HUNDRED AND FORTY DOLLARS A MONTH

Mr. PATMAN. Mr. Speaker, I want to state in answer to the telegram which the gentleman from Ohio just read that this bill as amended by the Senate will put some Spanish-American War veterans back on the pay roll and some World War veterans, which I am in favor of. It is also putting back on the roll the author of that telegram for $240 a month retired emergency officer pay, regardless of his income. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. ELTSE].

Mr. ELTSE of California. Mr. Speaker, I am opposed to this rule because its adoption will be equivalent to an instruction to the conferees to reject the Senate amendments. It is equivalent to such an instruction; and you will find it out. If you will read the unanimous consent request made by the gentleman from Virginia yesterday you will see that this rule goes far beyond the purport and intent revealed in that request. Adoption of this rule will be equivalent to a rejection of the Senate amendments. That is the purpose of the rule, otherwise there would be no reason for its adoption.

We all know of the inequities and injustices that have been worked on the veterans under Public, No. 2 and Public, No. 78; and today we are to have an opportunity to iron out the inequities and injustices which have occurred under Public, No. 2 and Public, No. 78 by agreeing to these Senate amendments.

Your vote on the bonus bill was not so much because of sympathy for the veterans as it was sympathy for yourselves as you face the coming election, but your vote on this rule will be a test of whether you are for the veteran or against him.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Speaker, as a member of the subcommittee handling this bill, I call attention to the fact that in the last session when the independent offices bill came back from another body containing the Steiwer-Cutting amendment, and the bill was sent to conference, the conferees on the part of the Senate withdrew, and therefore the House bill passed. Mr. Speaker, if the pending rule is adopted I very seriously doubt if the House will ever have

another chance to pass upon these two questions, for if the conferees on the part of the other body act as they did last year then the House will have no other opportunity to again act.

This is a very serious matter. I think the Membership of the House would welcome an opportunity to express themselves one way or another; and as one of those who may possibly be a conferee, let me say that I would like to be instructed, if I am to be on that conference committee, to vote for the Senate amendments in reference to the veterans and also to vote for the restoration of the 15 percent pay cut. [Applause.]

This is not the time to debate the arguments pro and con on these two subjects, but let me remind you again before I sit down that if this rule is not adopted then the bill will come before the Committee of the Whole House on the state of the Union and will be open to amendment, or the House will have the opportunity to instruct conferees at its will.

If the rule is adopted, let me predict, Mr. Speaker, that the House will not have the opportunity to vote on either of these questions.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma [Mr. McKEOWN].

Mr. McKEOWN. Mr. Speaker, we ought to approach this thing with some sort of common sense. Now, it is just as much the duty of every man within this House to protect the Government of the United States, to keep the Budget balanced, no matter whether he is on the Republican side or on the Democratic side; but a lot of politics is being made out of this thing.

I voted against the economy bill because I thought it would raise trouble from Hoboken to San Francisco, and do great injustice, and it has done that very thing.

When you voted for the bonus you were not voting to disturb the Budget; but when you say you are going to vote out each of these amendments, let me suggest that there is another great group of people in this country who are hungry, who want work, and to whom the man in the White House is trying to give employment. You will hold up his program simply for the sake of going on record for certain groups of citizens. No man in this House has stood by the veterans of the World War and the Spanish-American War more faithfully than I have, and I am not deserting them now. I am standing by them so that they can get some reasonable compensation, and am voting to send these amendments to conference where they will ultimately go.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their own remarks on this resolution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RANSLEY. Mr. Speaker, I yield to the gentleman from Oregon [Mr. MOTT] 1 minute.

Mr. MOTT. Mr. Speaker, on the 2d of March, in reply to my protest against sending the independent offices bill as amended by the Senate to the Appropriations Committee, the majority leader used these words. I am now reading from the RECORD. He said, pointing his finger across the aisle, to me:

> The gentleman implies that it was done for the purpose of depriving the Members of the House from voting on the several questions. The Members will have full opportunity when the bill is reported back to the House to vote on every amendment.

In reply to that I reiterated my statement that the purpose of referring this bill to the Appropriations Committee was to kill or emasculate the Senate amendments and to prevent the House from voting on them. Again the majority leader said, and again I am reading from the RECORD:

> I want to say to the gentleman as emphatically as he says it was the purpose to deny the House a vote that the House will be given an opportunity to vote on every amendment when the bill is reported back.

Now today, on March 14, the Appropriations Committee has reported in the bill and the amendments under one of the most vicious gag rules ever sent to the House. The rule provides that the amendments shall be sent to conference without instructions. We are to be allowed to debate for 1 hour under this rule. We are not to debate the question whether we shall adopt the Senate amendments. We are to debate simply the question of whether we will send the amendments to conference.

Now every gentleman here knows what will happen if we send the amendments to conference under this rule. If we adopt this rule it means that no Member of the House will be allowed either to vote upon, or even to express his views in debate upon a single one of the Senate amendments. That is the purpose of the rule. That is its only purpose.

And now, Mr. Speaker, in view of that and in view of the majority leader's direct statement to the contrary, publicly given on March 2, I ask you what confidence can be placed in any assurance given us by the Democratic leadership of this House? [Applause.]

Unless we can defeat this rule and vote upon the amendments it means that no veteran, either of the World War or the Spanish War, will get any relief except what the President is willing to give him under the Economy Act. As a representative body we have the right to vote on every one of these amendments. If we succeed in defeating this rule I intend to vote in favor of each of them. I have already expressed my views on all of the veteran amendments, and everyone here knows what they are. Those who do not agree with me—those who wish to vote against them and those who wish to amend them, should also have that privilege, and they should have the opportunity to express their views and exercise their right as Representatives in this regard when the bill comes onto the floor of the House. [Applause.]

Mr. Speaker, I cannot believe that this rule will be adopted, I cannot believe that Members of the House are willing to gag and stultify themselves to the extent their leaders demand—to the extent of depriving themselves of the right to exercise the very function they were sent here to exercise. In the name of parliamentary government, in the name of our disabled veterans now calling to us for justice, in the name of decency itself, I ask you to vote down this rule. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, there has been some discussion here relative to the Republican attitude on this rule. First, let me call attention to the way the bill has been handled. The Democratic leadership promised the Democratic caucus that after the conferees had acted upon the measure they would bring the agreement back to the Democratic caucus for review.

No Republican has been given any such consideration. It is an unfair discrimination. May I also speak of the threats which have been issued that if the House does not vote for this rule the veterans and the Federal employees will not get any concessions. I doubt this. I do not believe the leadership of this House or the administration itself would dare let Congress adjourn without legislation. If we vote the rule down and the measure comes before the House, we can then take up these items in dispute separately. The judgment of the House will be secured on every item and we will get a much more satisfactory bill than we would from the conferees. If the President disapproves the bill—and I question this—then a new bill would be brought out which would give some justice to the veterans and Federal employees.

What do you do when you vote for this rule? First, you are going to positively deprive thousands of disabled and needy veterans, who received their disabilities due to war origin, from receiving justice, which every fair-minded American wants them to have. A vote for this rule is positively a vote that will deprive the Spanish-American War veterans from getting more than 75 percent of what they have enjoyed in the past. Everybody knows they have been

unjustly discriminated against. A vote for this rule is a certainty the Federal employees will not get the 15 percent which they need because of the increased cost of living. The administration has gone to private industry and said, "You must raise your employees, you must expand your forces", and yet they are adopting a contrary attitude as far as the classified service of this country is concerned. The post-office employees have been particularly badly treated. The 15-percent pay cut and the furlough have reduced their income some 27 percent, far larger than other employees. The postal substitutes have not been given enough to obtain a respectable living. Would you believe that at the Newport torpedo station there are men who are getting only $10 a week, and yet we are going to deny them a wage restoration. The Government should practice what it preaches. So, I say, vote down this rule; then let us take it up in the regular way, and we will pass a bill which I think will be fair to the people who are concerned. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the remainder of my time to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Briefly, of course, the adoption of this rule means that the Members of the House of Representatives will not have an opportunity to express themselves upon any of the Senate amendments to this appropriation bill. It means that the House of Representatives will not express itself upon the Senate amendment to take care of the Spanish-American War veteran and his dependents. It means that it will not have an opportunity to express itself upon the three-point program of the American Legion. It means that it will not have an opportunity to express itself upon the restoration of pay of the Federal employees, and, as the gentleman from California [Mr. ELTSE] has so forcefully pointed out, it not only means the House of Representatives will not have an opportunity to express itself upon these questions, but it means, under the circumstances, under the condition with which we are confronted, that the House of Representatives disagrees to these amendments and does not want to see them or any of them adopted. The purpose of the rule is to enable the conferees to bring in a complete conference report and to make the House vote upon the question of whether it will adopt the conference report as a whole or reject it as a whole and to avoid a separate vote on any individual amendment.

What does it mean if the resolution is voted down? It does not mean that the House of Representatives swallows en bloc the amendments of the Senate. It means simply that they, being on the Union Calendar, will be considered by the House of Representatives in the Committee of the Whole House on the state of the Union under the general rules of the House. It means that the House of Representatives will have an opportunity to pass upon every individual Senate amendment and dispose of it as it sees fit. It may adopt, amend, or reject any one or all of them, as it sees fit to do after full consideration and debate. It means simply that the House of Representatives will be permitted to perform its legislative duty in an orderly and deliberative manner.

Mr. KVALE. Will the gentleman yield?

Mr. MAPES. Mr. Speaker, it happens that every bill that has been considered by the House of Representatives during this session of Congress under the general rules of the House has been perfected and improved in the House of Representatives. Every bill that has not been so considered has gone through here with a lot of imperfections in it.

I yield to the gentleman from Minnesota.

Mr. KVALE. In the light of what has transpired here this morning, what is the gentleman's opinion of the methods of the majority leaders who originally brought this bill in a month ago and barely succeeded in shoving it through by adopting a gag rule as the result of specific statements on their part that interests of the veterans were not affected in any detail whatsoever thereby?

Mr. MAPES. I have the same opinion about that as the gentleman from Minnesota. I desire to emphasize the fact that the rejection of this rule simply means that the Senate amendments are going to be considered by the House of Representatives in the Committee of the Whole and may be amended, adopted, or rejected at that time. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR. My Speaker, I yield the remainder of my time to the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM. Mr. Speaker, I regret that in the discussion of this rule something of a partisan note has been sounded, though, of course, I must recall that when this bill was considered in another body, there were very decided and emphatic evidences of partisan action, and this accounts for some of our difficulties. I wish right now that we might lay aside partisan consideration and consider just a question of practical procedure. I wish that we might for the moment cease to be partisans of the American Legion or partisans of the Spanish-American War veterans or partisans of the employees or even candidates for reelection, as all of us are. I wish we might simply consider a pure question of practical procedure.

Nothing is happening here today that deprives the majority in this House of doing anything it wants. If a majority of the Members of this House want to take this bill and pick it to pieces, loading it down again as it was loaded down in another legislative body, to result in a certain veto, we can do that. There will be no difficulty in doing this. I believe, as I said yesterday, that a majority of the Members of this House want to afford some substantial relief to Spanish-American War veterans, some substantial relief to World War veterans, especially the presumptive cases, and some measure of relief to Federal employees. If the assumption is true that a majority of the Membership want to do these things, the adoption of this rule will not deprive them of such opportunity, because if the conferees should bring in a report that does not effectuate your wishes in this regard, you have simply to vote it down and then the bill comes up on the Senate amendments.

Mr. Speaker, all important legislation is arrived at by a compromise of ideas, and I submit in the interest of the veterans, in the interest of the employees, in the interest of the Government, and in the interest of the public, these differences between the two legislative bodies and the Chief Executive should be settled around a conference table where our ideas can be pooled and where we can arrive at some equitable and just consideration of these matters. [Applause.]

To my friends who are feeling the press and the urge of some commitments they may have made to veterans or to employees, may I say it seems to me it would be a very unreasonable constituency that would say to a Member of Congress, "I demand from you that you hold out to the bitter end for a certain result. If, in your own good judgment, you find there must be a compromise of ideas whereby you perhaps will get a little less for me than you would like to get, notwithstanding that fact, I demand you hold out to the bitter end."

This would be a very unreasonable attitude for any constituency to take; and I have the idea they would rather have you come back home to them with some substantial concessions for Spanish-American War veterans and World War veterans and employees than have you send them, after adjournment, an eloquent speech which you made upon the floor of the House defending their rights, although you failed to get any benefits.

I believe we had better get some substantial concessions, something tangible that we can hold in our hands and our constituents put in their teeth than go back and send them an eloquent speech we made in their defense upon the floor of the House of Representatives. [Applause.]

I want to express the very earnest hope you will give your conferees, who will be the members of the subcommittee, a chance to go to conference on these matters. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the adoption of the resolution.

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry. Is not the main issue that is to be decided by the vote on this rule the question of whether Democrats are going to follow the Republican minority leader, Mr. SNELL, and his bunch of Republicans, or whether they are going to follow their own chosen Democratic leader, Mr. BYRNES, who is the majority floor leader of this House, and thus carry out the mandate of their Democratic caucus, passed by more than a two-thirds majority? Is not that the main issue?

The SPEAKER. The gentleman does not state a parliamentary inquiry.

Mr. BLANTON. But now is the time for all good Democrats to come to the aid of their party.

Mr. PETTENGILL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PETTENGILL. Mr. Speaker, the gentleman from Michigan [Mr. MAPES] has stated that if this rule is voted down, the bill will then come up in the Committee of the Whole House on the state of the Union. Is that statement of the parliamentary situation correct?

The SPEAKER. The bill may then be called up by direction of the Committee on Appropriations.

Mr. MAPES. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MAPES. As I understand it, the Committee on Appropriations has reported the bill back to the House and the measure is now on the Union Calendar?

The SPEAKER. That is correct.

Mr. MAPES. I do not want to have any uncertainty about the correctness of my statement, and I was not quite sure the House understood the Speaker.

Mr. PETTENGILL. Will the gentleman restate his position?

Mr. BLANTON. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is on ordering the previous question.

Mr. MAPES. Mr. Speaker, I desire to propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MAPES. If the rule is voted down, is it not a proper statement to say that the Senate amendments will be considered in the Committee of the Whole House on the state of the Union under the rules?

The SPEAKER. If the Committee on Appropriations authorizes that motion and makes it and the House votes in favor of it, they will then be considered.

Mr. SABATH. Subject to all amendments.

Mr. BLANTON. Mr. Speaker, I demand the regular order.

Mr. WOLCOTT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOLCOTT. Mr. Speaker, does that part of the resolution which provides that the conferees on the part of the House are hereby given specific authority to agree, with or without amendment, or disagree to any amendment of the Senate to the bill prevent the House from voting on the conference report when it comes back to the House?

The SPEAKER. The House is always required to vote on a conference report, either up or down.

The question is, Shall the previous question be ordered?

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

Mr. SNELL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 169, nays 247, not voting 16, as follows:

[Roll No. 103]

YEAS—169

Abernethy	Berlin	Brown, Ky.	Caldwell
Adair	Biermann	Brown, Mich.	Carden, Ky.
Adams	Bland	Browning	Cartwright
Allgood	Blanton	Buchanan	Cary
Arnold	Bloom	Buck	Castellow
Auf der Heide	Boehne	Bulwinkle	Celler
Ayres, Kans.	Boland	Burch	Church
Bailey	Boylan	Burke, Nebr.	Claiborne
Bankhead	Brennan	Byrns	Clark, N.C.
Beam	Brooks	Cady	Cochran, Mo.
Coffin	Greenwood	McReynolds	Sears
Cole	Gregory	Mansfield	Sisson
Colmer	Griffin	Martin, Oreg.	Smith, Va.
Cooper, Tenn.	Haines	Milligan	Spence
Corning	Hancock, N.C.	Mitchell	Steagall
Cox	Harlan	Montague	Sullivan
Crosby	Hart	Montet	Sumners, Tex.
Cross, Tex.	Hastings	Moran	Swank
Crowe	Henney	O'Brien	Tarver
Cummings	Hill, Ala.	O'Connell	Taylor, Colo.
Darden	Huddleston	O'Connor	Taylor, S.C.
DeRouen	Hughes	Oliver, Ala.	Thomason
Dickinson	Jeffers	Oliver, N.Y.	Thompson, Ill.
Dickstein	Johnson, Okla.	Owen	Thompson, Tex.
Dies	Johnson, Tex.	Patman	Turner
Dobbins	Johnson, W.Va.	Peterson	Umstead
Doughton	Jones	Pettengill	Utterback
Doxey	Kee	Peyser	Vinson, Ga.
Drewry	Kelly, Ill.	Pierce	Warren
Driver	Kenney	Pou	Wearin
Duncan, Mo.	Kerr	Prall	Weaver
Eagle	Kleberg	Ramsay	West, Ohio
Edmiston	Kocialkowski	Ramspeck	West, Tex.
Eicher	Lambeth	Rankin	Whittington
Faddis	Lanham	Rayburn	Wilcox
Farley	Larrabee	Reilly	Williford
Fiesinger	Lea, Calif.	Robertson	Wilson
Fitzpatrick	Lehr	Robinson	Wood, Ga.
Flannagan	Lewis, Colo.	Ruffin	Woodrum
Fletcher	Lewis, Md.	Sabath	The Speaker
Ford	McDuffie	Sandlin	
Frey	McKeown	Schaefer	
Gillette	McMillan	Schuetz	

NAYS—247

Allen	Eaton	Kurtz	Richardson
Andrew, Mass.	Edmonds	Kvale	Rogers, Mass.
Andrews, N.Y.	Ellenbogen	Lambertson	Rogers, N.H.
Arens	Elizey, Miss.	Lamneck	Rogers, Okla.
Ayers, Mont.	Eltse, Calif.	Lanzetta	Rudd
Bacharach	Englebright	Lee, Mo.	Sadowski
Bacon	Evans	Lehlbach	Sanders
Bakewell	Fernandes	Lemke	Schulte
Beck	Fish	Lesinski	Scrugham
Beedy	Fitzgibbons	Lindsay	Secrest
Beiter	Focht	Lloyd	Seger
Black	Foss	Lozier	Shallenberger
Blanchard	Foulkes	Luce	Shannon
Bolleau	Frear	Ludlow	Shoemaker
Bolton	Fuller	Lundeen	Simpson
Britten	Fulmer	McCarthy	Sinclair
Brown, Ga.	Gambrill	McClintic	Sirovich
Brumm	Gasque	McCormack	Smith, Wash.
Brunner	Gavagan	McFadden	Snell
Burke, Calif.	Gifford	McFarlane	Snyder
Burnham	Gilchrist	McGrath	Somers, N.Y.
Cannon, Mo.	Gillespie	McGugin	Stalker
Cannon, Wis.	Glover	McLean	Strong, Pa.
Carmichael	Goldsborough	McLeod	Strong, Tex.
Carpenter, Kans.	Goodwin	McSwain	Stubbs
Carpenter, Nebr.	Goss	Maloney, Conn.	Studley
Carter, Calif.	Granfield	Maloney, La.	Sutphin
Carter, Wyo.	Gray	Mapes	Sweeney
Cavicchia	Greenway	Marland	Swick
Chapman	Griswold	Marshall	Taber
Chase	Guyer	Martin, Colo.	Taylor, Tenn.
Chavez	Hancock, N.Y.	Martin, Mass.	Terrell, Tex.
Christianson	Harter	May	Terry, Ark.
Clarke, N.Y.	Hartley	Mead	Thom
Cochran, Pa.	Healey	Meeks	Thomas
Colden	Hess	Merritt	Thurston
Collins, Calif.	Higgins	Millard	Tinkham
Collins, Miss.	Hildebrandt	Miller	Tobey
Condon	Hill, Knute	Monaghan, Mont.	Traeger
Connery	Hill, Samuel B.	Morehead	Treadway
Connolly	Hoeppel	Mott	Truax
Cooper, Ohio	Holdale	Moynihan, Ill.	Turpin
Cravens	Hollister	Muldowney	Vinson, Ky.
Crosser, Ohio	Holmes	Murdock	Wadsworth
Culkin	Hope	Musselwhite	Waldron
Cullen	Howard	Nesbit	Wallgren
Darrow	Imhoff	O'Malley	Walter
Dear	Jacobsen	Palmisano	Weideman
Delaney	James	Parker	Welch
De Priest	Jenckes, Ind.	Parks	Werner
Dingell	Jenkins, Ohio	Parsons	White
Dirksen	Johnson, Minn.	Peavey	Whitley
Disney	Kahn	Perkins	Wigglesworth
Ditter	Keller	Plumley	Withrow
Dockweiler	Kelly, Pa.	Polk	Wolcott
Dondero	Kennedy, N.Y.	Powers	Wolfenden
Douglass	Kinzer	Randolph	Wolverton
Doutrich	Kloeb	Ransley	Wood, Mo.
Dowell	Kniffin	Reece	Woodruff
Duffey	Knutson	Reed, N.Y.	Young
Dunn	Kopplemann	Rich	Zioncheck
Durgan, Ind.	Kramer	Richards	

NOT VOTING—16

Buckbee	Crump	Kennedy, Md.	Smith, W.Va.
Busby	Deen	Norton	Stokes
Carley, N.Y.	Green	Reid, Ill.	Underwood
Crowther	Hamilton	Romjue	Williams

So the House refused to agree to the resolution.

The Clerk announced the following pairs:

Until further notice:

Mr. Carley with Mr. Buckbee.
Mr. Underwood with Mr. Crowther.
Mr. Crump with Mr. Reid of Illinois.
Mr. Busby with Mr. Stokes.
Mrs. Norton with Mr. Deen.
Mr. Green with Mr. Romjue.
Mr. Smith of West Virginia with Mr. Kennedy of Maryland.
Mr. Hamilton with Mr. Williams.

Mr. BLANTON. Mr. Speaker, I want to make a preferential motion; and if a point of order is not made against it, it will be in order. Every posted man in this House knows that if the Senate amendments, which have added $354,432,124 additional appropriations to this bill, and which establish precedents that will eventually cost this Government an extra $1,000,000,000 per annum, are agreed to by this House, the President will undoubtedly veto this bill, and we may be here 6 months trying to pass a new measure. So, unless Members are willing to compromise, and try to reach an agreement that the President will sign, we are wasting time and doing futile things. I, therefore, move that the House concur in all of the Senate amendments, and we will thus send the bill to the White House today, and the President will promptly veto it, and then maybe Members will feel more like passing a measure that the President will approve of and let become law.

Mr. SNELL. Mr. Speaker, a point of order. That motion is not in order now.

Mr. BLANTON. Let the President veto it and send it back today, and then we will have time to pass a proper bill that he will not veto.

The SPEAKER. The point of order is sustained.

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 6663, with the following Senate amendments:

Page 3, after line 21, insert:

"No claim shall be filed with the Alien Property Custodian or allowed by him or by the President of the United States, nor shall any suit be instituted or maintained against the Alien Property Custodian or the Treasurer of the United States, or the United States, under any provisions of law, by any person who was an enemy or ally of enemy as defined in the Trading with the Enemy Act, as amended, and no allowance of any such claim now pending shall be made, nor judgment entered in any such suit heretofore or hereafter instituted, for the recovery of any deduction or deductions, heretofore or hereafter made by the Alien Property Custodian from money or properties, or income therefrom, held by him or by the Treasurer of the United States hereunder, to pay any and all expenses of the office of the Alien Property Custodian heretofore or hereafter incurred by him or by any depository for him as such expenses and deductions have been heretofore or shall be hereafter determined by said Alien Property Custodian."

Page 4, line 13, after "Columbia", insert: ", including the sum of $4,250, which shall be immediately available and shall be paid in equal portions to the following-named persons, heirs at law of Frank P. Glass, late a member of the board, who served without compensation as such member from July 14, 1933, to January 10, 1934, the date of his death: Frank P. Glass, Jr., J. Purnell Glass, Christine Glass, Louise Glass Marzoni, Evelyn Byrd Glass McCoy, and H. Boyson Glass."

Page 7, line 8, strike out "$1,421,000" and insert "$1,467,816."

Page 8, line 6, strike out "$1,476,000" and insert "$1,522,816."

Page 11, line 24, strike out "$1,208,730" and insert "$1,708,730, of which $150,000 shall be immediately available."

Page 12, line 3, strike out "$1,242,730" and insert "$1,742,730."

Page 19, lines 4 and 5, strike out "incident to the refinancing of old loans and collecting of loans."

Page 23, line 23, strike out "$76,649,907: *Provided*", and insert "$86,740,099: *Provided*, That when found to be to the best interest of the United States, not to exceed $500,000 of this amount may be used for payments to State institutions caring for and maintaining veterans suffering from neuropsychiatric ailments, who are in such institutions on the date of the enactment of this act: *Provided further*."

Page 26, line 7, after "homes", insert ": *Provided further*, That the appropriations herein made for medical and hospital services under the jurisdiction of the Veterans' Administration shall be available, not to exceed $10,000, for experimental purposes to determine the value of certain types of treatment."

Page 27, line 20, strike out "$284,789,984" and insert "$296,291,997."

Page 28, line 20, strike out "$525,155,891" and insert "$546,748,096."

Page 29, line 4, strike out "$546,005,891" and insert "$567,598,096."

Page 29, line 8, strike out "$566,435,693" and insert "$588,001,548."

Page 30, strike out all after line 6, down to and including line 9, page 33, and insert:

"SEC. 21. (a) Section 3(b) of title II of the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, is amended by inserting before the period at the end thereof a comma and the following: 'except that such percentage shall not exceed 10 percent during the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934.'

"(b) In the application of section 105(a) (relating to the salaries of the Vice President, the Speaker of the House, Senators, Representatives, Delegates, and Resident Commissioners) of the legislative appropriation act, fiscal year 1933, and sections 12 (relating to compensation reductions of officers and employees of insular possessions) and 13 (relating to the retired pay of certain judges) of the independent offices appropriation act, 1934, with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

"SEC. 22. There is hereby appropriated so much as may be necessary for the payment of sums due, and payable out of the Treasury of the United States, by reason of the diminution under this title in the percentage of reduction of compensation, and other amendments to existing laws made hereby; and limitations on amounts for personal services are hereby respectively increased in proportion to the increase in appropriations for personal services made in this section. In the case of officers and employees of the municipal government of the District of Columbia, such sums shall be paid out of the revenues of the District of Columbia and the Treasury of the United States in the manner prescribed by the District of Columbia appropriation acts for the respective fiscal years."

Page 33, after line 9, insert:

"SEC. 23. The weekly compensation, minus any general percentage reduction which may be prescribed by act of Congress, for the several trades and occupations, which is set by wage boards or other wage-fixing authorities, shall be reestablished and maintained at rates not lower than necessary to restore the full weekly earnings of such employees in accordance with the full-time weekly earnings under the respective wage schedules in effect on June 1, 1932: *Provided*, That the regular hours of labor shall not be more than 40 per week; and all overtime shall be compensated for at the rate of not less than time and one half."

Page 33, line 10, strike out "22" and insert "24."

Page 34, line 4, after "promotions)", insert: ": *Provided*, That adjustments of charges for quarters, subsistence, or laundry, or other similar charges, shall not be interpreted as constituting administrative promotions."

Page 34, line 35, strike out "amendment" and insert "amendments."

Page 35, strike out lines 1 to 18, inclusive, and insert:

"(1) Section 201 (suspending automatic increases in compensation) of part II of the Legislative Appropriation Act, fiscal year 1933, is amended by inserting at the end thereof the following: 'This section shall not apply during the fiscal year ending June 30, 1935, except to the extent that it suspends the longevity increases provided for in the tenth paragraph of section 1 of the Pay Adjustment Act of 1922. This amendment shall not authorize the payment of back compensation.'"

Page 35, after line 18, insert:

"(2) Section 7 (prohibiting administrative promotions) of the Treasury-Post Office Appropriation Act, fiscal year 1934, is amended by adding after the first proviso thereof a colon and the following: '*Provided further*, That administrative promotions may be made during the fiscal year 1935 to the extent that funds are available therefor, on an annual basis, from savings made in the amounts apportioned for personal services from the applicable appropriations for the fiscal year 1935.'"

Page 36, line 9, strike out "23" and insert "25."

Page 36, after line 12, insert:

"SEC. 26. Notwithstanding any provision of law to the contrary, in no event shall the compensation being paid on March 19, 1933, under subsections (3) and (5) of section 202 of the World War Veterans' Act, 1924, as amended, to veterans for the loss of the use of both eyes, where such veterans were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, pertaining to hospitalized cases.

"TITLE III—VETERANS' PROVISIONS

"SEC. 27. Where service connection for a disease, injury, or disability was on March 19, 1933, established in accordance with section 200 of the World War Veterans' Act, 1924, as amended, and such connection has been severed through the application of, or regulations or instructions promulgated under Public Law No. 2, Seventy-third Congress, or Public Law No. 78, Seventy-third Congress, service connection is hereby reestablished and as to such cases the provisions of the first paragraph of section 200 of the World War Veterans' Act, 1924, as amended, are hereby reenacted: *Provided*, That the provisions of this section shall not apply (1) to persons entering the active military or naval service subsequent to the date of November 11, 1918, (2) to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service, (3) to persons as to whose cases service connection was established by fraud, clear

or unmistakable error as to conclusions of fact or law, or misrepresentation of material facts; and as to all such cases enumerated in this proviso, all reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government.

"SEC. 28. The fourth paragraph of section 20, Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"'Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid on March 19, 1933, for service-connected disabilities to those veterans who entered the active military or naval service on or before November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service; and in any review of the case of any veteran to whom compensation was being paid on March 19, 1933, for service-connected disability, reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided further*, That notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran whose disease, injury, or disability was established on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, shall be entitled to receive compensation in accordance with the provisions of such act, as amended, and the rating schedule in effect on March 19, 1933: *Provided further*, That whenever there is a change in the degree of disability of any such veteran the amount of compensation to be paid shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect on March 19, 1933, and such amount shall not be reduced or discontinued. In no event shall death compensation being paid, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act, 1924, as amended, on March 19, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service. In any case where a World War veteran dies or has died from disease or injury, and service connection for such disease or injury has been reestablished on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, or which would have been established under such section 200 had the veteran been living on March 19, 1933, and reestablished on or after the date this paragraph as amended takes effect, the surviving widow, child, or children and/or dependent parents shall be entitled to receive compensation at the rates prescribed in Veterans' Regulation No. 1 (a), part I, paragraph IV, and amendments thereto.'

"SEC. 29. Section 6 of Public Law No. 2, Seventy-third Congress, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended by adding thereto the following proviso: '*Provided*, That any veteran of any war who was not dishonorably discharged, suffering from disability, disease, or defect, who is in need of hospitalization or domiciliary care, and is unable to defray the necessary expenses therefor (including transportation to and from the Veterans' Administration facility), shall be furnished necessary hospitalization or domiciliary care (including transportation) in any Veterans' Administration facility, within the limitations existing in such facilities, irrespective of whether the disability, disease, or defect was due to service. The statement under oath of the applicant on such form as may be prescribed by the Administrator of Veterans' Affairs shall be accepted as sufficient evidence of inability to defray necessary expenses.'

"SEC. 30. Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow and/or dependents of any such veteran, shall be reduced by more than 10 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply (1) to persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive, or (2) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax.

"All laws in effect on March 19, 1933, granting monetary benefits to veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, are hereby reenacted in their entirety, and such laws shall be effective from and after the effective date of this act, subject to the limitations of this section and to such reduction in pensions as may be made hereunder.

"SEC. 31. Section 10 of Public Law No. 2, Seventy-third Congress, approved March 20, 1933, is amended to read as follows:

"'Notwithstanding the provisions of section 2 of this title, any person who served as an officer of the Army, Navy, or Marine Corps of the United States during the World War, other than as an officer of the Regular Army, Navy, or Marine Corps, and who (1) entered the active service between April 6, 1917, and November 11, 1918, (2) was honorably discharged therefrom, (3) made valid application for retirement under the provisions of the Emergency Officers' Retirement Act of May 24, 1928 (U.S.C., supp. VI, title 38, secs. 581 and 582), and (4) prior to March 20, 1933, was granted retirement with pay, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, shall be entitled to continue to receive retirement pay at the monthly rate being paid him on March 19, 1933, if the disability for which he was retired directly resulted from the performance of military or naval duty; except that retirement pay under this section shall not be denied to any person who was receiving on March 19, 1933, retirement pay under such act of May 24, 1928, on account of disease or injury incurred or aggravated in line of duty, and whose disease or injury or aggravation of disease or injury was at any time during his service made a matter of record by competent military or naval authorities, if such person is otherwise qualified under clauses 1 to 4, both inclusive, of this section: *Provided*, That nothing in this section as amended shall be construed so as to prejudice or destroy any rights of appeal, or any monetary benefits payable because of any such appeal, heretofore conferred upon retired emergency officers by this act and regulations issued pursuant thereto.'

"SEC. 32. Where any veteran suffers or has suffered an injury, or an aggravation of any existing injury, as the result of training, hospitalization, or medical or surgical treatment, awarded him under any of the laws granting monetary or other benefits to World War veterans, or as the result of having submitted to examination under authority of the War Risk Insurance Act or the World War Veterans' Act, 1924, as amended, and not the result of his misconduct, and such injury or aggravation results in additional disability to or the death of such veteran, the benefits of Public Law No. 2, of Public Law No. 78, and of this title shall be awarded in the same manner as if such disability, aggravation, or death were service connected within the meaning of such laws; except that no benefits under this section shall be awarded unless application be made therefor within 2 years after such injury or aggravation was suffered, or such death occurred, or after the passage of this act, whichever is the later date. The benefits of this section shall be in lieu of the benefits under the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes', approved September 7, 1916, as amended.

"SEC. 33. The last sentence of section 9 of Public Law No. 2, Seventy-third Congress, is hereby repealed.

"SEC. 34. Service-connected money benefits payable to World War veterans under this title and Public Law No. 2, Seventy-third Congress, shall be entitled 'compensation' and not 'pension.'

"SEC. 35. This title shall take effect on the date of enactment of this act, and no payments of any benefits conferred under the provisions of this title shall be made for any period prior to such date.

"SEC. 36. Notwithstanding the provisions of any law or regulation issued pursuant to authority of law, in any case where a veteran of the World War has been adjudged for insurance purposes by any court of competent jurisdiction to be totally and permanently disabled as the result of disease or injury, or the aggravation of a disease or injury, incurred in the active military or naval service, such veteran shall be rated for the purpose of payment of pension, compensation, or retirement pay not less than totally and permanently disabled.

"SEC. 37. That notwithstanding the provisions of section 17 of title I of an act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, and section 20 of an act entitled 'An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes', approved June 16, 1933, any claim for yearly renewable term insurance under the provisions of laws repealed by said section 17, wherein claim was duly filed prior to March 20, 1933, and on which maturity of the insurance contract had been determined by the Veterans' Administration prior to March 20, 1933, and where payments could not be made because of the provisions of the act of March 20, 1933, or under the provisions of the act of June 16, 1933, may be adjudicated by the Veterans' Administration, and any person found entitled to yearly renewable term insurance benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws.

"SEC. 38. In the case of widows and dependents of officers and enlisted men of the Army, Navy, or Marine Corps, who served on the airships *Shenandoah*, *Akron*, and *J–3*, and who died in the accidents resulting in the destruction of such airships in April 1933, the amount of pension allowed shall be double that authorized by law or regulation of the President to be paid in cases where death results from an injury received or disease contracted in line of duty not the result of an aviation accident.

"SEC. 39. That no part of the appropriation carried in this act, or any other general appropriation bill for the fiscal year ending June 30, 1935, shall be used in payment, in excess of 85 percent of any salary or compensation of any officer or employee of the Government (except judicial officers) where such salary or compensation is in excess of $6,000."

Page 36, line 13, strike out "24" and insert "40."

And pending that motion, I should like to propose a unanimous-consent request that I believe will greatly expedite and simplify the consideration of the bill.

There are 23 amendments to the bill, but only 2 of them are practically controversial. That is to say, amendment 14, affecting the restoration of the Federal salaries, and amendment 22, which comprises all of the veterans' amendments. I ask unanimous consent that all Senate amendments, with the exception of Senate amendment 14 and Senate amendment 22, be disagreed to and the conference asked by the Senate agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. DOWELL. Reserving the right to object, that gives us permission to vote on all Senate amendments relative to Federal pay and the veterans?

Mr. WOODRUM. On Senate amendments 14 and 22.

Mr. RANKIN. Reserving the right to object, there are objections to other amendments.

Mr. WOODRUM. They will be adjusted in conference.

Mr. CONNERY. Reserving the right to object, Senate amendment 15, I think, the conferees will accept.

Mr. KVALE. Would the gentleman include in amendment no. 5, relating to the funds for the Federal Trade Commission?

Mr. WOODRUM. No; I think all those amendments should go to conference.

Mr. CELLER. When will the Committee take up the amendments 14 and 22?

Mr. WOODRUM. Immediately, if I get this consent.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. DE PRIEST. Reserving the right to object, I should like to ask the gentleman what about the Borah amendment?

Mr. WOODRUM. That particular amendment is to be taken up.

Mr. BRITTEN. Reserving the right to object, the gentleman will recollect that when the bill was on the floor of the House I suggested that an injustice was being done to the Army and Navy officers, particularly the naval officers, in connection with their salaries. The gentleman from Virginia said at the time that he did not care to go into that because he was not qualified to go into the pay of naval officers. The Senate inserted an amendment to do that. I should like to call that to the particular attention of the gentleman from Virginia.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. CONNERY. Mr. Speaker, reserving the right to object, does the gentleman intend to ask for a little debate when we go into the Committee of the Whole House on the state of the Union?

Mr. WOODRUM. I am going to take that up when we get this unanimous-consent request.

The SPEAKER. Is there objection?

Mr. KVALE. Mr. Speaker, I should like to have the request stated again.

The SPEAKER. That the House disagree to all Senate amendments, except amendment 14 and amendment 22, and agree to the conference asked by the Senate.

Mr. KVALE. All amendments from amendment numbered 14 to amendment numbered 22, inclusive, are in the title which affects the Economy Act amendment, and I think it only proper that the gentleman's request should state that amendments should include amendments 14 to 22, inclusive.

Mr. WOODRUM. Oh, the gentleman is mistaken about that.

Mr. KVALE. I am not mistaken. I have a copy of the bill in my hand, and the gentleman can verify it himself.

Mr. WOODRUM. Amendment numbered 14 is the amendment to be taken up in the Committee.

Mr. KVALE. Correct, and amendment numbered 15 also?

Mr. WOODRUM. No; I think that is a controversial amendment that ought to be disagreed to, and we should let it go to conference. Mr. Speaker, I ask for the regular order on my request.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Speaker, pending the motion to go into the Committee of the Whole House on the state of the Union, I propound a parliamentary inquiry, and that is as to whether it is necessary before going into the Committee to have some understanding as to the time for debate upon these amendments.

The SPEAKER. It would be very convenient if an arrangement could be so made.

Mr. WOODRUM. Then, Mr. Speaker, I ask unanimous consent that debate upon amendment no. 14 be limited to 1 hour, one half to be controlled by the gentleman from Massachusetts [Mr. WIGGLESWORTH] and the other half by myself.

The SPEAKER. Is there objection to the request of the gentleman from Virginia.

Mr. RANKIN. Mr. Speaker, I reserve the right to object, to ask the gentleman from Virginia a question. There are several different elements in this amendment, and I want to know if we will be permitted to vote in particular in each amendment?

Mr. WOODRUM. When we go into the Committee of the Whole House on the state of the Union, the amendment is before the Committee for agreement or modification, and then we will go back into the House and vote on what has been done in the Committee.

Mr. CARPENTER of Kansas. Mr. Speaker, reserving the right to object, will the gentleman yield me about 2 minutes while in Committee?

Mr. WOODRUM. I shall endeavor to accommodate the gentleman.

Mr. SNELL. As I understand it, when this amendment is under consideration, it is subject to amendment, and debate on amendments to the amendment.

Mr. WOODRUM. Certainly.

Mr. WEIDEMAN. I presume it is the gentleman's idea to distribute the time somewhat among the Members of the House on this side.

Mr. WOODRUM. I shall try to take care of everybody that I can.

Mr. O'MALLEY. As I understand it, when the amendment is taken up in the Committee of the Whole House on the state of the Union, amendments to the amendment under the 5-minute rule will be in order?

Mr. WOODRUM. My unanimous consent, Mr. Speaker, is that there be 1 hour of debate on amendment no. 14, during which time amendments may be offered and debated, and that at the end of 1 hour the vote shall be taken on the amendment and all amendments thereto.

Mr. SNELL. Oh, that was not the request as I understood the gentleman to put it.

Mr. WOODRUM. That is what I meant.

Mr. SNELL. I understood that general debate was to be had for 1 hour and then an opportunity given to offer amendments and that we should have debate on the amendments also.

Mr. WOODRUM. It seems to me that is a whole lot of unnecessary time.

Mr. SNELL. The gentleman can move to close debate, but I think we should have some debate on some of the amendments that will probably be offered.

Mr. BLANTON. This request is only as to amendment no. 14?

Mr. WOODRUM. Yes.

Mr. BLANTON. It does not apply to no. 22?

Mr. WOODRUM. This applies to no. 14, the pay-cut amendment.

Mr. BLANTON. Then we will have another agreement as to amendment no. 22?

Mr. WOODRUM. Exactly.

Mr. SNELL. We could not agree to the last request.

Mr. WOODRUM. Does not the gentleman think that 1 hour of debate with the right to offer amendments is sufficient?

Mr. SNELL. But gentlemen want to debate some of the special amendments that will be offered. I think the hour for general debate is plenty.

Mr. WOODRUM. Would the gentleman agree to make it 30 minutes of general debate and then take up the amendments to the amendment under the 5-minute rule?

Mr. SNELL. Oh, some gentlemen here are complaining because I agreed to 30 minutes on a side.

Mr. WOODRUM. Mr. Speaker, I modify my unanimous-consent request to make it 1 hour of general debate and then to consider amendment no. 14, under the 5-minute rule.

The SPEAKER. Is there objection to the request of 1 hour of debate on amendment no. 14, and that then the amendment be taken up for consideration under the 5-minute rule?

Mr. TABER. And would not the gentleman amend that so that debate shall be confined to the amendment?

Mr. WOODRUM. Yes.

The SPEAKER. Debate to be confined to the amendment. Is there objection to the request of the gentleman from Virginia? [After a pause.] The Chair hears none.

Mr. WOODRUM. Mr. Speaker, I now make the same request with reference to amendment numbered 22.

Mr. BLANTON. Mr. Speaker, I think we ought to have more time on that amendment, as it embraces numerous important unrelated legislative subjects embracing an aggregate of nearly $300,000,000.

The SPEAKER. Is there objection?

Mr. BLANTON. I insist, Mr. Speaker, that there ought to be more time for general debate on amendment numbered 22, which embraces so many vital propositions, and we should have at least 1 hour to the side.

Mr. SNELL. I think we should have at least an hour on a side, and then consider it under the 5-minute rule the same as on the other amendment.

Mr. WOODRUM. Then I make the request that general debate be had for 2 hours on amendment numbered 22, and then it be taken up under the 5-minute rule.

Mr. TABER. Reserving the right to object, would not the gentleman incorporate in his request a division of the time between himself and the gentleman from Massachusetts?

Mr. WOODRUM. That is understood in both instances, that the time be equally divided between the gentleman from Massachusetts [Mr. WIGGLESWORTH] and myself, and the debate to be confined to the amendment.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Virginia [Mr. WOODRUM].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, with Senate amendments, with Mr. OLIVER of New York in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Clerk will report Senate amendment no. 14.

The Clerk read as follows:

On page 32 of the printed bill strike out all of section 21 and insert the following:

"SEC. 21. (a) Section 3 (b) of title II of the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, is amended by inserting before the period at the end thereof a comma and the following: 'except that such percentage shall not exceed 10 percent during the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934.'

"(b) In the application of section 105 (a) (relating to the salaries of the Vice President, the Speaker of the House, Senators, Representatives, Delegates, and Resident Commissioners) of the Legislative Appropriation Act, fiscal year 1933, and sections 12 (relating to compensation reductions of officers and employees of insular possessions) and 13 (relating to the retired pay of certain judges) of the Independent Offices Appropriation Act, 1934, with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

"SEC. 22. There is hereby appropriated so much as may be necessary for the payment of sums due, and payable out of the Treasury of the United States, by reason of the diminution under this title in the percentage of reduction of compensation, and other amendments to existing laws made hereby; and limitations on amounts for personal services are hereby respectively increased in proportion to the increase in appropriations for personal services made in this section. In the case of officers and employees of the municipal government of the District of Columbia, such sums shall be paid out of the revenues of the District of Columbia and the Treasury of the United States in the manner prescribed by the District of Columbia appropriation acts for the respective fiscal years."

Mr. WOODRUM. Mr. Chairman, I move to disagree to the Senate amendment and agree to the conference asked for by the Senate.

Mr. DOWELL. Mr. Chairman, I move to recede and concur in the Senate amendment.

The CHAIRMAN. The gentleman from Virginia [Mr. WOODRUM is recognized for 30 minutes.

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. CARPENTER].

Mr. CARPENTER of Kansas. Mr. Chairman, we are all in the same boat in this depression, and the war veterans and their friends never did and do not now object to reasonable cuts in compensation to assist this country in balancing its Budget, and are willing to make the same patriotic sacrifices now for our country that they did during the wars in which they were engaged.

The Government, since the time the economy bill was passed, has seen fit to spend billions of dollars in an earnest endeavor to help its citizens out of this terrible depression; therefore, I wish to state that I am very much in favor of the Senate amendments to the independent offices bill in behalf of the veterans, especially including the World War and Spanish-American War veterans, which rectifies the injustices created in the economy bill.

I am, however, opposed to returning to the Federal employees at this time their full 15-percent cut, restoring them to their full status before the economy bill was passed and leaving the whole burden of the economy upon the veteran.

As has been suggested to me I hardly believe it is the spirit of this Congress that the restoration of benefits to the disabled veteran is a raid on the Treasury while restoration of pay to the Federal employee is a patriotic duty.

There is a great deal of misinformation going out over the country to the effect that the increase in veteran benefits is going to wreck the economy program of the Government and cost the Government $334,246,824, when the truth of the matter is that the total veteran benefit included in these amendments will only amount to $118,253,700, whereas the cost of restoring Federal employees their 15 percent will be $215,993,124. The people in my district, and I know this to be true all over the United States, are in the terrible economic situation they are in because of the depression. Governmental expenses have been cut to the core, courthouse officials who do three times as much work as most of the Federal employees get from $60 to $80 a month, and the girls who work in their offices, $40 a month. School teachers in rural schools, where they can get a job at all, $40 a month, and we even find those with master's degrees teaching in our rural schools for salaries of not over $60 a month. In addition to this we have thousands of people who are very happy to get a few hours' work a week at 30 to 40 cents an hour under the C.W.A.

Federal employees in my district are not yelping for increase in salaries, they are very happy they have their jobs, and are graciously accepting their cuts, which is very small in comparison with the cut in cost of governmental services performed for the State and local governments, and the people in general who are paying the bill and doing all the suffering are not in favor of keeping this office-holding aristocracy up in the style in which it has been accustomed. I would not be in favor of cutting anyone's salary that was $1,000 or less a year, and would be in favor of restoring

Federal employees salaries when prosperity has been returned to the rest of the country. It is just merely the application of judgment and fairness to all concerned.

And the worst of all would be the increase of the Congressmen's salaries. I cannot conceive how any Congressman can go out and face the veterans and the people in his district, telling them how necessary it was to cut them down with one hand, whereas with the other he increased his own salary; therefore, I am supporting the Borah amendment prohibiting the increase at this time of all governmental salaries over $6,000 per year. As a matter of fact I think the Congressmen's salaries should be reduced under existing conditions and until prosperity has again been returned to their country, and this was the first bill I introduced in Congress last year, and which was introduced prior to our voting on the economy bill. For my part I do not believe that the cut in compensation to the disabled service-connected veteran should be any greater percentage than the percentage of cut to the Federal employee.

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Chairman, I hope the Membership of the House will approve the Senate amendments which restores to the Government employees the 15-percent salary reduction and also the restoration of compensation to World War veterans whose disability is of service or presumptive origin, and also the restoration of pensions to thousands of Spanish-American war veterans who were deprived of pensions by the Economy Act of 1933.

VETERANS' COMPENSATION AND PENSIONS

What a reflection it is on our Government to discontinue pensions to thousands of Spanish-American war veterans who rallied to the flag in 1898. And now, when most of them are past the age where they can secure employment and at a time when the sunset of life is fast casting its shadows over their brow, the patriotic service and devotion they rendered to flag and country is forgotten, and the small pension they did receive is now taken away from them.

Again, many thousands of World War veterans who carried our flag to a foreign soil—and they brought it back to us in a blaze of glory, without a stain upon its folds—many of them gave their blood, their bodies, their all for country. Today we find thousands of World War veterans crippled and disabled who have had their disability allowance reduced to what I believe is a shameful degree. There is no service we can render, no compensation we can pay that will fully compensate the service-connected disabled World War veteran for the loss he suffered and the sacrifice he made.

RESTORATION OF SALARIES TO GOVERNMENT EMPLOYEES

I am for the restoration of the full 15-percent salary cut to all Government employees, and in this respect I am following the policy so strongly advocated at this time by the President for an increased purchasing power of the American working classes.

On March 5, 1934, President Roosevelt called to Washington thousands of industrialists, business men, and employers of labor to discuss with them the progress and program of national recovery.

At the opening of the conference President Roosevelt addressed the gathering and called for the active cooperation of all citizens and the coordinated effort of all industry to promote the greatest happiness and well-being of the American people. I desire at this time to quote two short paragraphs from the President's address:

> Therefore, I give to industry today this challenge: It is the immediate task of industry to employ more people at purchasing wages and to do it now. Only thus can we continue recovery and restore the balance we seek.

Again quoting from the same address, he said:

> Every examination I make and all the information I receive lead me to the inescapable conclusion that we must now consider immediate cooperation to secure increase in wages and shortening of hours.

The two high spots in this challenge of President Roosevelt to industry are: First. Employ more people now. Second. Increased wages and shorter hours. I give my wholehearted support to this program. But, however, I want this policy to apply to Government employment as well as private employment, which the President was addressing himself to.

I have here the Postal Bulletin, of the date of March 3, 1934, signed by Postmaster General Farley, and sent to all postmasters. I now quote from the Bulletin.

> All Presidential postmasters, officials, and employees in the field service * * * will be furloughed without pay for 4 days during the remainder of the fiscal year. Railway-mail clerks will be furloughed for 3½ days during the remainder of the fiscal year.
>
> Deliveries by carriers in the city-delivery service may be limited to one a day in strictly residential territory, not more than two a day in mixed business and residential territory, and not more than three a day in strictly business territory.
>
> Rural carriers will not be furloughed.

I am informed, however, that the Postmaster General has requested Congress to pass legisilation providing for drastic reduction in the salary of rural carriers, and if this is not carried out, he will consolidate rural routes and discharge several thousand rural carriers.

Now for the two pictures: On the one hand the President is challenging industry to employ more people now at increased wages and shorter hours. This is a fine picture and will meet with the approval of the great masses of our people.

Now let us gaze on the other picture. We find the Postmaster General, Mr. Farley, the biggest single employer of labor in our country, under the direct control of President Roosevelt, reducing employment in the post-office service, at the sacrifice of wages to postal employees and efficient postal service to the American people.

The Postmaster General states that this action is imperative in order to balance the Budget of the Post Office Department. Balance the Budget! Yes; I should like to see the Government balance the Budget. I am not, however, in favor of balancing the Budget, if we are to do so by cutting the wages and salaries of Federal employees and reducing disability compensation to deserving World War veterans and depriving Spanish-American War veterans of a fair and just pension, which I believe they are entitled to.

When President Roosevelt threw the challenge to industry and business to employ more workers and increase wages, he said nothing about them balancing their budgets. There are many industries in our country today that are operating at great loss in attempting to keep their plants working and give employment to American workers. Oh, you say the President is ready to grant an increase of 5 percent in salaries to Federal employees, effective February 1 to June 30, the end of this fiscal year.

Granting this increase to Federal employees, let us not be fooled. The President grants an increase of 5 percent in the salary of Federal post-office employees, and the Postmaster General then takes it away from them by furloughing them without pay. More than 50 percent of the 5-percent increase granted by the President will be taken away from the Postal employees by the furlough order of the Postmaster General, Mr. Farley.

Congress has no right to insist that private industry employ more workers, increase wages, unless we are willing to have the same principle apply to Federal employees. Let us approve of the Senate amendments, and by so doing we will be upholding the policy of the President in his challenge to industry and business.

Mr. DOWELL. Mr. Chairman, I offer an amendment to my motion.

The CHAIRMAN. The Clerk will report the amendment.

Mr. BANKHEAD. Well, Mr. Chairman, is it being reported for the information of the committee?

Mr. DOWELL. No. It is offered as a part of the motion.

Mr. BANKHEAD. As I understand, we are still under general debate.

The CHAIRMAN. The Chair so understood.

Mr. DOWELL. It is on the motion, and I am just offering an amendment to the motion.

Mr. WOODRUM. Mr. Chairman, I have no objection to the gentleman's amendment being read.

The CHAIRMAN. The Clerk will report the amendment for the information of the House.

The Clerk read as follows:

Amendment proposed by Mr. DOWELL: On page 35, after line 22, insert the following as subsection (c):

"That no part of the appropriation carried in this act, or any other general appropriation bill for the fiscal year ending June 30, 1935, shall be used in payment in excess of 85 percent of any salary or compensation of any officer or employee of the Government (except judicial officers) where such salary or compensation is in excess of $6,000."

Mr. WOODRUM. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. WOODRUM. Mr. Chairman, it is legislation on an appropriation bill. It is not responsive to anything in the Senate amendments. It not only places a limitation to this appropriation but it applies to all appropriations, and it is inconsistent with the gentleman's motion to recede and concur in the Senate amendment, which restores all basic salaries. The gentleman has already made a motion to concur in the Senate amendment which restores all basic salaries at 100 percent. Now he undertakes to place a limitation on those basic salaries of 15 percent.

Mr. DOWELL. Yes; and this is a limitation on this appropriation bill, and it certainly is in order. I offer it as an amendment.

The CHAIRMAN. Will the gentleman from Virginia [Mr. WOODRUM] kindly say whether the Senate amendment affects all salaries in all appropriation bills?

Mr. WOODRUM. Senate amendment no. 14, to which is directed the motion of the gentleman from Iowa that the House recede and concur, restores all Federal salaries to 100 percent of the basic rate from July 1.

Mr. DOWELL. And, therefore, all salaries being affected by this provision, this amendment is a limitation upon expenditures, as the gentleman from Virginia has specifically stated.

The CHAIRMAN. The Chair overrules the point of order.

Mr. CHRISTIANSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CHRISTIANSON. If the amendment offered by the gentleman from Iowa is in order, is an amendment to his amendment in order at this time?

The CHAIRMAN. If no one objects.

Mr. CHRISTIANSON. Then, Mr. Chairman, I move to amend the amendment by striking out "$6,000" and inserting in lieu thereof "$1,800."

Mr. WOODRUM. I think if the gentleman will withhold his amendment until we consider the Senate amendment under the 5-minute rule, he will then have ample time to offer it. The amendment of the gentleman from Iowa was presented for the information of the committee.

Mr. CHRISTIANSON. Will my amendment to the amendment of the gentleman from Iowa be considered on the same basis as the amendment just offered?

Mr. WOODRUM. Mr. Chairman, I make a point of order against the offering of the amendment during general debate.

The CHAIRMAN. The Chair sustains the point of order.

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I trust you will grant me just a bit of latitude in order that I may touch on section 40 along with section 14; and this is as far as I will transgress on the good will of the Committee.

My position as regards the welfare of all Government employees and ex-service men, irrespective of in what branch of the service they serve this Government and without regard to where they served the flag, is beyond question.

I am proud of the fact that I very early signed the petition which resulted in the Patman bonus bill being brought out on the floor for the consideration to which it was entitled. The unfortunate part, however, Mr. Chairman, was that the bill was trotted out at a time when I found it impossible to be present. I hastened my return to the floor only to find that the vote had already been taken. I feel that the overwhelming vote of approval which carried the bill through the House was the direct result of, and made possible by, the assistance which I, as one, assured it by my signature.

Mr. Chairman, at this time I want to voice my complete accord with the intents and purposes of the Senate amendments as they pertain to Federal employees and to the war veterans. It is manifestly clear that certain injustices have been done to both these classes of our citizens, and I, personally, am willing to acknowledge that now is the time to correct them.

With regard to the Federal employees, I hold and contend that what is good enough for private industry is good enough for the Government. If increased salaries, high wages, and short hours are good for the manufacturer, for the merchant, and for the business man, the very first places where the example should be set and the principle applied are the governmental agencies, offices, and bureaus. Particularly is this true when applied to the little fellow who is receiving the lesser wage rate. I feel this is only the just and proper thing to do because of the principle involved. We should bring back the salary of Government employees to the full basic rate and set the example for the manufacturers, the merchants, and the business men of this Nation. I do not believe there is any division on this point between the Members on either side of the House. The restoration of purchasing power is necessary, and an important factor in the realization of this desired event is the restoration of Government salaries. The administration and the President have repeatedly asked the business interests of the Nation to restore basic salaries; yet, in the final analysis, we find this great Government the first to withhold what it demands of its citizenry.

It has been brought to my attention that a system of furloughs has been inaugurated in the Postal Service which will modify any and all benefits that might be derived through the pay restoration. While I am on my feet, Mr. Chairman, I want to take a direct slap against any individual, group, or element that would attempt to nullify the intent and the purpose which Congress has in mind when restoring the pay of Federal employees. It seems inconceivable that any administrative officer of any department would undertake to go so far.

I have seen a great deal and have read considerably of the injustices and the inequalities of the Economy Act. These would be corrected by the Senate amendments. At the same time, I want to voice my positive opinion that the Senate amendments will go a great distance toward the alleviation of certain conditions among the war veterans. I am very anxious to do my small part to correct these injustices, to eliminate these inequalities. I am not here at this moment to cite any particular set of figures, because, in the first instance, figures invariably can be manipulated to suit individual convenience and purpose. I think it is generally conceded, however, that certain provisions of the Economy Act should be changed and others abolished. I think the Senate has gone a great distance in the right direction. The House should follow.

The vote today on the gag rule reflects the attitude of the House of Representatives. While I was unavoidably absent when the gag rule was considered on January 11, I most assuredly would have voted against it had I been present. It is a matter of record that I voted to recommit the bill.

In spite of the entreaties that the bill be passed with the greatest possible dispatch without amendment, the Senate took the necessary time to deliberately amend the House bill and it was not until 1 month and 18 days later, or thereabout, that the bill reentered our hands. We were again urged to swallow the gag but, inasmuch as the welfare of the disabled war veterans, the Spanish War veterans, the



Federal employees, and others who are in need was involved, I decided definitely for noncompliance.

I want to say to you, my friends, that my constituency expects me to use my best judgment in any and all matters pertaining to the welfare of the people, and I propose to avail myself of the good old American privilege of deciding on the merits of the case. I have grown weary of rendering assistance to the bankers, to the railroads, to the insurance companies, to the casualty companies, and every other element which you might class legitimately among the big interests, and I have reached that point when I can no longer aid and assist the big corporations unless and until I can bring about a measure of relief to the common man—to him who was mentioned so many times and for whom primarily the new deal was designed.

I am only too anxious to do my small part to bring about the greatest possible and the most immediate restoration. I have always advocated high wages in private industry as a means of assured and general prosperity. I believe that the place to inaugurate firmly and definitely such a policy is with the Government itself. I believe that the example set will have more real effect in bringing about a revitalized purchasing power, and therefore prosperity, than anything else which we, in this House, could possibly do. We cannot deny that it is ridiculous and inexcusable for our Government to fight against complete restoration, and more so because the complete restoration seems to hinge on a mere 5 percent. The need in this country and the need of the Government, which is involved in this instance, must either be great enough to fulfill the 15 percent or no need of any kind exists which would be satisfied with a mere 5 percent. Assistance was given every other element excepting that great and speechless element, the workingman. So far as I am concerned, Mr. Chairman, we shall not consider them as mendicants and untouchables. I stand uncompromisingly for the Senate amendments. [Applause.]

[Here the gavel fell.]

Mr. BRITTEN. Mr. Chairman, I desire to offer a preferential motion.

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. I make the point of order that, there having been an agreement there should be 1 hour of general debate upon Senate amendment no. 14, it is not now in order to make any motion or to offer any amendment until the general debate is concluded.

The CHAIRMAN. The Chair sustains the point of order.

The amendment of the gentleman from Iowa was read for the information of the Committee by unanimous consent.

The gentleman from Illinois will withhold his amendment until the conclusion of the general debate. During consideration of the Senate amendment under the 5-minute rule the Chair will recognize the gentleman from Illinois to submit his motion.

Mr. VINSON of Georgia. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VINSON of Georgia. Then there is no motion pending before the Committee at this time?

The CHAIRMAN. The motion of the gentleman from Iowa [Mr. DOWELL] is pending, and, being a motion to concur in the Senate amendment, will be a preferential motion.

Mr. GOSS. Mr. Chairman, I understood that the motion of the gentleman from Iowa [Mr. DOWELL] was to concur in the Senate amendment.

Mr. DOWELL. With an amendment.

Mr. GOSS. And subsequent to that time the gentleman asked permission to have read for the information of the House an amendment to his motion which was preferential.

Now, do we understand that the Dowell motion to concur is the motion before the House, or is the motion before the House a motion to concur with an amendment?

The CHAIRMAN. All the motions will be before the Committee. The general debate will now proceed.

Mr. DOWELL. Mr. Chairman——

The CHAIRMAN. If the gentleman has a parliamentary inquiry, the Chair will hear him; but the Chair does not recognize the gentleman for any other purpose.

Mr. DOWELL. May I state the purpose?

The CHAIRMAN. No. The general debate on the amendment will proceed.

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, I think I understand the situation that confronts us. I know I understand what can happen. The amendment which we will shortly vote upon deals solely with Government employees' salaries.

I cannot speak for the President, and so far as I know no one here can speak for the President, as to how far he will go in this respect. We do not know what part of the Government employees' salaries the President is willing to restore. How can you find out? The only way that you can find out the President's views is to agree to the motion of the gentleman from Virginia that this amendment go to conference or concur with an amendment that will keep the question open. Let the conferees wait on the President and see what kind of a compromise can be secured.

Here is the situation that confronts the gentlemen who voted against the rule today. Suppose we agree to the Senate amendments as provided by the motion of the gentleman from Iowa [Mr. DOWELL]. Suppose likewise the House agrees to the amendment affecting veterans and the bill is sent to the President, who, we are told, will veto the bill in such form. This is what happens: You have restored the salaries of the Government employees; you have restored the full 15 percent, but what have you done for the veterans? You have not given the veterans one penny more than they are receiving today nor changed hospital provisions.

The Senate amendment provides for the restoration in part of pensions of Spanish War veterans and their widows. If the President vetoes this bill, and it contains this Senate amendment, and we are forced in the end to pass a resolution continuing the present appropriation for the independent establishments, the Spanish War veteran gets absolutely nothing more than he is getting today. You are placed in the position of going back to face your veterans, who will say to you: "You gave the Governme.it employees their full salary, you took your own full salary and accepted it, but what did you do for us? What did you do for the presumptive cases? You did nothing for the presumptive cases. What did you do for the Spanish-American War veterans? You did nothing for them."

No one can deny that will result in the event of a veto. The Government employees are friends of the veterans. I cannot conceive they want to benefit at the veterans' expense. They want justice extended to all.

Mr. Chairman, whenever there is an argument, whether it be in business or in the Government, there is only one thing to do and that is to get together and agree on a compromise. We do not know what the President is willing to do for the Government employees, the Spanish-American War veterans, or the World War veterans. We might find out when the conferees go to the White House and the President considers the situation that exists, that he would be willing to restore a certain percent of the pension that the Spanish-American War veterans were getting a year ago, extend additional benefits to World War veterans, and make hospitalization provisions more liberal. I do not know what that percent might be, nor do I know if he would be willing to restore any of the pension. The only way you are going to get anything is to send the amendment to conference, let the conferees go up to the White House, and agree with the man who must sign this bill. [Applause.]

Personally I would like to see this bill go to the Senate carrying the amendment of Senator BYRNES, of South Carolina, who was looked upon as being the President's spokesman in the Senate. If you will recall, his amendment provided for restoration of 5 percent of the salaries as of

February 1, 5 percent as of July 1, and the balance whenever the President issued an Executive order. This amendment was defeated in the Senate by 1 vote.

It is hard for us to explain the situation to our constituents, who are directly interested. It is hard for them to understand the situation that confronts us. Why do something that down in our hearts, at least those who understand what can happen, know might ultimately result in no increase of any kind for veterans or, for that matter, no restoration of pay of any kind for Government employees? Let us face this issue fairly and squarely both as to the Government employees as well as the veterans and do the very best we can for them. Let us not attempt to do something we know we cannot accomplish.

Why should we, thinking only of our political future, place the burden or, to be plain, pass the buck to the President? He certainly has enough now to shoulder without the Congress piling more upon him.

If this country comes back, as we all pray to the good Lord it will, there will be no delay in restoring the full pay of the Government employee.

My heart goes out to those underpaid employees, those in the lower brackets, who have been forced to stand a reduction in salary. Men with children earning barely enough to exist. I am thinking of them, and I would rather see them get at least a half loaf instead of nothing.

They will accept your explanation when you face them and tell them just what confronted you. Do not do something now that you will regret at a later date. Your conferees can be trusted. Think this matter over carefully.

The Government employees have always been my friends, the same as they have been yours. I hope they have confidence in me at this time.

Mr. Chairman, we have a duty to perform to the Government employees, to the veterans, and to those who must foot the bill. As I see it, we can only perform that duty by voting today so that our conferees will have something to work on in an effort to effect a compromise. [Applause.]

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, when I sent my amendment to the Clerk's desk a few moments ago I did so for the information of the House. The object of the motion is to concur in Senate amendment no. 14 with a view to restoring 100 percent of all salaries on July 1 of this year. I do this with a view of taking Uncle Sam out of the realm of inconsistency, which he now occupies.

As a Member of Congress, I regard myself and every other Member of this House as the paymaster for every employee in the United States Government. We, first of all, are the positive paymasters of the employees of the Government. When President Roosevelt, in a Nation-wide broadcast, announces to the paymasters of the country that the hours of labor per week should be shortened and that the wages per hour should be increased, I assume that he is talking to me. I certainly could not assume that he was talking to every other paymaster in the United States excepting myself as a Member of Congress. That would not be consistent. I conclude, and every Member of this House should conclude, that when Gen. Hugh Johnson, the National Recovery Administrator, cracks down on industry for an increase in wages, and when the President challenges industry for an increase in wages and shorter hours, that it would be silly for the paymaster of the biggest employer in the United States to disregard these requests. The paymaster is sitting here. He holds the purse strings of every Federal employee. He holds the destiny of these employees in the palm of his hand. These employees cannot march on the White House, they cannot promote parades, they cannot come down and object to their hours of labor or their pay, because if they do so they will lose their jobs.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. BRITTEN. Mr. Chairman, seriously, I maintain that when the administration is challenging the industries and challenging the paymasters of the country to meet this situation with a view to improving unemployment and in the interest of recovery, this House, the paymaster of the greatest employer in the United States, cannot sit idly by and refuse to listen. The Senate amendment should be concurred in, and I hope you will approve my amendment in that direction.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY. Mr. Chairman, it has been one of the sad tragedies in the course and policy of nations that the unfortunate soldiers of the South, who fought believing in the "lost cause", have been barred from the pension bounties long paid to the northern soldiers, who fought alike believing in the Union cause. But this could not be otherwise. Under the law of loyalty and allegiance there can be no policy of government under which to reward the soldiers who fight against the flag and colors with those who defended the colors and the flag. Under the law of allegiance, barring pensions to her own soldiers, the South has bowed in meek humility, becoming in the fortunes of war, and has borne the burdens of government with loyalty and self-sacrificing denial. [Applause.]

For almost 70 long years in duration, while their own soldiers in the South were left neglected in their advancing years, left in the infirmities of old age, left in hunger, shivering and shelterless, left to suffer privation, poverty, and want, the people of the Southern States have patiently, heroically, and patriotically borne the burdens of tariff and excise taxes with Christian fortitude and endurace, all to pay pensions to the northern soldiers. [Applause.]

I can see that nobleman of the South, the lamented Oscar Underwood [applause], standing upon the floor of this Chamber, counseling, entreating his brother Members here, to vote for pensions to the northern soldiers, promising them their time would come, all while their own fathers and brothers—honest, confiding soldiers of the Southland, soldiers serving with like loyalty and allegiance, soldiers serving in the lost cause—remained suffering in poverty and want, hovering over the cold ashes of old age, in the winter evening of life. [Applause.] Oscar Underwood [applause] was broad enough to realize, know, and understand that while the policy of nations would forbid pensions to Confederate soldiers, the same policy made pensions to Union soldiers a binding, subsisting obligation upon the Nation and upon the people of every State and section of the Union, upon the people of the South as well as the North. [Applause.]

But as time lowers the mountain range, as time raises the valleys of the sea, as time lifts the depressions in the earth and brings all to an even, common level, so time has brought the sons of the South up and the sons of the North down to stand equal on a common level together under the folds of the Stars and Stripes today, to share the Nation's bounties and blessings, as well as to share its burdens and fight its battles. The soldiers of the Spanish War and the soldiers of the World War have come up from the South to share with the soldiers of the North in just, equal part and portion the Federal measures of relief provided for its soldier defenders.

But no sooner has the South come into its own, an equal place and position, to claim pension benefits and relief for their sons, their soldier and sailor boys, from the taxes they have long been paying, than a sudden change of policy is declared, with so-called "economy" the watchword of the hour, to drive stricken, suffering soldiers from the hospitals and to strike them from the pension rolls like wounded sailors clinging to a raft at sea. And the orders come directing pensions to be reduced, or commanding pensions and allowance be discontinued, to make up to the exhausted Treasury for what Morgan, Mellon, and the war profiteers had rebated, defaulted, and failed to pay.

Mr. Chairman, if I were a Member of Congress from south of the Mason and Dixon's line, from the great Southern States, as I am a Member of Congress from north of that

line, from the great States of the North, and if I had been a Member coming here, or my Representatives had been coming here, during all these long trying years and voting pensions to northern soldiers to be paid for by taxes collected from my people, the people of the South, paid faithfully, patriotically, and well, I would meet the so-called "Economy League" on the threshold of the exhausted Treasury. [Applause.] I would challenge the plea and pretext for economy over and above the debt and obligation to my soldiers. I would defy the party or leadership standing in the way of justice and right to the soldier boys of the South. And in vindication of the patience and forebearance of the people and taxpayers of the South, who for almost threescore years and ten have been paying pensions to the soldiers of the North, I would renounce the leadership counseling and advising the surrender. [Applause.]

And, if I failed to uphold and claim full pensions now coming to my soldiers, long paid to the soldiers of the North from tariffs and impost taxes collected from the people of the South. I would never try to explain my cowardice to the brave soldier boys of the South, who stormed San Juan Hill in Cuba in the face of shot, shrapnel, and shell to free the Cubans from the rule of Weyler and from the iron heel of Spain. I would never go back to my soldiers, who trained in the Miasma army camps, who defied the treacherous submarine seas, who fought at the Marne and Chateau Thierry, who charged through the Argonne Woods, who faced shrapnel shell and cannon at Verdun and on the battle fronts of Europe.

I would never go back to my soldiers, who stopped and stayed the tide of the German on-rushing army hordes led by Hindenberg, Ludendorff, and Moltke, directing an avalanche of fire and steel in a cloud of death-dealing fumes and gas following in the wake of havoc and destruction, driving, surging on to the gates of Paris to conquer France and the allied world. I would never go back to my soldiers and try to explain or qualify to them why I did not possess the courage to meet Morgan, Mellon, and the war profiteers and the tools and puppets of the Economy League. I would never try to explain to my soldiers why I voted to surrender their pensions, or, voting in error, why I failed to change my vote when the true facts were discovered and before me and the operations of the law were revealed as a system, means, and artifice for the relief of the financiers from the payment of their taxes, and when it was apparent and realized that this Congress and administration were taking from salaries, wages, and pension to make up to the exhausted Treasury for the income and corporation taxes which the last Congress and administration had failed and neglected to collect from Morgan, Mellon, and the war profiteers. [Applause.]

I come from antislavery, Union-cause people. My father was an antislavery and a Union man. My grandfather was an antislavery and a Union defender, and was mobbed in the great State of Indiana, in 1856, when he held an antislavery meeting and spoke against human bondage, declaring that slavery was the sum of all villanies. But the great Civil War is over, the issue of slavery decided by conflict of arms and has been confirmed by the judgment of time. The people of the North and the South are happy and contented living together with interchange of commerce, trade, and travel. And held in the bonds of a common interest and a common cause, they stand out before the world as one people forever united for progress, achievement, and advancement, and invincible as a power in the world. For these reasons and because of these facts, I stand in a good faith, considerate position to speak for the brave soldier boys of the South and to commend the people of the Southern States for their good faith, submissive spirit, and their patriotism and loyalty as citizens of this great Union of States.

Mr. Chairman, when Congress was called to convene last March in special session to consider farm and industrial relief, members were shown an empty Treasury or a Treasury fast nearing exhaustion, without funds available or in anticipation, for the payment of salaries, wages, and soldier pensions. And Members, arising to the emergency of the hour in a realization of high patriotic duty to maintain the credit of the Government, and to save the people from insolvency and bankruptcy, voted to reduce their own salaries 15 percent and voted to reduce public wages 15 percent. And, under solemn pledge and promise that soldiers' pensions would be readjusted with care, fairness, and humane consideration, to reduce pensions too high and to raise pensions too low, voted, believing to reduce pensions in like amount and the economy bill was passed by Congress. And here I want to commend and compliment many Republican Members and soldier friends, who listened to the appeal for economy, heeded the call for retrenchment in expenditures, and, rising above petty partisan spirit, voted with the majority for the Economy Act.

But when the Members voted for the Economy Act they did not know that J. P. Morgan was not and had not been paying his income taxes. Members did not know that 500 Morgan partners were not and had not been paying their income taxes. Members did not know that 89 Morgan bank syndicates were not and had not been paying their income and corporation taxes.

Members did not know that Andrew Mellon, former Secretary of the Treasury, was not and had not been paying his income taxes. Members did not know that 37 Mellon banks and trust companies were not and had not been paying their income and corporation taxes.

Members did not know that the certain special few men—the great manipulating financiers of the country, holding 90 percent of the wealth of the country—were evading and had been evading the payment of their taxes. Members did not know that myriad millions of taxes had been and were being evaded and defaulted, and more than enough to pay all salaries, wages, and soldier pensions.

Members of Congress did not know until after the new Senate committee, appointed to investigate tax frauds and evasions, had investigated and reported back that Morgan, Mellon, and the war profiteers were not paying and had not been paying their income and corporation taxes. Members of Congress did not understand or realize that the enactment of the economy bill, under the true facts finally found, was practically in effect an order to take from salaries, wages, and soldiers' pensions enough to make up to the Treasury for the loss in income-tax collections which the last Congress and administration had allowed, evaded and defaulted in serviant obedience to the war profiteers. And confronted with an empty Treasury, with national insolvency and bankruptcy imminent, and with assurance that pensions would be reduced fairly and tempered with justice to the soldiers and in equalization of soldiers' pensions, Members were actuated on good faith and patriotic motive and were justified in voting for the economy bill.

But when the Senate committee had found the facts and reported showing the failure, defaults, and evasions of Morgan, Mellon, and their war-profiteer associates, their failure to pay income and corporation taxes; and when the law was carried into force under the Hines rules and regulations, reducing pensions 50 and 75 percent and more and striking soldiers ruthlessly from the rolls, then, and not until then, did Members know or realize the facts. But when the committee had reported and the facts were known the Members were chargeable with knowledge of the facts, and from and since such discovery of the facts Members have stood responsible with knowledge of the facts and with knowledge of this inhumane course and brutal treatment of the soldiers.

When I learned these facts in May, learned of Morgan's and Mellon's tax evasions, learned that Administrator Hines would be held in office in violation of the so-called "new deal" pledge, learned of his rules and regulations promulgated and his cruel and brutal course toward the soldiers, I filed a bill (H.R. 5908) to repeal the Economy Act, to reinstate the soldiers upon the rolls, to reenact the pension laws repealed, and to reduce pension payments by 15 percent, the same as salaries and wages provided. And as soon as 30 legislative days had expired, I filed my petition upon the

Speaker's desk to discharge the committee to which referred, to bring the bill before the House for hearing, consideration, and passage. And members of former administrations under which these tax evasions were permitted and concealed, and who have disclaimed knowledge of these rebates, evasions, and defaults but who are now chargeable with actual knowledge of the facts, may now maintain good faith in fact, may now exonerate themselves and maintain good faith with the soldiers by promptly acting upon this knowledge and by signing my petition on the Speaker's desk and by joining with me on the floor to repeal the act and restore the pension laws.

And members of this administration, from whom the facts were covered and concealed, to maintain their good faith with the soldiers, should now sign my petition on the Speaker's desk, help me bring this bill out upon the floor, and join with me to secure its passage. Both those who voted for the economy bill and those who voted against the economy bill, to maintain a consistent course and good faith toward the soldiers who fought our battles, should sign my petition on the Speaker's desk and help repeal the Economy Act.

Let no Member waiver or hesitate in fear or apprehension of changing his vote on learning the truth and the facts. Let him realize and be assured that a wise man freely changes his mind, but only a fool pursueth the same course forever. I try to keep my mind open to the truth and new facts. I try to hold myself ready to change at all times and reverse myself when facts and conditions change. I try to know more today than yesterday, and I hope to know more tomorrow than today. I have faith in the policy to do right. I take courage and resolution in being right. I take solace and consolation in the right. And in the last and final analysis of life my one and sole ambition is to do right toward my confiding fellow men.

The President has now turned back, realizing the error and injustice of the Economy Act, more than $150,000,000 to the soldiers taken from them by the Economy Act, and has taken just credit for this return before the soldiers. I am glad that he has taken this credit. I am anxious for him to take and claim the credit. He deserves to take and claim such credit. And I want him to take and claim more credit, more credit for restoring more pensions back to the soldiers. But he has turned back taking credit for what Members of Congress here voted to take away from the soldiers and for what they are still chargeable, and for what they stand responsible, and for which Members themselves are entitled to take equal credit and can take equal and just credit by signing my petition and voting for my bill.

Suits for the prosecution of Morgan and Mellon and the war profiteers and for the collection of evaded and defaulted taxes have been filed and are now pending. But pensions should not be withheld from soldiers awaiting the conviction of these tax violators and the collection of these back taxes. Now that the facts are known to Congress, now that the truth is found and admitted, now that the cause of the empty Treasury is explained, and as the failure to collect income taxes is not the fault of the soldiers themselves, the soldiers' pensions should be paid promptly without delay. The soldiers have performed the service. Their pensions are long past overdue. They should not be made to wait in suffering and suspense for the suits filed to be tried, awaiting the law's long and tedious delays, nor for the collection of these defaulted taxes for which they have in no way contributed and are in no way responsible or chargeable.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 4 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, it seems to me that legislative wisdom, as well as the merits of the question, requires that we should send section 21 or Senate amendment no. 14 to conference.

Restoring the complete pay of public employees and officers on July 1 of this year is a program which is not parallel with the N.R.A. program of increasing wages. The wages that President Roosevelt and General Johnson are talking about are industrial wages, which during 3 years of the depression had already been driven down to unreasonably low levels. When we are talking about the salaries and wages of public employees we are talking about 1928 wages with a 15-percent reduction, and General Johnson and President Roosevelt, in their fondest dreams, have no idea that they are going to be able at an early date to restore industrial wages to 85 percent of the 1928 level. To take the position that we should join in this amendment simply because the National Industrial Recovery Administration is trying to raise industrial wages to a living level is taking an unfair advantage of the situation, doing no good for the industrial employees and only trying to cash in at their expense. [Applause.]

As a matter of practical legislation, if we concur in this Senate amendment and then concur in the Senate amendment on veterans' legislation, which I hope we will do, we have tied a millstone around the neck of the veterans.

The claim of the Spanish War veterans and the World War veterans is a claim that should be permitted to stand upon its own feet and upon its own merits. If in the end we can present such a legislative position, I do not believe the President of the United States can fly into the teeth of the righteous public sentiment in favor of the Spanish War veterans and the World War veterans, as provided in the veterans' amendment. However, if we tie them together, then the President is in a position where he must veto the veterans' benefits in order to reach the public-salaries matter.

Now, mind you, the Economy Act as to public employees provides for a 15-percent reduction with an obligation upon the President to restore the salaries whenever the cost of living goes back to the 1928 level.

I am quite frank to concede that in the administration of the furlough and in some of the administrative acts there has been an inhuman injustice done to certain classes of low-salaried public employees, such as postal substitutes, but we cannot reach them and them alone by concurring in this amendment.

Again, I doubt if this amendment was seriously enacted in another legislative body. I think it was politically enacted. The vote was 40 to 41.

Veterans' legislation is entirely different. I think we are justified in concurring in the Senate amendment that pertains to veterans' legislation, but we should not concur in this Senate amendment, but rather we should send it to conference so that a salary arrangement may be reached which the President will accept. That will give the veterans a running chance on their own merits and at the same time do more for the employees than will be obtained from a vetoed bill. At any rate, we should modify the provisions for public employees in line with the Byrnes amendment in the Senate. That amendment may be accepted, and if so, will restore public salaries with a 5 percent reduction after July 1, 1934. That will give public employees and officers a far better position than the great body of people will enjoy.

Mr. WOODRUM. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman, I believe in supporting the administration on this bill. I also believe in supporting and standing behind the Democratic platform declaration which states:

> We advocate the spread of employment by a substantial reduction in the hours of labor, the encouragement of the shorter week by applying that principle in Government service.

We are not applying the principle of the N.R.A. in Government, and I think we ought to do that.

I stand behind the administration as I read a short sentence from a declaration made by the Honorable Postmaster General of the United States, who, in speaking of this depression in New York City on March 8 this year, said—

> No money should be spared in fighting this depression.

I agree with him; we should spare no money in fighting this depression and not only should we take care of our Federal employees, but we should enact sufficient and proper

legislation to take care of the millions and millions of unemployed citizens of our country.

We must legislate for the Federal employees, but as yet we have not effectively and properly legislated for the unemployed of our country.

I wish to speak also in reference to an item published in the Union Postal Clerk magazine for the current month, quoting Mrs. Franklin D. Roosevelt—

> No business can be called really successful which has at the bottom workers who are not able to live decently and happily.

I say our Federal employees in the lower-pay categories are not able to live decently and happily with the wage scale they are receiving today.

Mr. BRITTEN. Will the gentleman yield very briefly?

Mr. HOEPPEL. I yield.

Mr. BRITTEN. I would suggest to the gentleman that the 1928 Democratic platform said that Federal employees at that time were underpaid.

Mr. HOEPPEL. I thank you, but I have not the time to elaborate on that. I am in favor of the principles of the N.R.A. Our Government, which is asking the private business man to live up to the principles of the N.R.A., should be true to its implied trust. I have here a letter stating that the Post Office Department is trying to scale down the fees of an architect now engaged in designing a post-office building in my district. I have another letter with respect to civil-service employees, stating that the Government is economizing on these individuals. Our Government authorities have discharged first-grade mechanics receiving $42 a week, and a few days later the same Government authorities have reemployed them at a salary of $25 per week, taking them back in lower civil-service ratings.

We are not doing the fair and square thing for our Federal employees. We should restore their entire pay. I am in full accord with our President's statement that we should raise salaries 10 percent and reduce hours 10 percent. It is the question that is involved in this amendment. I am in favor of the amendment, and I hope it will be adopted. [Applause.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Chairman, the action already taken this afternoon ought to be heartening assurance of the determination of this House to pursue the true course of national recovery.

If this voting-down of the gag rule is followed by concurrence in the Senate amendments, it will be proof positive that both Houses of Congress are following faithfully the philosophy embodied in the National Industrial Recovery Act.

The immediate matter before us is a motion to concur in the Senate amendment, with an amendment. If that should be adopted, the whole question will be sent to conference, and there will be continued juggling with this vital issue. If that motion is voted down, there will be offered a motion to concur with the Senate amendment exactly as it stands. That motion, if adopted, will settle the controversy. It will be a declaration of the policy Congress has adopted after long consideration. It will mean the restoration of 5 percent of the wages of Federal employees as of February 1, and the remaining 10 percent on July 1.

With that action taken, the fiscal year 1935 will see the regular wage schedules reestablished, and the Government of the United States will be in line with the recovery program of the President.

Mr. Chairman, the basis of the N.I.R.A. is that increased purchasing power in the hands of American workers will create orders for the products of farms and factories. With fair prices secured by frank and open cooperation, it is believed that prosperity can be secured.

Let us not deceive ourselves. There is no way out of the depression except through increased buying power for 30,000,000 American families. That is the only weapon to slay the national enemy which threatens our destruction.

Every possible means must be used to put this power in the hands of Americans. Private industry must do its part by increasing wages and shortening hours, but the situation has reached such a stage that private industry cannot alone perform the mighty task.

I listened to the remarks of the gentleman from Kansas [Mr. MCGUGIN]. He tried to justify the reduction of the wages of the employees of the United States on the ground that private employers had cut still deeper into the wages of workers.

That argument is without any foundation. The individual employer, faced by competition, may be compelled to cut wages to an inhuman level in order to remain in business. He must make a profit or give up the fight. If his costs, including labor, are higher than the price he can secure for his product, he is soon destroyed.

When the President of the United States calls upon private employers to increase wages, he should help create the increased business which will justify such increase. That increase in business can only come through new purchasing power, and that is exactly what we are trying to provide by the restoration of this 15-percent wage cut.

The Government is under no compulsion to show a profit. It is a great corporate enterprise built solely to advance the common welfare and the public happiness. It can take the measures needed to encourage private business and put real foundations under their desire to help in bringing prosperity.

Two thirds of all the purchasing power in this country in normal times is in the hands of Americans who have an income of $2,000 or less. It is in that group that the Government personnel comes, in view of the fact that the average pay for all Government workers in 1929 was $1,440. The 15-percent wage reduction brought that figure down, and every dollar of the restored pay will immediately go into circulation in the channels of business.

This acceptance of Senate amendment 14 will help immensely that unfortunate group of postal substitutes and special-delivery messengers who have been trying to support their families on incomes which should not be tolerated for any workers. Yesterday I received in my mail the pay check of one of the substitutes. It covered a 2-week period and was drawn on the Treasury for the amount of 59 cents.

The Post Office committee and the House has already taken action to remedy this humiliating situation by passing the Mead substitute bill providing a minimum pay, below which the compensation of substitutes shall not fall. It is all the more vital, since within the last 2 weeks, the Postmaster General has issued an order, furloughing all postal workers for 4 days, without pay, before July 1.

Mr. Chairman, Senate amendment 14 should be concurred in. It is the right thing to do under the circumstances which now confront us.

Just as earnestly, I contend for the same action as to Senate amendment 22. By doing justice to the soldiers of the United States, we may at the same time advance national recovery.

This amendment restores benefits to the presumptive service-connected cases of World War veterans. Every Member here, like myself, has had personal experience as to the cruelties and injustices brought about by the so-called "Economy Act." My files will show a great many cases where by every principle of right judgment disabilities are shown to be due to the service. Yet they have been ruthlessly deprived of all benefits and left to seek charity in a time when the springs of charity have run dry. There is no logic or reason in the way the boards have acted on these presumptive service-connected cases. In the Burlington, Vt., area the board turned down 76 percent of the claims which had previously been granted. In Charlotte, N.C., the board turned down only 25 percent.

Then the Senate amendment restores 90 percent of the benefits which were granted to Spanish War veterans before the passage of the Economy Act. Under the provisions of the Economy Act, as administered, almost every Spanish War veteran has been deprived of the greater part of his compensation. Thousands of them have been cut off the list entirely and left without any income in this time of dis-

tress. Thousands more have been turned out of the soldiers' homes and hospitals and left to become objects of charity.

These veterans, reaching the age when they can secure no jobs in modern industry, ought to have restored to them every dollar they were receiving before the enactment of the Economy Act. Surely there ought to be no hesitation in restoring what is provided in the Senate amendment.

Mr. Chairman, these are important votes today. They deal with the economic welfare of several million American families. They concern the increase of public purchasing power and the lifting of the standard of living. Nothing can do the President more harm than to nullify his sound recovery program through measures which decrease buying power instead of increasing it. For myself, I will not help to wreck and undermine what I believe to be a worthy program, no matter who asks that it be done. I believe that the human way is the only way out of this economic jungle and that by helping Federal employees and the soldiers of the United States right now we can best help America. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Chairman, the gentleman from Missouri [Mr. COCHRAN] remarked that if we followed the course that this House is apparently going to follow, the Spanish-American War veterans would get nothing and at the same time we would have restored our own salaries. There is no truth in that. In the first place, I think gentlemen who are going to vote to concur in the Senate amendment will be found to be about the same gentlemen who voted against these drastic salary reductions a year ago. We are just a little bit consistent. I should like to have about half an hour some day to talk on a subject I think would be very amusing, and that is the subject of legislative acrobats. We have gentlemen on this side and on that side of the House who get up, day in and day out, and shed crocodile tears in the face of a bill and who say they are going to vote for it without moving a muscle or batting an eye, whom, when the roll is called, we find voting on the other side. I have seen the lady from Massachusetts [Mrs. ROGERS] cry crocodile tears over the aviators and the mail carriers and the veterans.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WEIDEMAN. I am sorry; but I do not have the time.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield? I am not the least ashamed of shedding real tears for and helping the aviators, the 10 Army aviator mail carriers who were killed; and I am ashamed that the gentleman and his side do not cry for the aviators or help them.

Mr. WEIDEMAN. I cry for the men who served overseas, and I fought for the bonus, and I fought to put money in circulation. Not only did I talk for the payment of the adjusted-service certificates, I voted for it.

I would not have voted to take 15 percent away from the Federal employees and then continually cry for them. The gentleman from Missouri [Mr. COCHRAN] is shedding all these crocodile tears about taking away money from the Spanish-American War veterans. There is not a chairman of any committee in this House, and there never was, who would adjourn and let the matter of the pension compensation and the Federal employees' salary and pay be left up in the air, and I think there are a few here who will stay until we do get that thing settled.

Then there is the matter of the furlough. We appropriated $716,000,000 to take care of the Post Office Department, but the Director of the Budget says that we can only spend $619,000,000. I read the following from a letter which I received about the postal employees and the substitutes from Mr. R. M. Fox, secretary of the National Association of Letter Carriers, at Detroit:

> The substitutes, until this order, received very little work, but now they are completely out of work for the next 4 months. These subs cannot get C.W.A., P.W.A., or welfare work, which makes their situation acute. Administering the furlough in this manner deprives the employees of a full day off and imposes additional work on them through doubling up routes.

I am reminded by the gentleman from Illinois about the 1928 Democratic platform, which said that the Federal employees were underpaid. That was because at that time the average yearly income of the farmer was $525, of the skilled laborer $1,200, and of the unskilled labor $1,000.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. WEIDEMAN. Yes.

Mr. SIROVICH. The distinguished gentleman from Michigan has made a brilliant record as a liberal and progressive legislator, and has justly earned the respect and consideration of the House. Does the gentleman realize that in 1929 the Department of Labor said it was necessary to have $1,800 a year to protect and take care of a father, mother, and three children with the bare necessaries of life?

Mr. WEIDEMAN. That is true, and the Democratic Party, having knowledge of that, is trying to bring that up now, and the majority party is going to do that now. We will hold up the hand of the President, and I will hold up the right hand of that famous soldier, General Johnson. I will vote this money back to increase our wages. I will not embarrass my good friend from Virginia. I am going to vote to raise these salaries back where they should be; and while all these gentlemen are talking about economy, I want to read you some of the salaries of the presidents of the steel corporation and other big institutions during these lean years.

Let us see what salaries these big business men got during the years they were continually trying to reduce the workers' salaries.

In 1928 the chairman of the board of the Bethlehem Steel Corporation got $150,000 a year. In 1929 he got $150,000 a year, and in 1930, after the depression started, he got $250,000 a year, and in 1931 and 1932 and 1933 still got the $250,000 a year. Let us go now to the United Aircraft, which seems to be the popular thing just at present. In 1929 the president got $420,665. In 1930 he got $248,712, and in 1931, $243,755, and in 1932 he got more than $1,000,000.

Now, what are the salaries that some of these other executives received during these years? These figures are from the report of the Federal Trade Commission.

The United States Steel Corporation, the salary of the chairman of the finance committee is as follows:

1928	$172,000
1929	209,000
1930	297,000
1931	241,000
1932	197,000
1933	162,000

The President of United States Steel received:

1928	$222,728
1929	260,000
1930	248,000
1931	194,000
1932	156,638
1933	100,000

The American Tobacco Co. record is as follows:

For the president:

1928	$355,000
1929	605,000
1930	1,566,072

And I presume this includes his bonus:

1931	$1,051,630
1932	825,607
1933 (for salary only)	120,000

In 1929 one of the vice presidents of this company received a total compensation of $345,000, approximately.

While the Anaconda Copper Co. could not pay dividends, it could pay the chairman of the board $423,000 in salary in 1928. In 1929 he received $302,000; 1930, $302,000; 1931, $279,000; 1932, $217,000.

Now, these salaries are only a sample of the salaries of the executives of big corporations generally. There was no sign of depression here. No wonder during the Hoover administration there was a constant drive to reduce the wages of the worker, who created all the wealth, so the banker-operators of industry could continue to milk the public and the workers of profits which by all moral right belonged to them.

This system of false economy based upon the reduction of salaries must stop.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(By unanimous consent, Mr. WEIDEMAN was granted leave to extend his remarks in the RECORD and to include certain letters and telegrams and figures referred to.)

Mr. WEIDEMAN. Under leave of the House, I insert the following telegram:

CARL M. WEIDEMAN,
Member of Congress, Washington, D.C.:
The membership of Postal Employees of the National Legislative Council of Greater Detroit urge you and your colleagues to make a strenuous protest against Postmaster General Farley's 4-day payless furlough, together with our 15-percent salary cut. This policy unwarranted with increasing postal business and inconsistent with President Roosevelt's appeal to business for higher wages to rank and file in industry.

EDWARD J. LYNCH,
President Branch 16, United National Association of Post Office Clerks.

If industry is to raise salaries, the National Government should lead the way and restore the 15-percent pay cut now.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Chairman, in this pay-cut discussion I do not think it has been brought out that it is not merely a 15-percent cut that the Government employees have been taking since the passage of the economy bill. It is really a 26-percent cut, with payless furloughs and the like and the average pay today is far less than it is supposed to be. The average pay of the Government employee is about $1,224 a year.

I am in favor of the motion which I understand the gentleman from Illinois [Mr. BRITTEN] is going to make, to concur in the Senate amendment no. 14, which gives back the full pay to the Government employees. [Applause.] The gentleman from Iowa [Mr. DOWELL] is going to offer a motion to recede and concur in the amendment with an amendment, which will be the first vote taken. I hope that will be voted down. Then we will come to the Britten amendment which is to concur in the Senate amendment and thereby give back to the Federal employees all of their pay. I hope you will vote for that amendment.

Now, when we come to amendment no. 22 we are going to meet a peculiar situation. Amendment no. 22 includes the Borah amendment cutting Congressmen's and Senators' pay. I am against the Borah amendment, as I stated once before today. I do not believe a Congressman's pay should be cut. The Lord knows it is hard enough to live on your present pay, if you can live on it. Nevertheless, we are up against a peculiar parliamentary situation. I had prepared a motion, which I expected to offer, to recede and concur with an amendment striking out the Borah amendment, but I find if that motion should pass, when the bill goes over to the Senate if Senator BORAH or some other Senator should get up and move to disagree with the House amendment and ask for a conference, it would go back to conference, and all of the veterans' legislation in that amendment no. 22 could be taken up again and the veterans could be cut down again by the conferees. So when we come to section 22 I am going to move to concur in the entire amendment no. 22, thereby cutting our pay, but giving the veteran back his compensation.

Mr. GOSS. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. GOSS. I want to call the gentleman's attention to the fact that if we concur in the Senate amendment it raises the amount of the bill only $63,000,000, inasmuch as the President has given way to another body. It is not $189,000,000, as many people have stated.

Mr. CONNERY. Does the gentleman mean the veterans?

Mr. GOSS. No; I am talking about the restoration of the 15 percent.

Mr. CONNERY. Yes; my friend from Connecticut is correct, as I mentioned before. I thought I would be able to take a crack at, or, as General Johnson would say, "crack down on" the Borah amendment. I feel deeply on this matter. It is not simply because I want my salary back or you want your salary, but I have said time and time again on the floor of this House that this is the representative body of the American people. There are forces in this country which would like to see this forum of the people destroyed. It is not now a body of multimillionaires, but if they cut your salaries down low enough, you will soon have a body of multimillionaires as Members of this House—men who will be subservient to all of the big interests of the United States. For this reason I am sorry that this amendment comes up in this fashion, so that in order to do justice to the disabled veteran we have to cut our own pay. I think it was put in there at that particular spot in the bill in the hope of and for the purpose of tying the hands of the Members and preventing a discussion of the veterans' case and the Members' salaries case on their own individual merits. I hope the maneuver will not succeed. I hope you will vote to give the veterans their just dues, even though it means that in doing so you will be forced to sacrifice pay which is sadly needed by most of the Members of this House.

Mr. DUNN. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. DUNN. Did I understand the gentleman to say he was going to take a crack at Senator BORAH's amendment?

Mr. CONNERY. I had hoped to do so, but I find under the parliamentary situation that if I offer such an amendment it may eventuate in the bill going to conference, and possibly the veterans may lose some of their compensation, so I am going to make a motion to concur in amendment no. 22, which will cut our pay, but will give all that the Senate gave to the veterans.

Mr. DUNN. I agree with the gentleman.

Mr. CONNERY. I yield to my friend the gentleman from Texas, the distinguished Chairman of the Committee on Appropriations.

Mr. BUCHANAN. Does the gentleman understand that the Borah amendment does not decrease anybody's salary?

Mr. CONNERY. I understand that Congressmen cannot go back to the $10,000 salary where they were before.

Mr. BUCHANAN. The Borah amendment simply says that the money in this bill shall not be available to pay 15 percent of the salaries over $6,000, but it does not decrease anybody's salary. Everybody can collect his full salary next year or the year after next.

Mr. CONNERY. I do not understand the gentleman. Is the gentleman trying to make us believe that beginning on July 1, under the Borah amendment, a Congressman's salary can go back to $10,000?

Mr. BUCHANAN. A Congressman's salary is $10,000, and the Borah amendment does not decrease it. Fifteen percent of it has not been appropriated for. That is all.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield the gentleman from Massachusetts [Mr. CONNERY] 1 additional minute.

Mr. CONNERY. I want to get this clear. We are getting $8,500 now. If we put back the 15-percent pay cut to all Government employees, they get back their pay. Under the Borah amendment it provides that a Congressman or Senator may not get his pay.

Mr. BUCHANAN. It only prevents the use of 15 percent of the appropriation in this bill for use to pay salaries over $6,000. The statutory salary remains the same, and a Congressman next year can sue and get judgment for it, as every other employee who gets over $6,000 can do.

Mr. CONNERY. In other words, the gentleman means that in the far-distant future there is hope that we will get our former $10,000 salary.

Mr. BUCHANAN. No; the gentleman will not get it back, because he will not sue or ask for an appropriation, but other employees will.

Mr. CONNERY. I thank my friend. He is correct. I will not sue. [Laughter.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Chairman, I want to see restored to the veterans and their dependents all of the benefits which came to them under the Senate amendments. Yes; I would give back to them every benefit they had before the passage of the Economy Act. The low-salaried employees of the Federal Government are entitled also to a restoration of their former pay. There is suffering amongst them all, and I would alleviate it. The veterans' cuts have hurt. The under-paid postal worker is undergoing hardships. The furlough accentuates it.

I enter a public protest here and now against the furlough system in the Post Office Department. [Applause.] I hope we can take some action today by which furloughs will be discontinued. [Applause.] And I look for greater liberality for all veterans and their dependents.

We can accomplish all of the foregoing without impairing the credit of the United States and the confidence it now enjoys. We need not throw the Budget out of balance. We do not even have to go to the taxpayer, and when we do nowadays it is like wringing blood from a stone. There is a way by which all these benefits can be restored without resorting to taxes, and that is along the lines of bill H.R. 7316. We are coming to it. Let us not delay. Early action will allow us to deal more generously with the veteran and the Government worker and liberally, too, with the taxpayer. And, now, Mr. Chairman, I ask unanimous consent to incorporate in my remarks the provisions of that bill, together with the comment thereon of the well-known Boake Carter.

The CHAIRMAN. Without objection, the request is granted.

There was no objection.

The matter referred to follows:

EXCERPT FROM BOAKE CARTER'S RADIO BROADCAST, WEDNESDAY, MARCH 7, 1934

* * * For to kick a flock of speculators out of one place and expect no more speculation is to believe that Utopia will be here tomorrow. But maybe it is that another New Jerseyman points to at least something in the nature of a safety valve. Congressman EDWARD A. KENNEY has sponsored a bill in the House of Representatives suggesting the creation of a Government supervised and conducted billion-dollar lottery. Five years ago that might have sounded crazy, although actually it wouldn't have been, in view of the magnificent lottery which was being conducted on the exchange day by day from the office boy to the bank president. But today, hardly. It has a lot more common horse sense behind it than a great many of the strange things that have happened in the last 12 months. Out of it the sponsor proposes to take a lump sum and turn it over to veterans who have had their pensions, disability allowances cut, and Federal employees who are still underpaid. It is patently obvious that the Budget balance would be knocked out of whack and credit endangered if veterans' money were taken out of the Treasury now. So here is a proposal which not only would return at least some of the money to veterans and Federal employees without endangering national credit, but provides a safety valve for those speculators who might be kicked out of the market by stiff margin requirements; provides a Government-supervised source of speculation for those who toss their money anyhow now through back-alley number games and illegal baseball pools, and provide an inducement to millions of other people who annually send hundreds of thousands of dollars out of the country into the Irish sweepstakes or other foreign lotteries—money which could be used at home here. It isn't often a Congressman steps up with a bill that knocks off 4 birds with 1 stone. Congress has passed many strange measures in the last 12 months, but it would be a strange height of irony if it didn't recognize the horse sense in the Kenney lottery measure and allowed it to mildew in a pigeonhole.

THE BILL

A bill (H.R. 7316) to authorize the raising of funds by lottery for the purpose of providing additional means of defraying the cost of government, including expenditures authorized for veterans and their dependents, and for other purposes

Be it enacted, etc., That for the purpose of providing additional means of defraying the expenses of the Government, including expenditures now or hereafter authorized for veterans and their dependents, and for other public purposes authorized by law, the Veterans' Administration, with the approval of the President, is hereby authorized to conduct a lottery or lotteries to raise funds not exceeding $1,000,000,000 in any one year, which shall be covered into the Treasury of the United States as a miscellaneous receipt.

SEC. 2. The Administrator of Veterans' Affairs, subject to the approval of the Secretary of the Treasury, is hereby authorized to prepare and issue rules and regulations under which said lottery or lotteries shall be conducted and managed; and the said Administrator shall have the power and authority to appoint, employ, and fix the compensation of such officers, employees, attorneys, and agents as may be necessary to carry out the purposes of this act: *Provided, however*, That no salary or compensation in excess of the sum of $8,000 per annum shall be paid to any person employed under the provisions of this section.

SEC. 3. The Postmaster General is hereby authorized, upon request of the Administrator of Veterans' Affairs, to make available to him the services and facilities of the Post Office Department and of the Postal Service to aid in administering the provisions of this act. The employees of the Post Office Department and of the Postal Service shall perform all services under this act without compensation.

SEC. 4. All funds received by the Veterans' Administration and all accounts, vouchers, and records in connection with such lottery or lotteries shall be subject to audit by the Comptroller General.

SEC. 5. If any person, partnership, association, or corporation shall forge or counterfeit any ticket or tickets to be made for the purposes of said lottery or lotteries under the provisions of this act or alter any of the numbers thereof or offer for sale or sell any forged or counterfeited ticket or tickets or any ticket or tickets whereof the number is altered, knowing them to be such, or bring the same to any of the persons engaged in administering this act with intent to defraud the United States of America or any adventurer in the said lottery or lotteries, every such person, partnership, association, or corporation shall, upon conviction thereof, be fined not more than $10,000 or imprisoned not more than 5 years, or both.

SEC. 6. Section 213 of the Criminal Code (U.S.C., title 18, sec. 336) is hereby amended by adding at the end thereof the following paragraph:

"Nothing in this section or in any other act of Congress shall be construed to prohibit the use of the mails in any manner for the purpose of carrying into effect any lottery or lotteries authorized by any act of Congress."

SEC. 7. All acts or parts of acts inconsistent with the provisions of this act are hereby repealed.

SEC. 8. If any part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid as to any person, locality, or circumstance, such judgment shall not affect, impair, or invalidate the remainder of this act or the application of any part thereof to other persons, localities, or circumstances.

SEC. 9. The right to amend, alter, or repeal this act is hereby expressly reserved.

SEC. 10. All pensions, allowances, and other benefits accruing to veterans and their dependents, which existed prior to the 20th day of March 1933, shall be restored immediately upon the enactment of this act.

Mr. WIGGLESWORTH. Mr. Chairman, I yield the balance of my time to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, I rise merely to explain the parliamentary situation as I see it to the Members of the House, and to call their attention to the differences between the House and the Senate bills as they affect postal and Federal employees.

As I understand it, a vote to concur in the Senate provision is the vote which will restore the Federal pay cut. A vote to concur with an amendment will send the bill back to conference; that motion will, of course, be preferential. If we vote down such a motion and accept a motion to concur, then we will have settled the question as it is determined in the Senate bill. Another point to remember is that this particular vote has nothing to do with the Borah amendment. The Borah amendment is contained in a later provision of the bill.

The difference between the two bills is as follows:

The House bill provides for the restoration of 5 percent of the pay cut on July 1. The Senate bill provides for the restoration of 5 percent of the pay cut as of February 1 and the remaining 10 percent on July 1.

Both House and Senate bills continue the rotative or administrative furloughs that have been discussed this afternoon; and both measures continue the reduced travel allowance for those employees who are away from their homes.

The only change in the Senate bill from existing economy provisions with the exception of the pay cut is that the Senate bill restores the automatic promotions and likewise restores administrative promotions.

So, the Senate bill restores 5 percent of the pay cut as of February 1, and 10 percent on the 1st of July; it restores automatic promotion on July 1; and it also restores administrative promotions on July 1. To vote for the Senate bill one should vote to concur rather than to vote for the amendment which I understand will be offered by the

gentleman from Iowa [Mr. DOWELL] to concur with an amendment, that throws the entire matter back into conference again.

I am sorry we have not a comprehensive plan by which members of all committees concerned with Federal employees and veterans might be called in at the beginning of a session in order to eliminate injustices resulting from lack of knowledge on the part of those who drafted the original economy bill. We have in some instances starved postal-substitute employees by the most brutal treatment, yet we are not permitted, even if we vote for the more liberal Senate provisions, to remedy these conditions. So I say, Mr. Chairman, it is an unfortunate situation that men who are directly concerned with the working conditions, the salaries, the very lives of the Federal employees, have no other opportunity than to stand up, when a matter like this comes before the House, and give expression to their dissatisfaction.

Now, my friends, it is unfortunate that we cannot do something for the lowest-paid Federal employees. And, mind you, no matter what we may say about the 1928 salaries, the average salary for Federal employees, from the highest to the lowest, before we reduced them, was only $1,440; and the reductions in some instances are almost 40 percent.

I regret we cannot have the advice of members of the several legislative committees concerned with veterans, postal and other civil-service employees in the preparation of a bill of this kind.

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

Without objection, the Clerk will again read the Senate amendment for the information of the Committee.

There was no objection.

The Clerk again reported the Senate amendment.

Mr. DOWELL. Mr. Chairman, in order to clarify the parliamentary situation, I ask unanimous consent to withdraw my first motion and to move to concur with an amendment which is at the Clerk's desk.

Mr. GOSS. Mr. Chairman, I am constrained to object to the gentleman withdrawing his first motion, because, if that is withdrawn, the motion to concur with an amendment takes precedence. So I would have to object to the gentleman's withdrawing the motion to concur in the Senate amendment.

The CHAIRMAN. The Clerk will report the motion offered by the gentleman from Iowa [Mr. DOWELL].

The Clerk read as follows:

Mr. DOWELL moves that the House concur in Senate amendment no. 14.

Mr. DOWELL. With the amendment which I offered and which the Chair held was in order.

I am offering this as a motion to concur with an amendment. This is in order.

Mr. KVALE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KVALE. Is it not true that the gentleman from Iowa [Mr. DOWELL] has two motions upon the Clerk's desk, one to recede and concur, and one to recede and concur with an amendment?

The CHAIRMAN. The gentleman now offers a motion to concur with an amendment. The Clerk will report the gentleman's amendment.

Mr. TABER. Mr. Chairman, a point of order. Is it not a fact that the gentleman from Virginia offered a motion, which should be reported first?

The CHAIRMAN. The motion to concur is a preferential motion over a motion to disagree and go to conference.

Mr. GOSS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GOSS. I understand the motion of the gentleman from Virginia [Mr. WOODRUM] is to disagree with the Senate amendment and agree to the conference asked for by the Senate.

The CHAIRMAN. That is correct.

Mr. GOSS. Then there is also a substitute amendment offered by the gentleman from Iowa, which is also pending.

The CHAIRMAN. It is not a substitute.

Mr. GOSS. What is it?

The CHAIRMAN. It is a preferential motion.

Mr. GOSS. Mr. Chairman, I objected to the withdrawal of the other motion. That was not a preferential motion.

Mr. DOWELL. This one is preferential.

Mr. GOSS. Mr. Chairman, I understand there are three motions pending, the motion of the gentleman from Virginia, the original motion of the gentleman from Iowa to concur in the Senate amendment, and now the substitute.

Mr. DOWELL. A preferential motion.

The CHAIRMAN. The gentleman now offers a preferential motion.

Mr. GOSS. Mr. Chairman, if it is in order to offer this preferential motion, would that not be a motion in the third degree?

The CHAIRMAN. It would not be.

Mr. RANKIN. Mr. Chairman, I make the point of order that the entire amendment has not been read.

The CHAIRMAN. The Chair has instructed the Clerk to read the motion.

Mr. RANKIN. The amendment in which the gentleman moves to concur has not been read.

The CHAIRMAN. The amendment has been read. The Clerk will report the motion of the gentleman from Iowa.

The Clerk read as follows:

Mr. DOWELL moves to concur in Senate amendment no. 14 with an amendment as follows: After line 22, page 35, insert the following as subsection (c): "That no part of the appropriation carried in this act or any other general appropriation bill for the fiscal year ending June 30, 1935, shall be used in payment in excess of 85 percent of the salary or compensation of any officer or employee of the Government (except judicial officers) where such salary or compensation is in excess of $6,000."

The CHAIRMAN. The question is on the motion of the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. DOWELL) there were—ayes 21, noes 124.

So the motion was rejected.

Mr. BRITTEN. Mr. Chairman, I have a privileged motion pending.

The CHAIRMAN. The Clerk will report the motion of the gentleman from Illinois.

The Clerk read as follows:

Amendment offered by Mr. BRITTEN: Page 35, line 3, Mr. BRITTEN moves to concur in Senate amendment no. 14.

Mr. VINSON of Georgia. Mr. Chairman, I offer a preferential motion, which I send to the desk. This is a long amendment. It is the Byrnes amendment that was offered in the Senate.

The CHAIRMAN. The Clerk will report the motion.

The Clerk read as follows:

Mr. VINSON of Georgia moves to concur in Senate amendment no. 14 with the following amendment: In lieu of the matter inserted by the Senate amendment insert the following:

"SEC. 21. (a) Title II of the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, is amended as follows:

"'(1) Section 2 is amended by inserting after "1934" the following: "and the fiscal year ending June 30, 1935"; and

"'(2) Section 3 (b) is amended by striking out "15 percent" and inserting in lieu thereof the following: "10 percent during the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, and shall not exceed 5 percent during the fiscal year ending June 30, 1935."'

"(b) Section 105 (relating to the salaries of the Vice President, Speaker of the House, Senators, Representatives, Delegates, Resident Commissioners, and persons on the rolls of the Senate or House of Representatives) of the Legislative Appropriation Act, fiscal year 1933 (except subsections (d) and (e) thereof), as continued and amended by section 4 of title II of such act of March 20, 1933, is hereby continued in full force and effect for the fiscal year ending June 30, 1935, and for the purpose of continuing such section, in the application of such section with respect to the fiscal year ending June 30, 1935, the figures '1933' shall be read as '1935'; except that in the application of such section with respect to the fiscal year ending June 30, 1935, subsection (a) is amended by striking out '15 percent' wherever it appears and inserting in lieu thereof 'the percentage of reduction applicable to officers and employees of the Federal Government generally.' In the application of such section with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be

the percentage applicable to officers and employees of the Federal Government generally.

"(c) Section 107 (except paragraph (5) of subsection (a) thereof and subsection (b) thereof) of part II of the Legislative Appropriation Act, fiscal year 1933 (relating to certain special salary reductions); section 12 (relating to compensation reductions of officers and employees of Insular Possessions), section 13 (relating to the retired pay of certain judges), section 14 (relating to reduction in compensation benefits to certain civilian employees), and section 15 (relating to reductions in certain private pensions) of the Independent Offices Appropriation Act, 1934; and section 18 (relating to pensions for military service prior to the Spanish-American War) of title I of such act of March 20, 1933, are hereby continued in full force and effect for the fiscal year ending June 30, 1935, and for the purpose of continuing such sections with respect to the fiscal year ending June 30, 1935, the figures '1933' (except in such sections 13, 14, and 15) shall be read as '1935' and the figures '1934' shall be read as '1935'; except that in the application of such sections 12, 13, and 18 with respect to the fiscal year ending June 30, 1935, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally. In the application of such sections 12, 13, and 18 with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

"(d) Notwithstanding the provisions of the antideficiency acts, deficiencies in their respective appropriations made during the second session of the Seventy-third Congress and available for obligation during the fiscal year ending June 30, 1935, may be incurred during such fiscal year by any executive department or independent establishment and the municipal government of the District of Columbia, upon written order of the President specifying the amount of the deficiency which may be incurred, and by the legislative branch of the Government and the agencies customarily considered a part of such branch; but such deficiencies may be incurred only to the extent necessary to enable the payment to officers and employees of such activities of sums for which the available appropriation is inadequate by reason of a diminution in the percentage of reduction of compensation in pursuance of action of the President under the provisions of section 3 of title II of such act of March 20, 1933, as continued for the fiscal year 1935.

"(e) There is hereby appropriated so much as may be necessary for the payment of sums due, and payable out of the Treasury of the United States, by reason of the diminution under this title in the percentage of reduction of compensation, and other amendments to existing laws made hereby; and limitations on amounts for personal services are hereby respectively increased in proportion to the increase in appropriations for personal services made in this subsection. In the case of officers and employees of the municipal government of the District of Columbia, such sums shall be paid out of the revenues of the District of Columbia and the Treasury of the United States in the manner prescribed by the District of Columbia appropriation acts for the respective fiscal years."

Mr. SNELL (interrupting the reading of the motion). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with and the amendment printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GOSS. Mr. Chairman, I reserve a point of order to ask the gentleman a question. May I ask the gentleman if this is the same amendment that was in the House bill?

Mr. VINSON of Georgia. I may state to the gentleman that the amendment I sent to the desk is what was reported by the Senate Appropriations Committee, known as the "Byrnes amendment."

Mr. GOSS. I am trying to get some information from the gentleman under my reservation of a point of order. I want to ask the gentleman if it is not word for word the amendment in the bill as it left the House?

Mr. VINSON of Georgia. The gentleman is in error.

Mr. GOSS. Will the gentleman point out wherein it differs?

Mr. VINSON of Georgia. This is a Senate amendment submitted by the Senate Appropriations Committee to the Senate, which was rejected by a vote of 41 to 40. The only difference between this amendment and the Senate amendment, which is now before the Committee, is the difference between full restoration of pay and 5 percent in February—retroactive—and an additional 5 percent on the first of July.

Mr. GOSS. Is not the gentleman's amendment identical with the language in the House bill, except that the House bill provided for 5 percent and the gentleman's amendment provides for 5 percent and 10 percent.

Mr. VINSON of Georgia. There is no difference in phraseology with respect to any of these provisions except the amount of restoration of pay.

Mr. GOSS. Mr. Chairman, I now make the point of order that the amendment carries more than was in the original amendment by adding another matter that the House has not passed on. It does not seem to me to be germane to the amendment in that it carries legislation that the House has not voted upon. As I heard the amendment read, it provides for Spanish War veterans, and so forth, and would not be germane.

Mr. VINSON of Georgia. Mr. Chairman, the amendment is certainly germane as it deals with the identical subject matter of the Senate amendment.

The CHAIRMAN (Mr. OLIVER of New York). The Chair so holds and overrules the point of order, and the gentleman from Georgia is recognized for 5 minutes.

Mr. VINSON of Georgia. Mr. Chairman, let me call the committee's attention to the difference between the two propositions. In the Senate amendment before us now, on the 1st of July or at the beginning of the fiscal year, there will be a complete restoration of the 15 percent that was cut from everyone's salary by the Economy Act. The amendment I have offered restores 5 percent, retroactive to February 1, and on the 1st day of July, or at the end of this fiscal year, it restores an additional 5 percent, and the Economy Act permits the President to restore the remaining 5 percent when the cost of living justifies him in doing so. The issue before you is clean-cut as to whether or not we desire to restore the 15 percent effective July 1 or whether we desire to restore 10 percent and leave the restoration of the additional 5 percent up to the President. This is the whole controversy involved in this entire matter, as brought up by my amendment. The amendment is identical with the amendment that was put in the appropriation bill in the Senate and was rejected in the Senate by a vote of 41 to 40.

Mr. CONNERY. Mr. Chairman, I rise in opposition to the amendment.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield in order that I may ask unanimous consent that all debate on this amendment close in 10 minutes?

Mr. CONNERY. I yield to the gentleman.

Mr. RANKIN. Mr. Chairman, I object.

Mr. WOODRUM. Mr. Chairman, I move that all debate on this amendment close in 10 minutes.

Mr. RANKIN. Mr. Chairman, I move to amend that motion and make it 20 minutes. We want to find out what is in this amendment and what the effect of it will be.

The CHAIRMAN. The Chair will state the motion. The motion is that all debate on this amendment close in 10 minutes.

The question was taken, and the motion was agreed to.

Mr. CONNERY. Mr. Chairman, all I want to say to the House is this. Any change at all, even of one word, in either this amendment 14 or amendment 22, will serve to send the matter to conference. If you want the Senate amendment, you will vote down this amendment of the gentleman from Georgia and vote for the motion of the gentleman from Illinois [Mr. BRITTEN], to concur in the Senate amendment; and when we reach amendment 22 vote down all amendments and vote for the motion which I will offer to recede and concur. If you change the Senate amendments in any manner, when it goes over to the Senate, any Senator can demand a disagreement and ask that it go to conference, and the whole question is then opened up again in conference.

I hope you will vote down the amendment of the gentleman from Georgia and vote to concur in the Senate amendments.

Mr. BRITTEN. Mr. Chairman, I shall only detain the Committee a moment. My thought is that the country has had one disastrous experience with a 5-and-10 law, and we do not want another. [Laughter.]

The suggestion about the cost of living shall be determined by the President before the Federal employee shall get his last 5 percent is absurd on the face of it. The Economy Act

went into effect about 1 year ago and it is not necessary to go back to 1928 or 1926 or 1922 to determine the cost of living. If you take the cost of living at the date the Economy Act went into effect and compare it with the cost today, you will find it is immeasurably higher.

This amendment should be roundly and instantly defeated.

Mr. DIRKSEN. Mr. Chairman, I rise in opposition to the pro forma amendment. Mr. Chairman and members of the Committee, when two million and odd soldiers landed in France during 1917 and 1918, the first word they learned in the French language was "combien", which means "how much?" I think that is the entire question in issue today in this amendment. How much shall we restore to the Federal employees? Shall they have 5 percent from the 1st of February and another 5 percent on the 1st of July, and then the other 5 at some subsequent period, or shall they have all of the 15 percent restored on or before the 1st of July?

I fancy that we may get into much difficulty and bother with a great many of these motions of all kinds that have been made and which may confuse this body. It is a good deal like the old fellow who asked his son if he was married, and the son said, "What if I is and what if I aint?" And the old gentleman said, "Ah aint asking yo' is you aint, ah's asking yo' ain't yo' is?" All this parliamentary procedure seems confusing, but I know that if we concur in the Senate amendments 15 percent will be restored to the Federal employees. [Applause.]

Let me suggest that at a later date this body and the other body may adopt the 30-hour week on the new theory of wages proposed by General Johnson, namely, to decrease hours of labor by 10 percent and permit wages to remain as under the original code. In substance that amounts to a 10 percent increase of wages. You know full well that the Federal employees would have a difficult time in securing any more legislation, now or in the immediate future, from this body calling for an increase of wage in the future.

The President has indicated that he rather expects such a seasonable recovery as we approach the summer, as to carry the Nation to a semblance of normalcy. That, of course, implies a normalcy in prices, in purchasing power, in employment, and in all other attributes of recovery. Now, I submit that in proportion as we have confidence in the movement toward and in the prophecies of recovery, which means the wage level of 1928, we might confess that confidence today. If you restore the full 15 percent to Federal employees you are in effect saying that you feel that by July 1, which is the effective date of full restoration, there will be a more or less normal condition in the Nation.

I highly recommend to the attention of the Members an article appearing in the magazine Today, edited by Mr. Moley, former Assistant Secretary of State. The article by Henry Kittredge Norton advances the theory that recovery can only be effected by an increase in the consumption of so-called "consumers' goods."

What does he mean? Simply this. It means that there must be a greater purchase generally of consumers' goods such as foodstuffs, and ordinary household supplies so that the wheels of industry might be set in motion. It means that the average citizen must buy more. But corollary to that the average citizen must be able to buy more. He must have the money with which to purchase consumers' goods. This pay restoration goes to the very heart of the matter. It scatters an additional two hundred million or more into every corner of the Nation and increases purchasing power, thereby giving momentum to the recovery movement and to carry us to a semblance of normalcy by July 1 when this pay restoration becomes effective. It seems to me that if you have confidence in the hopes and desires of the President, you will vote to concur in the Senate amendments as now set forth in the bill.

The CHAIRMAN. The question is on the adoption of the amendment of the gentleman from Georgia [Mr. VINSON].

The question was taken; and on a division (demanded by Mr. DIRKSEN) there were—ayes 133, noes 123.

Mr. CONNERY. Mr. Chairman, I demand tellers.

Tellers were ordered, and Mr. VINSON of Georgia and Mr. DIRKSEN were appointed to act as tellers.

The Committee again divided; and the tellers reported—ayes 157, noes 139.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will report Senate amendment numbered 22.

The Clerk read as follows:

Page 40, after line 21, insert:

"TITLE III—VETERANS' PROVISIONS

"SEC. 26. Notwithstanding any provision of law to the contrary, in no event shall the compensation being paid on March 19, 1933, under subsections (3) and (5) of section 202 of the World War Veterans' Act, 1924, as amended, to veterans for the loss of the use of both eyes, where such veterans were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, pertaining to hospitalized cases.

"SEC. 27. Where service connection for a disease, injury, or disability was on March 19, 1933, established in accordance with section 200 of the World War Veterans' Act, 1924, as amended, and such connection has been severed through the application of, or regulations or instructions promulgated under Public Law No. 2, Seventy-third Congress, or Public Law No. 78, Seventy-third Congress, service connection is hereby reestablished and as to such cases the provisions of the first paragraph of section 200 of the World War Veterans' Act, 1924, as amended, are hereby reenacted: *Provided*, That the provisions of this section shall not apply (1) to persons entering the active military or naval service subsequent to the date of November 11, 1918, (2) to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service, (3) to persons as to whose cases service connection was established by fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of material facts; and as to all such cases enumerated in this proviso, all reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government.

"SEC. 28. The fourth paragraph of section 20, Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"'Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid on March 19, 1933, for service-connected disabilities to those veterans who entered the active military or naval service on or before November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service; and in any review of the case of any veteran to whom compensation was being paid on March 19, 1933, for service-connected disability, reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided further*, That notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran whose disease, injury, or disability was established on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, shall be entitled to receive compensation in accordance with the provisions of such act, as amended, and the rating schedule in effect on March 19, 1933: *Provided further*, That whenever there is a change in the degree of disability of any such veteran the amount of compensation to be paid shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect on March 19, 1933, and such amount shall not be reduced or discontinued. In no event shall death compensation being paid, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, to widows, children, and dependent parents or deceased World War veterans under the World War Veterans' Act, 1924, as amended, on March 19, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service. In any case where a World War veteran dies or has died from disease or injury, and service connection for such disease or injury has been reestablished on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, or which would have been established under such section 200 had the veteran been living on March 19, 1933, and reestablished on or after the date this paragraph as amended takes effect, the surviving widow, child, or children and/or dependent parents shall be entitled to receive compensation at the

rates prescribed in Veterans' Regulation No. 1 (a), part I, paragraph IV, and amendments thereto.'

"SEC. 29. Section 6 of Public Law No. 2, Seventy-third Congress, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended by adding thereto the following proviso: '*Provided*, That any veteran of any war who was not dishonorably discharged, suffering from disability, disease, or defect, who is in need of hospitalization or domiciliary care, and is unable to defray the necessary expenses therefor (including transportation to and from the Veterans' Administration facility), shall be furnished necessary hospitalization or domiciliary care (including transportation) in any Veterans' Administration facility, within the limitations existing in such facilities, irrespective of whether the disability, disease, or defect was due to service. The statement under oath of the applicant on such form as may be prescribed by the Administrator of Veterans' Affairs shall be accepted as sufficient evidence of inability to defray necessary expenses.'

"SEC. 30. Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow and/or dependents of any such veteran, shall be reduced by more than 10 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply (1) to persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive, or (2) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax.

"All laws in effect on March 19, 1933, granting monetary benefits to veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, are hereby reenacted in their entirety, and such laws shall be effective from and after the effective date of this act, subject to the limitations of this section and to such reduction in pensions as may be made hereunder.

"SEC. 31. Section 10 of Public Law No. 2, Seventy-third Congress, approved March 20, 1933, is amended to read as follows:

"'Notwithstanding the provisions of section 2 of this title, any person who served as an officer of the Army, Navy, or Marine Corps of the United States during the World War, other than as an officer of the Regular Army, Navy, or Marine Corps, and who (1) entered the active service between April 6, 1917, and November 11, 1918, (2) was honorably discharged therefrom, (3) made valid application for retirement under the provisions of the Emergency Officers' Retirement Act of May 24, 1928 (U.S.C., supp. VI, title 38, secs. 581 and 582), and (4) prior to March 20, 1933, was granted retirement with pay, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusion of fact or law, shall be entitled to continue to receive retirement pay at the monthly rate being paid him on March 19, 1933, if the disability for which he was retired directly resulted from the performance of military or naval duty; except that retirement pay under this section shall not be denied to any person who was receiving on March 19, 1933, retirement pay under such act of May 24, 1928, on account of disease or injury incurred or aggravated in line of duty, and whose disease or injury or aggravation of disease or injury was at any time during his service made a matter of record by competent military or naval authorities, if such person is otherwise qualified under clauses 1 to 4, both inclusive, of this section: *Provided*, That nothing in this section as amended shall be construed so as to prejudice or destroy any rights of appeal, or any monetary benefits payable because of any such appeal, heretofore conferred upon retired emergency officers by this act and regulations issued pursuant thereto.'

"SEC. 32. Where any veteran suffers or has suffered an injury, or an aggravation of any existing injury, as the result of training, hospitalization, or medical or surgical treatment, awarded him under any of the laws granting monetary or other benefits to World War veterans, or as the result of having submitted to examination under authority of the War Risk Insurance Act or the World War Veterans' Act, 1924, as amended, and not the result of his misconduct, and such injury or aggravation results in additional disability to or the death of such veteran, the benefits of Public Law No. 2, of Public Law. No. 78, and of this title shall be awarded in the same manner as if such disability, aggravation, or death were service connected within the meaning of such laws; except that no benefits under this section shall be awarded unless application be made therefor within 2 years after such injury or aggravation was suffered, or such death occurred, or after the passage of this act, whichever is the later date. The benefits of this section shall be in lieu of the benefits under the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes', approved September 7, 1916, as amended.

"SEC. 33. The last sentence of section 9 of Public Law No. 2, Seventy-third Congress, is hereby repealed.

"SEC. 34. Service-connected money benefits payable to World War veterans under this title and Public Law No. 2, Seventy-third Congress, shall be entitled 'compensation' and not 'pension.'

"SEC. 35. This title shall take effect on the date of enactment of this act, and no payments of any benefits conferred under the provisions of this title shall be made for any period prior to such date.

"SEC. 36. Notwithstanding the provisions of any law or regulation issued pursuant to authority of law, in any case where a veteran of the World War has been adjudged for insurance purposes by any court of competent jurisdiction to be totally and permanently disabled as the result of disease or injury, or the aggravation of a disease or injury, incurred in the active military or naval service, such veteran shall be rated for the purpose of payment of pension, compensation, or retirement pay not less than totally and permanently disabled.

"SEC. 37. That notwithstanding the provisions of section 17 of title I of an act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, and section 20 of an act entitled 'An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes', approved June 16, 1933, any claim for yearly renewable term insurance under the provisions of laws repealed by said section 17, wherein claim was duly filed prior to March 20, 1933, and on which maturity of the insurance contract had been determined by the Veterans' Administration prior to March 20, 1933, and where payments could not be made because of the provisions of the act of March 20, 1933, or under the provisions of the act of June 16, 1933, may be adjudicated by the Veterans' Administration, and any person found entitled to yearly renewable term insurance benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws.

"SEC. 38. In the case of widows and dependents of officers and enlisted men of the Army, Navy, or Marine Corps, who served on the airships *Shenandoah*, *Akron*, and *J–3*, and who died in the accidents resulting in the destruction of such airships in April 1933, the amount of pension allowed shall be double that authorized by law or regulation of the President to be paid in cases where death results from an injury received or disease contracted in line of duty not the result of an aviation accident.

"SEC. 39. That no part of the appropriation carried in this act, or any other general appropriation bill for the fiscal year ending June 30, 1935, shall be used in payment, in excess of 85 percent of any salary or compensation of any officer or employee of the Government (except judicial officers) where such salary or compensation is in excess of $6,000."

Mr. WOODRUM. Mr. Chairman, I am wondering whether or not it is possible to curtail the time for debate upon this amendment. I have no requests here for time to amount to anything.

Mr. SNELL. I think we may be able to curtail it at a later time. Does the gentleman intend to conclude the consideration of the bill tonight?

Mr. WOODRUM. Yes; if the House will stay here. I yield 5 minutes to the gentleman from Pennsylvania [Mr. FADDIS].

Mr. FADDIS. Mr. Chairman, there are some provisions in this amendment to which I object and some provisions to which we all object. For that reason I for one should like to have seen the matter sent to conference so that these objections might be removed there. In hopes that this might be accomplished, I cast my vote for the rule on this matter. Since the House has not seen fit to send the bill to conference, we shall have to take these matters up in Committee of the Whole House. Some of us who are here this afternoon attempting to take care of the interest of the veterans realize that some of these objectionable features in this amendment must be removed or the veterans of the United States will be placed in the same position in which they were a year ago; and so that some of these particularly objectionable features may not again in the future arise to be used as a club over the veteran as they were a year ago, it is necessary that we see to it that they are eradicated now. The undeserving must be stricken out in order that we may secure justice for the deserving. Therefore, we must take up this amendment and see if we cannot bring something out of it that will be acceptable to the veterans themselves, that will not harm them, and their case in the future, something which will save this legislation from a veto that will be acceptable to this body in general. Let us remember that in the end all legislation is a matter of compromise.

I ask you this afternoon to consider the case of the Spanish-American War veterans, the veterans of the Philippine insurrection, and of the Boxer rebellion. These men were all volunteers. They voluntarily and freely offered their services to their country in time of war. They were taken from the climate of the United States, a salubrious climate, and without any period of hardening or training, taken into the dank and fever-infested Tropics, and there

thrown into active service. Did they then, in the flower of their youth and the strength of their young manhood, question the motives of their country when it asked for their services? Not one word. They are today upward of 60 years of age. They are pretty well past the employment age as it is established in American industry. I am personally acquainted with great numbers of the veterans of the Spanish-American War who saw active service in the Philippine Islands during that war and in the Philippine insurrection which followed. No reasonable man can deny that to take a man from a salubrious climate like that of Pennsylvania, Illinois, or Kentucky, and without a period of hardening or training throw him into active service in the Tropics, with improper clothing and ill-fed, is bound to interfere with his health and result in seriously curtailing his ability to earn a livelihood. They were subjected to a rank injustice under the provisions of the Economy Act of last March. In spite of the promises, battle casualties were unjustly cut. It is our duty as Members of this House to see that these injustices are corrected. Therefore I ask of you consideration for these veterans today.

We have also in this piece of legislation provisions which will make hospitalization possible for those veterans who are needy, for those veterans who are unable to bear their own hospital expenses; and if they are to be properly cared for, as is consistent with the policies of this Government in caring for veterans of wars, they will have to be taken care of under this amendment. We must look to their interests. Our first consideration must be to those actually disabled and in need and the widows and orphans.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. FADDIS. Gladly, to my friend from Oklahoma.

Mr. JOHNSON of Oklahoma. I am very much interested in the discussion of the gentleman from Pennsylvania and think he has made some valuable suggestions. Would the gentleman yield for a question?

The CHAIRMAN. The time of the gentleman has expired.

Mr. FADDIS. May I have additional time in order to yield to my friend from Oklahoma?

Mr. WOODRUM. I yield the gentleman 2 additional minutes, Mr. Chairman.

Mr. JOHNSON of Oklahoma. As I understand the Senate amendment, one provision would place back on the pension rolls all remarried widows of Spanish War veterans, and at the same time unmarried widows of disabled World War veterans are not taken care of. Does not the gentleman think that is very inconsistent and unfair?

Mr. FADDIS. I do, and I had hoped to reach that point in my remarks. I am heartily in favor of legislation making it possible for us to properly care for the widows of World War veterans. I hope some of the other speakers will take that up. It deserves attention. At the same time I hope that a limit will be fixed upon the time of marriage of those who may receive these pensions. We must not load this Nation with pensions beyond a reasonable limit.

Mr. HOEPPEL. Will the gentleman yield?

Mr. FADDIS. I yield to the gentleman from California.

Mr. HOEPPEL. I should like to correct the last speaker. Every widow of a veteran who died of service-connected disability in the World War is entitled to a pension. There are only 1,720 remarried widows of Spanish War veterans in the entire United States. Why quibble with that amount for those old and aged widows? Some of them are 80 and 90 years of age. It is petty, and it is preposterous.

Mr. FADDIS. I think the gentleman is mistaken. His voice is ever being raised in the House in favor of increased appropriations for any purpose.

Mr. HOEPPEL. I know my position. I know the figures.

Mr. FADDIS. The gentleman is the best-informed man on this legislation in the House. He admits it himself. [Laughter.]

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. FADDIS] has again expired.

Mr. GOSS. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, I rise at this time to call attention to just a little of the personal experiences I have had with regard to the results of the so-called "Economy Act." Probably some of the Members of this House have gone through similar experiences with regard to veterans.

Upon my arrival at Minnesota after the last session, I drove out one day to the veterans' hospital at Fort Snelling. As we came through the gate, I met a little old gray-haired, stooped-over mother who had just gotten off a street car. She had five or six blocks to walk to the hospital, so I picked her up. I said, "Mother, can I be of service to you?" She said, "Yes." I put her in the car and drove up, and I asked her where she was from. She told me her sad story. She was a mother from the State of Oregon. She had received a telegram that her son was about to die of tuberculosis, and that if she wanted to see her son alive she would have to hurry. She had no money, so the neighbors of her community got together and took up a collection and bought her a railroad ticket to St. Paul and return, that she might see her son alive. I was familiar with the hospital, so I took this little mother into the tuberculosis ward, where her son was suffering with tuberculosis, and I took her where her son was. I want to say to you Members of this House that I saw one of the most heart-rending scenes I have ever experienced in my life.

This mother told me on the way to the hospital she had only been eating one meal a day on her trip, because she had no money to pay for her food. The employees at the hospital took up a collection to feed this poor little old lady. When we went to the ward where this boy lay, it almost seemed the work of Providence, for when that mother stepped across the threshold that young man, who had been in a semiconscious state of mind for some days, opened his eyes; a smile came over his face as that mother walked up to that bed. In his weakened condition, with his last feeble physical effort he attempted to raise his arms and enfold that dear old mother, but his weakened condition caused him to fall back upon that bed. She fell over him and fell down upon her knees by that bedside and offered up such a prayer as I have never heard in my lifetime.

Four hours after she saw her son, he passed over the Great Divide into the unknown land. Then came the sad part of it. The interne, in the presence of officials of the veterans' hospital, and in my presence, went through the pockets of that man, that soldier, that patriot, and there they found $3. The burial benefits had been cut from $100 to $75. Even the size of the flag that was to be used at a military funeral had been cut. Not only that but, under the provisions of Public, No. 2, if there was any money on the body of a veteran, that money was to be deducted from the $75 funeral allowance that was to be allowed toward the burial of that patriot.

Oh, my friends, we did a great injustice in this economy bill. We made a rule whereby Uncle Sam could reach down into the pockets of the dead, lifeless corpse, a patriot, a man who had fought for his country, and pilfer his pocket to the tune of $3 before the very eyes of the little, old, stoop-shouldered, withered mother. I want to say that the responsibility for these conditions rests upon the shoulders of the Congress of the United States, and it is our duty today to right some of those wrongs.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, I am sending to the Clerk's desk an amendment which I will offer at the proper time.

Mr. Chairman, this amendment is the amendment offered by Senator JAMES BYRNES, of South Carolina, in the Senate. The general feeling is that the President will not accept the Senate amendment to this bill as it applies to veterans. Therefore, if we are going to get anything at all for the veterans it will be necessary to effect a compromise.

Senator BYRNES was recognized as the administration spokesman on veterans' legislation when this measure was pending in the Senate. Whether or not he had any agreement with the President I do not know. So far as I know he did not so state on the floor of the Senate. But the fact that he offered an amendment restoring Spanish War veterans and their widows to the rolls giving them 75 percent of the amount they were receiving a year ago clearly indicates to me that he had a feeling that the President would accept that amendment.

Now, gentlemen, if you are not going to be able to get 90 percent for the Spanish War veterans, are you going to sacrifice everything? When the Spanish War veteran finds that the President will not agree to the Senate amendment to this bill, will he not be willing to take 75 percent in lieu of nothing? That is the issue. If my amendment is adopted, the conferees can go only so far, they cannot go below 75 percent and they cannot go above 90 percent in restoring the pensions of the Spanish War veterans.

I want to do something for the Spanish War veterans. For 21 years I have been fighting their battles in the Government departments. I have secured pensions for hundreds and hundreds of them; but hundreds of them lost those pensions last March. I think I know the Spanish War veteran. I know he is dissatisfied with the treatment he has received; but I feel that when this matter is placed before him, he will be willing to accept 75 percent if he knows he cannot get more. Why, therefore, should we for political purposes or otherwise here today vote for an amendment to which we know the President will not agree?

I am anxious to do something for the Spanish War veterans. I do not want some of my friends to go back home and have the Spanish War and the World War veteran say, "You did everything for the Government employee, but gave us nothing." That is not going to help you one bit, but that is what many Members will be confronted with. Let us try and get as much as we can. Do not sacrifice everything. Down in my heart I fear you are doing that if you do not adopt my amendment. We know the President will not agree to the Senate amendments.

I am giving an opportunity today through my amendment to do something for the Spanish War and World War veterans, and I hope you will consider this. You have 2 hours to consider it, and I hope you will do so before I offer the amendment. [Applause.]

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I am rather surprised at the statement of the distinguished gentleman from Missouri who would have us feel that if there is a veto impending upon whatever we may do by way of liberalization of veterans' benefits today, the fact of the impending veto ought to be the moving force to influence us toward a compromise.

A principle is involved here. Would he have us compromise principle because the gentleman in the White House has promised he would veto something we might do? It seems to me it involves a matter of principle and that we, upon whom rests intelligent decision of the problems involved in Senate amendment no. 22, should ask ourselves what this amendment will do for the veterans. I shall not indulge in any window-dressing here this afternoon, but shall simply point out as concisely as I can what I, after a perusal of the bill, believe it will do for the veterans of our various wars.

Let us take the least important of the provisions which relates to the restoration of certain benefits to those who are beneficiaries of the World War Act in relation to their employment in the Veterans' Bureau. If I read section 33 correctly, it provides that those receiving benefits under this act may participate in a determination or decision of a claim with reference to the benefits of this act. This means nothing more than that somebody who is receiving a benefit under existing veterans' legislation will have the right to sit upon one of these boards of review or determination, which now exists.

Secondly, with respect to hospitalization the provision is simply that within the limit of existing facilities World War veterans be allowed free hospitalization if they will state on affidavits that they are in need of medical or hospital treatment and do not have the money with which to pay for it. Let me emphasize the fact that it provides for this only within the limits of existing hospital facilities. We do not ask a dollar for new hospital construction. We have some 5,000 or 6,000 vacant beds in the hospitals at the present time. All we want is to utilize these empty beds, giving indigent veterans free hospitalization who need it and have no money.

With respect to emergency officers, section 31 provides that those who served actively and applied for the benefit of the Emergency Officers' Retirement Act shall be entitled to pay at the monthly rate as of the 19th of March 1933. In other words, they are to be restored to the same pay they were getting before the enactment of Public Law No. 2, the Economy Act, if their disabilities resulted directly from the performance of military or naval duty. It also applies where disabilities are aggravated by reason of service and such disability has been made a matter of record by competent authorities during the service.

That is what it provides so far as these emergency officers are concerned.

Mr. WADSWORTH. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from New York.

Mr. WADSWORTH. The gentleman appeared to emphasize the word "actively" as he read from his memorandum.

Mr. DIRKSEN. Perhaps unconsciously so.

Mr. WADSWORTH. What is meant by the phrase "serving actively"?

Mr. DIRKSEN. I take it that it does not mean someone who was not a part of the combatant troops.

Mr. WADSWORTH. I wonder if that is the definition that would hold.

Mr. DIRKSEN. Maybe not.

Mr. WADSWORTH. Active service is service day after day in the military forces, whether it is contact with troops, the enemy, or not.

Mr. DIRKSEN. Subject, of course, to the fact that such person actually enrolled in the Army would be subject to combatant service and could be sent into active combatant service at any time. What is the gentleman's interpretation? I should be glad to know.

Mr. WADSWORTH. I have none. I never heard the phrase used before.

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. McFARLANE. The word "active" is not in there.

Mr. MARTIN of Oregon. I think the gentleman from New York will agree with me that the word "active" is a weasel word.

Mr. DIRKSEN. It has been a weasel word with the Veterans' Bureau.

Mr. MARTIN of Oregon. The gentleman is familiar with Army phrases. That simply means "service" and that is all it means.

Mr. DIRKSEN. That is entirely possible, and I stand corrected if that is the case. It has been subjected to much interpretation by the Bureau.

Mr. PATMAN. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Texas.

Mr. PATMAN. Will the gentleman tell us the page and line where the word "active" appears?

Mr. DIRKSEN. I am not sure.

Mr. LANZETTA. Page 46, line 19.

Mr. PATMAN. The exception changes that entirely. Under present law it must be active service, but here the exception commencing on page 5 changes that.

Mr. DIRKSEN. I am glad to be corrected.

Mr. PATMAN. It does not require active service.

Mr. DIRKSEN. Permit me to proceed. May I say that so far as Spanish War veterans are concerned it restores 90 percent of all the benefits that were existent on the 19th of

March 1933. I heard on the floor of the House in the special session some discussion of the fact that there were Spanish War veterans holding high official positions, such as judgeships and otherwise, who were getting the benefits of this act. The exception that has not been included in the amendment provides that where a man who receives the benefits under the act as a Spanish War veteran in any one year is not exempt from income-tax payments the benefits are not payable to him. It seems to me that this would cure much of the objection that has been registered against the act heretofore. It simply takes those off of the rolls of the United States who because of their official position or otherwise have a sufficient income with which to take care of their own and their family needs.

Getting back to the World War veteran, this provides, first of all, for reinstatement of the service connection that was broken as a result of Public, No. 2. There were a great number of veterans whom we always considered battle casualties and who, under the review provisions of Public, No. 2, had that service connection broken. This simply reinstates them upon the rolls as of March 19, 1933. In addition to that it will restore some 23,000 presumptives, of which I should say 90 percent are either insane or tubercular. It makes this exception, however, with reference to those who are to be restored to a service-connected disability condition: It takes out, first of all, those who enlisted in the Army after the 11th of November 1918. It takes out all of those who got on the rolls through fraud or misrepresentation or those where it was clearly demonstrated beyond a peradventure of doubt that their disability was incurred before they entered the service or after they entered the service or after they were discharged from the service.

As a result of these provisions, so far as World War veterans are concerned, they can be briefly summarized by saying, first of all, we want some of these empty hospital beds to be used by the indigent veterans who are needy and do not have money. It restores service-connection disabilities where they have been broken. It restores 23,000 presumptives, mostly tubercular or insane, who were taken off of the rolls by the review board.

There is, of course, some difference of opinion as to precisely what the cost is going to be. The distinguished gentleman who presides over the destinies of the Veterans' Bureau and other gentlemen who have been guiding the destinies of the American Legion, and, I might say, have been directing them honestly, capably, and sincerely, are in disagreement as to precisely what the cost will be.

With respect to hospitalization, I think General Hines is the authority for the statement that it was going to cost $16,000,000. How could it cost $16,000,000 when the difference between the cost in 1933, when we had unrestricted benefits for veterans, and 1934, when the benefits were restricted, was only something like $4,900,000? We are not asking for any additional hospital facilities. How does the distinguished general down at the Veterans' Bureau arrive at the figures that we are wanting $16,000,000 for hospitalization? As nearly as we have been able to determine this cost, we believe that it will take perhaps $1,000,000 for hospitalization, and no more.

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, I yield 3 additional minutes to the gentleman.

Mr. DIRKSEN. Mr. Chairman, there is also a controversy between the Veterans' Bureau and American Legion officials as to precisely what it is going to cost to reinstate the service-connected cases and these presumptive cases to the roll. I think General Hines said it would cost $44,000,000. We insist it will cost $29,000,000. I have yet to see any conclusive figures that can be properly supported by the general in charge of the Veterans' Bureau to show that he is right and that we of the American Legion are wrong.

Mr. O'MALLEY. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. O'MALLEY. Did not General Hines state that the Economy Act would save $450,000,000—and how much did it actually save?

Mr. DIRKSEN. The gentleman does not refer to the saving but the additional expenditure.

Mr. O'MALLEY. General Hines said the Economy Act would bring about a saving of about $450,000,000 and was about $200,000,000 wrong on those figures.

Mr. BAILEY. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BAILEY. Did I understand the gentleman to say that the exemption of persons paying an income tax among the Spanish-American War veterans would take off the rolls these judges and other high officials?

Mr. DIRKSEN. It takes from them these benefits but does not mean, necessarily, that they cannot go back on the rolls.

Mr. BAILEY. If the gentleman will read the amendment, he will find that it exempts him if he pays a Federal income tax, and State salaries are exempt from payment of Federal income taxes.

Mr. DIRKSEN. Then let us take judges out of the category and apply the principle to any other case where a man may be earning $3,000 or $4,000 a year, or even $1,000 in the case of a single man. If I said "judges", I did not mean to limit it to judges alone, because as constitutional or judicial officers they are probably exempt where no one else would be exempt. This also would apply to Members of Congress.

As I see this picture, so far as the benefits to the Spanish-American War veterans and to the World War veterans are concerned, the hospitalization program and the emergency officers' program, it occurs to me that the sensible thing for the Committee to do would be to concur in the Senate amendments to restore all these people to the condition, substantially, they were in on the 19th of March 1933, before the Economy Act fell upon their necks and reduced so many of them to the very slough of anguish and misery and despair in this country.

For one, I am only too glad to lift my voice in behalf of this program and concur in the Senate amendment and restore this help to the needy soldiers for the patriotic service they rendered in 1917 and 1918. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield myself 1 minute for the purpose of making a brief statement.

Originally there was 2 hours of general debate allotted, but I think it ought to be said for the information of the House, in order that the cloakrooms may communicate with the Members if it is so desired, that in all likelihood we will not consume more than one half of the time from present indications.

I now yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

RETIRED EMERGENCY OFFICERS

Mr. PATMAN. Mr. Chairman, the gentleman from Illinois referred to the retired emergency officers a few minutes ago. I invite your attention to section 31, commencing with line 14, down to and including the word "duty" on page 47, line 5, which is the present law and the present regulation. The only change is from the word "except" on page 47, down to the word "thereto", in line 19, or the remainder of that section. In other words, the active service part has been changed, except where there was any notation of a disability in service. Regardless of where the service was or under what conditions, if the retired emergency officer had become 30-percent permanently disabled, prior to May 28, 1928, such officer is entitled to be retired on three-fourths pay, which, in the case of a second lieutenant, amounts to about $106 a month, and in the case of a general, $416 a month.

STRICKEN FROM ROLL

In the Economy Act, 4,500 of the 6,007 retired emergency officers were stricken from that roll. I do not think the principle of allowing a retired emergency officer these great benefits is sound. I am not in favor of it, but I am willing for the 1,500 who are now on the rolls to remain on the rolls, because they are battle casualties. This is the only

reason. I still say the principle is not sound, and I am not upholding the principle, but I am willing to permit the 1,500 to remain on the rolls.

CAMEL'S NOSE

This is another effort to let the camel's nose get under the tent so that 2,900 more can get in, and then as soon as they get in there will be another amendment brought in here to let the others in, and then, as soon as that is done, they will want you to give it to their wives and dependents after they are dead and gone and in this way carry rank beyond the grave like they tried to do a few years ago.

Mr. HOEPPEL. Will the gentleman yield?

Mr. PATMAN. I am sorry, but I cannot yield.

Mr. HOEPPEL. I would like to answer that question, because it is very important.

Mr. PATMAN. I yield briefly.

Mr. MOTT. The number is not 2,900, but 1,900.

Mr. PATMAN. I am just taking the figures of the Bureau.

Mr. HOEPPEL. I would like to call the gentleman's attention to the Democratic platform of 1932 which does not differentiate between service-connected emergency officers.

Mr. PATMAN. It does not differentiate in their favor, either. It does not say anything about them. The gentleman cannot read something into the platform that is not there and I do not think the gentleman is in position to lecture me about the Democratic platform. [Applause.]

Mr. HOEPPEL. I am following the Democratic platform in reference to the veterans.

Mr. PATMAN. With reference to the retired emergency officer, I say the principle is not sound that when two men, who may be brothers, go into the Army for an emergency and are injured in exactly the same way and have a 30-percent permanent disability, one of them, because he is a lieutenant colonel, draws $250 a month for the remainder of his life, while his brother, who is an enlisted man, will only draw $30 a month for the remainder of his life. Of course, I know they claim that where this lieutenant colonel is serving beside a Regular Army officer, if the Regular Army officer were injured in the same way he would receive $250 a month or, if a general, $416 a month, and therefore the emergency officer should receive the same consideration as the Regular Army officer.

I say this is not sound, because when you attempt to remove that discrimination you create a discrimination that is 100 times as bad between the emergency officer and the emergency enlisted man, and this should not be allowed.

Mr. CONNERY. Will the gentleman yield?

Mr. PATMAN. I will yield to the gentleman from Massachusetts.

Mr. CONNERY. The gentleman talks about the lieutenant colonel and his brother in the Regular Army. What about the emergency officer in the Army or in the Navy——

Mr. PATMAN. The gentleman has asked me a question that should be answered, and I am glad to discuss it. The Regular Army officer or an officer in the Marine Corps or the Navy takes up that work as a life work. They are trained for that and nothing else. Then when a war comes and they go into the Army, if disabled in active service or any other way 30 percent, they are examined by a board of naval officers—not a political board—if they are 30-percent disabled they are disabled for their life work.

But if there is another war the regular officer can be called back into the service.

If the retired emergency officer is disabled 30 percent it may or may not disable him for his life work. The same principle is not involved. A lawyer, a doctor, or a merchant disabled 30 percent is not disabled for his life work.

Mr. RANKIN. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. RANKIN. I want to correct the gentleman in one of his propositions. He said a while ago that if a lieutenant colonel was disabled 30 percent he would get $250 a month for life.

Mr. PATMAN. That is true.

Mr. RANKIN. But the buck private would get $30 a month for life. That is a mistake. The buck private will only get $30 a month as long as he can prove that he is disabled 30 percent.

Mr. HOEPPEL. Will the gentleman allow me to answer that question? I want to explain that for the benefit of the House.

Mr. PATMAN. The gentleman can do that in his own time. Section 21 in the bill will restore all emergency officers. I object to putting any more on the roll.

Mr. MOTT. Will the gentleman yield? I want to correct the gentleman in one particular.

Mr. PATMAN. What is it?

Mr. MOTT. The gentleman said the enactment of this amendment would restore the emergency officers to the number of 2,900. The number is 1,900.

Mr. PATMAN. There is a difference as to the number, but when the retired emergency officers' bill was on the floor it was said that there would be from nine to fifteen hundred, and they put 6,000 on the rolls. There is a difference as to the number. The gentleman says 1,900, and I say 2,600.

In my opinion you should strike section 21 out of the bill. If you do not, you recognize the injustice of paying $416 a month to an officer and only $30 for an enlisted man. If such an enlisted man goes to a hospital, he will get $15 and his wife $15. If a general goes to the hospital, he will get hospitalization and his relatives and wife and dependents will get $400 a month. And besides that, I do not care how rich he is or what his income is, you still give him the $416 a month. Can you justify that?

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield for a question along this line.

Mr. BROWN of Kentucky. I put in the RECORD last week the case of Dr. Joe Ferguson, of Lexington, Ky. He saw 7 days' service as a captain in the Medical Corps, and if this section remains in the bill, in addition to a $6,500 salary from the Veterans' Bureau, he will be put back on the rolls.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WOODRUM. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. PATMAN. It is true that some of the leaders of these veterans' organizations are interested in the veterans. All of them are, I suppose, but some of them are also interested in getting back on the rolls themselves. It happens that one leader, whose telegram was read here this morning, represents a large veterans' organization. He is interested in getting them back on the rolls, but incidentally he was cut off last year himself, and since that time he has failed to receive $240 a month, which he wants to receive from now on, and if you pass this bill he will be restored back to his $240 a month. Incidentally, there is another veterans' organization who has a legislative representative here, who was getting $150 a month until the Economy Act passed. He was then cut off, and he is asking you to put these poor veterans, these privates and enlisted men, back on, but incidentally he himself will get back on for $150 a month. So you see there is something else involved in this sometimes.

I do not impugn the motives of these gentlemen, and I am sure they are working for the right thing for these veterans, but at the same time they have a little direct interest in getting this provision, section 31, inserted into this bill. When this comes up I am going to move to strike this out in some way and take these retired emergency officers out of the bill. They are a bad example; they have helped bring the veterans into disrepute. It is said of them, "There is a man getting three or four hundred dollars a month, and he is rich; he is riding around in a Cadillac automobile, and he has a $10,000 a year practice." He is the man who brings the veterans of this country into disrepute, and as long as you keep him there on the pay roll, you hurt the veterans. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MARTIN of Colorado. Mr. Chairman, I ask the gentleman from Virginia to yield the gentleman 2 minutes, so that I may ask him a question.

Mr. WOODRUM. I yield the gentleman 2 minutes more.

Mr. MARTIN of Colorado. I wanted to ask the gentleman if the retired emergency officers of any prior war in American history were ever given this preferential classification?

Mr. PATMAN. I never heard of it. I do not know; I am not informed. But I do not care whether they were or not; these officers went in for the emergency, just like the men, and it is not right to give them this preference.

Mr. RANKIN. The Civil War veterans, the Federal soldiers of the Civil War, defeated and kept down a measure of this kind so long as they lived, and prevented a single Federal soldier in Congress from ever introducing it until the last one who was here, who was General Sherwood.

Mr. MARTIN of Colorado. It is my understanding that this preference was never before given.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I do not always agree with what the gentleman from Texas [Mr. PATMAN] says, but in this particular I find myself almost in entire agreement with him. I think that we should adopt an amendment to this bill wiping out section 31. When the opportunity comes, if I am able to procure recognition, I propose to offer an amendment to title II of the bill and I propose to leave in section 26, which provides that those who are totally blind shall receive $150. I propose to leave in section 27 with this amendment: After the word "disability" in line 10, insert the words "not caused by his own misconduct".

Mr. VINSON of Georgia. On what page is that?

Mr. TABER. Page 41—and leave section 28 in because in that the misconduct proposition is already covered.

Mr. VINSON of Georgia. What is the gentleman's thought with reference to reducing the Spanish-American War veterans' 75 percent?

Mr. TABER. I will get to that in a moment.

Mr. RANKIN. As I understand the gentleman, it is his intention to leave the presumptive cases on the rolls.

Mr. TABER. Leave the presumptive cases on, with the exception that none can stay on where the disability is the result of his own misconduct.

Mr. RANKIN. Where the disabilities were caused by their own misconduct.

Mr. VINSON of Georgia. What about the 75 percent?

Mr. TABER. I shall come to that in a moment. Section 29, page 44, I propose to leave in, although I think that is probably covered by the veterans' regulation, so the Veterans' Bureau says:

In section 30 I propose to increase the figure in line 16 from 10 to 25 percent. That is the Spanish-American War proposition. Then I propose, after the word "cases", in line 19, to insert the words "and except where his disability is the result of his own misconduct."

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. TABER. Yes; I yield.

Mr. VINSON of Georgia. If the House accepts the gentleman's amendment with reference to 75 percent instead of 90, the result will be that the House conferees cannot go under 75 percent, and the only thing that will be considered will be the rate between 75 percent and 90 percent, as fixed in the Senate amendment?

Mr. TABER. That would be the case as far as the conferees are concerned. If the bill were brought back to the House as it is now, I do not understand that limitation would apply. I think here we can go beyond the scope of the difference, but the conferees would have no jurisdiction to go beyond the matters in difference.

Mr. VINSON of Georgia. But the House conferees could not go under 75 percent?

Mr. TABER. I think that is correct.

Mr. VINSON of Georgia. That is right. So we have an assurance if 75 percent is agreed to now, that is the largest reduction that can be made with reference to Spanish-American War veterans, without a further vote in the House?

Mr. TABER. Without a further vote in the House; that is correct.

Mr. PETTENGILL. Will the gentleman yield?

Mr. TABER. I yield.

Mr. PETTENGILL. The gentleman is offering the amendment with respect to 10 and 25 because he thinks 25 is all that is practically possible to secure for the Spanish-American veteran?

Mr. TABER. I will say that what I propose to offer is not just exactly what I would put in if I were doing the job to start with, but I think what I propose to offer is as far as we can go, and perhaps in some instances might be farther than I might personally want to go, but I think that is as far as there is any chance of anybody going, and I want to see something adopted that will meet with Executive approval and become a law and help to straighten out this jumble we are in.

Mr. PATMAN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. PATMAN. Under the gentleman's amendment, a Spanish-American War veteran 100 percent disabled will receive $45 a month?

Mr. TABER. Provided it is not service connected.

Mr. PATMAN. Is the gentleman willing to give a Spanish-American War veteran $45 a month for a total permanent disability, and a World War veteran of the same age with the same disability only $30?

Mr. TABER. I appreciate that there is a distinction there. At the same time we are in this situation: We did grant the Spanish-American War veteran a larger pension for non-service-connected disability, and we have to get away from it somehow and get by with the situation we are in. It is not exactly a question of doing just exactly what might be right, but it is doing the best we can with the tools we have got to work with.

Mr. PATMAN. Does not the gentleman think we should put an age limit in here and give for the same age and the same disability the same pay, regardless of which war it was?

Mr. TABER. I do not think we ought to attempt in this bill to go into that question, and I do not think we ought to enlarge. There are upward of 3,000,000 World War veterans. We have now provided that in case they are totally disabled they can receive $30 per month. If we provided $45 a month for them, and there happened to be many at the age of total disability in that group—and we are practically at the age of total disability for the Spanish War group, I think, service connected or otherwise—but if we should have 3,000,000 come into that age, we would have $2,000,000,000 a year at $45 a month approximately. Those figures are not exact, but they are practically so. I do not think this country is in a position where it can stand the gaff. That is the reason I would not like to go into that situation.

Mr. PATMAN. Does the gentleman not think that the principle is larger than the money in this case? Why should we give a Spanish War veteran total-disability pay of $45 and a World War veteran of the same age and the same disability only $30 a month?

Mr. TABER. We have never voted a $45-a-month pension for the World War veteran for total disability. We have done so for the Spanish War veteran, but we established a practice there that the country is not able to support, with the condition that has resulted from the number of veterans of the World War. That is the situation we are up against. I think we ought to go along with it as best we can and save a little of the Treasury.

Mr. PATMAN. In other words, the gentleman would exclude them by reason of their numbers and not by reason of the principle?

Mr. TABER. I would exclude them because I do not think we dare go into it.

Mr. PATMAN. One other question about another matter on this same section. Other veterans, if they are working for the Government and receiving more than a certain

amount, cannot receive over $6 a month. If this section is passed as it is now, it will not cause those veterans to reduce their pension checks down to $6 a month.

Mr. TABER. That provision should continue.

Mr. PATMAN. The gentleman should consider that along with the other.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield the gentleman from New York [Mr. TABER] 5 additional minutes.

Mr. BLANCHARD. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BLANCHARD. In connection with the Spanish-American War veteran, the sum of $45 a month was mentioned as the amount which a veteran totally disabled would receive. Would that be the amount a Spanish War veteran would receive in the event the amendment which the gentleman suggests is adopted?

Mr. TABER. It would be.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. TABER. I yield.

Mr. VINSON of Georgia. As the gentleman is informing the House as to what amendments he proposes to offer, has he given any thought to section 38, for the widows of the *Akron*, the *Shenandoah*, and the *J–3*? Does not the gentleman think that should be stricken out?

Mr. TABER. I am inclined to believe it should be stricken out.

Mr. VINSON of Georgia. I am glad to hear the gentleman make that statement, because I propose to offer an amendment striking out that section; and, of course, the gentleman is perfectly willing to strike out section 39, the Borah amendment, in view of the attitude of the House.

Mr. TABER. If the House has courage enough to vote to cut the salaries of the Members, it can do it in the legislative appropriation bill. I do not believe the Borah amendment effects a cut in salaries. It prevents the payment of more than 85 percent of the salary, but it does not effect a cut; and the individual officeholder would have a claim against the Government for it in the Court of Claims at any time.

Mr. VINSON of Georgia. Then, in view of the gentleman's statement he is thoroughly in accord with striking out that section?

Mr. TABER. I think for this purpose we ought to cut it out, and then the House can pass on the question in the legislative appropriation bill.

Mr. VINSON of Georgia. Will the gentleman inform the House of any other amendment he proposes to offer for consideration?

Mr. TABER. I think I have covered practically all of them.

I do not propose to interfere with section 33. I am inclined to believe that it is not a very bad thing to let the veteran go into court if he has a legitimate claim.

I do not see any reason why we should not adopt the amendment that has been suggested by the Legion, of calling the emoluments compensation and not pension.

I think we ought to continue section 35, which prevents emoluments accruing for any period prior to the date of the approval of the act.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes; for a question.

Mr. HOEPPEL. In the matter of widows, the gentleman is going to reduce the pensions of widows of the officers and men who lost their lives on the *Akron;* yet the other day we voted to increase the pension to the widows and dependents of the Army officers killed in the air-mail accidents. We are not consistent.

Mr. TABER. Well, I probably am never consistent.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. BLANCHARD. What would be the amount of money involved in the striking out of section 31?

Mr. TABER. I propose to strike out section 31. This section relates to emergency officers. Frankly, I never have favored the emergency-officer proposition. I do not think the House can afford to take a stand for that at this time. I think that would be enough to force a veto of the entire bill.

Mr. BLANCHARD. How much money is involved?

Mr. TABER. Something over $2,000,000.

Mr. WIGGLESWORTH. $2,900,000.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. DOWELL. The gentleman would not favor cutting the compensation or retirement pay of Regular Army officers, would he?

Mr. TABER. I should not propose that at this time, nor should I propose at this time adding any more to the roll of emergency officers because I do not want to get this bill through in such shape that it is due for a certain veto. I want to see the bill passed in such shape that it stands a chance of getting through. That is my only object. A lot of these things are not things that I would do were I doing it myself, but it seems to me I am suggesting things that ought to be adopted because I think they are things we may possibly hope to put through. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Florida [Mr. PETERSON].

Mr. PETERSON. Mr. Chairman, ladies, and gentlemen, the gentleman from Illinois, who spoke a few moments ago, said we should not take into consideration the fact that certain measures might be included in this bill which would cause its veto; that we should not surrender principles. I feel that we should be practical and try to bring out of this session today some kind of legislation that will meet the approval of the Chief Executive. I had hoped the bill might be sent to conference, feeling that the conferees might be able to contact the Chief Executive and learn what he would approve, and that that would be written into the law.

I want to do something to help the veterans of the War with Spain, the Philippine insurrection, and the Boxer rebellion. I should like to see the service-connected and the presumptive cases restored. It is necessary that we write into the bill either here or in conference, depending on the turn things may take, provisions that will meet the approval of the Chief Executive in order that we may help the veterans. If we pass a bill merely for the purpose of recording votes, we will finally awake to the fact that the veterans have not been assisted.

Someone voiced the thought that maybe the time would come when we would be in the position of having our own salaries restored in full by having to pass a resolution continuing the appropriations of last year and leave the veterans out; and this is a practical fact we may have to look in the face and may happen if we do not get together, because last year we carried into the provisions of the Economy Act the 1933 legislative appropriation bill as an amendment by striking out the figures "1933 and 1934" and inserting "1934 and 1935", moving it up, so to speak; and the 15-percent cut is by reason of the verbiage in that act. The salaries are fixed by Federal statute, and that appropriation act was temporary; but unfortunately, if we should get into a wrangle and not pass legislation that will meet the approval of the Chief Executive, the resolution continuing the appropriations of last year to carry forward the work of these departments will be passed, yet those veterans who need assistance will be left without aid. I am frank in stating that having seen the problem of the veterans of the War with Spain, having seen many of the service-connected cases and some of the presumptive cases growing out of the World War, I feel and urge that they should be taken care of. We must bear these men in mind and work out provisions that we know will be approved. You may have your idea and I may have my idea as to whether 75 percent of the amount is acceptable. I should like to take care in full, if possible, of the Spanish War veterans and the deserving cases of other disabled veterans, but I would rather be sure of 75 percent instead of continued uncertainty.

The Spanish War veterans of my State would be glad to get 75 percent if they knew they were going to get it now.

Today they stand in a state of uncertainty while we discuss the matter of trying to get something we know the Chief Executive will not approve. You talk about voting this whole amendment up or down. This does not get practical results. The veterans' amendment includes emergency retired officers, it includes the Borah amendment, it includes the amendment giving double pay to the survivors of those who were killed in the *Akron*. I do not see why that is in here, but I have no particular objection, except these things are all included when you vote up or down. You have controversial matters in here.

I wish the matter could have gone to conference because I believe it could have been worked out. I hope on the floor of this House that some concessions will be made for the purpose of bringing out something definite that the Chief Executive will approve and that we can get direct results for those who need it. I want to bring about a practical solution of the matter. It is all right to believe in principles. I believe in principles, and I believe in talking about principles, but I have won some large verdicts and have voluntarily remitted some of them because I believed the Supreme Court would order the remittance. We want something that will meet with the approval of the Chief Executive and help veterans now, and I hope this will come out of the deliberations this afternoon. Let us be sensible and practical and do something to help the worthy veterans instead of just voting on something we know will not become a law.

Mr. WIGGLESWORTH. I yield 10 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Chairman, I listened with interest to my friend from Texas [Mr. PATMAN] talk about disabled emergency officers and going back to the time that we had the disabled emergency officers' bill before the House. I remember that I spoke in favor of that bill. I was a private in the Army and afterwards became color sergeant of my regiment, so there was nothing in that bill so far as I was concerned that would prejudice me in favor of the officers' side of the case. Many Members of Congress came to me that day, knowing I had been an enlisted man and said, "Why are you in favor of this bill?" I told them that I was in favor of it because the Regular Army, Navy, and Marine Corps emergency officers were retired under law, and the only ones that the law discriminated against were the National Guard and the National Army officers; in other words, the men who led us over the top in France.

I pointed out the fact that a man could fall from his horse over at Fort Myer and be retired as a disabled emergency officer, who never saw France, but the man who went over the top in France and led his troops into battle could not obtain retirement as an emergency officer simply because he was in the National Guard or in the National Army. I have been in consultation with some of the veterans' organizations since the gentleman from Texas [Mr. PATMAN] made his remarks today, and I am informed that a careful perusal of the Senate amendments will show that the emergency officers' amendment in the Senate amendments definitely excludes from retirement privileges, first, all presumptives previously retired. There are about a thousand of them. Second, it excludes all retired on affidavit evidence, about 1,500. It excludes all these men. Third, it excludes all those commissioned after being disabled, about 200. It allows retirement only to those who are directly service connected in line of duty, where official evidence proves the disability for which retirement was granted was noted in service; in other words, in their hospital record.

What is wrong with these Senate amendments? Nothing. They are just and fair amendments for the disabled veterans and should be agreed to.

Mr. KVALE. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Minnesota.

Mr. KVALE. They have to have a 30-percent directly service-connected disability, supported by the actual evidence in the official files?

Mr. CONNERY. That is so. I voted for the disabled emergency officers' bill originally for the reason I previously stated. If we had not had the Regular Army, Navy, and Marine Corps emergency officers on the roll, I would not have voted for it; but why discriminate in favor of men who stay at home in some cases and men who went over the top in France? They were officers. We had nothing against them because they were officers; in fact, able, courageous officers who were loved and respected by the men of their commands. The fact is that I wanted to see them receive equal justice with those officers already on the rolls who certainly were not as much entitled to be retired as these men who had actually fought in battle.

Mr. PATMAN. The gentleman will recognize the fact that if he had a 1-percent disability at the time of discharge, and that was noted on the record, regardless of what it was, and was 30 percent by 1928, he could still be retired under this because it says "any disease or injury incurred in active service."

Mr. CONNERY. I may say to the gentleman from Texas that theories are theories and facts are facts. Lt. Jack Gillespie, who was first a private, then a sergeant in my company, A Company of the One Hundred and First Infantry, became an officer in that regiment. He went over with B Company of the same regiment. There was an attack on A Company by the Germans one night at Humbert plantation in the Toul sector and the fourth platoon of A Company was cut off by a barrage. Gillespie, with his men of B Company, tried to go to the aid of the fourth platoon. Gillespie, who had been physically perfect in every way, was picked up by shell concussion and tossed over on the side. Overnight from a normal man in perfect physical condition he became a complete wreck, nerves shattered, and never has recovered his former self from that day to this. That man is about 98-percent disabled, and he is not receiving a nickel as a disabled emergency officer, so the gentleman from Texas can realize that it is not so easy for these men to get retired.

Mr. PATMAN. Under the present law, which I do not object to, he can get on the retired officers' roll if it is possible. This will neither help him nor retard him.

Mr. CONNERY. These things are not as easy as the gentleman thinks. He has tried to get on the retired list, I have fought his case, and he is not on the roll yet. And there is a man who fought on the battle line.

Mr. PATMAN. I believe the gentleman made a misleading statement. He said the presumptives would not come under this law as such. The gentleman is right, but if it is tuberculosis, mental trouble, or anything where the theory of presumption applies, if they had a 1-percent disability at the time of discharge and a 30-percent disability in 1928, they will come back by reason of the fact that they are disabled.

Mr. CONNERY. There was no opportunity for the presumptives to get on at all if the Attorney General had not made the ruling he did make. In the Senate amendments we are right back to the legislation which Congress intended when we passed the disabled emergency officers' bill.

We are now facing this proposition. Gentlemen have been offering amendments here, and we are again back to the proposition which I stated before, that if you change one word in Senate amendment no. 22, this bill is going to go to conference, and those who do not want the Spanish War veterans taken care of up to 90 percent and those who do not want the World War veterans to get what the Senate amendments call for, are trying their best to get this bill to conference.

When this matter comes up for a vote, I am going to offer a motion to concur in Senate amendment no. 22 without any change. This is going to cut our salaries, because the Borah amendment is in amendment no. 22. We are not going to get our $10,000 per annum; we are going to get $8,500; but when it comes to a question of our salaries or taking care of disabled World War veterans or the poor, old Spanish War veterans, for whom it took 25 years to get any sort of pension law through the Congress, I am going to vote for them, and I hope you will vote that way.

The veterans do not like you to lose your pay which you so sorely need. They are sorry that this provision came in here under this parliamentary maneuver. I think they

knew what they were doing over in another body when they tied the Borah amendment on to the veterans' provision and did not have it stand on its own merits.

I hope you will vote to concur in the Senate amendment when I offer the motion and not mind your salary for the time being, but vote to take care of these veterans.

I also want to say that as soon as we get back in the House I am going to ask for a separate vote on the Vinson amendment, which was passed a short time ago, so that those of us who favor full restoration of the Government employees' pay may vote on roll call to give these employees their full pay. I am going to make that request as soon as we get back in the House.

I now yield to the gentleman from Wisconsin.

Mr. BOILEAU. We have already amended Senate amendment no. 14. If we now amend Senate amendment no. 22, this will put us back in just the same position we would have been in if the gag rule had prevailed today.

Mr. CONNERY. Yes. They will go to conference and the veterans will be out the window.

Mr. BOILEAU. It will all go to conference, will it not?

Mr. CONNERY. Yes.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. WEIDEMAN. In other words, to get this clear, if we want to support our position against the rule this morning, when we get back into the House it is necessary to vote against the amendment of the gentleman from Illinois and all other amendments; and while we are sacrificing our salary a bit—and I am no salary cutter—the only way we can give the veterans and the Federal employees these benefits is to vote against every Senate amendment and vote to concur in all the Senate amendments.

Mr. CONNERY. Vote down every amendment that is offered here except a motion to concur in the Senate amendments.

Mr. TABER. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from New York.

Mr. TABER. My understanding of the parliamentry situation is that the House, instead of sending amendments 14 and 22 to conference, took amendments 14 and 22 up in Committee of the Whole. We have adopted in Committee an amendment to amendment no. 14. Amendments will be proposed to amendment no. 22. Those amendments will not go to conference unless the House asks further to send them to conference, but will go over to the Senate to be accepted or rejected by the Senate.

Mr. CONNERY. They will go over to the Senate, and the Senate will ask for a conference, and then they will go to conference. That is just where I do not want them to go.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. CONNERY. Before I yield to my distinguished friend from Kentucky, may I say that when the gentleman spoke here a short time ago he mentioned a man in the Veterans' Bureau getting $6,500 and also receiving disabled emergency officer's retirement pay. I want to call his attention to the fact that there is a law on the statute books today that provides that any man receiving $3,000 or over and working for the Government cannot receive any retirement pay. I now yield to the gentleman.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. BROWN of Kentucky. I recall that the gentleman said to the Democratic majority yesterday that we want to bring these amendments in and vote on them upon their merits. Today, the gentleman is asking us to forget all about the merit of any amendment offered and not to dot an "i" or cross a "t." I want to ask the gentleman if this is consistent with his stand thus far in opposing gag rule and if he is not today gagging us just as much as if we had voted for the rule. [Applause.]

Mr. CONNERY. I am not gagging the gentleman. I will say to my friend from Kentucky I appreciate his observation, because I think it is the first time in 11 years in the House that anyone ever accused me of favoring any gag rule.

Mr. BROWN of Kentucky. Does not the gentleman see that he is gagging us?

Mr. CONNERY. No; I do not. The gentleman had his opportunity when he voted on the roll call today to accept the rule or turn down the rule, and we defeated the gag rule today.

Mr. BROWN of Kentucky. And now you are gagging us.

Mr. CONNERY. No; I am not gagging you, because you can vote any way you want, and that is all I ask—that we all be given a chance to vote.

Mr. BRITTEN. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. BRITTEN. I want to agree with what the gentleman from Kentucky [Mr. BROWN] said a moment ago. The gentleman from Kentucky is 100 percent right in what he has said to the gentleman from Massachusetts, because the gentleman from Massachusetts is suggesting to the House that no matter how good an amendment may be, or no matter how bad the Senate amendment may be, we must accept the Senate amendments just as they are, because otherwise something of a parliamentary nature will occur between the conferees.

Mr. CONNERY. I may say to the gentleman from Illinois that the Senate amendments are grand amendments and really give the veterans something, and that is why I am in favor of them. [Applause.]

Mr. FISH. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. FISH. I want to ask the gentleman from Massachusetts this one question: Why can we not concur in the Senate amendment with an amendment striking out the Borah amendment, if the Committee wants to do that? If this were done, we would be in exactly the position the gentleman wants us to be.

Mr. CONNERY. Oh, no; the matter would go over to the Senate, and one of the Senators would rise and ask for a disagreement, and they would go to conference, and your whole veterans' situation would have to come up again. I make this statement because I have discussed this very question thoroughly with our intellectual Parlimentarian, Mr. Deschler. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, what is known as the "Borah amendment" is a joker in this bill pure and simple. It must have been hurriedly drawn by its author, for it does not do what all of us at first thought it did. It does not decrease congressional salaries. The basic salary of a Senator and Congressman remains just the same whether the Borah amendment is passed or not. So far as decreasing congressional salaries, it is just so many futile words, accomplishing nothing in that direction.

Congressional salaries are fixed by law. Unless provisions in an appropriation bill are begun with the word "hereafter", such provision does not become permanent law. And it takes an express provision, changing or repealing existing law, before such existing law can be changed.

Congressional salaries are now fixed by legislative enactment. They remain just what they now are until they are changed by legislative enactment. This Borah amendment does not legislatively provide any decrease whatever in such salaries as they now exist.

If we should pass this Borah amendment, any Senator or any Representative in Congress would have a valid claim against this Government for the full basic salary now provided for him by law.

Hence, if we can reach some kind of an agreement that will send this bill to conference, such as the Taber amendment we are to vote on, that will maintain the salary cuts that the President has indicated he will require and will secure just benefits for both our Spanish-American and World War veterans, that will be approved by the President,

then none of us need let the Borah amendment stand in our way in accomplishing that end, because it is a joker and does not decrease congressional salaries.

Erroneous statements have appeared in the press to the effect that any Member voting against the Borah amendment would be voting to raise his own salary. That is not true. Attempts have been made here today by the gentleman from Minnesota [Mr. SHOEMAKER], and others, to get the assertion in the RECORD indicating that a vote against the Borah amendment would be a vote to raise Members' salaries. That is a mistaken idea. That is an incorrect position. That is not the fact. So, if otherwise, the Taber amendment is the best that we can get for the veterans and the country, we can support it notwithstanding it strikes out the Borah amendment, because no basic congressional salary would be decreased by the Borah amendment.

Now, I want to discuss the Senate amendment that restores retired pay for life to emergency officers who have been declared to possess no service-connected disability.

Every emergency retired officer who was disabled as much as 30 percent in the service has been put back on the retired roll and is now drawing retired pay. There are 1,518 of such officers drawing retired pay this very moment.

When they first came here in 1928 and asked our friend from Massachusetts [Mr. CONNERY] to pass that bill for them—and he did—they said there were only 900 of them who would come within the provisions of that law. Later they got up as high as 1,500. Our good friend from Massachusetts in his earnest way, and he is always earnest, passed their bill for them putting them on the roll, and instead of there being 900 of them, or 1,500 as are now back on the roll, there were 6,300 of them who got retired through scratching each other's backs, and drew several thousand dollars each before we passed a law that dropped 4,800 of them from the pay roll.

Dr. Jo Marvin Ferguson got his $150 retired pay per month plus his $6,500 salary, and a big colonel in South Boston draws $281.25 per month, and General Wilson in Nobleton draws $375 per month, and Mr. Greeley, of East Milton, draws $471.96 a month. There is a big Dr. Lloyd E. Dyer down in Greenville, Tenn., on the retired list at $566.67 a month, and they are among the 4,800 who have been dropped and who were not disabled from service.

General Hines in his testimony before the Military Affairs Committee said several thousand were frauds and ought to be put off the roll. Under the act we passed known as "Public Act No. 2", over 4,800 of them were dropped from the roll. We must kill this Senate amendment which seeks to put them back on the pay roll for life at big monthly pay.

We proved by General Hines that some of them were drawing four different payments. Some of them were getting salaries of $6,500, even $7,500, and up to $8,000 a year. Then they were getting retired pay of about $250 or $300 more. Then they got another pay, for active service when these emergency officers were sent to camp.

In addition, there was doctor after doctor who, in addition to their monthly retired pay and salary and pay for active service, after office hours had an office down town and a rich clientele coming to them, for whom he prescribed and received extra remuneration in medical fees.

We stopped that. This Senate amendment ought to go out of the bill.

Among our emergency officers are some of the finest men in the service; brave officers, who led their men in battle. They never demanded much from the Government. But many of these officers we have dropped never smelt gunpowder; they never heard gunfire. Some never saw a German enemy. It is these men who are clamoring the most to get back on the pay roll.

Mr. CONNERY. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. CONNERY. The gentleman referred to Dr. Ferguson, who got $6,500 salary a year, and he cannot get back on the roll.

Mr. BLANTON. Oh, the gentleman does not know the ingenuity of these men.

Mr. CONNERY. If he can get by he is a corker.

Mr. BLANTON. He can get by if we pass this Senate amendment. Let us keep them off. [Applause.]

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. KVALE].

Mr. KVALE. Mr. Chairman, I think the RECORD should show that all of us—and certainly I am personally—are deeply grateful to the gentleman from Texas [Mr. BLANTON] for doing the constructive work he has done in reducing this list of undeserving retired officers on the pension rolls, but I think this RECORD should show that many deserving cases have been stricken from the rolls.

I say deliberately that I can show the gentleman from Texas name after name of deserving officers who have been stricken from these rolls because of that causative provision which is written into the regulations, which is inconsistent with the law, drastic as it was, which passed Congress.

I can show the gentleman from Texas, for instance, an officer who has been denied retirement for total deafness, because he could not show which particular concussion of which certain shell caused the deafness which resulted in his disability at the present time. I wish I had an hour to talk on this subject instead of 1 minute.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOODRUM. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman, during the World War there were three classes of emergency officers, Army, Navy, and Marine Corps. The emergency Marine Corps and the temporary Navy officers, regardless of their disability, and regardless of how their disabilities were incurred, if incurred in the line of their duty, were retired in 1920 and are still on the retired list. The Army emergency officers were not placed on the retired list until 1928, notwithstanding that a large number of them are totally disabled with tuberculosis. Others have been removed from the emergency officers' list, because they cannot prove the causative factor. The Senate amendment pertaining to emergency officers should be retained in this bill, otherwise you are discriminating against worthy emergency Army officers, as compared with the temporary officers of the Navy and the Marine Corps.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. DOWELL].

Mr. DOWELL. Mr. Chairman, I am in favor of the Senate amendment as it came from the Senate. We have heard suggested a number of amendments to be offered. These amendments have for their purpose the reducing of the pensions and compensation of Spanish-American War veterans and World War veterans. I listened for some time to the gentleman from New York [Mr. TABER], who has a number of amendments here, to reduce the compensation and pensions. I hope the House will vote against all these amendments and accept the Senate amendment just as it came to the House.

The veterans are entitled to these benefits and many of these veterans are greatly in need of assistance at this time, and are looking to Congress to restore a part, at least, of the benefits taken away from them by the Economy Act, and I am hoping Congress will not fail them today.

In this debate, reference has been made to the Borah amendment. This amendment is a part of and is included in the Senate amendment under consideration. This amendment restores the pay of Government employees receiving a salary of not to exceed $6,000 per annum, and does not restore the pay to employees receiving $6,000 or more, and therefore does not return the pay to Members of Congress. Some have suggested that this amendment should be stricken out.

In striking this out you would be returning the pay of all Government employees drawing a salary of over $6,000, and, therefore, in effect would be restoring the pay to Members of Congress. This should not be done. This amendment

should remain in the bill. It seems to me that the gentlemen cannot argue that we should cut the compensation from the World War veterans, cut the pension from the Spanish-American War veterans, and in the same vote in effect raise the salaries of Members of Congress. I trust this will not be done.

While the Senate amendment carries a number of sections, it is, in fact, one amendment. I want to emphasize, if I can, the statement made by the gentleman from Massachusetts [Mr. CONNERY], who so ably pleaded for the return of the veterans' benefits by the concurrence in the Senate amendment, and who urged that this amendment should be accepted as it came from the Senate and not in any way amended. May I add that if the House makes any changes in the Senate amendment it will throw the entire matter into conference. Therefore, I want to urge that all Members of the House who want to restore these benefits to the Spanish War veterans and the World War veterans to vote down all these amendments and adopt the Senate amendment as it came to the House.

I hope the House will concur in the Senate amendment and restore these benefits to all these veterans and their dependents, to which they are justly entitled and which they so greatly need.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. DOWELL. My time has expired.

Mr. WOODRUM. Mr. Chairman, I yield 1 minute to the gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Chairman, I voted to send this bill to conference where I think it belongs, and where I think many of the objectionable features in the bill would have been taken out. It is my opinion that the conferees in connection with the advice of the President would bring us back a bill here that he would approve and that would go through this House. You have seen fit to do otherwise, to legislate on the floor, and I have to take all of the objectionable stuff—and there is much objectionable stuff—in the bill—along with the good. I am going to be consistent. I am going to vote straight yeas all the way down the line. I am not going to make any exceptions. I am not going to fuss around here even about increasing our own salaries—which I think we should not do.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Chairman, I desire to direct a question to the gentleman from Virginia [Mr. WOODRUM] in order that we may clear up, if possible, the parliamentary situation with reference to this bill, in the event we adopt some amendments in the House. Ordinarily I do not have any difficulty in determining how I should vote, but a suggestion has been made which leaves me in doubt. I would like to ask the gentleman from Virginia [Mr. WOODRUM], in the event we adopt an amendment to the section pertaining to veterans' benefits, and the bill then goes back to the Senate, and then to conference, if the House conferees would not consider the vote in the House as tantamount to an instruction?

Mr. WOODRUM. I will say to the gentleman, if an amendment is adopted to section 22 and it goes back to the Senate and the Senate agrees to that amendment, of course that is the end of it.

Mr. BLANCHARD. What happens in the event the Senate disagrees?

Mr. WOODRUM. In the event the Senate disagrees, it throws the whole thing back into conference.

Mr. FISH. Will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. FISH. But would not the gentleman from Virginia, as a conferee, take that as a mandate of this House, as an expression of the opinion of the House, at least, and stand by the House against the Senate?

Mr. WOODRUM. I will say to the gentleman from New York [Mr. FISH], when the House is laboring as it is laboring now, in such an unintelligent fashion, under an unintelligent, unworkable gag rule as we are imposing upon ourselves now, I do not believe it would be possible for anybody to get an intelligent instruction out of what is going on here.

Mr. BLANCHARD. I do not care to yield any further. Let me make this statement, that certainly if I were a member of the conference committee, dealing with a question that had been passed upon by this House, I would consider a vote as tantamount to an instruction, and if it be interpreted by the members of the committee who may be serving as conferees that they would not be bound by a vote in this House, in the event we were to amend this amendment, then I want to say that I know how I am going to vote. I am going down the line so that there may be no mistake about what will happen when this bill goes back to the Senate. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield 2 minutes to the gentlewoman from Arizona [Mrs. GREENWAY].

Mrs. GREENWAY. Mr. Chairman, I do not anticipate being very constructive, but I would like to say what I think a good many people on both sides of the House feel today. I think we want to do the right thing, and I do not think anything was ever said less true than that it is easy to see the way of right.

Some of us know the condition of the Spanish War veterans. Much that has been said has been just and has only proved further the difficulty of finding the right line; but many of the Spanish War veterans are old and infirm through age and have builded their lives on what they have received these many years and are today trying to live on $6 a month in their old age. The presumptive cases that have not been taken back are ill and suffering.

Our own salaries should not be mixed up in this bill, but I have voted against sending this to conference because I mistrust a conference, in face of the need and suffering that now exists. [Applause.] I have long ago abandoned in this week the faintest hope of a vote on my part that I might be proud of. I feel we are faced with a maze of complications, and I think our complications have only begun. I shall vote to help those that I know are suffering, and I would like to say that if this week of agitation comes to naught, I, for one, am ready to start in at the bottom once again in behalf of the veteran. [Applause.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, the gentleman from Massachusetts yielded to me that I might ask a question of the gentleman from Virginia [Mr. WOODRUM]. I have the highest regard, personally and politically, and I think everybody has, for the gentleman from Virginia. The gentleman will be a conferee. No matter whether he is for or against these gag rules, that is something of the past. We are trying to legislate in an orderly way. I am confident the gentleman, knowing the gentleman as I do, will carry out the will of this House when it is registered on any amendment it votes upon, in conference. I ask the gentleman if that is not a correct statement, coming from this side and from a friend of the gentleman from Virginia?

Mr. WOODRUM. Now, Mr. Chairman, the gentleman is a little belated in showing his vast confidence in the gentleman from Virginia as a conferee. [Laughter.] I have begged and pleaded with the gentleman and with my other colleagues to let the bill go to conference, that the conferees might work order out of chaos, and I think the gentleman from New York [Mr. FISH] today voted against the rule to permit us to do that.

Mr. FISH. Oh, I did.

Mr. WOODRUM. Now, we will cross the bridge when we get to it, I will say to the gentleman.

Mr. FISH. I am asking the gentleman. I have the floor and I am asking the gentleman if he will not carry out the will of the House. It is his duty to do so. I am confident he will, in spite of himself.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, it seems very clear from the statement of the gentleman from Virginia that if we were to amend Senate amendment 14 or 22, that the gentleman from Virginia, as one of the conferees, would not consider himself bound by the action of the House. In my opinion, if we were to put any amendment whatsoever onto either Senate amendment 14 or 22, it would have the effect with reference to these two subject matters of throwing them wide open in conference. The gentleman from Virginia has made this very clear.

If we are to be consistent in our action, we must vote down all amendments to Senate amendments 14 and 22 in order to be consistent with the vote earlier this afternoon. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Chairman, the Members who have listened earnestly to the debate pro and con on these questions today know that about everything that could be said on it has been said. Let me review a little for you the different parts of that discussion.

In the beginning let me call attention to the fact that you will not find in the Democratic platform any provision calling for any cut of any kind for the veterans of the World War. The only economy plank in the platform states that governmental expenses shall be cut—

> By abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance to accomplish a saving of not less than 25 percent * * *—

in the different governmental bureaus. Not a speaker in the last campaign was allowed to take the platform anywhere and say that the veterans of any war would be cut any amount.

We voted this afternoon on the Federal pay cut. We voted to restore it on a 5-5 basis, recognizing the proposition that 10 percent return is fair and reasonable. If it is fair, and just, and reasonable for the Federal employees, why should not the same principle and policy apply to the Spanish-American War veterans? Why should not the same policy apply to veterans of other wars? Can we go back to our districts and justify a greater cut?

We have heard the argument made that a 25-percent cut ought to be made upon the Spanish War veterans. There is not a Member here who does not know that many thousand service-connected cases have been cut off the rolls completely under the provisions of the so-called "Economy Act of March 20, 1933." The Senate amendments do not place many thousands of these veterans back on the rolls; and as the gentleman from Massachusetts [Mr. CONNERY] has well said, it seems that the principal point of the argument is based upon the emergency officers' amendment. It is good politics, perhaps, to attack at the weakest link, and that has been done, but let me say again that I believe the arguments advanced in support of Mr. CONNERY'S amendment are unrefuted and unanswerable. As contained in the bill the emergency officers' amendment is fair. It says that the emergency officers who suffered service-connected disabilities, or diseases incurred or aggravated in line of duty, and whose disease or injury or aggravation of disease or injury was at any time during his service made a matter of record by competent military or naval authorities, should be treated on the same basis as the veterans of any other war; yet the argument is made that they must be stricken off the rolls. It seems as though some gentlemen are allowing their prejudices to run away with them. Look into your own hearts and see if you are being fair to those men who offered their all for their country and who led their companies during the war. They were not officers for any other reason in the world than bravery and intelligence; and they were not educated at Government expense.

Mr. TAYLOR of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. TAYLOR of South Carolina. Can the gentleman assign any possible reason why there should be any difference in the treatment of a private and an emergency officer for injuries sustained during the war?

Mr. McFARLANE. Yes; for the reasons just given; and the principal reason that is being given here this afternoon by many is that there are fewer voters among the emergency officers than there are among the privates.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. KVALE. As long as we have a system whereby officers retired for disability or age are paid at a higher rate than enlisted men, is it fair to compare one class of officers with enlisted men and not all the other classes of officers with enlisted men?

Mr. McFARLANE. No, sir; we should treat all alike. I thank the gentleman for his contribution.

Mr. Chairman, we cannot get away from the proposition that it is unfair discrimination against the emergency officers of the Regular Army when we have already given this relief to emergency officers in the Marine Corps and in the Navy. Why can we not be fair about it?

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. Certainly.

Mr. BLANTON. My colleague was not here during the war, when we made a similar fight on this floor to allow the widow of a private the same $10,000 war-risk insurance that the widow of a high officer received.

Mr. McFARLANE. No; I was in the service during the World War, and fully realize the great sacrifices and hardships these men suffered. I entered the service as a buck private.

Mr. BLANTON. I admire and commend my colleague for being in the service. I would have been there with him, had not the President of the United States, who was our Commander in Chief, directed me to help him here. To show that I had such orders, I quote the following:

WASHINGTON, D.C., *May 22, 1917.*

To the PRESIDENT OF THE UNITED STATES.

MY DEAR MR. PRESIDENT: If I can be used at the front, I stand ready to serve my country. When the question was before the House I voted to increase the maximum age limit to 45, so that I would be included. I likewise voted to subject Members of Congress to the selective draft, in order that I would not be excluded. I am willing to waive my age and position.

My father enlisted as a Confederate soldier at the age of 16. My great-grandfather, William Walker, of Cumberland County, Va., had the privilege of fighting for his country in the Revolution. My mother's uncle, James Monroe Hill, was a veteran of San Jacinto. My oldest son is not 17, but will be ready to respond when the call of his country makes it necessary.

I stand ready to obey your orders, should my services be needed and you should see fit to call on me.

With much respect, I remain, very sincerely yours,

THOMAS L. BLANTON.

I received the following reply:

THE WHITE HOUSE,
Washington, May 23, 1917.

Hon. THOMAS L. BLANTON,
House of Representatives.

MY DEAR MR. BLANTON: Your letter of May 22 does you great honor. I do not wonder that you feel as you do, and yet I want very earnestly to remind you that we are now engaged not merely in creating an army but also in mobilizing a nation to perform all its functions at the highest pitch of efficiency. Surely in such circumstances it is just as much a man's duty to stay at a post such as you have been assigned to by your constituents as it is for a man to volunteer for an army. I take that view of it with the greatest confidence.

Cordially and sincerely yours,

WOODROW WILSON.

While I labored here 16 hours per day helping my commander in mobilizing a nation to perform all of its functions at the highest pitch of efficiency, I want to say to my friend from Texas [Mr. McFARLANE] that I then protected him as a buck private.

Mr. McFARLANE. I entered the service as a buck private.

Mr. BLANTON. They tried at that time in a bill drawn by officers to give to the widow of a buck private $1,500 insurance but to the widow of a high officer as much as $17,500; and I was one of those who helped to equalize them and pay them all alike, $10,000.

Mr. McFARLANE. The gentleman did right. I want to carry that same principle forward into this bill, I may

say to the gentleman from Texas, because it is right. I should like to see this Congress give more consideration to human rights. We have continued to authorize the issuance of tax-exempt securities that has caused the interest on the public debt to grow more than $1,000,000,000 annually, which benefits principally Wall Street. Last week we extended the law allowing the Federal Reserve banks to continue to use the Government credit at less than one half of 1 percent interest when no one else is given that right. All through our statutes are special privileged laws for the benefit of wealth. We have favored property rights too much; in this measure we have an opportunity to do justice to human rights. Will we do it? [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. JOHNSON], such time as he may desire.

Mr. JOHNSON of Oklahoma. Mr. Chairman, I have been very much interested in all this discussion, as veterans' legislation is very near and dear to my heart. Particularly was I interested in the discussion of the able gentleman from Texas [Mr. MCFARLANE] and his statement that he wanted to treat all veterans alike. I agree with him as to that. But am just wondering if the gentleman feels that it would be fair to pay a general or colonel, for example, who never smelled powder during any war anywhere, but sat in a swivel chair here in Washington only 13 days, $300 to $400 a mon'h and pay a buck private $30 a month? How does my friend from Texas reconcile that with his statement that all veterans should be treated alike?

Mr. MCFARLANE. If the gentleman yields, I will answer him.

Mr. JOHNSON of Oklahoma. I yield to the gentleman from Texas if he will answer my question.

Mr. MCFARLANE. There are a lot more buck privates voting. I grant you that is true.

Mr. JOHNSON of Oklahoma. Well, I will say to my genial friend from Texas, who evaded my question, that if there is any Member of this House who can smell votes any further than he can I confess I do not know who he could be. [Laughter.] But, seriously speaking, I feel sure than an overwhelming majority of the Members on both sides of this aisle have a sincere desire to see this Congress do something worthwhile for the disabled veterans, whether they be those of the Spanish War or World War veterans. I am not one of those who feel that any who disagree with me must be wrong, or that they are moved by selfish or insincere motives. The question in my mind at this moment is, What is the right thing to do and what would be fair and equitable to the disabled veterans of the Spanish War, as well as those of the World War? [Applause.]

Another question that faces Members here today is what is the practical thing to do. Certainly the House must make some changes in the Senate amendments if we are to receive any consideration whatever for our many needy and deserving veterans. Positive word comes from the White House that the bill will be vetoed in its present form. I do not believe the rank and file of our war veterans want a veto, and I am very hopeful that this bill can be worked out on this floor and in conference whereby it will be reasonably satisfactory to our disabled veterans and their dependents and at the same time escape a Presidential veto. In that respect I agree whole-heartedly in the suggestions made by the distinguished and able gentleman from Florida [Mr. PETERSON], who reminded us that most legislation is a matter of compromise. As a practical proposition, we are not doing the veterans any service to demand that the Senate amendments must not be changed by the dotting of an "i" or the crossing of a "t", when we know positively that they are objectionable in their present form to the President.

My distinguished and able friend from Massachusetts [Mr. CONNERY], with whom I usually agree, especially on veterans' legislation, speaks with much feeling and enthusiasm against gag rule, but in demanding that we accept the Senate amendments without any change whatever he would invoke the gag rule himself. Why not discuss these amendments on their merits and vote for or against them on their merits alone? The gentleman from Massachusetts a while ago gave us some statistics concerning the number of emergency officers that would come in under the Senate amendment. He quoted some so-called "leaders" of certain organizations as authority for his figures.

If my memory serves me correctly, some of these same gentlemen who gave out such alleged authentic statistics were here lobbying for the Emergency Officers' Retirement Act that passed Congress several years ago, just as they are back here now lobbying for the Senate amendments without any changes in order to get themselves back on a fat governmental pay roll. You may recall that we were assured by the same authority that no more than 700 or 800 emergency officers could possibly take advantage of the original Emergency Officers' Act, but the camel got its neck under the tent and the first thing we knew about 7,100 emergency officers had in some manner of back-slapping or back-scratching process, gotten themselves retired.

We saw the sorry spectacle of former officers who had never posed as being disabled prior to the passage of that act take advantage of it and get on the Government pay roll at from $100 to $400 a month. We saw some swivel chair heroes who never smelled powder nor saw the smoke of battle, but who sat at mahogany desks in Washington with as little as 13 days' service, manage to get themselves retired at from $200 to $400 a month. We saw generals who never had led an army, nor fired a gun, nor who ever were within 3,000 miles of the front lines get themselves retired at $416 a month. If you vote for the Senate amendment, you vote to place a large number of the generals, colonels, majors, and captains back on the pay roll. There seems to be some disagreement as to the number but that is not the question. Those of us who want to do something for the disabled veterans of both wars, who are really in need, do not wish to be hog tied to that provision of the Senate amendment which would put back on the pay roll emergency officers, many of whom are not in need and who should not, in my judgment, have any more consideration than is given the buck private who might have the same disabilities. [Applause.]

As I stated on the floor of this House last Monday, I am fully convinced that the American Legion's four-point bill is a sane, sensible program and ought to be passed by this Congress. But do not confuse the Senate amendments that we are considering today with the Legion's program. It is not the program of the American Legion. True, it contains part of the program and I am for that part of the Senate amendments. But neither the American Legion nor any other veterans' organization with which I am familiar is pledged to place back generals on the payroll at fabulous salaries, while the buck privates and their dependents are being practically ignored.

Another group of veterans that I am very anxious to see adequately cared for are the twenty-odd thousand presumptives. Especially am I interested in the tuberculars. Many of them are helpless and in dire distress; practically all of them are of service origin; but because they are in the class of presumptives they were cruelly and cold-bloodedly cut off under the harsh and unreasonable rules inaugurated by the Director of the Budget and the Veterans' Administration.

In closing, let me say I expect to vote to eliminate the emergency officers' provision; also, to vote for the amendment to restore 75 percent of the pay to Spanish War veterans. I feel that our Spanish War veterans would much prefer knowing they were sure to receive 75 percent of their former pay before the passage of the Economy Act than to have 90 or even 100 percent restored when they know it would face a Presidential veto.

This Congress must not adjourn without giving relief to our disabled war veterans. Let us not quibble over mere technicalities. Let us not wrangle over fanciful theories when we are face to face with terrible realities. As these men pressed forward for us when the zero hour came, let us show our appreciation here today. Let us do our solemn

duty now toward our disabled and needy veterans, just as they performed their duty so heroically when the dark clouds of war hung heavily over this land. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Chairman, we are all anxious to do something for the Federal employees and for the veterans, but I feel that our zeal has taken possession of our better judgment. I do not believe there is a single gentlewoman or gentleman in this House who is not anxious to do something for the men whom I mentioned. Let us examine what has transpired here today. You will remember for the last few days many of us wanted this bill sent to conference. We were told: "No; do not send it to conference, you will gag this House; you will not get a chance to vote on the amendments. We want a full and free discussion." That was the cry. Today when we have the bill before us and we can discuss it freely we are told: "Do not cross a 't' and do not dot an 'i' or you will defeat the bill." That is supposed to be full and free discussion.

Anyone who has had any experience at all in legislative matters knows that all legislation is the result of compromise. There is not a law on the statute books of this country today but what was the result of long and serious conferences and concessions yielded by one to the other. If you are going to take the stand "I am positively right, you cannot make me concede anything; no matter what you say, I am right", no progress can be made, nothing can be accomplished. Are you going to give these veterans and employees a lot of lip service? Are you going to tell them, "I made a wonderful speech for you, I voted for you, and I put it over on them, but I could not bring home the bacon"? This course will not satisfy them.

The only way you are going to get results is by agreeing to concede, yield, and to compromise; otherwise you will not be able to bring home a nickel to a veteran in your district and you will not be able to get a dollar increase in salary for a single Federal employee. Are you going to give them lip service, or are you going to deliver to them the much-needed relief that they seek? It must be one or the other. [Applause.]

The CHAIRMAN. All time has expired. The Clerk will report the amendment.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that the reading of the amendment be dispensed with and that it be printed in full in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Senate amendment is as follows:

SEC. 26. Notwithstanding any provision of law to the contrary, in no event shall the compensation being paid on March 19, 1933, under subsections (3) and (5) of section 202 of the World War Veterans' Act, 1924, as amended, to veterans for the loss of the use of both eyes, where such veterans were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, pertaining to hospitalized cases.

SEC. 27. Where service connection for a disease, injury, or disability was on March 19, 1933, established in accordance with section 200 of the World War Veterans' Act, 1924, as amended, and such connection has been severed through the application of, or regulations or instructions promulgated under Public Law No. 2, Seventy-third Congress, or Public Law No. 78, Seventy-third Congress, service connection is hereby reestablished and as to such cases the provisions of the first paragraph of section 200 of the World War Veterans' Act, 1924, as amended, are hereby reenacted: *Provided*, That the provisions of this section shall not apply (1) to persons entering the active military or naval service subsequent to the date of November 11, 1918, (2) to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service, (3) to persons as to whose cases service connection was established by fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of material facts; and as to all such cases enumerated in this proviso, all reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government.

SEC. 28. The fourth paragraph of section 20, Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid on March 19, 1933, for service-connected disabilities to those veterans who entered the active military or naval service on or before November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service; and in any review of the case of any veteran to whom compensation was being paid on March 19, 1933, for service-connected disability, reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided further*, That notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran whose disease, injury, or disability was established on or after the date this paragraph as amended takes effect as service-connected under section 200 of the World War Veterans' Act, 1924, as amended, shall be entitled to receive compensation in accordance with the provisions of such act, as amended, and the rating schedule in effect on March 19, 1933: *Provided further*, That whenever there is a change in the degree of disability of any such veteran the amount of compensation to be paid shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect on March 19, 1933, and such amount shall not be reduced or discontinued. In no event shall death compensation being paid, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act, 1924, as amended, on March 19, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service. In any case where a World War veteran dies or has died from disease or injury, and service connection for such disease or injury has been reestablished on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, or which would have been established under such section 200 had the veteran been living on March 19, 1933, and reestablished on or after the date this paragraph as amended takes effect, the surviving widow, child, or children and/or dependent parents shall be entitled to receive compensation at the rates prescribed in Veterans' Regulation No. 1 (a), part I, paragraph IV, and amendments thereto."

SEC. 29. Section 6 of Public Law No. 2, Seventy-third Congress, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended by adding thereto the following proviso: "*Provided*, That any veteran of any war who was not dishonorably discharged, suffering from disability, disease, or defect, who is in need of hospitalization or domiciliary care, and is unable to defray the necessary expenses therefor (including transportation to and from the Veterans' Administration facility), shall be furnished necessary hospitalization or domiciliary care (including transportation) in any Veterans' Administration facility, within the limitations existing in such facilities, irrespective of whether the disability, disease, or defect was due to service. The statement under oath of the applicant on such form as may be prescribed by the Administrator of Veterans' Affairs shall be accepted as sufficient evidence of inability to defray necessary expenses."

SEC. 30. Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow and/or dependents of any such veteran, shall be reduced by more than 10 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply (1) to persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive, or (2) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax.

All laws in effect on March 19, 1933, granting monetary benefits to veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, are hereby reenacted in their entirety, and such laws shall be effective from and after the effective date of this act, subject to the limitations of this section and to such reduction in pensions as may be made hereunder.

SEC. 31. Section 10 of Public Law No. 2, Seventy-third Congress, approved March 20, 1933, is amended to read as follows:

"Notwithstanding the provisions of section 2 of this title, any person who served as an officer of the Army, Navy, or Marine Corps of the United States during the World War, other than as an officer of the Regular Army, Navy, or Marine Corps, and who (1) entered the active service between April 6, 1917, and November 11, 1918, (2) was honorably discharged therefrom, (3) made

valid application for retirement under the provisions of the Emergency Officers' Retirement Act of May 24, 1928 (U.S.C., supp. VI, title 38, secs. 581 and 582), and (4) prior to March 20, 1933, was granted retirement with pay, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, shall be entitled to continue to receive retirement pay at the monthly rate being paid him on March 19, 1933, if the disability for which he was retired directly resulted from the performance of military or naval duty; except that retirement pay under this section shall not be denied to any person who was receiving on March 19, 1933, retirement pay under such act of May 24, 1928, on account of disease or injury incurred or aggravated in line of duty, and whose disease or injury or aggravation of disease or injury was at any time during his service made a matter of record by competent military or naval authorities, if such person is otherwise qualified under clauses 1 to 4, both inclusive, of this section: *Provided*, That nothing in this section as amended shall be construed so as to prejudice or destroy any rights of appeal, or any monetary benefits payable because of any such appeal, heretofore conferred upon retired emergency officers by this act and regulations issued pursuant thereto."

SEC. 32. Where any veteran suffers or has suffered an injury, or an aggravation of any existing injury, as the result of training, hospitalization, or medical or surgical treatment, awarded him under any of the laws granting monetary or other benefits to World War veterans, or as the result of having submitted to examination under authority of the War Risk Insurance Act or the World War Veterans' Act, 1924, as amended, and not the result of his misconduct, and such injury or aggravation results in additional disability to or the death of such veteran, the benefits of Public Law No. 2, of Public Law No. 78, and of this title shall be awarded in the same manner as if such disability, aggravation, or death were service connected within the meaning of such laws; except that no benefits under this section shall be awarded unless application be made therefor within two years after such injury or aggravation was suffered, or such death occurred, or after the passage of this act, whichever is the later date. The benefits of this section shall be in lieu of the benefits under the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended.

SEC. 33. The last sentence of section 9 of Public Law No. 2, Seventy-third Congress, is hereby repealed.

SEC. 34. Service-connected money benefits payable to World War veterans under this title and Public Law No. 2, Seventy-third Congress, shall be entitled "compensation" and not "pension."

SEC. 35. This title shall take effect on the date of enactment of this act, and no payments of any benefits conferred under the provisions of this title shall be made for any period prior to such date.

SEC. 36. Notwithstanding the provisions of any law or regulation issued pursuant to authority of law, in any case where a veteran of the World War has been adjudged for insurance purposes by any court of competent jurisdiction to be totally and permanently disabled as the result of disease or injury, or the aggravation of a disease or injury, incurred in the active military or naval service, such veteran shall be rated for the purpose of payment of pension, compensation, or retirement pay not less than totally and permanently disabled.

SEC. 37. That notwithstanding the provisions of section 17 of title I of an act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, and section 20 of an act entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes", approved June 16, 1933, any claim for yearly renewable term insurance under the provisions of laws repealed by said section 17, wherein claim was duly filed prior to March 20, 1933, and on which maturity of the insurance contract had been determined by the Veterans' Administration prior to March 20, 1933, and where payments could not be made because of the provisions of the act of March 20, 1933, or under the provisions of the act of June 16, 1933, may be adjudicated by the Veterans' Administration, and any person found entitled to yearly renewable term insurance benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws.

SEC. 38. In the case of widows and dependents of officers and enlisted men of the Army, Navy, or Marine Corps, who served on the airships *Shenandoah*, *Akron*, and *J-3*, and who died in the accidents resulting in the destruction of such airships in April 1933, the amount of pension allowed shall be double that authorized by law or regulation of the President to be paid in cases where death results from an injury received or disease contracted in line of duty not the result of an aviation accident.

SEC. 39. That no part of the appropriation carried in this act, or any other general appropriation bill for the fiscal year ending June 30, 1935, shall be used in payment, in excess of 85 percent of any salary or compensation of any officer or employee of the Government (except judicial officers) where such salary or compensation is in excess of $6,000.

Mr. WOODRUM. Mr. Chairman, I move to disagree with Senate amendment no. 22, and to agree to the conference asked for by the Senate, and on that motion I ask recognition.

Mr. Chairman, if this motion I have offered carries, section 22 will go to conference. I confess that I am not very optimistic about the motion carrying, but may I say that it seems to me our proceedings this afternoon pretty clearly demonstrated the desirability of permitting the chosen Representatives of this House, whoever they may be, to get around a table in conference where all these various complex and sometimes unrelated matters may be laid out on the table and discussed and some sort of intelligent and orderly decision reached? So far as I am concerned, I have previously stated to the House that I wanted to see some additional benefits given Spanish War veterans and World War veterans and Federal employees. At the same time, Mr. Chairman, I very profoundly respect the right and the opinion of the Chief Executive of this Nation in trying to lead us out of this depression. [Applause.]

There are three separate and distinct parties to this unfortunate situation, the House of Representatives, the Senate, and the Chief Executive. I fancy there is not a great deal of difference of purpose in any of them. This being the case I still believe that if the committee would adopt the amendment I have offered and let this bill go to conference, the conferees of the House could yet bring back a bill that would have substantial benefits for the veterans, for the Federal employees, and at the same time maintain the position and be in accordance with the program of our Chief Executive. Perhaps the bill would not suit everybody in every respect.

For these reasons, I shall continue to vote against all amendments, hoping against hope that the bill will yet go to conference and that yet there may be an opportunity to work out of this unfortunate situation a piece of legislation that may be enacted into law.

Mr. CONNERY. Mr. Chairman, I rise in opposition to the motion.

Mr. TABER. Mr. Chairman, I have a preferential motion to recede and concur with an amendment.

The CHAIRMAN. The Chair will first recognize the gentleman from Massachusetts [Mr. CONNERY] in opposition to the pending motion.

Mr. CONNERY. Mr. Chairman, I simply rise at this time to say that after the gentleman from New York is recognized to offer his preferential motion to recede and concur with an amendment, I shall offer a motion to concur in Senate amendment no. 22.

Mr. TABER. Mr. Chairman, I move to recede and concur in Senate amendment no. 22 with an amendment.

Mr. COCHRAN of Missouri. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COCHRAN of Missouri. Is it now in order to offer a substitute for the gentleman's motion?

The CHAIRMAN. After the motion is reported the gentleman may offer his substitute.

The Clerk read as follows:

Mr. TABER moves to concur in Senate amendment no. 22 with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert:

"TITLE III—VETERANS' PROVISIONS

"SEC. 26. Notwithstanding any provision of law to the contrary, in no event shall the compensation being paid on March 19, 1933, under subsections (3) and (5) of section 202 of the World War Veterans' Act, 1924, as amended, to veterans for the loss of the use of both eyes, where such veterans were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, pertaining to hospitalized cases.

"SEC. 27. Where service connection for a disease, injury, or disability not caused by his own willful misconduct was on March 19, 1933, established in accordance with section 200 of the World War Veterans' Act, 1924, as amended, and such connection has been severed through the application of, or regulations or instructions promulgated under Public Law No. 2, Seventy-third Congress, or Public Law No. 78, Seventy-third Congress, service connection is hereby reestablished and as to such cases the provisions of the first paragraph of section 200 of the World

War Veterans' Act, 1924, as amended, are hereby reenacted: *Provided*, That the provisions of this section shall not apply (1) to persons entering the active military or naval service subsequent to the date of November 11, 1918, (2) to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service, (3) to persons as to whose cases service connection was established by fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of material facts; and as to all such cases enumerated in this proviso, all reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided*, That the rate to be paid to anyone under this section shall be 75 percent of the amount received by him on March 19, 1933

"SEC. 28. The fourth paragraph of section 20, Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"'Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid on March 19, 1933, for service-connected disabilities to those veterans who entered the active military or naval service on or before November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service; and in any review of the case of any veteran to whom compensation was being paid on March 19, 1933, for service-connected disability, reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided further*, That notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran whose disease, injury, or disability was established on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, shall be entitled to receive compensation in accordance with the provisions of such act, as amended, and the rating schedule in effect on March 19, 1933: *Provided further*, That whenever there is a change in the degree of disability of any such veteran the amount of compensation to be paid shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect on March 19, 1933, and such amount shall not be reduced or discontinued. In no event shall death compensation being paid, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act, 1924, as amended, on March 19, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptably connected with service. In any case where a World War veteran dies or has died from disease or injury, and service connection for such disease or injury has been reestablished on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, or which would have been established under such section 200 had the veteran been living on March 19, 1933, and reestablished on or after the date this paragraph as amended takes effect, the surviving widow, child, or children and/or dependent parents shall be entitled to receive compensation at the rates prescribed in Veterans' Regulation No. 1 (a), part I, paragraph IV, and amendments thereto.'

"SEC. 29. Section 6 of Public Law No. 2, Seventy-third Congress, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended by adding thereto the following proviso: '*Provided*, That any veteran of any war who was not dishonorably discharged, suffering from disability, disease, or defect, who is in need of hospitalization or domiciliary care, and is unable to defray the necessary expenses therefor (including transportation to and from the Veterans' Administration facility), shall be furnished necessary hospitalization or domiciliary care (including transportation) in any Veterans' Administration facility, within the limitations existing in such facilities, irrespective of whether the disability, disease, or defect was due to service. The statement under oath of the applicant on such form as may be prescribed by the Administrator of Veterans' Affairs shall be accepted as sufficient evidence of inability to defray necessary expenses.'

"SEC. 30. Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow and/or dependents of any such veteran, shall be reduced by more than 25 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases, and except where his disability is the result of his own willful misconduct: *Provided*, That the provisions of this section shall not apply (1) to persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive, or (2) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax: *Provided, however*, That a veteran in Federal employ shall not receive more than $6 per month if his salary, if single, exceeds $1,000, and if married $2,500: *Provided further*, That this section shall not apply to any person who enlisted after August 12, 1898, and who did not serve in either the Boxer rebellion or the Philippine insurrection.

"All laws in effect on March 19, 1933, granting monetary benefits to veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, are hereby reenacted in their entirety, and such laws shall be effective from and after the effective date of this act, subject to the limitations of this section and to such reduction in pensions as may be made hereunder.

"SEC. 31. Where any veteran suffers or has suffered an injury, or an aggravation of any existing injury, as the result of training, hospitalization, or medical or surgical treatment, awarded him under any of the laws granting monetary or other benefits to World War veterans, or as the result of having submitted to examination under authority of the War Risk Insurance Act or the World War Veterans' Act, 1924, as amended, and not the result of his misconduct, and such injury or aggravation results in additional disability to or the death of such veteran, the benefits of Public Law No. 2, of Public Law No. 78, and of this title shall be awarded in the same manner as if such disability, aggravation, or death were service connected within the meaning of such laws; except that no benefits under this section shall be awarded unless application be made therefor within 2 years after such injury or aggravation was suffered, or such death occurred, or after the passage of this act, whichever is the later date. The benefits of this section shall be in lieu of the benefits under the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes', approved September 7, 1916, as amended.

"SEC. 32. The last sentence of section 9 of Public Law No. 2, Seventy-third Congress, is hereby repealed.

"SEC. 33. Service-connected money benefits payable to World War veterans under this title and Public Law No. 2, Seventy-third Congress, shall be entitled 'compensation' and not 'pension.'

"SEC. 34. This title shall take effect on the date of enactment of this act, and no payments of any benefits conferred under the provisions of this title shall be made for any period prior to such date.

"SEC. 35. That notwithstanding the provisions of section 17 of title I of an act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, and section 20 of an act entitled 'An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes', approved June 16, 1933, any claim for yearly renewable term insurance under the provisions of laws repealed by said section 17, wherein claim was duly filed prior to March 20, 1933, and on which maturity of the insurance contract had been determined by the Veterans' Administration prior to March 20, 1933, and where payments could not be made because of the provisions of the act of March 20, 1933, or under the provisions of the act of June 16, 1933, may be adjudicated by the Veterans' Administration, and any person found entitled to yearly renewable term insurance benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws."

Mr. WOODRUM. Mr. Chairman, I know the subject matter of the amendment. The amendment is very long and voluminous and I wonder if the Committee would not get a clearer understanding of the amendment and save time if the gentleman would explain his amendment without having it read.

Mr. TABER. Frankly, I think that is correct.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that the reading of the amendment be dispensed with and that the amendment be printed in the RECORD, and that the gentleman from New York proceed to explain the amendment to the Committee.

Mr. LEHLBACH. Mr. Chairman, reserving the right to object, we do not know what is in the amendment; and printing it in the RECORD tomorrow morning, if we are going to vote tonight, is not going to help us any.

Mr. TABER. If the gentleman will reserve his objection and permit me to go ahead and make my statement, perhaps he would be willing to waive the reading now.

Mr. LEHLBACH. Mr. Chairman, I withdraw my objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. TABER. Mr. Chairman, I have offered an amendment which I hope will solve this problem. I have offered it, not representing exactly my own ideas but trying to work

out something that I hope may be accepted at the other end of the Avenue and at the same time take care of the situations which really ought to be taken care of.

If the Members have their bills before them, I will tell them what this amendment proposes.

Section 26 I have left as it was in the Senate amendment.

In section 27 I have inserted in line 10, after the word "disability", the words "not caused by his own willful misconduct", and I have limited the operations of section 27 to 75 percent of the amounts that the presumptive cases would be getting, because I believe this would come nearer providing something that might be approved.

Section 28 I have left as it stands now. This already prevents payments in case of misconduct.

Section 29, providing for hospitalization, I have left as it was.

In section 30, page 45, line 16, I have increased the figure by which the Spanish War pensions might be reduced from 10 percent to 25 percent, and I have added after the word "cases", in line 19, "and except where his disability is the result of his own willful misconduct." I have added another provision at the top of page 46, which provides that where a veteran is in the employ of the Government and is receiving $1,000 if single or $2,500 if married, he shall not receive more than $6 per month; and also another provision providing that if he entered the war after the date of the termination of the Spanish War, which I think is August 13, and did not serve in either the Philippine insurrection or the Boxer rebellion, he is not entitled to the benefits of this section.

Section 31, with reference to emergency officers, I have stricken out.

Section 32 I have left in, however, renumbering the sections.

Section 33 I have left in and section 34 has been left in, as well as section 35.

Section 36 has been left out. This is an item which I understand really ought not to be there, because they ought not to go to court to determine the amount of their disability.

Section 37 has been left in and sections 38 and 39 left out.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. TABER. I yield.

Mr. MARTIN of Colorado. If the gentleman is through explaining his amendment, I should like to ask him a question as to the effect of the amendment. If the House were to adopt the amendment and the Senate were to refuse to accept it, might not this result in throwing the entire veterans' amendment into conference?

Mr. TABER. It might or it might come back here for further action.

Mr. MARTIN of Colorado. But it might be thrown into conference?

Mr. TABER. And I would much rather have it thrown into conference with these limitations, with a range between which the conferees must operate, than to have it go to conference the other way, or to have it go over to the White House and come back here with a veto which would result in no action at all. [Applause.]

Mr. WHITTINGTON. Will the gentleman yield?

Mr. TABER. I yield.

Mr. WHITTINGTON. The amendment proposed by the gentleman, as I caught it, is substantially the Byrnes amendment, as it was carried in the bill as reported to the Senate and as it was presented in the Senate?

Mr. TABER. No.

Mr. WHITTINGTON. Wherein does the gentleman's amendment differ?

[Here the gavel fell.]

Mr. SNELL. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. Answering the gentleman from Mississippi [Mr. WHITTINGTON], I may say there is this difference. There is a provision that veterans shall be rated according to the schedule that was in effect on the 19th of March 1933. This is in my amendment, and it was not in the Byrnes amendment.

Mr. PATMAN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. PATMAN. The gentleman's amendment leaves in the Legion's three points for the service-connected disabled, hospitalization, the presumptives, and strikes out the retired emergency officers and the Borah amendment.

Mr. TABER. That is right.

Mr. BAILEY. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BAILEY. Would the gentleman object also to including an amendment providing that any widow of a Spanish-American War veteran not remarried should be included.

Mr. TABER. I would accept such an amendment.

Mr. HASTINGS. Will the gentleman yield?

Mr. TABER. Yes.

Mr. HASTINGS. I did not understand in section 27 whether or not there is any reduction of the compensation to be paid to World War veterans. Is there any reduction?

Mr. TABER. Section 27 is the presumptive section, and that provides that they shall be paid at the rate of 75 percent.

Mr. HASTINGS. Where would that language come in?

Mr. TABER. At the end of section 27.

Mr. HASTINGS. Would the gentleman have any objection to having that limitation read by the Clerk?

Mr. TABER. No. I will ask the Clerk to read that, on page 42, line 7.

The Clerk read as follows:

Provided, That the rate to be paid to anyone under this section shall be 75 percent of the amount received by him on March 19, 1933.

Mr. FORD. Will the gentleman yield?

Mr. TABER. I will.

Mr. FORD. Is it the gentleman's judgment that this is the best that we can get for the veterans under the circumstances?

Mr. TABER. I think it is more than you will get in any other way. I may be wrong; it may be more than you can get, but it is absolutely the best under any circumstances.

Mr. McGUGIN. Will the gentleman yield?

Mr. TABER. I will yield to the gentleman from Kansas.

Mr. McGUGIN. Under the circumstances, in the light of the President's statement heretofore, we would scarcely expect him to accept the amendment as it came from the Senate.

Mr. TABER. That is my understanding, and I hope the House will not get the idea that amending this will destroy the bill. I am afraid your bill is destroyed if you do not amend it. [Applause.]

Mr. BAILEY. I should like to offer the amendment that I referred to.

Mr. TABER. Let it be read.

The Clerk read as follows:

Proposed amendment by Mr. BAILEY: Page 45, line 15, after the words "or to the widow", insert "as long as she remains unmarried."

Mr. PATMAN. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Texas.

Mr. PATMAN. Would the gentleman agree to this amendment?—

Page 44, line 5, after the word "service", strike out the period, insert a colon and the following: "*Provided further*, That a widow and other dependents of a World War veteran who was receiving compensation for a service-connected total disability at the time of his death, regardless of the cause of his death, shall receive the same death compensation as if the death was caused by said service-connected total disability."

I have in mind this case, where the wife of a veteran waited on him for 15 years—he lost his eyesight in battle. A street car killed him. The Government does not pay death compensation because his death was not due to the service-connected disability.

[Here the gavel fell.]

(Mr. TABER was given 5 minutes more.)

Mr. TABER. I am afraid that that amendment might complicate the situation. I should like to stand for that sort of thing if it were in a bill by itself.

Mr. PATMAN. Then if I ask unanimous consent, the gentleman will not object. Is that right?

Mr. TABER. I do not think we ought to put anything in the bill that broadens it beyond the action of the Senate. I am afraid that we are going to get into a situation where, if we do something like that, we will be in trouble, and I want to see the House adopt something that is going to become law.

Mr. PATMAN. Under the circumstances I shall not insist, since a point of order will probably be made against it; but I do expect to insist upon its adoption in a bill for that purpose.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. SNELL. As I understand the gentleman's amendment, that is to a certain extent a compromise all along the line and it protects nearly every single thing that the American Legion has asked for in their four-point program.

Mr. TABER. Except that it puts the presumptives at 75 percent of what they received on March 19, 1933, and it is much better to do that, in my opinion, than to let the bill go by the boards and receive nothing.

Mr. SNELL. This is a general compromise that all parties might agree to.

Mr. TABER. It would seem to me that this is the only way that we can work it so as to have something that is a compromise and that admittedly is a compromise to put it through.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. TABER. If I have the time.

The CHAIRMAN. The gentleman has 2 minutes remaining.

Mr. McGUGIN. Will the gentleman yield to me in order to put something into the RECORD in the form of a statement from the Spanish-American War veterans?

Mr. TABER. Yes.

Mr. McGUGIN. I want to read to the House what I believe to be the honest feeling of the Spanish-American War veterans in this country. Here is a sentence from one of the camps in my district:

> This camp is unanimous that you accept any reasonable compromise that will restore those to the rolls that have been taken off, and I believe Spanish War veterans of your district will approve of your support of anything that is fair and just.

Here is another:

> Any kind of a compromise to help these men get even a small increase in their pensions to where they might live would be greatly appreciated by thousands of needy veterans and their families, I am sure.

Here is another one, from the United Spanish War Veterans:

> Of course, we would like to receive our former pensions again, with a 10-percent cut as Civil War veterans are receiving; but if that cannot go through, then any reasonable amount on which veterans can exist will be acceptable to us, and we ask that you work to the end that our comrades can exist without going to the poorhouse or the grave.

Mr. BROWNING. Mr. Chairman and gentlemen of the Committee, I hope the Committee accepts this amendment of the gentleman from New York [Mr. TABER]. I believe that the Membership, especially on the Democratic side, know that this is exactly what I have been fighting for for some time. I believe, further than that, that we will have some chance to get it into a law, and that it is the maximum we can hope for. I do not believe that we could possibly get the Senate amendments as they are. I have assurance that these will be accepted at the other end of the Capitol in 5 minutes after they are presented. I should like to see it go through. There is some of this amendment that I would not support as an individual proposition, but I am anxious for that part of it that restores 29,000 presumptives at 75 percent of what they were receiving last March. I am interested in that part of it that restores the Spanish War men, who were in during the war period, to 75 percent of what they were receiving last March, and on those two propositions I think that the House would be amply justified in agreeing to this amendment offered by the gentleman from New York, and sending the bill to conference.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. BROWNING. Yes.

Mr. BRITTEN. The gentleman undoubtedly knows that an amendment had been prepared on the Democratic side of the aisle by a distinguished leader, which was almost word for word the amendment offered by the gentleman from New York [Mr. TABER], so that there should be a feeling on both sides of the aisle to accept this amendment now pending.

Mr. BROWNING. Not only that, but I drew one in my handwriting, and hold it here now, that is practically identical with this, without knowing that the gentleman from New York was going to submit it.

Mr. BRITTEN. And there is still another in existence, I understand.

Mr. BROWNING. But, as the gentleman from New York is a member of the committee, he had a prior right to offer the amendment. I cheerfully support it and I hope everybody in the House will vote for the amendment. If we could possibly get the Senate amendment, I would be for most of its features. But the ex-service men are practical, and they know the limits now placed around what we can do.

Mr. CONNERY. Mr. Chairman, I rise in opposition to the amendment. I rise at this time to reiterate what I have been saying all afternoon, that if you want to please the American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, the United Spanish War Veterans, and the G.A.R. veterans, you will vote to concur in the Senate amendment without any amendment. If I were in the position of my distinguished friend from Tennessee [Mr. BROWNING] and the distinguished gentleman from New York [Mr. TABER], and felt as they do, that the amendment ought to go to conference, I would be doing just what they are doing, but I do not feel that way. I do not want the amendment to go to conference. I want to concur in the Senate amendment.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. JAMES. Will the gentleman yield?

Mr. CONNERY. Not right now; in a moment I will be glad to yield. But if you want what the American Legion asked for in their four-point program, if you want what the Spanish-American War veteran wants, regardless of the touching messages sent to the gentleman from Kansas, then you will vote to concur in the Senate amendment.

I yield to the Senator from Michigan [Mr. JAMES].

Mr. JAMES. As one Spanish-American War veteran who was a private in 1898 and never applied for a pension, I would say that the average Spanish-American War veteran, judging from my conversations with them, have the same idea as the gentleman from Massachusetts [Mr. CONNERY]. [Applause.]

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. BROWN of Kentucky. The gentleman stated if we wanted to please the American Legion and the Veterans of Foreign Wars we would vote against this amendment. I want to ask the gentleman if he means to lay down to us the rule in voting that we shall ignore the merits of various propositions and vote to please organized minorities?

Mr. CONNERY. Oh, no. I would not say you should vote to please organized minorities, but I would say that every time veterans' legislation comes up here the Members have always asked how the organizations I have mentioned felt about the legislation, and they have been asking the same question during the past few weeks about this legislation.

Mr. BOYLAN. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. BOYLAN. I know the gentleman is a great friend of the veteran and a friend of the working people throughout the entire United States. I simply want to ask the gen-

tleman whether he wanted to give them a vote or whether he wanted to give them some benefits? [Laughter and applause.]

Mr. CONNERY. A vote?

Mr. BOYLAN. Yes.

Mr. CONNERY. Oh, no; I think my friend from New York ought to know that I am voting for what I believe to be right regardless of votes. I know what the gentleman implies, but it does not follow that because we have heard threats of a veto by the President that we will not get legislation through. I have been here 11 years and I have seen this same situation many, many times. I saw the soldiers' bonus voted over President Coolidge's veto when he was at the highest point of his power as President of the United States. So I am not appealing to the soldiers that vote. I am supporting the Senate amendments because I believe they are right. That is why I am voting for them and why I am talking for them. I do not want the gentleman to imply, and I do not think he really does mean to imply, that I am supporting the Senate amendments simply to obtain veterans' votes. I do not have to do that, I will say to the gentleman. I will probably lose more votes in my district from bankers and brokers by talking today than I will ever get from the veterans, because the veterans have always supported me solidly, and I have had votes from people who are not veterans who may leave me after my support today of the Senate amendments.

Mr. BOYLAN. The gentleman does not want an "i" dotted or a "t" crossed. He wants free and full discussion, and yet he does not want to yield the discussion to anyone else. He wants his way.

Mr. CONNERY. When this bill came up in the House originally it came up under a gag rule. Why did not the gentleman insist on his discussion then?

I yield to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. I want to make this remark, that when the securities bill legislation was being considered, the stock brokers came right into our committee room and told us what they wanted.

Mr. CONNERY. Yes. And the veterans ought to have more rights than they have; the veterans earned theirs. Mr. Chairman, I ask in my time if I will be recognized at this time to offer my motion to concur in the Senate amendment?

The CHAIRMAN. The Chair cannot say until the amendment offered by the gentleman from New York [Mr. TABER] is disposed of.

Mr. CONNERY. I can at least offer the motion to concur at this time.

The CHAIRMAN. The gentleman's motion is on the Clerk's desk, but the Chair cannot say when it may come up until the amendment offered by the gentleman from New York [Mr. TABER] is disposed of.

Mr. CONNERY. But I may offer it at this time. That is all I ask, so that it may be voted on if the amendment of the gentleman from New York should fail.

The CHAIRMAN. Yes.

Mr. RANKIN. Mr. Chairman, I sincerely hope the amendment offered by the gentleman from New York [Mr. TABER] will be adopted. [Applause.]

I yield to no one in my devotion to the ex-service man. As Chairman of the World War Veterans' Committee of the House, I believe I know as much about the conditions of the World War veterans and the effect of the so-called "economy bill" on them as any man in Congress or out of it. I fear that if we defeat this amendment we will not get anything. There are 15,000 tubercular World War veterans alone who are extending their pallid hands to us and appealing to us to do something for them. This amendment will put them on the roll at 75 percent of what they were drawing when the economy bill was passed.

There are 10,000 neuropsychiatric cases, men who are mentally disabled, who will go back on the roll at 75 percent of their original pay if this bill becomes a law. I am not willing to assume the responsibility of defeating this legislation and seeing those men continue in their present deplorable condition, many of them to die without drawing a penny.

This measure does not do for the Spanish War veterans what I should like to see done for them, but it gives them 75 percent of what they were getting when the economy bill was passed. That goes into thousands of homes of disabled Spanish War veterans, relieving their suffering until the time comes when we can do a fuller measure of justice to them.

The thing I regret most is the fact that the other point of the American Legion's program is not in here, and that is to take care of the widows and orphans of those men who have passed away. [Applause.]

Now, Mr. Chairman, I have not imposed myself on the House. I have not, as the saying goes, sought to lead you into any blind alley. I knew this fight was coming. I also conferred with the leaders of the American Legion and the Disabled Veterans of the World War. We had a conference when this bill first passed the Senate, and we agreed that it should go to conference. You are not voting against the leaders of these two organizations when you vote for the amendment of the gentleman from New York.

I love the distinguished gentleman from Massachusetts [Mr. CONNERY]; I always dislike to disagree with him on anything touching veterans' legislation; but these men are on my heart. I am one who voted against the economy bill, and I would do the same thing again under similar circumstances. [Applause.] I saw what it would do to these unfortunate men.

We have here this afternoon an opportunity to put them back on the roll at 75 percent of what they were getting at the time the Economy Act was passed. We can do at least this measure of justice; and I sincerely trust we will stop quibbling over other amendments or over holding the bill out of conference and vote unanimously to adopt this amendment, send the bill to conference, and get what we can for these unfortunate men.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. CONNERY. Has my distinguished friend any assurance that the President will accept the 75 percent?

Mr. RANKIN. I have assurance that he will come nearer accepting 75 percent than 100 percent.

Mr. CONNERY. Has the gentleman any assurance that the President will accept 75 percent?

Mr. RANKIN. No; but in my own mind I am sure it will be accepted. I know another thing: It will come a great deal nearer becoming law than it would if we loaded it down with other amendments. [Applause.]

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this motion and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Chairman, when the amendment affecting veterans was reached I secured recognition and advised the House that it was my purpose at the proper time to offer a substitute to the motion of the gentleman from Virginia [Mr. WOODRUM].

When the time arrived for the substitute to be offered the Chair very properly, under the rules, recognized the gentleman from New York, the ranking Republican member of the Committee on Appropriations, and the gentleman from New York has offered a substitute.

Mr. Chairman, the substitute of the gentleman from New York does not go as far as I would have gone with the Spanish War veterans. He confines, as I understand it, the restoration of 75 percent of what the veterans and their widows were drawing a year ago to those who enlisted prior to August 12, 1898, and to those who served in the Boxer uprising and Philippine insurrection. Now, Mr. Chairman, my reason for making this provision apply to others is a

letter I have from the War Department which shows that our soldiers were required to serve in Cuba and Puerto Rico until 1904. Further, the War Department holds the War with Spain terminated on April 11, 1899, the date of the signing of the treaty of peace.

Men who served in Cuba and Puerto Rico were there for several years in many instances. They were in a strange climate, one that they were not accustomed to, and many of them sustained disabilities during that period. He should not have closed the doors as of August 12, 1898. This, however, can be ironed out in conference, because the Senate amendment brings all those who were on the roll in.

I am going to support the amendment of the gentleman from New York because it seems to me it is the only opportunity for the Spanish War veteran to be recognized.

My amendment would have covered practically everything else the gentleman's amendment covers. I used in part the entire language of the amendment offered by Senator JAMES BYRNES, of South Carolina, who was looked upon as the President's spokesman in the Senate. Senator BYRNES will be one of the Senate conferees and as such my amendment which originated with him will probably be acceptable to him.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. For a brief question.

Mr. DIRKSEN. I thought perhaps the gentleman from Mississippi, who preceded the gentleman from Missouri, left the inference that if we did turn down the Taber amendment and the President vetoed the bill when it went to the White House, that it would preclude any further legislation for presumptive and service-connected cases. Certainly he would not want that inference to be left with this body.

Mr. COCHRAN of Missouri. I cannot yield further. I may say to the gentleman from Illinois that the legislative committees of the House can bring in any legislation they desire. The bill under consideration, however, is an appropriation bill; and do not forget that it carries the appropriations for all veterans. The men who are drawing even 100-percent disability service-connection allowance, lying flat on their backs, are provided for in this bill; also all men drawing allowances for service-connected disabilities are affected by this bill. Should we fail to pass a continuing resolution, what would happen to them?

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. DIRKSEN. Many of these presumptive and service-connected cases were removed from the rolls and have waited since the 4th of last March, a year ago, until now to have their benefits restored.

Mr. COCHRAN of Missouri. I say to the gentleman in reply that we are now attempting to do something for them.

Mr. Chairman, I feel that the friends of the veterans should support this amendment because it is known the President will not accept the amendments as carried in the Senate bill. As I said earlier in the day, when you cannot get the loaf take a half loaf.

While we have, of course, no assurance that this amendment will be accepted either by the Senate or the President, still it is a step in the right direction.

When properly explained to the veterans, I am sure that they would be satisfied with this amendment if it becomes law.

The CHAIRMAN. Before putting the question on the motion of the gentleman from New York [Mr. TABER], the Chair inquires of the gentleman from Texas [Mr. BAILEY] whether the amendment he offered, but which has not been reported, is in the nature of an amendment to the motion of the gentleman from New York?

Mr. BAILEY. The Chair will remember that I offered it as an amendment to the motion of the gentleman from New York, and the gentleman from New York accepted it.

Mr. TABER. I would accept it.

Mr. CONNERY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CONNERY. I have offered an amendment. It has not yet been reported. May it not be reported?

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Massachusetts.

The Clerk read as follows:

Mr. CONNERY moves to recede and concur in Senate amendment no. 22.

The CHAIRMAN. The Clerk will now report the amendment of the gentleman from Texas [Mr. BAILEY] to the motion of the gentleman from New York.

Mr. BAILEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BAILEY. I understood the gentleman from New York accepted my amendment.

Mr. TABER. That is correct.

The CHAIRMAN. What the gentleman from New York means is that he has no objection to the amendment of the gentleman from Texas.

The Clerk will report the amendment of the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. BAILEY to the motion of the gentleman from New York, Mr. TABER: On page 45, in line 15, after the word "widow", insert "as long as she remains unmarried."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was agreed to.

The CHAIRMAN. The question is on the motion of the gentleman from New York as amended by the amendment of the gentleman from Texas [Mr. BAILEY].

The question was taken; and on a division (demanded by Mr. CONNERY) there were—ayes 189, noes 92.

So the motion was agreed to.

Mr. WOODRUM. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House, with the recommendation that senate amendment no. 14 be concurred in with an amendment and that Senate amendment no. 22 be concurred in with an amendment.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. OLIVER of New York, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 6663, the independent offices appropriation bill, with Senate amendments no. 14 and no. 22, had directed him to report the same back to the House with the recommendation that Senate amendment no. 14 be concurred in with an amendment and that Senate amendment no. 22 be concurred in with an amendment.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the recommendations of the Committee with respect to Senate amendments no. 14 and no. 22.

The previous question was ordered.

The SPEAKER. The Clerk will report the recommendation of the Whole House on the state of the Union on Senate amendment no. 14.

The Clerk read as follows:

The Committee of the Whole House on the state of the Union recommends that the House concur in Senate amendment no. 14 with the following amendment.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that the reading of the amendment be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The SPEAKER. The question is on agreeing to the recommendation of the Committee of the Whole House on the state of the Union relating to Senate amendment no. 14.

Mr. CONNERY. Mr. Speaker, on that I ask for the yeas and nays.

The SPEAKER. The Chair will count. [After counting.] Fifty-four gentlemen have risen; not a sufficient number.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 185, noes 101.

So the recommendation of the Committee of the Whole House on the state of the Union on Senate amendment no. 14 was agreed to.

The SPEAKER. The Clerk will report the recommendation of the Committee of the Whole House on the state of the Union on Senate amendment no. 22.

The Clerk read as follows:

The Committee of the Whole House on the state of the Union recommends that the House concur in Senate amendment no. 22, with the following amendment.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that the reading of the amendment be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. CONNERY. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 223, nays 191, not voting 18, as follows:

[Roll No. 104]

YEAS—223

Abernethy	Cravens	Johnson, W.Va.	Rankin
Adair	Crosby	Jones	Reilly
Adams	Cross, Tex.	Kee	Richards
Allgood	Crowe	Keller	Richardson
Andrew, Mass.	Cummings	Kelly, Ill.	Robertson
Andrews, N.Y.	Darden	Kennedy, Md.	Robinson
Arnold	DeRouen	Kerr	Rogers, N.H.
Auf der Heide	Dickinson	Kleberg	Romjue
Ayres, Kans.	Dickstein	Kocialkowski	Ruffin
Bacharach	Dies	Lambertson	Sabath
Bailey	Dobbins	Lambeth	Sanders
Bankhead	Doughton	Lamneck	Sandlin
Beam	Doxey	Lanham	Schaefer
Berlin	Drewry	Larrabee	Schuetz
Biermann	Driver	Lea, Calif.	Sears
Bland	Duffey	Lee, Mo.	Shallenberger
Blanton	Duncan, Mo.	Lehr	Shannon
Bloom	Eagle	Lewis, Colo.	Sisson
Boehne	Edmiston	Lozier	Smith, Va.
Boland	Elizey, Miss.	Luce	Snell
Boylan	Faddis	McCarthy	Snyder
Brennan	Farley	McClintic	Spence
Britten	Fiesinger	McGugin	Stalker
Brooks	Fitzpatrick	McKeown	Steagall
Brown, Ga.	Flannagan	McMillan	Sullivan
Brown, Ky.	Fletcher	McReynolds	Sumners, Tex.
Brown, Mich.	Ford	McSwain	Swank
Browning	Frey	Mansfield	Taber
Brunner	Fuller	Martin, Oreg.	Tarver
Buchanan	Fulmer	May	Taylor, Colo.
Buck	Gambrill	Meeks	Taylor, S.C.
Bulwinkle	Gasque	Merritt	Terry, Ark.
Burch	Gifford	Miller	Thom
Burke, Nebr.	Glover	Milligan	Thomas
Busby	Goldsborough	Mitchell	Thomason
Byrns	Goodwin	Montet	Thompson, Ill.
Cady	Greenwood	Moran	Thompson, Tex.
Caldwell	Gregory	Musselwhite	Tinkham
Carden, Ky.	Griffin	O'Brien	Turner
Carmichael	Haines	O'Connell	Umstead
Carpenter, Nebr.	Hancock, N.Y.	O'Connor	Utterback
Cartwright	Hancock, N.C.	Oliver, N.Y.	Vinson, Ga.
Cary	Harlan	Owen	Vinson, Ky.
Celler	Hart	Palmisano	Wadsworth
Chapman	Harter	Parker	Walter
Claiborne	Hastings	Parks	Warren
Clark, N.C.	Henney	Parsons	Weaver
Cochran, Mo.	Higgins	Patman	West, Ohio
Coffin	Hill, Ala.	Perkins	West, Tex.
Colden	Hollister	Peterson	Whittington
Cole	Huddleston	Pettengill	Wilcox
Collins, Miss.	Hughes	Peyser	Williford
Colmer	Jacobsen	Pierce	Wilson
Cooper, Tenn.	Jeffers	Plumley	Wood, Ga.
Corning	Johnson, Okla.	Prall	The Speaker
Cox	Johnson, Tex.	Ramsay	

NAYS—191

Allen	Cavicchia	Dingell	Fitzgibbons
Arens	Chase	Dirksen	Focht
Ayers, Mont.	Chavez	Disney	Foss
Bacon	Christianson	Ditter	Fuulkes
Bakewell	Church	Dockweiler	Frear
Beedy	Clarke, N.Y.	Dondero	Gavagan
Beiter	Cochran, Pa.	Douglass	Gilchrist
Black	Collins, Calif.	Doutrich	Gillespie
Blanchard	Condon	Dowell	Gillette
Boileau	Connery	Dunn	Goss
Bolton	Connolly	Durgan, Ind.	Granfield
Brumm	Cooper, Ohio	Eaton	Gray
Burke, Calif.	Crosser, Ohio	Edmonds	Greenway
Burnham	Crump	Eicher	Griswold
Cannon, Mo.	Culkin	Ellenbogen	Guyer
Cannon, Wis.	Cullen	Eltse, Calif.	Hartley
Carpenter, Kans.	Darrow	Englebright	Healey
Carter, Calif.	Dear	Evans	Hess
Carter, Wyo.	Delaney	Fernandez	Hildebrandt
Castellow	De Priest	Fish	Hill, Knute
Hill, Samuel B.	Ludlow	Polk	Swick
Hoeppel	Lundeen	Powers	Taylor, Tenn.
Hoidale	McCormack	Ramspeck	Terrell, Tex.
Holmes	McDuffie	Randolph	Thurston
Hope	McFadden	Ransley	Tobey
Howard	McFarlane	Reece	Traeger
Imhoff	McGrath	Reed, N.Y.	Treadway
James	McLean	Rich	Truax
Jenckes, Ind.	McLeod	Rogers, Mass.	Turpin
Jenkins, Ohio	Maloney, Conn.	Rogers, Okla.	Waldron
Johnson, Minn.	Maloney, La.	Rudd	Wallgren
Kahn	Mapes	Sadowski	Wearin
Kelly, Pa.	Marland	Schulte	Weideman
Kennedy, N.Y.	Marshall	Scrugham	Welch
Kenney	Martin, Colo.	Secrest	Werner
Kinzer	Martin, Mass.	Seger	White
Kloeb	Mead	Shoemaker	Whitley
Kniffin	Millard	Simpson	Wigglesworth
Knutson	Monaghan, Mont.	Sinclair	Withrow
Kopplemann	Morehead	Sirovich	Wolcott
Kramer	Mott	Smith, Wash.	Wolfenden
Kurtz	Moynihan, Ill.	Somers, N.Y.	Wolverton
Kvale	Muldowney	Strong, Pa.	Wood, Mo.
Lanzetta	Murdock	Strong, Tex.	Woodruff
Lehlbach	Nesbit	Stubbs	Woodrum
Lemke	O'Malley	Studley	Young
Lindsay	Oliver, Ala.	Sutphin	Zioncheck
Lloyd	Peavey	Sweeney	

NOT VOTING—18

Beck	Green	Norton	Stokes
Buckbee	Hamilton	Pou	Underwood
Carley, N.Y.	Lesinski	Rayburn	Williams
Crowther	Lewis, Md.	Reid, Ill.	
Deen	Montague	Smith, W.Va.	

The SPEAKER. The Clerk will call my name.

The Clerk called Mr. RAINEY's name and he voted "aye."

So the recommendation of the Committee of the Whole House on the state of the Union on Senate amendment no. 22 was agreed to.

The Clerk announced the following pairs:

Mr. Montague (for) with Mr. Buckbee (against).
Mr. Hamilton (for) with Mr. Reid of Illinois (against).
Mr. Stokes (for) with Mr. Carley of New York (against).

General pairs:

Mr. Pou with Mr. Beck.
Mr. Rayburn with Mr. Crowther.
Mr. Underwood with Mr. Deen.
Mr. Lewis of Maryland with Mr. Lesinski.
Mrs. Norton with Mr. Smith of West Virginia.
Mr. Green with Mr. Williams.

Mr. BURKE of California. Mr. Speaker, I voted "no" for both the gentleman from Pennsylvania [Mr. BECK] and myself. Inadvertently I voted on the first call when the name of the gentleman from Pennsylvania was called. I am now sure the gentleman was not in the Chamber.

The SPEAKER. Without objection, the vote of the gentleman from Pennsylvania, Mr. BECK, will be vacated.

There was no objection.

Mr. BLAND. Mr. Speaker, my colleague, the gentleman from Virginia [Mr. MONTAGUE] has been here throughout the day, but the strain of the session proved too great, and he had to leave. If he were present, he would vote "aye."

Mr. UMSTEAD. Mr. Speaker, my colleague, the gentleman from North Carolina [Mr. POU], is unable to be present on account of illness. If present he would vote "aye."

The result of the vote was announced as above recorded.

On motion of Mr. WOODRUM, a motion to reconsider was laid on the table.

The SPEAKER. The Chair appoints the following conferees:

Messrs. WOODRUM, BOYLAN, HASTINGS, GRANFIELD, WIGGLESWORTH, and GOSS.

Mr. WOODRUM. Mr. Speaker, in the beginning of this consideration, unanimous consent was given to send all of the Senate amendments to conference with the exception of amendments 14 and 22. I now ask unanimous consent that the conferees, as to those amendments, be given permission to present a full report as to the legislative amendments without regard to clause 2 of rule 20. One or two of the amendments we sent to conference by unanimous consent are legislative amendments and this will permit us to bring back a complete report.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks in the RECORD on this bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. SHOEMAKER. Mr. Speaker, a point of information.

The SPEAKER. The gentleman will state it.

Mr. SHOEMAKER. Just previous to the vote on this bill I asked as a parliamentary question if a vote of "yes" on this bill did not mean we were voting to raise our own salaries.

The SPEAKER. That is not a parliamentary inquiry.

EXTENSION OF REMARKS—H.R. 6663

Mr. KRAMER. Mr. Speaker, in August 1932, almost 2 years ago, an army of World War veterans marched down to Washington from the far corners of the country. They came with their families, leaving their homes and fields, to demand of their Government the immediate payment of the bonus, which they believed to be their right by reason of service and sacrifice, and as a last resort from imperative need. These men were victims of the economic crisis, men for whom there were no jobs and who were entirely without money for food and shelter.

They were met with rebuff and rebuke. It is true there was some semblance of providing temporary camping places and food. But they felt themselves unwelcome; there was resistance and struggle, and lives were lost, many of them through sickness, starvation, and hardship. Finally, after weeks of futile effort, a disappointed and baffled army turned their steps back to the homes they had left with courage and hope. They had not secured that for which they had come nor anything in its place, but they did not abandon hope or effort.

I was in Washington during the presence of the bonus army there and visited the veterans in their camps. I mingled with these men and talked intimately with them. I argued that they had taken the wrong method. I am still convinced that they had. But I heard nowhere among them any expression of disloyalty to our institutions or talk of use of violence. As I observed the men encamped there I formed a high opinion of their conduct, discipline, and personal integrity. The then Attorney General and administration failed utterly to appreciate the astonishing thing that a large percentage of these absolutely destitute veterans had not turned to crime. They failed to appreciate the fact that the orderliness and loyalty of the bonus army veterans in Washington amazed the entire country.

Last summer, 2 years after the first attempt, still fighting poverty and depression they were on their way back to Washington. Any recurrence of their first experience, however, was prevented by the great President today in the White House. Hospitality had taken the place of criticism. Under the Civilian Conservation Corps camps were organized with living quarters, food and medical care were provided, and many of the idle men put to work and given an opportunity to provide for their families. Southern California had its full share in this human sympathy and hospitality. When 120 veterans from the dispersed army in Washington arrived in Los Angeles, they were met at the station, given the first meal that they and their wives and children had eaten for 15 hours, and provided with housing facilities for the night. Later temporary shelter was provided for all these veterans until means could be found for returning them to their homes or providing for them through the established relief agencies.

The payment of the adjusted-service certificates would enable many of these veterans to pay off their obligations and rebuild their lives.

As of January 1, 1934, there are 3,545,284 of these adjusted-service certificates, with an aggregate face value of $3,543,981,515; 3,019,582 of these veterans, out of a total of $3,545,000, have borrowed money on their certificates. The amount borrowed is $1,340,659,199.38, leaving a remainder due of approximately $2,200,000,000. If this money is paid, it will go into every city and village of the Nation. It will benefit not only the veterans, but it will benefit everybody. It will find its way into general circulation, increasing the purchasing power of the people and benefiting all classes. It is clear that each State, county, city, and hamlet in the Nation will benefit by the payment of these adjusted-service certificates. In Los Angeles County, Calif., for example, there will be paid out in excess of $52,000,000; the total for the State of California would be in excess of $138,000,000, and this will be relatively the case in every State in the Union. In California we have more veterans than in many other States, perhaps because of the climatic conditions which attract those in poor health, and also because California is a large State, and we have many hospitals and soldiers' homes there.

We have legislated to provide for the C.C.C., the P.W.A., the C.W.A., to promote construction work in cities and counties. We have extended a helping hand to the banker, the insurance man, the builder, the railroads. We say that all this was done to stimulate prosperity and defeat depression. But I believe that these men who served in our wars are equally entitled to consideration when we extend helping hands as we have done for these other projects.

As an example of the effect of what is being accomplished under the N.R.A., I wish to quote the following from a letter which I have just received from one of my constituents, a clothing merchant in Los Angeles:

"We all realize what wonderful work is being done in Washington, and don't think for a minute that we do not feel obligated to you all there.

President Roosevelt with his administration is loved, trusted, and respected. You have the cooperation and the good wishes of the entire country with you. Keep up your marvelous work."

It has been remarked here that this is a political issue. But to me it is not. It is a human issue. We have legislated billions of dollars for other needs, but we are unwilling to make this payment, which would be of such untold human benefit and would not affect our Treasury in the least. It would, on the other hand, mean a saving to the Government in interest paid.

From a sense of duty, as well as from a human point of view, I feel that I must vote in favor of this bill. I have repeatedly assured the veterans in my district that I would give them every consideration and support to which they are justly entitled.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, we are today considering legislation that will correct the wrong done to the soldiers of our wars in the past, following the passage of the economy measure. This is made possible by the voting-down of the gag rule proposed for the consideration of this measure.

It is now to be considered on its merit which is right in the consideration of any measure. This bill gives to the soldiers of the World War 3 of the 4 things asked for by them in their program of legislation. It will take care of the tubercular and mental cases and give hospital benefits to many that have been denied it in the past year. We have our hospitals built and equipped, and it is nonsensical not to use them for the sick and suffering soldiers in need of it. This bill does not go as far as many of us would like for it to, but it is a wonderful improvement of the existing law. I should have liked to see the Steiwer-McCarran amendment adopted, which takes care of the Spanish-American War veterans, but the majority of the House has refused to adopt that amendment, and now it is up to us to get the best for them that can be gotten. The Taber amendment restores all the Spanish-American soldiers to the pay roll, but does not restore the full 90 percent, but does restore to each of them 75 percent of what they were receiving before the Hines-Douglas order which cut many of them off the roll entirely. If this is the best we can get, we shall be delighted to see them restored to the amount of 75 percent of what they were formerly getting and then fight on until they are fully restored to where they were before the cut. When we think of the suffering they went through when they had no such facilities as we have now for caring for persons injured in war, we cer-

tainly will want to do justice by them now. Most of them are now old men. If anything is done for them, it must be now, because they will soon have passed on, as all must go. I believe this Congress wants to do the right thing by the soldiers of all wars, and will do so before the fight for them ever ceases. When we sent our boys overseas to fight for our liberty, we said, "Go, and we will see that you are cared for." Some of them did not come back. They sleep in Flanders Field. Many returned wounded, maimed; some with the loss of an eye, or limb, or gassed, and broken down in health, and we should see to it that they are properly cared for.

Mr. MARTIN of Colorado. Mr. Speaker, the Borah amendment was a lifesaver. The shades of night had fallen. The army of Democracy lay gasping on the floor of the House. It had been a bloody day. At the very outset of the engagement the strategy of the Democratic leaders had met with a smashing upset. Two weeks of maneuvering, including two party caucuses designed to take the Senate amendments to the cleaners, had ended in a complete rout for the organization. At the hour of 2 p.m. on Wednesday, March 14, 1934, a coalition of Democratic insurgents, 131 strong, together with 111 Republicans, being all but 2 of the enemy, and the entire detachment from the Cherokee Strip, numbering 5 effectives, were in command of the field. All was lost. The hands of the clock moved around, 3 o'clock, 4 o'clock, 5, 6 o'clock, and still the leaderless battle raged, while the breathless gallery looked down on the scene of carnage.

The Economy Act was doomed. A roll call, and all would be over. The Senate amendments should not pass to conference.

Then came the Borah amendment to the rescue. It gave its life that the Economy Act might live. The gentleman from New York [Mr. TABER], the ranking Republican member of the Committee on Appropriations, rushed to the "bloody well" with an amendment too long at that late hour to be read. It was agreed that the amendment might be printed in the RECORD and the House would take the gentleman's word for what was in it. The gentleman used 31 lines, according to the CONGRESSIONAL RECORD, and 3 minutes of time to explain an 8-page amendment. The last three sections were explained as follows:

Section 37 has been left in and sections 38 and 39 left out.

When it appeared that section 39, the Borah amendment, preventing salary restoration in the higher brackets, had been left out, a change came over the spirit of the scene. Fortunately, the Borah amendment was incorporated in the veterans' section of the bill. Had it been in the Government employees' section, where it belonged, history might have been different. The effect was revivifying to the war-worn remnants on the floor. A new alinement of forces behind the new majority leader forthwith took semblance. Order came out of chaos. The army which had taken the hill at 2 p.m. was well on its way down at 7.

In vain the brilliant strategist of the veterans from Massachusetts raged up and down the aisle, exhorting his wavering forces to hold their lines. The breech which for 2 weeks had seemed an unbridgeable chasm between the two Houses, and which had set the popular body, so-called, by the ears, had been healed. The roll was called. General TABER's word for it was taken. And just before the clock struck 8, the army had reached its original position at the bottom of the hill. The battle was over. The Senate amendments had gone to conference. Seeing that the fight was won, a detachment of General TABER's minority forces executed a tactical maneuver, changing their votes from "aye" to "nay", so whatever happens the party is sitting pretty both ways.

Quickly the great Chamber emptied. The wonted silence of its night watch reigned. The Clerk went out with a bundle of documents, but it was not the same bundle he had brought in at noon. Section 39 was missing. Somewhere in the deserted Hall, maybe a scrap of paper in the well, was all that was left of the Borah amendment. Missing in action. Let us drop a tear on the spot where it was last seen. It died for the flag!

Mr. DOBBINS. Mr. Speaker, the House only a short time ago, while in Committee of the Whole, we adopted by a vote of more than two to one the Taber amendment, which is in its nature a compromise whereby the present provisions of veterans' laws will be greatly liberalized. The minority held out for a greater degree of liberalization, which, however, was of such a nature that no one believes it would have been approved by the President, and an Executive veto would have left the veterans' laws as they are. I think there are very few of us who favor the laws as they are, without any liberalization. The attitude of some of the most outspoken among the minority produced the impression that they would rather lose fighting than to win by conciliation.

In approaching this issue, it is idle to debate the question as to whether the President's stand is right or wrong. Much can be said and much has been said in a very capable way on both sides of this question. As one of the President's consistent supporters I shall, of course, refuse to criticize his action. The judgment as to whether he is right or wrong must be rendered from the standpoint of all the people of the country, including the men who offered themselves for sacrifice in our wars, the disabled survivors of those wars, and the widows and dependents of deceased soldiers.

I have repeatedly announced my desire to see a liberalization of the provisions of the pension laws, and a legislative correction of some of their provisions. I was one of those who joined in the effort to secure that liberalization during the first session of the present Congress. When, following that effort, Executive orders were issued which provided for more liberal payments to disabled veterans, and for the resolving of all doubts in their favor, in the event of uncertainty as to whether the disabilities resulted from war service, I felt that much had been accomplished.

I regret to say that experience with the administration of the law and of the Executive orders I have referred to has not been as satisfactory as most of us anticipated when those orders were issued. Too much importance is still attached to statements of good health in soldiers' discharge certificates, and not enough attention is paid to sworn statements of the soldiers themselves, and corroborating affidavits tending to show service origin of present disabilities. The evils of this are particularly noticeable in the case of Spanish War veterans, and are none the less evident in many cases of World War veterans. Boards of review and appeal boards, acting under instructions of the Veterans' Administration, can be charged with the same fault, and it is regrettable that there has been a widespread lack of harmony in the percentage of reversals of the decisions of the Veterans' Administration. Out in my own State the percentage of reversals has been much less than throughout the rest of the country.

For these reasons I wish to see new legislation passed and administered in accordance with its spirit, which will compensate every service-connected disability in the most generous manner that the resources of the Nation will permit, and will indulge the most liberal rules of evidence and presumptions in the matter of establishing a veteran's claim that his disability results from his war service.

I am convinced that the Taber amendment approved a few minutes ago, and upon which we are about to vote again, provides the largest measure of liberalization of the pension laws for which there is any chance whatever of Executive approval, and that by such means Spanish War pensions in every deserving case will be restored to 75 percent of what they were on March 19, 1933, and a more liberal consideration and reward for all pension claims than we have been having will be assured.

If, however, we make the futile gesture of insisting upon passing the bill in its present form, with the Senate amendments unchanged, thus inviting a certain veto, we will have accomplished nothing for the veterans. It is a grand gesture to insist upon 90 percent, knowing we cannot get it,

and refusing to accept the 75 percent that we probably can get. But that will not help the needy veteran who is looking to this Congress for relief.

Speaking of this situation, it has been very aptly said that it is much better to have three fourths of something than 0.9 of nothing.

One of my regretful recollections of a busy law practice concerns an important case that I tried, in which, by way of compromise, my client's opponent offered to pay four fifths of a large disputed claim. We refused the offer. The case was fought through several courts. In the end my client got nothing; and it is perhaps natural that he has never appreciated his lawyer's determined, but unsuccessful, efforts to get the whole of his claim.

I have discussed these phases of the question with several Members who are voting against any compromise between the bill as amended by the Senate and the views of the President. Some of them frankly say that in their own minds they are satisfied that this compromise would be best for the veteran, but, they add, they will never get their veteran supporters to see it in that light. It is my conviction, Mr. Speaker, that we are here for the purpose of doing that which is best, as it appeals to the conscience of each of us. We should do that, regardless of the possibility of our being misjudged by those whom we seek to help. There is no truer passage in the writings of Shakespeare than in the advice that he gives through Polonius in Hamlet:

> This above all: To thine ownself be true,
> And it must follow, as the night the day,
> Thou canst not then be false to any man.

Mr. SABATH. Mr. Speaker, ladies and gentlemen of the House, day before yesterday I voted for the bonus bill, the same as I did in 1932. I believed then and believe now that it will be helpful and beneficial not only to the veterans but to the country at large if the bonus were paid now instead of 1945.

When we originally voted to make the bonus payable in 1945 we little dreamed that Republican misrule could bring such wreck and ruin to the country and force 2,000,000 veterans and 14,000,000 persons out of employment, and that the country would be obliged to feed the hungry and starving in every section of our land. I feel that payment of the bonus now will place nearly two billions of dollars into circulation, which moneys can easily be issued against our gold reserve.

Also, I voted a short while ago to send this independent offices appropriation bill with the Senate amendments to conference, being satisfied that the conferees on the part of the House and Senate could bring about an adjustment and agreement that would assure relief to the thousands of deserving Spanish-American War veterans and their widows, and, above all, to the many thousands of World War veterans.

In 1917, when, as a member of the Foreign Affairs Committee, I voted in committee and later on the floor of the House for the declaration of war, I pledged myself that I would at all times do my full share to aid and protect not only the men that volunteered but the men that were drafted and, when the time arrived, their widows and dependents. This I have done and, being desirous that a sane adjustment of the differences existing between the House and Senate be satisfactorily worked out, I followed that course.

As a member of the steering committee and as a member of the Rules Committee, I had ample opportunity to be informed and obtained satisfactory information that an equitable adjustment could be brought about, knowing that, notwithstanding the original provisions of the economy bill, the President is desirous of doing the righteous thing to all deserving men and women. Unfortunately for the country, known to those familiar with conditions, many undeserving men have been placed on the retired list and are drawing compensation to which they are not entitled.

We have heard many statements in the committee and on the floor of the House directing attention to the many undeserving officers placed on the rolls and drawing annually $5,000 and $6,000 in retirement pay. I have opposed this exorbitant retirement compensation to the thousands of undeserving officers, while denying to the rank and file the compensation which they deserve.

I repeat that it is in the best interest of the vast majority of ex-service men that the bill should go to conference and that we should not be carried away by a few highly paid Government officials who, in the hope of saving their 15-percent pay cut, are working to prevent the bill from going to conference so that they may benefit at the sacrifice of the ex-service men of the Nation. These practices should not be condoned by the House.

I, for one, am unwilling to be a party to any scheme that would make possible the abrogation of the 15-percent pay cut of officials and Members of Congress, which includes myself, at the expense of the ex-service men. Of course, I am appreciative that there are a great many Members just as honest as I am who are fearful of sending the bill to conference, but I feel with my many years of experience in this House that that is the only thing to do, as the conferees, if need be, can confer with the President and rewrite the provisions that will do the most good for the largest number. The President has already yielded on many of the most beneficial provisions and regardless of the many friends of the ex-service men, I know his heart is in the right place and he wants to do the right thing; so let us not do anything that would cause the Chief Executive to veto the bill, and thereby fail to bring relief to the many thousands of deserving veterans.

Mr. SMITH of Washington. Mr. Speaker, I vote "nay" on roll call no. 103 against the resolution to send this bill to conference because I am opposed to sending the bill to conference and am in favor of the Membership of the House being permitted to vote upon the Senate amendments.

I also vote "nay" on roll call no. 104, for I am in favor of the Senate amendments and against the substitute amendment offered by the Republican Member from New York [Mr. TABER] for the reasons which I will briefly state.

First. The Senate amendments, which I favor, would restore 90 percent of the pensions and benefits of the Spanish-American and World War veterans, and the Taber amendment restores only 75 percent.

Second. The Senate amendments include the Borah amendment, which provides that our own salaries shall not be restored at this time, and I therefore favor it, for I am not in favor of restoring our own salaries at the expense of the veterans, which is the effect of the Taber amendment.

Third. The Senate amendments restore the full 15 percent pay cut of the Federal employees, excepting the Members of Congress, which I consider to be in accord with the national recovery program of President Roosevelt to raise wages and farm prices and increase purchasing power. I favor it for the same reason that I favor high wages for the men employed in private industry, including the railroad employees, who received a wage cut of 10 percent in February 1932, and upon whom the railroads have been seeking to impose a further cut of 5 percent additional, which is contrary to everything that this administration is seeking to do. Instead, the railroad employees should have restored to them immediately the 10 percent pay cut they have been subjected to during the past 2 years, which has reduced to that extent the purchasing power of approximately 1,000,000 American citizens.

I voted the other day for the bill to restore the compensation to the substitute mail carriers for the same reason, and I also favor increasing the equipment allowance to the rural carriers, which has been reduced to a point where they cannot subsist. In other words, I am convinced that the Senate amendments are in more thorough accord with the splendid philosophy and noble purposes underlying the whole national recovery program of President Roosevelt and this Congress, which is to place an increased amount of money in the hands of the common, average citizen in every walk of life—laboring men and farmers, veterans, Federal

employees, railroad employees, employees of the Postal Department, and the employees in private industry.

Mr. Speaker, by increasing the income of these citizens we will increase their spending power so that they can purchase the goods, wares, and merchandise that are offered for sale by the merchants and storekeepers and business men in the local communities of the Nation, and the products of the farmers as well as the factories, and bring back prosperity to the homes and firesides of America.

Mr. McGRATH. Mr. Speaker, upon every test during the special session by word, influence, and vote I supported the program of the President. I have no regrets or apologies for my course. I am proud of the distinction of being known as a "yes" man. In this war against depression I am willing to take orders from the Commander in Chief. I have never hesitated to adopt the same policy in this session, nor shall I change now.

I voted for the enforcement of the gag rule when the independent offices bill came before the House for its original consideration, with the understanding that the committee bill, as presented, was an integral part of the unified program of recovery. I did this in the face of my conviction that the original measure in no manner complied with my ideas concerning adequate provision for either Federal employees in the lower brackets, veterans with service-connected disabilities, legitimate presumptive cases, emergency officers suffering under the interpretation of the "causative factors" in the regulations, Spanish-American War veterans, nor widows and dependents.

Today the bill is returned to us with material amendments passed by the Senate. These are not fully satisfactory to me. Both before and after my election, publicly and privately, I have pledged to stand upon the following platform:

First. That the absolute maximum of benefits of right belonged to and should be given to every truly disabled veteran with a service-connected disability incurred in any of our wars.

Second. That our Government and our people owe an obligation to every other honorable veteran which can never be fully repaid but which entitles that veteran to all of the assistance and help which the Government can give without injury to our citizens as a whole, whenever he is in distress.

Third. That the veterans of the Spanish-American War, Philippine insurrection, and Boxer rebellion are entitled to special consideration because of the impossibility almost of securing adequate records showing whether or not disabilities were of service origin.

Fourth. That the widows and orphans and dependents of veterans who died in service or as a result of service are entitled to the most liberal care and compensation.

Fifth. That the Government hospitals should be opened at all times to veterans suffering from service-connected disabilities and to other veterans permanently and totally disabled and needing hospitalization wherever such disability is not the result of misconduct.

Sixth. That to the limit of the facilities—and those facilities should be made adequate—Government hospitals should be opened to veterans suffering from non-service-connected disabilities not the result of misconduct wherever such veteran needs material medical or surgical care. In these times of emergency I believe that veterans suffering from non-service-connected disabilities should pay for hospitalization for these non-service-connected disabilities if such veterans are fairly able to pay for such treatment. Under no circumstances should there be a charge for treatment for service-connected disabilities.

Seventh. That the "causative factor" in connection with emergency officers' retirement should be so redefined as to permit retirement to any officer suffering from any permanent war-time service-connected disability of at least 30 percent.

In every emergency to his program the President has presented us with his wishes. He has given us marching orders. Now, he, in my judgment, expects each Member of Congress to exercise his constitutional and legislative functions in the light of each individual's conscience and judgment.

At the present time, thanks to the confidence inspired by his program, the President has felt justified in insisting with all his power upon a raise of wages and a shortening of hours in industry. He has stated that this is essential to recovery. I believe that the Government should set the example. The Treasury issues are eagerly sought. Government credit is restored. The program of economic recovery will be advanced by a full restoration to those Government employees in the lower-paid brackets, but this being out of my control, I favor full restoration for all Federal employees, and Senate amendment 14 seems to be to me the most effective method of showing good faith on the part of the Government.

When Public No. 2, the so-called "Economy Act", was passed, we were assured that no true disabled veteran with service connection would suffer. I am now convinced that some subordinate officials have not been in sympathy with either the President or the veterans. I know that much suffering has resulted, and that unwarranted cuts were made in service-connected cases. Truly, the regulations have been amended, but I believe that we can best express the President's real policy by throwing the protection of law around these cases as proposed by Senate amendment 22.

I have become convinced that the Spanish War veterans cannot prove service connection after 35 years, and my belief is that the 90-percent restoration in the Senate amendment is but simple justice to them.

The "causative factor", as required for emergency officers, is brutally unjustifiable. It should be removed from the regulations by law. I am supporting Senate amendment 22, and I consider it fortunate that we are to have a record vote upon the veterans' benefits.

This is no revolt against the President on my part. It is merely expressing by action what I consider to be fulfillment of his policy—justice for the common men and women.

Mr. WALTER. Mr. Speaker, I wish to speak briefly at this time on a subject which I feel is of great importance to us all, yet one which has been barely touched upon in any discussions which I have heard on the floor of this House.

In his explanation of the relief program which is about to be undertaken as a substitute for the C.W.A. project the President of the United States said:

> • • • The problem of unemployment must be faced on more than one front.

I wish at this time to project into the various expressions on the subject of relief for the unemployed the case of a very substantial class of individuals whose importance in the life of this country can be illustrated when we say that the perpetuation of our social and economic existence depends in the end upon them.

With this great class I am very familiar, owing to the presence in my constituency of a large number of schools and colleges. It is the plight of the graduates of these institutions in my district, and the similar plight of such young people in every constituency represented in this House, that I am convinced should not escape the attention of this body.

There are, you may be somewhat surprised to know, approximately 900,000 boys and girls graduated from the high schools of the Nation every year. In addition to this great aggregation of ambitious youth, are the 135,000 graduates of colleges and universities.

Here, then is a total of 1,035,000 persons varying in age from 15 or so to 22 or 23 years, or approximately 4,000,000 since 1930. I think that it may be said without contradiction that the general average of these young people rate well in potential intelligence and in potential service to their State and Nation. They have been through 4 years of high school, 4 years of college, and perhaps many of them are about to enter another 4 years or more of continuing education for professional careers in medicine, architecture, or some form of specialized engineering.

As the years of the depression have plowed great holes in the pocketbooks of many a parent of these youths, and

perhaps even a deeper furrow in their brows, the opportunities of these students have been reduced accordingly—the hope of happy realization of youthful ambitions has been greatly diminished.

So it is natural that they are even more eager, because of the increasing necessity in which they find themselves, to obtain work—work with which to earn money to continue their education, let us say, to its projected conclusion in school and college. They are more eager to be at any task perhaps than ever before, because only through their own efforts in this way will it be possible to continue their education, for no more can they obtain money from home. There is, together with those who may continue through their own efforts, another great group who find it utterly hopeless, absolutely impossible, to go further with their books. Why? Simply because every cent which they can wrest from any labor whatsoever must be contributed to the common family pocketbook to keep the family together. Earning a living then becomes their sole and exclusive task. Education for these unfortunate youths—and they are thousands upon thousands—is an utter luxury far beyond their reach or even their aspiration.

It is this great body of young men and women that arouses in me a fear. It is the fear that, through the bitter circumstances which confront them as they emerge, diploma in hand, across the threshold of some educational institution, they will quickly be thrust into a period of discouragement, of despair, and disillusionment from which recovery is, at best, slow and in many cases impossible.

I think that every Member of this body can recall, and recall with considerable pride and tender memory, the day that he or she stepped through the door of the little red schoolhouse, the big brick high school, or the college for the last time. I think you can all recall the emotion that surged through your soul at the thought of the great things before you, of the opportunities which by dint of hard, healthy work would open to you, and the accomplishments which you saw along your ambitious path. That is an emotion, the expression of a worthy ambition, to which all the world responds.

Consider a similar situation today—a young man or young woman with all the life still ahead, an institutional education behind. The young man or young woman is now about to begin that great task of making a living in a world in which he or she has the utmost confidence. In your day and my day the chance of stepping into the world with comparative certainty of at least obtaining an opportunity for testing the stuff whereof you were made was good.

Consider the circumstances today. Remember the eight, or nine, or ten million able-bodied men, many of them the heads of families of their own, who are unemployed. Look about you and see the number of factories, shops, stores, and even schools that are closed with no prospect of immediate reopening. Consider the absolute limitation of opportunities for work, even work with a pick and shovel, which face this host of youth who stand ready to tackle the world that you and I have had a hand, however slight, in making for them.

Mr. Speaker, it is hard enough, it is cruel enough for a grown man, already a veteran in the economic struggle, to be deprived of the opportunity of work. We frequently consider his plight on this floor. We have passed many laws in the hope of bettering his tragic position, of putting him back once more at the head of his family, as it were. His problem is, you might say, the immediate problem with which we have concerned ourselves. It is to him that we have held out the offer of such work as by legislation we could provide. In the background has stood this other great group of our population, these 1,035,000 young men and young women, who, without ever being tried in the fire of labor, have, practically speaking, been consigned to the scrap heap of our economic system. That was not the intention of our system, of course, but it is the inescapable fact, that if industry, the professions, the mercantile pursuits cannot support the fathers and mothers of this body of youth, how, may I ask, can we expect it to give work to that youth itself?

In the matter of the education of this youth, where that education has been cut short or rendered impossible by economic factors arising out of this depression, there is little we may do. That is the immediate concern of State, county, or municipality, and unfortunately, from the financial statistics of those political divisions, it would appear that there is little that they can do.

You realize, I presume, that there are in this country thousands of school teachers unemployed, other thousands who are paid less than the average worker on a Public Works project, while countless schools, some in virtually every State, stand empty, their pupils frequently scattered among hungry homes, because there is no money to keep them open.

So much for that, Mr. Speaker. And so much is the tragedy that it is indeed surprising to me that we have devoted so little attention to such deplorable and, in fact, such dangerous circumstances.

I was hopeful, modestly, I must admit, when the Civil Works Administration was instituted. There, I found, were some opportunities at least for young men and young women to obtain decent work, even professional work, in engineering and art. There was, in this aspect of the C.W.A. program in particular, something impressive to me. A great variety of work became available, work for which many a youth had fitted himself by the education he had just completed. Many of these young men and women were quick to grasp the opportunity, and in that moment they once more experienced a revival of hope, of courage, and became again self-respecting earners of a livelihood, humble though it might be.

I have seen men, and so, too, have you, with the mark of early twenties upon their faces begging on the street. They have been driven to it by the forces from which they should have been saved. It is not a good sight to see a young man, strong and broad of shoulder, approach you on a public street, utterly desperate, and fast losing the respect for himself that was his by nature. It is not good to hear him ask for a nickel or a dime for a cup of coffee, or car fare to a prospective job that never seems to materialize.

But this sight we see and this voice we hear day after day. I found that during the height of employment by the C.W.A. there seemed to be less of these young men about, and I know that many got work on Civil Works projects.

And now, Mr. Speaker, they are once more being forced back to the streets to beg for their very existence, or become robbers and thieves, which is just a step down from beggary and not a difficult step to take when you have been shoved as low as many of these youths.

And so, Mr. Speaker, I do not take kindly to the proposal before this House to increase the salaries of this and that group in the Federal service. I will go along with those who would grant a restoration of the levels existing before the 15-percent reduction when those levels do not exceed $2,500 per annum. I cannot bring myself to see the justice of a wholesale increase for all classes, including myself and my colleagues on both sides of this Capitol, when it is necessary, apparently, to reduce the funds available for such a project as the Civil Works Administration.

It is true that a substitute has been evolved for Civil Works. I have studied that substitute insofar as there has been any information about it available. I must say that upon the basis of the information I have been able to elicit I do not see what this great class of young men and young women may expect from it by comparison with what they could have expected under the Civil Works Administration.

Perhaps I am wrong. Perhaps the opportunities will be even greater, but they do not seem readily apparent to me at present.

What are we to have? Well, first, seems to be relief for distressed families in rural areas. That, I presume, means primarily the heads of distressed families in rural areas.

Second, come those so-called "stranded populations", meaning—it has been explained—those living in single-industry communities where there is no hope of future employment. A specific case is a mining community where the mine has been closed.

Finally we come to the unemployed in large cities. This, I presume, from the standpoint of numbers at least, is the most important group. What is held out to them? Six months of work, the nature of which, to me at least, is not immediately clear. Six months of work will take us into the late fall. Then what? Will industry and commerce be sufficiently restored by that time to absorb, as it is hoped, the great numbers who must be placed upon public pay rolls in the meantime? I do not think that where human existence, human life is concerned, we should count too heavily upon that. If industry and commerce still appear tardy in their support of the workers, then greater will be the public burden beginning next November.

Here, I think, we stand in need of a little careful thought, and even more careful planning. The President and the country are insistent, quite naturally and laudably, in moderating in every way possible, the expenditure of Federal moneys. That indeed is a necessity which we cannot ignore, even, I fear, in the face of such distress as we still see about us.

For that reason, and for that reason only, I urge this House to proceed with the utmost caution in the matter of restoring pay levels which existed when conditions were quite different from what they are now. The restoration of all Federal classes to their normal levels appears to me to be a most inconsiderate step at this time.

I repeat what I said before. Up to $2,500 per annum, well and good. I will support that program with determination. But above the $2,500 salary, I think restoration of the 15-percent reduction would be utter folly in the face of potential demands upon the Treasury for necessary expenditures.

There is much talk about the Federal Government's "setting the example" in the matter of pay increases. That kind of talk at this time seems nonsense to me. The Federal Government is in a vastly different financial situation than the United States Steel Co., or any other private industrial enterprise. The Government is already supporting countless unfortunate persons who should be supported by private industry were that industry conducted in the past as it should have been.

The Federal Government's responsibilities for the feeding and clothing of millions in this depression has been increased to proportions which, I dare say, no man ever before thought possible. At the same time the responsibility of private enterprise has been proportionately diminished, and in some cases, I regret to say, eagerly shirked by private enterprise. The business of assuming this great burden which now rests upon the Federal Government lies with private industry. Let private industry accept it and thus permit the Federal Government to reduce its vast expenditures for public works and all similar relief activities. Then, and only then, will the Federal Government be in a position to begin promiscuously raising pay that was reduced only as a last resort to enable the Government to take over the task which by right belongs to industry.

No, Mr. Speaker, those individuals who prate about "setting the example" in the Federal Government in the matter of pay increases are sublimely unconscious of the magnitude of the Government's financial labors at present, or they speak for purely selfish reasons.

So, in conclusion, I return to the more than 1,000,000 young men and young women of our land who face this monster of unemployment, little realizing what may be in store for them.

Every cent we increase pay for those already being paid, if we are to stay within the Budget the President has wisely set for us, the fewer will be the opportunities for youth to obtain a foothold.

Failing to obtain that foothold, and failing because such money as might have made it possible has been diverted to less necessary functions, is a prospect which I, for one, do not contemplate with equanimity.

Remember, it is upon this youth which the future of our country rests. This graduating class, as they might be called, is increasing by over 1,000,000 every year, to say nothing of the boys and girls who now find it impossible even to finish high school.

This is a responsibility, Mr. Speaker, which cannot be ignored because a clamor of misinformed or selfish people demand that the Federal Government "set the example."

Let the Federal Government turn its attention for a moment to the future custodians of the Nation's fate, and, in the meantime, let private industry turn its attention to taking over some of the responsibility it has shifted to the United States Treasury. Then I will be willing to talk about pay raises for everyone.

But just now let us keep the record straight in our mind, and we can do that best, I think, by taking the figure for the number of people who were on the Federal pay roll, directly or indirectly, in 1928–29 and compare that with the number of people on the Federal pay roll directly or indirectly today. And, I might add, the total will run very close to 1 out of every 6 of our people.

Show that comparison to the next man who asks you why the Federal Government does not "set the example" and see what he says. Ask him if he knows of any private industry which has so increased its disbursements since 1929?

When private industry can show any such record of social conscience as this administration has since March 4, 1933, in the matter of increased pay rolls and care for the worker and his family, then private industry will have been purged of the Wiggins, the Mitchells, the Kreugers, and Insulls, and that, I hope, is what this Congress intends to do.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 7808. An act to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on March 13, 1934, present to the President, for his approval, a bill of the House of the following title:

H.R. 7199. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly, at 7 o'clock and 48 minutes p.m., the House adjourned until tomorrow, Thursday, March 15, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON THE PUBLIC LANDS

(Thursday, Mar. 15, 10:30 a.m.)

Room 328, House Office Building.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. H.R. 5038. A bill authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same; without amendment (Rept. No. 970). Referred to the House Calendar.

Mr. McREYNOLDS: Committee on Foreign Affairs. S. 682. An act to prohibit financial transactions with any foreign government in default on its obligations to the United States; without amendment (Rept. No. 974). Referred to the House Calendar.

Mr. McREYNOLDS: Committee on Foreign Affairs. Senate Joint Resolution 59. Joint resolution to provide for the expenses of delegates of the United States to the Ninth Pan American Sanitary Conference; with amendment (Rept. No. 975). Referred to the Committee of the Whole House on the state of the Union.

Mr. RUFFIN: Committee on the Judiciary. S. 2550. An act granting an easement over certain lands to the Springfield Special Road District in the county of Greene, State of Missouri, for road purposes; without amendment (Rept. No. 976). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H.R. 7306. A bill to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended; with amendment (Rept. No. 977). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLACK: Committee on Claims. H.R. 452. A bill for the relief of Laura B. Crampton; with amendment (Rept. No. 969). Referred to the Committee of the Whole House.

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. H.R. 6622. A bill authorizing the Secretary of Commerce to lease certain Government land at Woods Hole, Mass.; with amendment (Rept. No. 971). Referred to the Committee of the Whole House.

Mr. RUDD: Committee on Foreign Affairs. H.R. 7788. A bill for the relief of the estate of William Brooks Sorsby; without amendment (Rept. No. 972). Referred to the Committee of the Whole House.

Mr. CASTELLOW: Committee on Foreign Affairs. H.R. 8589. A bill for the relief of Lucy Stewart; without amendment (Rept. No. 973). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LUDLOW: A bill (H.R. 8638) to authorize the Reconstruction Finance Corporation to make loans to aid in the operation and maintenance of institutions for religious instruction and worship, and for other purposes; to the Committee on Banking and Currency.

By Mr. DIMOND: A bill (H.R. 8639) to repeal certain laws providing for the protection of sea-lions in Alaska waters; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. PIERCE: A bill (H.R. 8640) to add certain lands to the Malheur National Forest in the State of Oregon; to the Committee on Agriculture.

By Mr. CONNERY: A bill (H.R. 8641) to protect labor in its old age; to the Committee on Labor.

By Mr. RAMSAY: A bill (H.R. 8642) authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River at Wheeling, W.Va.; to the Committee on Interstate and Foreign Commerce.

By Mr. COFFIN: A bill (H.R. 8643) to amend section 36 of the Emergency Farm Mortgage Act of 1933 and amendments thereto; to the Committee on Agriculture.

By Mr. WARREN: A bill (H.R. 8644) to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy; to the Committee on Interstate and Foreign Commerce.

By Mr. EICHER: A bill (H.R. 8645) to authorize the Secretary of War, upon the recommendation of the Chief of Engineers, to adjust, settle, and pay claims of drainage districts and levee districts for damages on account of increased seepage and/or increased cost of drainage resulting from certain improvements on the Mississippi River and its tributaries; to the Committee on Rivers and Harbors.

By Mr. McFARLANE: Resolution (H.Res. 300) inquiring as to the status and activities of one Maj. C. J. H. MacKeanzie-Kennedy; to the Committee on Foreign Affairs.

By Mr. DICKSTEIN: Resolution (H.Res. 301) to designate one legislative day for consideration of bills reported from the Committee on Immigration and Naturalization; to the Committee on Rules.

By Mr. CARTER of California: Resolution (H.Res. 302) creating an Old Age, Disabled, and Unemployment Insurance Committee; to the Committee on Rules.

By Mr. McREYNOLDS: Joint resolution (H.J.Res. 295) authorizing appropriation for expenses of Representatives of United States to meet at Istanbul, Turkey, with representatives of Turkish Republic for purpose of examining claims of either Government against the other and for expense of proceedings before an umpire, if necessary; to the Committee on Foreign Affairs.

By Mr. DIMOND: Joint resolution (H.J.Res. 296) authorizing a preliminary examination or survey of Juneau Harbor, Alaska; to the Committee on Rivers and Harbors.

By Mr. CHURCH: Joint Resolution (H.J.Res. 297) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. IGLESIAS: Joint resolution (H.J.Res. 298) to amend a joint resolution entitled "Joint resolution for the relief of Puerto Rico", approved December 21, 1928; to the Committee on Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H.R. 8646) granting an increase of pension to Emma McLees; to the Committee on Invalid Pensions.

By Mr. BAILEY (by request): A bill (H.R. 8647) authorizing the appointment of Roy M. Kisner as a captain, Dental Corps, Regular Army; to the Committee on Military Affairs.

By Mr. DINGELL: A bill (H.R. 8648) authorizing the President of the United States to appoint Capt. Henry M. Tunis, Air Corps Reserve, a captain in the United States Army and then place him on the retired list; to the Committee on Military Affairs.

By Mr. FOCHT: A bill (H.R. 8649) granting a pension to Lucy A. Spencer; to the Committee on Invalid Pensions.

By Mr. FULMER: A bill (H.R. 8650) for the relief of B. J. Sample; to the Committee on Claims.

By Mr. GLOVER: A bill (H.R. 8651) to reimburse depositors for loss suffered in the failure of the National Bank of Arkansas, Pine Bluff, Ark., on July 21, 1930; to the Committee on Claims.

By Mr. GRANFIELD: A bill (H.R. 8652) to authorize the Secretary of War to convey to the International Young Men's Christian Association College and to the trustees of the Gunn Realty Trust all right, title, and interest of the United States in and to certain lands in Hampden County, Mass.; to the Committee on Military Affairs.

By Mr. KURTZ: A bill (H.R. 8653) for the relief of George Valentine; to the Committee on Claims.

Also, a bill (H.R. 8654) for the relief of Elizabeth Burket; to the Committee on Military Affairs.

By Mr. MARLAND: A bill (H.R. 8655) renewing and extending Patent No. 1245858; to the Committee on Patents.

By Mr. POU: A bill (H.R. 8656) for the relief of the Brewer Paint & Wall Paper Co., Inc.; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 8657) to allow credit to homestead settlers and entrymen for certain military service; to the Committee on the Public Lands.

By Mr. SNYDER: A bill (H.R. 8658) granting a pension to Lillian Jeffries; to the Committee on Pensions.

By Mr. TARVER: A bill (H.R. 8659) for the relief of sundry churches and schools damaged or destroyed during the War between the States; to the Committee on War Claims.

By Mr. WITHROW: A bill (H.R. 8660) granting a pension to Anna Sheets Rogers; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2978. By Mr. BOYLAN: Letter from the National Cooperative Milk Producer's Federation, Washington, D.C., endorsing the La Follette amendment to the Jones bill; to the Committee on Agriculture.

2979. By Mr. COLLINS of California: Petition of Guy E. Hazen, Harry Zumwalt, and 74 other residents of Beaumont, Calif., requesting restoration of pension benefits to Spanish War veterans and their dependents; to the Committee on Pensions.

2980. By Mr. EVANS: Petition of Frank Fairbanks and approximately 2,000 others for restoration of benefits to Spanish War veterans; to the Committee on Appropriations.

2981. Also, petition of Norman M. Grahn and approximately 140 others; to the Committee on Pensions.

2982. By Mr. HILDEBRANDT: Resolution of the Civic Study Club and the Congregational Ladies' Aid Society of Letcher, S.Dak., urging support of House bill 6097 for supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

2983. By Mr. JAMES: Petition of J. August Anderson, of the Anderson Fish Co., and other residents of Marquette, Mich., favoring House bill 7419; to the Committee on Ways and Means.

2984. Also, petition of J. August Anderson, of the Anderson Fish Co., and other residents of Marquette, Mich., favoring House bill 7147; to the Committee on Merchant Marine, Radio, and Fisheries.

2985. By Mr. JOHNSON of Texas: Petition of N. E. Marr, of Malone, Tex., favoring House bill 6836, Rayburn truck and bus bill; to the Committee on Interstate and Foreign Commerce.

2986. By Mr. KNIFFIN: Memorial of the Springfield Grange, No. 499, of Stryker, Williams County, Ohio, protesting against the Tugwell bill, and urging the enactment of the Black bill; to the Committee on Interstate and Foreign Commerce.

2987. By Mr. KURTZ: Petition of the citizens of Centre County, Pa., urging support of legislation affecting the sale of oleomargarine, and suggesting an adequate tax so that it ceases to be a cheap substitute for butter; to the Committee on Ways and Means.

2988. By Mr. LINDSAY: Petition of A. M. Capen's Sons, Inc., New York City, favoring the passage of House bill 8430; to the Committee on Ways and Means.

2989. By Mr. MEAD: Petition of the Young Peoples Federation of the Buffalo Council of Churches, Buffalo, N.Y.; to the Committee on Naval Affairs.

2990. Also, petition of the Central Labor Council of Buffalo, Buffalo, N.Y., urging adoption of Connery 30 hour bill; to the Committee on Labor.

2991. Also, petition of the New York State Legislature, asking that the Federal Government supplement the appropriations of the State of New York for adequate river regulation and flood control of waterways within the State; to the Committee on Flood Control.

2992. By Mr. RICH: Petition of the Woman's Christian Temperance Union, Westfield, Pa., favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

2993. Also, petition from the official board of the Methodist Episcopal Church of Duke Center, Pa., favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

2994. By Mrs. ROGERS of Massachusetts: Petition of the House of Representatives of the General Court of Massachusetts, requesting the Navy Department to enshrine the U.S.S. *Constitution* as a national museum in its home port of Boston, Mass.; to the Committee on Naval Affairs.

2995. By Mr. RUDD: Petition of A. M. Capen's Sons, Inc., New York City, favoring the passage of House bill 8430; to the Committee on Ways and Means.

2996. Also, petition of Harold J. Fries, 9512 One Hundred and Fifteenth Street, Richmond Hill, Long Island, N.Y., and four other citizens of Richmond Hill, against participation in the League of Nations and World Court; to the Committee on Foreign Affairs.

2997. By Mr. STRONG of Pennsylvania: Petition of the Students' Club of Johnstown, Pa., favoring the Patman motion picture bill, H.R. 6097; to the Committee on Interstate and Foreign Commerce.

2998. By Mr. SUTPHIN: Petition of the Beach Haven Exchange Club, Beach Haven, N.J., favoring House bill 6836 to regulate transportation of passengers and property in interstate and foreign commerce by motor carriers operated on the public highways, and for other purposes; to the Committee on Interstate and Foreign Commerce.

2999. By the SPEAKER: Petition of the Common Council of the city of Milwaukee, Wis., endorsing Senate bill 752; to the Committee on the Judiciary.

3000. Also, petition of the Brooklyn Women's Bar Association, Inc., urging passage of House bill 5978 and Senate bill 1842; to the Committee on the Judiciary.

3001. Also, petition of various residents of Ohio, in support of House bill 8479; to the Committee on Banking and Currency.

3002. Also, petition of qualified voters and residents of the city of Beardstown, Cass County, Ill., urging continuation of the Civil Works Administration; to the Committee on Ways and Means.

3003. Also, petition of the Woman's Christian Temperance Union of Mount Sterling, Ill., opposing House bill 7129; to the Committee on the Judiciary.